

VACC Submission

Response to the DRIVEN Program consultation.

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About VACC

VACC is Victoria's peak automotive industry association, representing the interests of more than 5,000 members in over 20 retail automotive sectors that employ over 50,000 Victorians. VACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists, i.e. radiators and engines), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (i.e. specialist vehicle, parts or component modification and/or manufacture), tyre dealers and automotive dismantlers and recyclers.

VACC is also an active member of the Motor Trades Association of Australia (MTAA) and contributes significantly to the national policy debate through Australia's peak national automotive association.



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VACC Recommendations

Recommendation 1

That DCCEEW works with the ACCC to issue a public statement to all infrastructure and software providers connected with the DRIVEN Program of their obligations under the *Competition and Consumer Act 2010* (Cth).

Recommendation 2

VACC recommends the Australian Government use the Australian retail sale, service and repair sector as their first reference point in the transition from ICE to EV.

Recommendation 3

VACC recommends that the DCCEEW advise all applicants formally if AC charging applications will be required to permit public use of AC chargers at their business locations.

Recommendation 4

VACC recommend that any unused portions of funding, whether it be under AC or DC funding models, be rerouted to either category to ensure the funds available are used to their full capacity.

Recommendation 5

VACC requests that DCCEEW provide clear guidelines to dealerships on the logistical and user pay elements that are to be part of a successful DC funding application.

Recommendation 6

VACC offers to co contribute to funding DCCEEW visits to Tasmanian and Victorian car dealerships to see first-hand the level of EV infrastructure investment that has taken place at dealerships and to highlight further areas where investment is required.

Recommendation 7

It is VACC's view that due to prohibitive upfront costs of DC charging infrastructure, that AC charging would best meet the needs of the aftermarket repair industry.

1. Introduction

The Victorian Automotive Chamber of Commerce (VACC) thanks the Department of Climate Change, Energy, the Environment and Water (DCCEEW) for an opportunity to provide insights and commentary on the Dealership and Repair Initiative for Vehicle Electrification Nationally (DRIVEN) Program.

The VACC commentary in this response is directly related to the DCCEEW DRIVEN Consultation that took place on 6 August 2024.

VACC acknowledges the support and work of the Australian Automotive Dealer Association (AADA), the Motor Trades Association of Australia (MTAA) and its member states¹ and the Federal Chamber of Automotive Industries (FCAI) for entering into solutions based, positive dialogue with the Australian Government with regards to the transition of the automotive retail sector from a predominantly Internal Combustion Engine powered national car parc to an Electric Vehicle (EV) powered national car parc.

2. Key pillars to the VACC response:

1. The VACC response incorporates the positions of the Victorian New Car Franchise Dealers (dealers) sector as well as the Victorian independent aftermarket service and repair sector. VACC is the peak organisation representing both those sectors in Victoria.
2. VACC is steadfast in its view that the DRIVEN Program and allocation of government funds in this regard are solely for allocation and distribution to Australian retail automotive specific businesses. The DRIVEN Program is intended to support the automotive retail sector to transition selling and servicing a higher proportion of EVs.
3. It is alarming to note the number of energy, software and technology EV infrastructure providers who seek involvement in this program. Those sectors are not a part of the automotive retail sector. For the purposes of ensuring we do not see another 'Pink Batts' type scenario, VACC urges the Australian Government to limit applicants for the DRIVEN Program to those who can show proof of their retail automotive industry credentials.
4. VACC believes it to be prudent for the Australian Government to request that the Australian Competition and Consumer Commission issue a public statement advising installers and suppliers of EV infrastructure connected with the allocation of DRIVEN funds that the full remit of the *Competition and Consumer Act 2010* (Cth) applies to each transaction. This will help ensure an adherence to competitive practices and the prevention of anti-competitive behaviour, promoting a fair and transparent process for the execution of the DRIVEN Program.

Recommendation 1

That DCCEEW works with the ACCC to issue a public statement to all infrastructure and software providers connected with the DRIVEN Program of their obligations under the *Competition and Consumer Act 2010* (Cth).

5. VACC has a strong view that those who have already invested in EV infrastructure as a requirement of a franchising or distributor requirement, or those who have just taken a visionary early adopter approach should be at the forefront of successful applications for DRIVEN funding and rewarded retrospectively should they seek to apply.

