

# State charges up the electric-vehicle sector

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A surprise move by the NSW government to offer the nation's strongest incentives for electric cars sets up a state-versus-state dynamic that might well be useful for the electric-vehicle sector though confusing for potential car buyers.

For now, the upfront cost of electric cars will continue to be considerably more than their petrol equivalents, but they will be cheaper in NSW than key rival Victoria.

Potential buyers in NSW can get up to \$7000 off the take-home price of an electric car, while the figure in Victoria is closer to \$3000.

In other states, the picture remains unclear.

For consumers, the key point to note is that both NSW and Victoria now offer a \$3000 rebate on electric cars up to a limit of \$68,750.

However, NSW also throws in the extra incentive of a stamp duty waiver on all electric cars up to a limit of \$78,000.

The dollar level of these incentives is a welcome development,

placing the emphasis on everyday family cars as opposed to luxury top-end models.

The list of cars that come in under the \$68,750 "cap" are the Hyundai IONIQ and Hyundai Kona, the MG, Nissan Leaf, Mini Cooper SE and Kia e-Niro.

Just one Tesla gets under the barrier: the Tesla model 3 SR+.

Industry analysts suggest the NSW incentive package is a breakthrough for the electric-vehicle sector, where Australia is not only tracking behind other markets but the adoption of electric cars almost came to a standstill last year.

At one stage, car manufacturers were openly claiming global electric-vehicle suppliers were "passing over" the local market due to the lack of market support.

Australia would need to more than triple its electric-car sales (at 0.7 per cent of new cars currently) to level up with equivalent sales figures in overseas markets, such as the EU at 3.5 per cent or China at 5 per cent. The electric-vehicle EV package, which is included in the NSW budget, also brings the state into line with Victoria and South Australia in releasing plans for a road user charge on electric cars to compensate for the loss of fuel excise duty revenue.

With the fuel excise issue resolved, analysts suggest the electric-vehicle sector may now have removed some of the more serious political obstacles to development.

"It's all about getting prices down and getting a better infrastructure so you can get the take-up on EVs that make them more

attractive," says Tony Wood, director of the energy program at the Grattan Institute.

NSW Energy Minister Matt Kean says the state now has a target where 50 per cent of all new cars sales will be electric by 2030.

It's an ambitious target that is probably impossible under current settings.

The NSW move also reflects a shift towards state-level acceptance that electric vehicles require government assistance to get to critical mass. The majority of local economists – 84 per cent, according to a recent poll – suggest the best way to do that is to subsidise the public charging points for the network infrastructure.

In practical terms, however, the next major step-up for the sector will most likely be the arrival of a state government electric car fleets. Both NSW and Victoria have made noises in this direction but could be trumped by a state government still aiming to make an impact in the sector, such as South Australia, which has already tested electric police cars.

Government agency buying of fleets had sustained Australian domestic car production in its final decades. Electric-vehicle proponents now believe it can seed the everyday usage of the vehicles in the most populous states.

Some of the current cost structures in the car trade, such as the luxury car tax, are a hangover from the period of protectionism for local manufacturers.

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