



### Climate change and energy – electric vehicle rebates

Party: Australian Greens

#### Summary of proposal:

The proposal would provide financial assistance for first-time buyers of electric vehicles (EVs).

Each individual would only be eligible for 1 rebate, with a register to be kept by the Clean Energy Regulator (CER). Businesses would not be eligible for the rebate.

The rebate would be available to the first 2.5 million buyers of eligible vehicles, and the value of the rebate would decline over time, as per the table below.

Eligible vehicles sold	Rebate per purchase of eligible vehicles	Bonus rebate per purchase of eligible vehicles made in Australia
First 100,000 vehicles	\$10,000	\$5,000
Next 200,000 vehicles	\$7,500	\$3,750
Next 200,000 vehicles	\$5,000	\$2,500
Next 500,000 vehicles	\$3,000	\$1,500
Next 500,000 vehicles	\$2,000	\$1,000
Next 1,000,000 vehicles	\$1,000	\$500

The maximum rebate would be limited to 30% for cars manufactured in Australia, and 20% for cars manufactured offshore.

The proposal would commence on 1 July 2026.

#### Additional information (based on further advice provided):

The rebate would only be made available for EVs priced below the luxury car tax (LCT) threshold for fuel efficient vehicles.

### Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$3.3 billion over the 2025-26 Budget forward estimates period (see Table 1). This reflects an increase in administered expenditure through provision of rebates to EV consumers, as well as an increase to the departmental appropriation for the CER.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

**Table 1: Climate change and energy – electric vehicle rebates – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-	-1,414.0	-1,138.2	-778.2	<b>-3,330.4</b>
Underlying cash balance	-	-1,414.0	-1,138.2	-778.2	<b>-3,330.4</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

The financial implications of this proposal are sensitive to a number of variables.

Significant changes in the status quo of electric vehicle supply chain and manufacture resulting in large variations to the supply and/or prices of electric vehicles available to the Australian market may result in a corresponding variation in demand from the market, impacting the financial implications of the proposal.

Global economic shocks such as large fluctuations in oil prices, leading to higher fuel prices, could result in a behavioural response in consumers increasing their uptake of electric vehicles. This effect may differ depending on the period of time and severity over which this shock occurs.

If Australia were to develop a viable and scalable electric vehicle manufacturing capability before the end of the medium term, this may lead to increases in the cost of this proposal.

The Parliamentary Budget Office (PBO) has not specifically considered interactions between this proposal and state/territory incentive schemes that may exist. Significant variation to state/territory schemes may result in a variance in electric vehicle uptake.

## Key assumptions

The PBO has made the following assumptions in costing this proposal.

- That all electric vehicles purchased in Australia over the period to the end of the medium term will be manufactured in countries other than Australia.
- That all vehicles purchased and registered with this proposal will receive the full rate of rebate (ie the rate of rebate will be less than 20% of the list price of all electric vehicles purchased).
- That roughly 10% of electric vehicles purchased in the first year of the policy would be above the fuel-efficient vehicle LCT threshold (thus excluded from receiving rebate), and this proportion of ineligible vehicles would taper over the medium term to be roughly 8.3% in 2035-36.

## Methodology

A baseline projection for the number of EVs sold across the forward estimates and medium term is constructed by taking the number of electric vehicles sold in the most recent financial year and then growing them in line with projected share of EV in new passenger car sales.

Total rebates for eligible EV purchases each year were calculated by multiplying the expected number of eligible buyers of new passenger EVs priced below the LCT threshold each year by the rebate until the 2.5 million places allocated are exhausted. A tapered behavioural response (in addition to the baseline EV uptake) is included for the first 4 years of the policy (where all rebates \$5,000 and up are exhausted).

Departmental expenses for this policy were based on programs of similar size.

Financial implications were rounded consistent with the PBO's rounding rules.<sup>1</sup>

## Data sources

The Australian Taxation Office provided vehicle sales data for the 2023-24 financial year.

Australian Bureau of Statistics (2021), [Motor Vehicle Census](#), Commonwealth of Australia.

Australian Energy Market Operator (2024), [2024 Forecasting Assumptions Update](#), Commonwealth of Australia. Accessed 15 May 2025.

Bureau of Infrastructure and Transport Research Economics (2024), [Road Vehicles Australia, 31 January 2024](#), Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Commonwealth of Australia. Accessed 15 May 2025.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

National Transport Commission (2022), [Carbon Dioxide Emissions Intensity for New Australian Light Vehicles 2021](#), Commonwealth of Australia. Accessed 15 May 2025.

National Transport Commission (2023), [Carbon Dioxide Emissions Intensity for New Australian Light Vehicles 2022](#), Commonwealth of Australia. Accessed 15 May 2025.

*New Vehicle Efficiency Standard Act 2024*, Commonwealth of Australia.

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<sup>1</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

## Attachment A – Climate change and energy – electric vehicle rebates – Financial implications

**Table A1: Climate change and energy – electric vehicle rebates – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Expenses</b>													
<b>Administered</b>													
<i>EV Rebate</i>	-	-1,390.0	-1,120.0	-770.0	-640.0	-630.0	-600.0	-510.0	-460.0	-310.0	-340.0	-3,280.0	-6,770.0
<b>Total – administered</b>	-	-1,390.0	-1,120.0	-770.0	-640.0	-630.0	-600.0	-510.0	-460.0	-310.0	-340.0	-3,280.0	-6,770.0
<b>Departmental</b>													
<i>Clean Energy Regulator</i>	-	-24.0	-18.2	-8.2	-6.8	-6.9	-7.0	-7.0	-7.1	-7.2	-7.3	-50.4	-99.7
<b>Total – departmental</b>	-	-24.0	-18.2	-8.2	-6.8	-6.9	-7.0	-7.0	-7.1	-7.2	-7.3	-50.4	-99.7
<b>Total – expenses</b>	-	-1,414.0	-1,138.2	-778.2	-646.8	-636.9	-607.0	-517.0	-467.1	-317.2	-347.3	-3,330.4	-6,869.7
<b>Total (excluding PDI)</b>	-	-1,414.0	-1,138.2	-778.2	-646.8	-636.9	-607.0	-517.0	-467.1	-317.2	-347.3	-3,330.4	-6,869.7

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

**Table A2: Climate change and energy – electric vehicle rebates – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b><i>Fiscal balance</i></b>	-	-31.0	-89.0	-135.0	-173.0	-209.0	-246.0	-283.0	-318.0	-350.0	-381.0	<b>-255.0</b>	<b>-2,215.0</b>
<b><i>Underlying cash balance</i></b>	-	-23.0	-75.0	-124.0	-164.0	-200.0	-237.0	-274.0	-309.0	-342.0	-374.0	<b>-222.0</b>	<b>-2,122.0</b>

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>2</sup>.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

<sup>2</sup> [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/)