

Submission

South Australian Government Consultation on Zero and Low Emission Vehicles Road User Charge

April 2021

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Introduction

The Australia Institute appreciates the opportunity to make a submission to the South Australian Government Consultation on Zero and Low Emission Vehicles Road User Charge (RUC).

The South Australian RUC, as announced in the 2020-21 State Budget, included a fixed component as well as a distance-based charge applied to electric and zero emissions vehicles with an intended start date of 1 July 2021.¹ The Australia Institute welcomes the decision of the South Australian Treasurer Rob Lucas to delay the introduction of the RUC for 12 months, as announced on 4 March 2021. Mr Lucas said the delay will allow South Australia to monitor developments in other states, such as Victoria, to ensure a degree of "national consistency".²

In November 2020, the Victorian Government announced its intention to introduce a RUC. The proposed Victorian RUC would apply only to electric vehicles (EVs), charged at a rate of 2.5 cents/km for zero-emission vehicles and 2.0 cents/km for plug-in hybrids (PHEVs).³ The Victorian proposal does not include the fixed annual component of the original South Australian proposal.⁴ The Victorian RUC legislation will likely be debated by the Victorian Parliament in the first half of 2021.⁵

Transport is one of the fastest growing sources of carbon emissions in Australia, increasing by 62.4% in March 2020 from 1990 levels, and makes up almost a fifth of our national emissions profile. In South Australia, transport emissions accounted for an even higher 30% of total greenhouse gas emissions in 2018-19.⁶

¹ Boisvert & Siebert (2020) *Electric vehicle charge sparks anger from owners, environmental groups*, <https://www.abc.net.au/news/2020-11-11/sa-to-introduce-electric-vehicle-user-charge/12869302>

² Opie (2021) *Electric vehicle user charge put on hold as SA Government monitors similar taxes interstate*, <https://www.abc.net.au/news/2021-03-04/sa-electric-car-tax/13216892>

³ ABC (2020) *Mixed reactions to Victoria's proposal to tax electric vehicle users*, <https://www.abc.net.au/news/2020-11-22/victoria-electric-car-tax-reax-industry-infrastructure-greens/12908238>

⁴ Vic Roads (2021) *ZLEV Road-user charge*, <https://www.vicroads.vic.gov.au/registration/registration-fees/zlev-road-user-charge>

⁵ Sakkal (2021) *Labor's electric vehicle tax set for a rough road ahead*, <https://www.theage.com.au/national/victoria/labor-s-electric-vehicle-tax-set-for-a-rough-road-ahead-20210129-p56xw8.html>

⁶ Parkinson (2020) *"Biggest change since Model T": South Australia wants all new car sales to be electric by 2035*, <https://thedriven.io/2020/12/20/biggest-change-in-model-t-south-australia-wants-all-new-car-sales-to-be-electric-by-2035/>

The National Energy Emissions Audit found transport emissions have already rebounded after dipping during the pandemic.⁷ The majority of Australia’s transport emissions are from light duty vehicles (cars and light commercial vehicles).⁸

To address transport emissions, EV adoption is becoming a key component of strategies to reduce carbon pollution. Unfortunately, Australia currently lags behind other countries in EV uptake due to a lack of policies to decarbonise the transport sector and incentivise EV purchases.

The South Australia state government says it wants to lead Australia in the uptake of electric vehicles and wants all new car sales in the state to be fully electric by 2035.⁹ However, when developing the EV RUC policy with other states in 2020, the SA Government was warned that introducing a tax exclusively on zero and low emissions vehicles, without accompanying incentives for EVs, would further discourage their uptake and impede efforts to reduce greenhouse gas emissions.¹⁰

⁷ Saddler (2021) *National Energy Emissions Audit: January 2021*,

<https://australiainstitute.org.au/report/national-energy-emissions-audit-january-2021/>

⁸ Department of Industry, Science, Energy and Resources (2020) *Australia’s emissions projections 2020*, p 29.

