



Parliament of Australia
Parliamentary Budget Office

Phil Bowen PSM FCPA
Parliamentary Budget Officer

Senator Richard Di Natale
Leader of the Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *Accelerating the Electric Vehicle Revolution* (letter of 24 June 2016).

The response to this request will be released on the PBO website (www.pbo.gov.au).

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

25 June 2016



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Accelerating the Electric Vehicle Revolution
Summary of proposal:	<p>The proposal has two components:</p> <p><u>Component 1: Free electric vehicle registration</u></p> <p>This component would pay state registration fees for five years when someone purchases a new electric vehicle and all new electric vehicles purchased prior to 30 June 2021 would be eligible for access to the scheme.</p> <p><u>Component 2: Building electric vehicle charging infrastructure</u></p> <p>This component would provide:</p> <ul style="list-style-type: none">• a \$150 million grants program over the 2016-17 Budget forward estimates period for the installation of electric vehicle charging infrastructure for local governments (pools, sporting ovals, parks, libraries, council buildings), private companies managing publicly accessible parking (shopping centres) and state governments for public car parks (railway car parks). This program will subsidise the purchase and installation costs for a fast charge roadside station, up to a cap of \$45,000 per station.• a \$50 million grants program over the 2016-17 Budget forward estimates period for a non-government organisation (NGO) fleet ‘gap’ subsidy (eg home care nurses, Red Cross) to upgrade their passenger vehicle fleet to electric cars. <p>Departmental expenses for this proposal would be additional to the capped funding amounts.</p> <p>This proposal would commence on 1 January 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	18 May 2016

Date costing request received:	24 June 2016
Date costing completed	25 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease the fiscal balance by \$216.0 million and the underlying cash balance by \$214.4 million over the 2016-17 Budget forward estimates period. In fiscal balance terms, this reflects an increase in administered expenses of \$213.4 million and departmental expenses of \$2.6 million.

This proposal would have an impact beyond the 2016-17 Budget forward estimates. A breakdown of the financial impacts over the period 2016-17 to 2026-27 and by component has been provided at [Attachment A](#).

This proposal has a different impact on the fiscal and underlying cash balances due to a lag between when electric vehicles are registered and when state and territory governments would lodge claims for payments from the Commonwealth Government.

The costing is considered to be of high reliability. The administered expenses estimates for the proposal are as specified in the request and the departmental costs are based on similar programs.

Table 1: Financial implications (outturn prices)^{(a)(b)}

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-51.0	-53.0	-54.9	-57.1	-216.0
Underlying cash balance	-50.9	-52.6	-54.4	-56.5	-214.4

(a) A positive number indicates an increase in the relevant budget balance, a negative number a decrease.

(b) Figures may not sum to total due to rounding.

Key assumptions

Component 1: Free electric vehicle registration

In costing this component, the following assumptions have been made:

- Growth in electric vehicle sales would broadly be consistent with historic growth.
- The Commonwealth Government would make payments directly to state and territory governments for the registration of electric vehicles.
- Departmental costs per recipient would be in line with similar rebate schemes.

- The average cost of registration is based on a passenger vehicle of 1,504 kg or less registered for private use and excluding costs associated with compulsory third-party insurance and one-off charges such as licence plate costs.
- On average, there would be a three-month lag between the registration of an electric vehicle and payments being made by the Commonwealth Government.

Component 2: Building electric vehicle charging infrastructure

- While the component would commence on 1 January 2016, it has been assumed that the full 2016-17 funding allocation could be delivered within the year.

Methodology

Component 1: Free electric vehicle registration

Historic electric vehicle sales numbers have been projected and multiplied by the average motor vehicle registration costs.

Component 2: Building electric vehicle charging infrastructure

Administered expenditure estimates are as specified in the request. The departmental expenditure estimates are in addition to capped amounts, as specified, and are based on other like initiatives and estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Data sources

- The Department of Industry, Innovation and Science provided historic data on electric vehicle sales.
- The Department of Finance provided efficiency dividend and indexation parameters.

Attachment A: Accelerating the Electric Vehicle Revolution—financial implications

Table A1: Accelerating the Electric Vehicle Revolution—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Administered	-50.5	-52.4	-54.2	-56.3	-213.4	-8.8	-7.9	-6.5	-4.8	-2.6	-	-	-244.0
Departmental	-0.5	-0.6	-0.7	-0.7	-2.6	-0.4	-0.5	-0.5	-0.6	-0.6	-0.2	-	-5.3
Total	-51.0	-53.0	-54.9	-57.1	-216.0	-9.2	-8.4	-7.0	-5.3	-3.2	-0.2	-	-249.3

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Accelerating the Electric Vehicle Revolution—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Administered	-50.4	-51.9	-53.7	-55.8	-211.8	-8.2	-8.1	-6.9	-5.2	-3.1	-0.6	-	-244.0
Departmental	-0.5	-0.6	-0.7	-0.7	-2.6	-0.4	-0.5	-0.5	-0.6	-0.6	-0.2	-	-5.3
Total	-50.9	-52.6	-54.4	-56.5	-214.4	-8.6	-8.6	-7.4	-5.8	-3.7	-0.8	-	-249.3

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in outlays or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in outlays or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 1: Free electric vehicle registration—Fiscal balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Administered	-0.5	-2.4	-4.2	-6.3	-13.4	-8.8	-7.9	-6.5	-4.8	-2.6	-	-	-44.0
Departmental	-0.2	-0.3	-0.3	-0.4	-1.2	-0.4	-0.5	-0.5	-0.6	-0.6	-0.2	-	-3.9
Total	-0.7	-2.7	-4.5	-6.7	-14.6	-9.2	-8.4	-7.0	-5.3	-3.2	-0.2	-	-47.9

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A4: Component 1: Free electric vehicle registration—Underlying cash balance^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Administered	-0.4	-1.9	-3.7	-5.8	-11.8	-8.2	-8.1	-6.9	-5.2	-3.1	-0.6	-	-44.0
Departmental	-0.2	-0.3	-0.3	-0.4	-1.2	-0.4	-0.5	-0.5	-0.6	-0.6	-0.2	-	-3.9
Total	-0.6	-2.2	-4.1	-6.2	-13.0	-8.6	-8.6	-7.4	-5.8	-3.7	-0.8	-	-47.9

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in outlays or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in outlays or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A5: Component 2: Building electric vehicle charging infrastructure—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	Total to 2026–27
Impact on fiscal and underlying cash balances													
<i>Administered</i>													
Electric vehicle charging infrastructure	-37.5	-37.5	-37.5	-37.5	-150.0	-	-	-	-	-	-	-	-150.0
NGO fleet gap subsidy	-12.5	-12.5	-12.5	-12.5	-50.0	-	-	-	-	-	-	-	-50.0
Total administered	-50.0	-50.0	-50.0	-50.0	-200.0	-	-	-	-	-	-	-	-200.0
<i>Departmental</i>													
Electric vehicle charging infrastructure	-0.3	-0.3	-0.3	-0.3	-1.1	-	-	-	-	-	-	-	-1.1
NGO fleet gap subsidy	-0.1	-0.1	-0.1	-0.1	-0.4	-	-	-	-	-	-	-	-0.4
Total departmental	-0.4	-0.4	-0.4	-0.4	-1.4	-	-	-	-	-	-	-	-1.4
Total	-50.4	-50.4	-50.4	-50.4	-201.4	-	-	-	-	-	-	-	-201.4

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in outlays or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in outlays or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.