More Electric Vehicles	
Party:	Australian Greens

Summary of proposal:

The proposal includes 7 components that aim to encourage the uptake of electric vehicles (EVs), including light passenger battery electric vehicles, plug-in hybrid electric vehicles, and fuel cell vehicles.

- Component 1 would provide a rebate to first-time buyers of electric vehicles priced below the luxury car tax (LCT) threshold for fuel efficient vehicles (an 'eligible vehicle').
  - Each individual would only be eligible for one rebate, with a register to be kept by the Clean Energy Regulator. Businesses would not be eligible for the rebate.
  - The rebate would be available to the first 2.5 million buyers of eligible vehicles, and the value of the rebate would decline over time according to the following schedule.

Eligible vehicles sold	Rebate per purchase of eligible vehicles made in Australia	Rebate per purchase of eligible vehicles made outside Australia
First 100,000 vehicles	$15,000	$10,000
Next 200,000 vehicles	$11,250	$7,500
Next 200,000 vehicles	$7,500	$5,000
Next 500,000 vehicles	$4,500	$3,000
Next 500,000 vehicles	$3,000	$2,000
Next 1 million vehicles	$1,500	$1,000

  - The maximum rebate would be limited to 30% of the original list price for eligible vehicles manufactured in Australia.
  - The maximum rebate would be limited to 20% of the original list price for eligible vehicles not manufactured in Australia.
- Component 2 would provide loans of up to $50,000 to first-time buyers of eligible vehicles.
  - The interest rate on the loans would be set at the Reserve Bank of Australia's (RBA) overnight cash rate, with a maximum repayment term of 10 years.
  - The first 2.5 million buyers of eligible vehicles would have access to the loan program. Each individual would only be eligible for one loan, with a register to be kept by the Clean Energy Regulator. Businesses would not be eligible for the loan.

- Component 3 would provide $2 billion in capped funding evenly distributed over two years for fast-charging infrastructure, with departmental expenses included in the cap.
- Component 4 would introduce average emissions standards of carbon dioxide on the fleet-wide passenger vehicles sold by each manufacturer in Australia according to the following schedule.
  - 105g/km in 2025-26
  - 84g/km in 2026-27
  - 63g/km in 2027-28
  - 42g/km in 2028-29
  - 21g/km in 2029-30
  - 0g/km in 2030-31
  - The penalty for non-compliance would be $100 per excess gram of carbon dioxide per km over the set standards, multiplied by the total number of passenger vehicles sold in Australia for the given year.
  - From 1 July 2030, the sale of internal combustion engine passenger vehicles would be banned.
- Component 5 would transition Australian Government fleet procurements to 100% electric vehicles by 2025.
- Component 6 would provide $1.2 billion in capped funding evenly distributed over three years to attract new manufacturers of electric vehicles and components of the electric vehicle supply chain, with departmental expenses included in the cap.
- Component 7 would legislate the COAG Reform Fund Amendment (No Electric Vehicle Taxes) Bill 2020.
  - This bill would aim to reverse decisions by state and territory governments to tax electric vehicles.

The proposal has a start date of 1 July 2022.

Costing overview

The proposal would be expected to decrease the fiscal balance by around $415 million, increase the underlying cash balance by around $1,165 million, and decrease the headline cash balance by around $5,735 million over the 2022-23 Budget forward estimates period. The fiscal balance impact reflects an increase of around $6,690 million in revenue, an increase of around $6,735 million in expenses, and an increase of around $370 million in public debt interest expenses.

The proposal would be expected to have ongoing impacts beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications over the period to 2032-33 is provided at Attachment A.

Departmental expenses to implement and administer the proposal have been provided for the Australian Taxation Office (ATO), the Department of Industry, Science, Energy and Resources, the Department of Finance, and the Department of Infrastructure, Transport, Regional Development and Communications.

Consistent with *Parliamentary Budget Office (PBO) Guidance 02/2015*, public debt interest expense impacts have been included in this costing because the concessional loans provided under Component 2 involve financial asset transactions.

