

The subsidy has gone. The diesel price did not go with it.

Last quarter we said the June accounts were flattered by a subsidy that could not recur. Relief halved on 1 July and ended on 3 August. **Diesel then climbed to above where it sat when the Commission made the fuel order in April**, while the legal mechanism forcing fuel increases up the contractual chain switched off in June and has not yet come back.

So the September quarter ran on the full cost base for two thirds of its length with no pass-through obligation in force at any point. It is the closest thing to a clean read we have had, and even so **about a third of it still carried partial relief**, which means the forward

run-rate is worse than the quarter reports. Most operators will present it as an aberration. The useful question is what part of the gap is recoverable, and how much is a cash timing problem rather than an earnings one.

SECTOR
Road freight & logistics
Australia

PREPARED FOR
Lenders, credit and
portfolio teams

AUTHORS
Brendan Richards
Claire Gaffney

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70
PER CENT

The relief came off into a rising diesel price, not a falling one

The weekly national average terminal gate price bottomed at **159.5 cents** in the week ending 29 June, was back above **\$2.00** by 17 July, and reached **273.5 cents** by late September: approximately **70 per cent in three months** on the Commission's own measure.¹ That is the shock. **The step that stays is the comparison with February**, before any relief applied, when retail diesel sat at 176.6 cents. It is now 100 cents higher, a rise of about **57 per cent**, and the road user charge is back at 32.4 cents at both ends of that comparison.³

159.5c W/E 29 JUN
Low. Order
dormant

273.5c W/E 25 SEP
Peak. No
pass-through

260.6c 21 OCT
Terminal gate now

AT A GLANCE

57%

rise in retail diesel since 20 February, the step that stays

176.6c to 276.6c. No relief applied at either end, so it is a like for like comparison.³

36%

of the September quarter still carried partial fuel relief

33 days of 92. Strip it out and the forward run-rate is worse than the quarter reports.⁴

4–5%

estimated industry profit margin across road freight

On about \$73bn of revenue and more than 60,000 operators.⁸

836

transport, postal and warehousing external administrations, year to September 2026

Against 495 appointments in FY2023-24. Sixth highest of any industry.⁷

A transport operator will tell you the September quarter was an aberration. Strip out the relief that was still in it and the run-rate is worse.

BRENDAN RICHARDS · REBOUND ADVISORY

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SECTION ONE

Neither of the next two quarters *is the run-rate*

Policy moved transport's cost base three times in six months, and it moves again on 1 January. The chronology matters because it tells you which quarter was distorted, in which direction, and by how much.

1 APR	Excise cut by 32c a litre. Heavy vehicle road user charge set to nil
21 APR	Fuel Cost Recovery Order commences. Fuel pass-through becomes a legal obligation in road transport chains
W/E 5 JUN	Diesel falls below \$2.00 to 189.7c. The order's operative obligations switch off
W/E 29 JUN	Diesel bottoms at 159.5c . Reported margins look the best they have in two years
1 JUL	Relief halves, charge returns at 16.4c. Payday super commences

W/E 17 JUL	Diesel back above \$2.00 . No pass-through obligation in force to follow it up the chain
3 AUG	Relief ends in full. Charge returns to 32.4c . Amended Heavy Vehicle National Law in effect
W/E 25 SEP	Diesel peaks at 273.5c , roughly 70% above the June low
16 OCT	Full Bench refuses revocation and moves to re-enliven the pass-through obligations
1 JAN 27	Road user charge rises about 6% to roughly 34.3c

UNDERSTATES

The September quarter understates, but it also flatters

The pass-through right was dormant for all of it and diesel peaked inside it, so it reads worse than the sustainable position. **It is not clean either.** Relief did not end until 3 August, so **33 of its 92 days still carried half the road user charge relief.** Annualise the quarter and you understate the forward cost base.

What the borrower will say: a fuel spike, and rates have since been renegotiated. Both may well be true, and neither is testable from a quarterly profit and loss.

