

31 August 2022

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Phone: +61 2 6277 3540
economics.sen@aph.gov.au

To Whom It May Concern,

Climateworks Centre response to Questions on Notice for the Inquiry into Treasury Laws Amendment (Electric Car Discount) Bill 2022 [Provisions]

Senator DEAN SMITH: *The Institute of Public Accountants, in its submission, has identified over the period 2022 to 2023 over the forward estimates to 2025-26 its expectations in terms of the number of additional vehicles that this would support. Could you have an opportunity to look at the Institute of Public Accountants' submission and then provide us some commentary about whether or not you agree with their calculations?*

We have reviewed the submission provided by the Institute of Public Accountants in regards to their expectations in terms of the number of additional vehicles that the FBT exemption could support. Given the submission does not outline the specific details for the calculations we unfortunately cannot comment further. Climateworks suggests the Committee assess calculations outlined in *Race for 2030 CRC Business Fleet* report (Mortimore 2022) on the expected cost savings the FBT exemption may generate.

Senator O'NEILL: *Can I ask you to take a couple of questions on notice. You've talked about leadership right across the country. Could I ask you to indicate, on notice, what leaders from regional and rural Australia you have consulted within the development of your policy. Could you also provide an indication of where the private sector has invested in regional Australia so that we get a sense of the scale of investment in delivering technology for EVs? And do you have any data on the distribution of purely electric vehicle ownership at the moment?*

On the question about regional and rural leaders.

Our submission and evidence draws on existing work Climateworks has done, which focuses on developing analysis and research to reach a net zero transport sector. We work with a wide

range of stakeholders from all levels of governments, business, industry and policy makers to develop our work, many of which operate nationally. Climateworks recognises that Australia will need tailored EV policies for urban, regional and rural areas. Our recent EV work builds on our history of transport sector engagement, for example working with Victorian metro and regional local councils in 2019 (ClimateWorks 2019), as well collaboration on electric vehicle work with member organisations that operate nationally, including in regional and rural areas (e.g. Transgrid, NRMA, AGL, the Australasian Convenience and Petroleum Marketers Association, Jet Charge, councils, fleet managers) since 2016 (ClimateWorks 2016).

On the question of private sector funding.

Climateworks does not track investment in EV infrastructure, so unfortunately we cannot supply this information. A summary of charging infrastructure across Australia can be found at: <https://electricvehiclecouncil.com.au/about-ev/charger-map/>. This includes a mix of charging infrastructure providers from the private sector, as well as locations where there has been co-investment with various levels of government. For example, ARENA is providing co-investment for 400 public fast charging stations in a mix of regional and urban areas (ARENA 2021).

On the question of the data on the distribution of purely electric vehicle ownership at the moment.

Unfortunately, Climateworks does not have access to such data. There is currently no easily accessible public national data for current locations of EV registrations.

Senator O'NEILL: One final question, also on notice, if need be, Chair. The extension of the FBT to six years has been put forward by some submitters. I note that you put that forward. On notice, could you indicate with a little more depth why you believe that's important?

The introduction of the FBT change is to support EV uptake by reducing the cost of vehicles. This is important as there are public benefits to switching to EVs, yet the upfront capital cost of EVs currently creates a barrier to uptake. Policy is needed to stimulate uptake, particularly while EV upfront costs remain higher than ICE vehicles. Price parity with internal combustion engine (ICE) vehicles is expected around 2027 globally (IEA 2022). Climateworks supports continuation of the FBT exemption for zero emissions vehicles until such a point that EV price parity in the Australian domestic vehicle market is reached, which may be later than 2027 given slower EV uptake.

QUESTION ON NOTICE: Climateworks supports the benefit applying to: Vehicles when the value of the car at the first retail sale was below the luxury car tax threshold for fuel efficient vehicles (\$84,916 for 2022-23). Why do you support the FBT exemption only applying to cars below the luxury car tax threshold?

Climateworks has not undertaken detailed analysis of the FBT threshold, but supports the current proposal for the FBT exemption to apply to “vehicles when the value of the car at the first retail sale was below the luxury car tax threshold for fuel efficient vehicles (\$84,916 for 2022-23)”. Until price parity is reached later this decade, financial support to reduce the price difference can help make EVs attractive to consumers. A key principle from our policy package is to provide a fair transition and ensure there are lower cost vehicles in the market so all consumers can access EVs (Climateworks 2022). Climateworks supports a policy threshold that

will reduce the financial costs of EVs, and provide support targeted for lower priced vehicles.

Yours sincerely,

Rachel Lynskey

Project Manager (Transport), Climateworks Centre



References

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