



13th December 2021

AGENDA ITEM 8.2 (B) ATTACHMENT

The Hon. Angus Taylor MP
House of Representatives Parliament House
PO Box 6022
CANBERRA ACT 2600

Dear Minister Taylor,

Request to remove Fringe Benefit Tax for electric vehicles

We commend the Federal Government's efforts releasing the first national Future Fuels and Vehicles Strategy backed by an expanded \$250 million Future Fuels Fund investment. We agree that voluntary adoption of electric vehicles is the right pathway to reduce transport emissions over the long term and that regressive taxes, namely the FBT disparity, increase the total operating cost of cars across governments and businesses.

Fringe Benefit Tax (FBT) currently acts as a strong financial disincentive, delaying the uptake of electric vehicles, we therefore urge the Federal Government to remove FBT applicable to electric vehicles.

We urge the Federal Government to add Electric Vehicles to the Australian Taxation Office eligible vehicles where private vehicle use is restricted to travel between home and work.

Brighton Council has taken a key role in climate change action, leading by example, and managing their own vehicle fleets to save emissions and switch to hybrid or full electric vehicles, among a range of corporate mitigation actions.

Greenhouse gas emissions from burning petrol and diesel remains a significant problem. These emissions represent 79% of Brighton's Council's corporate energy-based emissions footprint and is a third of Brighton's community footprint. While electric vehicle popularity is gaining, there were 7 in the Brighton Council area in 2020, less than 1% of the total vehicle pool registered through the Australian Bureau of Statistics.

We acknowledge climate change action requires leadership, and in response have developed the Brighton Climate Change and Resilience Strategy 2019, have solar systems on council buildings, installed an electric vehicle charger, manage two hybrid electric vehicles, commenced a new Food waste Organics and Green Waste Organics service, provide local climate change science impact information, and have a Corporate Climate Change Adaptation Plan 2012.

Brighton Council is one example of a Tasmanian local government that recently examined switching over to full electric vehicles. Like many councils throughout Tasmania, Brighton has a significant portion of the employee take home vehicle pool as utes due to the low capital costs and attraction of zero FBT associated with vehicles of this class. Some of the utes could easily be switched over to electric vehicles already available in the Tasmanian market, yet the FBT cost of approximately 20% of the vehicles purchase price, estimated at \$24,000 (similar to the upfront capital cost of a ute at \$27,000) over a 3-year vehicle term, delivers a significant cost disparity.

The challenge a council such as Brighton faces with a smaller fleet is that FBT is not such a disincentive for manager level full private use vehicles, however, there aren't many of vehicles in this category. Other barriers work against the selection of full electric vehicles; the vehicles may not come up for replacement for several years, manager preferences or status issues prevent adoption or there are general staff misconceptions regarding electric vehicle technical capability.

The Federal Government has made clear its commitment to work closely with the states and territories to address barriers to low emission vehicle uptake in the relevant jurisdictions as part of the 09/11/2021 Future Fuels Media Release.

We recognise local governments play a key role enacting opportunities to reduce greenhouse gas emissions and leading by example, and we are committed to doing our part, working in partnership with all levels of government towards the achievement of net zero emission target by 2050 Australia-wide.

We look forward to hearing from your office.

Yours faithfully,



Leigh Gray
MAYOR