<https://www.industry.gov.au/sites/default/files/2020-12/australias-emissions-projections-2020.pdf>

⁹ Parkinson (2020) “*Biggest change since Model T*”: South Australia wants all new car sales to be electric by 2035, <https://thedriven.io/2020/12/20/biggest-change-in-model-t-south-australia-wants-all-new-car-sales-to-be-electric-by-2035/>

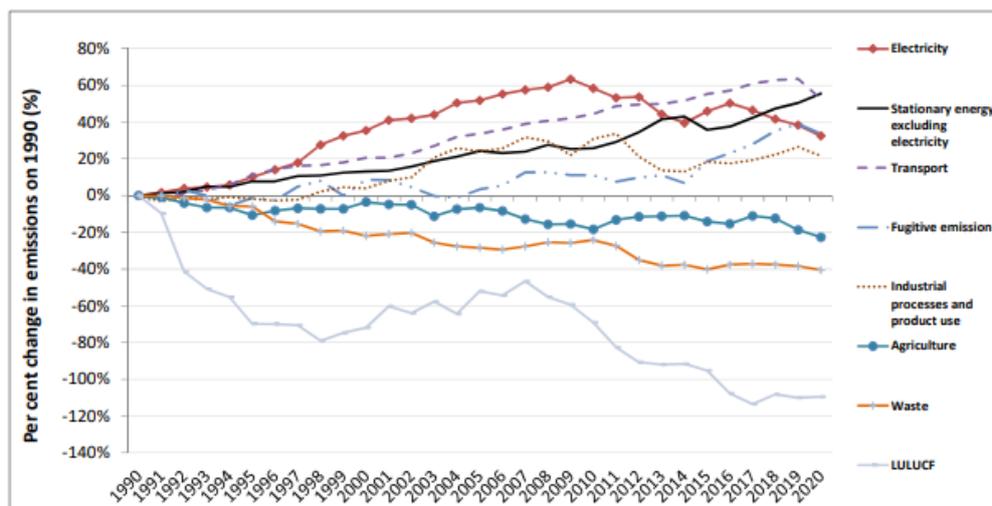
¹⁰ Morton (2020) *Australian states were warned road user tax on electric vehicles could discourage uptake*, <https://www.theguardian.com/environment/2020/dec/09/australian-states-were-warned-road-user-tax-on-electric-vehicles-could-discourage-uptake>

Rising transport emissions

Emissions from Australia’s transport sector are significant and increasing. For the year to September 2020, transport emissions accounted for 18% of Australia’s greenhouse gas (GHG) emissions, making transport the third largest emitting sector.¹¹ As seen in Figure 1, between 1990 and September 2019, the transport sector experienced the largest increase in emissions of any sector, increasing 64% percent (39.1 Mt CO₂-e).¹²

Even when including the period with wide-spread COVID-19 movement restrictions (resulting in reduced consumption of petrol and jet fuel), transport emissions increased 47% (28.7 Mt CO₂-e) between 1990 and June 2020.¹³ The latest Australian Government quarterly emissions update shows transport emissions rebounding as COVID-19 restrictions on movements ease.¹⁴

Figure 1: Percentage change in emissions, by sector, since year to September 1990 (DISER)



Source: Department of Industry, Science, Energy and Resources

Source: Department of industry, Science, Energy and Resources – GHG quarterly update September 2020

¹¹ Department of Industry, Science, Energy and Resource (2021) *Quarterly Update of Australia’s National Greenhouse Gas Inventory: September 2020*, p 9.

<https://www.industry.gov.au/sites/default/files/2021-02/nggi-quarterly-update-september-2020.pdf>

¹² Department of Industry, Science, Energy and Resource (2020) *Quarterly Update of Australia’s National Greenhouse Gas Inventory: September 2019*, p 8.

<https://www.industry.gov.au/sites/default/files/2020-02/nggi-quarterly-update-sep-2019.pdf>

¹³ Department of Industry, Science, Energy and Resource (2021) *Quarterly Update of Australia’s National Greenhouse Gas Inventory: September 2020*, p 10.

<https://www.industry.gov.au/sites/default/files/2021-02/nggi-quarterly-update-september-2020.pdf>

¹⁴ Ibid.

Achieving the goals of the Paris Agreement requires steep reductions in emissions across all sectors. Decarbonising the transport sector must be a national priority, backed by policies to increase the uptake of electric vehicles.

The South Australian government has set goals to reduce South Australia's greenhouse gas emissions by more than 50% below 2005 levels by 2030, and to achieve net zero emissions by 2050.¹⁵ Assuming a 10-15 year vehicle lifespan, a significant transition to EVs will be necessary by 2035.

