Commission Meeting

2 October 2025

Melbourne — 9.00am – 4.00pm

Agenda

s 22 (1)(a)(ii)

1. **Minutes of previous meetings** *(9.00-9.05)*

1.1 Thursday 4 September 2025 [p]

s 22 (1)(a)(ii) [redacted]

Inquiries, Commissioned work and PC initiated research

5. Inquiry/commissioned work progress report discussions

s 22 (1)(a)(ii) [redacted]

5.1.7 National Competition Policy – Final Report
– Alex Robson, Catherine de Fontenay & Martin Stokie (13.30-14.00) [p]

s 22 (1)(a)(ii) [redacted]

6. Communications

6.1 Conferences and speeches register [p]

s 22 (1)(a)(ii) [redacted]

[o] oral
[p] papers provided
^ circulated separately
* Paper to be circulated at meeting
** Paper available on request
# paper expected

Inquiry / Commissioned advice

Agenda item 4.4.7

National Competition Policy 2025 – EBLs for Final Report

Specific actions agreed by Commission

Action proposed for Commission consideration (copied from project submission key issues)	Action agreed	Comments/variations
Note the paper	Note and agree to the issue/action	

Summary of discussion

s 22 (1)(a)(ii) [redacted]

Catherine de Fontenay introduced the paper, noting that the work on occupational licensing and standards are both continuing for the final report with empirical work and detailed analysis. On road user charging, Catherine advised that the team has undertaken preliminary work, but without more time and further detail on policy proposals, it is not possible to estimate the effects of reforms in the timeframe of this project. Catherine noted this is similar to last year's National Competition Policy (NCP) project, where not all reforms could be estimated.

Alex Robson noted paper set out reasons for the team's approach to road user charging, and that discussions had been held with Treasury that this work should be a 12-month project. Alex advised that the Treasury is also interested in heavy vehicle regulatory reform, but it is not clear at this stage what reforms are involved. This would also be a larger project than the current NCP study.

Commissioners discussed: Options to do further short-term policy work on road user charging without empirical work, how policy work on road user charging could fit within NCP work, the implications for road user charging of the upcoming meeting of the Council of Federal Financial Relations, European approach to road user charging and its applicability to Australia.

Key takeaways

- The Commission noted that it will not be possible for the team to provide modelling on policy options for road user charging, and that consideration of policy issues in this area would require a longer timeframe.
- The Commission noted the team will talk to the Chair about the proposed way forward.
- The Commission noted the team will talk to the pillar 5 team about implications for their final report.

Overall position of Commission on project submission

The Commission:

Noted progress and agreed next steps as outlined

NCP 2025

Key points

- s 22 (1)(a)(ii) [redacted]
- [redacted]
  - [redacted]
  - [redacted]
  - [redacted]
- [redacted]
  - [redacted]
  - [redacted]
  - [redacted]
- [redacted]
- [redacted]
  - [redacted]
- [redacted] **National Competition Policy Study and remain potentially important for further consideration.**
  - High value reforms included: occupational licensing reforms to lower restrictions (being considered in the PC's *Building a Skilled and Adaptable Workforce* inquiry); public procurement reform; data sharing; and road user charging.

s 22 (1)(a)(ii)

[redacted]

The third is road user charging (box 2).

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Box 2 – Road user charging reform

Road use – whether from private vehicles or freight – comes with a range of social costs which are not captured by the private costs facing a road user. These include gradual physical damage to road infrastructure, pollution and emissions, and road infrastructure. Although there are other mechanisms which can be used to reduce the negative effects of road use, one approach is to include pricing mechanisms for each of these as part of a distance-based road user charge

By giving drivers a clear signal about the cost of infrastructure, they would have an incentive to use it more efficiently. Moreover, there will be a signal to infrastructure providers where changes in road capacity are warranted. For these reasons, the PC has recommended road user charging (and wider road infrastructure reform) many times in the past.

There has been added impetus for reform related to the growth in use of electric vehicles.

The Commonwealth, state, territory and local governments spent around $39 billion in 2022-23 on the maintenance, upgrade and expansion of Australia's road network (BITRE 2025, p. 50). Funding for road infrastructure through road taxes (broadly defined) is collected by all levels of government and totalled

around $31 billion in the same year (BITRE 2025, p. 50). Over the past couple of decades, public investment in road infrastructure has averaged around 30% of fuel taxes collected (PBO 2022, p. 4).

