



Source: zeitfaenger.at (2014) *Highway to the stars* (CC BY 3.0)

# Refining fines

## Addressing the inequality of traffic penalties in Australia

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*Traffic fines in Australia hit low-income earners disproportionately hard. One potential solution to this problem is traffic fines that are proportional to the income of the offender. This discussion paper outlines one way of applying this model – drawn from Finland – to Australia, including a breakdown for states.*

Discussion paper

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# Summary

Drivers in Australia who exceed the speed limit can expect to receive a financial penalty and, depending on the severity of their offence, additional sanctions such as demerit points and license suspension. The fines that represent the majority of penalties for speeding are the same for everyone, a system that seems equitable at first glance, but is in fact quite the opposite. Flat-rate fines are inherently regressive: they represent a small portion of income for wealthy people, but a large portion for low-income earners. For a driver earning a million dollars per year a \$150 traffic fine is of little consequence. For low-income earners, it can lead to a vicious circle of financial stress, unpaid bills, and/or the loss of their driving licence. Such a loss can be catastrophic for people who rely on driving for their work.

A fairer approach would be to fine people in a manner dependent on their income, ensuring equitable impacts across various income brackets. Such “day fine” systems are in place for different types of offences in many countries in northern Europe. Perhaps the best-known example is Finland, where such laws have been in effect since 1921.

The efficacy of fines as a mechanism for reducing traffic offences remains a controversial topic. This paper does not seek to address this question; instead, we make a case for mitigating the devastating effects that the current system can have on low-income earners. If a system based on punitive enforcement is to remain in place, that system should at least be equitable, rather than meting out disproportionate financial pain to those least able to endure it.

This report shows how speeding fines in Australia would change under a Finnish-style system. We show that, under this model, a driver in NSW in the highest income bracket with the average number of dependents would go from paying a fine of \$181 for speeding up to 9km/h over the limit to \$471. A driver in the lowest income bracket would pay \$32. If a driver in the highest income bracket exceeded the speed limit by more than 10km/h on Macpherson Street in the exclusive Sydney suburb of Mosman, as is on the record in the NSW speeding fine data, their fine in the day-fine model would almost triple to \$889.

# Introduction

In Australia, speeding fines are charged at a fixed value. This means that by their nature, they are regressive: the lower a person's income, the larger the proportion of that income a fine represents.

As Australia Institute reports in 2006 and 2015 showed,<sup>1</sup> there are alternatives to this fixed-value system. Indeed, one such system already operates in Australia: demerit points, whereby the accumulation of points can result in license suspension. (It should be noted that the demerit point regime certainly has its drawbacks—not least that the loss of a license can be far more damaging to a low-income earner than a wealthy driver—but nevertheless, the system is at least somewhat more equitable than the use of flat-rate fines.)

If fines are to be levied on drivers, they should be imposed in a manner that does not result in disproportionate financial distress to low-income earners. One potential alternative to the current system is the Finnish model, under which traffic fines are assessed as a proportion of the offender's income. This report outlines how such a system could operate in Australia.

It is important to understand just how damaging the current system can be to low-income earners. One particularly ghastly example is Yamatji woman Ms Dhu who died in 2014 while in custody in Western Australia because she was unable to pay \$1000 in fines.<sup>2</sup> While Australian states no longer send fine defaulters to prison—Western Australia was one of the last to change their legislation to avoid this phenomenon<sup>3</sup>—fines can still represent a serious setback for low-income earners. Accrued unpaid fines can trigger a vicious circle, whereby a criminal record or enforcement actions such as a cancelled car registration or driver's licence leads to a reduced ability to work and pay fines.<sup>4</sup>

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<sup>1</sup> Hamilton (2005) *Making Fines Fairer* <https://australiainstitute.org.au/report/making-fines-fairer/>  
Linqvist, Amos (2016) *Finland's Fine Example* <https://australiainstitute.org.au/report/finlands-fine-example/>

<sup>2</sup> AAP (2020) *WA parliament passes unpaid fines reforms*, <https://www.9news.com.au/national/wa-parliament-passes-unpaid-fines-reforms/e32e3193-1e5c-4242-9fdb-75b2250bd90e>

<sup>3</sup> Parliament of Western Australia (2024) *Fines, Penalties and Infringement Notices Enforcement Amendment Bill 2019*, <https://www.parliament.wa.gov.au/parliament/bills.nsf/BillProgressPopup?openForm&ParentUNID=3DEEE1518D8036C54825848100052ECE>

In some states, it is still technically possible to be issued a custodial sentence for failing to comply with a court order, which might itself be the result of non-payment of fines.

