

A fleet-footed focus to improve electric vehicle uptake in Australia

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Australia's transport sector accounts for almost 20% of the country's CO₂ emissions, making it a key battleground in efforts to reduce the

impact of climate change.

The sector comprises road, air and marine transport, and while some efforts are being made to encourage the uptake of electric vehicles (EVs) among businesses and the wider community, Australia remains woefully behind compared with many other countries.

Some of the impediments for road transport emissions reductions include a lack of EV charging infrastructure, and EV affordability. Targeted business tax changes and incentives are required to make the transition away combustion engine cars.

By comparison, Europe is leading the way in incentivising its road transport sector to transition to battery electric vehicles (BEVs), beyond petrol-electric hybrid models. In the Netherlands, for example, the penetration of BEVs is 73%, while in Australia the BEV take-up is only 1%.

The United Nations Climate Change Conference is in Glasgow in November. To address climate change, participants including Australia, are expected to commit to lower CO₂ emissions by 2050.

'Technology not taxes'

One response by the Australian government is its policy to address road transport's future fuels and emissions, captured by the slogan "Technology not taxes".

A recent example of this policy's practical implementation is the Morrison government's provision of \$25 million in cash from the taxpayer-funded Future Fuels Fund.

Cash grants have been recently won by businesses, such as Ampol and

Chargefox, to install electric vehicle charging stations for public use. Ampol could install EV charge stations alongside its petrol pumps in its network around Australia. This funding goes toward the government's aim to boost the rollout of fast-charging stations across the country.

But the Monash Business School's Dr. Diane Kraal, together with Anna Mortimore from Griffith University, argue that Australia's road transport emissions reductions need to go further and be facilitated by the federal tax system and technology.

They've recently launched a project named "Business fleets and EVs: Taxation changes to support home charging from the grid, and affordability".

Fleets comprise about 40% of passenger and light commercial vehicles on Australian roads. They argue that taxation support is the key to exponentially increasing BEVs in company fleets.

"In the quest to lower CO₂ emissions, the tax system is an integral tool, and should be used transparently, and not muddled by politics," Dr. Kraal says.

The researchers say that in Europe, taxation is fundamental to incentivise companies to switch to EVs, a process often supported by overarching EU regulations.

Their project, valued at \$220,000, has been awarded by the Reliable Affordable Clean Energy (RACE) for 2030 cooperative research centre.

The project is investigating taxation solutions to fix the low levels of business-site EV-charging infrastructure, and the affordability of battery electric vehicles (BEVs). These are seen as the main barriers for low numbers of BEVs in business fleets.

The project sees business as more rational in selecting business assets, such as BEVs, as they're more focused on cost.

It's examining the prospect of company fleet-car charging at company employees' homes overnight as one short-term solution.

A driver's fear of running out of EV power mid-trip is referred to as "range anxiety". Tax changes are needed to facilitate a quick shift to EV home-charging, as we wait for more business and public charging facilities to become available, Dr. Kraal says.

As for the cost of EVs, "the gap between the low cost of a petrol car and a high-cost EV must be facilitated by the federal tax system", she says.

Focus on the fleets

Central to the research are interviews of fleet managers from a selection of ASX-listed companies and local government city councils to gauge their views on EV home-charging, the high cost of EVs, and tax incentives.

The interviews will inform a larger survey to target ASX companies with fleet cars.

Fleet employees won't be forgotten, as the project will survey their reactions to business requests for EV home-charging, and associated costs. Fleet employees are considered important, as they'll be the frontline drivers of EVs, and potential purchasers of ex-fleet EVs.

This RACE project is due to finish by October 2021, in time for the November-scheduled UN Climate Change Conference in Glasgow, known as COP26.

The project contributes to the debate for taxes as a tool to facilitate changes to lower CO₂ emissions in the Australian road transport sector.

Provided by Monash University

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