Under Component 2, the fiscal, underlying cash, and headline cash balance impacts differ in the treatment of interest payments, bad debt, and the flow of loan principal amounts. Specifically, only the fiscal balance reflects the concessional loan discount expense and associated unwinding income, and only the headline cash balance includes transactions related to loan principal amounts. The impact on net debt will be broadly consistent with movements in the headline cash balance. A note on the accounting treatment of concessional loans is included at Attachment B.

Under other components, the differences between the fiscal and underlying cash balance impacts reflect the timing differences between when LCT and fuel excise liabilities would be recognised and when the associated cash transaction would occur.

Table 1: Financial implications ($m)[(a)(b)]

	2022-23	2023-24	2024-25	2025-26	**Total to 2025-26**
Fiscal balance	*-1,711.6*	*-1,878.1*	*-1,092.0*	*4,266.8*	**-414.9**
Underlying cash balance	*-1,571.6*	*-1,678.1*	*-842.0*	*5,256.8*	**1,165.1**
Headline cash balance	*-2,171.6*	*-2,478.1*	*-1,942.0*	*856.8*	**-5,734.9**

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

The financial implications in this response are particularly sensitive to assumptions about manufacturers' compliance with the proposed emissions standards (Component 4) and how consumers respond to the new purchasing incentives. Some other factors that could affect the costs of the proposal include.

- technological improvement and cost control in manufacturing EVs
- automakers' commitment to electric vehicle manufacturing
- investment in charging infrastructure (including public and home/workplace fast charging options) across Australia
- variations in policies to support electric vehicle uptake between state and territory governments
- fluctuations of world and Australian oil prices
- changes in the RBA cash rate.

As there is limited information and data available to determine the potential impact of all factors, the costs of the proposal are highly uncertain.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing the proposal.

General

- All EVs would be manufactured outside Australia over the life of the proposal.
- All projected sales of passenger EVs priced below the LCT threshold would be eligible for rebates and concessional loans until the capped places are exhausted.
- The price elasticity of EVs would be approximately -2. This implies that a 1% decrease in the sales price would lead to a 2% increase in volume sold.

Component 1: Rebates for new passenger EVs priced below LCT threshold

- Recipients of the rebate would receive the maximum allowable value of the rebate.

Component 2: Concessional loans to support first-time buyers of eligible vehicles

- All eligible first-time buyers would apply for the maximum amount ($50,000) of the concessional loans until the 2.5 million capped places are reached.
- The RBA overnight cash rate and market interest rates would move in line with government bond rate projections provided by the Treasury.
- On average 5% of loans issued would not be repaid.
- Repayment of the initial loan principal amount would be evenly spread over 10 years.

Component 4: Fleet-wide average emissions standard

- The proportion of internal combustion engine passenger vehicles in all passenger vehicles sales in Australia would decline from 2025-26 to zero by 1 July 2030 in a straight line as a result of the proposed emission standards.
- The average carbon dioxide emission of an internal combustion engine passenger vehicle would be 251 gram per km.

Component 5: Transitioning entire Australian Government fleet to electric vehicles

- All new battery EVs added to the Australian Government fleet would be leased for a 5-year period rather than purchased.
- The total number of new vehicles acquired each year by the Australian Government fleet that are suitable for conversion to battery EVs, currently 1,500, would not change over the period to 2032-33.
  - Over time the proportion of EVs in the Australian Government fleet would be expected to increase while the overall size of the fleet remains static.
- The additional lease costs of battery EVs include differences in rental payment, maintenance, spending on energy consumption, and other running costs.
- Compared to an equivalent internal combustion engine vehicle, the average additional lease cost of a battery EV would be $142 per month in the first year and diminish at the same rate as the decrease in relative median price difference between these vehicles.
- The transition of the Australian Government fleet would also include one-off capital outlay for charging infrastructure, which can be reused after the lease term for the initial battery EV expires.
  - It would cost, on average, $2,036 to purchase and install essential charging equipment for each additional battery EV added to the fleet until the entire fleet would be transitioned to EVs in 2031-32.
  - The average cost to purchase and install essential charging equipment would remain unchanged over the period to 2031-32.

