

# Submission to the statutory review of the electric car discount

February 2026



# Recommendations

## **Supporting the transition to electric vehicles**

1. RACV supports the transition to electric vehicles (including plug-in hybrids), providing consumers with greater vehicle choice and contributing to reduced emissions and noise pollution, and improved air quality.
  2. RACV supports the current Fringe Benefit Tax (FBT) exemption for the purchase of zero and low emission vehicles, noting that the exemption should be time-limited and removed when there is significant market penetration and/or price parity with internal combustion engine vehicles. Plug-in hybrid vehicles should be reinstated in the exemption and further consideration should be given to utilising the exemption to incentivise the uptake of electric vehicles capable of bi-directional charging.
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# Introduction

RACV welcomes the opportunity to respond to the Commonwealth Government's review of incentives to support electric vehicle uptake, including Fringe Benefit Tax (FBT) exemptions.

This submission outlines RACV's support for the uptake of electric vehicles, recognising that there is a role for government to support the transition given there remains a tangible price gap between equivalent models of electric and internal combustion engine vehicles. RACV's sentiment research shows that the cost to purchase an electric vehicle remains the highest barrier to adoption – alongside a public infrastructure network – and there is a role for government to maintain the current price incentives.

Maintaining the FBT exemption for electric vehicles is supported, noting that the exemption should be:

- time-limited
- removed when there is significant market penetration and/or price parity with internal combustion engine vehicles
- plug-in hybrid vehicles should be reinstated in the exemption
- further consideration should be given to utilising the exemption to incentivise the uptake of electric vehicles capable of bi-directional charging.

Given the strong links between electric vehicles, home electrification and solar power, it is critical that the Commonwealth Government does not consider electric vehicle reforms in isolation, but as part of a broader mix of initiatives in the home, including battery and solar packages and rebates. A holistic approach would include consideration of incentives that bundle electric vehicle, solar and electrification incentives, particularly if Vehicle-to-Grid can be enabled.

## About RACV

Representing over 2.3 million members and an additional 500,000 customers, RACV exists to improve lives in the areas of home, cleaner energy, motoring, mobility and leisure.

RACV is proud to provide exceptional experiences for our members and customers through a range of products and services. These include Emergency Roadside Assistance, Bike Assist, Motor Insurance, Home Insurance, Home Trades and an increasing range of options in the cleaner energy space, such as RACV Solar.

In addition, RACV has ten Club and Resort properties across Australia and a range of domestic and international holiday packages, tours and cruises from our trusted travel partners.

Helping Victorians is at the heart of RACV. In 2024-2025, RACV:

- provided 1.15 million members with motor insurance policies
- covered 1.6 million members for Emergency Roadside Assist
- responded to 865,000 Emergency Roadside Assist call outs
- provided 914,000 members with home insurance policies
- assisted with 56,000 home emergencies through Emergency Home Assist.

This means RACV is in a Victorian home every six minutes.

RACV is committed to helping Australians transition to a cleaner energy future. Through several investments RACV can help Australians make this transition and save on energy costs. We offer cleaner energy products and services including solar panels and batteries through RACV Solar. RACV Solar is now one of the largest installers of solar power, both commercial and residential, on the east coast of Australia and is one of the largest installers of home batteries in Victoria.

RACV is an electric vehicle charger network operator with charging facilities at RACV Clubs and resorts and public locations across Victoria. In 2025, a comprehensive upgrade was completed to enhance speed and reliability.

RACV has also invested in electric vehicle charging companies JET Charge and Chargefox. Our team of electricians, engineers and project managers design, install and support commercial and residential electric vehicle charging infrastructure and provide integrated energy solutions for homeowners, fleet operators and businesses.

In 2025, RACV announced a new strategic partnership with EVX to bring kerbside electric vehicle charging to Victoria. This partnership will bring up to 40 dual EVX chargers across the state, with the first two installations in the City of Boroondara. Further installations will follow in the City of Port Phillip, City of Stonnington and City of Yarra.

RACV delivers expert and tailored commercial energy solutions to help businesses save on energy costs, improve energy resiliency and reliability, reach renewable energy goals, unlock additional revenue streams and maximise return on assets through the energy markets.