¹ Those member states are the Tasmanian Automotive Chamber of Commerce (TACC), Victorian Automotive Chamber of Commerce (VACC), Motor Trades Association of South Australia & Northern Territory (MTASANT), Motor Trade Association of Queensland (MTAQ), Motor Trades Association of NSW and the Motor Trades Association of WA.

6. VACC seeks equalised distribution for aftermarket service and repair operators and wish to put forward our view that allocation of funds from the DRIVEN Program in this regard do not be limited to aftermarket franchise based service and repair systems (e.g. MyCar, Ultratune, Rapid Tune) but accessible to all independent aftermarket service and repair outlets. All applications must be granted on a merit-based criterion, with priority granted to those who have undertaken electric vehicle training and have adopted Australian Standard AS 5732:2022 - Electric Vehicle Operations - maintenance and repair, not be rejected in favor of specific systems-based entities or limited to a franchisor or licensee brand.
7. It was apparent to VACC that the DCCEEW consultation had vastly underestimated the size and resources that aftermarket repairers have at their disposal.

3. How DRIVEN can succeed

The \$60 million funding allocated for DRIVEN Program, to help access and improve the visibility of EV infrastructure, and hopefully promote the uptake of EV adoption by consumer and industry is a welcome and timely initiative by the Australian Government. This initiative must be given further support and resources as well as time to develop its reach into the heartland of retail automotive.

In regional areas, where great uncertainty still exists with regards to vehicle range anxiety and fit-for-purpose type EVs, regional and rural areas to not be overlooked. Typical in these areas, EV infrastructure roll-out is largely limited to highway-based truck stops. We must see a change in strategy that will result in government investment in EV infrastructure being re-routed deep into regional communities.

For programs such as the DRIVEN Program to truly succeed, a constant and sustainable line of government-sourced infrastructure subsidisation funding will need to be made available to those who are impacted right now by the government mandated policy reform. No other sector has been affected more greatly by this reform than the new car dealership network.

Recommendation 2

VACC recommends the Australian Government use the Australian retail sale, service and repair sector as their first reference point in the transition from ICE to EV.

4. About VACC Franchise Motor Vehicle Dealers and LMCTs

VACC provides secretariat services for the following Executive Committees related to VACC franchise dealers and LMCTs:

- Victorian Automobile Dealers Association (VADA)
- Farm and Industrial Dealer Machinery Association (FIMDA)
- VACC Motorcycle Industry Division (MID)
- Commercial Vehicle Industry Association of Victoria (CVIA)

VACC represents approximately 96 per cent of Victorian franchise motor vehicle dealers and 1,612 of Victoria's 2,198 Licensed Motor Car Traders (LMCT).²

² Consumer Affairs Victoria, 2022-23 Annual Report, 'Registers We Administer', Motor Car Traders, 18.

5. Potential funding streams

VACC agrees that AC charging best meets the ‘use case’ for most Victorian dealerships as outlined in the DCCEEW preliminary analysis.

VACC understands that access to AC charging facilities for the general public will not be mandatory under the funding arrangements. We await DCCEEW confirmation in this regard.

VACC understands that under the co-contributory model of the DC charging facilities, access to those charging facilities must be made available to the general public. VACC commentary on under what guidelines that access will be granted to the general public is noted further in this reply.

During the DRIVEN Program consultation, there was significant concern raised regarding the cost differential between a 7kW and a 22kW AC charger, particularly in terms of hardware and installation. VACC is concerned that this issue is not adequately addressed by the proposed funding caps.

If DCCEEW is looking to create a community hub type scenario, where private and public charging usage are expected under the DC funding model, then VACC anticipates the demand of the public and dealership utilisation will be high. The requirement for successful applicants under a DC charging requirement does pose logistical and operational issues for dealers and aftermarket providers and is an area where VACC seeks clarity. Consumers and the industry may quickly become disillusioned should they experience the lengthy queuing and charging time associated with these publicly accessible devices. This negative experience could ultimately negate any benefits gained from using the infrastructure in the first place.

Recommendation 3

VACC recommends that the DCCEEW advise all applicants formally if AC charging applications will be required to permit public use of AC chargers at their business locations.

