Every Queensland community deserves to be a liveable one

12 June 2026

Michael Hopkins
Chief Executive Officer and Commissioner
National Transport Commission
Melbourne VIC 3000
[redacted]

Dear Mr Hopkins,

RE: LGAQ Submission – Implementing a forward-looking cost base for heavy vehicle charges – Consultation Regulatory Impact Statement (C-RIS)

The Local Government Association of Queensland (LGAQ) welcomes the opportunity to provide feedback to the National Transport Commission (NTC) on the Implementing a forward-looking cost base for heavy vehicle charges Consultation Regulatory Impact Statement (C-RIS).

The LGAQ is the peak body for local government in Queensland, advising, supporting and representing local councils since 1896, enabling them to improve their operations and strengthen relationships with their communities. The LGAQ does this by connecting councils to people and places; supporting their drive to innovate and improve service delivery through smart services and sustainable solutions; and providing them with the means to achieve community, professional and political excellence.

Local governments play a critical role in managing, maintaining and renewing road networks across Queensland. Councils manage local roads that support community access, freight movements, agriculture, forestry, resources, construction, waste, tourism, disaster response and first and last mile access. In many areas of Queensland, local government roads perform a broader regional or state function, despite being funded, maintained and renewed by councils.

Heavy vehicle charges are currently set through a national framework that includes the Road User Charge on diesel and gaseous fuels, and registration charges collected by state and territories.

These charges are intended to recover the cost to governments of providing road infrastructure for heavy vehicle use. The current model, known as PAYGO, has been in place since the 1990s and calculates the heavy vehicle cost base using historical road expenditure and road usage data.

Queensland councils support the intent of reforming the heavy vehicle charging framework to improve stability, transparency, and fairness The C-RIS presents options for implementing a forward-looking cost-based model for heavy vehicle charges from 2027-28.

This represents a shift away from the current PAYGO model, which calculates heavy vehicle charges using historical road expenditure and road usage data. Under the proposed forward-looking approach, heavy vehicle charges would instead be calculated by reference to forecast road expenditure, asset lives, depreciation, operating and maintenance costs, and return on capital.

For the purpose of this submission, references to the model mean the proposed forward-looking cost base model outlined in the C-RIS, including the treatment of local government road expenditure, data inputs, cost allocation, asset lives, and future price-setting processes.

The LGAQ recognises that a forward model for heavy vehicle charges may provide a more stable basis for cost recovery by spreading the cost of road infrastructure over the life of the relevant assets, rather than relying on historical expenditure that can produce volatile outcomes.

However, the central issue for local government is that the C-RIS proposes to include local government road expenditure in the national heavy vehicle cost base, but it does not directly establish a mechanism for councils to receive heavy vehicle charge revenue for the maintenance, renewal, or upgrade of local roads impacted by heavy vehicle movements. Including local government expenditure in the model may improve the calculation of heavy vehicle charges at a national level, but it does not assist councils that are bearing the actual cost of heavy vehicle impacts on local roads.

The LGAQ's support for the proposed transition is therefore conditional on the model for heavy vehicle charges properly recognising the costs borne by local governments as road managers, and on Infrastructure and Transport Ministers considering whether complementary arrangements are required to ensure local road managers receive practical recognition for the costs they incur.

The C-RIS states that the forward-looking cost base model is designed to include both arterial and local government road expenditure, with local government road expenditure forecast based on the ABS Government Financial Statistics dataset. This is a critical issue for Queensland councils, as aggregate financial datasets may not fully reflect the practical cost of maintaining and renewing local roads used by heavy vehicles.

At the 2024 LGAQ Annual Conference, Queensland councils passed a resolution calling on the State Government to give councils greater ability to implement a special rate on properties that affect the local road network, such that costs associated with heavy vehicle use can be recovered. The improvements sought by the resolution aimed to allow councils to rate non-rateable industries such as forestry to provide local government with the necessary funding to maintain and repair roads impacted by increased heavy vehicle usage. governments and permit holders when infringement notices are issued and appealed.

