



**2026/27
Federal Pre-
Budget
Submission**

Heavy Vehicle Industry Australia
Represents and advances the interests of manufacturers
and suppliers of heavy vehicles and their components,
equipment and technology.

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Introduction

Meeting Australia's rising road freight demand

Road transport is fundamental to meeting the needs of a growing population and economy, and Australia's freight demand is rising sharply.

Between 2020 and 2050, the road freight task alone is expected to grow by a massive 77%.

Australia's heavy vehicle fleet (made up of more than 750,000 trucks and 488,000 trailers) supports a wide variety of freight tasks servicing our entire community. This includes light-duty urban delivery vehicles (supplying households and small businesses) to heavy-duty multi-combination trucks that underpin mining, agricultural, construction, and regional supply chains.

The freight task is supported by a world-renowned truck and trailer manufacturing and services supply chain employing more than 70,000 Australians across metropolitan and regional communities.

Many of the components and bodies for heavy vehicles are proudly manufactured or assembled locally. This includes around twenty distinct apprenticeships and skilled trades—such as welders, metal fabricators, spray painters, and body builders. These trades are further supported by in-service trades, such as a heavy vehicle technician, diesel technician or auto electrician. Collectively, these roles represent not only a critical workforce pipeline for the industry but also an important source of high-quality, secure jobs in sectors central to the Government's productivity, training, and "Future Made in Australia" ambitions.

This year's Federal Budget comes at a challenging time for our sector.

Despite buoyant conditions in demand, our industry faces enormous operating difficulties. Tight profit margins, increasing input costs, skill shortages and an uncertain international environment are all making life difficult for many of our member companies. This difficulty leads to a nervousness in making new capital investments and employing new staff.

At the same time, our industry is a critical partner in supporting important national objectives, particularly in areas such as productivity and decarbonisation.

HVIA is the peak national body representing the entire industry involved in the design, manufacture, importation, distribution, modification, sale, service and repair of on-road heavy vehicles.

We welcome the opportunity to present our 2026/27 Federal Budget Submission – a four-year, \$2.9 billion plan to support Australia's future road freight needs, based around 4 critical pillars.

1	PRODUCTIVITY	A Step Change Needed in Road Freight Productivity
2	DECARBONISATION	Supporting the Net Zero Transition of Heavy Vehicles
3	MANUFACTURING	Fostering Local Manufacturing in Australia's Heavy Vehicle Industry
4	SAFETY	Supporting Safer Road Transport

Productivity - A Step Change Needed in Road Freight Productivity

The issue

Road freight in Australia is projected to grow by a massive 77% between 2020 and 2050, driven by rising demand across industries and the expanding population¹.

Unfortunately, productivity in the sector has stagnated since the 1990s.

There is significant economic potential of improving productivity - even a modest 1% improvement could result in up to \$20 billion in benefits. There exist higher productivity vehicles and vastly improved truck and trailer configurations.

A key focus for productivity is to focus on the complex regulatory environment in which our industry operates, especially the regulatory and permitting processes through the national regulatory framework through the Heavy Vehicle National Law and the National Heavy Vehicle Regulator.

Although there have been good intentions on road freight regulatory reform by many Federal and State Governments over many years, the system is still too complicated and weighed down by disproportionate regulation and permitting processes.

Many critical decisions are affected by the decisions and advice of road managers – state and local authorities who own and maintain critical pieces of infrastructure – pavements and bridge structures upon which trucks and trailer configurations utilise.

As a result, HVIA believes there needs to be a step-change in identifying and improving productivity blockages. Whilst many of these derive at the State and Local Government level, the Federal Government can play a key role in making improvements. The NHVR (and its decision-making processes) needs to be better supported to expedite faster decisions. There needs to be an expansion in the number of routes accessible to high-productivity vehicles, including B-doubles, road trains, and PBS combinations.

In addition, Australia's roads and bridges are crucial for the efficiency and safety of the freight and logistics industry, impacting both productivity and safety. Poorly designed or maintained infrastructure can lead to delays, accidents and higher costs, while well-maintained assets support smoother, faster transport.

