

Tasmanian Automotive Chamber of Commerce

Commentary on the Department of Treasury and Finance – Zero and Low Emissions Vehicle Road User Charge Discussion Paper

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Contact

Michael McKenna

VACC Industry Policy Advisor

M: 0418 822 939

P: 03 9829 1280

E: mmckenna@vacc.com.au

Bruce McIntosh

TACC State Manager

P: 03 6278 1611

M: 0437 022 498

E: bmcintosh@tacc.com.au

TACC commentary on the Department of Treasury and Finance – Zero and Low Emissions Vehicle Road User Charge Discussion Paper

The Tasmanian Automotive Chamber of Commerce (TACC) thanks the Tasmanian Department of Finance and Treasury (DTF) for the opportunity to respond to the DTF's discussion paper *Zero and Low Emission Vehicles Road User Charge*.

TACC understands the Tasmanian Government's decision to introduce such a tax and a road user charge that will ensure all road users contribute to the social costs of road use in Tasmania, including wear and tear and congestion. The contribution of ZLEV owners to those social costs should be lower given the significant environmental and health benefits provided by ZLEVs.¹

About TACC

TACC is Tasmania's peak automotive industry association, representing the interests of more than 400 members in over 20 retail automotive sectors that employ more than 7,500 Tasmanians.

TACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycle, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (specialist vehicle, parts or component modification and/or manufacture), and automotive dismantlers and recyclers.

The National Landscape

TACC notes the Tasmanian Government's intention to introduce a Zero and Low Emission Vehicle (ZLEV) road user charge effective from 1 July 2027. This will place it in a nationally consistent position to other Australian states such as New South Wales and Western Australia. Other states, such as Victoria, have already commenced charging registered ZLEV owners a road user charge. South Australia had planned to introduce such a charge, but repealed the Bill announcing such a charge for various reasons in May 2022.²

The previous South Australian Liberal State Government had planned to introduce such a charge from 2027, but a new South Australian Government has passed the *Motor Vehicles (Electric Vehicle Levy) Amendment Repeal Bill 2022 (SA)*.

Vanderstock & Anor v State of Victoria

Vanderstock & Anor v State of Victoria,³ is a High Court of Australia (HCA) case challenging the legality/validity of the Victorian Government Road User Tax introduced in 2021. The plaintiffs have begun the HCA action against the State of Victoria (the respondents) challenging the constitutional validity of the *Zero and Low Emission Vehicle Distance-based Charge Act 2021 (Vic)* (ZLEV Act).

The Attorneys-General of South Australia, Western Australia, Queensland, New South Wales, Tasmania, Northern Territory, and Australian Capital Territory have intervened in the proceedings in support of the State of Victoria's position.⁴

1 Department of Treasury and Finance (Tas), Zero and Low Emission Vehicles Road User Charge Discussion Paper, (2023),4, [5].

2 Tasmanian Department of Finance and Treasury discussion paper 'Zero and Low Emission Vehicles Road User Charge,' (2023), Attachment A: ZLEV Road User Charges in Other Jurisdictions, 8.

3 Case No.M61/2021, HCA (2023).

4 Equity Generation Lawyers, Christopher Vanderstock & Kathleen Davies v State of Victoria, [2021], < <https://equitygenerationlawyers.com/cases/vanderstock-v-victoria/>>.

The plaintiffs have drawn support for their action from the Commonwealth Attorney General, Mark Dreyfuss MP, whose office filed an intervention to support the two plaintiffs'. The Attorney General noted "*the potential implications for longstanding constitutional principles in relation to revenue and economic policy.*" This was filed on 28 July 2022.

The HCA case was heard over three days from 16 February 2023 has implications for all other Australian states. If the the plaintiffs' case is successful, other states will likely be prohibited from imposing any electric vehicle charges equivalent to Victoria's ZLEV charge.⁵

Having taken into consideration the potential outcomes of the case and that the HCA has reserved its decision, it is prudent TACC comments on the discussion paper without prejudice to any of the HCA findings.

The road user charge and the impact on Tasmania's Licensed Motor Vehicle Dealers

TACC notes the discussion paper is absent of incentives or procedural guidance when the considerations of the Licensed Motor Vehicle Dealers (LMVD), who retail new and used ZLEV vehicles to Tasmanian public, is concerned. An LMVD is usually the very first point of contact for a prospective vehicle purchaser who will in most cases request a test drive for a new vehicle and discussion various finance options.

It is TACC's view that the Tasmanian Government should reaffirm its commitment to ZLEV uptake if all facets in the retailing of ZLEVs are considered. This commitment can be further reinforced if the government was to make legislative changes to the way dealer demonstrator and trading stock is treated. TACC calls for an exemption for road user charges when applied to LMVD demonstrator and trading stock. An exemption will encourage Tasmanian dealerships to retail more ZLEVs and increase state revenues. An exemption will also reaffirm the implementation of the Tasmanian Government's commitment to support electric vehicle uptake including the opportunity to roll out the 'Smarter Fleets Program' to private industry to uptake greater levels of ZLEV uptake.⁶

Any road-user charge exemption for BEVs and PHEVs should be introduced and apply to any demonstrator or trading stock ZLEV in the same way the 15,000km per exemption from motor vehicle duty is announced in the *Duties Act 2001 (Tas)* Section 204 (4)(a)(ii).⁷ Savings to dealers provided by the exemption can offset the many millions of dollars Tasmanian dealers commit to ZLEV infrastructure set up.