<sup>4</sup> Blustein (2020) 'Fines: designed to crush', *the Overland literary journal*, <https://overland.org.au/2020/02/fines-designed-to-crush/>

According to Shifrah Blustein from Inner Melbourne Community Legal, a not-for-profit organisation that provides free legal assistance to disadvantaged people, unpaid fines are one of her clients' top five concerns.<sup>5</sup> There is growing recognition of the disproportionate effects of fines. In 2020, New South Wales introduced a 50% discount on some fines for people on government benefits.<sup>6</sup>

An important point to note is that income-based fine systems are aimed at fairness and reducing impacts of poverty, rather than trying to change behaviour. Academic studies reach no clear conclusion over whether fine increases result in a reduction in traffic violations. For example, in a study of Finnish drivers, economist Martti Kaila found that individuals who had been issued with a larger fine due to the income-based system were less likely to commit another speeding offence—but only in the short term. His study showed that fines €200 larger correlate to a 20% decrease in reoffending in the next six months, but that this effect vanished after 12 months.<sup>7</sup> Rather than relying on fines to improve road safety, governments would likely see more results from instituting a range of complementary measures to improve road safety.

Research shows that perceptions of enforcement affect driver behaviour. According to existing studies, warning signage correlates to reductions in speeding.<sup>8</sup> One study in New South Wales found that since warning signs were introduced in April 2023, mobile speed camera fines have decreased by 90%.<sup>9</sup>

Another option is to encourage compliance with speed limits by enhancing physical modifications to road infrastructure, including the installation of speed bumps or traffic islands to regulate traffic flow and encourage drivers to adhere to speed limits. Additionally, implementing educational programs and campaigns can raise awareness about the dangers of speeding and promote responsible driving habits. By adopting a holistic approach that combines fairer, progressive fines with infrastructure improvements, communication, and education, states can foster safer roads for all motorists and pedestrians.

As far as fines go, a fairer approach would be to use a “day fine” system. The value of such a fine depends on an individual’s income, ensuring a more equitable impact across various

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<sup>5</sup> Blustein (2024), ‘What If Wednesday: What if traffic fines were proportional to your income?’, interview by Ali Moore, *ABC Radio Melbourne Drive*, <https://www.abc.net.au/listen/programs/melbourne-drive/what-if-wednesday-proportionate-traffic-fines/103737214>

<sup>6</sup> Gordon and Lucas (2024) ‘Victoria is the fines capital, expected to rake in almost \$1b this financial year’, *The Age*, <https://www.theage.com.au/politics/victoria/victoria-is-the-fines-capital-expected-to-rake-in-almost-1b-this-financial-year-20240317-p5fcz6.html>

<sup>7</sup> Kaila (2022) *How Do People React to Income-Based Fines? Evidence from Speeding Tickets Discontinuities*

<sup>8</sup> Wilmots et al. (2016) ‘Speed control with and without advanced warning sign on the field: an analysis of the effect on driving speed’, *Safety Science*, <https://doi.org/10.1016/J.SSCI.2015.12.014>

<sup>9</sup> New South Wales Government (2023) *Fines plummet on return of warning signs for mobile speed cameras* <https://www.nsw.gov.au/media-releases/return-of-warning-signs-for-mobile-speed-cameras> (accessed 16 April, 2024)

income brackets. Many countries in northern Europe use such systems as a substitute for short-term incarceration for different types of offences, such as minor drug possession or petty theft.<sup>10</sup> Finland, Switzerland<sup>11</sup> and the UK<sup>12</sup> have implemented day fines for speeding fines.

Finland introduced this system in 1921<sup>13</sup> to ensure fines were equitable. As the Finnish system has been in place the longest, and is implemented using a transparent formula, it is easy to translate it to other jurisdictions. This paper introduces the framework for a proportional speeding fines system for Australian states and models the effect on individuals at different income levels.

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<sup>10</sup> Fair Trials Organisation (2020) *Day fines systems: Lessons from global practice*, <https://www.fairtrials.org/articles/publications/day-fines-systems-lessons-from-global-practice/>

<sup>11</sup> Radio Télévision Suisse (2006) *Bientôt des amendes selon le revenu*, <https://www.rts.ch/info/suisse/1118676-bientot-des-amendes-selon-le-revenu.html>

<sup>12</sup> United Kingdom government (n.d.) *Speeding penalties*, <https://www.gov.uk/speeding-penalties>

<sup>13</sup> Kaila (2022) How Do People React to Income-Based Fines? Evidence from Speeding Tickets Discontinuities, p 6 [https://marttikaila.com/assets/docs/jmp\\_kaila.pdf](https://marttikaila.com/assets/docs/jmp_kaila.pdf)

# Finland's speeding fine system

Finland uses flat-rate fines called “traffic penalty fees” for what the government considers minor traffic offences. For instance, driving less than 20 km/h above the speed limit attracts a penalty fee of between €100 (\$178) and €200 (\$356)<sup>14</sup>. However, exceeding the speed limit by more than 20 km/h is considered a traffic crime, and attracts a day fine relative to the driver's income.<sup>15</sup>

The name “day fine” comes from the idea of the fine representing a day's income. (The original implementation was based around the idea of calculating how much income a worker would forfeit if they spent a day in prison instead of working.)<sup>16</sup>