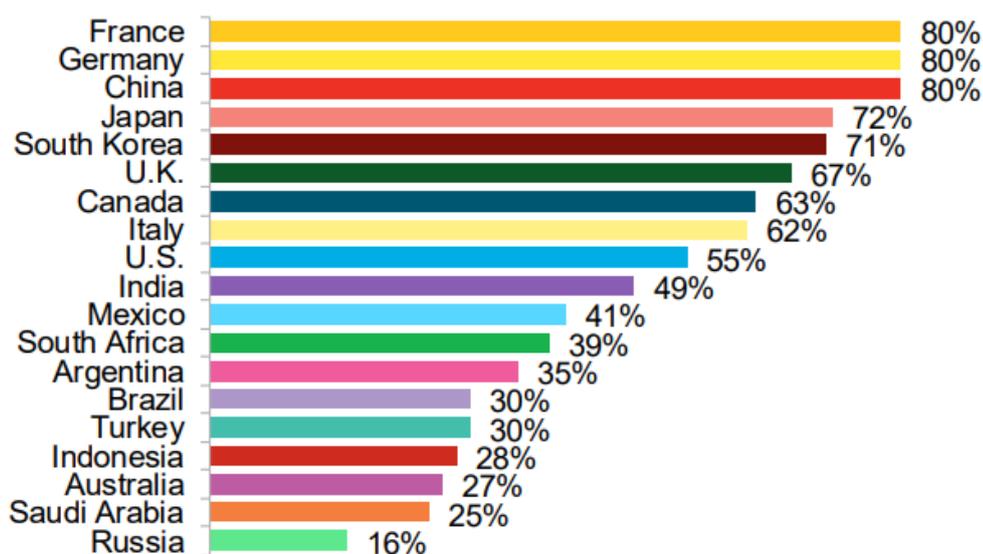
¹⁵ SA Department of Environment and Water, <https://www.environment.sa.gov.au/topics/climate-change/south-australias-greenhouse-gas-emissions>

National electric vehicle policy

Australian EV uptake is low compared to global uptake. For the year 2020, EVs (battery and plug-in electric vehicles) accounted for 0.7% of new vehicle sales, compared to the global average of 4.2%.¹⁶ In Norway, where ambitious public policies promote EV uptake, 75% of new car sales are EVs.¹⁷

Australia's poor EV uptake is largely due to the lack of policies encouraging the transition to EVs. The Bloomberg G20 Zero-Carbon Policy Scoreboard report assesses the decarbonisation policies implemented by G20 countries. For road transport policies, Australia ranks third last, ahead of only Saudi Arabia and Russia – two of the world's largest oil exporters. Australia's score of 27% is well below the top score of 80% for France, Germany, and China – countries that have implemented robust policies to drive EV sales.¹⁸

Figure 2: G20 Zero-Carbon Policy Scoreboard - Road Transport (BNEF)



Source: BloombergNEF

Source: BloombergNEF G20 Zero-Carbon Policy Scoreboard

¹⁶ Harris (2021) *Maker of world's most popular electric car blasts Australia's lack of ambition.*

<https://www.smh.com.au/politics/federal/maker-of-world-s-most-popular-electric-car-blasts-australia-s-lack-of-ambition-20210302-p5772f.html>

¹⁷ Fraser (2021) *EV sales figures show Australian uptake in the slow lane.*

<https://www.whichcar.com.au/car-news/australian-ev-uptake-stuck-in-the-slow-lane>

¹⁸ BloombergNEF (2021) *G20 Zero-Carbon Policy Scoreboard*, p 24.

<https://assets.bbhub.io/professional/sites/24/BNEF-G20-Zero-Carbon-Policy-Scoreboard-EXEC-SUM.pdf>

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NO FEDERAL ELECTRIC VEHICLE STRATEGY

Australia has no nationally coordinated plan for the transition to clean vehicles. The 2019 Senate Select Committee on Electric Vehicles put forward 17 recommendations, including the development of “a national EV strategy to facilitate and accelerate EV uptake and ensure Australia takes advantage of the opportunities, and manages the risks and challenges, of the transition to EVs”.¹⁹ While the majority of the Senate Committee’s recommendations were not adopted, the Australian Government promised to deliver an EV strategy. The promised strategy was then consistently delayed - postponed from 2019 to mid-2020,²⁰ to late-2020,²¹ and finally taking the form of a ‘consultation paper’ rather than a strategy.²²

In February 2021, The Government delivered the consultation paper —the Future Fuels Strategy Discussion Paper (FFS). It contains no new funding commitments, no EV uptake targets, and no vehicle emissions standards.²³ The FFS rules out incentives for EV uptake, despite most G20 countries offering incentives that are shown to successfully drive early-stage adoption of electric vehicles.²⁴

¹⁹ Senate Select Committee on Electric Vehicles (2019) *Recommendations*.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Electric_Vehicles/ElectricVehicles/Report/b02

²⁰ Schmidt (2020) *Coalition says no plans for electric vehicle strategy until mid-2020*.