We are pleased Federal Government attention is being focused on these concerns, as evident with and the Treasurer's request to the Productivity Commission to undertake a study into Heavy Vehicle Reform - due to make an Interim Report on its investigations to the Federal Government in March 2026.

This renewed attention needs to be backed up by investment and renewed policy reform.

¹ BITRE (2022a): Australian aggregate freight forecasts – 2022 update.

https://www.bitre.gov.au/sites/default/files/documents/bitre_rr154_summary_report.pdf

Productivity - Solutions

HVIA urges the Federal Government to allocate **\$347m over 4 years** to provide much greater momentum towards nationally consistent, transparent heavy vehicle access decision making improvements, and unlock productivity by replacing most permits with automated, consistent decisions. This is especially pertinent in the context of the impending conclusion of the Productivity Commission Study of Heavy Vehicle Reform. This would include:

1. Accelerating the establishment of a **National Automated Access System** to streamline road access decision making for all heavy vehicles
2. Foster greater interoperability within the freight network to improve efficiency by **standardising regulations, vehicle requirements, and operational practices** across States and Territories.
3. **Improving data collection processes** to enable evidence-based decision-making that drives better policy outcomes relating to safety and productivity
4. **Ensuring a national bridge asset register and the inputs being used by officials** to calculate access is an important transparency mechanism. Without this, industry cannot scrutinise decision making and there is a lack of transparency
5. Having a **National Register of Access Decisions** (to improve transparency, accountability and investment decisions) listed with details such as date, configuration, GVM approved, LGA approver. This will enable industry to look at previous decisions and seek out precedents – encouraging them to participate in the PBS scheme - key to boosting productivity. Having Reasons for decisions published in the cases whereby access is refused is also an important step for accountability
6. Requiring **Road Managers to undertake mandatory Professional Development** delivered by the NHVR and or assisted by industry, where new innovations and combinations can be explained and road-tested with these road managers

Decarbonisation - Supporting Net Zero Transition of Heavy Vehicles.

The Issue

The transport sector is critical for the Government's Net Zero and decarbonisation priorities.

As outlined in its *Transport and Infrastructure Net Zero Roadmap and Action Plan*² in September 2025:

“While the transport sector is critical to our economy, it is also the third largest source of greenhouse gas emissions in Australia, with direct emissions amounting to 22% of Australia's greenhouse gas emissions. With Australia's population and economy projected to grow, transport activity is also expected to continue to increase to 2050. The challenge is to reduce emissions while the sector grows.”

The Plan outlines that a combination of low emission technologies and fuels will be required to decarbonise heavy vehicles, depending on payloads and distances. This includes battery electric vehicles (BEVs), low carbon liquid fuels (such as such as renewable diesel); hydrogen; battery swapping and range extending technologies; and productivity and efficiency improvements.

HVIA believes that the Federal Government needs to accelerate specific actions to ensure the Plan and intent gets proper traction and there is momentum built for real change.

The freight and logistics sector is working to transition to Low and Zero Emission Heavy Vehicles (LZEHVs) in line with government emissions targets, but challenges remain. High costs, insufficient charging infrastructure, and outdated regulations hinder adoption.

To accelerate the shift, government support through incentives, infrastructure investment, and updated policies is crucial. This was highlighted in the 2025 AECOM report on battery electric heavy vehicles (see text box below).

Trucks generally have long life cycles and Australia's ageing fleet is one of the oldest in the developed world.

Because of their typically fine margins, truck operators need a compelling business case to justify investment in new vehicles, particularly as next-gen vehicles are significantly more expensive and may require additional units given the technical pay-load penalty. Importantly, newer Euro VI trucks also help reduce pollutants emitted by diesel and petrol engines.

There needs to be a clear plan and financial support. Most other OECD nations that have shifted the dial in low- and zero-emission heavy vehicle sales have had some kind of tax rebate, or point of sale voucher, to encourage uptake.

