Executive Summary

The Australian Livestock and Rural Transporters Association (ALRTA) is the peak national body for rural road transport businesses servicing Australia's agricultural supply chains. Through our six state and territory member associations, we represent around 700 operators, from owner-drivers to large regional fleets. They move livestock, grain, fertiliser, fuel and other essentials on some of the country's toughest roads. When their trucks stop, animals don't move, supermarket shelves thin out and communities feel it quickly.

The National Transport Commission (NTC) estimates a heavy vehicle cost base of around $6.3 billion to be recovered in 2026–27, based on recent road expenditure. On current charge settings, the NTC has advised that governments would need to lift heavy vehicle charges by about 19% in 2026–27 to fully recover that amount. Instead, Infrastructure and Transport Ministers have asked the NTC to consult on a preferred 6% increase for 2026–27, on top of three annual 6% increases already locked in from 2023–24 to 2025–26 under the current PAYGO model. In simple terms, charges are on track to rise by more than 20% over four years for an industry already under strain. These increases would come on top of a 2.75% rise in 2022–23, further compounding the pressure on operators over a relatively short period.

ALRTA does not support the proposed 6% increase to heavy vehicle charges in 2026–27.

ALRTA could support an increase of no more than 3% in 2026–27. This position sits within the broader industry view that any further increase must be well below 6%, and is consistent with the Australian Trucking Association's (ATA) recommendation of an increase of no more than 4% in 2026–27. ALRTA's more conservative cap reflects the particular exposure of rural and livestock carriers to compounding cost increases under an out-of-date PAYGO model and the fact that governments are now moving to a Forward-Looking Cost Base (FLCB). In that context, a 3% increase – broadly in line with the long-term average CPI of around 2.7% – is the upper limit our members can realistically absorb while maintaining essential services.

Key reasons

- **A fourth steep increase would land in the middle of a solvency problem, not on a healthy industry.** Business data now show road transport among the sectors with the highest closure rates and fastest-rising payment defaults, especially for small operators already absorbing higher fuel, labour and finance costs. Another 6% increase would hit an industry that is running out of buffer.
- **Under PAYGO, charges are being driven by past megaprojects and rebuilds, not the roads our members actually use.** Because the model looks back over several years of road spending, rapid growth in arterial road programs and flood-rebuild spending

now pushes charges higher even where small rural operators see little or no improvement in the lower-standard roads they rely on every day.

- **The proposed path risks failing the equity test in the pricing principles.** National pricing principles require full cost recovery to be balanced against efficiency, transparency and equity, including impacts on regional and remote communities. For many ALRTA members – running long distances on narrow margins, with limited pricing power – another 6% increase would translate into business exits, service gaps and higher prices for farmers and regional communities.

Key recommendations

ALRTA therefore recommends that governments:

- **Do not proceed with the proposed 6% increase in 2026–27** and instead limit the 2026–27 increase to no more than 3%, subject to economic conditions and a clear, time-bound commitment to move to an FLCB model.
- **Design the FLCB model in close partnership with industry,** with explicit regard to the essential nature of rural and livestock freight, differences in service levels between metropolitan and regional networks, and the need to avoid sudden price shocks for small and medium operators that would disrupt food supply chains and animal welfare.
- **Improve transparency and accountability** by publishing a simple national road-spend dashboard that shows how heavy-vehicle-related revenue is invested across metropolitan, regional and remote networks, and across arterial and local roads, so operators and communities can see that higher charges translate into safer, more reliable roads.

Impacts of a fourth consecutive 6% increase

A further 6% increase in 2026–27 would not fall on a healthy, resilient industry. It would land on small and medium operators who have already absorbed three consecutive annual 6% increases, on top of higher fuel, finance, labour and insurance costs, and who are now showing clear signs of financial distress.