Recommendation 4

VACC recommends that any unused portions of funding, whether it be under AC or DC funding models, be rerouted to either category to ensure the funds available are used to their full capacity.

6. What we know about AC and DC charging

Table 1 below highlights the limitations of AC and DC charging for both business and public use as they may relate to the length of time taken to charge an EV.

Table 1.

Technology	AC Charging Power	DC charging KW	Time per 100kms
Home Charging using standard power point	2.4kW	Not available	4.5 hours
Dedicated EV Charger Wall box	7-22kW	2 kW	1-2 hours
Public Charging Standard	22kW	25-100kW	10 minutes +
Public Charging Ultra Rapid	Not available	100-350kW	<5 minutes +

Source: Chargebay.com.au

7. So, who pays and who gets preference at the DC point of charging?

A key issue to be addressed is who has the responsibility of financial payment for the energy supplied to the public at charging stations, and whether there will be a requirement for the public to make an appointment to use the dealership-based charging facility (i.e. availability).

It is a concern for VACC that those who are successful under the DC charging criteria cannot operate an EV charger on an appointment basis. Public usage must only be approved when a dealer permits. It is important to not interrupt the daily business or limit the flexibility of the dealership.

Dealers will face significant safety and security challenges by allowing the public access to their premises during and after hours. This situation introduces potential risks, including increased insurance costs and additional security and workplace concerns. VACC does not support public queuing for access to chargers taking place on dealership premises, nor think it feasible that dealerships may have to construct physical thoroughfares throughout their dealerships for members of the public to have access to a charging facility.

As such, careful consideration and detailed consultation with industry must occur in pursuit of documenting the financial and operational implications of business hours and after-hours access for members of the public to DC charging facilities on dealership or aftermarket business premises.

Recommendation 5

VACC requests that DCCEEW provide clear guidelines to dealerships on the logistical and user pay elements that are to be part of a successful DC funding application.

8. The transition impact absorbed by franchise dealers

VACC members acknowledge the challenge(s) associated with what is required to properly prepare the Australian retail automotive industry and the consumer for an EV future. That future is not limited solely to the expansion of EV charging stations, it will include EV service and repair training, provision of EV service and repair equipment, repair methodologies and ultimately end-of-life vehicle processing for EV vehicles and batteries. Further investment will be required in educating the consumer sector on what it is they are actually purchasing. Many consumers are not convinced, or sure, of the true value prospect in purchasing an EV and therefore remain a reluctant or ill-informed buyer. We see this currently with battery degradation and consumers' expectations on how long a battery will actually last.

New car dealerships have been at the forefront of rolling out EV chargers and undertake unsubsidised training programs. Manufacturers have required dealers to install chargers in their showrooms and service departments, as well as battery lifting devices, battery tables (at times a charge of \$15k per table) as part of their franchise agreements. This is along with other elements connected with the service, repair and sale of an EV including allocating greater floor space for storage, service and repair of EVs.

A majority of dealers are directed by their franchisors on which EV infrastructure and charging suppliers they can use. A 2024 VADA survey revealed that 63 per cent of dealers were restricted from choosing their preferred supplier or switching to a different type of charger that may be more cost-effective. This has effectively resulted in a duopoly among charging infrastructure suppliers in Australia across the dealership network. VACC advocates for increased competition in this sector and supports promotion of mid-level EV charging infrastructure providers like GET Electric (owned by LMCTs, for LMCTS) with every opportunity to thrive.

VADA members are at the forefront of the industry transition. The 2024 VADA survey advised that dealers representing a total of 30 OEM brands (representing over 160 Victorian dealerships) reported, without exception, that they have been called upon to invest in EV infrastructure. Furthermore, 88 per cent of these dealers have also been required to invest in the purchase and installation of charging stations, lifting devices, battery tables, as well as investment in technician training for EV maintenance and repair.

Portions of the investment in EV infrastructure made by dealers may not have been the result of an edict or bequest of the franchisor, but rather from dealers having a responsibility to meet workplace health and safety requirements. For instance, one dealership group has invested in heavy lifting battery devices not because the franchisor demanded as such but rather to 'provide a safe workplace without undue risk to health'.³ Of concern to VACC is that 81 per cent of those dealers who responded to the survey did not receive financial assistance or subsidy from the franchisor to install EV charging infrastructure.⁴

9. Example of EV set up at franchise dealership

VADA members have been active for some time in the development of their dealership facilities and to ensure that they were ready to meet the predicted consumer demand for EVs.

