Submission to the House of Representatives Standing Committee on the Environment and Energy Inquiry

The Electric Vehicle Council (EVC) is the national peak body representing the electric vehicle industry in Australia. We represent members involved in providing, powering, and supporting electric vehicles, and strive to accelerate the electrification of road transport for a more sustainable and prosperous Australia.

We welcome the opportunity to make this submission to the House of Representatives Standing Committee on the Environment and Energy inquiry into the two bills:

- Climate Change (National Framework for Adaptation and Mitigation) Bill 2020; and
- Climate Change (National Framework for Adaptation and Mitigation) (Consequential and Transitional Provisions) Bill 2020

The need for a Climate Change (National Framework for Adaptation and Mitigation) Bill 2020

Climate Change is one of the biggest challenges facing humans today. The preservation of the natural world for future generations is at the forefront of global politics and policymaking.

Australia has signed up to three separate sets of targets for reducing its emissions: Rio Earth Summit (1992), Kyoto Protocol (1997) and the Paris Agreement (2015). Despite this, Australia has not committed to a net-zero by 2050 target, to ensure that global warming is limited to 1.5 degrees by 2050.

Commitment to climate change action is set in targets in a growing number of countries with commitments to net-zero from 2040-2060.

The consequences of inaction to climate change will have significant implications for:

- the individual- denying Australians their right to life; to an adequate standard of living; to health; to self-determination and work; and to privacy.[1]
- Australia - inaction will continue to limit economic growth, damage the environment, restrict industry development, and burden the health care sector.

[1] Climate Change (National Framework for Adaptation and Mitigation) Bill 2020

Already, Australia is recognised as a global laggard on climate policy. Australian states and territories have committed to net zero by 2050; it is time for the Federal Government to plan for Australia's future. By legislating our commitments to net-zero by 2050, the Climate Change Bill 2020 will demonstrate our intention to join the vast growing group of global leaders that guarantee the future of our planet.

The inclusion in the Bill's framework of national plans and budgets, combined with transparent monitoring and accountability, will provide industry sectors with the much-needed clarity and certainty which has been missing over the last decade.

Electrification and Paris Climate Agreement

The decarbonisation of the transport sector must be a key part of Australia's action on climate change. In 2019, Australia's transport sector contributed 19% of the country's total emissions, and our road vehicle fleet rates among one of the least efficient in the developed world.[2]

In fact, Australia's Emissions Projections 2019 indicate that emissions from road transport will continue to increase to 2025. The projections then note that 'improvements in vehicle efficiency, fuel switching away from diesel, and an increasing share of electric vehicles' will result in emissions reductions from 2025 to 2030.

Australia currently has no strategies in place to decarbonise the transport sector or support the electrification of transport. In a business as usual scenario for Australia, where there is no policy action to support electric vehicle uptake, it is unlikely that we will see an adequate uptake of electric vehicles to reduce carbon emissions as proposed by the Bill. The lack of electric vehicle policy in Australia means that:

- Car manufacturers will not bring more efficient and/or electric vehicles to the Australian market
- Consumers will continue to increasingly purchase diesel vehicles - diesel powered vehicle registration increased by 1.0 percentage point from January 2019 to January 2020[3]
- Electric vehicle uptake will remain slow

This puts Australia at risk failing to meet its 2030 Paris Agreement targets.

[2] American Council for an Energy Efficient Economy (2018) The 2018 International Energy Efficiency Scorecard
[3] Australian Bureau of Statistics (2020) Motor Vehicle Census Australia

The Bill's requirement to develop five-year national emissions budgets and plans provides an opportunity to address this policy gap.

Global trend of transport decarbonisation

The role of electric vehicles in reaching net-zero by 2050 is increasingly being recognised by governments, when committing to, or considering commitments to, the phasing out of petrol and diesel vehicle for sale by target years.

Countries and states with plans to ban internal combustion engine vehicle sales are:

- By 2030: Denmark, Iceland, Ireland, Israel, The Netherlands, Slovenia, Sweden, and the United Kingdom.
- By 2035: Japan
- By 2040: France, Sri Lanka, and Singapore.