Business viability and service availability

CreditorWatch data show that the business closure rate for the road transport sector reached 8.46% in the 12 months to November 2025 – roughly one in twelve operators shutting their doors – a 40% increase on the previous year. The Australian Institute of Credit

Management describes the resilience of the road transport sector as "being tested like never before", with failures accelerating across FY26.[1]

Industry groups are sounding the same alarm. The National Road Transport Association (NatRoad) describes road freight as "a small business industry working on tight margins with limited economic bargaining power to pass on costs", and says the industry is enduring "the most difficult economic and regulatory operating environment in living memory."[2]

Company insolvency data tell the same story. ASIC statistics show insolvency appointments in the transport, postal and warehousing sector rising from 196 in 2021–22 to 347 in 2022–23 and 495 in 2023–24 – an increase of more than 150% in just two years. By mid-April 2025 there had already been 551 insolvencies recorded, putting the sector on track for another record year.[3]

Pre-pandemic research cited by the Australian Trucking Association put the median profit margin for road freight businesses at just over 2%, with the bottom quartile at or below zero. Only around one-third of operators can pass on increased fuel costs, and those that can rarely manage more than CPI.[4] Many businesses entered the recent run of cost increases with almost no buffer. For ALRTA members the squeeze is tighter again. Their customers – farmers, feedlots, processors and other agricultural exporters – are price takers in global commodity markets and domestic retail supply chains. They cannot simply pay more for freight and pass it on. That leaves rural and livestock carriers with very little room to lift prices without losing work altogether.

Yet ministers are now considering a fourth consecutive 6% increase in heavy vehicle charges. In practical terms, that fourth rise would:

- fall directly on operators whose financial buffers are already exhausted
- be extremely difficult to pass through in full to customers, particularly for small family businesses with limited bargaining power, and

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[1] Australian Institute of Credit Management (AICM) 2025, *Risks mounting in Australia's road transport sector: One in 12 operators close in past 12 months*, AICM website, 26 November, viewed 2 December 2025, <https://www.aicm.com.au/news-item/21501/risks-mounting-in-australias-road-transport-sector-one-in-12-operators-close-in-past-12-months\>

[2] National Road Transport Association (NatRoad) 2024, 'Road User Charge should be paired with CPI', media release, 31 January, viewed 2 December 2025, <https://www.natroad.com.au/natroad-calls-for-road-user-charge-to-be-pegged-in-federal-budget/\>

[3] ASIC, *Insolvency statistics*, Series 1 and Series 3.1/3.2 (data extracted for ANZSIC industry "Transport, postal and warehousing", 2021–22 to 2024–25)

[4] Australian Trucking Association (ATA) 2023, *Trucking Australia – The Report*, ATA, Canberra, viewed 2 December 2025, <https://www.truck.net.au/sites/default/files/submissions/Trucking%20Australia%20-%20The%20Report.pdf\>

- accelerate exit from the industry, especially among rural and livestock carriers whose tasks are long-distance, low-volume and price-sensitive.

For ALRTA members, business failure does not just mean fewer trucks on the road. It means whole regions losing access to specialised livestock and rural freight services that are hard to replace once the equipment, driver skills and local knowledge are gone. When a specialist livestock carrier goes under in a small town, farmers don't just lose "a transport option" – they can lose the only operator who knows their roads, their yards and their animals.

Case study: a small rural carrier already at breaking point

Jack and Amanda run a two-truck livestock and rural freight business in a regional town. Jack drives one truck; the second employs a full-time driver costing around $140,000 per year once wages, superannuation, leave and on-costs are included. Amanda manages the books, invoicing, compliance paperwork and fatigue records while raising their children.

Their business uses about 100,000 litres of diesel per truck per year (200,000 litres total). Fuel is roughly 30% of operating costs. Registration is about 5%, wages around 20%, with the rest going on tyres, insurance, repairs, finance and compliance.

Over the past three years:

- fuel tax credits have fallen with each RUC increase
- registration charges have risen 6% annually
- wages have risen around 5% per year as labour shortages intensify.

Like many small operators, Jack and Amanda do not track annual charge announcements. The impact only becomes real when the rego renewal arrives higher again, or when their BAS shows another drop in fuel tax credits, leaving less cash in hand than expected.

A further 6% increase in 2026–27 would:

- lift registration across their two-truck fleet by another $1,000+
- reduce fuel tax credits again on 200,000 litres of diesel
- further increase wage pressure
- push already-thin margins into negative territory in several months of the year.

