MTA GROUP

Submission to the Statutory Review of the Treasury Laws Amendment (Electric Car Discount) Act 2022

Motor Traders' Association of NSW | 6 February 2026

The MTA Group
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6 February 2026
Manager
Australian Centre for Evaluation
The Treasury
Langton Crescent
PARKES ACT 2600

Via email: evaluation@treasury.gov.au

Dear Madam/Sir,

Re: Statutory Review of the Treasury Laws Amendment (Electric Car Discount) Act 2022

The MTA Group welcomes the opportunity to provide the attached submission to the statutory review of the Electric Car Discount.

The MTA Group encompasses the Motor Traders' Association of New South Wales (MTA NSW), the Motor Trades Association of the ACT (MTA ACT), My Trades Care, and My Trades Start. Together, we represent over 3,450 businesses employing more than 35,000 workers across NSW and the ACT.

Our submission addresses the effectiveness of the Electric Car Discount, vehicle eligibility criteria, the future operation of the scheme, fiscal sustainability considerations, and complementary measures to support the transition to electric vehicles. We particularly emphasise the critical interdependence between the Electric Car Discount and the New Vehicle Efficiency Standard as complementary demand and supply-side policies.

Should you require any additional information or wish to discuss any points raised in this submission, please do not hesitate to contact us.
Yours sincerely,

Collin Jennings
Head of Government Relations
MTA Group

About the MTA Group

The MTA Group encompasses the Motor Traders' Association of New South Wales (MTA NSW), the Motor Trades Association of the ACT (MTA ACT), My Trades Care, and My Trades Start. Together, we represent over 3,450 businesses employing more than 35,000 workers across NSW and the ACT.

For over 115 years, MTA NSW has been the premier employers' body advocating for the motoring industry. Our mission is to elevate the industry's standing with decision makers and the public, advancing our sector for the betterment of the economy and the motoring public. We are highly active participants in forming legislation that sets nation-leading standards, with our expert industry advice sought by both state and federal governments. We hold the Chair of the Automotive Jobs and Skills Council's Strategic Working Advisory Panel and chair the NSW Industry Training Advisory Board.

Critically, MTA NSW is the largest independent, non-profit automotive training provider in NSW, and the second largest training provider in the state after TAFE. Our apprentice completion rates consistently exceed the national average, demonstrating the effectiveness of our one-on-one mentoring approach. This training expertise positions us at the forefront of workforce development for the vehicle fleet transition, including the specialist skills required to service and repair electrified vehicles.

Executive Summary

The Electric Car Discount has been highly successful, delivering on its core objectives and providing economic and community benefits that independent modelling estimates exceed twice its cost.[1] EV market share has increased from around 2 per cent of new vehicle sales in 2021 to over 13 per cent in 2025.[2]

> ***No country has successfully transitioned its vehicle fleet through supply-side measures alone. Both demand and supply policies are essential.***

Critically, the Electric Car Discount works in tandem with the New Vehicle Efficiency Standard (NVES) to form a coherent policy framework for decarbonising Australia's light vehicle fleet. While the NVES creates supply-side pressure on manufacturers to bring cleaner vehicles to market, the Electric Car Discount stimulates consumer demand. Both elements are essential. Without strong demand-side measures, the NVES risks becoming either unachievable for manufacturers or a source of higher vehicle prices passed on to consumers.

For MTA Group members, continued EV uptake creates the investment case for automotive workshops and crash repairers to acquire the specialist equipment, training, and certification required to service electrified vehicles. As Australia's leading independent automotive training provider, we see first-hand the workforce development challenge ahead. Policy stability across both supply and demand measures is essential to give businesses the confidence to invest in this transition and to build the skilled workforce needed to support a growing electrified fleet.

[1] Magenta Advisory, Electric Car Discount Policy Impact Analysis, September 2025.

[2] Federal Chamber of Automotive Industries (FCAI), VFACTS new vehicle sales data, December 2025.

