



Albanese Government spins wheels on EV uptake after winding down EV discount

After campaigning for months to retain the electric vehicle (EV) tax discount during a historic cost-of-fuel crisis, Dr Monique Ryan, Independent MP for Kooyong, has today expressed relief after the Albanese Government confirmed it will retain the discount for a further three years.

“The FBT exemption has driven more than 105,000 additional EV purchases since 2022 and tripled the size of the second-hand EV market. Extending the EV discount means thousands more Australians can buy an EV and benefit from access to cleaner, cheaper-to-run cars”.

However, last night’s announcement also confirmed that the Fringe Benefits Tax (FBT) exemption for EVs will be wound back from next year. In response, Dr Ryan said the decision risks undermining one of Australia’s most effective policies to accelerate EV uptake and expand access to affordable second-hand electric vehicles.

“We are smack bang in the middle of the biggest fuel crisis of our lifetimes. As global events make the strongest possible case for energy independence, now is not the time to start winding back the electric car discount.” Dr Ryan said.

The evidence is clear: sudden changes to EV incentives slows sales. When Australia ended the exemption for plug-in hybrid electric vehicles in 2025, novated-lease settlements for hybrids collapsed by 94 per cent in a single quarter, returning to pre-policy levels. This reflected the experience of Canada and Germany, which have both reintroduced EV subsidies after their withdrawal led to a significant drop in sales.

Dr Ryan: “Despite the recent surge in EV popularity after Donald Trump’s war with Iran sent petrol and diesel prices through the roof, Australia remains well behind its peers on EV take-up. We know that when governments pull EV incentives too quickly, sales plummet.

“In New Zealand, the simultaneous scrapping of the Clean Car Discount and the introduction of road user charges at parity with diesel vehicles saw EV sales collapse by 74 per cent across 2024. They still haven’t recovered.”

Dr Ryan said the exemption is working as intended, accelerating EV adoption, building a stronger second-hand EV market, cutting emissions from transport, and easing the enormous pressure on our energy system. “This is a policy success we should be building on, not winding back.”