

Request for Costing an Election Commitment

Name of proposal:	Encouraging the shift to electric vehicles
Person requesting costing:	Shane Rattenbury MLA
Date of request:	28 September 2020
Summary of proposal:	<p>This initiative aims to dramatically increase electric vehicle (EV) use in the ACT by:</p> <ul style="list-style-type: none">• Creating a \$51.5 million fund to provide financial incentives for people, businesses, body corporates and the community sector to purchase zero emission vehicles and install charging infrastructure. This includes:<ul style="list-style-type: none">○ a \$28.5 million fund for subsidies of up to \$10,000 for individual ACT residents to purchase a zero emission car or motorbike (new or second hand). Half of this amount will be a direct rebate, and half will be a no-interest loan.○ A \$10 million grants scheme for community and not-for-profit service organisations to purchase suitable zero emissions passenger vehicles or commercial vehicles.○ A \$10 million grants fund for local business to purchase zero emissions commercial vehicles.○ \$3 million will be made available for businesses, body corporates and community organisations to apply for financial assistance to install charging infrastructure at their premises.• Establishing a \$2.5 million fund to support the uptake of electric bicycles.• Offering free registration for zero emissions vehicles from 2021-2024 (waiving the Government registration component).• Expanding the network of EV charging stations across Canberra and the region <p>Further information: https://greens.org.au/act/EV</p>

<p>Issue the proposal will address:</p>	<p>The proposal seeks to reduce transport emissions from vehicles in the ACT. Transport is now the ACT's biggest source of greenhouse gas emissions, at over 60%. The only way we can properly address climate change is through a rapid transition to zero-emissions travel.</p> <p>Electric vehicles are a win for the environment and also a win for people. They create zero greenhouse gas emissions, zero tailpipe pollution, and less noise.</p> <p>They are also cheaper to run and service than petrol or diesel vehicles: Canberra drivers would save around \$810 to \$1400 every year on vehicle ownership costs.</p> <p>Canberrans overwhelmingly support electric vehicles but are deterred by high cost of purchase and lack of charging infrastructure. Government support is needed. The proposal seeks to lower the price barrier, stimulate EVs market to make a greater variety of vehicles available, install charging infrastructure publicly and privately. It also seeks to encourage the take up of electric bicycles as an alternative to car use.</p>
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What are the key assumptions that have been made in the proposal?

Note: The costing will be developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

- The EV and e-bike funds will be administered by 2 FTE, which are costed at 0.6 in the first year due to timing.
- A project budget of \$10,000 per year is included to support community and industry engagement.
- Lost revenue from offering free registration for zero emissions vehicles is estimated at \$320 per vehicle per year (80% of the \$400 Government registration fee, as there is already a 20% discount available. Assumed annual vehicles numbers: 600, 1000, 3000 and 6000.
- The incentives program will be reviewed in 2022-23. If no further intervention is required due to changes in the market, the incentives could be scaled back.

	2020-21 (\$'000)	2021-22 (\$'000)	2022-23 (\$'000)	2023-24 (\$'000)	Total (\$'000)
Project budget for community and industry engagement	-10	-10	-10	-10	-40
1 SOGC to implement the funds and engage with industry and community	-91	-154	-157	-160	-561
1 ASO5 to support implementation of the funds	-70	-119	-122	-124	-435
Fund for EV incentives (grants)		-12,000	-12,000	-13,250	-37,250
No interest loan component of EV incentives		-4,000	-5,000	-5,250	-14,250
Interest on loans			58	124	182
Loan repayments			400	860	1,260
Fund for e-bike incentives		-500	-1,000	-1,000	-2,500
Free registration for EVs	-192	-320	-960	-1,920	-3,392
EV charging stations		-1,000	-1,500		-2,500
Total	363	18,103	20,406	20,978	59,850

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this proposal and estimated costs each year (if available)?

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue^(a)	-192	-320	-560	-1,060	-2,132
Expenses^(a)	-171	-16,783	-18,346	-19,918	-55,218
Capital		-1,000	-1,500		-2,500
Depreciation					

(a) A negative number indicates a decrease in revenue or an increase in expenses. The expenses row does not include depreciation costs.

Has any specific information or data been utilised in generating the proposal?

No
Where relevant, is funding for the proposal to be demand driven or a capped amount?
Capped. The EV fund is capped at a total of \$51.5 million. The e-bike fund is capped at \$2.5 million.
Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements?
No
Will funding/the cost require indexation?
No
Who will administer the proposal?
Environment, Planning and Sustainable Development Directorate
How will the proposal be administered?
Costing includes 1 SOGC and 1 ASO5 to run the project and administer the funds.
Is the proposal part of a broader package?
Yes, electric vehicle revolution package which includes some additional measures.
Has an allowance been made for expenses necessary to support the implementation of this proposal?
<ul style="list-style-type: none"> – If no, will the government agency be expected to absorb expenses associated with this proposal? – If yes, please specify the key assumptions.
Yes, staffing and project expenses are included in this costing.
Will the proposal generate savings or offsets?
No
Has the proposal been previously costed by an external (third) party? Will a copy of this material, including any assumptions, be made available to Treasury?
No
What are the community impacts associated with the proposal? Who and how many people will be affected?
Community members, businesses and community organisations will be able to access funds (partial rebate and partial no interest loan) to purchase electric vehicles. This will support community members to overcome the upfront cost of purchasing a new or used electric vehicle or electric bicycle. This will lead to community benefits through reduced vehicle operating and maintenance costs and cleaner air.
Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?
No
What is the intended implementation date of the proposal?

Starting late 2020.

When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc.

The project will start in 2020-21 and will be fully operational by 2021-22. The timing of expenditure will be determined by the rate of uptake of the funds but is estimated to be highest in the final year of the program.

Will the proposal cease, and if so, when?

Yes, in 2023-24.

Is there any additional information relevant to this proposal?

No