The level of a day fine is calculated via a formula that takes into account the driver's net monthly income of the driver, as well as the number of dependents for whom the offender provides. The formula is as follows:

$$\text{Day fine} = \frac{(\text{net monthly income} - \text{€255})}{60} - (\text{€3} \cdot \text{dependents})$$

(The numerator sets the scheme into half-days, rather than single whole day-equivalent units, but the principle remains the same.) “Net monthly income” is income after taxes and transfers—or, in other words, disposable income. “Dependents” are defined as children, as well as spouses or *de facto* partners on low or no income.<sup>17</sup>

Finland also applies an additional €40 euro “victim charge” to any traffic crime, which goes to a fund for crime victims.<sup>18</sup>

Depending on the severity of an offence, multiple day fines—representing multiple days' income—can be imposed. The average number of day fines imposed under the Finnish system for various speeding offences is listed in Table 1 below.

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<sup>14</sup> Poliisi, Police of Finland (n.d.) *Traffic violations and traffic penalty fees*, <https://www.traficom.fi/en/transport/road/traffic-violations-and-traffic-penalty-fees>

<sup>15</sup> Poliisi, Police of Finland (n.d.) *Automatic traffic surveillance*, <https://poliisi.fi/en/automatic-traffic-surveillance>

<sup>16</sup> Kaila, loc. cit.

<sup>17</sup> Poliisi, Police of Finland (n.d.) *Calculator of fines*, <https://poliisi.fi/en/fine-counter>

<sup>18</sup> Poliisi, Police of Finland (n.d.) *Traffic violations and traffic penalty fees*=

**Table 1: Number of day fines for typical traffic infringements**

Traffic infringement	Average number of day fines issued per offence
<b>For speed limits up to 60km/h, exceed speed limit... by 21 – 23 km/h</b>	12
... by 24 – 26 km/h	14
... by 27 – 29 km/h	16
... by 30 – 32 km/h	18
... by 33 – 35 km/h	20
... by 36 – 38 km/h	22
... by 39 – 41 km/h	24
... by 42 – 44 km/h	26
... by 45 – 47 km/h	28
... by 48 km/h or more	Criminal offence: court appearance
<b>For speed limits above 60km/h, exceed speed limit... by 21 – 23 km/h</b>	10
... by 24 – 26 km/h	12
... by 27 – 29 km/h	14
... by 30 – 32 km/h	16
... by 33 – 35 km/h	18
... by 36 – 38 km/h	20
... by 39 – 41 km/h	22
... by 42 – 44 km/h	24
... by 45 – 47 km/h	26
... by 48 - 50 km/h	28
... by 51 km/h or more	Criminal offence: court appearance

Source: Finnish Transport and Communications Agency <sup>19</sup>

The Finnish system also has a minimum day fine (a “fine floor”) of €6. For example, if a very low-income earner speeds by 22 km/h, which incurs 12 day-fines, their total fine would be  $12 \times €6 = €72$  euros (\$128). This ensures the cost of infringement does not fall too close to zero even for low-income earners, which would risk reducing the cost of violation to a point where the penalty is effectively non-existent.<sup>20</sup>

For a long time, Finland depended on the honesty of offenders until technological advances made it possible for police to access information from the tax office within seconds.<sup>21</sup>

<sup>19</sup> Traficom, Finnish Transport and Communications Agency (2023) *Traffic violations and traffic penalty fees*

<sup>20</sup> Traficom, Finnish Transport and Communications Agency (2023) *Traffic violations and traffic penalty fees*

<sup>21</sup> Lindqvist and Amos (2016) *Finland’s Fine Example*

# A Finnish-style proportional speeding fine system for Australia

Australia already charges different amounts for the same speeding offence, but the amount is determined by location, not the income of the driver: state and territory governments have the power to set speeding fines at their discretion, so fines are different in each jurisdiction. For example, for the offence of speeding by 11 km/h, a driver in Tasmania will pay a fine of \$150 while a driver in the Northern Territory will pay \$300. Elsewhere, a driver speeding 40km/h over the limit next to the Murray River in NSW can expect a fine of \$1,172. Had they been on the Victorian side of the river the fine would be \$620.

This paper demonstrates what a proportional system would look like in each state, based on their existing fines. We borrow the Finnish formula and adapt the number of day fines for each broad category of speeding infringement in Australia. Unlike Finland, we also apply the day-fine system to “minor” speeding offences (less than 20 km/h). If a proportional system is indeed fairer, then applying it for all fines is a sensible approach.

We have used income data for the 2019-2020 financial year, as this is the latest available release of the Survey of Income and Housing from the Australian Bureau of Statistics.<sup>22</sup> We have also used the states’ fine data for 2019-20, where available, for a consistent calculation. To calculate the fines if each state were to institute a proportional speeding fines system, we have run a calculation to divide the total population of people aged over 15 in each state into five “quintiles” based on personal disposable income, from the bottom 20% to the top 20%. Table 2 below shows a state by state breakdown of income by quintile.