OVERSTATES

The December quarter is clean on relief and distorted by everything else

It is the first quarter with no relief in it at all. But peak season lifts volumes and utilisation through November and December, the Christmas shutdown **defers cost rather than removing it**, and leave taken over the break does not move the provision. Peak work is often taken at marginal rates, so the lift flatters utilisation more than margin.

Then January brings the volume trough, registration and insurance renewals, and the charge step on the first. **A December quarter annualised will flatter the year.**

TWO QUESTIONS, FIVE MINUTES

Do not ask for a year rebuilt at new cost settings. No operator can produce it and the attempt wastes a fortnight. The December quarter does not exist until late January, so do not wait for it either. Ask now for **the September quarter's fuel cost per kilometre beside last month's**, and for the split of September between the days that carried relief and the days that did not. One quarter and one live unit rate will tell you more about the forward run-rate than any annual forecast, and the borrower can pull both from the telematics and the fuel card in an afternoon.³

FUEL EXPOSURE, PER PRIME MOVER, NET OF GST

Linehaul kilometres a year, one unit	120,000 km
Fuel burn, loaded B-double average	55 L / 100 km
Diesel consumed, one unit	66,000 L
Movement in retail diesel since 20 February ³	+100.0 c/L
less GST, recoverable by the operator	-9.1 c/L
Net movement actually borne	+90.9 c/L
Fuel cost increase, one unit, one year	\$60,000
Across a 40 unit fleet, 2.64m litres	\$2.40m

THIS IS THE GROSS NUMBER, NOT THE EARNINGS IMPACT

The fuel tax credit offsets excise less the road user charge, so it does **not** offset a movement in the market price. February is a clean comparison because the charge then was the same 32.4 cents it is now.

But **\$2.40m is a sensitivity, not a loss.** The earnings impact is the increase less whatever is actually recovered through rates, levies and surcharges. On a 4 to 5 per cent margin, a forty unit operator turning over \$48m earns roughly **\$2.2m**, so the recovery percentage decides whether this is an irritation or the whole business. **Page 4 sets out the four numbers that establish it.**

Illustrative arithmetic on published retail prices and standard burn rates, not a borrower. GST is stripped out because operators claim it back. A fleet buying on terminal gate or contract terms will move differently again, so substitute your own fleet count, kilometres, burn rate and supply arrangement. The conclusion that survives is the scale: in road freight, fuel is not a line item, it is the margin.

SECTION TWO

WHAT HAS NOT CHANGED, AND WHAT THAT MEANS

01 Thin margins carried on heavy capital

An estimated **4 to 5 per cent** profit margin on about \$73bn of revenue.⁸ A 70 per cent move in a line that is roughly 30 per cent of operating cost is not a variance. It is the whole margin, more than once.

04 The workforce is ageing and it is not being replaced

Median driver age **48 against 39** across all occupations, 32.1% over 55 and 4.6% under 25, with around 28,000 roles unfilled.⁹ Note where this cuts the other way: in an exit, acquirers want the drivers.

02 Low barriers mean the price is set from below

More than **60,000 operators**, most of them small or owner-driver. A compliant operator cannot price the new cost base while a non-compliant one is still quoting the old one.

05 Deferred maintenance is borrowed cash

It returns as defects, then downtime, then lost contracts, and the amended law makes it **more expensive to carry.** It is the cheapest thing to stretch and the dearest to unwind.

03 Contracts written for a cost base that no longer exists

This was a prediction last quarter. The September accounts make it **arithmetic.** A contract with no rise and fall and no fuel levy is now a measurable loss per kilometre.

06 The sector's headline numbers are not your book

Of companies entering insolvency in 2024-25, around **70 per cent had no debt owing to secured creditors.**⁶ The sector's count is mostly owner-drivers with nothing to restructure. The tier you bank is smaller, different and far more salvageable.

