ClimateWorks AUSTRALIA
Level 16, 41 Exhibition St, Melbourne VIC 3000
P: +61 3 9902 0741 | info@climateworkasaustralia.org | climateworksaustralia.org

Ann Palmer
Committee Secretary
Select Committee on Electric Vehicles
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Email: electricvehicles.sen@aph.gov.au

21.09.2018

Dear Ms Palmer,

ClimateWorks Australia (ClimateWorks) welcomes the opportunity to provide responses to the Questions on Notice raised at the hearing of the Senate Select Committee on Electric Vehicles.

**Response to Senator Rice's question regarding the impact of Vehicle Emissions Standards on the uptake of electric vehicles**

As discussed in the ClimateWorks submission to the Senate Select Committee, vehicle emissions standards would provide a strong foundation for increasing electric vehicle uptake. Vehicle emissions standards would provide an incentive for vehicle suppliers to sell more electric vehicles and would also send a strong message to vehicle suppliers that the Australian Government is serious about reducing emissions from transport.

To inform the 2016 Regulatory Impact Statement for vehicle emissions standards, the Department of Infrastructure and Regional Development commissioned an independent consultant, ABMARC, to undertake an analysis of the technologies that are likely to be required to achieve a range of $CO_2$ targets for 2020 and 2025. This analysis found that a stronger standard would result in higher uptake of electric vehicles. For example, under the strongest target, Target A (105 $gCO_2$/km), electric vehicles make up 9.5 per cent of new light vehicle sales in 2025. In contrast, under the weakest of the proposed targets, Target C (135 gCO2/km), electric vehicle uptake is around two per cent (Figure 1).

ClimateWorks agrees with ABMARC's assessment that stronger targets will lead to greater electric vehicle uptake. International evidence suggests that other policy measures, such as incentives to reduce the upfront cost of electric vehicles, will also be required to achieve the level of electric vehicle uptake ABMARC has modelled under Target A. For example, the International Council on Clean Transportation has notes that while all countries in the European Union are covered by vehicle emissions standards, countries with a range of complementary policies to support electric vehicles see much higher uptake[1].

[1] International Council on Clean Transportation 2016, *Comparison of leading electric vehicle policy and deployment in Europe.* Available here: https://www.theicct.org/sites/default/files/publications/ICCT_EVpolicies-Europe-201605.pdf

MONASH University | MONASH SUSTAINABLE DEVELOPMENT INSTITUTE
THE MYER FOUNDATION

Since ClimateWorks' launch in 2009 through a partnership between The Myer Foundation and Monash University, philanthropic support has been key to achieving our mission of catalysing Australia's transition to a prosperous, net zero emissions future. This support continues to allow us to remain truly independent, evidence-based and non-partisan.

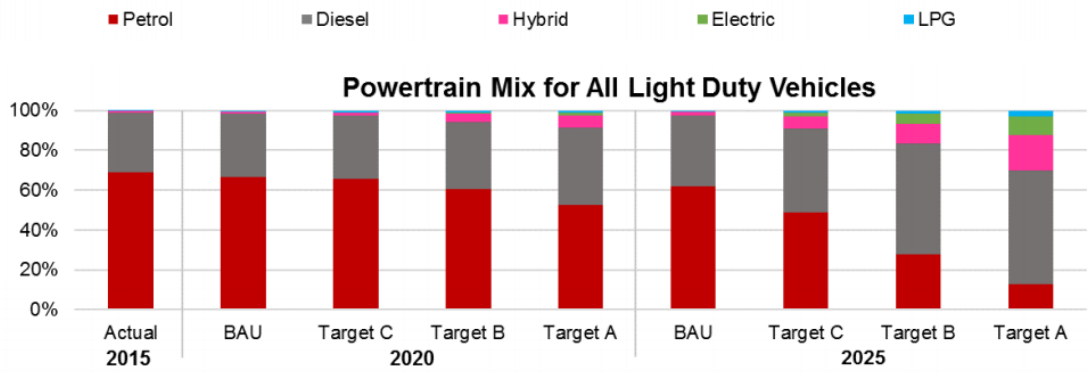


FIGURE 1. POWERTRAIN MIX REQUIRED TO MEET THE 2020 AND 2025 TARGETS FOR VEHICLE EMISSIONS STANDARDS (ABMARC 2016)[2]

**Response to Senator Smith's question regarding the size of government light vehicle fleets in Australia**

The uptake of electric vehicles in government fleets presents one of the best opportunities to stimulate broader electric vehicle uptake. Together, Australian governments purchase a large number of vehicles each year, and can therefore have a substantial impact on the market overall. Fleets also have greater purchasing power than individual private buyers, and are thereby able to influence manufacturers' decisions on which models to bring to Australia, and at what price.

Improving electric vehicle uptake in fleets also has a number of flow-on benefits. Through exposing employees to electric vehicle technology, fleets can improve consumers' level of comfort and understanding of electric vehicles. In addition, because fleets are generally turned over every few years, increased uptake in fleets will increase the number of electric vehicles available for purchase on the second-hand market, improving affordability.

The Electric Vehicle Council has proposed that all governments should demonstrate leadership by setting purchasing policies that mandate 10 per cent of light passenger vehicles acquired or leased by government should be electric by FY2020/21, and that 25 per cent should be electric by FY2025/26. Based on 2017 sales numbers, this would equate to the purchase or lease of 9,656 vehicles in FY2025/26 (Table 1).

The Electric Vehicle Council has calculated that an electric vehicle purchasing policy would also save governments money, finding that in FY2025/26, a 25 per cent uptake rate would deliver $5.9 million in operational savings[3].

[2] ABMARC 2016, Analysis of the Australian 2015. *New Light Vehicle Fleet and Review of Technology to Improve Light Vehicle Efficiency*. Available here: https://infrastructure.gov.au/vehicles/environment/forum/files/ABMARC_2016_Study.pdf

[3] The Electric Vehicle Council and the NRMA 2018. *New Policy Proposal: Recharging the Economy, Accelerating Electric Vehicle Adoption.* Available here: http://electricvehiclecouncil.com.au/wp-content/uploads/2018/03/New-Policy-Proposal-ELECTRONIC.pdf

| | 2017 sales | 25% of sales |
|---|---|---|
| **Australian Government** | 4,376 | 1094 |
| **State Governments** | 24,940 | 6235 |
| **Local Governments** | 9,307 | 2327 |
| **Total** | 38,623 | 9656 |

**TABLE 1. AUSTRALIAN GOVERNMENT LIGHT VEHICLE PURCHASES IN 2017 (NATIONAL TRANSPORT COMMISSION 2018)[4]**

Yours sincerely,
ClimateWorks Australia

Sarah Fumei
Project Manager, ClimateWorks Australia

[4] National Transport Commission 2018. *Carbon Dioxide Emissions Intensity for New Australian Light Vehicles 2017*. Available here: https://www.ntc.gov.au/Media/Reports/(F4FA79EA-9A15-11F3-67D8-582BF9D39780).pdf