Heavy Vehicle Charges 2026-27

A Submission to the National Transport Commission

Friday, 12th December 2025

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1. Introduction

The Australian Logistics Council (ALC) welcomes the opportunity to comment on the National Transport Commission's (NTC) proposed heavy vehicle charges for 2026–27. ALC represents the largest end-to-end freight supply chain companies, including major road and rail operators, intermodal terminals, ports, airports, retailers, primary producers, logistics service providers and supply chain technology firms. Our members move most of Australia's domestic freight and operate across all states and territories.

ALC supports a safe, productive, and competitive freight system in which pricing structures are fair, transparent and reflect actual use of the road network. The proposed 6 per cent increase is consistent with prior Infrastructure and Transport Ministers' Meeting (ITMM) decisions. However, this adjustment must be viewed within the broader pressures facing operators and the national shift toward a modernised heavy vehicle charging framework.

Australia's freight system is undergoing significant structural change. New vehicle technologies, particularly zero-emission trucks, are entering the fleet faster than existing policy frameworks can accommodate. Governments have set ambitious national objectives for emissions reduction, energy transition and productivity uplift. A charging system that does not support the uptake of heavy zero-emission vehicles risks slowing progress towards these goals. Reform must therefore address both revenue sufficiency and broader national policy direction.

2. Current Industry Context

The freight sector faces mounting cost pressures, including rising fuel and labour costs, higher insurance premiums, stricter compliance obligations and interest rate impacts. Freight rates have remained largely flat, limiting operators' ability to absorb these increases.

Insolvency data from the Australian Securities and Investments Commission highlights the severity of these conditions, with insolvencies in the Transport, Postal and Warehousing sector rising from 196 in 2021–22, to 347 in 2022–23, and to 495 in 2023–24 — an increase of more than 150 per cent over three years[1]. Many failures reflect declining asset values, tightening credit conditions and reduced financial buffers among small and medium operators.

Modal alternatives remain constrained. Road transport continues to service most urban, regional, and agricultural freight, while rail remains essential but is not universally accessible or competitive for all tasks. Any increase in road charges will therefore flow directly through supply chains and into the broader economy.

This environment underscores the need for charging adjustments to be accompanied by a clear and contemporary reform pathway that enhances fairness, productivity, and alignment with national strategic objectives.

3. Limitations of the Current PAYGO Charging Framework

The base PAYGO framework was designed in 2007 and is no longer suited to today's freight environment. It has several key limitations:

- **Reliance on historical expenditure:** It does not capture contemporary infrastructure needs, evolving vehicle technologies or required upgrades to support increased productivity and zero-emission vehicles.
- **Lack of cost reflectivity:** Registration charges are fixed and unrelated to distance travelled or freight task.
- **Absence of lifecycle and externality considerations:** PAYGO does not incorporate lifecycle costs, congestion, emissions, or safety impacts.

These structural shortcomings mean that PAYGO is not able to support a fair, efficient or forward-looking freight system. Nor is it aligned with Australia's wider national goals.

4. Principles for Heavy Vehicle Charging Reform

ALC supports a charging framework grounded in the following principles.

- **Fairness and equity.** Charges should reflect actual road usage, including mass, distance, and eventually location, and be applied consistently across vehicle types and operators.
- **Productivity and efficiency.** A modern charging framework should support more efficient use of freight infrastructure, reduce administrative burden, and provide operators with improved planning information. Telematics will be an enabler of future reform.
- **Mode neutrality.** The system should support efficient freight allocation based on service quality, cost, and reliability, rather than price distortions caused by legacy charging frameworks.
- **Administrative simplicity.** The charging system should be transparent, easy to understand and low-cost to administer.
- **Support for small operators.** Reform must not disproportionately burden small operators who often lack the capital flexibility of larger firms. Transitional support may be required to ensure fairness across the industry.
- **Alignment with national strategic objectives.** Charging reform must support decarbonisation, supply chain resilience, and forecast freight growth.

The current framework creates pricing signals that do not fully reflect contemporary infrastructure use. This can influence freight decisions in ways that do not align with service performance or efficiency. Aligning charges more closely with actual road use will support true mode neutrality and ensure freight naturally flows to the most efficient option for each task without advantaging or disadvantaging any mode. Any future reform must work for the full spectrum of freight operators — from high-kilometre regional transport servicing dispersed communities to metropolitan delivery fleets

[1] https://www.wais.com.au/latest-news/breaking-point-the-bumpy-road-to-insolvency-for-australias-transport-sector/

navigating increasingly complex urban networks. A phased, nationally coordinated approach is essential to ensure operators have predictability, adequate transition time and clarity as technology and regulatory expectations evolve.

5. Heavy Zero-Emission Vehicles (HZEVs) and Strategic National Targets

The current charging model — built around fuel excise and fixed registration charges — was designed for an earlier fleet composition. As electric and hydrogen vehicles become more common, the model must evolve to ensure stable, transparent, and equitable cost recovery.

ALC does not advocate for the immediate introduction of a mass–distance–location (MDL) framework. A phased transition, aligned with digital capability across industry, is essential to avoid abrupt cost impacts, particularly for regional operators. Telematics-enabled charging represents a long-term opportunity to improve accuracy and reduce compliance burden, but requires national coordination, predictable lead times and strong governance.

Because PAYGO links charges to fuel consumption and fixed fees, it cannot accurately reflect how new vehicle technologies use the network or how they will evolve. As zero-emission trucks enter the fleet, fuel consumption becomes a poor proxy for road use, creating uncertainty for long-term infrastructure funding.

