Online email: ZEVexpertpanel@transport.vic.gov.au

20th September 2021

RE: Submission to Victoria's Zero Emission Vehicles Expert Advisory Panel

Thank you for the opportunity to provide a submission to the Zero Emission Vehicles Expert Advisory Panel.

The Central Victorian Greenhouse Alliance (CVGA) is a formal network of 13 local governments in central and north west Victoria comprised of the cities and shires of Ararat, Ballarat, Bendigo, Buloke, Central Goldfields, Gannawarra, Hepburn, Loddon, Macedon Ranges, Mildura, Mount Alexander, Pyrenees, and Swan Hill. The CVGA has existed since 2000 and works across our networks, communities and partners to deliver regional climate change projects, advocacy and capacity building. The CVGA is part of the broader network of Victorian Greenhouse Alliances, formal partnerships of local governments driving climate change action across Victoria's 79 municipalities.

The CVGA has been working with councils and communities in our region for many years on the transition to zero emissions vehicles. Most notably we initiated and led the Charging the Regions project, a collaboration between 55 councils, the Victorian Government, and the EV Council. Stage 1 of CTR focussed on building councils capacity to understand their role in delivering EV public charging infrastructure, and Stage 2 has seen the implementation of over 22 EV fast charging locations across regional Victoria. We have also been working with our member councils to help accelerate the transition to electric and hydrogen fuel cell vehicles.

In addition we also point to previous submissions we have made to the Victorian Government on Zero Emissions Vehicles such as the 2017 Parliamentary Inquiry into Electric Vehicles here.

Please consider the following advice in relation to the Terms of Reference of the Expert Advisory Panel:

1. **Incentives to reduce the upfront cost of ZEVs and increase the options of vehicles available to Victorians and respond to user vehicle preferences**

The biggest barriers to ZEV uptake in Victoria has been upfront cost and range anxiety. With the investments in public charging infrastructure and vehicle range evolution the barrier of range anxiety is on its way to being addressed. However, the upfront cost of ZEVs is still prohibitive for most people, despite these costs continuing to come down.

Although the introduction of a $3000 rebate from the Victorian Government for up to 4000 vehicles goes someway to providing an incentive it is not commensurate with the types of incentives being offered in other states or across the world. Similarly, the benefits of the rebate are largely offset by the introduction of the EV tax in Victoria (discussed further below).

In order to achieve targets of at least 50% of EVs by 2030, then demand in the early years requires further government incentives in the form of rebates and other financial incentives such as waiving stamp duty like in the ACT and NSW.

An introduction of incentives for ZEV's could also occur with introduction of disincentives for high emitting vehicles. This is effective in countries around the world like New Zealand and are often described as 'feebates'. The feebates typically only apply to new cars, and are considered more equitable as a way to pay for the rebates as they are often revenue neutral or revenue positive. More information on New Zealands Clean Car Feebate Scheme can be found here.

Further incentives could be considered for second hand ZEVs such as waiving stamp duty and registration costs for the first two years and access to the same rebates available to new cars.

In addition to focussing on transitioning to passenger and heavy vehicles, the ZEV transition should also include measures to promote e-bike uptake and reduce car dependence and ownership. Models such as rebates for e-bikes and e-bike conversions, or schemes where cars are exchanged for ebike rebates can work well to incentivise sustainable transport. As noted in an article in the Driven, incentivising ebikes is important because:

- Upfront purchase price is one of the main barriers to the uptake of e-bikes/e-cargo bikes in Australia
- E-bikes are shown to be more likely to act as a replacement for motor vehicle trips than conventional bikes, helping to reduce congestion, carbon emissions and parking frustration.
- E-bikes provide enough physical activity to help people live healthier lives, but don't require the physical exhaustion that can act as a barrier to conventional bike riding.
- E-bikes are used twice as often as conventional bikes, for trips twice as long
- E-bikes use 1/40th the energy of electric vehicles, and only cost 15c to charge, using a regular power point.
- Subsiding e-bikes is much cheaper than subsidising e-cars, and a much greater proportion of the population could afford a subsided e-bike, compared to an e-car.

2. **Regulatory tools such as fuel efficiency standards for internal combustion engine vehicles and emission standards for new vehicles to lower emissions per kilometre as well as drive uptake of ZEVs**

Fuel efficiency and emissions standards are crucial to stimulate uptake of ZEVs in Australia. As emissions standards are largely a federal government responsibility, the Victorian Government should advocate for these to be introduced. Australia is a global laggard when it comes to adopting and regulating emissions standards for vehicles and are in fact the only OECD country with no minimum fuel standard. As a result Australia is fast becoming the dumping ground of the world's high emitting vehicles due to poor government policy.

