Don’t Tax Our Truckies

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Every Australian relies on the road freight industry.

Stock has to get to the saleyards, grain has to get to port, groceries have to reach the shelves and fuel has to reach service stations. No matter what’s being moved, someone has to pay for the diesel to put in the truck to do the job.

Yet at a time when transport operators are facing mounting financial pressures, there is a growing push from the political class to reduce or abolish fuel tax credits. The Productivity Commission has recommended phasing out the credit for heavy vehicles travelling on public roads, yet provides no alternative road freight opportunities for rural carriers.

The argument is, ‘take away from those who keep Australia moving’.

For many operators, losing that credit could make trucking financially unviable.

Could your business absorb another $10,000 or $20,000 hit per year in fuel costs?

That is the risk if we let them attack the Fuel Tax Credit system.

Fuel is one of the largest and least avoidable costs of running a transport business. At the current rate of 21.3 cents a litre, scrapping the credit would cost an operator $21,300 for every 100,000 litres of eligible diesel used for travel on public roads. The truck would still have to cover the same kilometres, even if it came home empty.

For transport operators, fuel tax credits are built into the economics of keeping trucks on the road and Australia moving. In 2023-24, transport, postal and warehousing ranked second behind mining by the value of fuel tax credits claimed. Road freight alone had around 64,000 small businesses in 2024–25.

The debate around fuel tax credits often focuses on Australia’s largest corporations. Those campaigning to abolish the credits deliberately focus on those big corporations and they use mining as a whipping boy.

They don’t tell you who comes next. All of us in the transport sector.

Truck operators already pay our fair share to use the roads. Of the 53.7 cents a litre in diesel excise, eligible operators can claim back 21.3 cents. That leaves 32.4 cents a litre, equivalent to the heavy vehicle road user charge, on top of heavy vehicle registration charges. Lose the credit, and operators would bear the full excise at today’s rates.

Certainly, our roads do not justify that level of taxation. The roads, our workplaces, the arteries that keep Australia supplied, enable our export markets, people fed, cars fueled and shelves stocked – are in a horrendous state.

Anyone who’s priced a freight job knows how hard it can be to recover a cost increase after the rate’s been agreed. Fuel levies can lag behind costs, and wages, insurance and asset repayments still fall due. The Parliamentary Budget Office’s analysis of a broader, hypothetical cut warned that transport businesses could become unprofitable if they couldn’t raise prices.

For a rural and regional carrier, the decision might come down to whether to keep a truck on the road or drop a run that no longer pays. For a rural town with only a handful of carriers, or a remote community with just one, that can mean one fewer truck available or no services in and out at all.

Operators have every reason to burn less diesel. Give higher-capacity trucks access to suitable roads, and they can move the same freight in fewer trips. Help operators adopt lower-emissions trucks where they can do the job, if that is the government's end goal.

On a run where diesel is still the practical option, and that is the situation in regional Australia, then cutting the credit simply makes the same trip more expensive for everyone.

The Livestock, Bulk and Rural Carriers Association is calling on Treasurer Jim Chalmers to rule out cuts to fuel tax credits. If Canberra wants to change how trucks pay for road use, it should sit down with the people who run them and assess what any change would mean for regional freight services, transport businesses and household costs.

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