



# 2026–27 Pre-Budget Submission



Australia's transport network requires an integrated transport system approach, one that prioritises seamless integration between road, rail and active transport links when considering future investment opportunities. The benefits of long-term planning and investment in transport stretch across the entire economy enabling development, housing, freight, social connectivity and economic productivity.

The most critical and time-sensitive reform on the federal agenda is land transport market reform. With the uptake in electric and more fuel-efficient vehicles, funding for road maintenance and upgrades is diminishing. Australia needs to urgently prioritise the establishment of a national road user charging system to ensure equity and long-term funding sustainability in our extensive road network that underpins our economy.

Further reforms made at the federal level can enhance productivity uplift in the delivery of transport infrastructure projects, access to active transport, local road upgrades, workforce attraction and retention in the infrastructure construction sector, road safety, and decarbonisation efforts.

Our top recommendation for this year's Federal Budget is:

## **Implement a national road user charge (RUC) for all road users and vehicle types to create a sustainable funding mechanism for road maintenance and upgrades.**

Australia is at a crucial moment that requires road funding reform. With battery electric vehicles (BEVs) making up an increasing share (9.70%<sup>[1]</sup>) of new car sales, along with Plug-in Hybrid Electric Vehicles (PHEVs) (4.12%<sup>[2]</sup>), traditional fuel excise revenue is declining now that fewer internal combustion engine (ICE) vehicles are on our roads.

This threatens the sustainability of road maintenance and transport infrastructure investment. Without a new funding model, Australia risks having unsafe roads and inequitable cost distribution among road users.

Roads Australia supports the development of a national RUC for all road users and vehicle types. This should be led by the Federal Government in close cooperation with all states and territories and prioritised this term of government 2025-28.

A road user charge could be implemented in two ways:

- 1) removal of the fuel excise and replacement with a national RUC for all road users and vehicle types, or
- 2) applying RUC to all vehicles that do not pay the fuel excise and operating RUC in tandem with the current fuel excise system. Over time with the continued uptake of EVs, there would be a natural transition from fuel excise to RUC for all vehicles.

A nationally consistent RUC framework would ensure equity, efficiency, and long-term funding sustainability for Australia's vast road network.

[1] Australian Automobile Association (2025). Electric vehicle sales break records

[2] Ibid.

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