Additionally, in November 2020, countries from across the globe came together to form a new Zero Emission Vehicle Transition Council, hosted by the COP26 President.

The Council released a joint statement following that meeting. The main points include[4]:

1. A rapid global transition to zero emissions vehicles is vital to meet the goals of the Paris Agreement on climate change.
2. The Zero Emission Vehicles Transition Council met to discuss how to accelerate the pace of transition to electric vehicles.
3. Zero Emission Vehicles Transition Council will be a forum to coordinate efforts of acceleration
4. Specific areas of collaboration include aligning the road transport sector with Paris Agreement; ensuring the transition to zero emissions vehicles is truly global, leaving no country or region behind, ensuring the lifecycle (from production to scrapping) is sustainable, ensuring infrastructure is in place, coordinating innovation efforts.
5. Commit to ensuring recovery plans support an accelerated transition to zero emissions vehicles as part of broader efforts to boost growth and employment, while promoting cleaner and more sustainable economies.

The signatories to the statement are Denmark, France, South Korea, Canada, Norway, Japan, the Netherlands, Spain, Sweden, The UK.

[4] Department for Business, Energy and Industrial Strategy, UK (2020) Joint statement of the Zero Emission Vehicle Transition Council

The need for electric vehicle policy to accelerate uptake

Electric vehicles and the decarbonisation of the transport sector is critical to meeting climate targets to prevent irreparable damage to the environment and our future. Australia's vehicle fleet is old and inefficient. Policy is an important driver in shifting the transition to electric road transport in Australia.

Once sold, cars stay on the road for an average of 15-17 years. This means that in order to reach zero emissions by 2050, the last internal combustion engines need to be sold by 2030 or 2035 at the latest.

Given that many other sectors will be relying on offsets to meet net-zero commitments, it is important that the road transport sector decarbonises. As the technology and solutions for road transport are available, offsetting to reach net-zero should be left to sectors that will find it more difficult to abate emissions.

Therefore, and in order to harness the potential of electric vehicles for Australia's carbon abatement goals, the Electric Vehicle Council recommends policies be implemented in four areas.

a) Implementation of strong CO_2 emission standards
   - The introduction of light vehicle CO_2 emissions standards in line with European standards would directly reduce emissions and encourage carmakers to bring a wider variety of EVs to Australia. Currently, 80% of the light vehicle market has CO_2 standards while Australia does not[5] resulting in a vehicle market that is full of inefficient vehicles that cannot be sold in other markets.
   - A clear policy commitment would signal to manufacturers that the government was serious about addressing emissions from passenger transport – encouraging carmakers to bring lower priced EVs to Australia.

b) Policies to directly reduce EV costs and improve model availability
   - An exemption or reduction in the fringe benefit tax applied to EVs would provide an incentive for companies with fleets and employees in those companies to own an EV. This is critical since fleets make up 52% of the annual new car sales.[6]
   - A government EV fleet target would use government purchasing power to increase manufacturer confidence and improve model availability.
   - An electric vehicle sales target would signal to the automotive sector that Australia is ready for and committed to the electrification of road transport.

[5] Australian Financial Review (2019) Fuel efficiency standards better than a Trump deal.

[6] Australian Financial Review (2018) Car fleets are big business in Australia.

- A direct financial incentive to reduce the upfront purchase cost of an electric vehicle would accelerate consumer adoption of electric vehicles. This is policy that has been adopted by many governments:

G7 EV purchase incentives		
Market	**Incentive (local currency)**	**~AUD**
Canada	$5,000	$5,000
France	€7,000	$11,000
Germany	€6,000	$10,000
Italy	€6,000	$10,000
Japan	¥400,000	$5,000
UK	£6,000	$10,000
USA	$7,500 USD	$10,000
Australia	-	-