<https://thedriven.io/2019/03/26/coalition-says-no-plans-for-electric-vehicle-strategy-until-mid-2020/>

²¹ Angus Taylor MP (2020) *Supporting new technology to drive uptake of electric vehicles*.

<https://www.minister.industry.gov.au/ministers/taylor/media-releases/supporting-new-technology-driveuptake-electric-vehicles>

²² Commonwealth of Australia (2020) *Senate Environment and Communications Legislation Committee- Tuesday 20 October 2020*.

²³ DISER (2021) *Future Fuels Strategy: Discussion Paper*. <https://consult.industry.gov.au/climate-change/future-fuels-strategy/>

²⁴ BloombergNEF (2021) *G20 Zero-Carbon Policy Scoreboard*.

<https://assets.bbhub.io/professional/sites/24/BNEF-G20-Zero-Carbon-Policy-Scoreboard-EXEC-SUM.pdf>
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State-based road user charges

The lack of federal leadership to increase EV uptake has left much of the EV policy development to the states and territories. This has resulted in an ad-hoc approach to EV policy development across Australia,²⁵ and the perverse policy outcome of the proposed state-based RUCs.

State based RUCs have been widely criticised, including by The Australia Institute²⁶, the Federal Chamber of Automotive Industries²⁷, the Electric Vehicle Council of Australia²⁸, Conservation SA²⁹, Solar Citizens³⁰ and the Australian Industry Group.³¹ The Australia Institute maintains that the introduction of a RUC for EVs in a jurisdiction with no EV incentives and low EV uptake would further reduce consumer demand and model availability.

State-based EV taxes are premised on a number of false assumptions. First, that fuel excise directly funds roads. Second, that EVs are not paying their fair share. Third, that EV purchasers are wealthy and can afford additional taxes. Each assumption is addressed below.

FUEL EXCISE REVENUE IS NOT LINKED TO ROAD FUNDING

In its 2020-21 South Australian Budget, when justifying its plans to implement a RUC on EVs, the State Government claimed:

²⁵ Electric vehicle Council (2020) *State of Electric Vehicles*, p 74-79.

<https://electricvehiclecouncil.com.au/wp-content/uploads/2020/08/EVC-State-of-EVs-2020-report.pdf>

²⁶ The Australia Institute (2020) *EV Road User Charge: 'A Great Big New Tax on Not Polluting'*,

<https://australiainstitute.org.au/post/ev-road-user-charge-a-great-big-new-tax-on-not-polluting/>

²⁷ Federal Chamber of Automotive Industries (2020) *FCAI pans SA Government's 'tax on electric vehicles'*.

<https://www.fcai.com.au/news/index/view/news/678>

²⁸ Electric Vehicle Council (2020) *SA becomes only jurisdiction on planet to disincentivise electric vehicles with tax*,

<https://electricvehiclecouncil.com.au/sa-becomes-only-jurisdiction-on-planet-to-disincentivise-electric-vehicles-with-tax/>

²⁹ Chapman (2020) *Electric vehicle tax might short-circuit in Parliament*,

<https://indaily.com.au/news/2020/11/11/electric-vehicle-tax-might-short-circuit-in-parliament/>

³⁰ Drive (2021) *Online rally held to oppose new Australian electric vehicle tax*,

<https://www.drive.com.au/news/online-rally-held-to-oppose-new-australian-electric-vehicle-tax-125101>

³¹ Brinsden (2021) *States should hold off electric car taxes*,

<https://thewest.com.au/politics/states-should-hold-off-electric-car-taxes-c-2570243>

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“Electric vehicles do not attract fuel excise and therefore make a lower contribution to the cost of maintaining our road network.”³²

But revenue from the fuel excise, which is levied by the Australian Government at 42.3 cents per litre,³³ is not earmarked for road building and maintenance. Rather, fuel excise goes into the Consolidated Revenue Fund, and road infrastructure and upgrades are paid for from total government revenue.

Likewise, there is no guarantee that revenue raised by state-based RUCs would be invested in transport infrastructure. The proposed state-based RUCs create an additional revenue stream for the States without solving the problem they are purportedly designed to solve – declining fuel excise.