With narrow margins and limited bargaining power, these costs cannot be fully passed through. The practical response becomes delaying maintenance, cutting hours for the second truck, or parking it entirely – and potentially exiting the industry. When a carrier like Jack and Amanda leaves, farmers face fewer services, longer waits, higher on-farm costs, reduced competition and greater pressure on animal welfare and supply chain reliability. A fourth consecutive 6% increase is not "absorbed" by businesses like this; it accelerates exit. An increase of no more than 3% is far more compatible with their financial reality and with maintaining essential freight capacity in regional Australia.

Food security, animal welfare and rural communities

Those consequences do not stop at the depot gate; they flow directly into food supply, animal welfare and the resilience of rural communities.

The Bureau of Infrastructure and Transport Research Economics (BITRE) and the National Freight Data Hub project that Australia's total domestic freight task will grow by around 26% between 2019–20 and 2049–50, from about 765 to 964 billion tonne-kilometres, with road freight volumes projected to grow by around 77% between 2020 and 2050. Road and rail already dominate the domestic freight task and road's share is expected to keep growing.[5]

At the same time, the industry faces a severe workforce constraint. The 2024 Global Truck Driver Shortage Report, as summarised in recent Australian analysis, estimates that Australia currently has more than 28,000 unfilled truck driver positions, with the shortfall projected to reach 78,000 by 2029 if current trends persist.[6]

The ATA notes that practically all goods and services have an embedded road freight cost and, by some measures, this can represent around 5% of the retail cost of doing business on average, with a much higher share for many rural commodities.[7] When road freight costs rise sharply in a sector with limited capacity to pass them on, the pressure ultimately flows through to farmers, processors and consumers.

For rural and livestock transport, this combination of rising demand, thin margins, labour shortages and elevated closures has direct implications:

- **Food security and cost-of-living** – higher freight costs and reduced service competition quickly feed into higher prices at the farm gate and, ultimately, on supermarket shelves. As specialist livestock and rural carriers exit the market, farmers face fewer operators willing or able to undertake long-distance livestock movements, longer waits for pick-up (especially in peak seasons or during drought and flood) and higher transport prices as remaining operators try to recover costs from a smaller customer base. At the same time, Queensland's feedlot sector is expanding rapidly, with ALFA/MLA survey data showing record built capacity and utilisation in 2025. In an already labour-challenged industry, any further erosion of

[5] Bureau of Infrastructure and Transport Research Economics (BITRE) 2022, *Australian aggregate freight forecasts – 2022 update: summary report* (Report 154), Department of Infrastructure, Transport, Regional Development and Communications, Canberra, viewed 2 December 2025, <https://www.bitre.gov.au/sites/default/files/documents/bitre_rr154_summary_report.pdf\>;

[6] International Road Transport Union (IRU) 2025, *Global Truck Driver Shortage Report 2024: briefing*, IRU, viewed 2 December 2025, <https://www.iru.org/resources/iru-library/global-truck-driver-shortage-report-2024\>

[7] Australian Trucking Association (ATA) 2024, *2024–25 Pre-Budget Submission – Reducing the cost of road freight*, ATA, Canberra, viewed 2 December 2025, <https://www.truck.net.au/sites/default/files/submissions/202401ATABudgetSubmission2024-25%20-%20Final.pdf\>

livestock freight capacity risks leaving feedlots unable to secure timely stock movements, meaning domestic food supply may struggle to keep up with demand even where production capacity exists.

- **Animal welfare** – delays in moving livestock due to a lack of available, compliant transport can increase the risk of welfare incidents and force producers to move animals in narrower weather or market windows.
- **Regional resilience** – many ALRTA members are major local employers and community contributors. Their closure removes jobs, sponsorships and local capability from towns that can least afford to lose them, further weakening regional economies.

In short, a fourth 6% increase is not just another line in operators' budgets. In the current environment, it is likely to result in more small and medium rural carriers exiting the industry, with flow-on effects for food supply chains, animal welfare and the economic health of rural and regional communities.