Introduction of such an exemption will provide greater incentive for dealers to road-test these vehicles with consumers and assist the Tasmanian Government in its efforts to net zero emissions by 2030.⁸

Commentary on how the Road User Charge will be applied, rate, calculated and provision of data to the Registrar of Motor Vehicles

- TACC supports a distance-based road user charge and the charging of the ZLEV over the registration period based on the vehicle type and how far it is driven
- TACC agrees with the proposed period introductory rates as stated with the paper

⁵ Ashurst Legal, Australian High Court test case set to determine the validity of Victoria's electric vehicle tax,(2023), [https://www.ashurst.com/en/news-and-insights/legal-updates/australian-high-court-test-case-set-to-determine-the-validity-of-victorias-electric-vehicle-tax/\[7\]](https://www.ashurst.com/en/news-and-insights/legal-updates/australian-high-court-test-case-set-to-determine-the-validity-of-victorias-electric-vehicle-tax/[7]).

⁶ Tasmanian Climate Change Office, Supporting Electric Vehicle Uptake (2021) 2 [10].

⁷ A motor vehicle ceases to be exempted under 4 (a)(ii) within 12 months after it is registered under the Vehicle and Traffic Act 1999 it has, by the odometer, travelled a distance of more than 15 000 kilometers since the day it was registered;

⁸ Point Advisory, Tasmania: Net Zero by 2030 Emissions Pathway Review Summary Report (2021), 2,[12].

- TACC agrees the most straightforward manner for a consumer to provide an odometer reading to the Registrar of Motor Vehicles is via an odometer photograph at the time of registration renewal
- If the provision is made for the Registrar of Motor Vehicles to estimate the distance travelled, and where a registered owner has not provided an odometer reading, it is TACC's position that the Tasmania average use of 10,200km per annum is applied.⁹

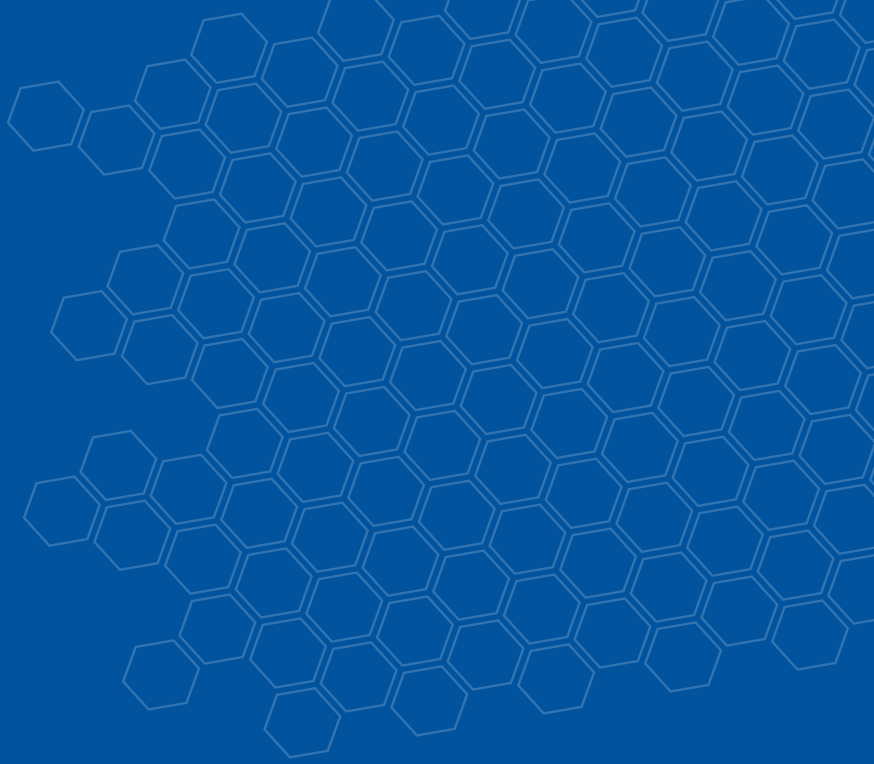
Final comments

Tasmanian dealers are 'all in' on ZLEV technology and are spending many millions on transitioning their businesses from an internal combustion engine dominated retail and service arena to a ZLEV dominated arena.

The transition to ZLEVs is challenging. For an industry steeped in traditional petrol and diesel technology, the move to ZLEVs represents a major transition many automotive businesses are ill-equipped to make. Battery electric vehicles (BEVs) require major capital investments by automotive businesses in new tooling, charging infrastructure and skills training. For many automotive businesses, these transitional costs will be prohibitive.

TACC seeks the support of the Tasmanian Government in the transition period.

⁹ Australian Bureau of Statistics, Survey of Motor Vehicle Use, Australia - Table 17, 12 months ended 30 June 2020, released 21 December 2020.



TACC
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TACC House • 200 New Town Road, New Town TAS 7008