THE POINT

The Reserve Bank named **hospitality, construction and transport** this month as the three industries where insolvencies remain elevated, while the total rate has eased back to around its longer-run average.⁶ Transport is not riding a general wave. **It is one of the three places the wave did not recede.**

SECTION THREE

New this quarter

LEAD ITEM

The fuel pass-through obligation is coming back, *and it cuts both ways on your file*

WHAT HAS HAPPENED

The Fair Work Commission made the **Road Transport Contractual Chain Order (Fuel Cost Recovery) 2026** on 20 April, effective the next day, on an emergency application by the Transport Workers' Union and ARTIO. It requires parties in a road transport contractual chain to adjust rates so that the party doing the work recovers fuel cost increases measured from **6 March 2026**, and to pass those increases down the chain.²

Its operative obligations **switched off in the week ending 5 June**, when the weekly average terminal gate price fell below \$2.00 a litre. The order itself never ceased, because it stands until revoked, and it contains **no mechanism to revive itself** when prices rise again.

On **16 October** the Full Bench refused applications from industry groups to revoke it, found the circumstances behind it "in substantial part, persist", and published a draft variation that would bring the obligations back: adjustment **monthly** rather than fortnightly, cessation only after **four consecutive weeks** below \$2.00, reach extended to contracts **set** after 6 March, and compliance available through an agreed fuel levy.¹

Submissions closed on 23 October. **As at the date of this bulletin no final determination had been made**, and any variation will specify its own commencement date. Matter MS2026/1 should be checked before this section is relied on.

WHAT IT DOES TO YOUR FILE

● THE EXPOSURE THAT IS ALREADY FIXED

The window from **21 April to 5 June** is closed, knowable and still actionable. A borrower that did not adjust the rates it paid subcontractors and owner-drivers over those seven weeks carries a liability that has not gone away because the obligations lapsed, and contravention is a civil remedy provision carrying up to **\$99,000 for a body corporate**.²

● THE EXPOSURE THAT IS CONTINGENT

If the variation is made, the obligations resume from the date it sets. A borrower sitting mid-chain is a **secondary party** and will owe adjustments to everyone below it from that date. On a book of thirty or forty subcontractors that can run to six figures a year, and it will sit in no ageing and no forecast.

● THE ENTITLEMENT NOBODY HAS CLAIMED

A borrower at the bottom of a chain has an **entitlement under the order**, not merely a commercial argument, and a dispute pathway to enforce it. For an operator whose problem is a contract it cannot reprice, that is the first contractual lever many of them have had.

WHAT TO ASK FOR

The fuel adjustment schedule, **in both directions**, month by month since April: what has been charged up the chain to customers, and what has been passed down to subcontractors. Four disputes were lodged across the order's entire first operation,¹ which establishes very little either way about how widely it was followed, and is precisely why the schedule is worth more than an assurance. **If nothing is moving in either direction, you have found the exposure and the opportunity in the same five minutes.**

THE NUMBERS BEHIND THE QUARTER

70%

rise in the terminal gate diesel price in three months, the shock

Measured off the 159.5c low in late June, which is the trough this bulletin warns against trusting.¹

260.6c

terminal gate diesel across the five largest cities, week to 21 October

Retail sits at 276.6c and regional at 282.6c.³

34.3c

indicative road user charge from 1 January 2027, up about 6%

Deferred from 1 July 2026. It lands in the weakest cash month of the year.⁴

\$99,000

maximum penalty for a body corporate contravening the contractual chain order

A civil remedy provision. Penalties for individuals are lower.²

1 JANUARY 2027

The road user charge steps up again

A deferred increase of about **6 per cent**, indicatively taking the charge to 34.3c a litre, which reduces the fuel tax credit by the same amount.⁴ On the forty unit fleet used on page 2, burning 2.64m litres, that is roughly **\$50,000** a year. Small against the fuel movement, and that is the point: it lands in the weakest cash month, alongside registration and insurance renewals.

ONE FULL QUARTER IN

Payday super has moved the working capital, permanently

The annual expense is unchanged, so it does not belong in an earnings bridge. What changed is **timing**, and July carried it twice: the final April to June quarterly contribution fell due on 28 July while the new payday obligations were already running.⁵ The step is absorbed once, usually by stretching the ATO or the workshop.

