

# National Electric Vehicle Strategy

**Submission**

**October 2022**

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## Executive Summary

The Local Government Association of South Australia (LGASA) has long been advocating on the importance of national leadership on electric vehicles (EVs) and commends the Federal Government for showing leadership in the transition to EVs.

The LGASA looks forward to working together with the Federal Government in the development and implementation of the National Electric Vehicle Strategy ('the Strategy').

The following policy of the LGASA underpins this submission on the Strategy:

### ***Zero or Low-emission Vehicles;***

***Local government recognises the need for widespread transition to zero emission transport and the role of emerging technologies to facilitate this and reduce negative impacts such as toxic emissions, engine noise and greenhouse gas emissions.***

***Therefore, as road authorities, infrastructure providers, fleet managers and representatives of their local communities, councils should support and encourage the use of zero or low emission vehicles through their planning, policies, investment and procurement activities.***

## LGASA Recommendations and Observations on the Strategy:

The LGASA makes the following recommendations and observations in relation to the Strategy, addressing the questions raised in the National Electric Vehicle Strategy Consultation Paper ('the Consultation Paper'):

1. The LGASA supports the development of a National EV Strategy and its objectives. The LGASA also urges the Government to identify targets for the achievement of these objectives.
2. The LGASA urges rapid development and implementation of the Strategy to overcome Australia's existing impediment in the delay in the transition to EVs.
3. The LGASA supports the use of indicators as fundamental to implementation of the Strategy.
4. The LGASA:
  - Seeks removal of the Luxury Car Tax on EVs and fuel-efficient vehicles;
  - Supports incentives and regulation around fleet purchase for Federal, State and local government; and
  - Supports greater education about the environmental and financial benefits of EVs.
5. The LGASA supports incentives to stimulate the market for EVs until new vehicle sales of EVs reach 30% of all sales.
6. The LGASA supports a multi-pronged communication strategy to help stimulate EV sales.
7. The LGASA supports the need for fuel efficiency standards to drive demand for EVs.
8. The LGASA believes that fuel efficiency standards are central to EV uptake in Australia.
9. The LGASA urges the Federal Government to implement standardised charging infrastructure including connection specifications to support efficient provision of infrastructure, such as charging stations in both the public and private realms.

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10. The LGASA believes the uptake of EVs needs to be supported by investment in public transport and active travel in order to address emissions targets across the entire transport sector.
11. The LGASA supports incentives for fleet purchase to encourage sale of second-hand vehicles into the community.
12. The LGASA supports incentives and policies to support revitalisation of the local vehicle manufacturing industry.
13. The LGASA:
  - Supports strong national leadership on charging infrastructure;
  - Opposes taxes which disincentivise uptake of EVs; and
  - Supports research and development proposals as suggested in the Consultation Paper.
14. The LGASA supports the development of guidelines for infrastructure managers and local government about how charging stations are managed.
15. The LGASA supports equity as a key principle in the implementation of all policies to lower carbon in transport emissions, whether through increased public transport, investment in active travel routes or EVs.

This submission has been informed by the engagement outlined below and is based on positions endorsed by the LGASA's member councils at its Ordinary General Meeting on 30 April 2021.

## Introduction

### About the Local Government Association of South Australia

The LGASA is the voice of local government in South Australia, representing all 68 councils across the state and the Anangu Pitjantjatjara Yankunytjatjara. The LGASA provides leadership, support, representation and advocacy relevant to the needs of our member councils.

The LGASA is a strong advocate for policies that achieve better outcomes for councils and the communities they represent. As such, the LGASA welcomes the opportunity to provide a submission to this consultation on the Strategy.

Local government welcomes its role as a partner in government and seeks to work closely with the Australian government to seek solutions to issues that impact communities and effective local governance.

### LGASA Engagement on Electric Vehicles

The LGASA has established its standing on this issue through advocating to both State and Federal Government about the importance of Australia's transition to EVs and the need to encourage their uptake and remove disincentives to purchase.

The LGASA made a submission on the previous Australian Government's Future Fuels Strategy Discussion Paper, highlighting the need for:

- An incentives scheme to encourage uptake of EVs;
- Removal of the Luxury Car Tax (LCT) on EVs;
- Government policies to support revitalisation of the South Australian automobile manufacturing industry; and
- A 'fleets first' approach to encourage the purchase of EVs as fleet cars, which are later on sold into the community.