**Table 2: Median annual disposable income divided in five quintiles by state**

State	Lowest income earners (Q1)	Q2	Q3	Q4	Highest income earners (Q5)
ACT	\$5,765	\$35,403	\$55,941	\$77,503	\$111,582
NSW	\$193	\$24,003	\$38,966	\$58,613	\$97,450
NT	\$652	\$26,600	\$46,669	\$64,959	\$93,675
QLD	\$2,348	\$24,962	\$37,402	\$56,009	\$91,691
SA	\$4,383	\$24,538	\$37,173	\$53,266	\$83,532
TAS	\$3,548	\$24,209	\$35,442	\$51,286	\$78,744
VIC	\$626	\$24,155	\$39,971	\$58,112	\$93,772
WA	\$104	\$24,159	\$37,859	\$59,673	\$100,656

<sup>22</sup> ABS Survey of Income and Housing 2019-20 (microdata)

This table describes personal disposable income (the income received by individuals, after tax) rather than household income (the total income received by all living in a house), which is appropriate as these fines would be calculated against personal not household incomes. However, this means that figures for the lowest quintile are particularly low as many of these people rely on the incomes of other household members—for instance, they may be children still in school or full-time parents not working in the formal economy. Our calculations factor in dependents by assuming each driver has the average number of dependents (0.23 children under 15 for each person over 15, in line with ABS population statistics).<sup>23</sup>

The Finnish system differentiates between speeding offences in zones with speed limits above and below 60 km/h. Since no such differentiation exists in Australia, we have assumed the same day rate whether the road has a speed limit below or above 60 km/h. As speeding fines under 20km/h currently attract a flat-rate fine in Finland, we have used the previous rate of three day fines for speeding up to 10km/h.<sup>24</sup>

For ease of comparison, we also standardised categories of speeding across states. For instance, the first category of speeding offence in the ACT is “exceed[ing] speed [limit] by less than 15km/h”; while in most other states that figure is 10 km/h; as such, we have grouped the ACT offence with the first category of speeding in other states. When states make a distinction between school and non-school zones, we have averaged the two.

To align with income data, our conversions of Finnish day fines to Australian dollars are based on the OECD’s purchasing power parities (PPP) as of 2020.<sup>25</sup> The €6 minimum day fine amount is equivalent to \$10.70.

Unlike Australia, Finland has no system for fining corporations for traffic infringements. Corporate fines are therefore not part of this report, since they are levied at rates significantly higher than individual penalties and could skew the results of the analysis.

On the whole, under the Finnish system, lower-income drivers (Q1 and Q2) would on average see their speeding fines decrease in all states. Conversely, higher-income drivers (Q4 and Q5) would see their speeding fines increase in all states. Whether or not middle-income (Q3) drivers would see their average fines increase or decrease is largely dependent on the current value of fines.

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<sup>23</sup> Australian Bureau of Statistics (2020) *National, state and territory population, March 2020*, <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/mar-2020>

<sup>24</sup> Lindqvist and Amos (2016) *Finland’s Fine Example*, <https://australiainstitute.org.au/report/finlands-fine-example/>

<sup>25</sup> OECD Data (n.d.) Purchasing power parities (PPP), <https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm#indicator-chart>

## NEW SOUTH WALES

Table 3 below shows how speeding fines would change under a proportional fine system, compared to 2024 fine amounts.<sup>26</sup>

**Table 3: New South Wales, new fines per quintile median disposable income**

Traffic offence	Number of day fines	Current Fine (2024)	New Fine – lowest income earners	Q2 New Fine	Q3 New Fine	Q4 New Fine	New Fine – highest income earners
Exceed speed limit by up to 9 km/h	3	\$181	Fine floor = \$32	\$73	\$136	\$218	\$379
Exceed speed limit by 10 to 19 km/h	7	\$361	Fine floor = \$75	\$171	\$317	\$508	\$885
Exceed speed limit by 20 to 29 km/h	13	\$609	Fine floor = \$139	\$318	\$589	\$943	\$1,644
Exceed speed limit by 30 to 44 km/h	21	\$1,172	Fine floor = \$225	\$514	\$951	\$1521	\$2656
Exceed speed limit by 45 km/h or more	28	\$2,881	Fine floor = \$300	\$686	\$1268	\$2032	\$3542

Source: The Australia Institute’s calculations based on ABS microdata, Finnish Transport and Communications Agency<sup>27</sup>, official state rules from the state of New South Wales.<sup>28</sup>

## Examples

A driver with no dependents in Woollahra, one of Sydney’s wealthiest suburbs, is fined for exceeding the speed limit by 11 km/h. Under the existing system their fine would be \$361. With monthly disposable income of \$4990, the driver is in the second highest income quintile; under the proportional system, they would be fined \$508.

A driver with three dependents in Blacktown, one of Sydney’s lower income suburbs, exceeds the speed limit by 11km/h. Their fine under the existing system would be \$361. With monthly disposable income of \$1898, they are in the second lowest income quintile. Under the proportional model, calculating their day fine which takes into account their disposable income and number of dependents, it would be the fine floor of \$75.

