



**FEDERAL CHAMBER  
OF AUTOMOTIVE  
INDUSTRIES**

ABN No 53 008 550 347

7 April 2021

Senator Slade Brockman  
Chair  
Senate Economics Legislation Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

LEVEL 1  
59 WENTWORTH AVENUE  
KINGSTON ACT 2604  
AUSTRALIA  
PHONE: 02 6247 3811  
FAX: 02 6248 7673

Dear Senator Brockman,

The Federal Chamber of Automotive Industries (FCAI) welcomes the opportunity to provide input into the Economics Legislation Committee's inquiry into the *COAG Reform Fund Amendment (No Electric Vehicle Taxes) Bill 2020* (The Bill). The FCAI is the peak Australian industry organisation representing over 60 global automotive brands who design, manufacture and sell passenger vehicles, light commercial vehicles and motorcycles around the world.

The FCAI supports the goal of the Bill to prevent the States erecting roadblocks to the uptake of Zero and Low Emissions Vehicles (ZLEVs). Transport is Australia's fastest growing source of carbon pollution and zero emissions vehicles are the only path to decarbonizing transport. The FCAI has called for governments at all levels to develop clear and consistent policies on CO<sub>2</sub>, road user charges and removing barriers to increase the uptake of Zero and Low Emissions Vehicles (ZELVs).

The announcement by a number of State governments that they intend to implement Road User Charges (RUC) targeted at Electric Vehicles, Plug in Hybrid Electric Vehicles and hydrogen vehicles institutes a major barrier to the uptake of those vehicles by consumers just as the technology, still in its infancy, is starting to get a foothold in Australia.

The contradiction by state governments of setting net zero targets and then putting in a RUC that disincentivise the take up of ZLEVs is confusing for our member companies and extremely difficult to explain to their global headquarters.

The global companies we represent collectively spend over \$100bn a year in R&D to bring new technologies to market. These companies see countries across the world put in place an extensive range of policy measures to increase the use of EVs and other low emission vehicles, from funding infrastructure, mandating ZLEV fleet targets and providing purchasing incentives for consumers. These countries have taken this policy action because they recognise that significant barriers exist for these new vehicle technologies to be adopted by consumers in numbers necessary for the transport sector to play its role in meeting net zero targets. Without the right policy settings, the market share of ZLEVs doesn't shift in any meaningful way. If policy is adopted that disincentivises the vehicles further for consumers the outcome is even worse.

The combination of these mixed signals being sent by Australian State governments combined with other countries competing for the allocation of vehicles results in automakers prioritizing the allocation of ZLEVs vehicle production for sale in countries other than Australia.

The FCAI calls for the Commonwealth, state and territory governments to not disincentivize the uptake of ZLEVs through new taxes but rather take an integrated policy approach. Such an integrated approach includes incentivising ZLEV infrastructure, non-financial incentives such as free charging and access to transit lanes, and consumer and purchase incentives as well as the removal of Luxury Car Tax and remaining import duties.

The FCAI recognises that the decline in excise, the taxation of motorists and their vehicles, is a long-term issue that needs to be addressed. We also understand that road user charging should play a role in Australia's future tax regime. However, such a transition needs to be undertaken in a holistic and nationwide manner, recognising the importance of EVs and other low emission vehicles. The FCAI encourages the Commonwealth and State and Territory governments to develop a RUC that is nationally consistent, broad based, technology neutral and replaces inefficient Commonwealth and State taxes – not take the easy path of punishing ZLEVs.

Thank you for the opportunity to provide a submission to the inquiry. If you would like to discuss the FCAI position on the Bill and associated issues further please do not hesitate to contact Matt Hobbs, Director Policy and Advocacy on [matt.hobbs@fcai.com.au](mailto:matt.hobbs@fcai.com.au) or 0419 608 845.

Yours sincerely,



Tony Weber  
Chief Executive