Component 7: Legislating the COAG Reform Fund Amendment (No Electric Vehicle Taxes) Bill 2020

- If a state or territory imposes a tax on electric vehicles, the Australian Government would deduct an amount equivalent to the amount raised by the tax from a grant of financial assistance to the state or territory within the same financial year.
- The relevant minister would redistribute the deducted amount to the states and territories not charging electric vehicle taxes.

Methodology

Component 1: Rebates for new passenger EVs priced below LCT threshold

Total rebates for eligible purchases each year were calculated by multiplying the expected number of eligible buyers of new passenger EVs priced below the LCT threshold each year by the value of the rebate until, the 2.5 million places are exhausted.

Departmental expenses for this component were estimated based on the 2018-19 Budget measure *Building Better Regions Fund – round three*.

Component 2: Concessional loans to support first-time buyers of eligible vehicles

The total initial loan principal offered by the Australian Government each year was calculated by multiplying the expected number of eligible buyers of new passenger EVs priced below the LCT threshold each year by $50,000, until the 2.5 million places are exhausted.

The detailed accounting treatment of other items under concessional loans is included at Attachment B.

Departmental expenses for this component were estimated based on the departmental costs of providing other concessional loans.

Component 3: Charging infrastructure

As specified, $2 billion in capped funding was spread evenly over two years from 1 July 2022 for charging infrastructure. Departmental expenses for this component were included in the cap and calculated based on the 2018-19 Budget measure *Building Better Regions Fund – round three*.

Component 4: Fleet-wide average emissions standard

Total penalties collected from vehicle manufacturers each year were calculated by multiplying the number of new passenger vehicles sales in Australia each year by the average excess grams per km of carbon dioxide above the standards incurred by all fleets in Australia.

The average excess grams per km of carbon dioxide each year were the difference between the average emission standard as specified and the estimated emission amount, based on the projected annual new passenger EV sales as a proportion of all new passenger vehicle sales in Australia.

- Before the implementation of the emission standard (from 2022-23 to 2024-25): the projected new passenger EV sales was based on the EV sales percentage in the base-case forecasts of the Department of Infrastructure, Transport, Regional Development and Communications' research report *Electric Vehicle Uptake: Modelling a Global Phenomenon*.
- After the implementation of the emission standard (from 2025-26 to 2031-32): the projection was based on the assumed straight-line decrease in the share of internal combustion engine

passenger vehicles sales, as described in *Key assumptions*. From 1 July 2030 all new passenger vehicle sales would be EV sales.

This component results in an increased projected take-up of EVs and interacts with Components 1 and 2.

Component 5: Transitioning entire Australian Government fleet to electric vehicles

The estimated increase in departmental costs each year for transitioning the Australian Government fleet was the sum of the additional lease costs for all battery EVs in the 5-year lease term and charging infrastructure costs for initial battery EVs to be added in the Australian Government fleet each year.

The additional lease costs for new battery EVs were calculated by multiplying the estimated number of new battery EVs to be added in the fleet by the difference of the lease costs between individual battery EVs and equivalent internal combustion engine vehicles.

Component 6: Incentives for EV manufacturing

As specified, $1.2 billion in capped funding was spread evenly over three years from 1 July 2022.

Departmental expenses for this component are included in the cap and calculated based on the 2017-18 Budget measure *Advanced Manufacturing Fund*.

Component 7: Legislating the COAG Reform Fund Amendment (No Electric Vehicle Taxes) Bill 2020

Based on the assumed redistribution decision made by the Minister, this component would have no impact on the fiscal, underlying cash, and underlying cash balances.

The departmental expenses of this component are immaterial because it would not significantly alter the existing funding redistribution arrangements. The Treasury would absorb any costs of implementing the change and as such no additional departmental costs have been included in this component.

Interaction with fuel excise

An increased take-up rate of EVs under the proposal would result in the decreased consumption of fuel, which in turn would lead to a reduction in fuel excise revenue.