PAYGO, pricing principles, and why another 6% is the wrong tool

Australia's heavy vehicle charging system is still built on PAYGO. Governments report their road construction and maintenance costs; the NTC then:

- takes a seven-year weighted average of that historic spend
- allocates it between light and heavy vehicles using a cost-allocation matrix and usage data, and
- recommends charges to recover the resulting "heavy vehicle cost base" from heavy vehicles in aggregate.

It can't see the difference between a B-double running the Hume and a livestock combination doing long distances on narrow, flood-prone rural roads.

What PAYGO is telling ministers for 2026–27

The NTC has estimated a heavy vehicle cost base of around $6.3 billion to be recovered in 2026–27, calculated from a seven-year weighted average of reported road expenditure. At current 2025–26 charge levels, heavy vehicle revenue in 2026–27 is projected to be about $5.3 billion, leaving a $1.0 billion shortfall. Fully closing that gap in one year under PAYGO would require a 19% increase in charges.

Ministers are not proposing that. Instead, they have asked the NTC to consult on a further 6% increase in 2026–27, on top of three 6% increases already locked in from 2023–24 to 2025–26. Even if adopted, that fourth 6% rise would still not achieve full cost recovery under PAYGO; a sizeable gap between costs and revenue would remain.

So the real question is not "full cost recovery versus no full cost recovery". It is: how hard should governments push a backward-looking model in a single year, in an industry already under acute stress, when they are preparing to replace that model anyway?

ALRTA's answer is clear: another 6% in 2026–27 is too much.

PAYGO is magnifying a spike in road expenditure

The NTC's own figures show that arterial road expenditure has roughly doubled over the past decade, reaching around $21.6 billion in 2024–25. At the same time, the Commonwealth's Office of Impact Analysis has highlighted that heavy-vehicle-related road expenditure has been rising faster than charges, leaving substantial "revenue gaps" – including an estimated $575.8 million gap in 2022–23 under earlier settings.[8]

Projects on major metropolitan corridors and key freight routes are treated the same way, for pricing purposes, as the modest works on the lower-standard local and regional roads that many rural and livestock carriers actually use.

In effect, PAYGO is turning a temporary spike in expenditure into a structural jump in charges. A further 6% increase in 2026–27 would push up prices for *all* heavy vehicle classes – including the small rural operators least able to pass those costs on. An increase of no more than 3% would still move revenue in the right direction, but would halve the extra shock that a fourth 6% rise would deliver in a single year.

Governments have already accepted that strict PAYGO isn't workable

The supplementary paper to the 2021 Heavy Vehicle Charges Determination notes that, if the automatic formula in the Heavy Vehicle Charges Model Law had been allowed to run, heavy vehicle registration charges would have jumped by 40.4% in 2023–24 – an increase the paper itself flags as unacceptable.

Instead, ministers adopted a managed path:

- a 2.75% increase in 2022–23, then
- 6% per year from 2023–24 to 2025–26 – explicitly to better balance "full cost recovery" with operators' ability to cope with price increases in view of the current economic climate.

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[8] National Transport Commission (NTC) 2022, *Setting heavy vehicle charges to apply from 2023–24 onwards: supplementary paper to the 2021 Heavy Vehicle Charges Determination decision regulation impact statement*, NTC, Melbourne, December, published on the Australian Government Office of Impact Analysis website, viewed 2 December 2025, <https://oia.pmc.gov.au/sites/default/files/post-decision-attachments/setting-heavy-vehicle-charges-to-apply-from-2023-24-onwards-supplementary-paper-to-the-2021-heavy-vehicle-charges-determination.pdf>

Industry submissions at the time – including from NatRoad – argued that the automatic outcome would impose an "unreasonable burden" on operators.[9] Governments agreed and moderated the path.

From ALRTA's perspective, a fourth 6% increase in 2026–27 crosses the same line for many small and medium rural operators. It would arrive after three steep annual increases, into a market with:

- elevated business failures and payment defaults (Section 2)
- chronic driver shortages, and
- limited bargaining power to pass costs through, particularly for specialist livestock and rural work.

In that context, calling another 6% "modest" under an ageing model is hard to justify.