Money from the Consolidated Revenue Fund (including the fuel excise contribution) can be hypothecated for a particular purpose via Special Accounts established by the Finance Minister or through an Act of Parliament.³⁴ The Fuel Excise is *not* hypothecated for road maintenance and upgrades, as clearly stated by the Australian Government’s Productivity Commission:

“Given the absence of hypothecation of most road revenues, there are minimal links between funding for road services and the actual use of roads.”³⁵

The NSW Federal Financial Relations Review also acknowledges the absence of hypothecation of road revenue, despite recommending a RUC pilot scheme for EVs:

“as electric cars increase their share of the total vehicle fleet, the ability of Australian governments to pay for road maintenance and construction from the proceeds of fuel excise (even though there is no strict hypothecation or earmarking of that revenue) could decline.”³⁶

The fact that funding for road infrastructure largely does not come directly from revenue sources related to road usage is not unique. We do not have a ‘user-pays’ model for a number of public assets. For example, the government does not charge Australians when they go to a public hospital, despite the significant cost of building and maintaining public health infrastructure. The government also does not charge a call-out fee when someone in

³² SA Budget 2020-21 (2020) Budget Statement, p 33.

³³ ACCC (2021) *About fuel prices*. <https://www.accc.gov.au/consumers/petrol-diesel-lpg/about-fuel-prices>

³⁴ Australian Government (2021) *Special Appropriations: Special Accounts*.

<https://www.finance.gov.au/publications/resource-management-guides/guide-appropriations-rmg-100/special-appropriations-special-accounts#myths-about-special-accounts>

³⁵ Productivity Commission (2017) *Supporting Paper No. 9 - Funding and Investment for Better Roads, Shifting the Dial: 5 year Productivity Review*, p 7.

³⁶ NSW Government (2020) *NSW Review of Federal Financial Relations- Supporting the road to recovery, Final Report*, p 86. <https://www.treasury.nsw.gov.au/sites/default/files/2020-10/FFR%20Final%20Report%20-%20200828%20%281%29.pdf>

the community requires police assistance. That's because, in our society, essential public services and infrastructure are often funded in a way that does not require each individual user to contribute to the cost of delivery. There is no reason roads should be managed in a different way.

While the vast majority of road funding does come from general revenue, one area where roads funding actually is hypothecated from a specific revenue source is South Australia's Regional Roads and Infrastructure Fund. Established in 2018-19, the fund receives 30% of state wide mineral and petroleum royalty revenue, which is then to be spent primarily on improving regional roads and infrastructure.³⁷ This fund is expected to raise \$366 million over the forward estimates.³⁸ That is around 100 times as much as the revenue expected to be raised from the proposed EV RUC, which is forecast to be less than a million dollars per year over the same period.³⁹

South Australia's Regional Roads and Infrastructure Fund is a further example of how road infrastructure can be funded without a direct user-pays model and how pursuing such initiatives could overcome the forthcoming revenue shortfall from reduced petrol excise.

ELECTRIC VEHICLE UPTAKE BENEFITS GOVERNMENT REVENUE

Transitioning Australia's Internal Combustion Engine (ICE) fleet to EVs would result in economic benefits, as well as societal and environmental benefits. An EY report, commissioned by the Electric Vehicle Council, finds the transition to EVs (displacing ICEs) would lead to an increase in net government revenue. This is largely due to the current price differential between equivalent EVs and ICEs as well as the difference in vehicle weight – as the Goods and Service Tax (GST), Luxury Car Tax (LCT) and registration costs are based on vehicle price and/or weight. Higher GST, LCT, stamp duty and registration paid by EV owners marginally offsets the lost fuel excise and GST revenue on fuel.⁴⁰

In addition, EVs avoid some of the social and health costs of ICE vehicles that are ultimately borne by taxpayers – greenhouse gas emissions, local air pollution and noise pollution.⁴¹

³⁷ SA Budget 2020-21 (2020) Budget Statement, p 103.

³⁸ Ibid.

³⁹ SA Budget 2020-21 (2020) Budget Statement, p 33.

⁴⁰ Electric Vehicle Council (2020) *Uncovering the hidden costs and benefits from Electric Vehicles*, p 8. <https://electricvehiclecouncil.com.au/wp-content/uploads/2020/09/EV-True-Value.pdf>

⁴¹ Ibid.

