



Australian Government

Department of Industry,
Science and Resources

Submission to Senate Inquiry on the Treasury Laws Amendment (Electric Car Discount) Bill 2022

Senate Standing Committees on Economics

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Making electric vehicles more affordable

The Department of Industry, Science and Resources welcomes this opportunity to comment on the Treasury Laws Amendments (Electric Car Discount) Bill 2022 [Provisions]. The bill amends the *Fringe Benefits Tax Assessment Act 1986* to exempt from fringe benefits tax cars that are zero or low emissions vehicles held by the provider and used by or made available for private use of employees.

Achieving the Government's transport decarbonisation goals requires strong and swift action to drive a fundamental shift in Australia's vehicle market. Consumers report high upfront costs as the key barrier to purchasing an electric vehicle (EV), and the department is supportive of initiatives that will make electric vehicles more affordable for Australians.

Electric vehicle uptake

In 2021 there were around 30,000 EVs on Australian roads. This figure will need to grow more-than-a-hundred-fold in less than eight years to reach 3.8 million by 2030. This will require sales to dramatically outpace current projections

Along with high upfront costs, there are also limited models of EV available on the Australian market; around 40 models compared to more than 300 abroad. Critically, many low cost models are not sold in the Australian market; there are no EVs under \$40,000 available in Australia. Global supply constraints (such as with semiconductors, battery minerals) are further straining EV prices, and gaps in public charging infrastructure continue to provoke 'range anxiety' for some consumers, particularly in regional areas.

The transition to EVs is critical to achieving transport decarbonisation goals but presents a number of challenges. For example, Australia is an EV technology taker, relying on concentrated global supply chains that are currently under stress. Further, low income Australians will likely be the last to afford EVs in the current climate. This demographic may bear an increasing burden during the transition, as combustion vehicles decline in value and refuelling and mechanical support becomes scarce.

Batteries

Australia is a major producer of materials required for batteries and permanent magnets in EVs – giving us a comparative advantage to increase involvement in EV supply chains. Australia produces around half the world's lithium, is the second-largest producer of cobalt and the fourth-largest producer of rare earths. With current and confirmed processing projects, Australia is on track to contribute 10% of global processed lithium by 2024 and 20% by 2027.

To realise this value, the department will be delivering a number of commitments under the Australian Made Battery Plan, including a National Battery Strategy that will identify actions for governments and industry to take to build scale and competitiveness along the battery value chain. This will be done in close consultation with industry experts, governments and researchers.

Role of the Australian Building Codes Board

As part of its regular work program considering the safety and quality of buildings, the Australian Building Codes Board (ABCB) is considering issues around charging infrastructure in buildings. This includes roundtables and research into any risks posed by EVs and stationary Battery Energy Storage

Systems. The ABCB is working closely with stakeholders, including the EV industry and fire authorities on these projects.

The National Construction Code 2022 includes proposed measures to facilitate the future installation of EV charging infrastructure in commercial buildings including apartment buildings. These provisions will not mandate the installation of EV chargers, but will require the provision of the supporting infrastructure necessary to facilitate the future installation of chargers, should the building owners choose to do so. The provisions will only apply to buildings that are required to comply with NCC 2022. These provisions will be considered by building Ministers at their August 2022 meeting.