Pricing principles and the Heavy Vehicle Road Reform direction

The NTC is guided by nationally agreed heavy vehicle pricing principles. These require it to work towards full cost recovery in aggregate, but also to:

- minimise over- and under-recovery across vehicle classes
- ensure transparency and cost-effectiveness, and
- balance simplicity, efficiency and equity – including impacts on regional and remote communities and access.

At the same time, governments have been advancing the Heavy Vehicle Road Reform (HVRR) agenda to move away from PAYGO towards a Forward-Looking Cost Base (FLCB) and independent price regulation. Technical work for the Commonwealth concludes that a forward-looking, building-blocks style cost base would:

- better align charges with the efficient costs of providing heavy-vehicle road services
- support clearer service levels and performance standards, and
- provide more predictable and stable funding for road agencies than PAYGO.[10]

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[9] National Road Transport Association (NatRoad) 2022, *Options for setting heavy vehicle charges for 2023–24 and beyond*, submission to the National Transport Commission, NatRoad, Sydney, 12 October, viewed 2 December 2025, <https://www.natroad.com.au/wp-content/uploads/2023/07/221012_NatRoad-Submission-NTC-Re-HV-Charges-2023-and-beyond.pdf>

[10] Deloitte Access Economics 2017, *Economic analysis of potential end-states for the Heavy Vehicle Road Reform*, report prepared for the Department of Infrastructure and Regional Development, Canberra, viewed 2 December 2025, <https://www.infrastructure.gov.au/sites/default/files/documents/DIRD-HVRR-reform-CBA-ncic.pdf>

The Department of Infrastructure's HVRR consultation paper notes that an FLCB approach is expected to smooth volatility in heavy vehicle charges compared with current arrangements, even though charges would still rise or fall as spending changes.[11] The Marsden Jacob Decision RIS for independent price regulation describes the end-state objective as a system where heavy vehicle users pay charges that more directly reflect the costs they impose on the road network, with revenue more transparently re-invested into heavy-vehicle road services.[12]

ALRTA supports that direction. A more service-linked, forward-looking model with better transparency and accountability is exactly what rural and livestock carriers need.

But pushing PAYGO harder in 2026–27 cuts across that logic:

- It tightens a model governments are trying to move away from, instead of pacing the transition to FLCB.
- It loads more cost now onto small, regional operators, even though much of the expenditure driving the higher cost base is on major capital projects and one-off rebuilds.
- It risks compromising the equity limb of the pricing principles by imposing sharp, compounding increases on the operators and communities least able to absorb them.

ALRTA's position: pace the adjustment, don't double down on PAYGO

ALRTA accepts that, over time, heavy vehicles should pay their share of efficient road provision costs, and that the heavy vehicle cost base has risen.

In February 2023, ALRTA told ministers we would not accept 6 or 10 per cent increases. We backed a 3 per cent rise each year for three years under PAYGO as a moderate path towards fair cost recovery. At the same time, we warned that "the current situation with PAYGO is unsustainable" and urged governments to "accelerate work on a viable alternative model" so a new, fairer framework could be launched on a cost-neutral basis.

That work has now moved on. A forward-looking cost base is on the table. ALRTA's view is that a well-designed FLCB – with strong transparency, equity safeguards and independent

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[11] Farrier Swier Consulting 2017, *Financial policy elements of developing a forward-looking cost base for heavy vehicle charging*, report prepared for the Department of Infrastructure and Regional Development, Canberra, viewed 2 December 2025, <https://www.infrastructure.gov.au/sites/default/files/financial-policy-elements-of-developing-a-forward-looking-cost-base-for-heavy-vehicle-charging.pdf>

[12] Marsden Jacob Associates 2019, *Independent price regulation of heavy vehicle charges: decision regulation impact statement*, Department of Infrastructure, Transport, Cities and Regional Development, Canberra, viewed 2 December 2025, <https://oia.pmc.gov.au/sites/default/files/posts/2019/08/independent-price-regulation-of-heavy-vehicle-charges-decision-regulation-impact-statement.pdf>

audit of road manager spending – is now a better long-term home for heavy-vehicle charges than an outdated PAYGO model.

Right now:

- PAYGO is magnifying a temporary spike in expenditure; and
- ministers are actively working towards a forward-looking cost base that better links charges, service levels and investment.

