



25 July 2025

**Economic Reform Roundtable
The Treasury
Langton Crescent
Parkes, ACT, 2600**

To whom it may concern,

Re: Federal Chamber of Automotive Industries input to the Economic Reform Roundtable

The Federal Chamber of Automotive Industries (FCAI) welcomes the opportunity to provide input to the Economic Reform Roundtable convened by the Commonwealth Government.

The FCAI is the peak industry body representing the Australian automotive sector, including the manufacturers, importers and distributors of more than 1.2 million light duty vehicles, motorcycles and off-road vehicles per annum. FCAI members generate more than \$8 billion in state and federal taxes annually through payroll tax, income tax, GST, luxury car tax, tariffs, registration and stamp duty.

Consistent with the stated objectives of the Roundtable, and FCAI's long established position, we believe that there is a unique opportunity to engage in systemic reform of the taxation regime as it relates to the purchase and operation of motor vehicles in Australia.

The FCAI supports the Commonwealth Government's stated ambition to consider the introduction of a road user charge to address the projected reduction in revenue earned through the existing excise on petrol and diesel.

New vehicle sales data from VFacts confirms the trend in the reduction of new internal combustion engine vehicles.

In June 2021, internal combustion vehicles accounted for 89 per cent of new sales. In June 2023 this was 78 per cent and in June 2025 the number had reduced again to 72 per cent. This trend reflects the increasing sales of battery electric, plug-in hybrid and hybrid vehicles.

The progressive increase in the sale of more efficient vehicles including battery electric, plug-in hybrid, and hybrid vehicles will contribute towards the reduction in fuel excise revenue. This is consistent with the findings of the 2023 Intergenerational Report which highlighted the expectation that fuel excise revenue would start to reduce significantly as a percentage of GDP within the next decade.

To respond to this challenge the FCAI believes that there is a need to adopt a road user charge which considers and applies several core principles in its design.

Most significantly, a road user charge presents an opportunity for broad ranging tax reform in the transportation sector. An efficient and broad-based road user charge could be applied to eliminate existing and outdated taxation measures such as fuel excise, luxury car tax, tariffs, licence fees, registration and stamp duty.

A road user charge should apply to the entire light duty vehicle fleet rather than applying to one form of power source such as electric vehicles. This allows equity and fairness for all road users regardless of



the vehicles they choose to purchase for business, family or recreation use. Similarly, this would not provide a disincentive for a consumer to purchase a particular vehicle type.

An effective road user charge should be led by the Commonwealth and applied consistently across all States and Territories. This consistency would provide certainty and confidence for all motorists, regardless of where they live in Australia.

This would ensure that all road users are being charged fairly and equitably and would remove the burden of compliance with outdated and inefficient taxes, charges and fees.

The FCAI considers that a road user charge, based on distance travelled, would provide the most efficient and equitable solution.

In conclusion, light duty vehicles are an essential component of the Australian lifestyle, transport system and a significant contributor to the Australian economy.

In this regard, the FCAI wholly supports the efforts of the Commonwealth, States and Territories to undertake meaningful taxation reform within the sector that is equitable, efficient, nationally consistent and provides a platform for the future of mobility in Australia.

Should you wish to discuss this further please feel free to contact me on (02) 6247 3811 or via email at info@fcai.com.au.

Yours faithfully,

Tony Weber
Chief Executive