

Our ref: R24/0026

28 May 2026

Ms Abigal Boyd MLC
Chair
Public Accountability and Works Committee

By email: PAWC@parliament.nsw.gov.au

Dear Chair

Review of the Electric Vehicles (Revenue Arrangements) Act 2021

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities.

LGNSW thanks the Public Accountability and Works Committee for the opportunity to make a submission into the [review](#) of the *Electric Vehicles (Revenue Arrangements) Act 2021*¹ (the Act).

This submission is provided as a draft, pending endorsement by the LGNSW Board at its next meeting. LGNSW will advise of any amendments to the submission in due course.

LGNSW supports the uptake of Electric Vehicles (EVs) through appropriate incentives, guidelines, infrastructure and legislation. LGNSW is also acutely aware of the funding needs of NSW roads, particularly local and regional roads. Councils face the challenge of balancing a need to incentivise EV take up to reduce carbon emissions and strengthen energy security, while ensuring the equitable sharing of the costs of providing and maintaining road infrastructure.

EV drivers in NSW do not currently pay road user charges and, unlike owners of internal combustion vehicles (ICEVs), do not pay fuel excise. Fuel excise is currently set at 52.6 cents per litre but has been temporarily reduced to 20.6 cents per litre in response to the current fuel crisis. While fuel excise is a Commonwealth tax, the revenue is used to support road and transport infrastructure nationally.

LGNSW supports the statutory review of the Act to ensure it remains valid and fit for purpose over time. LGNSW notes that the Act is primarily about the future implementation of a road user charge on EVs. While the Act was passed in 2021, the application of road user charges has yet to be triggered. (LGNSW understands that a NSW road user charge, a distance-based

¹ [Electric Vehicles \(Revenue Arrangements\) Act 2021 No 25 - NSW Legislation](#)

charge, will apply to eligible EVs from 1 July 2027 or when EVs make up 30 per cent of all new vehicle sales², whichever occurs first.)

As noted by the NSW Government, for the 2025–26 financial year, the road user charge rates are:

- **2.974 cents per kilometre** for a battery EV or hydrogen fuel cell EV
- **2.379 cents per kilometre** for a plug-in hybrid EV.

LGNSW does not consider that a major overhaul of the Act is warranted at present, particularly as the Act has not been actioned. However, there are several important considerations to ensure the framework remains equitable and sustainable for all road users.

1. NSW road network:

Councils are responsible for over 167,000 km of roads, representing more than 85 per cent of the NSW road network (including local and regional roads). Given the significant responsibility of councils, it is critical that any road user charging framework ensures an equitable allocation of revenue to local government and sufficient investment and funding in local road maintenance, upgrades and renewal.

NSW councils currently face an estimated road infrastructure funding backlog of \$3.4 billion³. At the same time, increased EV uptake, combined with the greater weight of EVs due to battery technology is likely to accelerate wear and tear on local roads. A fair and sustainable road user charging system should provide a reliable funding stream to address these pressures and the existing roads funding backlog.

2. Rural and regional communities:

Residents in rural and regional NSW typically travel longer distances than those in metropolitan areas. A uniform road user charge may therefore disproportionately impact these communities. As such, consideration should be given to a differentiated or reduced rate for regional users to ensure that it does not discourage EV uptake or create inequitable cost burdens for rural and regional communities. It is also important to consider that charging stations are relatively scarce in regional areas.

3. Flexibility during periods of crisis:

The Act should include provisions to enable the NSW Government to respond to changing economic conditions as currently experienced with the fuel crisis. This could include temporary reductions or adjustments to road user charges during periods of crisis to support road users.

² [A fair and sustainable road user charge | NSW Government](#)

³ NRMA [‘Council backlog for roads hits \\$3.4B: NRMA launches road safety campaign’](#)

4. Other:

Following the High Court ruling in Victoria in 2023⁴, there remains uncertainty regarding the constitutional validity of state-based road user charging schemes for EVs. NSW is currently the only state with legislated intent to implement a scheme in 2027. It is understood that any state-based scheme would not proceed if a national approach were adopted. Furthermore, it is reasonable to assume there may be risks of the NSW scheme being ruled unconstitutional should there be a legal challenge, as occurred in Victoria. The NSW Government should work to assess the potential implications of the High Court ruling in Victoria for NSW EV's road user charge.

The Commonwealth Government has indicated an interest in exploring avenues of implementing a road user charging scheme as a replacement for declining fuel excise revenue as EV uptake increases. In this context, the introduction of road user charging for EVs appears inevitable over time and the NSW Government should work to ensure the framework is compatible with any future Commonwealth framework to ensure consistency.

Summary of key recommendations:

LGNSW recommends that the NSW Government:

Recommendation 1: Ensure equitable revenue distribution to local government, reflecting councils' responsibility for the majority of the NSW road network.

Recommendation 2: Address regional equity concerns such as considering a reduced road user charge rate for rural and regional communities.

Recommendation 3: Introduce provisions within the Act allowing adjustments to road user charges during periods of crisis.

Recommendation 4: Ensure the NSW road user charging framework is compatible with any future Commonwealth Government framework.

Thank you for the opportunity to make a submission. For further information, the Committee is welcome to contact policy@lgnsw.org.au.

Yours sincerely

Damian Thomas
Director Advocacy

⁴ [Vanderstock v Victoria | High Court of Australia](#)