Below are actual costs associated with a large Melbourne dealership group who have two volume brands and are prominent and large in volume in the EV sales market. The dealerships operate side by side in metropolitan Melbourne but have separate service and repair facilities as dictated by the franchisor.

Volume Brand 1 (shared location with Brand 2)

- i. 4 single phase chargers.
- ii. 1 x 3 phase workshop charger

Volume Brand 2 (shared location with Brand 1)

- i. 3 x single phase chargers

Dealership Pre-Delivery Facility (4 kilometres away)

10 x 3 Phase charging stations

Power usage and infrastructure costs at Dealership location

- Currently at maximum available usage: 1,000 amps.
- 400 Amps at Brand 1, 400 Amps Brand 2, 200 Amps Pre delivery facility
- Require extra 1,000 Amps to be able to install 60 KW DC Chargers
- Cost to install new substation at front of dealership: \$350,000.00
- Each DC Charger Install (60 KW) x 2: \$70,000.00
- Bring power back to dealership: \$300,000.00

Total indicative cost \$720,000.00

³ VADA, 2024 Dealer EV infrastructure Survey, OEMS Call to Dealer Investing in EV Infrastructure, 5.

⁴ Ibid, 6.

These dealership businesses are the true early adopters of the automotive retail industry and should be considered prime candidates for successful applications to the DRIVEN Program. For dealerships of this size, the return on investment for EV charging infrastructure may be 10-15 years in the future, and the initial capital outlay is substantial. Additionally, EV sales have not yet reached the ambitious targets set by various governments.

10. The question of grid capacity

A number of dealerships and repairers are already operating at the capacity of their current grid connection. Network upgrades may be required to support installation of AC chargers, as well as DC chargers. It has been reported to VACC that in Hobart, TasNetworks have charged dealers for their service and service and infrastructure upgrades to support extra demands on electrical grid for EV charging purposes. These are real world scenarios that dealers are faced with every day in every city and region.

Recommendation 6

VACC offers to co contribute to funding DCCEEW visits to Tasmanian and Victorian car dealerships to see first-hand the level of EV infrastructure investment that has taken place at dealerships and to highlight further areas where investment is required.

11. Actual use of EV chargers at dealerships

VACC consulted with its dealer members to better understand the use and utilisation of charging facilities at franchise dealerships. Despite the complexities in capturing this data, we have collected insights from VADA members to inform the DRIVEN Program administrators about the frequency and context of EV charger usage, distinguishing between trading stock and service customer vehicles across different business locations (metropolitan, regional, or rural).

Our findings reveal a significant disparity in how EV chargers are used for trading stock compared to service customer. Table 2 below categorises EV charging usage by application type and dealership location.

Table 2. EV Charging Usage Patterns by Application Type and Dealership Location

Type of use	Ev Charging Application	Dealership location
Trading Stock only	<ul style="list-style-type: none"> 98.55% of usage is for trading stock, often in constant use. Rare use for service customer vehicle 	Metro
Mixed (50%)	<ul style="list-style-type: none"> 50% usage for customers, 50% for trading stock and demos. Customers expect the dealership to have the vehicle fully charged upon pickup 	Metro
80-20 split	<ul style="list-style-type: none"> 75% usage for stock and demos, 25% for service customers. In regional dealership, the demand for EV charging service from exceeds that of service customers. 	Metro and regional
Low usage	Once or twice a week mainly for EV loan Vehicle	Rural

Additionally, it is important to note that consumers for some reason expect that their EVs will be fully charged when they pick them up after a dealership service. This is a cost and time constraint inefficiency that dealerships should not be expected to absorb.

Meanwhile, regional dealerships have observed a higher demand for EV charging services from the general public than service customers as quoted below:

“We have 7 brands all of whom have EV model(s). This year we have had 267 sessions for trading stock and demos, 25 sessions for service customers and 46 general public sessions unrelated to the dealership” (Regional Victoria dealership).

