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## Bank Australia submission to the National Electric Vehicle Strategy consultation

Bank Australia welcomes the opportunity to provide input into the development of the Federal Government's National Electric Vehicle Strategy.

We strongly support efforts by the Federal Government to deliver policy measures that will reduce emissions from the transport sector, including accelerating the adoption of electric vehicles (EVs) of all shapes and sizes, for all Australian households and businesses.

The global shift to electrified transport is well underway, and will make a significant contribution to limit global warming to 1.5 degrees, aligned with recent IPCC findings which indicate that staying within a 1.5 degree limit, compared to 2 degrees, could avoid the most severe climate impacts, allowing for greater adaptation to support ecosystems, human health and wellbeing<sup>1</sup>.

Responding to our customers' expectations, Bank Australia has developed an ambitious [Climate Action Strategy](#), including a target to reach net zero emissions by 2035. Transitioning transport away from fossil fuels to EVs will be a key part of achieving this target, and our bank will cease loans for new fossil fuel cars from 2025. We will also regularly review our low emissions vehicle loan product to identify opportunities to accelerate the transition to EVs.

Bank Australia supports the development of the National Electric Vehicle Strategy as a critical enabler in accelerating uptake of EVs through increasing supply and establishing the necessary systems and infrastructure. A comprehensive strategy to reduce emissions across the transport sector, and scale up equitable access to active and public transport and micro-mobility solutions is also crucial to achieving a net zero future (*Consultation Paper Questions 1, 12*).

The National Electric Vehicle Strategy should include the implementation of a robust and ambitious fuel efficiency standard to drive supply in the Australian market, strong national EV uptake targets to provide certainty to industry and consumers, and a suite of supporting policies to ensure a rapid and equitable transition to EVs.

### **EVs will play an important role in decarbonising transport, and Australia's EV uptake is hampered by a lack of supply, rather than a lack of demand.**

With over 18% of Australia's emissions coming from the transport sector, and around 62% of transport emissions coming from private passenger vehicles<sup>2</sup>, transitioning to EVs will be critical to achieving Australia's fair share of the global emissions reduction effort. There are some sectors where it's going to be difficult to decarbonise, but passenger cars is not one of

<sup>1</sup> IPCC. October 2018. [Summary for Policymakers of IPCC Special Report on Global Warming of 1.5 degrees approved by governments.](#)

<sup>2</sup> Climateworks Centre. July 2021. [Australia's transport emissions: seeing the sector as a whole shows a path to zero emissions.](#)

them – EVs are ready to deploy technology that can play a critical role in Australia reducing overall emissions.

The transition to EVs also presents great economic opportunities for Australia, with potential to create manufacturing opportunities and jobs, as well as deliver positive social, health and environmental outcomes. As the upfront cost of EVs decreases and fossil fuels become more expensive, EVs will also be able to deliver cost savings to households, given their lower running and maintenance costs.

However, Australia currently lags behind similar economies in the growth of EV sales, with sales limited by a lack of supply rather than a lack of demand. In 2022, EV sales in Australia have grown to 3.39% of new vehicle sales, an increase of 65% from 2021<sup>3</sup>. Analysis by Bloomberg has shown that reaching 5% of new vehicle sales is an important tipping point, after which scale-up happens rapidly<sup>4</sup>.

Australia has the potential to approach this tipping point in the very near term, and the government must facilitate the needed increase in supply through the design of the National Electric Vehicle Strategy.

### **Implementing a robust and ambitious fuel efficiency standard, setting strong national EV uptake targets and supporting an equitable and smooth transition should be priority components of the National Electric Vehicle Strategy.**

To address the lack of EVs in the Australian market, Bank Australia supports the implementation of an ambitious fuel efficiency standard by the 1st of January 2024 at the latest<sup>5</sup>, with a mechanism to review and increase the efficiency standard over time (*Consultation Paper Questions 7, 8*).