In many cases, councils have limited ability to recover these costs directly from industry or users generating heavy vehicle movements. This can result in councils and their communities bearing the cost of maintaining road infrastructure that supports broader economic activity. They do this while navigating a challenging financial environment as evidenced by the 2024 Queensland Audit Office report into local government financial sustainability, which found 48 out of Queensland's 77 councils are at moderate to high risk of not being financially sustainable[1].

Local government road maintenance is more nuanced than aggregate financial reporting can fully capture. Reported expenditure may show what a council was able to spend, rather than what was required to maintain the network to an appropriate standard.

This distinction is particularly important in the context of cost escalation, material availability, and delivery market constraints. Councils are experiencing increasing costs for bitumen, asphalt, gravel, concrete, steel, pipes, contractors, plant, temporary traffic management, design and haulage. The same level of expenditure may now deliver fewer kilometres of resealing, gravel resheeting, pavement rehabilitation, or drainage renewal.

These pressures are further compounded by Queensland's exposure to repeated natural disasters and proposed changes to Disaster Recovery Funding Arrangements (DRFA). Following the 2026 summer seasons, 74 of Queensland's 77 local government areas were disaster impacted, including through two cyclones and prolonged monsoonal flooding across much of the state.

[1] QAO Financial Audit report - Local government 2023 (Report 8: 2023-24)

Any reduction in DRFA would place additional pressure on councils that area already managing constrained budgets, rising costs and significant restoration demands. This is relevant to the C-RIS because local government expenditure data may not fully capture the broader financial and delivery pressures associated with restoring, maintaining and strengthening the road network after disaster events.

The LGAQ is also concerned that state or territory road expenditure categories and asset life assumptions may not be suitable proxies for local government road networks. Council roads are materially different from State-controlled roads in their construction standards, asset mix, usage profile, maintenance regimes and exposure to localised heavy vehicle impacts. Applying state-based assumptions to local government roads risks overstating asset lives and understating the annualised cost of providing those assets for heavy vehicle use.

The LGAQ's submission to the C-RIS has been informed by the LGAQ Policy Statement (**Attachment 1**), previous LGAQ Annual Conference resolutions (**Attachment 2**) and engagement with councils through various meetings and discussions, reflecting the priority issues and opportunities identified by local governments across Queensland.

More detailed feedback in relation to specific elements of the consultation is included in **Attachment 3** of this submission.

It is noted that some questions within the C-RIS focus primarily on the technical design of the forward-looking cost based model and broader heavy vehicle charging settings, which have varying levels of direct relevance to local government responsibilities. The LGAQ has focused its response on matters most relevant to councils as road managers, including the treatment of local government road expenditure, data inputs, asset lives, cost escalation and heavy vehicle impact on council roads. Feedback has been provided where these matters intersect with the cost, sustainability and transparency of maintaining local government road networks used by heavy vehicles.

In total, the LGAQ has made 5 recommendations for consideration of the NTC which are summarised below:

- **Recommendation 1:** The LGAQ recommends the NTC recognises, in its advice to the Infrastructure Transport Ministers Meeting (ITMM), the calls of Queensland councils for improved mechanisms to recover costs associated with heavy vehicle impacts on local government roads.
- **Recommendation 2:** The LGAQ recommends the NTC co-designs the local government components of the forward-looking cost base model for heavy vehicle charges with local governments, to ensure the model aligns with local government experiences.
- **Recommendation 3:** The LGAQ recommends the NTC ensures the forward-looking cost base model recognises the costs borne by local government as road managers, including maintenance, renewal, rehabilitation and asset deterioration costs associated with heavy vehicle use on local roads.
- **Recommendation 4:** The LGAQ recommends the ITMM considers whether separate arrangements are needed to return an appropriate share of heavy vehicle related revenue to local road managers.
- **Recommendation 5:** The LGAQ recommends the NTC does not rely solely on jurisdictional category expenditure as a proxy for local government road expenditure, without testing the approach with local government asset data and practical examples.

