



The Parliament of the Commonwealth of Australia
House of Representatives
PO Box 6021
Parliament House
Canberra ACT 2600

16 August 2022

**Greenpeace Australia Pacific Submission on Inquiry into Treasury Laws
Amendment (Electric Car Discount) Bill 2022 [Provisions].**

Dear Representatives,

Greenpeace Australia Pacific (GPAP) welcomes the opportunity to provide a submission on the Inquiry into Treasury Laws Amendment (Electric Car Discount) Bill 2022 [Provisions] (Amendment Bill).

Executive summary

Greenpeace

Greenpeace is a global environmental network dedicated to the mission of securing a world capable of nurturing life in all of its magnificent diversity. We are fully independent, accepting no funding from any government, business or political party anywhere in the world.

GPAP is an autonomous entity headquartered in Sydney. More than 1.2 million people participate within the GPAP network across all platforms, showing their support for ambitious climate action. Greenpeace considers the current trajectory of global warming to be the single greatest threat to human health, security, and well-being, as well as to global biodiversity. For these reasons we urge the Australian Government to take the strongest possible action on climate change, in line with credible pathways to limiting global warming to 1.5 degrees.

GPAP recognises that the Amendment Bill is one of a suite of proposed changes that would help Australia in achieving its commitment to the Paris Climate Agreement goals of reducing CO₂ emissions to limit the global average temperature rise to well below 2°C while pursuing a limit of 1.5°C. At COP26 in October of 2021, Australia committed to achieving net zero emissions by 2050 in line with global efforts to meet the Paris Agreement. Additionally, Australia endorsed the COP26 Glasgow Breakthrough on Road Transport. This Breakthrough



outlines that zero-emission vehicles must be the new normal and must be accessible, affordable, and sustainable in all regions by 2030.¹ Encouraging higher electric vehicle (EV) uptake through the Amendment Bill will help Australia meet its commitments in working towards a pathway to 1.5°C while avoiding the worst impact of climate change. Additionally, the Amendment Bill will allow Australian households and businesses to realise the full economic benefits of an increased EV transport sector.

Australia has some of the highest per-capita CO₂ emissions in the world, with a large share of these arising from the transport sector.² Due to the absence of up-to-date fuel efficiency standards, Australia's domestic vehicle fleet is one of the most polluting and least efficient in the world. This is not only increasing the nation's greenhouse gas emissions, but is costing Australian motorists a great sum of money.³ Greenpeace therefore supports the Amendment Bill as a step towards redressing years of transport and climate policy failure under the previous government, but acknowledges that broader changes are needed to expedite Australia's pathway towards a future with zero transport emissions.

Recommendations for EV Uptake

At present, Australia is drastically lagging behind most comparable nations in the uptake of EVs. In 2022, while EV uptake averaged 9% around the globe, only 2% of total light vehicles sold in Australia were EVs.⁴ By comparison, in 2020 three quarters of all vehicles sold in Norway were electric.⁵ According to the International Energy Agency's (IEA) 'Announced Pledges Scenario' (APS), although EVs may represent more than 30% of vehicles sold globally by 2030, this percentage is unlikely to come close to the 60% market share target needed to align with an emissions pathway consistent with net zero CO₂ emissions by 2050.⁶

¹ COP26. 2nd November, 2021. 'The Glasgow Breakthroughs - Road Transport.' *UKCOP26*.

<https://ukcop26.org/cop26-world-leaders-summit-statement-on-the-breakthrough-agenda/>

² Ritchie, H. 4th October, 2019. 'Where in the world do people emit the most CO₂?' *Our World In Data*.

<https://ourworldindata.org/per-capita-co2>

³ The Australia Institute. 8th August, 2022. 'New Analysis: \$5.9b Fuel Cost Saving to Commuters if Fuel Efficiency Standards Introduced.' *The Australia Institute*.

<https://australiainstitute.org.au/post/new-analysis-5-9b-fuel-cost-saving-to-commuters-if-fuel-efficiency-standards-introduced/>

⁴ EVC. 31st January, 2022. 'EV sales boom presents chance to capture serious electric benefits, if government acts now.' *Electric Vehicle Council*.

