

# Briefing note: SA EV Tax package analysis

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## OVERVIEW

On 26 August 2021, the Marshall Government revealed their proposal for an EV Tax package in South Australia<sup>1</sup>. Like in some other states, the package included a number of up-front EV purchase subsidies valued at \$3,000 and a delay in introducing an EV Tax until 1 July 2027, or when the sale of electric vehicles reaches 30% of new motor vehicle sales in SA, whichever is earlier.

As the table below shows, the 6,000 up-front purchase subsidies that have been offered in South Australia represent just 0.53% of the passenger vehicle fleet currently registered in the state. This is broadly in line with the 20,000 and 25,000 subsidies offered in Victoria and New South Wales respectively.

**Table 1: State EV purchase subsidies**

	NSW	Vic	SA
<b>\$3,000 subsidies offered</b>	25,000	20,000	6,000
<b>Passenger vehicles in fleet<sup>2</sup></b>	4,404,673	3,970,844	1,131,199
<b>Subsidies as % of fleet</b>	0.57%	0.50%	0.53%

However, unlike in some other States and Territories, no stamp duty waivers or registration reductions for EVs were offered as part of the package in South Australia.

## Alternative State/Territory EV incentives

Various States and Territory Governments have introduced or announced a range of EV incentives in the form of stamp duty reductions or abolitions and/or reduced registration fees. South Australia is not currently offering any of these incentives.

The following is a list of jurisdiction specific EV incentives that are currently offered.

<sup>1</sup> [https://www.premier.sa.gov.au/news/media-releases/news/\\$3,000-subsidies-to-drive-electric-vehicle-take-up](https://www.premier.sa.gov.au/news/media-releases/news/$3,000-subsidies-to-drive-electric-vehicle-take-up)

<sup>2</sup> Australian Bureau of Statistics, Motor Vehicle Census, Australia, 2021

**Australian Capital Territory** – Brand new electric vehicles are eligible for a full stamp duty exemption. Also, as of 24<sup>th</sup> May 2021, new or used EVs are eligible for two years of free registration. The territory government also provides zero-interest loans of between \$2,000 to \$15,000 to eligible ACT households to help with the upfront costs of investing in energy efficient home upgrades, including ZEVs.<sup>3</sup>

**Queensland** – Electric and hybrid vehicles pay reduced stamp duty: \$2 per \$100 up to \$100,000, and \$4 per \$100 value thereafter (compared to up to \$6 per \$100 for more polluting vehicles).<sup>4</sup>

**Tasmania** – From 1 July 2021, stamp duty has been waived for all new and used EVs, for a two-year period.<sup>5</sup>

**New South Wales** – From 1 September 2021, the NSW Government will remove stamp duty from EVs under \$78,000. Stamp duty will be removed from all other EVs and plug-in hybrids from 1 July 2027 or when EVs make up at least 30% of new car sales, when their EV Tax will also be introduced.<sup>6</sup>

## South Australia a national leader?

South Australia is already lagging the rest of the states when it comes to EV adoption. From 2019 to 2020, the total number of EVs in Australia grew by 47%, albeit from a very low base. Disappointingly, South Australia had the lowest percentage increase of any State or Territory in the nation, at just 19%. The percentage increase was greatest for the ACT at 72%.<sup>7</sup>

In December 2020, the South Australian Government released its Electric Vehicle Action Plan. The aim of that plan is apparently to make South Australia “**a national leader in electric vehicle uptake** and smart charging by 2025, harnessing renewable

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<sup>3</sup> <https://www.environment.act.gov.au/cc/zero-emissions-vehicles>

<sup>4</sup> <https://www.qld.gov.au/transport/registration/fees/duty/rates>

<sup>5</sup> [http://www.premier.tas.gov.au/site\\_resources\\_2015/additional\\_releases/stamp\\_duty\\_waiver\\_for\\_electric\\_vehicles](http://www.premier.tas.gov.au/site_resources_2015/additional_releases/stamp_duty_waiver_for_electric_vehicles)

<sup>6</sup> <https://www.environment.nsw.gov.au/topics/climate-change/net-zero-plan/electric-vehicle-strategy>

<sup>7</sup> Page 2, National Transport Commission, Carbon Dioxide Emissions Intensity for New Australian Light Vehicles 2020,

<https://www.ntc.gov.au/sites/default/files/assets/files/Carbon%20dioxide%20emissions%20intensity%20for%20new%20Australian%20light%20vehicles%202020.pdf>

energy to lower motoring costs, air, noise and carbon pollution, and reduce electricity costs for all South Australians.”<sup>8</sup>

The current EV Tax package offered by the SA Government does not live up to this aspiration, due to insufficient EV incentives when compared to other jurisdictions.