The LGAQ looks forward to further engagement with the NTC on the matters raised within this submission as well as other challenges and opportunities with the next stage of the RIS process.

LGAQ
LOCAL GOVERNMENT ASSOCIATION OF QUEENSLAND

Please do not hesitate to contact Crystal Baker, Manager – Strategic Policy at [redacted] or Jarrod Hellmuth, Lead – Roads and Transport at [redacted] or phone 1300 542 700 should you wish to discuss any aspect of this submission.

Yours sincerely,

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Sarah Vogler
HEAD OF ADVOCACY

Attachment 1 – LGAQ Policy Statement

The LGAQ Policy Statement[2] is a definitive statement of the collective voice of local government in Queensland. The relevant policy positions of local government in the context of heavy vehicles are as follows:

8.1 Roads

8.1.1 Funding Assistance

8.1.1.2 Local government has a right and responsibility to control, develop and maintain roads, and is entitled to an equitable share of Federal and State road funding for this purpose.

8.1.1.3 The basis for allocation of road funding by the State and Federal governments to local government should be reviewed, and the mechanisms for transferring funds from both spheres of government to local government must be clearly defined and agreed.

8.1.1.5 The quantum of Federal and State Government funding allocated to local government for roads should be increased commensurate with local governments' responsibilities as a road asset manager and indexed to keep pace with rising construction costs. Local government road networks are integral to state and national roads and provide essential linkages for the freight industry and other users.

8.1.1.7 The process and methodology of allocating road funds to Queensland local government as determined by the Queensland Local Government Grants Commission should appropriately reflect the needs of local government.

8.1.2 Responsibilities for roads

8.1.2.2 Local government accepts responsibility for effective management and maintenance of the local road network by adopting professional asset management standards, maximising productivity gains, seeking and applying the most effective technology, and setting priorities that provide required levels of access in the most cost-effective manner.

8.1.3 Road Planning and Delivery

8.1.3.4 Local government is prepared to consider flexible, more productive arrangements for accelerated maintenance but only on the basis that there is no significant transfer of work from councils to the private sector.

8.1.5 Freight and Heavy Vehicle Management

8.1.5.1 Recognising that the majority of freight tasks start and finish on a local government-controlled road, councils play a critical role in responding to the growing freight task.

8.1.5.3 Local government is committed to working with Federal and State governments to develop strategic freight routes, and to address impediments to accessing the locally controlled network.

8.1.5.7 Local government calls on the Federal and State governments to provide adequate funding to repair damage to roads associated with heavy vehicle use, and to upgrade or construct roads, including bridges and culverts, to facilitate improved heavy vehicle access.

[2] LGAQ Policy Statement 2025

Attachment 2 – LGAQ Annual Conference Resolutions

The LGAQ is committed to member driven advocacy and working with members to build stronger local government and more resilient local communities. In the context of heavy vehicles, the following LGAQ Annual Conference resolution passed by Queensland councils, are relevant

Resolution 103 (2024): Heavy vehicle impact on local roads from non-ratable industries
The LGAQ calls on the State Government to review the Local Government Act 2009 and the Local Government Regulation 2012 to give councils greater ability to implement a special rate on properties that operate in a manner that affects the local road network, such that maintenance costs associated with heavy vehicle use can be recovered.

Resolution 60 (2022): National Heavy Vehicle Regulator Cost Recovery on Over Dimensional Permits
The LGAQ calls on:

1. The State Government and its responsible State Minister to amend the Heavy Vehicle National Law Act 2012 (Qld) and Heavy Vehicle National Law Regulation 2014 to ensure fees collected for access permits by the National Heavy Vehicle Regulator include a component that is reimbursed to the Local Government Road Manager; and
2. The Federal Government and the responsible Commonwealth Minister to ensure the Heavy Vehicle National Law Act 2012 (Qld) and Heavy Vehicle National Law Regulation 2014 is updated to ensure fees collected for access permits by the National Heavy Vehicle Regulator include a component that is reimbursed to the Local Government Road Manager.