Recommendations

1. Maintain the Electric Car Discount in its current form until EV uptake reaches levels consistent with Australia's 2035 emissions reduction targets, with any changes linked to objective-based milestones rather than arbitrary dates.
2. Recognise the Electric Car Discount as an essential demand-side complement to the New Vehicle Efficiency Standard, and ensure both policies are maintained in a coordinated framework to meet Australia's climate obligations.
3. If fiscal and equity concerns must be addressed in the near term, consider only modest recalibrations such as a reduction in the eligible vehicle value cap, aligned with recent falls in EV prices, while preserving the core incentive structure.
4. Avoid income-based means testing, which would be administratively unworkable and would disproportionately harm lower-income earners who benefit from current arrangements.
5. Sequence any policy changes to occur after the introduction of road user charging, to avoid a double disincentive for EV uptake.
6. Introduce complementary measures including workforce skills development programmes to help automotive workshops invest in specialist equipment, training, and certification for servicing electrified vehicles.

1. Effectiveness of the Tax Exemptions

The Critical Role of Demand and Supply Measures

Australia's approach to decarbonising its light vehicle fleet rests on two complementary policy pillars: supply-side measures led by the New Vehicle Efficiency Standard (NVES), and demand-side measures anchored by the Electric Car Discount.

The NVES, which commenced on 1 January 2025, requires manufacturers to meet progressively tightening CO2 emissions targets across their new vehicle fleets.[3] This creates strong incentives for manufacturers to increase the supply of zero and low emission vehicles to Australia. However, supply-side measures alone cannot achieve the Government's climate objectives. Manufacturers can only sell vehicles that consumers are willing to buy.

The Electric Car Discount addresses this by reducing the effective cost of EVs for consumers, stimulating demand and enabling manufacturers to meet their NVES obligations without either facing excessive penalties or passing costs on to consumers through higher prices. This policy complementarity is not incidental. It is essential to the coherence of the Government's transport decarbonisation framework.

International experience confirms that successful EV transitions require both demand and supply measures working together. Norway, the global leader at over 90 per cent EV market share, combined vehicle emissions standards with substantial demand-side incentives including tax exemptions, toll waivers, and access privileges maintained over two decades.

Proven Impact on EV Uptake

The Electric Car Discount has demonstrably achieved its primary objective of encouraging the uptake of zero and low emissions vehicles. Prior to its introduction, EVs accounted for around 2 per cent of new car sales. By 2025, BEVs reached approximately 8.3 per cent of annual car sales, rising to 13.1 per cent when plug-in hybrid electric vehicles (which were eligible under the original policy settings until April 2025) are included.

Independent modelling attributes more than 105,000 additional EV purchases between 2022 and 2024 directly to the Electric Car Discount.

Independent modelling by Magenta Advisory attributes more than 105,000 additional EV purchases between 2022 and 2024 directly to the policy. This includes approximately 87,000 battery electric vehicles and 18,500 plug-in hybrid electric vehicles (during the period when PHEVs remained eligible) above baseline trends.[4]

Within the novated leasing channel, EVs increased from around 1 per cent to approximately 50 per cent of vehicle orders following the introduction of the discount. This transformation demonstrates the policy's exceptional effectiveness as a demand-side measure during a critical market formation phase.

The policy has also helped seed a rapidly growing second-hand EV market, improving affordability and equity over time. Since 2022, over 61,000 EVs have entered the second-

[3]Department of Infrastructure, Transport, Regional Development, Communications and the Arts, New Vehicle Efficiency Standard: Final Decision, April 2024.

[4]Magenta Advisory, Electric Car Discount Policy Impact Analysis, September 2025.

hand market. Auction data indicates that 49 per cent of second-hand EVs sold in 2025 were fleet and lease vehicles, with an average battery health of 96.2 per cent.[5]

Flow-on Impacts for the Automotive Trades

The growth in EV uptake has driven substantial investment in charging infrastructure. Charging locations grew from 291 in 2022 to more than 1,272 in 2024 with over 4,192 plugs, representing more than fourfold growth.[6]

The National Transport Commission's December 2025 report confirmed that light vehicle emissions intensity has recorded its strongest reductions in 20 years, with 94 per cent of BEVs on Australian roads having entered since 2021.[7] This rapid fleet transformation validates the combined effect of supply and demand measures working together.

Critically for MTA Group members, greater EV and PHEV uptake creates stronger investment cases for automotive workshops and crash repairers to meet the capital hurdle required to service and repair electrified vehicles. The specialist equipment, training, and certification required to work safely with high-voltage systems represents a significant investment for small businesses. The greater the number of electrified vehicles on Australian roads, the more viable it becomes for independent repairers to make these investments.