In March 2021, the LGASA made a submission to the Federal Government's Future Fuels and Vehicles Strategy opposing the Luxury Car Tax (LCT) on EVs.

On 30 June 2022, the LGASA President, Mayor Angela Evans, wrote to the Federal Government about the removal of the luxury car tax on electric vehicles (EVs), and was pleased to receive a response from The Hon Chris Bowen, Minister for Climate Change and Energy, encouraging input into the Strategy.

As well as the activities of the LGASA, many councils in South Australia are strongly committed to the transition to EVs. Many councils have purchased EVs as part of their vehicle fleets, including buses, and provide charging stations. For example, the City of Adelaide has established 42 EV charging stations across the City and many councils have entered into agreements with providers to establish charging stations in their council areas. Some councils are seeking guidance about how to best manage these arrangements. It is likely that commercial providers will provide this infrastructure, but some councils have already supported this provision as they see this as an important community service.

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Acknowledgement of the main barriers to EV uptake need to be addressed in development of a clear strategy, being:

- Cost, compared to petrol cars;
- Availability, due to shipping lead times;
- Range anxiety, being the fear that a charging station will not be available when required; and
- Lack of education about the environmental and financial benefits of EVs.

These barriers are addressed below in the LGASA submission.

## Background

### Local government's role in Electric Vehicles

The LGASA is committed to supporting local government in the transition to fuel efficient vehicles and EVs. Local government has a key role as road authorities, infrastructure providers, fleet managers and representatives of their local communities. The LGASA acknowledges that without addressing the carbon emissions of transport, the zero emission targets by 2050 cannot be achieved.

Australia has experienced a very slow uptake of EVs, and this must be addressed urgently. As demonstrated by its submission to the former Federal Government's Future Fuels Strategy, the LGASA is extremely concerned at the lost opportunities to increase uptake of EVs at a national level and the previous government's lack of leadership in this area.

As well as addressing the need for cheaper, more fuel-efficient vehicles, supporting the transition to EVs can ensure a newer, safer road fleet, support local automotive and parts manufacturing, and create a cleaner, healthier environment. The [National Electric Vehicle Strategy Consultation Paper](#) outlines these many and important advantages very well and are supported by the LGASA.

The LGASA also commends the Federal Government on having already established the Electric Car Discount to exempt eligible EVs from fringe benefits tax and import tariff arrangements for vehicles below the LCT threshold for fuel efficient vehicles.

The LGASA looks forward to working together with the State and Federal Governments to progress a smooth and accelerated transition to EVs across Australia. The lack of leadership under the previous Federal Government has placed Australia in a tenuous position, risking becoming a dumping ground for petrol cars that are unwanted anywhere else in the world and jeopardising Australia benefitting from a fuel-efficient transport system.

As well as supporting the transition to EVs, the LGASA urges the Federal Government not to overlook the importance of enhanced public transport and active transport as key to delivery of a transport system which supports net zero emissions targets. Investment in fuel-efficient public transport and incorporation of pedestrian and cycle routes need to be addressed as part of reducing carbon emissions across the transport sector.

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# LGASA Submission on the National Electric Vehicle Strategy Consultation Paper

The questions in the Consultation Paper are addressed below.

## **Objectives:**

- 1. Do you agree with the objectives and do you think they will achieve our proposed goals? Are there other objectives we should consider?**

The LGASA supports the development of a National EV Strategy and its objectives:

- Encourage rapid increase in demand for EVs;
- Increase supply of affordable and accessible EVs to meet demand across all segments; and
- Establish the systems and infrastructure to enable the rapid uptake of EVs.

The LGASA also urges the Government to identify targets for the achievement of these objectives.

## **Global action in EVs:**

- 2. What are the implications if other countries accelerate EV uptake faster than Australia?**

Unfortunately most comparable countries are already well ahead of Australia in their EV uptake. Australia now needs to accelerate faster in order to make up that lost time.

The Electric Vehicle Council states that EV sales in Australia comprise 3.4% of the new vehicle market, compared to 26% in Germany and 19% in the UK. The hitherto lack of Federal Government leadership means that Australia is now lagging seriously behind other comparable nations and must work even harder to ensure it does not become a dumping ground for internal combustion engine vehicles that are unwanted elsewhere in the world.