17 AUGUST 2026

Last mile now has its own cost floor

The Interim On-Demand Delivery Employee-Like Worker Minimum Standards Order commenced.¹¹ It does not touch line haul, but it **resets the cost base** for parcel, courier and last-mile work, which is a segment several lenders still risk-grade as though it were general freight.

WHAT WE COUNTED THIS QUARTER

16

transport and logistics proceedings listed on one day

9 September, Victorian winding up list plus the Federal Court deputy commissioner list.

13

transport entities named in winding up applications on one day

13 October, Victoria and Queensland.

65

entries in a single Victorian winding up section

For 14 October. A typical Wednesday in August ran nine to fourteen in total.

9 of 91

Victorian corporate insolvency filings in a fortnight were transport or haulage

Fortnight to 8 September. Second only to construction.

REBOUND'S OWN COURT-LIST SWEEP, METHOD BELOW

Method, and its limits. These are counts of **court listings and winding up applications** naming transport and logistics entities, taken from the published Victorian Supreme Court and Federal Court lists. A listing is not an appointment, and not a business that ultimately closes, so these are observations on specific days rather than a rate, and we do not extrapolate them to a monthly or national figure. On name and vintage the entities are almost all owner-driver and single-truck operators, well below the scale either of us banks. **The narrower point is the useful one: distress at the bottom of the market is running well above last year, and the bottom of the market is where the price your borrower has to match gets set.**

SECTION FOUR

What this does to *a lending book*

Everything so far describes what is happening to transport operators. This section is about what it does to the facilities lent against them, from overdrafts and invoice finance to equipment finance, term debt, guarantees and fuel cards, which is a different question and often has a different answer.

THE DISTINCTION THAT DECIDES THE FILE

An earnings problem and a cash timing problem look identical for about ninety days

Diesel is paid weekly, or on fourteen day terms. The freight invoice it was burned on settles in sixty to ninety. When the fuel price moves 100 cents a litre, that gap widens immediately and it widens for the healthy operator and the failing one in exactly the same direction.

So a borrower with **full contractual fuel recovery** and a sound contract book can still run out of cash, and will present with the same symptoms as one whose pricing is structurally loss-making. The first is a funding question. The second is a restructuring question. **Telling them apart early is worth more than any covenant would be.**

THE LINE WORTH REMEMBERING

Not every transport business with a liquidity problem has an earnings problem. **But funding an earnings problem as though it were a working capital problem is how a recoverable position becomes an impaired one, and in this sector the two have never looked more alike than they do this quarter.**

WHERE OPERATIONAL DISTRESS REACHES THE COLLATERAL

The same squeeze shows up differently in each facility

On an **overdraft or working capital line** it shows up first as limit creep: the account sits closer to the limit for longer and the swings back get smaller.

In **invoice or debtor finance**, a transport receivable is not a clean promise to pay. It carries delivery failures the customer can price, demurrage and detention, damage claims, contra accounts where the customer is also a supplier or a subcontractor, and unbilled work in progress on a linehaul run.

Under cost pressure those do not deteriorate one at a time. Service slips first because maintenance and experienced drivers are the cheapest things to stretch. **Credit notes follow. The dispute rate climbs before the ageing does**, which is why an ageing that still looks clean is not evidence that nothing is happening.

WHEN TO ACT, AND ON WHAT

WHERE THE BORROWER SITS	THE QUESTION TO ANSWER FIRST	WHAT USUALLY FOLLOWS
Profitable, cash constrained	Is the funding gap temporary, measurable and closing?	Facility structure and working capital review. A lending conversation, not a workout one.
Marginal but recoverable	Can pricing, utilisation or cost restore sustainable earnings, and by when?	Independent review and a 13 week cash flow before any further limit.
Structurally unprofitable	Is further funding preserving value or increasing exposure?	Repricing of the contract book, restructuring options, controlled reduction in exposure.
No viable recovery	Which exit maximises net realisations after costs and priority claims?	Compare workout, consensual sale and formal appointment. Section Five.