3. **Phase-out date for new registration of internal combustion engine vehicles**

New registration for internal combustion engine vehicles needs to be phased out no later than 2030 for light passenger vehicles with certain categories of special exemptions for vehicles where this is not possible. In order to meet emissions reduction targets, any later than 2030 would ensure that significant numbers of ICE vehicles would still be on the road well after

2050. According to ABS data from January 2021, Victoria currently has in excess of 850,000 passenger vehicles (1.2 million total vehicles) registered older than 2005[1]. At the moment a 50% target for EVs by 2030 is too slow if this trend for vehicles to remain on the road 20 plus years beyond the purchase date continues. In addition, if price parity is expected to be achieved in 2025 for most passenger ZEVs then there are few reasons why a fossil fuel based car should be considered.

4. **Network based incentives such as parking, special access lanes and low emission zones**

In regional Victoria, network based incentives are unlikely to be as appealing as major cities. However in the regional centres of Bendigo, Ballarat and Mildura, introduction of dedicated EV parking or low emission zones could be worth investigating. Other incentives for EV purchases could be the development of vehicle to grid technology, as more people are able to see the significant benefit of utilising their EV for storing energy generated by solar during the day.

More importantly, government incentives should exist for supporting car share models that allow for greater access to EVs over time, such as the Bendigo BHive project. Such models are more sustainable and reduce the existing problems associated with private car ownership.

5. **Industry specific incentives and regulatory tools for sectors including commercial passenger vehicles, freight and heavy vehicles**

Much of council fleets involve heavy vehicles such as waste and tipper trucks. Some councils have been trialling electric models of these vehicles, however for most councils this is cost prohibitive. Greater emphasis needs to be placed on the need to encourage zero emissions vehicles in the heavy vehicle space. Manufacturers require signals from governments before they will invest in the development of ZEV heavy vehicles particularly in the public transport & waste collection sectors. Grant funding for technology development, mandated emissions reduction targets specifically for heavy vehicles, & financial subsidies to encourage end users of ZEV's (i.e. Councils, public transport operators, freight companies, etc) are needed to make this happen. This would include a mix of technologies including battery electric and fuel cell electric vehicles.

In addition, the Victorian Governments own targets for heavy fleet ZEV's should be strengthened. For example, at the moment under the Zero Emissions Vehicle Roadmap, the government has committed "$10 million to green the Victorian Government Fleet, including replacement of 400 vehicles with ZEVs by 2023". By contrast the NSW government has set a 100% ZEV target for its passenger fleet by 2030.

Also the Victorian Government has set a target for all new purchases of buses to be electric by 2025. This is welcomed and is a low hanging fruit given that electric buses are established across the world and have been trialled in many cities in Australia already. However, this does not address the broader challenge for Victoria's bus fleet. Recently the Victorian

[1] https://www.abs.gov.au/statistics/industry/tourism-and-transport/motor-vehicle-census-australia/latest-release#average-age

Government announced a new bus contract for 36 electric buses by 2025, and a further 341 electric buses by 2031. This amounts to less than 14% respectively of Victoria's total bus fleet by 2030. Electrifying bus transport presents a real opportunity to accelerate emissions reductions and a more ambitious target could be set by the Victorian Government.

6. **Options to target fleet purchasers and other organisations with large numbers of vehicle leases**

One of the barriers for local governments is overcoming knowledge gaps across the sector in the latest information on EVs. For example, in a survey conducted by the Electric Vehicle Council, 79% of people surveyed believed that the range of EVs was much less than the average of 400kms. Anecdotally this is also reflected in our experience where regional and rural councils consider that EVs wont suit driving conditions in regional Victoria. This is despite most council vehicles being used for less than 150km per day, according to a regional fleet feasibility study by the Goulburn Broken Greenhouse Alliance in 2017.

Targeting local and state, and commercial fleets for EV uptake should be a number one priority in the ZEV transition. Through this a second hand car market is created for the general public thereby reducing the costs of ZEVs over time. Some options to increase uptake of EVs in fleets could be:

- Support local government buyers groups like the recent Victorian Energy Collaboration (VECO) project, or enable councils to join in on state government purchasing contracts for bulk EVs like electricity accounts.
- Encourage and normalise 100% corporate and government fleet targets by 2030.
- Incentivise EV uptake in fleets by offering tax credits, rebates or other financial incentives ratcheting back over time
- Support greenhouse alliances and other groups to build the capacity and ambition of local governments in their region over time through funding a dedicated regional EV transition resource or funding regional fleet assessments. This resource could assist fleet managers across each of the alliances regions to undertake fleet feasibility assessments and business cases, develop EV purchasing policies, examine fleet charging requirements and assist other areas of council promote EV uptake in the broader community.