Attachment 3 – LGAQ Response to Consultation Questions

C-RIS Consultation Questions	Feedback received from Queensland local governments
Question 1: How important is the aim of reducing the volatility of heavy vehicle charges?	The LGAQ does not have a policy position on this issue.
Question 2: Do you support the transition to the forward-looking cost base method?	Councils support, in principle, the transition to a forward-looking cost base method for setting heavy vehicle charges, provided the model is implemented in a way that transparently and accurately recognises the cost of heavy vehicle use on local government road networks. Queensland councils manage extensive road networks that are essential to the movement of freight, agricultural products, construction materials, waste, resources, forestry, and other economically significant goods. Many of these roads perform functions that extend well beyond local access, including first and last mile freight access and connectivity to State-controlled roads, ports, processing facilities, quarries, forests, saleyards and industrial areas. The LGAQ recognises that the current PAYGO model has limitations, including reliance on historical expenditure and the potential for volatile charge outcomes. A forward-looking model may provide a more stable and transparent basis for setting heavy vehicle charges, particularly where it better aligns with cost recovery with the life of road assets. However, the key issue for councils is whether the model properly recognises local government road expenditure and the real cost of heavy vehicle impacts on local roads. Councils have previously raised concerns through LGAQ policy resolutions regarding the damage caused to local roads by heavy vehicle movements associated with industries that may not contribute to the local government rating base in proportion to the impact they have on local infrastructure. This includes industries such as forestry, where heavy vehicle activity can impose significant maintenance, rehabilitation and renewal costs on councils, while councils have limited ability to recover these costs directly from the users or beneficiaries of the road network. The issue is particularly acute where non-rateable or low-rateable activities generate concentrated heavy vehicle movements on local roads that were not designed or funded to accommodate that level of freight demand. In these circumstances, councils may be left

C-RIS Consultation Questions	Feedback received from Queensland local governments
	to fund pavement repairs, perform additional gravel resheeting, bridge works, culvert repairs, intersection improvements and safety treatments from constrained local revenue sources. This creates a structural mismatch between the economic benefit generated by heavy vehicle access and the financial burden borne by local road managers. The transition to a forward-looking cost base should therefore be accompanied by stronger transparency and a clear process for testing local government road assumptions against council experience. It is critical that this process is co-designed with councils, rather than developed through national datasets and jurisdictional assumptions alone. Councils hold practical data surrounding road condition, freight movements, asset deterioration, maintenance demand and renewal pressures that will be essential to testing whether the model reflects the real cost of heavy vehicle use on roads. This is particularly important given council engagement on this topic has been limited to date. **Recommendation 2:** The LGAQ recommends the NTC co-designs the local government components of the forward-looking cost base model with local governments to ensure the model aligns with local government experiences. There is benefit in shifting toward a more stable and forward-looking charging framework, however this model must be strengthened to ensure it does not understate the cost of heavy vehicle use on the local government network or perpetuate the existing inability of councils to recover costs from industries that pose significant impacts to local government infrastructure.
Question 3: Are there any other issues that need to be considered when ITMM decides whether to adopt the forward-looking cost base to set heavy vehicle charges in the future?	While the proposed model may provide a more stable and transparent basis for calculating heavy vehicle charges, the C-RIS does not appear to establish a direct mechanism for ensuring that increased heavy vehicle charge revenue is returned to local governments for maintenance, renewal or upgrade of local roads impacted by heavy vehicle movements. This is a critical issue for councils, as many local government roads support freight, agriculture, forestry, quarrying, waste, resources, and construction activity without councils receiving revenue proportionate to the cost imposed on those assets. Including local government expenditure in the model may improve the calculation of heavy vehicle charges at a national level, but it does not necessarily assist councils that are bearing the actual cost of heavy vehicle impacts on local roads. This issue is compounded by cost escalation, material availability and delivery market constraints. As a result, even

