

VACC Submission

Electricity supply for electric vehicles

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VACC
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About VACC

The Victorian Automotive Chamber of Commerce (VACC) serves as Victoria's leading automotive industry association, advocating on behalf of more than 5,000 members across over 20 retail automotive sectors. Collectively, these businesses employ upwards of 50,000 Victorians. VACC's diverse membership includes new and used vehicle dealers (covering passenger vehicles, trucks, commercials, motorcycles, recreational and farm machinery), mechanical and electrical repairers, body and repair specialists (such as radiator and engine experts), service stations, vehicle washing operations, car rental companies, windscreen fitters, as well as businesses involved in the wholesale, retail, distribution, and aftermarket manufacture of automotive parts and components. Tyre dealers, automotive dismantlers, and recyclers also form part of this extensive network. Additionally, VACC is a prominent member of the Motor Trades Association of Australia (MTAA), contributing actively to national policy discussions through Australia's peak automotive body.



Introduction

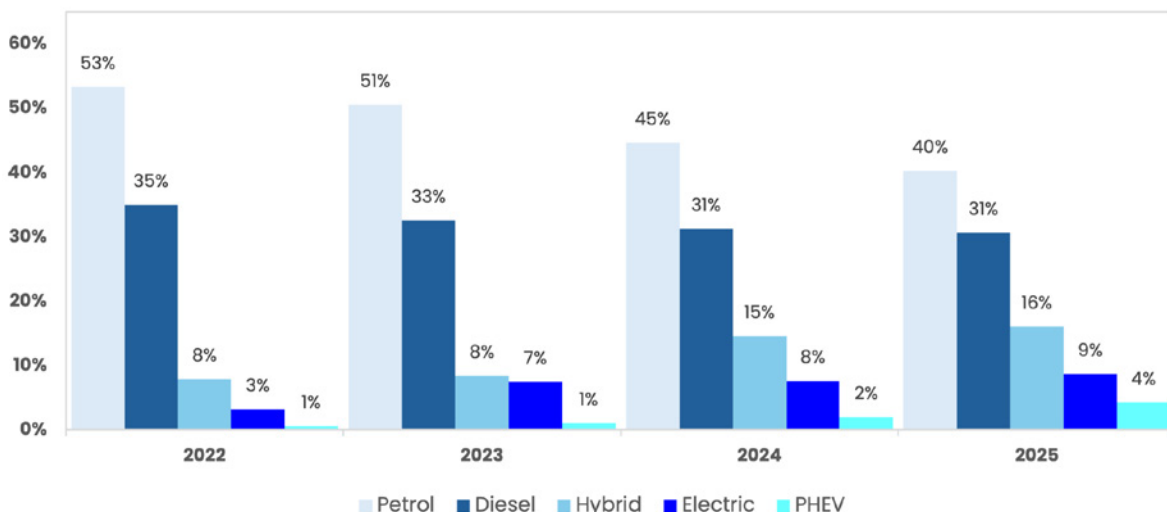
The VACC appreciates the opportunity to contribute to the Legislative Council Economy and Infrastructure Committee’s Inquiry into Electricity Supply for Electric Vehicles (EVs). As the Victorian and Australian automotive industries navigate the significant transition from traditional petrol and diesel internal combustion engine (ICE) vehicles towards zero and low-emission alternatives, many businesses face substantial challenges adapting to new technologies. This requires investment in tooling, installing charging infrastructure, and upskilling their workforce, which entails costs that can be prohibitive for many in the sector. Consequently, VACC believes it is essential for both the Victorian and Australian Governments to play an active role in facilitating this shift and ensuring the long-term viability of automotive businesses.

Given its central role in the sale, servicing, repair, and eventual disposal of vehicles, the automotive retail industry is uniquely positioned to offer practical insights and expert advice on EV policy development. In this submission, VACC addresses the inquiry’s terms of reference, providing recommendations on charging infrastructure, EV ownership, management of end-of-life vehicle batteries, and related issues, with the aim of supporting a sustainable and successful transition for the industry and the broader community.