Key services include commercial solar, battery storage, electric vehicle chargers, renewable energy roadmaps and system operation and maintenance. In 2025, RACV launched a new Virtual Power Plant (VPP) product for commercial and industrial customers, following the successful installation of VPPs at RACV's Torquay and Inverloch resorts.

RACV's VPP is one of the first to participate in the very-fast Frequency Control Ancillary Services (FCAS) market managed by the energy market operator. This followed the ARENA-supported AEMO Virtual Power Plant Demonstration Project in 2022.

By installing a VPP at RACV resorts, we have realised a range of commercial benefits such as managing energy costs and generating revenue, at the same time as contributing to grid stability by feeding energy back into the grid during periods of high demand. For example, at the Torquay and Inverloch resorts there are now over one megawatt of battery capacity, delivered in collaboration with PowerSync Technologies. This is the storage equivalent of approximately 20 average electric vehicle batteries.

Through Home Trades Hub Australia (HTHA), RACV delivers end-to-end electrification capability to existing customers with aspirations to grow the customer base further.

## Terms of Reference

The *Treasury Laws Amendment (Electric Car Discount) Act 2022* was introduced to encourage greater take-up of electric cars by Australian road users to reduce Australia's carbon emissions from the transport sector. The Act requires a review to be undertaken of the operation of the electric car discount. The electric car discount consists of an FBT exemption and an exemption from tariffs on eligible electric vehicles.

Consistent with the requirements in the Act, the review will consider:

- the first 3 years of the electric car discount's operation, since its commencement on 1 January 2023, and in particular, the effectiveness of the electric car discount in encouraging the uptake of cars that are zero or low emissions vehicles
- whether the electric car discount should continue, and, if so
- what types of vehicles should attract the electric car discount.

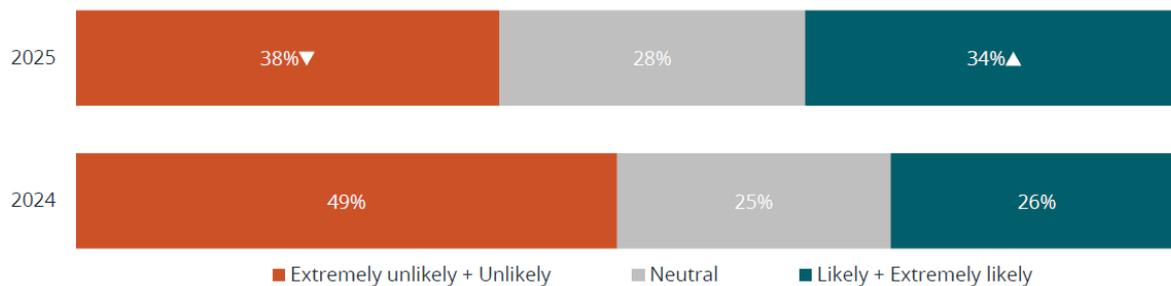
# Consumer preference

## What consumers tell us

RACV’s annual sentiment research suggests that as the electric vehicle market matures and the environmentally-motivated first adopters have already converted, the barriers to adoption in the next wave of buyers are diverse and complex, but not insurmountable.