Most freight tasks involve multiple modes at various stages of the supply chain. A reformed charging system must therefore ensure pricing signals support efficient and predictable freight movements regardless of mode mix.

A modernised charging system should ensure:

- Charging reflects actual network use rather than fuel consumption or fixed categories.
- New vehicle technologies can be integrated without creating distortions or uncertainty.
- Intermodal freight movements receive clear, predictable charging signals for the road components of the task.
- Charging is applied in a way that supports national productivity and emissions reduction objectives.
- Digital systems and telematics provide the basis for accurate measurement, transparency and reduced administrative burden.

6. Response to the Proposed 6 Per Cent Increase

The basis for calculating the six per cent uplift has not been clearly articulated. Transparent disclosure of the underlying cost assumptions, methodology and forward estimates is essential for industry to assess the proportionality of the increase and to budget for future increases.

Any rise in charges should be supported by clear information on how additional revenue will be allocated, including the specific infrastructure classes, corridors and maintenance activities that will be prioritised. Visibility of expenditure pathways is critical for building confidence in the charging framework and ensuring that operators can plan effectively. Future increases should form part of a broader, contemporary reform package rather than being applied within a legacy system that no longer reflects modern supply chain needs. Without structural change, year-on-year adjustments risk compounding cost pressures without demonstrable improvements in equity, productivity, or alignment with national policy objectives.

Smaller operators remain particularly exposed to cumulative cost burdens. ALC supports consideration of targeted transitional measures or offset mechanisms to mitigate unintended consequences and maintain the sector's capacity to meet national freight demand.

7. The Role of Digitalisation and Telematics

Telematics capability is already widespread across the freight sector. Many operators use telematics for fleet management, compliance monitoring and customer communication. These systems provide a solid foundation for a more accurate and efficient charging system. However, its use in a national road-user charging framework raises legitimate considerations around privacy, commercial sensitivity and implementation costs that must be carefully managed.

Adopting a telematics-enabled approach can:

- Improve accuracy in measuring road usage.
- Reduce administrative burden, including the need for fuel tax credit claims.

- Enhance operational planning through richer data insights.
- Create a secure digital gateway for safety, maintenance, and emissions reporting.
- Support long-term planning for network investment through anonymised and appropriately aggregated data insights.

International examples in Europe and New Zealand demonstrate that distance-based charging systems can be implemented at scale and can coexist with productivity, safety, and environmental outcomes. However, these also highlight the importance of robust data-governance arrangements, strong privacy protections and clear guardrails around how data can be accessed, used, and shared.

Any Australian model must therefore ensure that:

- Operators' commercial data is protected.
- Privacy is preserved through strict controls and transparent rules.
- Costs—particularly for smaller regional fleets—are not prohibitive.
- Implementation timelines recognise the practical realities of diverse fleet capabilities.

With these safeguards in place, telematics can support a fairer, more efficient, and future-focused charging system while maintaining industry confidence and trust.

8. Additional Considerations

A modern charging framework will only function effectively if supported by broader system improvements across policy, regulation, and workforce capability. First- and last-mile networks managed by local governments are becoming increasingly important as freight precincts expand and urban delivery patterns grow more complex. Engaging local government early in charging reform will help ensure that access, planning, and investment decisions support efficient freight movements.

Finally, the maintenance, servicing and recovery systems that underpin freight reliability will need to evolve alongside technology and charging reform. Ensuring that operators, service providers and governments plan for these changes will be critical to maintaining performance, safety, and continuity across the freight network.

9. Pathway to a Modern Heavy Vehicle Charging Framework

ALC supports a phased transition toward a mass–distance–location charging framework enabled by telematics, data-sharing and strong governance structures. A staged approach ensures predictability, maintainability, and industry confidence during transition.

ALC notes the results of the National Heavy Vehicle National Pilot (NHVCP), which is testing diverse ways to charge heavy vehicles for road usage based on the weight of the vehicle and distance travelled (including the use of telematics to collect information) is now being analysed.[2]

It also notes that the Heavy Vehicle Charges Consultation Report published for the purposes of this consultation indicates that the Infrastructure and Transport Ministers Meeting has charged the National Transport Commission to consult on a forward-looking cost base (FLCB) as an alternative way to set heavy vehicle charges.[3]

It finally notes that comparable jurisdictions such as New Zealand operates a Road User Charges System based on distance travelled and vehicle weight. In that country, light electric vehicles and plug in hybrids were brought into the scheme on 1 April 2024, whilst heavy electric trucks and buses will be entering the system from 1 July 2027.

10. Conclusion

The Australian Logistics Council supports charging reform that is fair, transparent, and able to support a productive and future-ready freight system. While the 6 per cent increase for 2026–27 is expected, it should be accompanied by a clear framework for broader reform. A modernised system must support the uptake of modern technologies, uphold national

[2] https://www.infrastructure.gov.au/infrastructure-transport-vehicles/transport-strategy-policy/heavy-vehicle-road-reform/national-heavy-vehicle-charging-pilot

[3] https://www.ntc.gov.au/sites/default/files/assets/files/Heavy%20Vehicle%20Charges%20Consultation%202026-27.pdf: 3

decarbonisation objectives, and provide clarity to operators about how their contributions are used to maintain and improve the network.

ALC looks forward to continuing to work with the NTC, governments and industry to design a charging framework that strengthens operator viability, enhances freight performance, and ensures Australia's supply chains remain resilient and competitive.