In 2023, EVs represented approximately 18 per cent of all new cars sold globally, up from about 14 per cent in 2022 – an annual increase of more than 28 per cent. Global momentum continued in 2024 with EVs reaching an estimated 19 per cent share of new vehicle sales – and forecasts for 2025 suggest penetration could rise to around 23 per cent with total EV sales potentially surpassing 20 million units.

Despite strong global momentum, Australia’s EV transition appears to be slowing. In 2024, battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs) accounted for around 10 per cent of all new vehicle sales. Victoria mirrors this national underperformance, and a significant uplift in uptake will be required if the state is to contribute positively to Australia’s emissions-reduction goals.

Although EV sales have risen in 2025 (October YTD), much of this increase has been on the back of the Federal Government’s fringe benefits tax exemption for PHEVs – a measure that successfully stimulated demand but ended on 1 April 2025.



VACC acknowledges both the Victorian Government and Australian Government commitment to achieving Net Zero emissions by 2050 and its legislated target of a 43 per cent reduction in emissions by 2030 (from 2005 levels). Meeting these goals will require meaningful contributions from the automotive industry, with consumers responding to the New Vehicle Efficiency Standard by shifting away from higher-emitting internal combustion engine vehicles and increasingly choosing BEV and PHEV alternatives.

New Vehicle Efficiency Standard (NVES)

While the 2025 targets are moderate versus pre NVES levels, the reductions required in subsequent years are steep with CO₂ ceilings falling by more than 50 per cent over the five-year period. This decline is designed to rapidly shift the Australian market toward low- and zero-emission vehicles.

Performance period	Passenger car limit	Light commercial limit
2025	141 g/km	210 g/km
2026	117 g/km	180 g/km
2027	92 g/km	150 g/km
2028	68 g/km	122 g/km
2029	58 g/km	110 g/km

The NVES limits become more difficult to achieve each year from 2025 through to 2029 - creating an increasingly challenging compliance pathway for manufacturers. To comply with the NVES, OEMs and importers have three options:

Adjusting their vehicle mix to reduce fleet emissions by importing more EVs in segments with higher consumer adoption (e.g., small cars) and fewer high-emission vehicles such as light commercial vehicles (LCV).

Purchase credits from OEMs and vehicle importers who outperform the NVES target each year (i.e. have emissions below their NVES target) and received credits.

Pay the penalty or infringement notice for not meeting the target. In practice paying a penalty will be similar to purchasing credits, as the price for credits is likely to be linked to penalty or infringement rate.

It is unclear who will bear the costs of the NVES longer term - including penalties for non-compliance. OEMs and importers could absorb the costs themselves or pass them on to dealers via lower margins, and/or to customers via higher new vehicle prices.

The NVES policy creates a major financial challenge for automotive dealers, particularly those with a heavy reliance on internal combustion engine vehicles. Prices for ICE vehicles will have to increase in order to push consumers towards EVs and other low emission vehicles. Higher prices are likely to result in fewer new car sales overall but will be offset somewhat by higher used car sales.

VACC believes consumers will respond positively when EVs are affordable, practical, and easy to charge. OEMs & Dealers will respond to market demand - stock and sell what consumers desire.

Whilst BEVs are becoming more attractive in terms of running costs and environmental benefits, many Australians still see them as financially risky due to the uncertainty of resale values and cost of out of warranty battery replacement and repairs. Logistically, the lack of public charging infrastructure and reliability of existing infrastructure is exacerbating the vehicle take up.

Question 1 Strategies to reduce EV charging during periods of peak demand on the grid and increase charging during periods of peak supply;

VACC has no comment.

Question 2 Whether public charging infrastructure is being installed at a sufficient rate in different parts of Victoria, including older suburbs where most people do not have access to off-street parking;

The VACC submits that the current rate of public charging infrastructure installation is not sufficient to meet projected demand, particularly in metropolitan areas with older housing stock where off-street parking is limited, and in high-traffic corridors where service stations remain a critical component of the refuelling network.

VACC members across metropolitan and regional Victoria consistently report that the rollout of public charging facilities is uneven and, in many locations, inadequate. While the Federal Government's DRIVEN program has successfully provided rebates to dealerships and automotive repairers, this segment of the industry, although important, does not represent the highest-impact opportunity for improving access to charging. The sector with the greatest potential to support mass commuter charging, and the infrastructure most aligned with existing refuelling behaviour, is the service station network.