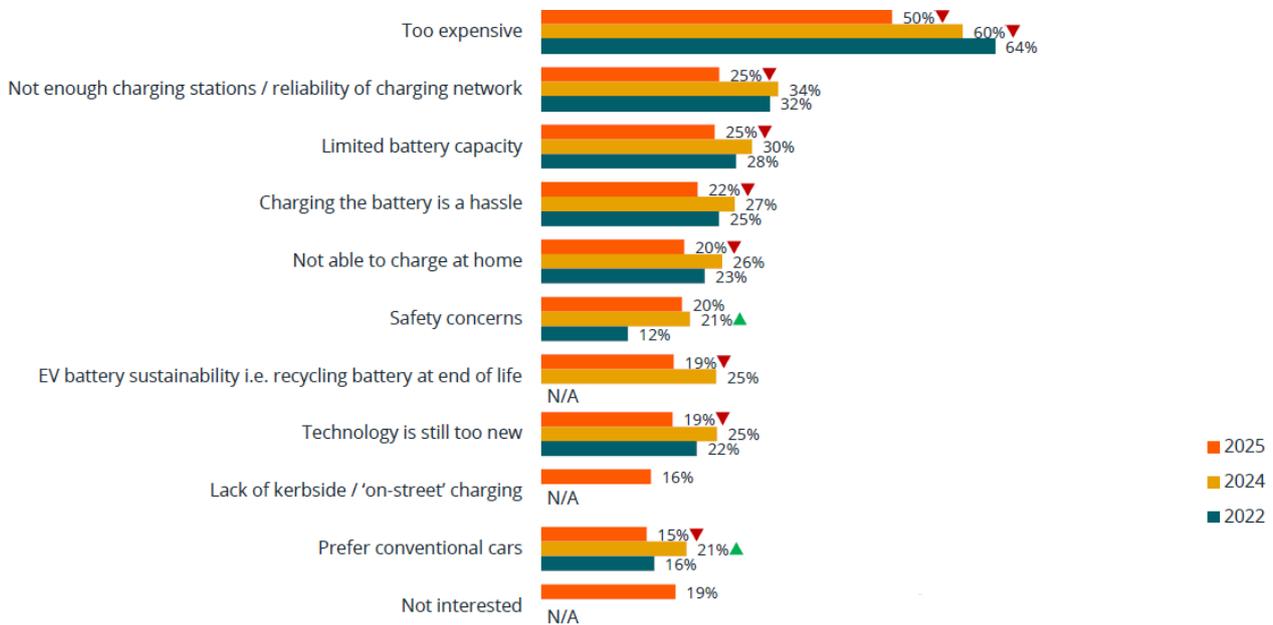
The research indicates that among those looking for a new car, one third of Victorians are likely or extremely likely to buy an electric vehicle (see Figure 1, below); more so for those younger, living in metropolitan areas or those living a household with young children. This figure has increased since 2024.

**Fig.1: Likelihood of buying an electric vehicle in next 12 months, among those looking to buy a new car<sup>1</sup>**



While reducing across a three year period, cost remains by far the most significant barrier to purchasing an electric vehicle (see Figure 2, below). There has also been positive shifts in sentiment on the availability and reliability of the charging network and battery capacity.

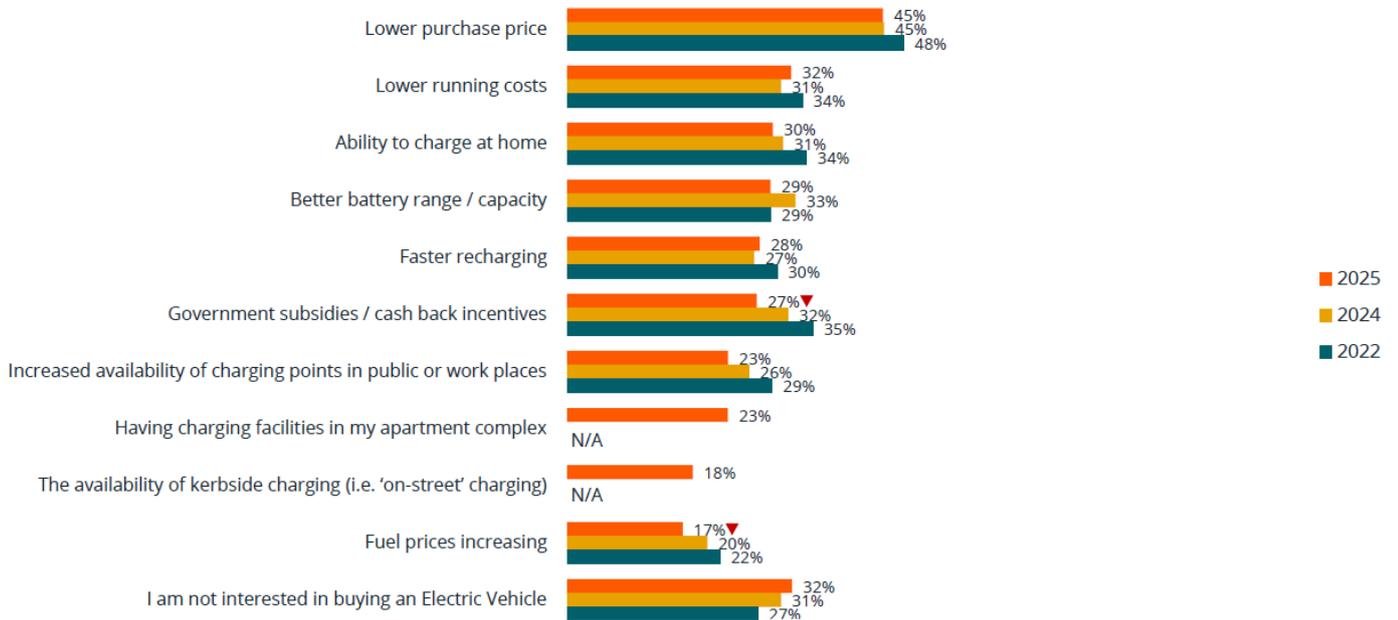
**Fig. 2: Barriers to purchasing an electric vehicle<sup>2</sup>**