Against that backdrop, another 6% in 2026–27 is the wrong tool.

ALRTA therefore recommends that ministers:

- Cap any increase in heavy vehicle charges for 2026–27 at no more than 3% under PAYGO;
- hold any further increases in heavy-vehicle charges to no more than 3% per year under PAYGO, broadly in line with average CPI, while governments design a new forward-looking cost-base; and
- once a robust FLCB framework is in place, use the transition to re-set the system: link charges more closely to network quality and service levels, improve transparency about how heavy-vehicle revenue is spent, and ensure transition paths do not wipe out otherwise viable rural and livestock businesses.

This approach recognises a simple reality: you cannot reform the system and preserve essential rural freight services if you price too many operators out of the market on the way through.

Why a 3% cap in 2026–27?

Three things are clear from the current charging outlook:

- The heavy vehicle cost base has risen sharply under PAYGO.
- Even a 6% increase in 2026–27 would not achieve full cost recovery; a substantial gap would remain.
- Full cost recovery in a single year would require a jump in the order of 19% – which ministers themselves are not proposing.

So the real question for ministers is about pace and sequencing, not about whether heavy vehicles "pay their way" next year.

An increase of no more than 3% in 2026–27 would:

- acknowledge that the cost base has risen and that "doing nothing" is not credible
- still move revenue in the right direction

- halve the extra shock that a fourth 6% rise would deliver, on top of three steep annual increases already locked in
- leave space to recalibrate charges under a new FLCB model as it is introduced, instead of locking in an unnecessarily high starting point.

For ALRTA members, this is not academic. The difference between 3% and 6% in 2026–27 is the difference between:

- absorbing a painful but manageable extra cost in a tough year; or
- pushing more small and medium rural operators into exit, further thinning the supply of specialist livestock and rural freight services.

A 3% cap also lands on the right side of the pricing principles: it continues movement towards cost recovery, but respects the requirement to consider equity and impacts on regional and remote communities, not just the headline cost-recovery target.

Principles for a fair Forward-Looking Cost Base

Governments have already committed, through Heavy Vehicle Road Reform (HVRR), to move away from PAYGO towards a Forward-Looking Cost Base with more formal or independent price regulation. The HVRR Road Map explicitly aims to create a market mechanism that "links heavy vehicle user needs with the level of services they receive, the charges they pay and the investment of those charges back into heavy vehicle road services".[13]

Farrier Swier's work for the Commonwealth confirms that a properly designed FLCB, using a regulated building-blocks model, is a cornerstone of that second-phase reform. It notes that an FLCB would better support regulatory and funding reform, and ultimately full market reform, by recovering capital and operating costs over an asset's life rather than simply averaging past expenditure.[14]

The Marsden Jacob Decision RIS on independent price regulation further describes the end-state as one where:

- heavy vehicle road users pay charges that more directly reflect the costs they impose on the road network, and

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[13] Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) n.d., *Heavy Vehicle Road Reform*, Australian Government, Canberra, viewed 5 December 2025, <https://www.infrastructure.gov.au/sites/default/files/migrated/roads/heavy/background/files/HVRR_What_we_are_doing_and_why_we_are_doing_it_16082016.pdf>

[14] Farrier Swier Consulting 2017, *Financial policy elements of developing a forward-looking cost base for heavy vehicle charging*, report to the Department of Infrastructure and Regional Development, Canberra.

- there is a more direct link between heavy vehicle charging revenue and funds available for road investments, delivered “in a transparent, equitable and affordable manner – the right truck on the right road at the right price”.[15]

For ALRTA members, that should include recognising the productivity and safety benefits of higher-productivity vehicles (HPVs) on suitable routes, and designing charges and access arrangements that support, rather than discourage, their uptake where roads are built to the right standard.