Despite service stations playing a pivotal role in consumer refuelling patterns, they have received the least amount of funding support to the transition to hosting EV charging infrastructure. This has created an infrastructure gap at precisely the locations where high-volume, reliable charging capacity would produce the greatest benefit for motorists, particularly those without the ability to charge at home.

In many established suburbs across Melbourne, residents rely on street parking and therefore depend heavily on publicly accessible charging. The current availability of kerbside chargers, destination chargers, and service-station-based fast chargers is insufficient to meet emerging demand. Without targeted investment, the lack of convenient local charging risks slowing EV uptake in these areas and disproportionately affects communities with limited residential charging options.

Service stations already have:

- Appropriate zoning and existing traffic volumes
- Established customer amenities (lighting, toilets, waiting areas)
- Reliable grid connections or established pathways for grid upgrades

These are key advantages that position them as essential EV charging hubs. However, the significant capital expenditure and long payback periods associated with charging infrastructure installations pose a major barrier for operators, particularly small and independent businesses.

VACC Recommendation

The VACC strongly recommends that the Victorian Government develop a targeted funding stream specifically for service stations, offering substantially higher rebates than currently available. A specialised fund would:

- Accelerate charging infrastructure deployment where it is most impactful
- Enable equitable access for residents of older suburbs
- Support the transition of small and independent operators

- Align public investment with high-utilisation, commuter-focused charging locations
- Build a scalable charging network consistent with existing motorist behaviour patterns

Question 3 The best role for electricity distribution businesses in rolling out EV charging infrastructure, and how distribution network tariffs should be set for EV chargers;

VACC has no comment.

Question 4 Strategies to facilitate the take-up of EV ownership, including the facilitation of bidirectional charging;

The VACC recognises that increasing the uptake of EVs in Victoria requires a coordinated approach that addresses affordability, charging accessibility, grid integration, and consumer confidence. To support a smooth transition, the VACC outlines key strategies that will remove current barriers and accelerate EV adoption across the state.

1. Expand and target public charging infrastructure investment

High visibility, reliable, and conveniently located public charging is central to consumer confidence. Government investment must continue, but with a stronger focus on:

- Service station-based fast charging (the highest-impact locations for commuters)
- Kerbside and destination charging in older suburbs and apartment precincts
- Regional corridors to ensure equitable statewide accessibility
- A predictable, well-planned charging network reduces range anxiety and encourages consumers to consider EVs as practical daily-use vehicles.

2. Introduce incentives geared toward affordability and fleet turnover

Cost remains a significant barrier to EV uptake, particularly in the entry-level market. To stimulate growth in private and business fleets, the Victorian Government should consider:

- Introduce targeted purchase incentives for lower-priced electric vehicles, particularly in the second-hand market, by offering measures such as a stamp duty rebate to help offset the higher upfront EV purchase price
- Re-introduce the FBT exemption for PHEVs, building on the proven success of the previous federal program, which significantly boosted demand and effectively doubled sales volumes
- Providing tax or fee relief for early fleet adopters.
- Supporting local government fleet transitions to stimulate used-EV availability.
- Delivering low-interest financing options.
- Introduce supplier (dealer) incentives or grants to support businesses transitioning from ICE vehicle sales – toward a greater focus on EV sales.

Accelerating new-vehicle uptake expands the availability of affordable used EVs, a critical step in broadening access.

3. Invest in workforce training and automotive sector readiness

The automotive service and repair industry must be equipped to safely maintain EVs and support their integration into the fleet. VACC recommends:

- Expanding funding for accredited and non-accredited EV training

- Incentivising small workshops to invest in EV-safe tooling and equipment
- Supporting training partnerships between TAFEs, industry associations, and OEMs

A confident, qualified workforce is essential to consumer confidence in long-term vehicle serviceability.