7. **Support required for the automotive industry through the transition period**

The transition to ZEVs needs to consider the capacity of the automotive industry to adapt now. In regional Victoria there are very few mechanics capable of servicing ZEVs. Even companies such as Hyundai require servicing of their electric vehicles from Melbourne dealerships. This is a barrier for regional drivers who may weigh up the ease of servicing locally in their decision to purchase a ZEV. Particularly for regional council fleets who are currently dissuaded from buying an electric car due to lack of servicing options. Greater focus also needs to be on training in TAFEs for the transition that is coming. A positive example of this kind of training happening in our region is the Bendigo Girls in STEAM electric car project.

In addition, support should be given to companies and organisations seeking to convert existing petrol and diesel vehicles into zero emissions vehicles. Considering the broader impacts of the circular economy and the waste generated from a rapid transition to ZEVs, retrofitting existing vehicles is an opportunity to reduce waste and create new employment pathways for existing industry.

8. **Options to work with other levels of government and other jurisdictions**

There is a very big opportunity for state and local governments to partner on the ZEV transition. Many councils are exploring and setting targets for electric and hydrogen fuel cell vehicles across passenger and heavy vehicles, some as early as 2030 for full ZEV transitions. Some options are listed in dot point 6 above and also identified in the Zero Emissions Vehicle Roadmap; "working collaboratively with Victorian Greenhouse Alliances, which have the potential to play an increasingly important role as a coordinating point for council action and, in partnership with industry and other levels of government, as a locus for community education, guidance and information-sharing about best practice in relation to ZEVs, including how to support ZEV uptake and use through the provision of public charging infrastructure and transition-planning". We welcome the opportunity to explore partnership options to accelerate action across local government.

9. **Charging infrastructure requirements to ensure driver confidence and commercial uptake**

Our Charging the Regions project has been invaluable for not only addressing range anxiety but communicating the benefits of EVs to the broader public such as through this video developed in partnership with DELWP. The project has generated lots of press, but a less measurable aspect is how many curious bystanders come up and ask questions when they see an EV charging. In addition, prior to the project, it was not possible to drive in north west Victoria with an electric car without multiple overnight stops. It is now possible to drive from Melbourne to Mildura in one day with more than 10 multiple fast charging options along the way.

It is encouraging that the Victorian Government is investing in additional public charging infrastructure across the remaining regions of Victoria. Councils are also proceeding to install public charging infrastructure at their own cost, using the resources from the charging the regions project to help identify sites and understand their role and responsibilities.

Over time we expect that the private sector will have a greater incentive for provision of charging infrastructure in regional areas, but in the early stages when there are few cars on the road there has been an important role for governments to step in and provide that backbone infrastructure. Although the coverage of fast chargers is being resolved, over time the density of chargers will become an issue as more and more EVs are registered on the road. Rather than wait for bottlenecks to occur its important that incentives continue to grow the density of DC and AC charging options across the state over the next 5 years.

10. **The introduction of a low and zero emissions vehicle road user charge**

The introduction of the low and zero emissions vehicle road user charge in Victoria was a policy intervention at odds with other Victorian Government objectives and likely to have resulted in significant slow down in the uptake of EVs in Victoria. The tax was in our view introduced too soon, was done without any consultation and was not done in a way that balances costs proportionately over other vehicles. The tax also disproportionately impacts regional EV drivers like many of our own organisations vehicles and councils considering shifting to EVs in regional and rural councils.

For example the CVGA purchased in early 2020 a Hyundai Kona EV and already had a 10 year old Toyota Prius hybrid in its fleet. Our fleet policy is to use the lowest emission vehicle first and as our EV is charged by 100% renewable it is preferred over the Prius. However, with the EV tax introduced it means that the Kona costs more than the Prius on the basis of road user chargers. This is despite the Kona having no social cost of carbon compared to the fossil fuel powered Prius. Arguably though the tax is a greater disincentive due to its perceived 'hassle factor' of needing to lodge odometer readings with Vicroads every year.

	Toyota Prius (4.8L/100km)	**Hyundai Kona**
Cost per 100km in $	2.016	2.5
Average travel per year (15000km) in $	302.4	375

**Assumptions; fuel excise of 42c/litre, and EV user charge of 2.5c/km. Average travel for a CVGA vehicle is 15000 km in normal non COVID years.*

If you have any questions of queries relating to this submission, please contact Rob Law, Executive Officer, on eo@cvga.org.au or 0467 692 827

Yours sincerely,

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This submission has been approved through CVGA's formal governance structure however this submission may not necessarily represent the individual view of each member council.