The LGASA is concerned that as other comparable countries accelerate EV uptake faster than Australia, Australia is at risk becoming the depository for cars which cannot be sold elsewhere, exacerbating its slow uptake of EVs. EV manufacturers will prioritise countries with mandatory fuel emission standards, thereby limiting Australia's opportunities to reap the significant benefits from EV transition such as managing fuel prices, contributing to a reduction in carbon emissions and living in a cleaner environment. Australia is already lagging far behind other comparable countries in the transition to EVs and will now need to progress at a great pace to overcome this significant impediment.

The LGASA urges rapid development and implementation of the Strategy to overcome Australia's existing impediments in the delay in the transition to EVs.

## ***Progress indicators:***

### ***3. What are suitable indicators to measure if we are on track to achieve our goals and objectives?***

The uptake of EVs needs to be properly measured to ensure success and encourage comparisons with other countries. Reporting on the purchase of EVs is a useful measure and the government must consider all policy levers at its disposal to meet the established targets, including mandating government fleet purchase and offering concession to EV purchase. Given the serious delays in the transition to EVs in Australia, Australia needs to set ambitious targets to overcome its current impediments.

The LGASA supports the use of indicators as fundamental to implementation of the Strategy.

## ***Encouraging rapid increase of demand for EVs:***

### ***4. Are there other measures by governments and industry that could increase affordability and accessibility of EVs to help drive demand?***

There are several measures which can increase affordability and accessibility of EVs:

#### ***Removal of the Luxury Car Tax:***

All financial disincentives to the purchase of EVs must be removed. The LGASA has lobbied the previous Federal Government through its submission on the Future Fuels Discussion Paper and in its letter to the Federal Government in June 2022 for the removal of the application of the LCT on EVs and fuel-efficient vehicles.

The Australian Government imposes a luxury car tax amounting to 33% of the vehicle purchase price currently in excess of (currently) \$84,916 for fuel efficient vehicles. This tax was initially brought in to support the local automotive manufacturing industry and is now no longer warranted. Its removal would encourage the uptake of EVs and support the purchase of EVs as fleet vehicles by all levels of government.

This position was established at the LGASA Ordinary General Meeting on 30 April 2021.

#### ***Incentives for fleet purchase:***

The uptake of EVs is so important to the future of Australia that incentives should also be offered for EV purchase. Fleet purchase of EVs is an efficient way to drive demand and drive second-hand EVs onto the market, as most fleet cars are sold after two years. The Electric Vehicle Council also argues that incentives are important in stimulating demand until around 30% of new vehicle sales are electric, at which point the market should be self-sustaining.

There is a clear need for incentives, particularly to target certain purchases and to support the demand for EVs. For example, incentives to encourage fleet purchases in local government would have a significant impact in driving fleet purchase while stimulating the second-hand market as these cars are sold into the community.

Lack of education about EVs and the contribution they make to achieving environmental outcomes, as well as the cost savings they offer, is also a barrier to their uptake. The LGASA encourages the government to launch an education campaign about the multi-pronged benefits of EVs.



The LGASA:

- seeks removal of the LCT on EVs and fuel-efficient vehicles;
- supports incentives and regulation around fleet purchase for Federal, State and local government; and
- supports greater education about the environmental and financial benefits of EVs.

This position was established at the LGASA Ordinary General Meeting on 30 April 2021.

## ***5. Over what timeframe should we be incentivising low emission vehicles as we transition to zero emission vehicles?***

As referred to above, the Electric Vehicle Council research indicates that incentives are required until the market reaches 30% of new vehicle sales. Given Australia's current slow uptake of EVs, incentives are even more important to ensure it does not continue to lag behind other comparable countries.

The LGASA supports incentives to stimulate the market for EVs until new vehicle sales reach 30% of all sales.

## ***6. What information could help increase demand and is Government or industry best placed to inform Australians about EVs?***

While many Australians will be motivated to purchase an EV for the environmental and health benefits, the cost savings from an EV are most likely to motivate more people. The cost savings over the life of the vehicle, rather than just the upfront costs, should be made accessible to potential purchasers.

The LGASA supports a multi-pronged communication strategy to help stimulate EV sales.

## ***Increase supply of affordable and accessible EVs to meet demand***

### ***7. Are vehicle fuel efficiency standards an effective mechanism to reduce passenger and light commercial fleet emissions?***

Research from the Electric Vehicle Council states that it believes that if Australia was subject to strict vehicle emissions regulations, manufacturers would focus more on their manufacture. Fuel efficiency standards are the most important step in increasing EV uptake.

The LGASA supports the need for fuel efficiency standards to drive demand for EVs.