Fuel excise applies to all petrol and diesel vehicles as a charge of 50.8 cents per litre – it does not differentiate between these types of vehicles. There are various Commonwealth taxes and a different system of vehicle registration and transfer duty in each state and territory. Owners of fully electric vehicles do not pay fuel excise, and in some states, registration charges for these vehicles are reduced to reflect the net zero emissions nature of these vehicles.

A road user charge is also levied on heavy vehicles on public roads on a per litre of diesel used basis. There are also registration charges that depend on truck type, number of axles and type of trailer. The government provides a tax credit on the fuel excise to some industries – such as mining and agriculture – where they do not use public roads.

On 5 September 2025, the Australian and state and territory treasurers agreed to pursue further work on a road user charge for electric vehicles (Chalmers 2025). Several jurisdictions around the world, including New Zealand, Austria and Germany, have introduced distance-based charges for road users. When these schemes are based on a user-pays principle for cost recovery, heavy vehicles are typically the focus, as lighter vehicles contribute minimally to road wear. Submissions to this study broadly support the introduction of a road user charge based on vehicle mass and distance travelled.[4]

A future road user charging scheme could seek to balance cost recovery and disincentivising road use. A charge that solely penalises road damage could lead to prohibitively high costs for many freight vehicles. A revised multi-part charge with a fixed component (based on demand for the vehicle being registered) plus a variable component (with layers for the cost of road damage, emissions and congestion) is likely to balance these competing objectives. A layered variable charge was supported by Engineers Australia (sub. 128, p. 6)

Governments should consider maintaining neutrality between alternative types of vehicles wherever possible, outside of the social and environmental costs they might cause. That is, caution is needed not to inadvertently create incentives for specific types of vehicles. On this, Master Electricians Australia submitted that the government should refrain from penalising EV users in road user charges and not penalise business based in regional areas with greater travel needs (sub. 116, p. 12).

The implementation of road user charging reforms should be informed by a detailed exploration of the potential effects of different road user charging schemes and enable their comparison.

[4] Australian Automobile Association (sub. 132), Cement and Concreate Aggregates Australia (sub. 115), and Engineers Australia (sub. 128).

Inquiry / Commissioned advice

NCP 2025 Overview

Matters for Commission consideration (e.g. background, significant scope changes; project engagement plans; decisions on analytical approach, findings, or recommendations etc.)	This paper provides the Short Report for the NCP 2025 project.
Actions taken in response to previous CM (if applicable)	Finalising work on road user charging.
Recommended action for Commission	That the Commission: **Approves delivery to govt and/or publication of the report / paper**

Project timeline	**Key dates**	**Status**
Project start	March 2025	
Interim to Govt	31 July 2025	
Interim released	7 August 2025	
Progress update	September CM	
Final overview to CM	October 2025	We are here
Final report	31 October 2025	

Provided by: Alex Robson, Catherine de Fontenay, Martin Stokie, Ben Mitra-Kahn and the team.

Date submitted: 25 September 2025

NCP 2025 – progress update

Update on road user charging and heavy vehicle reform

The Council on Federal Financial Relations (the Australian and state and territory Treasurers) discussed options for road user charging on Friday 5 September. Governments endorsed an approach similar to what was discussed at the September CM: wanting to 'take the time to get the policy development right'[1].

Treasury are continuing to consider sending the PC a letter requesting advice on heavy vehicle regulatory reform, but not road user charging. The timeframe for this potential project is still under consideration inside government.

s 22 (1)(a)(ii)

[redacted]

[1] Treasurers advance economic reforms to boost productivity | Treasury Ministers

Communications

Conference and speech register

Matters for Commission consideration (e.g. background, significant scope changes; project engagement plans; decisions on analytical approach, findings, or recommendations etc.)	• For information only
Actions taken in response to previous CM (if applicable)	• NA
Recommended action for Commission	That the Commission: **Notes the paper**

Project timeline	Key dates	Status
Project start	NA	NA

Provided by: Strategic Communications and Engagement

Date submitted: 25 September 2025

Date	Name	Title of event	Where	Host	Title of paper, description or subject matter/report	Accepted & confirmed
s 22 (1)(a)(ii)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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11 August	Martin Stokie	IPA Road User Charging Forum	Sydney	Infrastructure Partnerships Aust	Roundtable discussion	Accepted & confirmed
s 22 (1)(a)(ii)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Date	Name	Title of event	Where	Host	Title of paper, description or subject matter/report	Accepted & confirmed
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24 Sept	Martin Stokie	STC Board Strategy Session: Fiscal and Policy	Melbourne	Vic Gov	Road User	Accepted & confirmed