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22 April 2021

Mr David Reynolds  
Chief Executive  
Department of Treasury and Finance  
GPO Box 1045  
ADELAIDE SA 5001  
**Emailed:** [roaduserchargeconsultation@sa.gov.au](mailto:roaduserchargeconsultation@sa.gov.au)

Dear Mr Reynolds

### **Road User Charge for Zero and Low Emission Vehicles – consultation**

Thank you for your letter dated 5 March 2021 seeking input from the Local Government Association (LGA) about the State Government's intention to introduce a road user charge for zero and low emission vehicles.

In May 2020, the LGA's Board of Directors agreed to support advocacy for a trial of a Federally and/or State-funded subsidy scheme and/or incentives in South Australia, for cars, light commercial vehicles, trucks and buses fuelled by alternative energy sources including electric, hybrid and hydrogen vehicles.

In August 2020, the LGA wrote to the Minister for Energy and Mining, Dan van Holst Pellekaan MP, suggesting that a trial of a subsidy scheme or incentives for alternative energy-sourced vehicles could be incorporated into the (then) forthcoming South Australia's Electric Vehicle Action Plan ('the Action Plan').

The LGA welcomes the release of South Australia's Electric Vehicle Action Plan ('the Action Plan') and recognises the \$18.3M investment the State Government is making into implementing the Action Plan. However, it is disappointing that a subsidy scheme or incentives was not adopted in the Action Plan and the State Government has proposed to take the opposite approach by imposing a levy upon purchasers of electric vehicles (EV).

The proposed levy on EVs appears contrary to the vision of the Action Plan for South Australia to be a "national leader in electric vehicle uptake ... by 2025". EVs are already more expensive than regular vehicles and this State has an extremely low uptake of EVs at around 0.1% of all vehicles on the road. As the Government only expects to recoup about \$1M in revenue through the proposed levy, the LGA urges the Government to consider whether this is worth the reputation cost and lost opportunity to lead the nation in electric vehicle uptake.

Evidence indicates that each EV will contribute a \$8,763 net benefit to the economy over ten years. The argument that EVs do not contribute to road infrastructure costs has been dispelled by a report from Ernst and Young which found that each EV has a greater net benefit (due to environmental factors), than petrol or diesel-based vehicles.



As transport is such a significant component of greenhouse gas emissions, research indicates that only by offering incentives can Australia reach a 100% EV total road fleet by 2050 and that the proposed tax on EVs could lead to at least 25% fewer sales. This will severely jeopardise achievement of that EV target.

If Australia is to meet its net-zero emissions target by 2050, given the important role in the net-zero emissions target played by transport, incentives to increase the uptake of EVs are essential.

Yours sincerely

A handwritten signature in black ink that reads 'A Evans'.

Mayor Angela Evans

**President**

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Copy to:                    Treasurer, the Hon Rob Lucas MP  
                                  Shadow Treasurer, the Hon Stephen Mullighan MP