<sup>26</sup> Fine levels before 2024 were not available for New South Wales.

<sup>27</sup> Traficom, Finnish Transport and Communications Agency (2023)

<sup>28</sup> New South Wales government (n.d.) *Search offences and penalties*

## VICTORIA

Table 4 below shows how broad categories of speeding fines would change under a proportional fine system, compared to 2020-21 fine amounts.

**Table 4: Victoria, new fines per quintile median disposable income**

Traffic offence	Number of day fines	Current Fine (2020-2021)	New Fine – lowest income earners	Q2 New Fine	Q3 New Fine	Q4 New Fine	New Fine – highest income earners
Exceed speed limit by up to 9 km/h	3	\$207	Fine floor = \$32	\$74	\$140	\$216	\$364
Exceed speed limit by 10 to 19 km/h	7	\$330	Fine floor = \$75	\$173	\$327	\$503	\$850
Exceed speed limit by 20 to 29 km/h	13	\$454	Fine floor = \$139	\$321	\$607	\$934	\$1,578
Exceed speed limit by 30 to 44 km/h	21	\$620	Fine floor = \$225	\$519	\$980	\$1,509	\$2,549
Exceed speed limit by 45 km/h or more	28	\$826	Fine floor = \$300	\$692	\$1307	\$2,012	\$3,399

Source: The Australia Institute's calculations based on ABS microdata, Finnish Transport and Communications Agency <sup>29</sup>, official state rules from Victoria. <sup>30</sup>

## Examples

A driver with no dependents in Toorak, one of Melbourne's wealthiest suburbs, is fined for exceeding the speed limit by 11 km/h. Under the existing system their fine would be \$330. With monthly disposable income of \$4842, the driver is in the second highest income quintile; under the proportional system, they would be fined \$503.

A driver with three dependents in Footscray, one of Melbourne's lower income suburbs, exceeds the speed limit by 11km/h. Their fine under the existing system would be \$330. With monthly disposable income of \$2012, they are in the second lowest income quintile, and under the proportional model they would pay the fine floor of \$75.

<sup>29</sup> Traficom, Finnish Transport and Communications Agency (2023)

<sup>30</sup> Fines Victoria (2020) *Fine amounts and demerit points*

## QUEENSLAND

Table 5 below shows how broad categories of speeding fines would change under a proportional fine system, compared to 2020 fine amounts.

**Table 5: Queensland, new fines per quintile median disposable income**

Traffic offence	Number of day fines	Current Fine (2020)	New Fine – lowest income earners	Q2 New Fine	Q3 New Fine	Q4 New Fine	New Fine – highest income earners
Exceed speed limit by up to 9 km/h	3	\$177	Fine floor = \$32	\$77	\$129	\$207	\$355
Exceed speed limit by 10 to 19 km/h	7	\$266	Fine floor = \$75	\$181	\$302	\$483	\$829
Exceed speed limit by 20 to 29 km/h	13	\$444	Fine floor = \$139	\$336	\$560	\$896	\$1,540
Exceed speed limit by 30 to 44 km/h	21	\$622	Fine floor = \$225	\$542	\$905	\$1,448	\$2,488
Exceed speed limit by 45 km/h or more	28	\$1,245	Fine floor = \$300	\$723	\$1,207	\$1,930	\$3,318

Source: The Australia Institute's calculations based on ABS income microdata, Finnish Transport and Communications Agency<sup>31</sup>, Queensland official state rules<sup>32</sup>

## Examples

A driver with no dependents in Coorparoo, one of Brisbane's wealthiest suburbs, is fined for exceeding the speed limit by 11 km/h. Under the existing system their fine would be \$266. With monthly disposable income of \$4700, the driver is in the second highest income quintile; under the proportional system, they would be fined \$483.

A driver with three dependents in MacGregor, one of Brisbane's lower income suburbs, exceeds the speed limit by 11km/h. Their fine under the existing system would be \$266. With monthly disposable income of \$2080, they are in the second lowest income quintile, and under the proportional model they would pay the fine floor of \$75.

<sup>31</sup> Traficom, Finnish Transport and Communications Agency (2023) *Traffic violations and traffic penalty fees*

<sup>32</sup> Queensland government (2020) *Demerit points schedule*

## SOUTH AUSTRALIA

Table 6 below shows how broad categories of speeding fines would change under a proportional fine system, compared to 2020 fine amounts.