C-RIS Consultation Questions	Feedback received from Queensland local governments
	where reported expenditure appears stable, councils may be delivering less physical maintenance and renewal work across their networks. **Recommendation 3:** The LGAQ recommends the NTC ensures the forward-looking cost base model recognises the costs borne by local government as road managers, including maintenance, renewal, rehabilitation and asset deterioration costs associated with heavy vehicle use on local roads. **Recommendation 4:** The LGAQ recommends the Infrastructure Transport Ministers Meeting (ITMM) considers whether separate arrangements are needed to return an appropriate share of heavy vehicle related revenue to local road managers.
Question 4: Do you agree with the expenditure categories? If not, please outline your preferred approach.	The LGAQ supports the intent of developing expenditure categories that allow road costs to be allocated in a more consistent manner under the forward-looking cost base model. However, it is important to note that local government roads are different from state-controlled roads in their asset composition, construction standards, service levels, maintenance practices and exposure to heavy vehicle impacts. This is particularly prevalent for unsealed roads, gravel roads, lower strength sealed pavements, local bridges, culverts, floodways and drainage assets. The C-RIS proposes that local government road expenditure data be sourced from ABS Government Financial Statistics and allocated into forward-looking cost base expenditure categories using the relative shares of each category reported in jurisdictional forecasts. This may not accurately reflect the way councils allocate expenditure across their road networks, particularly where a greater proportion of expenditure. It is important that expenditure categories are tested against practical council examples before they are relied on to inform future heavy vehicle charges. See **Recommendation 1**.
Question 5: Do the current expenditure categories allow for a fair estimate of the collective asset lives with each category?	The proposed expenditure categories require further testing before they can be relied on to fairly estimate the collective asset lives for local government road networks. Asset lives are a key input for the forward-looking cost base model as they influence how capital costs are recovered over time. Councils manage a variety of assets that may have materially different asset lives to state controlled roads, particularly where they carry concentrated heavy vehicle movements. Applying state-based asset life assumptions to local government assets may overstate the practical life of council assets and understate the annualised cost of providing those

C-RIS Consultation Questions	Feedback received from Queensland local governments
	assets for heavy vehicle use. This is particularly important where local roads are performing regional freight or economic functions beyond what they were originally designed to support. This issue reinforces the need for local government components of the model to be co-designed with local government, as outlined in the response to **Question 2.**
Question 6: Do you prefer using a rate of return based on the Australian Government 10 year bond rate or a blended rate in the FLCB model? What reasons is your preference based on?	The LGAQ does not have a policy position on this issue.
Question 7: Do you agree with the proposed treatment of toll roads and non-standard financing projects?	The LGAQ does not have a policy position on this issue.
Question 8: Do you agree with the recommended approach to true-ups? If no, please outline your preferred approach.	The LGAQ does not have a policy position on this issue.
Question 9: Do you agree with the use of ABS' Government Financial Statistics data to forecast the local government road expenditure for the FLCB model? If not, provide details of your preferred source for government road expenditure.	The use of ABS Government Financial Statistics data may provide a reasonable baseline for local government expenditure, however this data should not be considered as a complete measure of the local government road maintenance and renewal task. ABS data may show what councils have spent, but it does not necessarily show what councils needed to spend, what works were deferred, what condition the network is in, or the extent to which heavy vehicle movements are driving maintenance or renewal costs. This is important where councils are managing roads affected by concentrated freight movements for forestry, renewable energy projects, agriculture, livestock, construction and industrial activity. These impacts may be visible through council asset inspections, maintenance programs, road condition data, and local knowledge, but may not be identifiable in aggregate ABS expenditure categories. The LGAQ notes the C-RIS proposes to use ABS Government Financial Statistics for local government road expenditure and recognises this may be the most practical national dataset currently available. However, the use of ABS data should be supported by a clear understanding of its limitations, particularly where constrained council budgets, deferred renewal, cost escalation and material availability mean reported expenditure does not reflect the full cost of maintaining local roads used by heavy vehicles.