For example, under the United Kingdom Government's recently announced policy (the “Plug-in Truck Grant”) on 6 January 2026, hauliers and fleet operators will be able access discounts of up to £120,000 (approximately \$AU240,000) on new electric trucks.

We also recommend that support for research and development and commercialisation of projects be provided. We acknowledge that ARENA has already provided significant funding towards decarbonisation in transport, and we would like to see the National Reconstruction Fund (NRF) and the Industry Growth Program (IGP) also support projects in our sector.

Without these measures, the shift to LZEHVs in Australia will be delayed, making it harder for the country to meet its emissions reduction targets and maintain its competitiveness in a rapidly evolving global market.

These reforms need work “hand-in-glove” with senior industry leaders – to collaborate and cooperate on critical plans for heavy vehicle decarbonisation. In this context, HVIA proposes the establishment of a *Heavy Vehicle*

² Australian Government, *Transport and Infrastructure Net Zero Roadmap and Action Plan*, September 2025 <https://www.infrastructure.gov.au/sites/default/files/documents/transport-and-infrastructure-net-zero-roadmap-and-action-plan.pdf>

Net Zero Council, an equivalent body to the [Jet Zero Council](#), which would include senior industry leadership from the heavy vehicle sector on efforts to achieve decarbonisation in the heavy vehicle sector. Such a body would provide coordinated advice to the Australian Government, through the Minister for Infrastructure, Transport, Regional Development and Local Government, or the Infrastructure and Transport Ministers' Meeting (ITMM) on policy and regulatory issues affecting decarbonisation.

AECOM ELECTRIFYING ROAD FREIGHT: PATHWAYS TO TRANSITION REPORT JULY 2025 ¹

In 2024, ARENA engaged AECOM to produce the *Electrifying Road Freight report*, examining how Australia's infrastructure must evolve to support the shift to battery-electric freight vehicles (BEVs). Published in July 2025, it is a landmark report which analyses energy demand, charging needs, and the broader systems required to enable this transition.

The report outlines a national overview of a future electrified freight network, identifying up to 165 future freight charging hubs needed, co-located with existing port, road, and intermodal infrastructure (and further localised planning needed to determine optimal sites on a micro scale).

It also indicated that while additional energy generation is needed, current forecasts indicate that the needs of the sector will be met. However, insufficient transmission and distribution infrastructure pose a more serious challenge to the future of freight electrification – particularly in supporting interstate and intrastate freight rollouts.

The report concluded that smaller vehicles, shorter distances, and depot and home-based operations make urban freight the most viable starting point – and it is electrification-ready. Intrastate and interstate freight will require staged infrastructure and planning.

Importantly, it noted that cost and complexity are key barriers for change, and that battery electric trucks remain cost-prohibitive for the small operators, which make up 98% of the sector. It noted that regulatory settings and licensing frameworks need to be reviewed to facilitate the transition.

Finally, the report noted that megawatt scale charging is important, and to enable long-haul green freight corridors, early investigation and investment in local MW-scale charging solutions will improve infrastructure speeds to meet heavy vehicle duty cycle demands. Coordinated action across policy, industry, and network providers is essential.

Decarbonisation - Solutions

HVIA urges the Government to invest **\$1.7 billion over four years** to accelerate change in supporting the net zero transition of heavy vehicles - leveraging private capital, de-risking early deployments and drawing on international best practice and experiences. This would include:

1. Address the future recharging and fuelling needs of the road freight industry with a **transparent, fully costed infrastructure plan** that aligns with the Net Zero Roadmap and identifies the needs of the road freight industry, including electric charging and hydrogen refuelling stations.
2. **Financial strategies for heavy vehicle purchases:** instant asset write-off for LZA heavy vehicles. discount debt facility (e.g. through a bank) or aggregated facility/co-financing options through the Clean Energy Finance Corporation (CEFC); Rebate / Cash-back at point-of-sale on purchase of LZEHVs.
3. **Publish a specific comprehensive, heavy vehicle-specific net zero roadmap** that outlines strategies and initiatives to remove regulatory barriers, including nationally consistent front axle mass concessions, future road user charging mechanisms, licensing, and curfews
4. In conjunction with industry, **fund research and development of low carbon liquid fuel alternatives**, such as renewable diesel, including a feasibility study into potential future market opportunities
5. **Ensure energy infrastructure is scalable by developing energy networks** that can meet the future demands of LZEHVs and ensure that this energy comes from clean, sustainable sources
6. **Use and publish data** to support evidence-based policies that reward the adoption and use of higher productivity vehicles
7. **Highlight demonstration projects**, applying lessons from overseas could support heavy BEV uptake in regional Australia
8. **Establish a Heavy Vehicle Net Zero Council** comprised of senior industry leadership to provide advice on efforts to achieve net zero road freight in Australia. Such a body would provide coordinated advice to the Australian Government, through the Minister for Infrastructure, Transport, Regional Development and Local Government or the Infrastructure and Transport Ministers' Meeting.

Fostering Local Manufacturing in Australia's Heavy Vehicle Industry

The Issue

Australia has a proud history of manufacturing world-class trucks and trailers, with a strong foundation built by a variety of small and medium sized businesses across the heavy vehicle supply chain.

These businesses have earned a reputation for quality, durability, and innovation, ensuring that the heavy vehicle supply chain is one of the country's thriving local manufacturing sectors.

We are also a manufacturing sector that provides jobs and economic opportunity for working people in our suburbs and regions, not just in our Central Business Districts (CBDs).

To ensure the sector continues to retain its global competitiveness and innovation and continues to provide varied and skilled career pathways for thousands of Australians, a cohesive approach from Government is needed. This will help ensure the industry is able to best exploit its opportunities, and address challenges, in a sustainable way. This would be underpinned by targeted government support.

HVIA's members are continually advancing vehicle safety and efficiency, but flexible and responsive government assistance is needed to support these advancements.

Skilling the heavy vehicle workforce.

HVIA's members are engaged across approximately 20 distinct apprenticeships, covering a range of traditional trades essential to the heavy vehicle industry, including welding, metal fabrication, spray painting, body building, and technical roles. These skilled trades along with the in-service technician roles provide the backbone of the industry, supporting the manufacture, repair, and maintenance of heavy vehicles.

Our industry is working hard and making investments to ensure the long-term pipeline of skilled workers in the industry, and in providing rewarding and fulfilling career opportunities for many Australians.

However, both the supply and operational sides of the industry are struggling from skills shortages, which is systemic. An ageing workforce exacerbates the urgency to deal with this issue.

Within this context, HVIA members routinely worry about the lack of Registered Training Organisations (RTOs) offering automotive and manufacturing training packages. When they do, HVIA members are apprehensive about whether the trainer and content of those courses remain suitable and relevant to the modern workplace, evidenced by high non-completion rates across the sector.

Local Manufacturing - Solutions

HVIA recommends a **\$640 million investment over four years** to support a long-term national strategy for truck and trailer manufacturing - growing skills, strengthening local supply chains, and ensure Australia retains sovereign capability in heavy vehicle manufacturing during the transition to low and zero emission technologies. This includes:

1. The development of a **cohesive ten-year national strategy** to support the heavy vehicle manufacturing sector in Australia
2. **Facilitate access to financing and investment** by ensuring that entities and programs, such as Future Made in Australia, National Reconstruction Fund, CEFC and ARENA focus on industries that drive wealth creation and strengthen sovereign manufacturing capacity, such as truck and trailer manufacturing
3. **Encourage local sourcing and supply chains** through government policies that encourage the use of locally sourced materials and components to strengthen Australia's truck and trailer manufacturing base
4. Support workforce development by working with State and Territory Governments during the next National Skills Agreement to **reform payroll tax, by removing apprenticeship wages from its calculations**. This will encourage business to invest in training and upskilling the next generation of workers, strengthening the industry's long-term sustainability.
5. Provide funding for **Fee-Free TAFE placements** in all trades listed on the Core Skills Occupation List (CSOL)
6. **Expand apprenticeship pathways** by introducing tailored apprenticeship programs specifically focused on emerging technologies within the LZEHV sector
7. **Incentivise Registered Training Organisations (RTOs)** to offer courses in trades listed on the CSOL or those identified as facing a skills shortage