4. Enable and accelerate bidirectional charging (V2H, V2G)

Bidirectional charging presents a significant opportunity to improve grid stability, lower household energy expenses, and generate additional benefits for electric vehicle owners, which may contribute to increased electric vehicle sales. However, uptake in Australia remains limited due to regulatory, technical, and cost barriers. To unlock this potential, the Victorian Government should:

- a. Establish a clear regulatory framework
 - i. Standardise approvals for home bidirectional chargers
 - ii. Ensure uniform technical requirements across Distribution Network Service Providers
 - iii. Remove legislative ambiguity around exporting stored energy to the grid
- b. Provide financial incentives for early adopters
 - i. Rebates for purchasing bidirectional capable chargers
 - ii. Tariff structures that reward grid exports during peak demand
 - iii. Discounts for households installing home energy management systems.
- c. Pilot Vehicle to Grid programs
 - i. Rebates Partnering with fleet operators, councils, and energy retailers would demonstrate feasibility, collect operational data, and build market confidence.

5. Support community and multi-occupancy charging solutions

To ensure equitable uptake in older suburbs and multi-residential dwellings, the Government should:

- Fund shared charging installations in apartment complexes
- Provide guidance and templates for owners' corporations
- Develop community charging hubs in areas with limited off-street parking

6. Build consumer awareness and confidence

Clear, consistent information is essential for overcoming misconceptions about cost, range, safety, and battery life. The VACC encourages the Government to:

- Deliver consumer-facing educational campaigns
- Promote the benefits of bidirectional charging and home energy integration
- Publish standardised total-cost-of-ownership comparisons

Question 5 Whether old EV batteries could have a second life as household or community batteries after removal from vehicles;

The VACC supports the repurposing of end-of-life EV batteries for stationary energy storage and acknowledges the significant opportunity this presents for Victoria's energy transition. Second-life battery applications can reduce waste, lower energy storage costs, and enhance community resilience, particularly in areas with constrained grid capacity or limited renewable energy integration.

There are already successful examples, both in Australia and internationally, where retired EV batteries have been repurposed to power homes, commercial premises, and microgrid systems. These cases demonstrate that, when appropriately assessed and managed, second-life batteries can provide years of additional service beyond their automotive lifecycle.

To enable safe and scalable adoption, VACC recommends that the Victorian Government actively support second-life battery pathways through:

1. Development of a clear regulatory and safety framework

A comprehensive framework should establish requirements across the battery lifecycle, from removal and testing to installation and decommissioning. This must include:

- Standardised battery health assessments to help build consumer confidence and verify suitability for second-life use
- Guidelines for storage, transportation, and handling of used batteries
- A mandated fire risk assessment and emergency response plan for all installations
- Certification requirements for technicians and installers working with second-life systems

2. Government incentives and pilot programs

State-supported pilot projects in residential, commercial, and community microgrid environments would demonstrate feasibility, reduce adoption barriers, and create valuable case studies. Potential incentives include:

- Rebates or grants for converting old EV batteries into stationary storage
- Support for local councils to install community-level second-life systems
- Funding research partnerships with universities, TAFEs, and industry

3. Integration into circular economy and waste reduction strategies

Second-life battery use aligns with Victoria's sustainability goals by reducing the volume of batteries entering the waste stream prematurely. This approach:

- Extends the life of valuable materials
- Reduces pressure on recycling infrastructure
- Supports local remanufacturing and repair industries

4. Skills development and industry readiness

Repurposing batteries requires specialised handling and technical expertise. The Victorian Government should support workforce development through:

- Training initiatives for automotive technicians, and energy system installers
- Standards-aligned TAFE and industry-led training programs
- Clear accreditation pathways for businesses engaging in second-life battery work

End of Vehicle Life

Each year, more than 750,000 vehicles reach the end of their economic life in Australia, generating over one million tonnes of waste. The number of ICE vehicles exiting the national fleet is expected to grow significantly in the coming years, driven by the transition toward zero and low emission vehicles (ZLEVs). Supporting a cleaner and more environmentally responsible vehicle parc will require renewed investment and coordinated action from the State and Federal Government.

The VACC and its dismantling and recycling member businesses have already committed substantial resources and are actively collaborating with government to explore options for introducing a national End-of-Life Vehicle (ELV) program. However, the current level of investment is insufficient to address the scale of the challenge ahead.

Internationally, there is a clear shift towards Product Stewardship models in which manufacturers carry primary responsibility for the ultimate disposal and recovery of their products. While Australia has taken initial steps through the Product Stewardship Act, with schemes covering batteries, oils, and tyres, complete motor vehicles remain excluded. This gap is becoming increasingly consequential as government policies accelerate the uptake of ZLEVs and community expectations around sustainability and environmental responsibility continue to rise.