> ***There is no point putting more EVs on the road if there is no one to fix them. Without trained and certified technicians, these vehicles will be slower to repair, harder to insure, and more expensive to own.***

The MTA Group has been at the forefront of developing training modules for EV servicing and repair. We are working with our members and industry partners to build the skilled workforce needed to support the transition. Policy stability that supports continued EV uptake is essential to give training providers, employers, and apprentices the confidence to invest in these new skills.

[5]Pickles Auctions, Used EV Market Analysis, Q4 2025.
[6]Electric Vehicle Council, State of Electric Vehicles, October 2025.
[7]National Transport Commission, Light vehicle emissions intensity in Australia: trends over time, December 2025.

2. Vehicle Eligibility Criteria

The current eligibility criteria limits the exemption to battery electric vehicles (BEVs) and hydrogen fuel cell electric vehicles (FCEVs) with a value below the Luxury Car Tax threshold for fuel-efficient vehicles ($91,387). Plug-in hybrid electric vehicles (PHEVs), which were eligible under the original policy settings, were removed from eligibility in April 2025.

Price Trends and Market Evolution

New EV prices have fallen since the policy's introduction. Analysis by the Electric Vehicle Council shows the mean BEV price has dropped from $87,000 to $71,000 and mean spend based on sales volume has dropped from $70,000 to $61,000.[8] The transition to cheaper models is occurring, with the majority of sales moving from the $60,000-$70,000 bracket to the $50,000-$60,000 bracket.

BEVs remain on average 25 per cent more expensive than comparable ICE vehicles. Demand-side support remains essential.

However, a significant price premium persists. Electric Vehicle Council analysis of the top 10 BEV sales in 2025 compared to their closest ICE equivalents shows an average cost difference of $9,500, with BEVs on average 25 per cent more expensive. Of models available under $60,000, only 29 per cent are EVs compared to 46 per cent of ICE models. Under $40,000, only 6 per cent of available models are EVs compared to 22 per cent ICE. This demonstrates the continued importance of demand-side incentives to address the existing EV price premium and support consumers in responding to the vehicles manufacturers are bringing to market under the NVES.

Considerations for Any Threshold Adjustments

Should the Government determine that adjustments to vehicle eligibility are necessary to address fiscal or equity concerns, the MTA Group favours approaches that allow a portion of a vehicle's cost to receive the exemption, rather than hard cut-offs at specific price points. This helps mitigate cliff effects by preserving eligibility while progressively reducing the benefit for higher-priced vehicles.

If modest reductions to the eligible vehicle value cap are considered, these should align with recent falls in EV prices. Industry data indicates that vehicles above $60,000 made up 49 per cent of salary-packaged BEVs in 2025. Setting the price cap too low would exclude a considerable portion of models and reduce overall uptake, potentially undermining the demand-side support that makes NVES compliance achievable.

3. Future Operation of the Electric Car Discount

Australia Remains Behind Required Uptake Trajectories

While the market is evolving, it is not yet self-sustaining. EVs still represent only around 2 per cent of the total light vehicle fleet. According to the Climate Change Authority, Australia requires 50 per cent of new vehicle sales to be EVs by 2035 to meet its emissions reduction target of 62-70 per cent from 2005 levels.[9]

Under the Australian Energy Market Operator's Step Change Scenario, BEVs are expected to reach 507,000 in the 2025/26 financial year and cross one million in the 2027/28 financial year. As at the end of 2025, however, the number of BEVs on Australian roads was around 350,000. This means Australia is already behind its ambition to transition its fleet to EVs.[10]

Australia is already behind its EV uptake trajectory. With only 350,000 BEVs on the road against a target of 507,000, now is not the time to weaken demand-side support.

The NVES trajectory requires manufacturers to significantly increase EV supply over the coming decade. Without corresponding demand-side support, manufacturers face an impossible choice: absorb substantial penalties, restrict supply of popular ICE vehicles, or pass costs on to consumers. None of these outcomes serves the Government's policy objectives or the interests of Australian consumers.

