

2020 Election Commitment – ACT Greens

Name of Commitment:	Encouraging the shift to electric vehicles	Reference Number: GRN003
Request Submitted by:	Shane Rattenbury MLA, ACT Greens	
Date Request Received:	28-Sep-20	
Additional Information Requested (details and date)	Clarification was sought on the operating costs associated with the installation of electric vehicle infrastructure (29-Sep-2020)	
Additional Information Received (details and date)	Advice was provided that the electric vehicle charging station users would be charged to offset the running costs of the EV infrastructure (30-Sep-2020)	

Financial Implications					
Impact On:	2020-21	2021-22	2022-23	2023-24	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues ^(a)	-192.0	-320.0	-960.0	-1,920.0	-3,392.0
Expenses ^{(a)(b)}	-171.0	-12,863.0	-13,490.3	-14,826.2	-41,350.4
- Employee Expenses	-161.0	-273.0	-279.0	-284.0	-997.0
- Other Expenses	-10.0	-12,510.0	-13,010.0	-14,260.0	-39,790.0
- Cost of Financing	0.0	-80.0	-201.3	-282.2	-563.4
Depreciation	0.0	0.0	-100.0	-250.0	-350.0
Concessional Loan Impacts	0.0	-776.9	-846.9	-749.4	-2,373.2
- Concessional Loan Expense	0.0	-911.3	-1,139.1	-1,196.1	-3,246.5
- Unwinding of Concessional Loan Expense	0.0	154.4	335.2	509.7	999.3
- Write-off Expenses	0.0	-20.0	-43.0	-63.0	-126.0
- Interest Received on Concessional Loan	0.0	0.0	0.0	0.0	0.0
Net Operating Balance	-363.0	-13,959.9	-15,397.2	-17,745.6	-47,465.7
Capital Outflows	0.0	-5,000.0	-6,500.0	-5,250.0	-16,750.0
Capital Inflows (loan repayments)	0.0	0.0	380.0	817.0	1,197.0
Capital Requirement	0.0	-5,000.0	-6,120.0	-4,433.0	-15,553.0
Cash Surplus/Deficit	-363.0	-18,183.0	-20,570.3	-21,179.2	-60,295.4

(a) A negative number indicates a decrease in revenue or an increase in expenses.
(b) Excludes depreciation

Other Information	
Costing Methodology Used:	
- Costing Technique:	
The costing is an estimate based on a fixed value of grants and interest free loans and installation of EV infrastructure, as outlined in the costing request. Staffing elements have been costed based on the standard salaries and on-costs for the proposed positions.	
- Proposal Parameters:	
<ul style="list-style-type: none"> • The costing request assumes a 100 per cent uptake of the available grants and loans. The total amount of grants available is \$39.75 million, and total 10-year interest free loans of \$14.25 million. • The costing request assumes the EV registration waiver, valued at \$320 per vehicle, would be applied to 600 vehicles in 2020-21, and then 1,000, 3,000 and 6,000 in the following three years respectively. The request notes that this incentive would be reviewed in 2022-23 and could be scaled back; however, the costing includes the operating impact of this waiver up to 2023-24. • Cost of financing has been calculated at 1.6 per cent. • 1 x SOG C and 1 x ASO5 would administer this scheme, with additional project costs of \$40,000 over four years. • The costing request assumes the repayment of interest free loans to commence from 2022-23 at a rate of 10 per cent of the total issued loan balance, adjusted in subsequent years for expenses associated with bad debts and repayments in prior years. A write-off expense rate of 5 per cent is assumed. • The first round of grants and loans to be made available from 2021-22. The work for installation of EV charging stations would commence from 2021-22 and finish in 2022-23. • Depreciation for the EV charging stations is on a straight-line basis over 10 years, commencing in 2022-23. 	
Caveats or qualifications to the costing:	
The costing request assumes that operating costs for EV stations would be recovered from users. This costing is subject to a charging regime being developed and implemented.	
In accordance with <i>AASB9 Financial Instruments</i> , Treasury notes that there would be a non-cash impact on the Net Operating Balance reflecting the difference between the market borrowing interest rate and the zero interest rate it offers to borrowers. This would be reflected as an upfront expense (negative impact) to Government when the loan is provided, equal to the present value interest rate differential on the loan amount relative to the market rate at which the loan holder would otherwise have accessed financing (for the purposes of the costing assumed to be 5 per cent).	
Over the life of the loan, this expense would be unwound. The initial expense recognition would also have a negative impact on Government net debt over and above the face value of the loan. Treasury has sought external accounting advice and has referenced methodology employed by the Commonwealth Department of Finance to accurately reflect these implications.	
Other Comments:	
The costing treats the receipt of loan repayments as a capital inflow, rather than revenue as in the costing request. This reduces the net additional capital required in each year.	
- Statistical Data Used:	
Treasury estimates and information as provided in the costing request.	



David Nicol
Under Treasurer
15 October 2020