EXPLANATORY STATEMENT

Issued by the authority of the Minister for Infrastructure, Transport, Regional Development, and Local Government

Fuel Tax Act 2006

Fuel Tax (Road User Charge) Determination 2026

Heavy vehicles with a gross vehicle mass of more than 4.5 tonnes which are used on public roads for business purposes, are charged to recover the part of the road construction and maintenance costs that is attributable to heavy vehicles (cost recovery). A portion of the costs are recovered by States and Territories through heavy vehicle registration charges and another portion by the Commonwealth, through the fuel-based Road User Charge.

The Fuel Tax Act 2006 (the Act) establishes a mechanism for the collection of the Road User Charge, by reducing the fuel tax credit provided to eligible businesses and non-profit bodies.

Subsection 43-10(8) of the Act provides that the Transport Minister may determine, by legislative instrument, the rates of the Road User Charge. The *Fuel Tax (Road User Charge) Determination 2026* (the Determination) sets the new rate of the Road User Charge for taxable liquid fuels, for which duty is payable at a rate per litre of liquid fuel at 16.4 c/l, and for taxable gaseous fuels, for which duty is payable at a rate per kilogram of fuel at 21.9 c/kg of gaseous fuel. This determination takes effect on 1 July 2026.

On 30 March 2026 the Government announced a temporary fuel excise cut and a three-month reduction of the Road User Charge (from 1 April 2026 to 30 June 2026) in response to the fuel crisis arising from the Middle East conflict. The Road User Charge was reduced from 32.4 c/l.

The Government is extending the temporary fuel relief to the heavy vehicle industry from 1 July 2026, and expects the period to end 2 August 2026 (the day before the August adjustment day).

The Road User Charge rate applying from 1 July 2026 is an increase relative to the temporary reduced rate of zero applying from 1 April 2026 to 30 June 2026. However, it is a decrease of 16 c/l from 32.4 c/l. Accordingly, the Determination provides time-limited relief to the freight and transport sector in response to sharp fuel price pressures, while preserving the Road User Charge as a mechanism by which the heavy vehicle sector contributes to the recovery of road construction and maintenance costs.

Amendments to the *Fuel Tax Act 2006* (by the Treasury Laws Amendment (Fuel Excise Relief Act 2026) provide the Transport Minister with the power under the Act to determine an increase to the rate of the Road User Charge for the period 1 July 2025 to 30 June 2027 (inclusive) during the period of 1 April 2026 to 30 June 2027 (inclusive) without undertaking public consultation. Further, public consultation was not considered reasonably practicable, given this would provide a positive benefit overall for the heavy vehicle sector (compared to pre-crisis RUC rate), and the urgency for immediate commencement to provide timely relief and support supply-chain stability.

The Determination repeals and replaces the *Fuel Tax (Road User Charge) Determination 2023*. This is consistent with subsection 33(3) of the *Acts Interpretation Act 1901*, which provides that if an Act confers a power to make any instrument of a legislative or administrative character, the power is construed as including a power exercisable in like manner and subject to the like conditions to repeal, rescind, revoke, amend, or vary any such instrument.

The Determination is a legislative instrument for the purposes of the *Legislation Act 2003*.

Authority: Subsection 43-10(8) of the
Fuel Tax Act 2006

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Fuel Tax Act 2006

Fuel Tax (Road User Charge) Determination 2026

This Disallowable Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Disallowable Legislative Instrument

Subsection 43-10(8) of the *Fuel Tax Act 2006* provides that the Transport Minister may determine, by legislative instrument, the rates of the Road User Charge.

In accordance with section 43-10(8) of the *Fuel Tax Act 2006*, this Disallowable Instrument determines the rates of the Road User Charge applied to taxable fuel used on a public road for business purposes in vehicles with a gross mass of more than 4.5 tonnes.

Heavy vehicle charges are based on a combination of a fuel-based Road User Charge, collected by the Commonwealth, and registration charges, which are collected by the states and territories.

Human rights implications

This Disallowable Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Disallowable Instrument is compatible with human rights as it does not raise any human rights issues.