

EV Road-User Charge Sparks Backlash Over \$363 Annual Hit

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Australian drivers are raising concerns over a potential road-user charge (RUC) for electric vehicles (EVs), warning that it could undermine adoption of battery-powered cars while penalising motorists who are helping reduce emissions. Currently, EV owners do not pay fuel excise, unlike drivers of internal combustion engine (ICE) vehicles, which contributes around \$17 billion annually toward road maintenance and infrastructure.

Calls are growing for EV drivers to contribute their fair share, with government discussions expected at the upcoming productivity and economic roundtable. But critics argue the idea of taxing environmentally friendly vehicles seems counterintuitive. Aman Gaur, head of legal, policy and advocacy at the Electric Vehicle Council, told Yahoo Finance that taxing EVs “just doesn’t make any sense” and runs contrary to standard taxation principles, which typically target undesirable behaviour such as smoking or excessive alcohol consumption.

Prime Minister Anthony Albanese has acknowledged the system needs updating to accommodate the rise of EVs, stating the government must ensure roads remain adequately funded. Treasurer Jim Chalmers added that any reform would take time, as the fuel excise revenue diminishes with the gradual exit of petrol and diesel vehicles from the fleet.

Experts argue that any road-user charge should be applied universally, rather than singling out EVs. Toby Hagon, an EV motoring specialist, suggested a flat 3 cents per kilometre RUC for all vehicles as a fair approach. With the average Australian driving 12,100 kilometres per year, this would mean around \$363 annually for EV owners significantly lower than the \$3,200 per year households currently spend on petrol or diesel.

Despite these figures, a Yahoo Finance poll of over 2,500 readers found 64 percent would avoid buying an EV if they were subject to a unique levy. Hagon countered that the cost is minor compared to ongoing savings on fuel and maintenance, and should not deter buyers from adopting cleaner technology.

Critics warn that singling out EVs risks slowing Australia’s transition to a lower-emission future. Gaur urged policymakers to consider the bigger picture, including climate and lifestyle benefits, rather than imposing punitive charges on drivers making environmentally responsible choices. Scott Maynard, Polestar Australia head, stressed that any RUC must be fair, transparent, and equitable for all drivers to avoid creating unnecessary market distortions.

The debate highlights the tension between maintaining road infrastructure funding and encouraging the uptake of EVs a technology many see as critical to reducing Australia’s carbon footprint while keeping transport costs manageable for everyday drivers.