ELECTRIC VEHICLE TAX WILL AFFECT LOWER INCOME DRIVERS

NSW treasurer Dominic Perrottet reportedly claimed that EV drivers are wealthy and can afford new taxes:

“You don’t want to stifle new technology, but on the other hand, it is hardly fair for tradies in utes to pay a tax that someone who can afford a \$100,000 hi-tech car does not,”⁴²

This overlooks the majority of EV purchases overseas that are in an affordable range, and Australian consumers purchasing second-hand EVs through overseas grey markets or bulk-buy initiatives. Under the proposed Victorian RUC, the owner of a second-hand Nissan Leaf EV (\$20,000) would be charged more than the owner of an \$80,000 Lexus hybrid vehicle.⁴³

The proposed EV RUCs will have a detrimental effect on EV uptake, and may particularly dissuade lower-income customers from purchasing EVs.

EVs have significantly lower running and maintenance costs, making them an attractive option for lower income individuals and families. An EV can save the average Australia driver over \$1,500 on fuel costs annually.⁴⁴ However, those who would benefit most from the savings EVs provide are the people that can least afford them, due in part to the lack of government support.

To make EVs more accessible to lower income customers, government policies should aim to lower the upfront cost of EVs, not make them more expensive through additional taxes.

A University of Queensland (UQ) study analysed the impact of taxing EVs. It found that an EV RUC of 2.5 cents/km, in addition to lacking EV purchase incentives, could result in EV sales in 2050 that are 25% lower than a business as usual scenario, with up to 10 million fewer EVs on the road.⁴⁵

⁴² Turnbull (2020) *Electric vehicle tax would be ‘madness’*.

<https://www.canberratimes.com.au/story/7010869/electric-vehicle-tax-would-be-madness/>

⁴³ Parkinson (2020) *Victoria’s EV hit means a sub \$20,000 Nissan Leaf pays more tax than a Lexus*,

<https://reneweconomy.com.au/victorias-ev-hit-means-a-sub-20000-nissan-leaf-pays-more-tax-than-a-lexus-28982/>

⁴⁴ The Good Car Company (n.d.) *FAQ — The Good Car Company - Affordable electric vehicles for Australians*,

<https://www.goodcar.co/faq-2>

⁴⁵ Schmidt (2020) *EV tax will smash electric vehicle sales and lift emissions, UQ study finds*.

<https://reneweconomy.com.au/ev-tax-will-smash-electric-vehicle-sales-and-lift-emissions-uq-study-finds-77595/>

Leaked documents reveal that states governments were warned of the potentially detrimental impact to EV uptake from EV RUCs.⁴⁶ The documents also reveal that state governments did not consult with industry and the public on the proposed EV taxes.⁴⁷

RESTRICTED EV MODEL AVAILABILITY

Vehicle manufacturers are demonstrating a reluctance to bring vehicles to markets with no clear commitment to supporting the uptake of EVs. As a result South Australians, along with consumers across the country, do not have access to the vast majority of electric vehicles being sold around the world.

According to the Electric Vehicle Council: “When surveyed about the requirements for bringing electric vehicles to a market, carmakers told the Electric Vehicle Council the absence of a national electric vehicle policy is restricting the supply of more electric vehicles to Australia.”⁴⁸

In December 2020, Britain had 26 EV models available for \$30,000-\$60,000 while Australia had only five.⁴⁹ Renault pulled the European best-selling EV model Zoe from Australia last year, citing the lack of government support for EVs and emissions standards.⁵⁰

Recently, Nissan Australia Chief Executive Stephen Lester, commented on the lack of Australian Government support for EVs:

“The manufacturers play a key role in bringing choice and availability to the market, [...] And we need the government as the other arm of support by giving direction and confidence to consumers.”⁵¹

With manufacturers already questioning whether to bring EVs to Australia, a further EV tax would likely makes things worse and impede model availability.

⁴⁶ The Australia Institute (2020) *Leaked Government Paper: EV Tax Will ‘Discourage Uptake’, ‘Face Strong Opposition’*. <https://australiainstitute.org.au/post/leaked-government-paper-ev-tax-will-discourage-uptake-face-strong-opposition/>

⁴⁷ Ibid.

⁴⁸ Electric Vehicle Council (2020) *State of Electric Vehicles*, p 11. <https://electricvehiclecouncil.com.au/wp-content/uploads/2020/08/EVC-State-of-EVs-2020-report.pdf>

⁴⁹ Morton (2020) *Coalition accused of wasting 18 months on ‘nothing’ electric vehicle strategy*. <https://www.theguardian.com/environment/2020/dec/16/coalition-accused-of-wasting-18-months-on-nothing-electric-vehicle-strategy>

⁵⁰ Gaton (2020) *What is Renault doing wrong in Australia?*. <https://thedriven.io/2020/08/04/what-is-renault-doing-wrong-in-australia/>

⁵¹ Harris (2021) *Maker of world’s most popular electric car blasts Australia’s lack of ambition*. <https://www.smh.com.au/politics/federal/maker-of-world-s-most-popular-electric-car-blasts-australia-s-lack-of-ambition-20210302-p5772f.html>

ROAD USER CHARGES IN OTHER JURISDICTIONS DO NOT TARGET ELECTRIC VEHICLES

It is hard to consider how a new road tax model could work when state treasuries are applying narrow taxes on subsets of the vehicle market with no consideration for the broader issues at play.

