15 September 2025

The Commissioners
Productivity Commission
Level 8, Two Melbourne Quarter
697 Collins Street
DOCKLANDS VIC 3008, Australia

Via email: 5pillars@pc.gov.au

Dear Commissioners,

Response to the Productivity Commission Pillar 5 Interim Report - Investing in cheaper cleaner energy and the net zero transformation

We submit the attached report, "Building a Self-Sustaining Australian EV Market," in response to your Pillar 5 Interim Report examining Australia's net zero transformation policies.

This independent analysis was commissioned by the **Australian Finance Industry Association** (AFIA), the **Electric Vehicle Council** (EVC), and the **National Automotive Leasing & Salary Packaging Association** (NALSPA) to provide an evidence-based assessment of the Electric Car Discount (EV Fringe Benefits Tax exemption) introduced in 2022.

This occasion represents the first time these three national member-based peak bodies have partnered in such a manner, underlying the critical longer-term importance of the policy issues under assessment here.

The research directly addresses concerns raised in your interim report regarding the cost-effectiveness of the Electric Car Discount. Our analysis demonstrates that the policy is achieving its stated objectives of encouraging EV uptake, reducing transport emissions, and supporting the second-hand EV market, while delivering broader economic, health, and environmental benefits to Australian society.

Key findings include:

- The Electric Car Discount contributed to an estimated 105,500 additional EV purchases between 2022-2024

- The policy delivers $2.25 in societal benefits for every $1 in cost (2022-2025), improving to $3 per $1 for 2026-2030
- Premature policy withdrawal risks undermining Australia's climate targets and EV market momentum
- Australia's approach aligns with successful international models that maintain incentives until markets mature

The report provides comprehensive economic modelling, cost-benefit analysis, and international comparisons to inform policy deliberations. We believe this evidence demonstrates the Electric Car Discount's value extends well beyond narrow abatement cost calculations to encompass substantial wider benefits for Australian households and the economy.

The report also highlights that the **transport sector is projected to be the highest emitter by 2030**, accounting for 22% of Australia's emissions today, making it the third largest source of emissions nationally, with its contribution projected to be 26% by 2030 of all direct emissions without further action.

With passenger cars and light commercial vehicles making up 60% of transport emissions, the importance of expediting the transition to low and zero emissions vehicles in the decarbonisation of the transport sector cannot be emphasised enough.

We sincerely thank the Commissions for the opportunity to provide input, and we welcome the prospect to discuss these findings further with the Commission as appropriate.

For any further information please contact Rohan Martin, CEO, NALSPA,
[redacted]

Yours faithfully,

[redacted]

Rohan Martin	**Julie Delvecchio**	**Diane Tate**
CEO, NALSPA	**CEO, Electric Vehicle Council**	**CEO, Australian Finance**

Attachments: "Building a Self-Sustaining Australian EV Market" - Full Report and a summary of the key findings.