Supporting Safer Road Transport

The Issue

In the 12 months to December 2025, **1,314 people lost their lives on Australian roads**, representing a **1.7 per cent increase** on the previous year. Over the same period, **210 people died in crashes involving a heavy vehicle**, a **14.8 per cent increase** compared with the preceding 12 months, despite ongoing advances in heavy vehicle safety and technology³

According to the National Truck Accident Research Centre (NTARC), in truck and car fatal crashes, heavy vehicles were not at fault in 85.7% of cases⁴.

The risk of these fatalities increasing as the freight task grows is a critical issue and more can be done to support safer roads and road freight.

As an association representing a variety of companies in the heavy vehicle manufacturing and technology supply chain, HVIA is at the forefront of showcasing heavy vehicle innovation.

In this context, HVIA seeks to work with government and industry stakeholders to promote an innovative and prosperous industry that supports a safe and productive heavy vehicle fleet operating for the benefit of all Australians.

Our members are constantly innovating to improve heavy vehicle safety performance and the fact is, heavy vehicles have never been safer.

Notwithstanding these safer vehicles operating on safer roads and at safer speeds, Australia's road toll continues to move in the wrong direction.

A key priority is to incentivise a reduction in the heavy vehicle fleet age and the uptake of safety technologies for heavy vehicles. Australia has one of the oldest truck fleets in the western world at over 14 years; in fact, 16% of the fleet (some 73,000 vehicles) are aged between 15 and 22 years old. We know these vehicles are less safe than their modern counterparts and we know when a new safety feature is mandated by the Australian Design Rules (ADRs) it takes over 20 years to be universal in the heavy vehicle fleet. However, at the same time we acknowledge that not every heavy vehicle operator can afford a new truck every year and there is a policy gap in the treatment of older heavy vehicles.

HVIA believes an effective way to improve heavy vehicle safety in the immediate future is to offer bonus points or implement a weighting system in the tender process that rewards investment in heavy vehicle safety. We are also aware and supportive of the [CLOCS-A](#) initiative and are keen to understand the results of their efforts across the industry.

To further support this goal, HVIA urges a new and innovative heavy vehicle safety fund to support any operator to retrofit safety components, equipment and or technology into the fleet.

Learning from incidents - no-fault investigation model for road incidents

HVIA also believes that a new approach is needed to undertake road crash investigations, like the Australian Transport Safety Bureau (ATSB) which currently has no authority over road crash investigations.

³ National Road Safety Data Hub, Monthly Road Deaths, release 14 January 2026 (fatalities for the 12 months ending December 2025); and Bureau of Infrastructure and Transport Research Economics (BITRE), Quarterly Heavy Vehicle Road Deaths, release 5 December 2025 (fatalities involving heavy vehicles for the 12 months ending September 2025).

⁴ National Truck Accident Research Centre (NTARC) *Major Incident Investigation Report 2025*, p107 <https://media.nrspp.org.au/wp-content/uploads/2025/10/08132907/NTARC-Report-2025-Current.pdf>

Traditionally, road crash investigations have relied on police inquiries, coronial processes, and enforcement under the Heavy Vehicle National Law (HVNL). While these mechanisms serve important roles, they are not designed to identify systemic issues or prevent future incidents.

The ATSB is an independent statutory agency of the Australian Government. It is governed by a Commission and is entirely separate from transport regulators, policy makers and service providers. The ATSB's function is to improve transport safety.

The ATSB does this through the independent investigation of transport accidents and other safety occurrences; safety data recording, analysis and research and fostering safety awareness, knowledge and action.

Under legislation, ATSB cannot apportion blame, assist in determining liability or (as a general rule) assist in court proceedings. Its sole focus is the prevention of future accidents and the improvement of safety. The ATSB is also required to be independent, in the interests of avoiding conflicts of interest and external interference in its role.

