ALRTA
Australian Livestock and
Rural Transporters Association

Submission to the National Transport Commission

Implementing a forward-looking cost base for heavy vehicle charges: Consultation Regulatory Impact Statement

May 2026

Executive Summary

The Australian Livestock and Rural Transporters Association (ALRTA) supports reform of the heavy vehicle charging framework. ALRTA supports further development of the Forward-Looking Cost Base (FLCB) model as a more stable and transparent alternative to PAYGO. Of the options presented in the Consultation RIS, ALRTA supports **Option 1** as the only acceptable transition pathway.

ALRTA does **not** support Options 2 or 3.

Option 1 provides the most moderate and manageable pathway for reform. It allows governments to continue developing a more stable long-term charging model without imposing unnecessary cost shocks on heavy vehicle operators. Options 2 and 3 would move too quickly, before key questions have been resolved about the opening asset base, expenditure attribution, regional equity, double recovery, transparency and freight productivity outcomes.

ALRTA's support for Option 1 is conditional. The FLCB must not become a mechanism for recovering higher revenue without genuine improvements in transparency, regional fairness and accountability for freight outcomes.

Livestock and rural transport operators are already facing significant cost pressure. Fuel, labour, insurance, equipment, maintenance, compliance and natural disaster impacts are all increasing the cost of operating rural freight businesses. Many operators also have limited capacity to immediately or fully pass higher costs through agricultural supply chains.

For ALRTA, the central issue is not whether road funding should be sustainable. It should be. The central issue is whether the proposed framework constitutes genuine reform — or simply a new mechanism for recovering more revenue without corresponding improvements to the network industry is being asked to fund.

Industry should not be asked to support a long-term asset-based charging model unless governments can demonstrate that it is fair, transparent and accountable. That means independently verifying the opening Regulatory Asset Base, ensuring expenditure is freight-relevant, preventing double recovery, protecting regional operators from subsidising unrelated urban projects, avoiding retrospective true-up shocks, and linking higher charges to measurable freight network improvements.

ALRTA is particularly concerned that rural and regional operators could be asked to contribute to a national cost base without seeing corresponding improvements in the roads and freight corridors they rely on. Any future charging model must recognise the national importance of regional freight networks.

Support for the FLCB should not be treated as support for mass-distance charging, GPS-based charging or location-based pricing. Any such proposal would require separate consultation and detailed impact assessment.

ALRTA therefore recommends that governments proceed only with a moderate transition pathway consistent with Option 1, and only alongside stronger safeguards for transparency, independent oversight, regional equity and measurable freight outcomes.

Charging reform must deliver more than a different mechanism for recovering higher revenue. It must improve confidence in how road expenditure is attributed, how charges are set, how regional freight needs are recognised, and how industry can see practical improvements in the freight network it is being asked to fund.

About ALRTA and the Rural Freight Task

The Australian Livestock and Rural Transporters Association (ALRTA) is the national peak body representing livestock and rural road transport operators across Australia.

ALRTA's members move livestock, grain, fodder, fuel, agricultural inputs and other rural commodities across long distances. They operate across local, regional and remote road networks where road transport is often the only practical freight option.

The rural freight task is different from general urban freight. Livestock and agricultural transport operators work across dispersed supply chains, seasonal production cycles and road networks that vary significantly in condition, access and resilience.

These operators depend heavily on regional roads, local roads, bridges, saleyard routes, processing corridors, feed supply routes and disaster-affected networks.

Rural freight also supports broader national interests. It is essential to food security, animal welfare, biosecurity, fuel distribution, regional economic activity, emergency response and national supply chain resilience. It enables the movement of agricultural commodities from an estimated $60–70 billion farmgate base into a wider estimated $95–130 billion supply chain, while supporting an estimated 50,000–80,000 transport-sector jobs and $4–6.5 billion in wages nationally.[1]

These features must be recognised in heavy vehicle charging reform.

A charging model that appears reasonable at a national level can have very different impacts on rural and regional operators. Long distances are not discretionary for livestock and rural transporters. They are inherent to the geography of Australian agriculture.

Many operators also have limited capacity to quickly or fully pass higher costs through agricultural supply chains.[2]

For this reason, ALRTA considers that any future heavy vehicle charging framework must be assessed against more than aggregate cost recovery. It must also be assessed against rural freight viability, regional road investment, supply chain resilience and measurable freight productivity outcomes.

For charging reform to work for rural freight, it must be grounded in genuine transparency, regional equity and clear accountability for freight network outcomes.

ALRTA's Position on the Options

ALRTA supports **Option 1**, subject to safeguards.

ALRTA does **not** support Options 2 or 3.

ALRTA does not prefer simply continuing the current PAYGO approach. PAYGO has become volatile, difficult to implement and insufficiently transparent. ALRTA therefore supports further development of the FLCB model as a more stable basis for setting future heavy vehicle charges.