Enhancing ELV management is now a matter of urgency. Establishing a comprehensive, well-funded ELV framework will ensure vehicles are dismantled, recycled, and recovered in a way that maximises resource efficiency, reduces waste, and supports Australia's broader transition to a circular and low-emissions economy.

Question 6 The barriers and opportunities to the manufacture, reconditioning and recycling of EV batteries, or other elements of the EV supply chain, in Victoria;

The VACC recognises that EV battery manufacturing, reconditioning, and recycling present significant opportunities for Victoria's economy, workforce development, and circular economy objectives. However, the State must address several critical barriers to enable safe, scalable, and sustainable industry growth across the EV battery lifecycle. Key barriers include:

1. High capital requirements and commercial risk

Battery manufacturing, reconditioning, and recycling facilities require significant initial investment, advanced technological capability, and long-term market certainty. These factors limit participation from many small and medium-sized businesses without targeted government support.

2. Limited local processing and recycling capacity

Victoria currently lacks sufficient large-scale facilities able to process and recycle EV batteries. Without domestic capacity, businesses must transport batteries interstate or overseas, increasing operational costs, safety risks, and delays.

3. Safety and hazard management

EV batteries can be volatile under certain conditions, particularly following a collision. The risk profile of damaged or end-of-life batteries is considerably higher than that of conventional components. VACC members report that:

- A collision-damaged EV must be managed safely from the moment a repairer or dismantler receives the vehicle through to the removal, storage, collection, and final disposal of the battery.
- There is a shortage of battery collectors equipped to safely handle high-voltage battery components.
- Some repairers and dismantlers, especially those with limited storage space, have been left holding batteries for extended periods because collectors are unable or unwilling to retrieve them promptly.
- Responsible disposal is expensive, and without intervention, these costs may be passed on to consumers.

4. Regulatory and standards gaps

A cohesive framework governing battery handling, storage, testing, reconditioning, transportation, and disposal is still developing. This regulatory uncertainty complicates compliance and increases the operational risk for businesses.

5. Gaps in end-of-life stewardship programs

The Federal Chamber of Automotive Industries (FCAI) has introduced a Recycling of Traction Batteries Code of Practice (the Code), which outlines principles for the environmental management of traction batteries imported by FCAI members. While VACC acknowledges this voluntary initiative, there are notable limitations:

- The Code applies only to FCAI members, and not all vehicle manufacturers and importers operating in Australia are FCAI members.
- The absence of designated contact points or clear responsibility pathways for each manufacturer limits the practical usefulness of the Code.
- Tesla, one of the largest EV importers in Australia is not a signatory to FCAI, further undermining the reach of the Code.

As a result, large portions of the EV market remain outside the framework, leaving gaps in accountability for battery retrieval, recycling, and reuse.

The highly specialised skills needed to safely diagnose, repair, and repurpose EV batteries are in short supply. While the automotive sector is committed to upskilling, industry requires coordinated government investment to expand EV battery-specific qualifications and training pathways.

6. Workforce skills shortage

Diagnosing, dismantling, repairing, and repurposing high-voltage batteries require specialised skills. There is currently an insufficient number of technicians trained to safely handle these systems, limiting industry capacity and slowing the adoption of reconditioning and recycling pathways.

Victoria is currently experiencing a tight labour market with evidence of extensive skills shortages across many occupations. Skills shortages are a particular issue for the automotive retail industry. The VACC recently commissioned Deloitte Access Economics to prepare a report detailing the extensive skills shortages experienced across multiple occupations within the automotive sector. Amongst the 161 Victorian automotive businesses responding to the survey, over 600 vacancies were advertised in 2024 of which just 237 were filled, with an average industry fill rate of just 37 per cent – well below the 67 per cent threshold Jobs and Skills Australia (JSA) uses to determine occupational shortages. This figure raises concerns regarding the future service and maintenance of an increased EV fleet in Victoria, given the Victorian Government has set a target of 50 per cent of all new light vehicle sales to be zero-emissions vehicles by 2030.

Question 7 Any other related matters the Committee considers relevant.

Nothing to add