Industry more broadly has also emphasised the benefits of a forward-looking cost base. NatRoad’s *Road to 2028* argues that a forward-looking cost base would “smooth out changes to road user charges creating a more predictable and gradual impact on business”, and calls for charges to be set using a life-cycle allocation of infrastructure costs.[16]

ALRTA supports that direction – but only if the new model is built around the realities of rural and livestock freight. In our view, the FLCB should be designed around the following principles:

- **Rural and livestock freight is treated as essential.** These tasks underpin food security, animal welfare and regional economies. The model should treat core rural freight more like an essential service than a discretionary, high-margin task. That means recognising the public-good dimension when setting price paths and service expectations.
- **Charges and service levels are linked where operators actually drive.** HVRR’s own objective is to link user needs, services, charges and investment along the same chain. Where charges rise, there should be visible commitments to maintain and improve the local and regional roads that rural operators use – not just urban freeways and flagship freight corridors.
- **No sudden price shocks.** Earlier modelling showed that, if left to the automatic formula, heavy vehicle registration charges would have jumped 40.4% in a single year – a scenario governments have already rejected as unreasonable.[17] FLCB implementation should therefore include explicit transition caps (for example,

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[15] Marsden Jacob Associates 2018, *Consultation Regulation Impact Statement: HVRR Phase 2 – Independent price regulation of heavy vehicle charges*, report to the Transport and Infrastructure Council, Canberra, viewed 5 December 2025, <https://oia.pmc.gov.au/sites/default/files/posts/2018/09/ consultation_ris_-_hvrr_phase_2_-_independent_price_regulation_of_heavy_vehicle_charges.pdf>

[16] National Road Transport Association (NatRoad) 2025, *Road to 2028: An industry view of road freight transport reform*, NatRoad, Sydney, viewed 5 December 2025, <https://www.natroad.com.au/wp-content/uploads/2025/09/2509_Road_To_2028_1_Pager_FINAL-1.pdf>

[17] National Transport Commission (NTC) 2022, *Heavy vehicle charges from 2022–23 to 2025–26: Determination and summary of consultation outcomes – supplementary paper*, NTC, Melbourne.

maximum percentage increases per year for defined operator classes), so the model cannot produce 40%-style outcomes by accident.

- **Independent or arm's-length oversight.** The RIS for independent price regulation envisages a regulator that scrutinises road manager expenditure, considers service charters on key freight routes, and provides more formal mechanisms for user input.[3] ALRTA supports an oversight framework that tests proposed FLCB paths against both efficiency and equity and explains any major step changes in plain language.
- **Structured industry input.** Submissions from road freight, rail and energy stakeholders to the HVRR process all emphasise the need for formal industry engagement in setting pricing paths and service standards.[18] Rural and livestock transporters must have a guaranteed voice in the design and periodic review of the FLCB, so assumptions about loadings, access, road wear and service levels reflect actual conditions in rural, regional and remote Australia.

If these principles are followed, a forward-looking model can do what PAYGO never could: deliver smoother, more predictable and clearly justified charges, while funding the investment needed to keep freight routes into regional communities safe and reliable.

Rural and regional operators are more likely to accept higher road user charges if they see productivity gains at the same time. For many ALRTA members, the biggest handbrakes on productivity are first- and last-mile restrictions, gaps and breaks in the heavy-vehicle road network, and delays in local access approvals. These sit mainly with state and local governments, but the decision on national charge increases rests with the Infrastructure and Transport Ministers' Meeting (ITMM). Any increase endorsed by ITMM should be paired with a concerted program to fix first- and last-mile bottlenecks and close breaks on key regional freight routes.

Transparency and accountability: show where the money goes

Finally, ALRTA believes that transparency is non-negotiable if governments want industry to accept higher charges over time.

The first phase of Heavy Vehicle Road Reform has already been about transparency – improving visibility of road spending, road assets and levels of service. This has produced:

[18] Australian Trucking Association (ATA) 2018, *Submission to Consultation RIS: HVRR Phase 2 – Independent price regulation of heavy vehicle charges*, ATA, Canberra; Freight on Rail Group of Australia (FORG) 2018, *Independent price regulation of heavy vehicle charges: Submission to Consultation RIS*, FORG, Sydney; Gas Energy Australia 2018, *Submission to Consultation RIS: HVRR Phase 2 – Independent price regulation of heavy vehicle charges*, Gas Energy Australia, Canberra.

