



FEDERAL CHAMBER
OF AUTOMOTIVE
INDUSTRIES

Senator Slade Brockman
Chair
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senator Brockman,

The Federal Chamber of Automotive Industries (FCAI) welcomes the opportunity to provide input into the Economics Legislation Committee's inquiry into the *COAG Reform Fund Amendment (No Electric Vehicle Taxes) Bill 2020* (The Bill). The FCAI is the peak Australian industry organisation representing over 60 global automotive brands who design, manufacture and sell passenger vehicles, light commercial vehicles and motorcycles around the world.

The FCAI supports the goal of the Bill to prevent the States erecting roadblocks to the uptake of Zero and Low Emissions Vehicles (ZLEVs). Transport is Australia's fastest growing source of carbon pollution and zero emissions vehicles are the only path to decarbonizing transport. The FCAI has called for governments at all levels to develop clear and consistent policies on CO₂, road user charges and removing barriers to increase the uptake of ZELVs.

The announcement by a number of State governments that they intend to implement Road User Charges (RUC) targeted at Electric Vehicles, Plug in Hybrid Electric Vehicles and hydrogen fuel cell electric vehicles institutes a major barrier to the uptake of those vehicles by consumers just as the technology, still in its infancy, is starting to get a foothold in Australia.

The contradiction by state governments of setting net zero targets and then putting in a RUC that disincentivise the take up of ZLEVs is confusing for our member companies and extremely difficult to explain to their global headquarters.

The automotive brands we represent globally spend in excess of \$100bn a year in R&D to bring new technologies to market. These companies see countries across the world put in place an extensive range of policy measures to increase the use of ZLEV's, from funding infrastructure, mandating ZLEV fleet targets and providing purchasing incentives for consumers. These countries have taken this policy action because they recognise that significant barriers exist for these new vehicle technologies to be adopted by consumers in numbers necessary for the transport sector to play its role in meeting net zero targets. Without the right policy settings, the market share of ZLEVs does not shift in any meaningful way. If policy is adopted that disincentivises the vehicles further for consumers the outcome is even worse.

The combination of these mixed signals being sent by Australian State governments combined with other countries competing for the allocation of vehicles results in automakers prioritizing the allocation of ZLEVs vehicle production for sale in countries other than Australia.

The FCAI calls for the Commonwealth, States and Territory governments to not disincentivize the uptake of ZLEVs through new taxes but rather take an integrated policy approach. Such an integrated approach

includes incentivising ZLEV infrastructure, non-financial incentives such as free charging and access to transit lanes, and consumer and purchase incentives as well as the removal of Luxury Car Tax and remaining import duties.

The FCAI recognises that the decline in fuel excise, the taxation of motorists and their vehicles, is a long-term issue that needs to be addressed. We also understand that road user charging should play a role in Australia's future tax regime. However, such a transition needs to be undertaken in a holistic and nationwide manner, recognising the importance of ZLEV's. The FCAI encourages the Commonwealth and State and Territory governments to develop a RUC that is nationally consistent, broad based, technology neutral and replaces inefficient Commonwealth and State taxes – not take the easy path of punishing ZLEVs. The FCAI has been studying options for RUC'ing for some time and would welcome the opportunity to work with government and explore ways it could be implemented.

In addition, the Senate Economics Legislation Committee should be aware that last year the FCAI introduced an industry CO2 standard out to 2030 that provides a pathway for industry to achieve enhanced emissions reduction and incorporate a range of mechanisms intended to encourage the enhanced supply of ZLEV's. This has been developed in the absence of government mandated CO2 targets, continuing poor fuel quality and any meaningful support towards ZLEV's uptake. The FCAI welcomes the opportunity to work with government to explore ways to improve the supply and take-up of ZLEV's

Thank you for the opportunity to provide a submission to the inquiry. If you would like to discuss the FCAI position on the Bill and associated issues further please do not hesitate to contact _____, Director Policy and Advocacy on _____.

Yours sincerely,

Tony Weber
Chief Executive