**Table 6: South Australia, new fines per quintile mean disposable income**

Traffic offence	Number of day fines	Current Fine (2020)	New Fine – lowest income earners	Q2 New Fine	Q3 New Fine	Q4 New Fine	New Fine – highest income earners
Exceed speed limit by up to 9 km/h	3	\$180	Fine floor = \$32	\$76	\$128	\$195	\$321
Exceed speed limit by 10 to 19 km/h	7	\$406	Fine floor = \$75	\$177	\$299	\$456	\$750
Exceed speed limit by 20 to 29 km/h	13	\$825	Fine floor = \$139	\$328	\$556	\$847	\$1,393
Exceed speed limit by 30 to 44 km/h	21	\$1,500	Fine floor = \$225	\$530	\$868	\$1,368	\$2,250
Exceed speed limit by 45 km/h or more	28	\$1,690	Fine floor = \$300	\$706	\$1,198	\$1,824	\$3,001

Source: The Australia Institute’s calculations based on ABS microdata, Finnish Transport and Communications Agency <sup>33</sup>, official state rules<sup>34</sup> and open data from the state of South Australia. <sup>35</sup>

## Examples

A driver with no dependents in North Adelaide, one of South Australia’s wealthiest suburbs, is fined for exceeding the speed limit by 11 km/h. Under the existing system their fine would be \$406. With monthly disposable income of \$4500, the driver is in the second highest income quintile; under the proportional system, they would be fined \$456.

A driver with three dependents in Salisbury North, one of Adelaide’s lower income suburbs, exceeds the speed limit by 11km/h. Their fine under the existing system would be \$406. With monthly disposable income of \$2044, they are in the second lowest income quintile, and under the proportional model they would pay the fine floor of \$75.

<sup>33</sup> Traficom, Finnish Transport and Communications Agency (2023) *Traffic violations and traffic penalty fees*

<sup>34</sup> South Australia Police (2020) *Expiable Offences & Fees – Traffic*

<sup>35</sup> South Australian Government Data Directory (2024) *Expiation Notices 2019-2020*

## AUSTRALIAN CAPITAL TERRITORY

Table 7 below shows how broad categories of speeding fines would change under a proportional fine system, compared to 2024 fine amounts.

**Table 7: Australian Capital Territory, new fines per quintile median disposable income**

Traffic offence	Number of day fines	Current Fine (2024)	New Fine – lowest income earners	Q2 New Fine	Q3 New Fine	Q4 New Fine	New Fine – highest income earners
Exceed speed limit by up to 9 km/h	3	\$329	Fine floor = \$32	\$76	\$128	\$195	\$321
Exceed speed limit by 10 to 19 km/h	7	\$489	Fine floor = \$75	\$177	\$299	\$456	\$750
Exceed speed limit by 20 to 29 km/h	13	\$489	Fine floor = \$139	\$328	\$556	\$847	\$1393
Exceed speed limit by 30 to 44 km/h	21	\$750	Fine floor = \$225	\$530	\$898	\$1368	\$2250
Exceed speed limit by 45 km/h or more	28	\$1,988	Fine floor = \$300	\$706	\$1198	\$1824	\$3001

Source: The Australia Institute’s calculations based on ABS microdata, Finnish Transport and Communications Agency <sup>36</sup>, official state rules from the Australian Capital Territory <sup>37</sup>

### Examples

A driver with no dependents in Forrest, one of Canberra’s wealthiest suburbs, is fined for exceeding the speed limit by 11 km/h. Under the existing system their fine would be \$489. With monthly disposable income of \$4,450, the driver is in the second highest income quintile; under the proportional system, they would be fined \$456.

A driver with three dependents in Tuggeranong, one of Canberra’s lower income areas, exceeds the speed limit by 11km/h. Their fine under the existing system would be \$489. With monthly disposable income of \$2050, they are in the second lowest income quintile, and under the proportional model they would pay the fine floor of \$75.

<sup>36</sup> Traficom, Finnish Transport and Communications Agency (2023) *Traffic violations and traffic penalty fees*

<sup>37</sup> ACT government (2023) *Road Transport (Offences) Regulation 2005*

## WESTERN AUSTRALIA

Table 8 below shows how broad categories of speeding fines would change under a proportional fine system, compared to 2021 fine amounts.

**Table 8: Western Australia, new fines per quintile median disposable income**

Traffic offence	Number of day fines	Current Fine (2021)	New Fine – lowest income earners	Q2 New Fine	Q3 New Fine	Q4 New Fine	New Fine – highest income earners
Exceed speed limit by up to 9 km/h	3	\$100	Fine floor = \$32	\$74	\$131	\$222	\$393
Exceed speed limit by 10 to 19 km/h	7	\$200	Fine floor = \$75	\$173	\$306	\$518	\$917
Exceed speed limit by 20 to 29 km/h	13	\$400	Fine floor = \$139	\$321	\$569	\$962	\$1702
Exceed speed limit by 30 to 44 km/h	21	\$800	Fine floor = \$225	\$519	\$918	\$1555	\$2750
Exceed speed limit by 45 km/h or more	28	\$1,200	Fine floor = \$300	\$692	\$1224	\$2073	\$3667

Source: The Australia Institute’s calculations based on ABS microdata, Finnish Transport and Communications Agency <sup>38</sup>, official state rules from Western Australia <sup>39</sup>

## Examples

A driver with no dependents in Peppermint Grove, one of Perth’s wealthiest suburbs, is fined for exceeding the speed limit by 11 km/h. Under the existing system their fine would be \$200. With monthly disposable income of \$5000, the driver is in the second highest income quintile; under the proportional system, they would be fined \$518.