*Rounded to closest thousand
*Includes announced increases

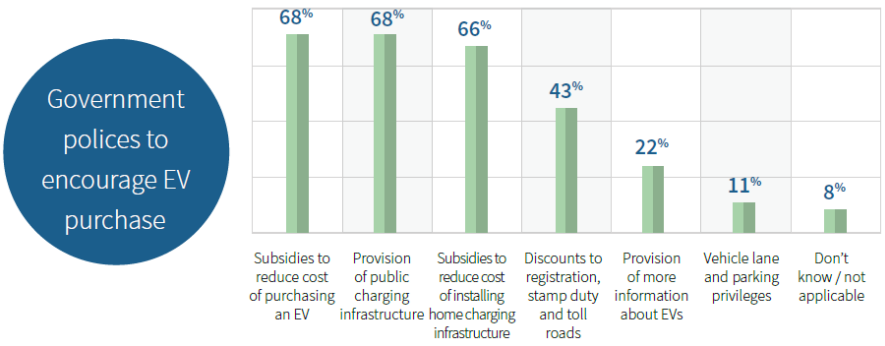
Table 1: Financial incentives for the purchase of electric vehicles

c) Policies to improve charging convenience

- Federal funding could be used to fill gaps in the electric vehicle charging network.
- Financial incentives could be provided to reduce the cost for home and commercial chargers.

d) Policies to increase consumer knowledge and awareness

- Consumer surveys have shown a strong correlation between knowledge of EVs and willingness to purchase.[7]
- EVC research in 2020 found that: 56% of respondents would consider purchasing an electric vehicle as their next car purchase (up from 48% in 2018 and 53% in 2019).
- Respondents overwhelmingly support government policies to reduce the cost of electric vehicles and provide public charging infrastructure, with 68% of indicating these were policy mechanisms to encourage uptake.



[7] Electric Vehicle Council (2020) State of Electric Vehicles in Australia 2020.

To accelerate the transition to electric vehicles in order to reach net-zero by 2050 as outlined in the Climate Change Bill, the Government must develop policy to support their uptake.

Financial incentives, coupled with fuel efficiency standards, are recognised as the most effective means to encourage uptake of electric vehicle uptake.[8] In fact, no successful electric vehicle market exists globally without financial incentives lowering the price barrier to entry for consumers.

Recent analysis by EY for the Electric Vehicle Council has quantified the net benefit of electric vehicles in Australia, finding that the average net benefit to government and society of an EV replacing an ICEV is $8,763.[9]

Electric vehicles and industry development

Domestic industry development opportunities are abundant in the electric vehicle sector. Policy certainty will better enable the decision making of many sectors including charging, fleet, automotive, mining, and recycling.

The manufacture of electric vehicles and their components presents a significant opportunity for Australia to build on its existing infrastructure to create jobs and economic growth. The increasing use of renewable energy generation and battery storage will allow these industries to grow and be in line with net-zero targets.

Already, we are seeing the potential of Australia's highly skilled workforce and innovation in the lithium-ion battery value chain and electric vehicle and charger manufacturing. It is vital that Australia continues to attract investment and solidifies itself as a participant in the global electric vehicle industry.

COVID-19 has presented the opportunity to invest in stimulus measure to futureproof the country. The Climate Change Bill is a futureproofing method to safeguard the environment, and investment from governments should look to futureproofing technology that supports this mandate.

There is additionally a role for government to create new jobs for the unemployed and prepare Australians for the jobs of the future. Equipping Australians with the skills they need to work in our future industries is as important as upskilling Australians currently in the workforce.

It is the Government's responsibility to keep unemployment low by providing opportunities to study and work in industries that will exist in the future. Failing to account for the risk of

[8] ICCT, Comparison of leading electric vehicle policy and deployment in Europe
[9] EY, Uncovering the hidden costs and benefits from electric vehicles

climate change to employment in Australia would be catastrophic for the livelihoods of many Australians, as well as our economy.

The Climate Change Bill should recognise the potential of the electric vehicle industry to not only support reaching targets of net-zero but to add value to Australia's economic growth.