However, support for the FLCB is conditional. The model must be transparent, independently verifiable, regionally fair, and linked to measurable improvements in freight network performance.

Option	ALRTA position
Base case / no FLCB transition	Not preferred. PAYGO remains volatile and lacks sufficient transparency.

[1] Australian Livestock and Rural Transporters Association (ALRTA) 2026, *Australian Livestock and Rural Road Freight Task: Economic Contribution & Value Chain Analysis*, internal report, ALRTA, Canberra, ss. 4, 10, 12 (supply chain value, jobs and wages figures are modelled indicative estimates); Australian Government 2025, *National Freight & Supply Chain Strategy*, Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts, Canberra, viewed 25 May 2026, <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/transport-strategy-policy/freight-supply-chains/national-freight-supply-chain-strategy>.

[2] Australian Livestock and Rural Transporters Association (ALRTA) 2026, operator survey data, unpublished internal dataset, ALRTA, Canberra; ALRTA 2026, *Submission on Heavy Vehicle Charges for 2026–27*, ALRTA, Canberra.

Option	ALRTA position
Option 1	Supported, subject to safeguards. It provides the most moderate and manageable transition pathway.
Option 2	Not supported. It would increase charges too quickly before transparency, governance and expenditure attribution issues are resolved.
Option 3	Not supported. It would create unacceptable cost pressure for industry.

Option 1 is the only acceptable transition pathway presented in the Consultation RIS. ALRTA does not support higher charge paths before governments can clearly demonstrate that the model is fair, transparent and properly governed. ALRTA's position is not opposition to reform. It is support for responsible reform.

Why ALRTA Supports Option 1

Option 1 allows charging reform to proceed without imposing the sharper first-year increases proposed under Options 2 and 3. Under the Consultation RIS, Option 1 involves a 2.5 per cent increase in 2027–28, compared with 6 per cent under Option 2 and 10 per cent under Option 3.[3]

This matters for livestock and rural transport operators.

Many operators are already managing higher fuel, labour, insurance, equipment, maintenance and compliance costs.[4] Natural disasters have also placed pressure on regional freight networks and the businesses that rely on them.[5]

That limited pass-through capacity means sudden increases in heavy vehicle charges can affect business viability, freight availability and the cost of moving essential rural commodities.

Option 1 provides a more responsible transition. It supports reform while reducing the risk of unnecessary economic shock.

It also gives governments time to resolve the key design issues that will determine industry confidence in the FLCB model. These include the opening asset base,

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[3] National Transport Commission (NTC) 2026, *Implementing a forward-looking cost base for heavy vehicle charges: Consultation Regulatory Impact Statement*, NTC, Melbourne, pp. 79–80, Table 13.

[4] Australian Bureau of Statistics (ABS) 2026, *Producer Price Indexes, Australia, March 2026*, ABS, Canberra, released 1 May 2026, viewed 25 May 2026, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release>; National Road Transport Association (NatRoad) 2025, *NatRoad Submission to NTC Consultation on 2026–27 Heavy Vehicle Charges*, NatRoad, 17 December, viewed 25 May 2026, <https://www.natroad.com.au/natroad-submission-to-ntc-consultation-on-2026-27-heavy-vehicle-charges/>.

[5] National Emergency Management Agency (NEMA) 2026, *Disaster Recovery Funding Arrangements*, NEMA, Canberra, viewed 25 May 2026, <https://www.nema.gov.au/our-work/disaster-recovery/disaster-recovery-funding-arrangements>; Australian National Audit Office (ANAO) 2023, *Administration of the Disaster Recovery Funding Arrangements*, ANAO, Canberra, viewed 25 May 2026, <https://www.anao.gov.au/work/performance-audit/administration-the-disaster-recovery-funding-arrangements>.

expenditure attribution, regional equity, double recovery, local government road expenditure, true-ups and freight productivity outcomes.

ALRTA's support for Option 1 should not be interpreted as support for higher charges in isolation.

ALRTA supports Option 1 because it provides the best balance between reform, affordability and industry confidence.

Charging reform should proceed carefully. It should not move faster than the transparency, governance and accountability arrangements needed to support it.

Conditions for ALRTA Support

ALRTA's support for Option 1 is conditional.

The FLCB model must not become an unconstrained mechanism for recovering higher revenue from industry. It must be transparent, independently verifiable, regionally fair and linked to measurable freight network outcomes.

ALRTA considers the following safeguards essential.

1. Independent verification of the opening asset base

The opening asset base will shape future heavy vehicle charges.

ALRTA does not support an asset-based charging model unless the opening asset base is independently verified before implementation.

