



Heavy vehicle charges

December 2025



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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 (NTC) on the heavy vehicle charges consultation report.

BIC have made a general response to the consultation paper and identified areas for NTC's attention, specifically relevant to the bus and coach industry.

General Comments

A 6% increase in road user charges for heavy vehicles would directly raise operating costs for bus operators, affecting both large and small fleets.

Operators both private and government funded may face pressure to increase fares, potentially reducing passenger numbers, while budgeting and financial planning for maintenance, staffing, and fleet expansion could be constrained.

Smaller operators may be disproportionately impacted, and decisions regarding route frequency, vehicle efficiency, and long-term investment in fleet upgrades could be influenced.

Overall, the increase could affect service affordability, and the sector's ability to maintain and improve public transport services. Ultimately, these costs are passed to the passenger.

Feedback from BIC Members

The BIC surveyed operator members to gauge their views on the potential impact on the proposed road charger increase.

Although some of members is somewhat familiar with the proposed charge increase, they generally opposes it and expects higher operating costs and reduced profitability. Their sentiment toward alternatives is negative, focusing on business operations.

Concerns

BIC would like to express our serious concerns regarding the proposed 6% increase in road user charges and its impact on bus operators. Public transport providers already operate under tight financial constraints, balancing the need to provide reliable, accessible services with escalating operational costs.

A 6% increase in road user charges represents a significant additional burden for bus operators, who are already facing increasing fuel prices, maintenance costs, and compliance expenses.

Unlike private vehicle owners, bus operators do not have flexibility to easily absorb such costs without negatively impacting service provision or fare affordability.

The direct consequences of this increase include:

- **Higher operational costs:** Bus operators are highly sensitive to variable costs, and an increase in road user charges will directly increase per-vehicle operational expenses.
- **Potential fare increases:** To offset the higher charges, operators may be forced to pass costs on to passengers, undermining efforts to maintain affordable public transport.
- **Reduced service viability:** Margins for many operators are already narrow. Additional costs may make some routes financially unsustainable, particularly in regional and low-density areas, risking reduced service coverage.

- **Negative environmental outcomes:** Increased charges may incentivise operators to reduce services or vehicle fleets, potentially pushing commuters back to private vehicles, which runs counter to environmental and congestion-reduction objectives.

We also would like to highlight the majority of bus operators provide services under fixed-term government contracts, which generally do not necessarily include provisions to accommodate unforeseen cost increases. These contracts set agreed rates for service delivery, covering operational costs such as fuel, maintenance, staffing, and regulatory compliance.

A sudden 6% increase in road user charges would impose additional costs that are not accounted for within these contracts, leaving operators with no contractual mechanism to recover the expense.

Furthermore, private vehicle owners or unregulated transport services, bus operators cannot simply raise fares or adjust service levels unilaterally; any attempt to do so would require negotiation with government authorities and, in many cases, could be prohibited by the terms of the contract.

We urge to carefully consider the disproportionate impact on bus operators and, by extension, on the communities that rely on public transport.

Recommendations

We recommend exploring alternative funding mechanisms that do not penalise operators, particularly those providing essential regional and urban services, or phasing any increases gradually while supporting operators through targeted subsidies or relief measures, while maintaining revenue objectives and protecting public transport operators.

We propose the following for consideration:

1. Exempt or reduce charges for commercial public transport vehicles
 - Bus operators could be fully or partially exempted from the increase, recognising their essential service and narrow profit margins.
 - This ensures service continuity and protects fare affordability for passengers.
2. Implement a tiered or usage-based charge system
 - Higher charges for heavy commercial trucks or high-emission vehicles, who contribute disproportionately to road wear, rather than flat increases for all road users.
 - This maintains revenue while encouraging environmentally friendly and efficient transport practices.
3. Introduce targeted congestion or environmental levies
 - For example, urban congestion zones or higher charges for private vehicles in peak periods could generate additional revenue without affecting public transport operations.
 - This aligns funding with broader transport policy goals, such as reducing congestion and emissions.
4. Phase in increases gradually with offsetting subsidies
 - Any necessary incremental increases could be phased over multiple years.
 - Subsidies or grants could offset impacts on bus operators, ensuring service levels and affordability are maintained.

While we recognise the need for sustainable transport funding, a 6% increase in road user charges risks placing an unsustainable financial burden on bus operators, potentially undermining public transport accessibility, affordability, and reliability.

We strongly encourage a practical reconsideration of this proposal to ensure the continued viability of public transport services.

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