<https://electricvehiclecouncil.com.au/ev-sales-boom-presents-chance-to-capture-serious-electric-benefits-if-government-acts-now/>

⁵ EVC. August, 2021. 'State of Electric Vehicles.'

<https://electricvehiclecouncil.com.au/wp-content/uploads/2021/08/EVC-State-of-EVs-2021.pdf> (p.5)

⁶ IEA. 2022. 'Global EV outlook 2022.' *International Energy Agency*.

<https://www.iea.org/reports/global-ev-outlook-2022/executive-summary>



Moreover, the IEA's 'Net Zero Emissions by 2050 Scenario' requires all car markets to have 100% zero emissions vehicle sales by 2035.⁷ Despite these key pieces of modelling, projections published in the 'Future Fuels and Vehicles Strategy' by the Australian Government's Department of Industry, Science, and Resources show that EVs and hybrid-vehicles will only account for a 30% share of all new vehicles sold domestically by the year 2030.⁸ In contrast, a decarbonisation scenario modelled and published by the research centre, ClimateWorks, maintains that in order to limit global temperature rise to 1.5C, by 2030 76% of new vehicle sales in Australia must be electric.⁹ Furthermore, Climate Analytics modelling shows that a Paris Agreement-aligned benchmark requires Australia to increase its share of electric vehicles (or other emissions-free vehicles) in new vehicle sales from 2% today for personal cars and light duty vehicles and buses to 95% in 2030 to reach 100% in 2035.¹⁰

Given that the proposed amendment will "apply to battery electric cars, hydrogen fuel cell electric cars and plug-in hybrid electric cars", GPAP's position is that hybrid-electric vehicles cannot, and should not be classified as zero-emission vehicles. The use of an internal combustion engine should disqualify their inclusion in any discount scheme that is centred on electric or zero-emissions vehicles. Hybrid-electric vehicles are not zero emissions vehicles and therefore should not be considered a long term solution in building towards a zero-emissions future. Any inclusion of hybrid-electric vehicles into any such policies may artificially prolong the use of internal combustion engines in the transport sector; thus protracting the market life of fossil-fuels.

By eliminating the inclusion of hybrid-electric vehicles from the proposed amendments, pure-EVs could be prioritised more greatly, and more specific policies could be enacted that focus on reducing the cost of EVs, while addressing long standing EV supply issues.

⁷ IEA. n.d. 'Global EV Outlook 2022.' *The International Energy Agency*.

<https://iea.blob.core.windows.net/assets/ad8fb04c-4f75-42fc-973a-6e54c8a4449a/GlobalElectricVehicleOutlook2022.pdf> (p.55)

⁸ Australian Government, Department of Industry, Science, and Resources. 30th June, 2021. 'Future Fuels and Vehicles Strategy - Executive Summary.' *The Department of Industry, Science, and Resources*. <https://www.industry.gov.au/data-and-publications/future-fuels-and-vehicles-strategy/executive-summary>

⁹ ClimateWorks. 17th August, 2022. 'Accelerating Australia's EV uptake can save vehicle owners \$1,300 per year in running costs.' *ClimateWorks*. <https://www.climateworkscentre.org/news/accelerating-australias-ev-uptake-could-save-vehicle-owners-1300-a-year/>

¹⁰ Climate Analytics. November, 2020. 'Scaling up climate action: key opportunities for transitioning to a zero emissions society.' *Climate Analytics*. https://climateanalytics.org/media/cat_2020-11-10_scalingup_australia_fullreport.pdf



Recommendations for Federal Electric Vehicle Policies

In many states and territories cash rebates, stamp-duty exemptions, or heavily reduced registration costs are afforded to motorists who chose to buy an EV. However, from state to state these incentives differ, are only extended to a set number of buyers, and are further limited to vehicles that fall within a certain price-range. Not only do these limits impose barriers for prospective-EV buyers that are late to purchase, or are limited in the short-term by their financial situation, but the irregularity of these policies decreases fair and equitable access to EVs from state to state. Moreover, as the diversity of EVs increases to include light-duty vehicles fit for commercial and trade purposes (but with a more expensive price-tag), some EV-interested motorists will ultimately lose out.