## South Australia vs New South Wales EV Tax package

In announcing their EV Tax Package, New South Wales have shown South Australia and other jurisdictions what genuine support for the EV sector looks like. In total, \$490 million was committed in the 2021-22 NSW Budget to cut taxes, incentivise uptake and reduce barriers for electric vehicle purchases over the next four years.<sup>9</sup>

In comparison, the SA Government’s EV Tax package amounts to just \$36.3 million, or 7.3% of the funding on offer from NSW. This is made up of the \$18 million in up-front purchase subsidies announced in August and \$18.3 million of previously announced funding for EV charging stations.<sup>10</sup>

## What SA’s EV Package should cost

South Australia’s lofty rhetoric relating to EV uptake has, so far, not been matched with adequate policy support for the struggling sector.

In the Electric Vehicle Council’s 2021 ‘State of Electric Vehicles’ report, where states are ranked based on their EV policies, South Australia was rated the equal lowest of any State or Territory, with a score of just 6/10.<sup>11</sup> Following the announcement of the New South Wales superior EV Tax package, they topped the policy scorecard for the first time with a rating of 9/10.

The biggest difference between NSW and SA EV packages is that, in NSW, the introduction of an EV Tax has been coupled with the permanent abolition of stamp duty on EV purchases. An argument put forward as to why SA cannot follow the NSW example and abolish stamp duty is that our state cannot carry that cost, due to its smaller size.

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<sup>8</sup> Page 9, South Australian Electric Vehicle Action Plan, [https://www.energymining.sa.gov.au/\\_\\_data/assets/pdf\\_file/0020/376130/201216\\_Electric\\_Vehicle\\_Action\\_Plan.pdf](https://www.energymining.sa.gov.au/__data/assets/pdf_file/0020/376130/201216_Electric_Vehicle_Action_Plan.pdf)

<sup>9</sup> <https://www.environment.nsw.gov.au/news/nsw-leading-the-charge-with-electric-vehicle-revolution>

<sup>10</sup> [https://www.premier.sa.gov.au/news/media-releases/news/\\$3,000-subsidies-to-drive-electric-vehicle-take-up](https://www.premier.sa.gov.au/news/media-releases/news/$3,000-subsidies-to-drive-electric-vehicle-take-up)

<sup>11</sup> <https://electricvehiclecouncil.com.au/new-south-wales-zooms-to-the-front-in-2021-electric-vehicles-policy-ratings/>

The following table takes the \$490m spend of the NSW EV package and shows what an equivalent spend in SA would be, if made proportional by various measurements of the states' relative size.

**Table 2: Required EV package spend in SA, equivalent to NSW**

	NSW	SA	SA as % of NSW	NSW EV package	SA equivalent spend
<b>Population - March 2021<sup>12</sup></b>	8,176,400	1,771,700	22%	\$490m	\$106m
<b>GSP \$m 2019-20<sup>13</sup></b>	624,923	108,334	17%	\$490m	\$85m
<b>Passenger vehicles - Jan 2021<sup>14</sup></b>	4,404,673	1,131,199	26%	\$490m	\$126m
					Average - \$106m

## Conclusion

Far from being a national leader in electric vehicle uptake, South Australia is already lagging other States and Territories across the country.

While it is true that South Australia is a significantly smaller state than New South Wales, it is also true that the \$36.3m in funding that has been offered as part of the EV Tax package here is manifestly insufficient.

The investment from the SA Government to support EV uptake should be effectively tripled, from \$36.3m to \$106m, if our state is to match the policy of New South Wales. If South Australia is genuine in its aspirations to become 'a national leader in EV uptake', then the increase in funding would need to be greater again.

At the very least, South Australia should pursue a policy of permanently abolishing stamp duty on all EV purchases, as has been done in New South Wales.

<sup>12</sup> <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release>

<sup>13</sup> <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-state-accounts/latest-release>

<sup>14</sup> Australian Bureau of Statistics, Motor Vehicle Census, Australia, 2021