Research conducted by Climateworks Centre indicates a global trend towards fuel efficiency standards in the order of 95-115g CO<sub>2</sub>/km by 2025, and Climateworks Centre suggests a standard of 95g CO<sub>2</sub>/km by 2024, reducing to 0g CO<sub>2</sub>/km by 2035.<sup>6</sup> Bank Australia encourages the Government to consider implementing the most ambitious, feasible fuel efficiency standard aligned to the EU's leading standard of 95g/km 2020-2024, with a ratcheting mechanism to ensure it remains aligned with Australia's fair share of the global goal to limit warming to 1.5 degrees (*Consultation Paper Question 10*).

To provide further certainty to industry and consumers, Bank Australia supports setting ambitious national EV uptake targets, following the lead of the 17 jurisdictions around the world who have already set 100% EV uptake targets or total ICE vehicle phase-out schemes<sup>7</sup>. Targets should include at least 1 million EVs in Australia by 2027 and at least 60-70% EV car sales by 2030<sup>8</sup> (*Consultation Paper Question 11*).

Bank Australia also supports incentives to reduce upfront costs of EVs, including measures to develop a second-hand EV market in Australia. This should involve committing all government fleets to transition to EVs and investigating opportunities to develop a second-hand EV import market via eased import restrictions<sup>9</sup>. Additionally, measures should be

<sup>3</sup> Electric Vehicle Council. October 2022. [State of Electric Vehicles](#).

<sup>4</sup> Australian Financial Review July 2022. [US crosses the EV tipping point for mass adoption](#).

<sup>5</sup> As recommended by the Electric Vehicle Council.

<sup>6</sup> Climateworks Centre. August 2022. [Accelerating EV uptake: Policies to realise Australia's electric vehicle potential](#).

<sup>7</sup> International Council on Clean Transportation. June 2021. [Update on government targets for phasing out new sales of internal combustion engine passenger cars](#).

<sup>8</sup> The Electric Vehicle Council recommends a target of at least 60% new car sales by 2030, and Climateworks Centre suggests a target of 76% by 2030 to align a 1.5 degree scenario. Refer to: Electric Vehicle Council. August 2022. [National Electric Vehicle Strategy](#). Climateworks Centre. August 2022. [Accelerating EV uptake: Policies to realise Australia's electric vehicle potential](#).

<sup>9</sup> Climateworks Centre. August 2022. [Accelerating EV uptake: Policies to realise Australia's electric vehicle potential](#).

taken to develop targeted programs to provide low-income households with access to EVs and other transport services, which could include subsidised leases or subscriptions (*Consultation Paper Questions 4, 12*).

**The National Electric Vehicle Strategy should support the rapid scale up of EV uptake through the roll-out of a national charging infrastructure network, and should support Australia to capitalise on the economic opportunities and climate action solutions across the full EV value-chain.**

To support the rapid scale up of EV uptake, the National Electric Vehicle Strategy should support the roll-out of a national charging infrastructure network, including its integration into the electricity grid, with a particular focus on regional areas and high-density suburbs.

Bank Australia also supports the creation of a national EV industry development plan, with targeted funding and policies to stimulate investment and innovation across the full EV value-chain in Australia, including mineral extraction, component and vehicle manufacturing, and recycling. A national EV industry development plan would support businesses engaged in the value chain to scale up their contributions to climate solutions and position Australian communities and businesses to benefit economically from the global EV transition (*Consultation Paper Question 15*).

**Bank Australia has taken a leadership position on the phase out of fossil fuel vehicles, and is committed to supporting Australia's transition to an EV future.**

As part of Bank Australia's ambitious Climate Action Strategy, which includes a net zero target by 2035, we are committed to supporting Australia's transition to a future of electrified transport and mobility. We support the Federal Government's efforts to put the right policy settings in place to do this, via a robust National Electric Vehicle Strategy.

The Government must act quickly to ensure Australia realises the benefits of a rapid and equitable transition to EVs, and Bank Australia would welcome further opportunities to support collaborative efforts with the business community.