Amendments to the incentive ceilings for certain types of electric-vehicles would encourage a greater diversity of motorists to adopt EVs for a variety of fit-for-purpose needs, especially in the fleet-vehicle, commercial, and trade sectors. As it stands, Australia is lacking in federal policies aimed at reducing the initial price of EVs. An introduction of federal policies may stimulate demand and encourage uptake from prospective low-income buyers who have been historically deterred by the cost of EVs when compared to the price of emissions-heavy ICE vehicles. A federal approach to EV-policy would facilitate uniformity in this regard, and guide state governments towards EV-policy consistency. Ultimately, this would help to ensure equitable access and supply of EVs throughout all states and territories.

Federally legislated taxation changes may also prove crucial in boosting uptake and further stimulating demand for both private business and Government vehicle-fleets. On a federal level, greater eligibility for the Fringe Benefits Tax will remove many remaining financial barriers when transitioning vehicle-fleets towards EVs. A widespread transition to EV fleet-vehicles could produce many direct and indirect benefits. As fleet-vehicles account for 52% of annual vehicle sales, this substantial market share could influence an expansion of charging infrastructure if these vehicles were EVs. Upon retirement of these EV fleet vehicles, the second-hand EV market would be bolstered by affordable options for financially conscious consumers.¹¹ Indirectly, this may drive further education and benefit-awareness of EVs, and encourage more motorists to electrify their transport.

Moreover, the proposed changes maintain that “The exemption will remain in effect as an ongoing basis and reviewed after three years, assessing the success of EV uptake.” GPAP supports this change in the review process, and submits that frequent reviews are integral in ensuring that the proposed changes have the desired impact on increasing EV sales. During these reviews processes, greater consideration must be afforded to Fringe Benefit Tax

¹¹ EVC. n.d. ‘Fleets’. *Electric Vehicle Council*. <https://electricvehiclecouncil.com.au/programs/fleets/>



deductions for electric vehicles so that incentives for businesses and fleet managers remain economically attractive well into the future.

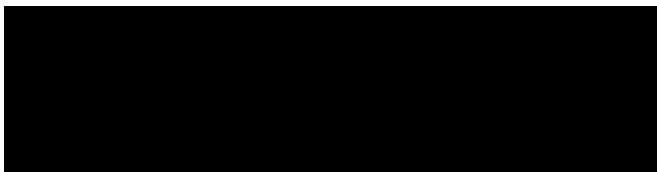
As Australia's share of the EV transport market begins to catch up with European countries, other tax mechanisms from these nations could be mirrored and legislated domestically to further reduce entry barriers into the EV market for businesses and private consumers.

Summary and Conclusions

In addressing the worst impacts of climate change, Australia must endeavour to meet the targets it committed to at COP26 in Glasgow. Although the window to keep global warming to 1.5 degrees is closing fast, serious changes to climate policy will help Australia meet its commitments to this target. As part of the nation's domestic strategy to adopt solutions, meaningful action on transport emissions must be prioritised via an increased uptake of electric vehicles, and through the introduction of fuel efficiency standards. The proposed amendments that would exempt zero-emissions vehicles from a fringe benefits tax means that financial barriers to EVs can be greatly reduced. Additionally, federal EV-policies should be adopted to introduce market uniformity while reducing inter-state supply and market-entry disparity. Finally, with the right federal policies in place, the projected 30% by 2030 market-share of EVs should be increased to align with the Paris Aligned benchmark of 95% of new vehicle sales to be electric, as modelled by Climate Analytics. This can be done while altogether excluding hybrid-electric vehicles from any zero-emissions transport policies. GPAP broadly supports the Amendment Bill, but respectfully submits that more can be done to align Australia's zero-emissions transport policies with our suggestions.

In closing, GPAP appreciates the time taken to consider our submission. We welcome any opportunity to discuss our proposals in greater depth should you wish to explore these responses further.

Yours sincerely,



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Greenpeace Australia Pacific