The financial implications have been rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.[1]

Data sources

The Australian Taxation Office provided data on electric and non-electric vehicle sales.

The Department of Finance provided information on the Australian Government fleet as of January 2022.

Australian Bureau of Statistics, 2020. *Survey of Motor Vehicle Use, Australia, 12 months ended 30 June 2020,* accessed 2 May 2022.

[1] https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Australian Bureau of Statistics, 2021. *Motor Vehicle Census, Australia, 30 June 2021*, accessed 2 May 2022.

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Mabit, SL and Fosgerau, M, 2010. *Demand for alternative-fuel vehicles when registration taxes are high*, Technical University of Denmark: Lyngby.

Selectus, 2021. *Novated lease calculator*, accesed 2 March 2021.

United Sates Environmental Protection Agency, 2018. *Greenhouse Gas Emissions from a Typical Passenger Vehicle.*

Attachment A – More Electric Vehicles – financial implications

Table A1: More Electric Vehicles – Fiscal balance ($m)[(a)]

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Tax revenue													
Administered tax													
CO2 Penalties (Component 4)	-	-	-	6,390.0	5,140.0	3,880.0	2,600.0	1,310.0	-	-	-	***6,390.0***	***19,320.0***
Interaction with fuel excise	..	-10.0	-20.0	-130.0	-360.0	-670.0	-1,100.0	-1,640.0	-2,340.0	-2,960.0	-3,600.0	***-160.0***	***-12,830.0***
Total – tax revenue	**..**	**-10.0**	**-20.0**	**6,260.0**	**4,780.0**	**3,210.0**	**1,500.0**	**-330.0**	**-2,340.0**	**-2,960.0**	**-3,600.0**	**6,230.0**	**6,490.0**
Non – tax revenue													
Administered non-tax													
Income from unwinding concessional loan discounts (Component 2)	20.0	50.0	90.0	250.0	520.0	900.0	1,370.0	1,910.0	2,510.0	3,040.0	2,810.0	***410.0***	***13,470.0***
Loan interest accrued (Component 2)	3.0	6.0	11.0	30.0	63.0	132.0	251.0	427.0	671.0	935.0	878.0	***50.0***	***3,407.0***
Total – non-tax revenue	***23.0***	***56.0***	***101.0***	***280.0***	***583.0***	***1,032.0***	***1,621.0***	***2,337.0***	***3,181.0***	***3,975.0***	***3,688.0***	***460.0***	***16,877.0***
Total – revenue	**23.0**	**46.0**	**81.0**	**6,540.0**	**5,363.0**	**4,242.0**	**3,121.0**	**2,007.0**	**841.0**	**1,015.0**	**88.0**	**6,690.0**	**23,367.0**
Expenses													
Administered													
Rebates for new passenger EVs priced below LCT threshold (Component 1)	-130.0	-190.0	-270.0	-850.0	-1,270.0	-1,100.0	-1,050.0	-890.0	-610.0	-520.0	-70.0	***-1,440.0***	***-6,950.0***
Concessional loan discount expense (Component 2)	-130.0	-190.0	-260.0	-970.0	-1,750.0	-2,490.0	-3,230.0	-3,970.0	-4,710.0	-4,710.0	-640.0	***-1,550.0***	***-23,050.0***
Bad debt write-offs (Component 2)	-30.0	-50.0	-70.0	-260.0	-470.0	-670.0	-870.0	-1,080.0	-1,280.0	-1,290.0	-180.0	***-410.0***	***-6,250.0***
Charging infrastructure (Component 3)	-867.0	-992.0	-	-	-	-	-	-	-	-	-	***-1,859.0***	***-1,859.0***

