Forward looking cost base for heavy vehicle charges

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The Bus Industry Confederation

The Bus Industry Confederation (BIC) is the national independent peak body for the Australian Bus and Coach Industry. We represent over 160 bus and coach operators, body, chassis and complete bus manufacturers and suppliers, parts and service providers, professional services, and state bus associations on issues of national importance.

Our membership is becoming increasingly diverse as key energy and infrastructure partners join as we transition the fleet to low and zero emissions. The BIC advocates on behalf of our members to federal, state and territory governments and associated bodies, to ensure the safe and efficient carriage of passengers, along with safe and sustainable operations and supply chains that support the industry.

About Buses

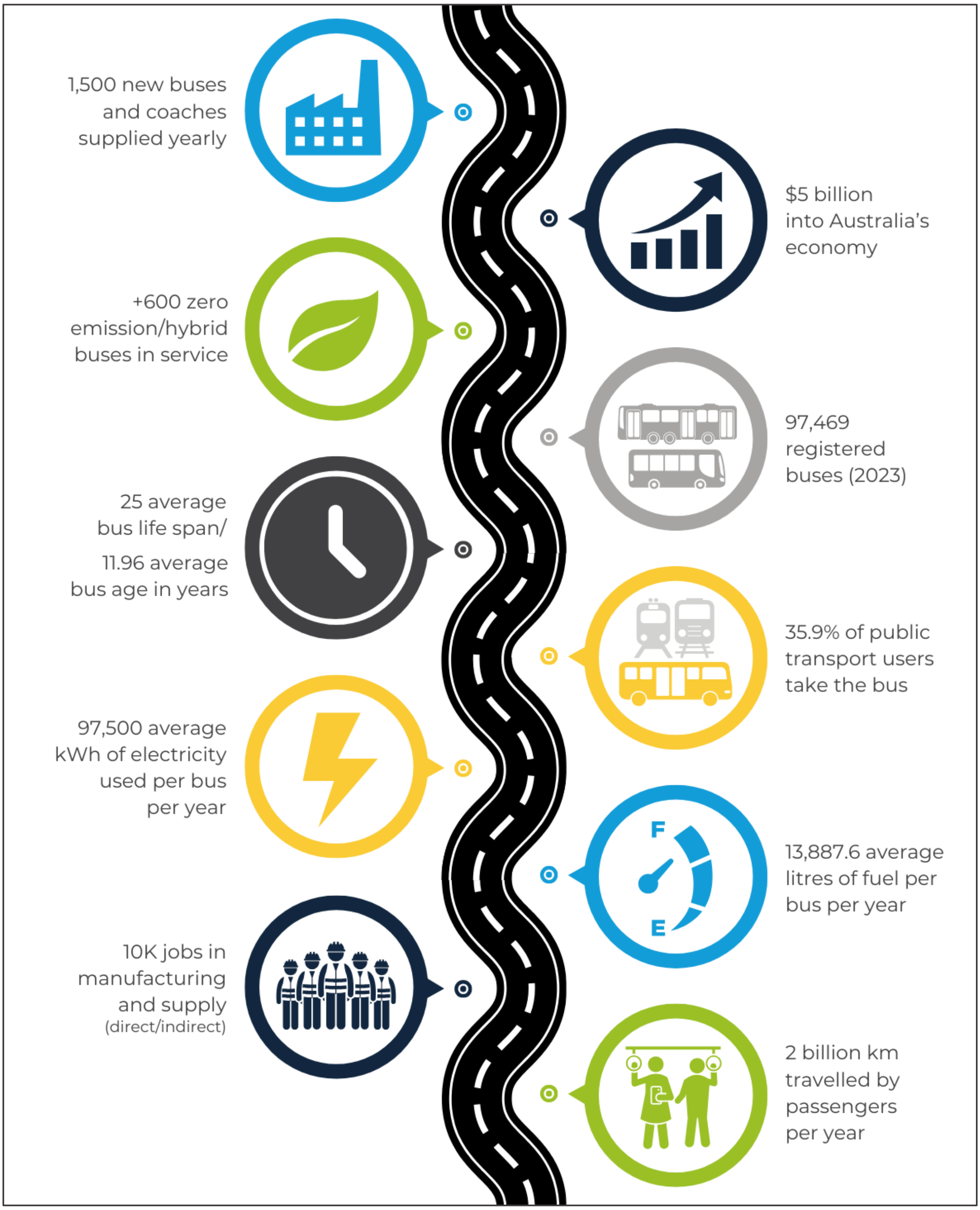
Buses serve as mass transit, delivering benefits like reduced congestion, lower pollution, and enhanced productivity, as well as providing critical social mobility through frequent local routes. These benefits extend to improved public health, lower crime rates and better overall social outcomes, resulting in reduced costs for health and legal systems. The Australian bus industry is uniquely positioned to lead the transition to zero-emission technologies1. for heavy vehicles, assisting decarbonising strategy for the nation.