C-RIS Consultation Questions	Feedback received from Queensland local governments
	This issue reinforces the LGAQ's broader position that the local government components of the model should be co-designed with local governments.
Question 10: Do you agree with the local government road expenditure forecasting methodology? If not, outline your preferred methodology.	For councils, historical expenditure does not always reflect the actual cost of maintaining and renewing the road network. It often reflects what councils were able to fund within constrained budgets, rather than the full level of maintenance, renewal and rehabilitation required. This is particularly relevant where councils are managing deferred renewal, cost escalation, disaster impacts, and increased heavy vehicle usage on local roads. A static or backward-looking forecast may understate future local government road costs, particularly for councils experiencing growth in freight movements, accelerated asset deterioration or increasing unit costs for road construction and maintenance. This is important because the C-RIS proposes to include local government road expenditure in the forward-looking cost base, however risks not accurately portraying costs borne by local government. See **Recommendation 1.**
Question 11: Do you agree with allocating local government road expenditure to FLCB asset and expenditure categories via jurisdictional category expenditure over each year of the three-year regulatory period?	The LGAQ does not support allocating local government road expenditure to forward-looking cost base asset and expenditure categories solely by reference to jurisdictional expenditure without further testing. Council road networks are not directly comparable to state-controlled road networks, with local governments managing an inherently different mix of assets. The way councils spend funds on maintenance, renewal and rehabilitation is therefore different from many state or territory road agencies. Using jurisdictional expenditure shares as a proxy for local government expenditure may result in council expenditure being allocated into categories that do not accurately reflect the assets councils are maintaining or the practical life of those assets. This could affect how local government costs are represented in the model and may understate the cost of heavy vehicle use on local roads. **Recommendation 5:** The LGAQ recommends the NTC does not rely solely on jurisdictional category expenditure as a proxy for local government road expenditure without testing the approach with local government asset data and practical examples.
Question 12: Do you agree with the proposed approach regarding hybrid and electric heavy vehicles? If not, what is your preferred approach and what information should this approach be based on?	The LGAQ does not have a policy position on this issue.

C-RIS Consultation Questions	Feedback received from Queensland local governments
Question 13: Do you agree that, if possible, year-to-year adjustments to the regulatory portion of heavy vehicle registration charges should be implemented through an automatic adjustment mechanism in the Heavy Vehicle Charges Model Law?	The LGAQ does not have a policy position on this issue.
Question 14: Do you have any comments on the sensitivity analysis?	The LGAQ does not have a policy position on this issue.
Question 15: Are there any other sensitivity analyses that should be considered	The LGAQ does not have a policy position on this issue.
Question 16: Do you support using the sum-of-the-years digits method for depreciating the initial RAB? If not, are you aware of an alternative methodology that would provide a low value for depreciation of the initial RAB in the final year?	The LGAQ does not have a policy position on this issue.
Question 17: Do you support adopting a 20-year lifespan for the initial RAB? If not, what lifespan would you prefer, and for what reasons?	The LGAQ does not have a policy position on this issue.
Question 18: Do you agree with the proposed information publication measures and how its outputs are used to advise governments on setting heavy vehicle charges from time to time?	The LGAQ does not have a policy position on this issue.
Question 19: Is there other information that should be published?	The LGAQ does not have a policy position on this issue.
Question 20: Do you support the broad approach to communication surrounding expenditure forecasts? If not, what other approach should be considered?	The LGAQ does not have a policy position on this issue.
Question 21: Do you support any of the four options as presented? Outline the reasons for your preference.	The LGAQ does not have a policy position on this issue.
Question 22: Are there any alternative options not included in this C-RIS that should be explored? Outline why this alternative option is preferred to the ones included in this C-RIS.	The LGAQ does not have a policy position on this issue.