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	**Total to 2025-26**	**Total to 2032-33**
Incentives for EV manufacturing (Component 6)	*-365.0*	*-393.0*	*-385.0*	-	-	-	-	-	-	-	-	***-1,143.0***	***-1,143.0***
Total – administered	***-1,522.0***	***-1,815.0***	***-985.0***	***-2,080.0***	***-3,490.0***	***-4,260.0***	***-5,150.0***	***-5,940.0***	***-6,600.0***	***-6,520.0***	***-890.0***	***-6,402.0***	***-39,252.0***
Departmental													
Department of Finance (Component 5)	*-1.9*	*-4.5*	*-7.6*	*-9.4*	*-11.0*	*-11.6*	*-11.2*	*-10.2*	*-9.2*	*-8.3*	*-3.9*	***-23.4***	***-88.8***
Australian Taxation Office (Component 4)	-	*-7.7*	*-33.7*	*-37.8*	*-27.3*	*-20.5*	*-13.6*	*-6.8*	-	-	-	***-79.2***	***-147.4***
Department of Infrastructure, Transport, Regional Development and Communications (Components 1, 2 and 3)	*-156.0*	*-10.0*	*-2.0*	*-6.0*	*-9.0*	*-8.0*	*-7.0*	*-6.0*	*-4.0*	*-4.0*	*-1.0*	***-174.0***	***-213.0***
Department of Industry, Science, Energy and Resources (Component 6)	*-34.7*	*-6.9*	*-14.7*	-	-	-	-	-	-	-	-	***-56.3***	***-56.3***
Total – departmental	***-192.6***	***-29.1***	***-58.0***	***-53.2***	***-47.3***	***-40.1***	***-31.8***	***-23.0***	***-13.2***	***-12.3***	***-4.9***	***-332.9***	***-505.5***
Total – expenses	**-1,714.6**	**-1,844.1**	**-1,043.0**	**-2,133.2**	**-3,537.3**	**-4,300.1**	**-5,181.8**	**-5,963.0**	**-6,613.2**	**-6,532.3**	**-894.9**	**-6,734.9**	**-39,757.5**
Total (excluding PDI)	**-1,691.6**	**-1,798.1**	**-962.0**	**4,406.8**	**1,825.7**	**-58.1**	**-2,060.8**	**-3,956.0**	**-5,772.2**	**-5,517.3**	**-806.9**	**-44.9**	**-16,390.5**
PDI impacts	***-20.0***	***-80.0***	***-130.0***	***-140.0***	***-180.0***	***-350.0***	***-640.0***	***-1,070.0***	***-1,650.0***	***-2,300.0***	***-2,590.0***	***-370.0***	***-9,150.0***
Total (including PDI)	**-1,711.6**	**-1,878.1**	**-1,092.0**	**4,266.8**	**1,645.7**	**-408.1**	**-2,700.8**	**-5,026.0**	**-7,422.2**	**-7,817.3**	**-3,396.9**	**-414.9**	**-25,540.5**

(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.

.. Not zero but rounded to zero.

- Indicates nil.

Table A2: More Electric Vehicles – Underlying cash balance ($m)[(a)]