- Heavy Vehicle Asset Registers and Heavy Vehicle Infrastructure Ratings, giving clearer information on where the freight network is strong and where it is weak;[19]
- open-data tools like the "Number of Trucks on Roads" interactive map, showing average daily heavy vehicle traffic based on data released annually by states and territories as part of HVRR transparency measures.[20]

These initiatives prove that complex information about roads and freight can be made publicly usable.

ALRTA recommends that governments build on this work by:

- **Publishing a simple national heavy-vehicle charges and road-spend dashboard** showing, by jurisdiction and region, how much is collected from heavy vehicle charges and where it is spent – including on regional and remote networks, and across arterial and local roads.
- **Clearly badging and reporting rural and regional road programs**, so operators can see that extra heavy-vehicle revenue is being directed to the networks they actually depend on, not just to distant megaprojects.
- **Commissioning regular, independent audits of major road construction and maintenance programs funded from heavy-vehicle revenue**, to test value for money and the quality and durability of works, with the results published so operators can see they are getting the roads they are paying for.

For small and medium rural operators, this kind of transparency would make it far easier to accept and explain future increases that are genuinely linked to better roads and safer, more reliable access – especially under a new FLCB.

Summary and recommendations

ALRTA's position for 2026–27 is:

- **Do not implement a further 6% increase in 2026–27.** A fourth steep rise, on top of recent compounding increases, is likely to accelerate closures among otherwise viable small and medium operators and hollow out rural freight capacity.
- **Adopt an increase of no more than 3% in 2026–27 under PAYGO.** This sits within the broader industry position that any increase must be well below 6%, including the ATA's recommendation of no more than 4% in 2026–27. ALRTA's 3% cap is a

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[19] Transport and Infrastructure Council (TIC) 2017, *Asset registers and heavy vehicle infrastructure ratings: Second edition*, TIC, Canberra.

[20] Bureau of Infrastructure and Transport Research Economics (BITRE) 2023, *Number of trucks on roads*, National Freight Data Hub, Australian Government, Canberra, viewed 5 December 2025, <https://datahub.freightaustralia.gov.au/>

complementary, more targeted position for rural and livestock operators, who are already carrying the impact of three successive 6% rises on top of higher fuel, wage and finance costs. A 3% increase, roughly equal to the long-term average CPI, is the most that can be responsibly justified for this highly exposed segment under an outdated PAYGO model that is about to be replaced by a forward-looking cost base.

- **Explicitly recognise rural and livestock freight as essential services.** These operators move food, fuel and farm inputs on long, low-margin routes with limited backloads and poor-quality roads. Treating them as generic freight risks higher prices for farmers and regional households and real service gaps when businesses exit.
- **Avoid relying on large increases under an ageing PAYGO model.** The current "gap" between costs and revenue is a product of a backward-looking formula that bakes in surging road expenditure without testing whether that spend is efficient, heavy-vehicle related, or benefiting the networks our members actually use. Pushing PAYGO harder is not a sustainable strategy.
- **Use the move to a Forward-Looking Cost Base to reset the framework.** The new model should be designed in close partnership with industry, differentiate clearly between metropolitan and regional networks, and include safeguards against sudden price shocks for small and medium operators that provide essential services.
- **Improve transparency so operators can see where their money goes.** Publishing a simple national dashboard showing how heavy-vehicle-related revenue is invested across metropolitan, regional and remote networks – and across arterial and local roads – would significantly improve trust and accountability, especially if rural and regional programs are clearly identified.

ALRTA stands ready to work constructively with governments and the NTC on both the 2026–27 charges decision and the design of the Forward-Looking Cost Base, with the aim of balancing three imperatives: sustainable investment in roads, viable operators, and secure food and fibre supply chains for regional communities and the nation as a whole.

In response to the NTC's consultation question, ALRTA does not support the proposed 6% increase in heavy vehicle charges in 2026–27. A fourth steep rise under PAYGO would hit small and medium rural operators hardest, strip freight capacity out of regional communities, and run against both the pricing principles and the direction of Heavy Vehicle Road Reform. ALRTA could support an increase of no more than 3% in 2026–27 only if it is treated as a transitional step towards a forward-looking cost base that links charges to service levels, avoids sudden price shocks, makes road spending more transparent, and is built in genuine partnership with industry.