A driver with three dependents in Wundowie, one of Perth’s lower income suburbs, exceeds the speed limit by 11km/h. Their fine in the existing system would be \$200. With monthly disposable income of \$2020, they are in the second lowest income quintile, and under the proportional model, they would pay the fine floor of \$75.

<sup>38</sup> Traficom, Finnish Transport and Communications Agency (2023) *Traffic violations and traffic penalty fees*

<sup>39</sup> Government of Western Australia (2021) *Speeding*

# TASMANIA

Table 9 below shows how broad categories of speeding fines would change under a proportional fine system, compared to 2020 fine amounts.

**Table 9: Tasmania, new fines per quintile median disposable income**

Traffic offence	Number of day fines	Current Fine (2020)	New Fine – lowest income earners	Q2 New Fine	Q3 New Fine	Q4 New Fine	New Fine – highest income earners
Exceed speed limit by up to 9 km/h	3	\$86	Fine floor = \$32	\$74	\$121	\$187	\$302
Exceed speed limit by 10 to 19 km/h	7	\$150	Fine floor = \$75	\$173	\$283	\$437	\$704
Exceed speed limit by 20 to 29 km/h	13	\$301	Fine floor = \$139	\$322	\$525	\$811	\$1307
Exceed speed limit by 30 to 44 km/h	21	\$624	Fine floor = \$225	\$520	\$848	\$1310	\$2111
Exceed speed limit by 45 km/h or more	28	\$989	Fine floor = \$300	\$694	\$1130	\$1747	\$2814

Source: The Australia Institute’s calculations based on ABS microdata, Finnish Transport and Communications Agency <sup>40</sup>, official state rules from Tasmania. <sup>41</sup>

## Examples

A driver with no dependents in Sandy Bay, one of Hobart’s wealthiest suburbs, is fined for exceeding the speed limit by 11 km/h. Under the 2020 system their fine would be \$150. With disposable income of \$4300, the driver is in the second highest income quintile; under the proportional system, they would be fined \$437.

A driver with three dependents in Bridgewater, one of Hobart’s lower income suburbs, exceeds the speed limit by 11km/h. Their fine under the existing system would be \$150. With monthly disposable income of \$2020, they are in the second lowest income quintile, and under the proportional model, they would pay the fine floor of \$75.

<sup>40</sup> Traficom, Finnish Transport and Communications Agency (2023) *Traffic violations and traffic penalty fees*

<sup>41</sup> Tasmanian Government (2020) *Traffic Offences - Full list*

## NORTHERN TERRITORY

Table 10 below shows how broad categories of speeding fines would change under a proportional fine system, compared to 2020 fine amounts.

**Table 10: Northern Territory, new fines per quintile mean disposable income**

Traffic offence	Number of day fines	Current Fine (2020)	New Fine – lowest income earners	Q2 New Fine	Q3 New Fine	Q4 New Fine	New Fine – highest income earners
Exceed speed limit by up to 9 km/h	3	\$150	Fine floor = \$32	\$84	\$168	\$244	\$364
Exceed speed limit by 10 to 19 km/h	7	\$300	Fine floor = \$75	\$197	\$392	\$570	\$849
Exceed speed limit by 20 to 29 km/h	13	\$300	Fine floor = \$139	\$365	\$728	\$1058	\$1576
Exceed speed limit by 30 to 44 km/h	21	\$600	Fine floor = \$225	\$590	\$1175	\$1709	\$2546
Exceed speed limit by 45 km/h or more	28	\$1000	Fine floor = \$300	\$801	\$1567	\$2278	\$3395

Source: The Australia Institute’s calculations based on ABS microdata, Finnish Transport and Communications Agency <sup>42</sup>, official state rules from the Northern Territory. <sup>43</sup>

## Examples

A driver with no dependents in Woolner, one of Darwin’s wealthiest suburbs, is fined for exceeding the speed limit by 11 km/h. Under the existing system their fine would be \$300. With monthly disposable income of \$5420, the driver is in the second highest income quintile; under the proportional system, they would be fined \$570.

A driver with three dependents in Hidden Valley, one of Darwin’s lower income suburbs, exceeds the speed limit by 11km/h. Their fine under the existing system would be \$300. With monthly disposable income of \$2220, they are in the second lowest income quintile, and under the proportional model, they would pay the fine floor of \$75.

<sup>42</sup> Traficom, Finnish Transport and Communications Agency (2023) *Traffic violations and traffic penalty fees*

<sup>43</sup> Northern Territory Government (2020) *Traffic offence fines and demerit points*

# The road to implementation

## INCOME FOCUS

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As this system determines fines based on a person's income after taxes and transfers, states would need to be wary of attempts to minimise declared income, just as some taxpayers already minimise their tax liabilities. For instance, a retired person with an extensive superannuation balance and their own home could have a very low taxable income despite being financially well off.<sup>44</sup> There are a range of mechanisms that people with high-incomes and wealth holdings can use to minimise their tax liabilities, and a proportional fines system might not accurately account for their affluence. This could undermine the proportional fines system's key objective of fairness, as those with a high financial capacity would not receive proportional fines.