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Tax receipts													
Administered tax													
CO2 Penalties (Component 4)	-	-	-	6,390.0	5,140.0	3,880.0	2,600.0	1,310.0	-	-	-	***6,390.0***	***19,320.0***
Interaction with fuel excise	..	-10.0	-20.0	-120.0	-340.0	-650.0	-1,070.0	-1,590.0	-2,280.0	-2,900.0	-3,550.0	***-150.0***	***-12,530.0***
Total – tax receipts	**..**	**-10.0**	**-20.0**	**6,270.0**	**4,800.0**	**3,230.0**	**1,530.0**	**-280.0**	**-2,280.0**	**-2,900.0**	**-3,550.0**	**6,240.0**	**6,790.0**
Non-tax receipts													
Administered non-tax													
Loan interest accrued (Component 2)	3.0	6.0	11.0	30.0	63.0	132.0	251.0	427.0	671.0	935.0	878.0	***50.0***	***3,407.0***
Total – non-tax receipts	***3.0***	***6.0***	***11.0***	***30.0***	***63.0***	***132.0***	***251.0***	***427.0***	***671.0***	***935.0***	***878.0***	***50.0***	***3,407.0***
Total – receipts	**3.0**	**-4.0**	**-9.0**	**6,300.0**	**4,863.0**	**3,362.0**	**1,781.0**	**147.0**	**-1,609.0**	**-1,965.0**	**-2,672.0**	**6,290.0**	**10,197.0**
Payments													
Administered													
Rebates for new passenger EVs priced below LCT threshold (Component 1)	-130.0	-190.0	-270.0	-850.0	-1,270.0	-1,100.0	-1,050.0	-890.0	-610.0	-520.0	-70.0	***-1,440.0***	***-6,950.0***
Charging infrastructure (Component 3)	-867.0	-992.0	-	-	-	-	-	-	-	-	-	***-1,859.0***	***-1,859.0***
Incentives for EV manufacturing (Component 6)	-365.0	-393.0	-385.0	-	-	-	-	-	-	-	-	***-1,143.0***	***-1,143.0***
Total – administered	***-1,362.0***	***-1,575.0***	***-655.0***	***-850.0***	***-1,270.0***	***-1,100.0***	***-1,050.0***	***-890.0***	***-610.0***	***-520.0***	***-70.0***	***-4,442.0***	***-9,952.0***
Departmental													
Department of Finance (Component 5)	-1.9	-4.5	-7.6	-9.4	-11.0	-11.6	-11.2	-10.2	-9.2	-8.3	-3.9	***-23.4***	***-88.8***
Australian Taxation Office (Component 4)	-	-7.7	-33.7	-37.8	-27.3	-20.5	-13.6	-6.8	-	-	-	***-79.2***	***-147.4***

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	**Total to 2025-26**	**Total to 2032-33**
Department of Infrastructure, Transport, Regional Development and Communications (Components 1, 2 and 3)	*-156.0*	*-10.0*	*-2.0*	*-6.0*	*-9.0*	*-8.0*	*-7.0*	*-6.0*	*-4.0*	*-4.0*	*-1.0*	***-174.0***	***-213.0***
Department of Industry, Science, Energy and Resources (Component 6)	*-34.7*	*-6.9*	*-14.7*	-	-	-	-	-	-	-	-	***-56.3***	***-56.3***
Total – departmental	***-192.6***	***-29.1***	***-58.0***	***-53.2***	***-47.3***	***-40.1***	***-31.8***	***-23.0***	***-13.2***	***-12.3***	***-4.9***	***-332.9***	***-505.5***
Total – payments	**-1,554.6**	**-1,604.1**	**-713.0**	**-903.2**	**-1,317.3**	**-1,140.1**	**-1,081.8**	**-913.0**	**-623.2**	**-532.3**	**-74.9**	**-4,774.9**	**-10,457.5**
Total (excluding PDI)	**-1,551.6**	**-1,608.1**	**-722.0**	**5,396.8**	**3,545.7**	**2,221.9**	**699.2**	**-766.0**	**-2,232.2**	**-2,497.3**	**-2,746.9**	**1,515.1**	**-260.5**
PDI impacts	***-20.0***	***-70.0***	***-120.0***	***-140.0***	***-180.0***	***-330.0***	***-610.0***	***-1,020.0***	***-1,580.0***	***-2,230.0***	***-2,560.0***	***-350.0***	***-8,860.0***
Total (including PDI)	**-1,571.6**	**-1,678.1**	**-842.0**	**5,256.8**	**3,365.7**	**1,891.9**	**89.2**	**-1,786.0**	**-3,812.2**	**-4,727.3**	**-5,306.9**	**1,165.1**	**-9,120.5**

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

.. Not zero but rounded to zero.

- Indicates nil.