Governments must clearly explain:

- what infrastructure is included;
- what infrastructure is excluded;
- how asset values are calculated;
- how depreciation and asset lives are determined;
- how historical and legacy expenditure is treated;
- and how freight relevance is assessed.

Industry must have confidence that the opening asset base is fair, accurate and not overstated.

2. Transparent expenditure attribution

Expenditure included in the heavy vehicle cost base must be transparent and properly attributed.

ALRTA supports recovery of legitimate heavy vehicle-related road costs. It does not support broad infrastructure expenditure being passed through to industry without clear justification.

Governments should publish the methodology used to determine which costs are included, excluded and allocated to heavy vehicles.

Expenditure with limited or incidental heavy vehicle benefit should be excluded, discounted or separately justified.

3. Regional and rural freight equity

The model must recognise the realities of rural and regional freight.

Unlike urban freight, rural transport distances are determined by the geography of Australian agriculture, not by operator choice.

ALRTA is concerned that a national cost base could require regional operators to contribute to metropolitan, commuter or urban amenity projects that provide limited benefit to rural freight.

Future charging arrangements must ensure that regional operators are not unfairly subsidising infrastructure that does not improve rural freight access, safety, productivity or resilience.

4. No double recovery

Heavy vehicle operators should not be charged twice for the same infrastructure.

The model must include safeguards to prevent double recovery of costs already funded through:

- general taxation;
- tolls;
- public-private partnerships;
- insurance payments;
- disaster recovery funding;
- or previous infrastructure programs.

This is particularly important for regional networks affected by repeated flood, fire and disaster reconstruction.

5. Measurable freight productivity outcomes

Charging reform must deliver practical freight benefits.

If industry is asked to pay more over time, governments must show how the freight network is improving.

Relevant measures should include:

- improved heavy vehicle access;

- improved PBS and high productivity vehicle access;
- reduced detours and bottlenecks;
- stronger bridge and pavement capability;
- improved regional road resilience;
- reduced permit delays;
- improved road safety;
- and better freight network reliability.

Charging reform should not be judged only by whether it recovers revenue. It should also be judged by whether it improves the freight network industry relies on.

6. Transparent reporting and review

The model must be supported by clear public reporting.

ALRTA recommends annual reporting on:

- heavy vehicle revenue collected;
- expenditure attributed to heavy vehicles;
- regional versus metropolitan expenditure;
- maintenance versus capital expenditure;
- treatment of toll roads and PPPs;
- disaster-related expenditure;
- true-ups and adjustments;
- and freight productivity outcomes.

The model should also be reviewed before any further escalation in charges beyond the first pricing period.

Industry confidence will depend on whether the model is transparent in practice, not just in design.

Implementation Issues Requiring Clarification

Before the FLCB model is implemented, ALRTA seeks further clarification on the design issues that will determine whether the model is fair, transparent and workable for industry.

1. Opening asset base

Governments should clearly explain how the opening asset base will be established.

This should include:

- what infrastructure is included;
- what infrastructure is excluded;
- how assets will be valued;
- how depreciation and asset lives will be calculated;
- how legacy and previously funded assets will be treated;
- and how the opening asset base will be independently verified.

The opening asset base will shape future charges. It must be transparent from the start.

2. Expenditure attribution and regional reporting

Governments should explain how road expenditure will be attributed to heavy vehicles.

This should include clear reporting on:

- local government road expenditure;
- regional, rural and remote road expenditure;
- metropolitan road expenditure;
- maintenance versus capital expenditure;
- and the methodology used to allocate costs to heavy vehicles.

This is essential to ensure rural operators are not paying into a system that delivers limited benefit to the roads they rely on.

3. Toll roads, PPPs and previously funded infrastructure

Governments should explain how toll roads, public-private partnerships and other non-standard financing arrangements will be treated.

Heavy vehicle operators should not be charged through the FLCB for costs already recovered through tolls, availability payments, general taxation or previous infrastructure programs.

4. Disaster recovery expenditure

ALRTA seeks clear rules for the treatment of disaster-related expenditure.

Expenditure funded through insurance, disaster recovery arrangements or other recovery programs should not be recovered again through heavy vehicle charges.

This is particularly important for regional roads affected by repeated flood, fire and storm damage.

5. True-ups and adjustments

The model should clearly explain how true-ups will operate.

Industry needs to understand:

- what will trigger a true-up;
- how often true-ups will occur;
- how they will be calculated;
- how they will be reported;
- and how operators will be protected from sudden retrospective cost shocks.

True-ups should improve accuracy. They should not create new uncertainty.

6. Electric and hybrid heavy vehicles

ALRTA seeks clarity on how electric and hybrid heavy vehicles will contribute to road cost recovery over time.

Diesel operators should not be required to subsidise unrecovered revenue from vehicles that do not pay the Road User Charge through fuel use.