EARLY WARNING

- The fuel supplier moves the account to prepaid, or the fuel card limit is quietly reduced
- Superannuation is paid late, which under payday super shows up in weeks rather than quarters, and which quietly closes off Exit 4 (Section Five)
- Service intervals stretch and the workshop mix shifts from scheduled to breakdown
- Credit notes climb, and the explanation is always a one-off

WHAT THIS QUARTER LOOKS LIKE BEFORE THE AGEING MOVES

- A fuel levy appears on invoices that the customer has never accepted in writing
- Registration, CTP and insurance renewals start being paid at the last possible moment
- Subcontractors begin ringing the end customer directly about payment
- Units are parked up rather than sold, so finance keeps running on trucks that are not earning

ACROSS THE BOOK

01 Request the fuel adjustment schedule across every transport borrower at once

One email, not a file-by-file enquiry. The answers **segment the book by themselves**: who is recovering, who is paying it down the chain, and who has done neither since April.

02 Re-test eligibility on fuel levy lines

A levy raised since April that the customer has not accepted in writing is a **disputed line**. Treat it as ineligible for invoice finance, and doubtful in any working capital calculation, until the acceptance is produced, rather than discovering it in a verification call.

03 Pull the credit note and claims run rate by customer

Six months to December against the same period last year. **The dispute rate turns before the ageing does**, so this is the earliest reliable read on whether service is slipping, and service is what the receivables and the repayments rest on.

ONE CAUTION ON ALL OF IT

Road freight is not one risk wearing one code. An owner-driver, a metropolitan distribution operator, a linehaul fleet and a subcontractor-based logistics group carry fuel, labour and utilisation exposure in very different proportions, and a business that subcontracts most of its kilometres has passed on much of the diesel risk along with much of the margin. **Every number in this bulletin should be read against the operating model in front of you, not against the sector average.**

SECTION FIVE

When the answer is no, *there is still a choice to make*

The other answer, which lenders meet more often than they plan for, and where the four exits produce materially different net realisations.

EXIT 01

Appoint a receiver

Fast and controlled, and it can preserve going concern value where there is a **business** to sell. Where there is mainly **equipment** to realise it usually costs value, because every buyer knows the receiver has a timetable.

EXIT 03

Wait

The default, and usually the worst. The borrower funds its last months by not paying the ATO, not servicing the fleet and not renewing insurance. **All three come straight off your recovery.**

EXIT 02

Let the directors appoint administrators

Cheaper for you and slower. The trading period is **funded out of the asset base**, which is the same asset base your recovery comes from.

EXIT 04

Support a director-led wind-down, then liquidate a closed estate

A controlled realisation run under safe harbour before any formal appointment. **The option almost nobody prices**, and the one where the directors' incentives point the same way as yours.

THE PROVISION THAT MAKES EXIT FOUR AVAILABLE

Section 588GA protects a director from the insolvent trading provision for debts incurred while taking a course of action reasonably likely to lead to a **better outcome** for the company, measured against the immediate appointment of an administrator or liquidator.¹⁰ **Nothing in that requires the business to survive.** An orderly realisation that returns more than an immediate liquidation qualifies. Safe harbour is not only for rescue, which is the part most directors have never been told.

WHERE THE MONEY IS • 01

Collections hold up while the trucks are still moving

The biggest number for an invoice financier, and material for any overdraft or working capital lender relying on collections. On a formal appointment debtors stop paying: they withhold, raise contras, assert set-off for failed freight and claim against an operator that has stopped performing. **Dilution spikes at exactly the moment collections matter.** A controlled wind-down keeps the trucks running and the deliveries completing long enough for the ledger to run off near face value. That is the case for supporting Exit 4 rather than tolerating it.