Table A3: More Electric Vehicles – Headline cash balance ($m)[(a)]

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Tax receipts													
Administered tax													
CO2 Penalties (Component 4)	-	-	-	6,390.0	5,140.0	3,880.0	2,600.0	1,310.0	-	-	-	***6,390.0***	***19,320.0***
Interaction with fuel excise	..	-10.0	-20.0	-120.0	-340.0	-650.0	-1,070.0	-1,590.0	-2,280.0	-2,900.0	-3,550.0	***-150.0***	***-12,530.0***
Total – tax receipts	**..**	**-10.0**	**-20.0**	**6,270.0**	**4,800.0**	**3,230.0**	**1,530.0**	**-280.0**	**-2,280.0**	**-2,900.0**	**-3,550.0**	**6,240.0**	**6,790.0**
Non-tax receipts													
Administered non-tax													
Loan repayments (Component 2)	100.0	200.0	300.0	800.0	1,700.0	2,900.0	4,600.0	6,600.0	9,100.0	11,500.0	11,800.0	***1,400.0***	***49,600.0***
Loan interest received (Component 2)	3.0	6.0	11.0	30.0	63.0	132.0	251.0	427.0	671.0	935.0	878.0	***50.0***	***3,407.0***
Total – non-tax receipts	***103.0***	***206.0***	***311.0***	***830.0***	***1,763.0***	***3,032.0***	***4,851.0***	***7,027.0***	***9,771.0***	***12,435.0***	***12,678.0***	***1,450.0***	***53,007.0***
Total – receipts	**103.0**	**196.0**	**291.0**	**7,100.0**	**6,563.0**	**6,262.0**	**6,381.0**	**6,747.0**	**7,491.0**	**9,535.0**	**9,128.0**	**7,690.0**	**59,797.0**
Payments													
Administered													
Rebates for new passenger EVs priced below LCT threshold (Component 1)	-130.0	-190.0	-270.0	-850.0	-1,270.0	-1,100.0	-1,050.0	-890.0	-610.0	-520.0	-70.0	***-1,440.0***	***-6,950.0***
Initial principal of loans (Component 2)	-700.0	-1,000.0	-1,400.0	-5,200.0	-9,400.0	-13,400.0	-17,400.0	-21,500.0	-25,700.0	-25,800.0	-3,500.0	***-8,300.0***	***-125,000.0***
Charging infrastructure (Component 3)	-867.0	-992.0	-	-	-	-	-	-	-	-	-	***-1,859.0***	***-1,859.0***
Incentives for EV manufacturing (Component 6)	-365.0	-393.0	-385.0	-	-	-	-	-	-	-	-	***-1,143.0***	***-1,143.0***
Total – administered	***-2,062.0***	***-2,575.0***	***-2,055.0***	***-6,050.0***	***-10,670.0***	***-14,500.0***	***-18,450.0***	***-22,390.0***	***-26,310.0***	***-26,320.0***	***-3,570.0***	***-12,742.0***	***-134,952.0***

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	**Total to 2025-26**	**Total to 2032-33**
Departmental													
Department of Finance (Component 5)	*-1.9*	*-4.5*	*-7.6*	*-9.4*	*-11.0*	*-11.6*	*-11.2*	*-10.2*	*-9.2*	*-8.3*	*-3.9*	***-23.4***	***-88.8***
Australian Taxation Office (Component 4)	*-*	*-7.7*	*-33.7*	*-37.8*	*-27.3*	*-20.5*	*-13.6*	*-6.8*	*-*	*-*	*-*	***-79.2***	***-147.4***
Department of Infrastructure, Transport, Regional Development and Communications (Components 1, 2 and 3)	*-156.0*	*-10.0*	*-2.0*	*-6.0*	*-9.0*	*-8.0*	*-7.0*	*-6.0*	*-4.0*	*-4.0*	*-1.0*	***-174.0***	***-213.0***
Department of Industry, Science, Energy and Resources (Component 6)	*-34.7*	*-6.9*	*-14.7*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	***-56.3***	***-56.3***
Total – departmental	***-192.6***	***-29.1***	***-58.0***	***-53.2***	***-47.3***	***-40.1***	***-31.8***	***-23.0***	***-13.2***	***-12.3***	***-4.9***	***-332.9***	***-505.5***
Total – payments	**-2,254.6**	**-2,604.1**	**-2,113.0**	**-6,103.2**	**-10,717.3**	**-14,540.1**	**-18,481.8**	**-22,413.0**	**-26,323.2**	**-26,332.3**	**-3,574.9**	**-13,074.9**	**-135,457.5**
Total (excluding PDI)	**-2,151.6**	**-2,408.1**	**-1,822.0**	**996.8**	**-4,154.3**	**-8,278.1**	**-12,100.8**	**-15,666.0**	**-18,832.2**	**-16,797.3**	**5,553.1**	**-5,384.9**	**-75,660.5**
PDI impacts	***-20.0***	***-70.0***	***-120.0***	***-140.0***	***-180.0***	***-330.0***	***-610.0***	***-1,020.0***	***-1,580.0***	***-2,230.0***	***-2,560.0***	***-350.0***	***-8,860.0***
Total (including PDI)	**-2,171.6**	**-2,478.1**	**-1,942.0**	**856.8**	**-4,334.3**	**-8,608.1**	**-12,710.8**	**-16,686.0**	**-20,412.2**	**-19,027.3**	**2,993.1**	**-5,734.9**	**-84,520.5**