<sup>1</sup> RACV sentiment research 2025. Question: M5 How likely are you to buy an Electric Vehicle (EV) in the next 12 months? Base: 2025 Among those looking to buy a new car and do not own an EV 2024 n=352, 2025 n=293. Significance tested to total a 95% CI.  
<sup>2</sup> RACV sentiment research 2024. Question: M7 What are the barriers to you buying an Electric Vehicle? Please select all that apply. Base: 2022 n=995; 2024 n=970, 2025 n=954. Significance tested 2022-24 95% CI.

Facilitators to purchasing an electric vehicle are also diverse (see Figure 3, below). Over the past three years, there has been a significant increase in potential electric vehicle purchasers seeking better battery range and capacity. While practical concerns like charging infrastructure and range still need to be addressed, electric vehicle adoption will also require consideration of these broader facilitators.

**Fig. 3: Facilitators to purchasing an electric vehicle<sup>3</sup>**



<sup>3</sup> RACV sentiment research 2025. Question: M6 What would encourage you to buy an Electric Vehicle (EV)? Base: those that do not own an Electric Vehicle 2022 n=995; 2024 n=970, 2025 n=954. Significance tested to a 95% CI to previous time-period.

# Supporting the transition to electric vehicles

RACV supports the transition to electric vehicles. Electric vehicles, including plug-in hybrids, provide Victorians with greater vehicle choice and contribute to reduced emissions and noise pollution, and improved air quality.

## The pace of electric vehicle uptake has slowed

Electric vehicle sales in Australia continue to increase year-on-year, but the pace has slowed.

New vehicle sales data provided by the FCAI and Electric Vehicle Council shows that in 2025 Australians purchased:

- 839,884 vehicles with an internal combustion engine
- 199,133 plug-in hybrid electric vehicles
- 103,269 electric vehicles.

This is an increase in plug-in hybrid electric and fully electric vehicles compared to two years prior. In 2023, Australians purchased:

- 968,108 vehicles with an internal combustion engine
- 23,163 plug-in hybrid electric vehicles
- 87,217 electric vehicles.

While the trend towards electric vehicles is encouraging, demand remains at an early adoption phase and there continues to be a role for government to provide financial incentives for consumers to make the transition.

RACV notes that demand for plug-in hybrid electric vehicles has outstripped electric vehicles, but clearly there remains a substantial gap in uptake of plug-in electric hybrids compared to vehicles with an internal combustion engine. This underscores the value of expanding the FBT exemption to plug-in electric hybrids.

While the electric vehicle market has become more competitive and prices have reduced, there remains a tangible price gap between equivalent models of electric and internal combustion engine vehicles. For example, in 2025, the Hyundai Kona was the top-selling small SUV in Australia, and currently the Hyundai Kona is priced at \$36,490 drive away for the model with an internal combustion engine; while the fully electric equivalent retails at \$45,990 drive-away. A price gap of between \$10,000 and \$20,000 is common. We have seen this price gap flow through in the vehicle sales. For example, of the 22,758 Hyundai Konas sold in 2025, just 536 were fully electric.

Vehicle data and pricing of vehicles make for a clear case that it is too early for the Commonwealth Government to remove existing incentives, and that the FBT exemption should be reinstated for plug-in hybrid vehicles until the uptake of those vehicles reaches a substantial penetration rate. In time, as the impact of the New Vehicle Efficiency Standard (NVES) has a positive impact on market choices, it is expected that the FBT exemption will become less effective and should be abolished.