WHERE THE MONEY IS • 02

Employee entitlements, and why they reach your security

In a liquidation employment terminates and redundancy crystallises. Where a facility is secured by a **circulating security interest** rather than structured as a true purchase of receivables, employee entitlements can rank **ahead of that interest** in the circulating assets, with the Fair Entitlements Guarantee subrogated.¹⁰ How far that bites turns on the security structure, so establish it **before** it matters. Employees who transfer with service recognised do not crystallise it at all. Safe harbour also requires entitlements to be paid as they fall due, so the course that protects the directors is the one that stops this liability growing.

WHERE THE MONEY IS • 03

The fleet is mostly someone else's recovery, which is why it still matters to you

Unless you also hold the asset finance, in most transport structures the units sit with **equipment financiers** rather than with you. A distressed fleet goes to the wholesale trade as a line; a controlled programme retails it unit by unit, serviced and roadworthy with records complete. The uplift accrues to whoever holds the asset finance. If that is someone else, it matters to you anyway: a financier recovering in full **cooperates with the timetable instead of repossessing into it**, and does not chase the same guarantor or the same cash you are.

WHAT SAFE HARBOUR IS NOT, AND WHEN EXIT FOUR FAILS

It is **not a moratorium** and **not a permission to sell**. Directors' duties, creditors' interests, the value obtained on each disposal and your rights as secured creditor all continue to apply, and a disposition can still be challenged afterwards. Nor is your consent the whole answer: an unsecured creditor, a landlord, a major customer or the employees can each make the plan unworkable. Exit four needs directors who act **early**, entitlements and lodgements **current** (the exclusion turns on less than substantial compliance, or on two or more failures in twelve months, and a court may relieve against it¹⁰), liquidity to fund the wind-down, and no creditor far enough gone to wind the company up first. Remove any one and the answer is a formal appointment.

THE QUESTIONS

- 01** What does the **ledger collect under a controlled run-off** against a formal appointment? Model both, with dilution, contras and set-off assumed to rise on appointment.
- 03** Are employee entitlements being paid as they fall due and tax lodgements met? Get the **twelve month history**, because the exclusion turns on repeat failures, not on today.
- 05** What does the directors' own **better outcome analysis** compare, who prepared it, and is it written down contemporaneously?

FOR A TRANSPORT FILE THAT IS NOT GOING TO RECOVER

- 02** How many employees would **transfer with service recognised**, and what redundancy does that keep out of the priority claims ahead of your security?
- 04** What is the fleet worth **retailed with the workshop open** against sold as one line, and which financier gets that uplift? Their cooperation depends on it.
- 06** What does a controlled realisation need in cash, **week by week**, and is that less than the uplift is worth? If nobody has built that, there is no plan yet.

WHERE REBOUND COMES IN

Closing well is a lender's decision, *not only the borrower's.*

Most transport files that reach us are not insolvency files. They are pricing and timing files, and the work is to establish what the business can actually service, build the thirteen week cash flow that proves it, and put a position in front of you that credit can act on. When there is no position to put, the work changes shape rather than stopping. **Either way you get an answer you can take to credit, and the people on the other side get some relief from not knowing.**



Brendan Richards

Senior Adviser · Chartered Accountant
Formerly Restructuring Partner, KPMG
brendan@reboundadvisory.com.au
0408 565 433



Claire Gaffney

Senior Adviser
Formerly ANZ, Pitcher Partners and KPMG
claire@reboundadvisory.com.au
0418 126 595

Talk to us about a file

22 Church Street, Hawthorn VIC 3122
03 9131 8700 · reboundadvisory.com.au

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- 11 Interim On-Demand Delivery Employee-Like Worker Minimum Standards Order, commenced 17 August 2026.
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Prepared by Rebound Advisory for financiers and their advisers. General information only, current at 27 October 2026, and not legal, financial or insolvency advice. The variation to the fuel cost recovery order was still in draft at that date and the final determination may differ in scope and commencement. Statements about statutory priorities and safe harbour are general and depend on the security structure and the facts. Figures come from published third party sources and Rebound Advisory's own records and are not audited. Take advice on the specific facts.