

## Request for Costing an Election Commitment

Name of proposal:	Cost of Living – Cutting private vehicle registration
Person requesting costing:	Alistair Coe MLA
Date of request:	13 October 2020
Summary of proposal:	The Canberra Liberals will reduce private vehicle registration fees.
Issue the proposal will address:	This will reduce cost of living pressures.

### What are the key assumptions that have been made in the proposal?

**Note:** The costing will be developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

The ACT Government registration fee component of private passenger and goods vehicle registration costs will be reduced to New South Wales levels from 1 January 2021.

The August 2020 Economic and Fiscal Update shows revenue from motor vehicle registration increasing in line with population growth and Wage Price Index estimates.

The key assumptions are:

- Vehicle numbers are increased in line with population estimates. Revenue foregone therefore increases with increased vehicle numbers.
- Registration fees will increase in line with CPI which is the New South Wales government's policy for future registration increases. Revenue foregone per vehicle will therefore increase by the difference between WPI and CPI.

For vehicles described on the register as passenger, with a GVM of 2.504 tonnes or less, private registration or renewal of private registration for 12 months	ACT	NSW	Reduction
vehicle with a tare weight of 975kg or less	\$314.40	\$219	\$95.40
vehicle with a tare weight of more than 975kg and less than 1,155kg	\$348.10	\$254	\$94.10
vehicle with a tare weight of 1,155kg or more and less than 1,505kg	\$394.10	\$310	\$84.10

vehicle with a tare weight of 1,505kg or more and less than 2,505kg	\$572.90	\$474	\$98.90
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The [Australian Bureau of Statistics 2020 Motor Vehicle Census](#) states that there were 259,701 passenger vehicles in January 2020. This costing is based on total passenger vehicles even though some are business registered. Conversely, this costing does not include goods vehicles that are privately registered. This costing assumes that vehicle registrations will increase in line with population growth. Population growth escalations are based on Standard Costing Parameters.

Rounded calculations:

	2020-21	2021-22	2022-23	2023-24
<b>Number of vehicles</b>	259,701	262,947	266,891	271,562
<b>Saving</b>	\$93.13	\$93.59	\$94.06	\$94.29
<b>Total</b>	\$12,092,327	\$24,609,399	\$25,103,432	\$25,606,599

This costing has been calculated by averaging the savings across the four vehicle weight categories. This is \$93.13 per vehicle, which is then increased by the difference between WPI and CPI (see explanation above).

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this proposal and estimated costs each year (if available)?

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue<sup>(a)</sup></b>	-12,092	-24,609	-25,103	-25,607	-87,412
<b>Expenses<sup>(a)</sup></b>					
<b>Capital</b>					
<b>Depreciation</b>					

(a) A negative number indicates a decrease in revenue or an increase in expenses. The expenses row does not include depreciation costs.

Has any specific information or data been utilised in generating the proposal?

Current ACT registration fees have been based on 12-month car registration costs on the [Access Canberra website](#), inclusive of discounts. The New South Wales registration fees have been sourced from [Transport for NSW website](#).

Total number of passenger vehicles has been sourced from the [Australian Bureau of Statistics 2020 Motor Vehicle Census](#); noting that the figures and methodology used in the census may differ from actual registrations. The [Vehicle Statistics Report for 1 June 2020](#) suggests that the ABS figure may be greater than currently registered passenger vehicles. ABS data has been used as a conservative approach.

Where relevant, is funding for the proposal to be demand driven or a capped amount?

N/A

Will third parties, for instance the Commonwealth or other State/Territories, have a role in

funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements?

N/A

Will funding/the cost require indexation?

Yes.

Who will administer the proposal?

The proposal will be administered by the Chief Minister, Treasury and Economic Development Directorate through Access Canberra.

How will the proposal be administered?

Access Canberra will process car registrations as per normal practice.

Is the proposal part of a broader package?

This proposal forms part of the Canberra Liberals Policy on reducing the cost of living.

Has an allowance been made for expenses necessary to support the implementation of this proposal?

- If no, will the government agency be expected to absorb expenses associated with this proposal?
- If yes, please specify the key assumptions.

The Chief Minister, Treasury and Economic Development Directorate will absorb the administrative and planning costs associated with this proposal.

Will the proposal generate savings or offsets?

No.

Has the proposal been previously costed by an external (third) party? Will a copy of this material, including any assumptions, be made available to Treasury?

No.

What are the community impacts associated with the proposal? Who and how many people will be affected?

All private vehicle owners will benefit from the proposal which will reduce cost of living pressures.

Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?

N/A

What is the intended implementation date of the proposal?

1 January 2021.

When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc.

The proposal will be fully operational from 1 January 2021.

Will the proposal cease, and if so, when?

The proposal is ongoing.

Is there any additional information relevant to this proposal?

N/A