### ***8. Would vehicle fuel efficiency standards incentivise global manufacturers to send EVs and lower emission vehicles to Australia?***

While one of the main barriers to EV uptake is cost, another is supply. The Electric Vehicle Council argues in its paper Securing affordable electric vehicles of all shapes and sizes for Australian households and businesses that the number one barrier to EVs uptake is the low supply. While hundreds of models are available overseas, in Australia there are very few. Mandatory fuel efficiency targets are the key to improving supply of EVs from overseas by incentivising manufacturers to supply to the Australia market. Design of these standards should be tied to the ability to reach net zero carbon emissions by 2050.

For so long as Australia has relaxed regulations, and regulations which are less stringent than other countries, vehicle manufacturers are enabled to offload internal combustion engine cars in Australia. Mandatory fuel efficiency standards would be an incentive for manufacturers to supply EVs in Australia.

The LGASA believes that fuel efficiency standards are central to EV uptake in Australia.

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**9. In addition to vehicle fuel efficiency standards for passenger and light commercial vehicles, would vehicle fuel efficiency standards be an appropriate mechanism to increase the supply of heavy vehicle classes to Australia?**

The LGASA does not have a position on this issue.

**10. What design features should the Government consider in more detail for vehicle fuel efficiency standards, including level of ambition, who they should apply to, commencement date, penalties and enforcement?**

The LGASA urges the Federal Government to implement standardised charging infrastructure including connection specifications to support efficient provision of infrastructure, such as charging stations in both the public and private realms.

**11. What policies and/or industry actions could complement vehicle fuel efficiency standards to help increase supply of EVs to Australia and electrify the Australian fleet?**

This has been addressed above, in reference to the LCT and incentives for fleet purchases.

**12. Do we need different measures to ensure all segments of the road transport sector are able to reduce emissions and, if so, what government and industry measures might well support the uptake of electric bikes, micro-mobility and motorbikes?**

The LGASA believes the uptake of EVs needs to be supported by investment in public transport and active travel in order to address emissions targets across the entire transport sector.

**13. How could we best increase the number of affordable second hand EVs?**

The LGASA supports incentives for fleet purchase to encourage sale of second-hand vehicles into the community.

**14. Should the Government consider ways to increase the supply of second hand EVs independently imported to the Australian market? Could the safety and consumer risks of this approach be mitigated?**

The LGASA does not have a position on this issue.

**Australia's competitiveness in the EV supply chain**

**15. What actions can governments and industry take to strengthen our competitiveness and innovate across the full lifecycle of the EV value chain?**

There are opportunities to link local manufacturing capacity and refurbishment of second-hand EVs which should be explored but the LGASA does not have a specific position on this issue.

**16. How can we expand our existing domestic heavy vehicle manufacturing and assembly capability?**

The LGASA does not have a position on this issue.

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### **17. Is it viable to extend Australian domestic manufacturing and assembly capability to other vehicle classes?**

#### ***Support for the local manufacturing industry:***

The Electric Vehicle Council of Australia argues that significant advantages are on offer for local manufacturers to use existing but disused plant from the South Australian automotive industry, such as the former General Motors factory in Elizabeth. It argues that use of existing plant and machinery would ensure that Australia was a competitive market for EV manufacture and that it was at the forefront of a transition to EV uptake.

There are already examples of local manufacturers producing EVs, with the BusTech Group preparing to produce around 60 electric buses for the NSW Government over the next 18 months, employing 110 South Australians.

The Australia Institute's February 2022 report by Dr Mark Dean makes a convincing argument about Australia missing out on huge opportunities to manufacture EVs: 'Rebuilding Vehicle Manufacturing in Australia'. That report states that there are currently over 30,000 people working in car part manufacturing in Australia, more than in the gas industry (yet the Federal Government is committed to 'a gas-fired recovery'), and that the death of the Australian car manufacturing industry was premature. Dr Dean states that Australia is well-placed to become an EV manufacturing powerhouse because it has:

- rich reserves of lithium and rare earths;
- strong industrial infrastructure;
- a highly skilled workforce;
- powerful training capacity;
- abundant renewable energy options; and
- untapped consumer potential.

Dr Dean considers that what is needed now is government commitment to avoid Australia being left behind as other countries take advantage of Australia's rich resources and dominate the car industry in Australia in the future: "a country that 'makes things' is a country that succeeds economically".