12. About the automotive aftermarket

In 2021, the MTAA released its triennial industry environmental scan, *Directions in Australia's Automotive Industry 2021* (see attachment 1). The scan is a respected industry publication and is the only data compilation that VACC trusts to provide a true window of the state of automotive to the Australian Government.

The automotive repair and maintenance industry is comprised of light and heavy vehicle and mechanical service and repair, vehicle body, and automotive electrical services. The independent auto aftermarket equates to 56 per cent of the total automotive industry.⁵ Many of these businesses are family owned and fall within the small business category.

The DCCEEW presentation on the 6 August 2024 estimated a total of EV Authorised Repairs to be in the vicinity of 500 EV repairers nationally.⁶ An extract of data below taken from the *Directions in Australia's Automotive Industry* scan of 2021, indicates that the automotive repair and maintenance sector comprises over 40,000 participants. This data, presented in Table 3 below, is categorised based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) codes.⁷

Table 3. Total Number of Automotive Aftermarket Business in Australia

Sector	Number of businesses	Number of employees
Automotive repair and maintenance ANZSIC Code 941	40,220	140,850
Fuel Retailing ANZSIC Code 400	3,972	34,450
Motor Vehicle and tyre retailing ANZSIC Code 392	5,498	34,750 ⁸

It is the view of VACC that DCCEEW cease using the Australian Automotive Service and Repair Authority (AASRA) as a reference point from which to estimate the size and participation rate of the automotive aftermarket repair and service sector. The current number of vetted individuals registered with AASRA who have satisfied the safety provisions with the *Competition and Consumer (Motor Vehicle Service and Repair Information Sharing Scheme) Rules 2021* is 1,044. It is important to note that an automotive business registered with AASRA includes independent workshops and franchised dealer groups. Many of those employ more than one of these vetted individuals. AASRA also has amongst its membership many franchise new car dealers who are also required to register under the AASRA scheme.

Recommendation 7

It is VACC's view that due to prohibitive upfront costs of DC charging infrastructure, that AC charging would best meet the needs of the aftermarket repair industry.

⁵ Steve Bletsos, 2021, MTAA 'Directions in Australia's Automotive Industry 2021, An Industry Report' 2021, 8.

⁶ DCCEEW, DRIVEN industry Consultation 6 August 2024, slide 9.

⁷ Steve Bletsos, 2021, MTAA Directions in Australia's Automotive Industry 2021, Automotive Industry Economic Summary 2019-20, 18.

⁸ Table is indicative only, used to as a quantitative example of how the automotive aftermarket is represented in the Australian automotive retail industry.

13. What we know about EV service and repair training

The latest statistics taken from the National Centre for Vocational Education Research Centre portal indicate a total of 4,980 technicians nationally to have enrolled in the AURETH101 unit of competency between 2018 and 2022.⁹ In comparison 1,375 technicians nationwide have enrolled in either AURSS00064, battery electric vehicle inspection and servicing skill set or AURSS00037, hybrid electric vehicle inspection and servicing skill set.

The recently developed AUR32721 - Certificate III in Automotive Electric Vehicle Technology course aimed at the apprenticeship level intake has seen an initial uptake of 60 enrolments. Those participants are all in the state of Victoria.

The issue of identifying how an aftermarket automotive industry participant in states where business licensing is mandatory (e.g. New South Wales and Western Australia), should be quite straight forward. In other states, the respective State Motor Trades Association or Chamber(s) of Commerce could/should be appointed to be a scrutineer in the application process for the purposes of identifying whether a workshop or business is a bona fide automotive industry participant.¹⁰ This will include verifying that the applicant workshop has undertaken the relevant training, and has implemented Australian Standard 5732:2022 (EV Operations-Maintenance & Repair) as their minimum standard within their business.

14. Other

VACC can further assist the DCCEEW with regards to access to franchise dealership or aftermarket service and repair business.

⁹ National Centre for Vocational Education 'data builder' < <https://www.ncver.edu.au/research-and-statistics/data/databuilder>>.

¹⁰ Those associations are the Tasmanian Automotive Chamber of Commerce (TACC), Victorian Automotive Chamber of Commerce (VACC), Motor Trades Association of South Australia & Northern Territory (MTASANT) and Motor Trade Association of Queensland (MTAQ).

