

# Rural and Regional Adjustment (Variation of Zero Emission Vehicle Rebate Scheme) Amendment Regulation 2023

Explanatory Notes for SL 2023 No. 81

made under the

*Rural and Regional Adjustment Act 1994*

## General Outline

### Short title

*Rural and Regional Adjustment (Variation of Zero Emission Vehicle Rebate Scheme) Amendment Regulation 2023*

### Authorising law

Sections 3, 10, 11, and 44 of the *Rural and Regional Adjustment Act 1994* (the Act)

### Policy objectives and the reasons for them

On 1 July 2022, the Zero Emissions Vehicles (ZEVs) Rebate Scheme (the Scheme) commenced providing \$3 000 rebates for eligible EVs with a dutiable value up to \$58 000 (including GST). The intent of the Scheme was to make ZEVs more accessible and encourage wider adoption of sustainable transportation options by both businesses and individuals within Queensland. The Queensland Rural and Industry Development Authority (QRIDA) is administering the Scheme under the authority of the *Rural and Regional Adjustment (Zero Emission Vehicle Rebate Scheme) Amendment Regulation 2022*.

The policy objectives of the *Rural and Regional Adjustment (Variation of Zero Emission Vehicle Rebate Scheme) Amendment Regulation 2023* (Amendment Regulation) are to promote a greener, more sustainable future for the residents of Queensland by fostering greater access to ZEVs by:

- widening the pool of eligible ZEV models by increasing the dutiable value threshold from \$58 000 to \$68 000 (including GST);
- addressing barriers due to changed market conditions by increasing the rebate for low to moderate income earners from \$3 000 to \$6 000; and,
- ensuring that new rebate amounts for low to moderate income applicants are matched for previously successful low to moderate income applicants.

These objectives support the State's goals outlined in the Zero Emission Vehicle Strategy 2022-2032 and Action Plan 2022-2024, which focus on moving Queensland towards a zero net emissions future by 2050.

The first objective is to expand the selection of ZEV models available under the Scheme, thereby making it easier for Queenslanders to choose a vehicle model that fits their needs.

The second objective is to alleviate the financial burden that can be a deterrent for low to moderate income earners from purchasing ZEVs, making ZEV ownership a more realistic prospect for a wider section of the population by increasing the rebate amount for low to moderate income earners. This includes matching the new rebate amounts for individuals who were previously successful in their applications under the same income bracket, ensuring that funds are distributed fairly amongst the community.

## **Achievement of policy objectives**

The Amendment Regulation achieves these objectives by:

- Increasing the dutiable value eligibility threshold from \$58 000 to \$68 000 (including GST).
- Increasing the rebate from \$3 000 to \$6 000 for individual applicants with an annual taxable income equal or up to \$180 000, either as single earners or combined with a spouse.
- Retaining the \$3 000 rebate for individuals earning over the total taxable income threshold and Queensland businesses.
- Offering an additional \$3 000 payment to previous successful applicants who satisfy the income eligibility criteria for a higher rebate.

The dutiable value eligibility threshold's rise from \$58 000 to \$68 000 (including GST) aligns Queensland more closely with other jurisdictions and ensures the threshold keeps pace with evolving market conditions.

A higher eligibility threshold broadens consumer choice, as more ZEV models become available under the Scheme. As the supply of ZEVs in Queensland improves, the number of eligible models is expected to rise in response to increased demand.

The Amendment Regulation also raises the rebate for low to moderate income applicants, ensuring that the Scheme's public benefits are distributed evenly across the community. The total taxable income, upon which eligibility is based, is either the individual's alone or combined with a spouse if applicable.

In order to verify eligibility for the higher rebate, the Amendment Regulation provides that suitable documentary evidence of the applicant's annual taxable income should be submitted with the application or may be requested by the QRIDA if required.

The boosted rebate for low to moderate income applicants helps bridge the affordability gap of purchasing a ZEV and alleviates escalating transport and energy cost pressures affecting certain households.

To ensure fairness, the provision is available to both new and previous eligible applicants. It aims to prevent previously successful low to moderate income rebate recipients from being disadvantaged by being earlier rebate recipients.

To achieve this, the Amendment Regulation allows those who received \$3 000 previously, who also satisfy the income eligibility criteria for a higher rebate, to apply for an additional \$3 000 payment. This measure ensures the new rebate amount of \$6 000 is equally available to new and previous low to moderate-income applicants.

## **Consistency with policy objectives of authorising law**

The Amendment Regulation is consistent with the objectives of the Act. The Act establishes QRIDA primarily to administer assistance schemes to foster the development of a more productive and sustainable rural and regional sector in Queensland.

QRIDA may also support Queensland's economy by administering approved assistance schemes to assist primary producers, small business, and other sectors during periods of temporary difficulty, or to otherwise benefit the Queensland economy.

## **Inconsistency with policy objectives of other legislation**

The Amendment Regulation is not inconsistent with the policy objectives of any other legislation.

## **Benefits and costs of implementation**

QRIDA has extensive experience in administering grant, loan and rebate and payment schemes for government, including administering the existing ZEV scheme presently.

The scheme will provide grants to offset the cost of purchasing a new ZEV in Queensland, to the value of:

- \$3 000 to eligible applicants who do not qualify for the new rebate.
- \$6 000 to eligible individuals who have an annual taxable income equal or up to \$180 000 either individually or in combination with a spouse.
- \$3 000 in additional benefit to eligible individuals who were previously paid \$3 000 and who have an annual taxable income equal or up to \$180 000, either alone or in combination with a spouse.

The Amendment Regulation will be funded out of the existing \$45 million in funding that was allocated for the implementation of the Scheme which commenced on 1 July 2022.

## **Consistency with fundamental legislative principles**

The subordinate legislation has been drafted with regard to, and is consistent with, the fundamental legislative principles as defined in section 4 of the *Legislative Standards Act 1992*.

## Consultation

Extensive consultation was conducted by the Department of Transport and Main Roads (TMR) during development of the Scheme. Initial consultation during the development of the ZEV Strategy 2022-2032 indicated that upfront purchase price is the biggest barrier to uptake.

Since the Scheme commenced in mid-2022, a range of factors have contributed to increasing ZEV prices, including increase in demand, interest rate and inflation increases, and ongoing global and domestic supply chain issues.

As a result of consultation, the Amendment Regulation increases the threshold for dutiable value to expand the pool of available ZEV models and offers an increased rebate for low to moderate income applicants, reducing the barrier posed by upfront purchase price.

TMR has consulted the Office of Best Practice Regulation (OBPR), within Queensland Treasury, on a Preliminary Impact Assessment. The OBPR provided advice that no further assessment is required under the Queensland Government Guide to Better Regulation.