Government policies which support the revitalisation of the EV manufacturing industry would have widespread benefits. As well as boosting unemployment, it would ensure that Australia was at the forefront of the transition to EVs. South Australia is uniquely placed to support this industry.

The LGASA supports incentives and policies to support revitalisation of the local vehicle manufacturing industry.

This position was established at the LGASA Ordinary General Meeting on 30 April 2021.

#### ***Establish systems and infrastructure to enable rapid uptake***

### **18. Are there other proposals that could help drive demand for EVs and provide a revenue source to help fund road infrastructure?**

The LGASA opposed the road tax proposed by the former South Australian state government. Taxing EVs is a direct disincentive to their purchase and other ways to fund road infrastructure which equitably account for the many benefits of EVs need to be utilised.

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The argument that EVs do not contribute to road infrastructure costs has been dispelled by a report from Ernst and Young which found that each EV has a greater net benefit (due to environmental factors), than petrol or diesel-based vehicles. EVs are a significant contribution to reducing greenhouse gas emissions, as transport makes up 18% of emissions and light vehicles 10%.

Range anxiety is a significant barrier to uptake of EVs and readily available infrastructure is key to addressing this barrier. Road agencies and local government need guidance in managing the installation of charging infrastructure. Austroads' paper Low and Zero Emission Vehicle Charging Infrastructure Installation recognises that "the absence of such guidance may result in road agencies implementing inconsistent charging facility practices that will impact negatively on the road environment, road safety, network operations, and EV driver experience". Some options explored in this paper include:

- pop-up pavement chargers;
- lamp-post charging;
- roadside charging cabinets; and
- wireless (inductive) charging.

That paper includes many useful suggestions about:

- complementary facilities such as toilets, lighting and signage;
- the need for sustainable energy sources to ensure the full benefits of the transition to EVs; and
- the design of charging stations.

The LGASA:

- Supports strong national leadership on charging infrastructure;
- Opposes taxes which disincentivise uptake of EVs; and
- Supports research and development proposals as suggested in the Consultation Paper.

### ***19. What more needs to be done nationally to ensure we deliver a nationally comprehensive framework for EVs?***

The charging of EVs also needs to be addressed in government policies. Mandatory charging stations in all new developments such as apartments, shopping centres and housing estates would help address the barriers for apartment dwellers to charging EVs. Widespread access to charging stations is crucial to the uptake of EVs.

Local government would welcome guidance about how to manage installation of charging infrastructure, who should pay for it and the way it is managed.

The Federal Government needs to provide leadership on EV infrastructure to ensure consistency and reliability across the country.

The LGASA supports the development of guidelines for infrastructure managers and local government about how charging stations are managed.

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***20. How can we best make sure all Australians get access to the opportunities and benefits from the transition?***

The LGASA supports equitable access to EVs across the population. The financial benefits and lower pollution levels should not be confined to certain segments of the community. Recognition of the community benefits of EVs is also important, in that the entire community benefits from increased uptake of EVs through environmental and health advantages.

EVs alone should not be the only consideration in a transition to a low-carbon future and investment in public transport and active travel routes needs to be spread equitably across all parts of the community. This includes better focus on public transport and active travel routes in regional areas, and support for EV charging stations across the entire State, not just metropolitan areas.

The LGASA supports equity as a key principle in the implementation of all policies to lower carbon in transport emissions, whether through increased public transport, investment in active travel routes or the uptake of EVs.

## Conclusion

The LGASA is pleased that the Federal Government is demonstrating leadership on this important issue which is a cornerstone to reaching net zero emissions by 2050.

The LGASA looks forward to working with the Federal Government to develop and implement a multi-pronged National Electric Vehicle Strategy which overcomes Australia's current low uptake of EVs.

The LGASA welcomes policy solutions that seek to overcome the existing barriers of cost, availability, range anxiety and lack of education about the environmental and financial benefits of EVs.

## Contact

Katherine Russell

Manager Policy Projects

tel. 08 8224 2067

[Katherine.russell@lga.sa.gov.au](mailto:Katherine.russell@lga.sa.gov.au)



**Local Government Association**  
of South Australia

The voice of local government.

148 Frome St  
Adelaide SA 5000

GPO Box 2693  
Adelaide SA 5001

T (08) 8224 2000

E [lgasa@lga.sa.gov.au](mailto:lgasa@lga.sa.gov.au)

**[www.lga.sa.gov.au](http://www.lga.sa.gov.au)**