Buses have a strong and diverse manufacturing, and supplier presence in Australia providing 10,000 direct and indirect jobs in Australia. This encompasses full manufacturers, assemblers, importers, component manufacturers, suppliers, and importers. We provide an economic contribution $5Billion yearly to the Australian economy.

Buses provide a cost-effective safe role in moving people from and to their destinations every day, whether it is dense urban outer urban, regional, remote, or interstate. For example, in outer suburban areas, where other mass transit options are scarce, buses are vital in addressing poverty, disadvantage, and the financial strain of car ownership. They offer essential mobility to communities facing isolation, poor services, and socio-economic challenges.

Buses carry more people further than any public transport mode

Industry Snapshot | 2025



Response

The Bus Industry Confederation (BIC) welcomes the opportunity to provide input to the National Transport Commission (National Transport Commission) on the proposed Forward-Looking Cost Base (FLCB) model and related heavy vehicle charging reforms.

This submission provides a consolidated response to the consultation questions relevant to the bus and coach industry and serves as an extension of our December 2025 submission.

Overview of FLCB Model (Q1–Q3)

BIC supports the objective of reducing volatility in heavy vehicle charges but is concerned that the proposed approach may not adequately reflect the unique contractual and operational constraints of public transport operators.

While stability in charging is important, any transition to a forward-looking cost base must ensure that essential public transport services are not disproportionately impacted.

Model and Policy Design (Q4–Q13)

BIC notes the proposed expenditure categories and acknowledges the intent to improve cost allocation accuracy. However, further refinement is required to ensure fair treatment of bus and coach operations within the broader heavy vehicle fleet.

Key concerns include:

- Current categorisation risks overstating cost recovery requirements for essential passenger transport services
- Asset life and expenditure assumptions may not reflect operational realities of contracted public transport fleets
- The proposed rate of return methodology may increase cost pressures without clear service delivery benefits
- Treatment of toll roads and hybrid/electric vehicle assumptions requires further clarification to avoid unintended cost shifts onto bus operators

BIC also notes that implementation mechanisms must account for the prevalence of fixed-term government contracts, which limit the ability of operators to pass through cost increases.

Long-Term Outcomes (Q14–Q17)

BIC requests further consideration of sensitivity analysis assumptions to ensure impacts on public transport affordability and service viability are fully captured.

In particular:

- Additional sensitivity testing should assess impacts on contracted bus services and regional service viability
- Asset life assumptions should reflect long-term fleet replacement cycles in public transport
- Depreciation methodologies should not disproportionately disadvantage passenger transport operators

Implementation (Q18–Q20)

BIC supports transparency in publication of model outputs; however, care must be taken to ensure published forecasts do not create unintended downstream pressures on contracted service pricing.

Communication of changes must consider the timing and constraints of government contract cycles.

Charging Options (Q21–Q22)

BIC does not support charging options that result in disproportionate impacts on bus and coach operators.

If implemented, reforms should:

- Recognise the essential service nature of public transport
- Avoid uniform application of cost increases across all heavy vehicle categories
- Consider exemptions, reductions, or targeted offsets for contracted bus services
- Explore alternative structures such as tiered or differentiated charging based on service function and road impact

Conclusion

While BIC supports the need for a stable and transparent charging framework, the proposed FLCB model must be adjusted to ensure it does not undermine the viability, affordability, or accessibility of public transport services.

Without appropriate safeguards, there is a significant risk that cost increases will flow through to fares, reduce service levels, and negatively impact communities reliant on bus and coach services.

BIC would welcome the opportunity to conduct further direct discussion with the NTC on our concerns to ensure the bus industry are properly reflected in future charges.

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