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Mr Chris Nash
President

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National Secretary

The Australian Electric Vehicle Association Inc.
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Dear Mr Nash and Dr Jones

Thank you for writing to the South Australian Government regarding the proposed Electric Vehicle user charge.

The 2020-21 State Budget delivers the largest investment in electric vehicle initiatives in the state's history, delivering \$18.3 million to implement South Australia's Electric Vehicle Action Plan. The action plan aims to accelerate electric vehicle uptake and address key barriers, including driving range anxiety and access to affordable models.

The Electric Vehicle Action Plan is designed to support the Marshall Government's targets of a 50% reduction in emissions by 2030 and net zero emissions by 2050. Under the plan, the Government will provide \$13.4 million to secure private investment in a state-wide rapid-charging network. This will make it more attractive to purchase an electric vehicle and give South Australians confidence that an electric car can work for them.

The Government will also provide up to \$3.6 million for smart charging trials. These trials will help households and businesses to charge vehicles in periods of high renewable energy generation and low electricity demand to realise further savings. The South Australian Government is also showing leadership by committing to a program to transition the government fleet to electric vehicles over time where they are fit for purposes and cost effective. Transitioning the fleet to electric vehicles will help bring more affordable models into South Australia and create a supply of affordable used electric cars.

The 2020-21 Budget announced the Government's intention to introduce a road user charge for zero and low emission vehicles. Drivers of internal combustion engine vehicles pay fuel excise when they fill up their vehicles. Drivers of zero and low emission vehicles currently pay little or no fuel excise. As the state transitions towards a higher usage of zero and low emission vehicles, a road user charge for zero and low emission vehicles will ensure funding for the maintenance of our road network is sustainable into the future. This includes supporting infrastructure for electric vehicles, such as the state-wide electric vehicle charging network.

Collections from the proposed road user charge in South Australia are expected to be very low while there are still very few zero and low emission vehicles in South Australia. It is estimated that the proposed charge would initially generate less than \$1 million per annum in additional revenue. However, it is important that the Government establish an appropriate road charging framework that is sustainable over the long term. The revenue estimated to be raised over the forward estimates is significantly less than the \$18.3 million investment the Government is making as part of the Electric Vehicle Action Plan.

Under the proposed changes, it is intended that there will continue to be a fixed annual registration fee. All other fees paid at the time of registration, such as Compulsory Third Party Insurance and Lifetime Support Levy will remain. A variable charge based on distance travelled would also apply. The rate of the proposed variable charge is subject to further consideration, but it is the intention that the variable charge will be set at such a rate that, on average, it will be less than the fuel excise payable by owners of standard internal combustion engine vehicles.

The details of the charge and administration arrangements in South Australia are still being finalised and will be subject to the passage of legislation through Parliament. The Government is working with Victoria, which has announced a road user charge, and other jurisdictions, and is consulting with key stakeholders, in developing the arrangements.

Thank you for writing to the Government on this matter.

Yours sincerely



Hon Rob Lucas MLC
Treasurer

6 March 2021