To mitigate this risk, policymakers could take one of two actions. Firstly, they could try to close existing tax loopholes. This would have broader benefits beyond the scope of this paper, but it may be difficult considering income tax is federally administered while speeding fines are issued by the states. Alternatively, policymakers could rely on a broader definition of income, to account for broader financial capacity. The Finnish police calculate the value of a day fine based on the drivers' latest tax returns.<sup>45</sup>

## ACCESS TO INCOME TAX DATA

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The most efficient means of determining a person's income for the purposes of a proportional fine is access to their most recent income tax return. However, in Australia traffic fines are generally a state issue, while the Commonwealth Government is responsible for administering income tax. The Commonwealth Government would need to share relevant data with the state wishing to implement this type of income-based fine system.

Effective, efficient, and secure data sharing between relevant government entities would be required to resolve this issue. Another solution would be to simply require people to self-declare their income and assets as a result of these proceedings and include penalties for deception.

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<sup>44</sup> Khadem and Janda (2022) *The 60 millionaires who paid no tax and the richest and poorest postcodes revealed*, <https://www.abc.net.au/news/2022-08-09/millionaires-paid-no-tax-and-richest-and-poorest-postcodes-ato/101312118>

<sup>45</sup> Fair Trials Organisation (2020) *Day fines systems: Lessons from global practice*, p.9

## PERCEPTIONS OF REVENUE RAISING

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As our calculations show, some drivers would be paying much higher fines. This could create political difficulties, as drivers can be suspicious of state governments treating fines as a means of generating revenue. If this concern arises, policymakers could choose to divert the increased revenue to spending on road safety in order to demonstrate that the new fines are not intended as a revenue-raising measure. Certain states already have implemented programs redirecting funds from fines towards road safety initiatives:

- In Queensland, revenue from camera fines supports road-safety education and awareness efforts, promotes the adoption of safer driving practices, and aids in the rehabilitation of individuals injured in road accidents. Additionally, the Camera Detected Offence Program allocates funds to road safety education, victim rehabilitation, as well as providing funding to enhance infrastructure and deploy safety technologies.<sup>46</sup>
- Similarly, in New South Wales, all proceeds from speed-camera penalties contribute directly to the Community Road Safety Fund, funding targeted projects such as installing flashing lights in school zones, implementing life-saving infrastructure enhancements, bolstering police enforcement, and launching public education campaigns.<sup>47</sup>

Furthermore, revenue from fines represents a very small part of a government's revenue. In New South Wales in 2022 to 2023, regulatory fees and fines (traffic and otherwise) represented 0.75% of the state's total revenue and the government has budgeted a decrease in revenue for the coming years following the reintroduction of warning signage.<sup>48</sup>

Under a proportional fine system, states would likely devote less resources chasing up fine defaulters since drivers in the lower quintiles of income could better afford to pay a fine.

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<sup>46</sup> Queensland government, Department of Transport and Main Roads (n.d.) *Camera Detected Offence Program*, <https://www.tmr.qld.gov.au/safety/road-safety/camera-detected-offence-program>

<sup>47</sup> New South Wales government (n.d.) *Community Road Safety Fund*, <https://www.transport.nsw.gov.au/roadsafety/community/road-safety-fund> (accessed 16 April, 2024)

<sup>48</sup> 2023-24 Budget Paper No. 1 - Budget Statement - Chapter 4 - Revenue (nsw.gov.au)

# Conclusion

If it abandoned the regressive system of flat-value fines for a Finnish-style system of income-dependent penalties, Australia's traffic system would be much more equitable. The current system places a disproportionate burden on low-income drivers; a billionaire can pay a \$200 fine far more easily than can a pensioner, and fines thus "effectively criminalise poverty"<sup>49</sup> while serving as a "mere slap on the wrist" for wealthy drivers.<sup>50</sup> This disparity undermines the principle of proportionality of justice, which requires the punishment for a crime should be commensurate to the severity of the offence.

Some evidence points to speeding being a "luxury crime", meaning that high-income individuals are much more likely to be issued a speeding ticket than lower-income drivers. This means that the present research potentially underestimates the additional income a proportional speeding-fine system could raise, as higher income individuals would receive larger fines.

Accompanied by effective road-safety measures, proportional speeding fines could also contribute to improving the incentive to obey traffic laws for those on higher incomes.

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<sup>49</sup> Blustein (2020) 'Fines: designed to crush'

<sup>50</sup> Schierenbeck (2018) 'A billionaire and a nurse shouldn't pay the same fine for speeding', *The New York Times*, <https://www.nytimes.com/2018/03/15/opinion/flat-fines-wealthy-poor.html>