International Experience Demonstrates Risks of Premature Withdrawal

International experience provides clear lessons about the consequences of withdrawing demand-side support while maintaining supply-side requirements. In Germany, EV market share peaked at 31 per cent in 2022 and then fell to 19 per cent by 2024 following the removal of government subsidies, even as mandated EU emissions standards remained in force. Given the sharp fall in market share, the German government announced in January 2026 a new €3 billion scheme offering subsidies up to €10,000 for EV purchases.[11]

In New Zealand, following the repeal of the Clean Car Discount and the end of road user charge exemptions, the market share of EVs fell sharply from 27 per cent in 2023 to 11 per cent in 2024.[12] This occurred despite the continuation of supply-side fee-and-rebate mechanisms, demonstrating that supply measures alone cannot sustain market momentum.

Germany's EV market share collapsed from 31% to 19% after subsidy cuts. They have now announced a new €3 billion incentive scheme to repair the damage.

Countries leading EV adoption have maintained demand and supply measures in parallel for extended periods. Norway maintained incentives for over 20 years and only began tapering them after reaching 90 per cent market share. The lesson is clear: premature withdrawal of

[9]Climate Change Authority, 2035 Emissions Reduction Plan, 2024.
[10]Australian Energy Market Operator (AEMO), Integrated System Plan: Step Change Scenario, 2024.
[11]German Federal Ministry for Economic Affairs, Electric Vehicle Incentive Programme announcement, January 2026.
[12]New Zealand Ministry of Transport, Clean Car Programme Review, 2024.

demand-side support, particularly while supply-side obligations are being tightened, risks market collapse and policy failure.

Maintaining Policy Coherence with the NVES

The Electric Car Discount and the NVES were designed as complementary policies. The NVES creates obligations on manufacturers, while the Electric Car Discount ensures consumers can afford to purchase the vehicles manufacturers must supply. Weakening the demand side while strengthening the supply side would create policy incoherence and undermine both objectives. Furthermore, disrupting the demand side of this equation could have broader unintended consequences for the automotive industry.

The Electric Car Discount provides substantive demand side drivers which provides confidence for suppliers to import vehicles. This is being demonstrated now with increasing numbers of brands entering the Australian market. The risk is that if the incentives are repealed or too onerously amended this could trigger a slow down in purchasing of electric vehicles. OEMs will then take this into consideration when making business decisions on the viability of maintaining a presence in the Australian market, if the decision is to remove the brand from the market the public are then left with vehicles that will not have the aftermarket services they need and will affect the long-term decision making of dealerships.

Maintaining a policy balance at this point of time is crucial, balancing the demand side drivers with the supply side provides both consumers and industry confidence to plan. The MTA Group urges the Government to view this statutory review in the context of Australia's broader climate commitments and the policy architecture established to meet them. Any changes to the Electric Car Discount should be calibrated to ensure continued alignment with NVES trajectories and Australia's 2035 emissions targets.

Policy Principles for Future Reform

The MTA Group urges the Government to adopt the following principles for any future reform of the Electric Car Discount:

- **Policy coherence:** Maintain alignment between demand-side incentives and NVES supply-side requirements to ensure both policies can achieve their objectives.
- **Simplicity and administrative efficiency:** Any changes should be simple to understand, easy to administer, and minimise compliance costs.
- **Policy certainty and predictability:** Reforms should provide clear forward guidance and avoid retrospective changes. This is essential for businesses and training providers planning investments in EV servicing capability.
- **Objective-based triggers:** Policy changes should be linked to EV uptake milestones rather than arbitrary dates, ensuring the Electric Car Discount is maintained until market conditions allow for self-sustaining demand.

Opposition to Means Testing

The MTA Group opposes income-based means testing of the Electric Car Discount. Such an approach would be administratively complex and incompatible with the existing FBT framework, which is an employer tax, not an income-based tax.

Substantive changes in either vehicle value thresholds or the generosity of the exemption risk disenfranchising large numbers of potential users, particularly lower-income earners who currently benefit significantly from salary packaging arrangements. More than 50 per cent of lessees utilising the discount earn less than $160,000 per year, with the strongest acceleration in EV uptake occurring in outer suburban and regional areas.

4. Fiscal Sustainability and Cost Considerations

The MTA Group acknowledges that the success of the policy has resulted in fiscal costs that exceeded initial projections. However, concerns about the scheme's fiscal cost should be placed in appropriate context.