In this context, HVIA believes that the scope of the Australian Transport Safety Bureau (ATSB) needs to be extended. This will ensure road crash investigations can be done on a no-fault basis to learn and understand the causes behind road crashes to enable the development and implementation of mitigation strategies.

Furthermore, a key priority is to address the driving skills and awareness of all road users (both light and heavy vehicles alike). As identified above, often in an incident involving a heavy vehicle, the professional operator is not at fault in over 85% of cases.⁵ We need to review and ensure consistency across the jurisdictions on the learner driver content to ensure it adequately addresses issues such as stopping distances, overtaking, heavy vehicle blind spots and issues such as fatigue and sharing the road.

Safer Road Transport – Solutions

HVIA recommends a **\$158 million investment over four years** to deliver immediate road safety improvements in the heavy vehicle sector. This includes:

1. **Procurement based incentives** to accelerate fleet renewal and adoption of proven safety technologies
2. The **pilot expansion of the Australian Transport Safety Bureau's no fault investigation** model to road crashes.
3. **Review learner driver content** as it relates to Heavy Vehicles
4. **Heavy vehicle safety fund** for operators to retrofit safety components, equipment and or technology into the fleet.

⁵ National Truck Accident Research Centre (NTARC) *Major Incident Investigation Report 2025*, p107 <https://media.nrspp.org.au/wp-content/uploads/2025/10/08132907/NTARC-Report-2025-Current.pdf>

Summary of recommendations and proposed investments (4-year)

	\$m
Productivity: A Step-Change in Road Freight Productivity	347
National Automated Access System (NAAS) – build & rollout	147
Interoperability & nationally consistent access practice	19
Data & transparency (Access Decision Register + analytics)	40
Bridge & road asset data uplift (national bridge asset register inputs)	120
Publish “reasons for refusal” capability & practice change	8
Mandatory professional development for road managers	13
Decarbonisation - Supporting Net Zero Transition of Heavy Vehicles	1,739
National HV charging & H ₂ refuelling program (planning + seed capex grants)	600
Vehicle purchase incentives & finance (rebates + CEFC-style facility)	800
HV net-zero roadmap & regulatory enablement	27
Low-carbon liquid fuels (R&D, trials, feasibility)	80
Grid readiness & standards for megawatt charging	107
Data, analytics & policy signals	20
Regional demonstration projects (BEV/H ₂ fleets)	93
Heavy Vehicle Net Zero Council (secretariat + studies)	12
Fostering Local Manufacturing in Australia’s Heavy Vehicle Industry	640
National manufacturing strategy for truck and trailer sector	13
Facilitating access to financing and investment Finance program access enablement	33
Local sourcing & supply chains	133
Payroll tax reform (apprenticeships)	160
Fee-Free TAFE (CSOL trades)	160
LZEHV apprenticeship pathways	100
RTO incentives	40
Safety - Supporting Safer Road Transport	158
Safer vehicle uptake via procurement incentives	40
ATSB no-fault road crash investigation pilot	8
Review Learner Driver content for driving near Heavy Vehicles	10
Heavy vehicle safety fund	100
TOTAL – OVER 4 YEARS	2,883

Conclusion

In conclusion, HVIA welcomes the opportunity to make its 2026/27 Federal Budget Submission.

Our four-year, \$2.9 billion plan includes 25 recommendations across four areas in productivity, decarbonisation, local manufacturing and road safety.

The blueprint aims to “future-proof” Australia’s increased road freight needs and ensure it meets critical future challenges.

It also aims to outline strategies to ensure our nation retains a vibrant and innovative heavy vehicle manufacturing and services supply chain – providing jobs and opportunities for Australian businesses and workers.

We warmly welcome the opportunity to discuss our proposals further. Contact Todd Hacking (CEO) on 0438 066 441 or t.hacking@hvia.asn.au or Aaron Johnstone (Chief Advocacy Officer) on 0423 481 951 or email a.johnstone@hvia.asn.au.