

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into Treasury Laws Amendment (Electric Car Discount) Bill 2022

2022 - 2023

Division: Personal and Indirect Tax Charities and Housing
Topic: ATO consultation
Reference: Spoken p.35 (25 August 2022)
Senator: Dean Smith

Question:

Senator DEAN SMITH: Can you just detail for me the process that you went through in terms of dates and officials that you met with from the Australian Taxation Office?

Mr Fraser: I'll have to take that on notice to give you those exact dates.

Senator DEAN SMITH: Please take that on notice.

...

Senator DEAN SMITH: How many times did you consult with the ATO over the initiative?

Mr Fraser: I'll have to take that on notice. There was extensive consultation through the process, and we also have a quality assurance process. But I'm happy to take it on notice to get you those dates.

Senator DEAN SMITH: Thank you very much.

Answer:

Consultation with the ATO followed the standard practice as set out in the *Treasury and the Australian Taxation Office Tax and Superannuation Protocol* (which is available on the ATO's website). This protocol includes the integrated tax design process and quality assurance for new law. These processes are iterative, the ATO and Treasury met on 2 June 2022 and consultation continued until the draft Bill was ready for introduction to Parliament. The Bill was introduced on 27 July 2022.

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Inquiry into Treasury Laws Amendment (Electric Car Discount) Bill 2022

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Division: Personal and Indirect Tax Charities and Housing
Topic: Public consultation
Reference: Spoken p.35 (25 August 2022)
Senator: Dean Smith

Question:

Senator DEAN SMITH: Who in the government decided that it was not necessary to have a public consultation process?

Mr Fraser: I couldn't tell you that, but I'd be happy to take it on notice. Ultimately, as I said, it's a matter for government if they want to consult on—

Senator DEAN SMITH: I'm just interested to know: was it the Treasury part of government or was it the Department of Industry, Science and Resources part of government—or was it both?

Mr Fraser: Again, I don't want to mislead you. I'm happy to take it on notice. I suspect that it will have been a joint decision between the Treasurer and the minister.

Senator DEAN SMITH: Themselves?

Mr Fraser: Or their officers. As I said, I will take it on notice.

Answer:

As previously stated, whether to have a public consultation process is a matter for Government. The Bill is a discrete amendment to the Fringe Benefits Tax Assessment Act 1986 to implement the Government's election commitment.

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2022 - 2023

Division: Personal and Indirect Tax Charities and Housing
Topic: Impact on number of vehicles
Reference: Spoken p.36 (25 August 2022)
Senator: Dean Smith

Question:

Senator DEAN SMITH: So you're unable to share with the committee what the expected impact will be on the number of vehicles? You can't share with the committee any details about the uptake in the number of new vehicles that this specific initiative will deliver?

Mr Fraser: I think I've said previously that it's very difficult to identify the impacts of this exemption in isolation, but I did take on notice whether or not we were able to provide any further information.

Senator DEAN SMITH: Great. Thank you very much

Answer:

As previously indicated this measure is part of a broader package of reforms related to encouraging electric car take-up, these policies are complementary. Accordingly it is difficult to identify the impacts of this specific exemption in isolation of the broader program.

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2022 - 2023

Division: Personal and Indirect Tax Charities and Housing
Topic: Measure assumptions
Reference: Spoken p.36 (25 August 2022)
Senator: Dean Smith

Question:

Senator DEAN SMITH: The Treasury costing for this initiative is \$205 million. Can you detail for the committee what assumptions underpinned Treasury's costing and whether or not this factors in any behavioural changes.

Mr Fraser: As with my previous answer, I will take that on notice.

...

Senator DEAN SMITH: Does the Treasury's costing take into account potential impacts on excise and income tax receipts?

Mr Fraser: I will have to take that on notice.

Answer:

The costing necessarily makes assumptions as to the price and running costs of electric cars relative to internal combustions engine cars. It is assumed that the measure will have a behavioural response in the take-up of electric cars under both employer-provided and salary sacrifice arrangements – specifically, an increase in electric cars being provided by employers and salary sacrificed. The impact of the proposal flows through to relevant taxation heads of revenue, including fringe benefits tax and income tax.

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2022 - 2023

Division: Personal and Indirect Tax Charities and Housing
Topic: Measure costs
Reference: Spoken p.36 (25 August 2022)
Senator: Dean Smith

Question:

Senator DEAN SMITH: Does the Treasury disagree with the PBO's analysis that the cost of this measure is highly sensitive to EV uptake and could fluctuate?

Mr Fraser: As I said initially, I am not in a position to analyse the PBO's costings or assumptions. I would be happy to take it on notice if there is any additional information we can provide on our costings.

Answer:

Questions on PBO costings should be directed to the PBO. However, the Treasury costing is sensitive to the uptake of electric cars, and this is something which could vary.

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Inquiry into Treasury Laws Amendment (Electric Car Discount) Bill 2022

2022 - 2023

Division: Personal and Indirect Tax Charities and Housing
Topic: Impact on EV supply and uptake
Reference: Spoken p.39 (25 August 2022)
Senator: Dean Smith

Question:

Senator DEAN SMITH: What impact do you expect this policy will have on EV supply in Australia?

Ms Looney: We are supportive of initiatives that will make EVs more accessible and affordable for Australians, and we would anticipate that this bill will be one part, as our colleagues in Treasury have mentioned, of a broader strategy that will drive supply into the market.

Senator DEAN SMITH: But in your mind, should a \$205 million initiative over four years have a significant impact or not?

Ms Looney: I haven't seen the modelling, so I'm not able to comment on that question.

Senator DEAN SMITH: So there is modelling?

Ms Looney: Let me rephrase my response to that. If there is modelling that has been undertaken on the question you just asked, I haven't had visibility of it.

Senator DEAN SMITH: So the Department of Industry, Science and Resources does not have any modelling and has not been made aware of any modelling around this particular initiative and its impact on EV uptake in Australia?

Ms Looney: That's correct.

Senator DEAN SMITH: Can I ask the same question of Treasury officials.

Mr Fraser: As we noted earlier, this exemption is part of a broad suite of reforms. I think if any modelling were undertaken of the economic impacts of the policy, it would need to be undertaken on the package as a whole. But I'm not aware of any such modelling having occurred. But happy to take it on notice and see if we can find out any further information.

Senator DEAN SMITH: My question was related to modelling around this particular FBT concession. But could you also inquire into whether or not there was any modelling done on the full suite of initiatives that you have previously cited as a reason for making it hard to understand what would be the positive impact of this particular initiative on EV uptake?

Mr Fraser: Yes, happy to take that on notice.

Answer:

Given that, as the Government has announced, it will be consulting on a National Electric Vehicle Strategy – a key component of the broader package – modelling of the full suite of initiatives has not been undertaken.