The MYEFO estimate of $1.35 billion in FY25-26 reflects foregone revenue under static assumptions and does not represent savings available to government.[13] It fails to account for behavioural change, the limited FBT revenue typically generated under novated leasing arrangements using the Employee Contribution Method, and substantial offsetting benefits including reduced fuel imports, improved air quality and health outcomes, lower future abatement costs, and energy system efficiencies.

Independent modelling shows the Electric Car Discount delivers $2-3 in economic, environmental, and health benefits for every $1 of cost.

Independent modelling estimates the Discount delivers a benefit-cost ratio of more than 2:1, meaning more than $2 in combined economic, environmental, and health benefits for every dollar of foregone revenue, rising to 3:1 over the coming decade.[14] Separately, the health benefits associated with reduced air pollution are estimated at approximately $5 billion between 2022 and 2025, with a further $24 billion in benefits projected over the 2026 to 2030 period.

The fiscal cost of the Electric Car Discount should also be weighed against the cost of failing to meet NVES targets and Australia's international climate commitments. Reduced demand for EVs would either force manufacturers into penalty payments (ultimately passed to consumers), constrain vehicle supply, or require relaxation of emissions standards, all of which carry their own economic and environmental costs.

Alternative Revenue Considerations

The Government should consider alternative revenue sources before reducing EV incentives. These include the introduction of road user charging for all vehicles, and review of the current Luxury Car Tax and FBT exemptions for light commercial vehicles that currently favour larger, higher-emitting vehicles.

Critically, any changes to the Electric Car Discount should be timed to occur after the introduction of road user charging, to avoid a double disincentive for EV uptake at precisely the time when demand-side support is most needed to complement NVES obligations.

[13] Mid-Year Economic and Fiscal Outlook (MYEFO) 2025-26, Australian Government.
[14] Magenta Advisory, Electric Car Discount Policy Impact Analysis, September 2025.

5. Complementary Measures

The MTA Group encourages the Government to consider complementary measures that would support greater EV uptake and build confidence in the EV market:

- **Workforce skills development:** Support programmes to help automotive workshops and crash repairers invest in the specialist equipment, training, and certification required to service electrified vehicles. As NVES drives greater EV supply and the Electric Car Discount supports demand, the service and repair sector must be equipped to maintain a growing electrified fleet. As the largest independent automotive training provider in NSW, MTA NSW (as part of the MTA Group) is actively developing training pathways for EV servicing, but government support would accelerate the transition and ensure the workforce keeps pace with fleet transformation.
- **Charging infrastructure investment:** Continue targeted support for charging infrastructure, particularly for regional areas where range anxiety remains a barrier to EV adoption.
- **Battery warranties and standards:** Consider mandating minimum battery performance guarantees to bolster consumer confidence in EV longevity and resale value.
- **Support for bi-directional charging (V2X):** Consider incentives for bi-directional charging technology to support grid resilience and provide additional value to EV owners.

Conclusion

The Electric Car Discount has been one of the Government's most successful policies, delivering measurable results against all three of its stated objectives: encouraging EV uptake, reducing transport sector emissions, and supporting the development of the second-hand EV market.

Critically, the Electric Car Discount forms one half of a coherent policy framework alongside the NVES. Supply-side measures that require manufacturers to bring cleaner vehicles to market can only succeed if consumers are willing and able to purchase them. The Electric Car Discount provides this essential demand-side support. Weakening it while NVES obligations are being tightened would create policy incoherence and risk undermining Australia's ability to meet its climate commitments.

For MTA Group members, the combined effect of supply and demand policies has created the conditions for businesses to plan and invest in the transition to servicing an electrified fleet. As one of the largest independent automotive training providers, we are committed to building the skilled workforce needed to support this transition. Premature withdrawal or substantial reduction of the Electric Car Discount would undermine this progress and create uncertainty for the businesses, training providers, and apprentices investing in EV capability.

The MTA Group urges the Government to maintain policy stability and ensure that any future changes to the Electric Car Discount are coordinated with NVES trajectories and linked to objective-based milestones. We stand ready to work with the Government in designing a policy framework that balances fiscal sustainability with the imperative to accelerate Australia's transition to electric vehicles and meet our climate obligations.

Should you require any additional information or wish to discuss any points raised in this submission, please do not hesitate to contact:

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Motor Traders' Association of NSW | Motor Trades Association of the ACT

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