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

.. Not zero but rounded to zero.

- Indicates nil.

Attachment B – Accounting treatment of concessional loans

A concessional loan is a loan provided on more favourable terms than the borrower could obtain in the financial market. The most common concession is a below-market interest rate, but concessions can also include favourable repayment conditions. The income contingent loans available through the Higher Education Loan Program are an example of concessional loans offered by the Australian Government.

Budget impact[2]

The accounting treatment of concessional loans differs across each budget aggregate. The underlying cash balance only captures actual flows of interest related to the loans. The headline cash balance captures actual flows of principal as well as interest. The fiscal balance captures accrued interest, the value of the concession and any write-offs related to the loans. The interest cost of financing these loans is captured in all budget aggregates and is separately identified by the PBO.[3] (Table B1 provides information about the detail provided in a costing.) The provision of concessional loans decreases the Australian Government's net worth if the liabilities issued (the value of Australian Government Securities issued to finance the loans) are greater than the assets created (measured at their 'fair value' or price at which the loans could be sold).

Treatment of debt not expected to be repaid

All budget aggregates consider estimates of the share of loans not expected to be repaid when calculating interest flows and estimating the value of the concession that is being provided. None of the measures capture the direct impact on net worth of the loans not expected to be repaid. If a portion of loans are not expected to be repaid, estimates of the 'fair value' of the loans outstanding will be reduced. Such reductions, both when loans are issued and if loans are subsequently re-valued, are recorded in the budget under 'Other economic flows' which are reflected in net worth but not in the budget aggregates.

Table B1: Components of concessional loan financial impacts in costing proposals

Budget item	Appears in	Comments
Interest accrued or received	All budget aggregates	Captures the interest accrued or expected to be received on the fair value of the debt. (The budget cannot include interest income on a debt that is not expected to be repaid.)
Concessional loan discount expense and unwinding revenue	Fiscal balance	The net present value of the concession (based on the difference between the market and concessional interest rates) is captured as an expense in the fiscal balance. As loans are repaid, the remaining value of the concession reduces, so this expense is 'unwound' with a positive impact on the fiscal balance. The concessional discount and its unwinding are not recognised in cash balances as there is no cash inflow or outflow.
Write-offs	Fiscal balance	Debt forgiveness, also known as mutually agreed write-downs (for example in the case of the death of the borrower of a HELP loan) are expensed when they occur, reducing the fiscal balance.
Initial loan; principal repayments	Headline cash balance	Higher estimates of loans not expected to be repaid lowers principal repayments. These transactions are not included in the fiscal balance or underlying cash balance as they involve the exchange of one financial asset (loan) for another (cash).
Public debt interest (PDI)	All budget aggregates	The PDI impact is the cost of the change in the government's borrowing requirements to fund the loans.

[2] The PBO's treatment of these loans is consistent with the Department of Finance costing guidelines.
[3] This is in accordance with PBO Guidance 02/2015 and the Charter of Budget Honesty Policy Costing Guidelines which specify that costings of proposals that 'involve transactions of financial assets' need to consider the impact on PDI payments.