Any future changes should be transparent, staged and subject to full industry consultation.

7. Freight productivity outcomes

Governments should explain how freight productivity outcomes will be measured, including for heavy vehicle and high productivity vehicle access, bridge and pavement capability, permit processing, regional road resilience, road safety and network reliability. Without clear measures, industry cannot test whether higher charges are delivering better outcomes.

8. Road User Charge and Fuel Tax Credits

ALRTA seeks clarity on how any future changes to the Road User Charge will interact with the Fuel Tax Credits framework.[6] Any changes affecting on-road fuel tax credit access should be transparent, staged, fully consulted on and assessed for their impact on rural and regional freight operators.

Diesel-powered heavy vehicle operators rely on fuel tax credit access as part of the existing cost recovery framework. Any reform that alters this relationship — including changes arising from the transition to a forward-looking cost base — should be

[6] Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts n.d., *Fuel tax credits: frequently asked questions*, Australian Government, Canberra, viewed 25 May 2026, <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/vehicles/vehicle-safety-environment/fuel-tax-credit/faqs>; National Transport Commission (NTC) 2026, *Implementing a forward-looking cost base for heavy vehicle charges: Consultation Regulatory Impact Statement*, NTC, Melbourne, p. 11.

subject to separate consultation and explicit industry engagement before implementation.

The scale of exposure is material: agriculture-linked rural road transport is estimated to consume 1.5–2.5 billion litres of diesel annually, making fuel costs and the RUC framework among the most direct and immediate cost inputs for the sector ALRTA represents.[7]

Charging reform should proceed in stages. Governments should demonstrate that the model is fair, transparent and accountable before asking industry to accept higher recovery pathways.

Recommendations

ALRTA recommends that governments:

1. **Proceed only with a moderate transition pathway consistent with Option 1.**
   Option 1 provides the best balance between reform, affordability and industry confidence.

2. **Do not adopt Options 2 or 3.**
   These options would increase charges too quickly before key transparency, governance and expenditure attribution issues are resolved.

3. **Independently verify the opening asset base before implementation.**
   Governments should clearly publish what is included, what is excluded, how assets are valued, and how depreciation and asset lives are calculated.

4. **Publish the expenditure attribution methodology.**
   Industry needs clear information on cost allocation, expenditure categories, exclusions, assumptions and the treatment of local government road expenditure.

5. **Report regional, rural and remote expenditure separately from metropolitan expenditure.**
   This is necessary to show whether the model is delivering practical benefits to the roads and freight corridors rural operators rely on.

6. **Prevent double recovery of infrastructure costs.**
   The model should include clear safeguards for toll roads, public-private partnerships, disaster recovery works, insurance-funded works and previously funded infrastructure.

7. **Establish freight productivity and network performance measures before implementation.**

[7] Australian Livestock and Rural Transporters Association (ALRTA) 2026, *Australian Livestock and Rural Road Freight Task: Economic Contribution & Value Chain Analysis*, internal report, ALRTA, Canberra, s. 10.2 (diesel use figure is a modelled indicative estimate).

These should include heavy vehicle access, PBS and high productivity vehicle access, bridge and pavement capability, detour reduction, permit processing, regional road resilience, safety and network reliability.

8. **Review the model before any further escalation beyond the first pricing period.**
   The review should assess affordability, transparency, regional equity, true-ups, expenditure attribution and freight productivity outcomes.
9. **Consult separately on any changes affecting the Road User Charge or Fuel Tax Credits.**
   Any change affecting on-road fuel tax credit access should be transparent, staged, fully consulted on and assessed for its impact on rural and regional freight operators. Such changes should not be treated as a consequence of the FLCB transition without explicit industry engagement.

ALRTA supports reform of heavy vehicle charging. But reform should proceed only where governments can demonstrate that the model is fair, transparent, independently verifiable and capable of delivering practical improvements to the freight network industry is being asked to fund.

Conclusion

ALRTA supports reform of the heavy vehicle charging framework.

An FLCB model may offer a more stable and transparent alternative to the current PAYGO approach.

ALRTA's position is clear: **Option 1** is the only acceptable transition pathway.

Charging reform must be fair, transparent, independently verifiable and regionally equitable. It must also be linked to measurable improvements in freight network performance.

Industry should not be asked to accept higher long-term recovery without clear safeguards against double recovery, poor expenditure attribution and cost increases that are not matched by practical freight benefits.

This matters most for livestock and rural transport operators, who carry an essential national freight task with limited ability to absorb cost shocks through pricing.

The test for this reform is not whether it recovers more revenue. It is whether operators can see, over time, that the roads they fund are genuinely improving.

ALRTA therefore supports further development of the FLCB model only with a cautious transition, stronger transparency, independent oversight, regional equity and clear accountability for freight productivity outcomes.