Ideally, transportation is taxed in such a way as to deliver revenue and equitably allocate costs and benefits of vehicle and road usage by internalising transport externalities. Australia's current road charge pricing model does not account for externalities such as urban congestion and vehicle emissions.

An equitable RUC would consider distance, congestion, vehicle size and pollution. Importantly, an equitable RUC would apply to all vehicles, but may exempt EVs for a certain time period or until a certain market penetration.

For example, in New Zealand EVs are exempt from RUCs and save EV drivers approximately NZD\$600 per vehicle annually.⁵² Since 2017, New Zealand's RUC has also exempted heavy electric vehicles such as buses and trucks until they make up 2 per cent of the heavy vehicle fleet.⁵³ Revenue collected from New Zealand's RUC is dedicated to the National Land Transport Fund to maintain public roads.⁵⁴

EVs are exempt from London's Congestion Charge under the 'cleaner vehicle discount' until December 2025.⁵⁵

Stockholm's congestion tax exempted EVs from its implementation in 2007 until 2012.⁵⁶ Exemptions applied to a range of alternative-fuel-cars in addition to EVs to stimulate the market introduction of new technology vehicles. Studies show that exemption from congestion charges, with other supporting policies, played an important role in incentivising uptake of these vehicles.⁵⁷

Some jurisdictions now considering RUCs have already incentivised EVs. The critical difference between these jurisdictions, such as California, and the Australian state-based

⁵² New Zealand Government (n.d.) *Electric Vehicles Programme | Ministry of Transport*.
<https://www.transport.govt.nz/area-of-interest/environment-and-climate-change/electric-vehicles-programme/>

⁵³ Ibid.

⁵⁴ New Zealand Government (2020) *Road User Charges Handbook*.
<https://www.nzta.govt.nz/assets/resources/road-user-charges/docs/road-user-charges-handbook.pdf>

⁵⁵ Transport for London (n.d.) *Discounts and exemptions*. <https://www.tfl.gov.uk/modes/driving/congestion-charge/discounts-and-exemptions>

⁵⁶ Paris Process on Mobility and Climate (n.d.) *Stockholm's Commitment to Clean Vehicles and Fuel*.
<http://www.ppmc-transport.org/stockholms-commitment-to-clean-vehicles-and-fuel/>

⁵⁷ Eliasson (2014) *The Stockholm congestion charges: an overview*,
<https://www.transportportal.se/swopec/cts2014-7.pdf>

approach is the introduction of policies to increase EV uptake *well before* the implementation of RUCs. Jurisdictions including California, Oregon, Washington and Utah, (often used to justify an RUC in Australia), have had fuel efficiency regulations in place since 1976 and have provided EV incentives, including policies to reduce upfront vehicle costs, for the past decade.⁵⁸

⁵⁸ Electric Vehicle Council (2020) *2020 EVC Response to NSW Federal Financial Relations Review Panel*.
<https://electricvehiclecouncil.com.au/wp-content/uploads/2020/08/2020-EVC-Response-to-NSW-FFRR-Draft-Report.pdf>

Public Support for EV Policies

Electric Vehicles are popular in South Australia and there is strong support in the community for a range of policies that would drive greater uptake of EVs in the state.

