



23 April 2021

David Reynolds  
Chief Executive  
South Australian Department of Treasury and Finance  
State Administrative Centre  
200 Victoria Square  
ADEALIDE SA 5000  
AUSTRALIA

Dear Mr Reynolds,

**RE: ROAD USER CHARGE FOR ZERO AND LOW EMISSION VEHICLES CONSULTATION**

Infrastructure Partnerships Australia is pleased to provide this submission in response to the Government of South Australia's *Road User Charge for Zero and Low Emission Vehicles: Consultation Document*.

Infrastructure Partnerships Australia is an independent think tank providing research focused on excellence in social and economic infrastructure. We exist to shape public debate and drive reform for the national interest. As the national voice for the infrastructure sector in Australia, our membership reflects a diverse range of public and private sector entities, including infrastructure owners, operators, financiers, advisers, technology providers and policy makers.

Infrastructure Partnerships Australia has consistently argued for national road reform for more than a decade and has been a key advocate for the decarbonisation of Australia's transport sector.

The uptake of Zero and Low Emission Vehicles (ZLEVs) has the potential to substantially reduce transport emissions and dramatically improve air quality – particularly in dense urban areas – where the estimated health benefits of reduced noxious emissions are significant. ZLEVs, with the right policy and regulatory conditions, also have the potential to reduce living costs, improve fuel security, and enhance grid stability during peak periods of electricity demand.

The rise of ZLEVs also presents a unique opportunity to finally see road reform progressed in Australia. Over recent years, the uptake of fuel-efficient vehicles has driven a rapid and terminal decline in fuel excise revenue. With Electric Vehicles set to become a dealership mainstay over the next decade, fuel excise revenue will simply fall off a cliff, meaning less money to pay for transport investment. Applying a distance-based charge on ZLEVs provides the best chance for South Australia to introduce a fair and sustainable road funding system for the future.

We congratulate the Government of South Australia for its leadership on this critical reform and provide this submission to help inform the government's policy design.

**A road user charge should be transparent and simple to implement and administer**

Infrastructure Partnerships Australia outlined a model for reform in our November 2019 report *Road User Charging for Electric Vehicles*. The model proposed in the Consultation Document broadly aligns with Infrastructure



Partnerships Australia's proposal.

Infrastructure Partnerships Australia endorses the Government of South Australia's proposal to align its revenue collection method with that proposed in Victoria. This approach will ensure a nationally compatible system can emerge over time as more states and territories introduce similar road user charging models. It is our view that the Victorian approach represents a workable, simple and scalable model, and the benefits of compatibility with the Victorian approach are substantial. As such, our advice in this submission is subject to the caveat that departures from the proposed Victorian structure should be minimal.

It is important to note that Infrastructure Partnerships Australia recommends national *compatibility*, not necessarily national *consistency* in road user charging models. There may be a case for South Australia to, for instance, set its per-kilometre charge at the same or a different rate as that proposed in Victoria. Even if the South Australian rate mirrors that proposed in Victoria or another jurisdiction, the Government of South Australia should retain the autonomy to price its roads to reflect its own network characteristics and funding requirements.

### **Road user charging can be paired with time-limited incentives**

The Victorian Government's proposal shows that it is both possible and desirable to support decarbonisation of the transport sector and create a fair and sustainable funding system for roads. In recognising the environmental and health benefits of ZLEVs, the Victorian Government has committed to reinvest the revenue collected through the charge into measures to accelerate uptake. The Victorian Government has further indicated it is willing to consider a wider incentive package to accelerate the uptake of ZLEVs.

Infrastructure Partnerships Australia welcomes the Government of South Australia's \$18.3 million package of measures to accelerate uptake and address key barriers to the purchase of ZLEVs through its *Electric Vehicle Action Plan*. Should the Government choose to provide additional direct incentives, they should be time or volume-limited to ensure they are isolated to stimulating the sector only when such assistance is required. This approach will ensure we can accelerate the benefits of transport decarbonisation without imposing unnecessary long-term costs on taxpayers.

### **The window of opportunity for reform is closing**

The window of opportunity to introduce a distance-based charge on ZLEVs is diminishing as more motorists move away from petrol and diesel vehicles. Once price parity is reached, and ZLEVs become the default choice for households across the country, reform will be much harder to enact.

We recommend that the Government of South Australia avoid 'kicking the can down the road' by legislating a long-dated future point when a new charging model would come into effect for ZLEVs. Delaying the introduction of charge in this way will only make the future point of introduction an additional battle-ground in the decades-long debate over road reform. Any legislated delay will also reduce certainty for prospective ZLEV owners and entrench a view that some motorists should be exempt from paying for roads at the point of use.

I have attached our 2019 report *Road User Charging for Electric Vehicles* as our detailed submission to the consultation process. The report is also accessible at <https://infrastructure.org.au/ruc-for-evs/>.

If you require further information in support of this submission, please don't hesitate to contact my Director of Communications and Engagement, Michael Player via [Michael.player@infrastructure.org.au](mailto:Michael.player@infrastructure.org.au).

Yours Sincerely

*Adrian Dwyer*

**ADRIAN DWYER**

Chief Executive Officer

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Suite 3.03 Level 3, 95 Pitt Street, Sydney NSW 2000

PO Box R1771, Royal Exchange NSW 1225

T +61 2 9152 6000 F +61 2 9152 6005 E [contact@infrastructure.org.au](mailto:contact@infrastructure.org.au) [www.infrastructure.org.au](http://www.infrastructure.org.au)