## Bidirectional charging will accelerate electric vehicle uptake

Bidirectional electric vehicle charging can enable electric and plug-in hybrid vehicle owners to use their vehicle's battery to power their home or feed power back into the electricity grid. It works by allowing electricity to flow both into and out of the vehicle, effectively turning the vehicle into a flexible energy storage asset.

This provides fast energy storage that can balance variable renewable energy generation by enabling storage of surplus rooftop solar power and can support the electricity grid during periods of peak demand. Consumers can utilise the battery of their electric vehicle while it is parked at home, and it removes the need to purchase a residential solar battery.

There are three main types of bidirectional charging:

- Vehicle to Grid (V2G) – the electric vehicle's battery feeds excess energy back into the electricity network, supporting renewable energy supply and helping balance demand

- Vehicle to Home (V2H) or Vehicle to Building (V2B) – the electric vehicle’s battery supplies power only to the home’s electrical system, remaining separate to the grid to facilitate and off-grid house or to provide power during an outage.
- Vehicle to Load (V2L) – the electric vehicle’s battery provides power directly to external devices such as camping equipment, tools or appliances.

According to the *National Roadmap for Bidirectional EV Charging*<sup>4</sup> bidirectional electric vehicle uptake is likely to be comparable to the take-up of rooftop solar in Australia.

While still an emerging technology, bi-directional charging can offer both consumer and community benefits:

- **Reduced energy bills:** households can use stored battery power during peak-price periods or charge from rooftop solar and use that energy later, cutting overall electricity costs.
- **Backup power during outages:** electric vehicles can act as a mobile energy source, providing essential power during blackouts or after severe weather events.
- **Greater energy independence:** consumers gain more control over when and how they use energy, reducing reliance on the grid at high-demand times.
- **Supports emissions reduction targets:** by enabling renewable energy storage and reducing demand from fossil-fuel generators, bidirectional charging helps accelerate progress toward national climate goals.
- **Accelerates uptake:** additional functionality and value for consumers make electric vehicles more attractive, helping grow the market.
- **Enhances community resilience:** after natural disasters, bidirectional-capable electric vehicles can help power community hubs or essential equipment when grid infrastructure is damaged.
- **Reduces stress on the electricity network:** vehicle-to-grid systems can help balance supply and demand, ease peak load pressure, and defer costly network upgrades.

In light of the benefits of bi-directional charging, the Commonwealth Government should consider retaining the exemption for electric vehicle that have bi-directional charging capability. This will benefit emissions reduction both in the home and on the road.

## Electric vehicle incentives need to be considered within a broader package of reform

Current policies and initiatives to increase the uptake of electric vehicles – including incentives, network charging investment and pricing models – is piecemeal across Commonwealth, State and Territory governments. A national, co-ordinated approach is required to increase market certainty and consistency across jurisdictions, particularly given that new vehicles are primarily imported and operating in a national market. For example, New South Wales has legislated a road user charge, for electric vehicles from 1 July 2027 or when electric vehicles make up 30 per cent of new vehicle sales in NSW (whichever comes first). While the NSW approach may be a good starting point for reform, clearly there needs to be national leadership to oversee the design and implementation of road user charging.

Likewise, RACV supports a national model for electric vehicles to be included in the land transport tax system, and for revenue generated from electric vehicles to be reinvested in public charging infrastructure. This will contribute towards addressing range anxiety, another key barrier consistently identified in RACV research. Again, there is a role for the Commonwealth Government to ensure that any revenue from an electric vehicle charge is reinvested in the public charging network, and that the investment is strategic, nationally coordinated and where it is unfeasible for the market to invest.

Given the strong links between electric vehicles, home electrification and solar power, it is critical that the Commonwealth Government does not consider electric vehicle reforms in isolation, but as part of a broader mix of initiatives in the home, including battery and solar packages and rebates. A holistic approach would include

<sup>4</sup> National Roadmap for Bidirectional EV Charging, ARENA, enX, February 2025. <https://arena.gov.au/assets/2025/02/Bidirectional-Bidi-ROADMAP-2025-01-15-1.pdf>

consideration of incentives that bundle electric vehicle, solar and electrification incentives, particularly if Vehicle-to-Grid can be enabled.

### **Recommendations**

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