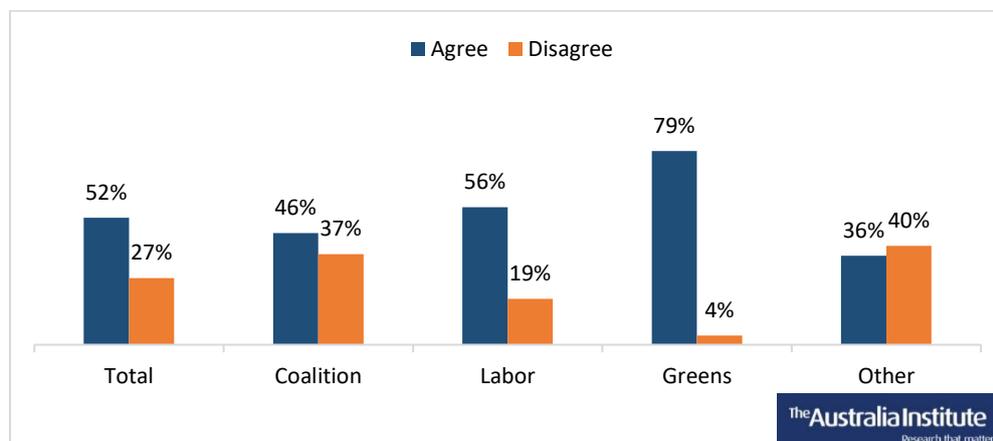
The Australia Institute conducted a state wide survey⁵⁹ of 661 South Australians in August 2018 which showed majority support for the following policies:

- Government procuring electric vehicles for its own fleet (75% support).
- Government building a network of charging stations for electric cars (74% support).
- Requiring new cars sold in Australia to be more fuel efficient (71% support).
- Requiring all new apartment blocks to include electric car charging stations (70% support).
- Rebates to promote installation of charging stations for electric car (69% support).
- Removing the Luxury Car Tax from electric vehicles (67% support).
- Providing government loans for electric cars (51% support).

The Australia Institute recognises that the two most popular policies listed above have been addressed by the South Australian Government in their Electric Vehicle Action Plan released in December 2020.⁶⁰

However, a further state wide survey of 511 South Australians in February 2021 shows half of people (52%) agree that the South Australian Government should be doing more to support the uptake of electric vehicles. This includes 46% of Coalition voters, 56% of Labor voters and 79% of Greens voters.

Figure 3: The SA Government should be doing more to support the uptake of EVs



⁵⁹ The Australia Institute (2019) *South Australians Back EVs While Govt Drags Feet*, <https://australiainstitute.org.au/post/south-australians-back-evs-while-govt-drags-feet/>

⁶⁰ Renewables SA (2020), <http://www.renewablessa.sa.gov.au/topic/zero-emission-vehicles>
Submission: South Australian Government Consultation on Zero and Low Emission Vehicles Road User Charge

Detailed results of that survey can be found in the Appendix.

Conclusion

Currently, road infrastructure is largely funded out of total government revenue and that would not change under the proposed RUC. If the government were intent on switching to a user-pays model and implementing a broad RUC that actually did fund roads directly, a wide-ranging discussion would be appropriate. As a part of that broader discussion, the government should consider congestion charging, mass distance pricing for heavy vehicles and the cost of externalities related to carbon pollution. But that is not what is being proposed.

A state based RUC targeted solely at EVs and absorbed into general state revenue is a narrow and regressive policy which does not solve the issues it purports to address.

Implementing a tax solely on EVs in South Australia, without significant corresponding incentives for consumers, will reduce demand for this crucial emerging technology.

We need to support, not suppress, the uptake of EVs in our state if we are to realise the environmental, social and economic advantages that come with reducing carbon, air and noise pollution.

The electrification of road transport is necessary to meet South Australia's target of net-zero emissions by 2050. The political convenience of introducing a targeted RUC at the early stages of the EV market transition should not come at the detriment of EV uptake.

RECOMMENDATION

The South Australian Government should abandon its plans to implement a RUC targeted specifically at zero and low emissions vehicles.

Appendix

Polling Method

The Australia Institute conducted a survey of 511 South Australians between 9 and 26 February 2021, online through Dynata, post-weighted to reflect social demographics by age and gender in South Australia.

Voting crosstabs show voting intentions for the lower house. Those who were undecided were asked which way they were leaning; these leanings are included in voting intention crosstabs, but results are also shown separately for undecideds. “Coalition” includes separate responses for Liberal and National. “Other” includes Centre Alliance, One Nation, Jacqui Lambie Network and Independent/Other.

Detailed Results

To what extent do you agree or disagree with the following statement: The South Australian Government should be doing more to support the uptake of electric vehicles in the state?

	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Coalition</i>	<i>Labor</i>	<i>Greens</i>	<i>Other</i>
Strongly agree	16%	22%	11%	14%	16%	32%	11%
Agree	35%	38%	33%	32%	40%	46%	25%
Disagree	21%	21%	20%	29%	16%	2%	26%
Strongly disagree	7%	8%	5%	8%	3%	2%	15%
Don't know / Not sure	21%	11%	31%	18%	25%	17%	23%