Tasmanian Automotive Chamber of Commerce

Industry commentary on the Tasmanian Government Passenger and Light Commercial Motor Vehicle (V672) Contract

March 2023

TACC
You're in good hands

Contact

Michael McKenna
VACC Industry Policy Advisor
M: 0418 822 939
P: 03 9829 1280
E: mmckenna@vacc.com.au

Bruce McIntosh
TACC State Manager
P: 03 6278 1611
M: 0437 022 498
E: bmcintosh@tacc.com.au

Tasmanian Automotive Chamber of Commerce

Commentary on the Tasmanian Government's Battery Electric Vehicle Strategy

TACC welcomes this opportunity to express support for a consultation process to address the challenges that are placed upon the Tasmanian automotive industry in the process of converting the Tasmanian State Government light vehicle fleet from internal combustion engine (ICE) to 100 per cent battery electric (BEV) power source.

As the industry peak body, and together with the other stakeholders in the automotive retail dealer sector, the Tasmanian Automotive Chamber of Commerce (TACC) recognises the importance of introducing and reaching emissions reductions targets and assisting the Tasmanian State Government (the Government) commitment to leading Australia's transition to a low emissions economy.

About TACC

TACC is Tasmania's peak automotive industry association, representing the interests of more than 400 retail automotive members in over twenty retail automotive sectors that employ over 7,000 Tasmanians.

TACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (specialist vehicle, parts or component modification and/or manufacture), and automotive dismantlers and recyclers.

TACC position on Government mandated targets

TACC understands there is a need for Government to set ambitious and achievable fuel efficiency standards while introducing policy support for charging infrastructure and consumer incentives. There will be challenges to getting a structure – that is achievable, constructive, and effective – right. A major issue to be addressed is the limited availability for electrification technology in the market. The market is adjusting but not as rapidly as some hope or believe.

In saying that, Tasmania's new car retail sector is 'all in' when it comes to reducing carbon emissions and collaborating with the Government and Community to supply and service Tasmania's BEV fleet. However, experience shows that the best results are achieved when complementary levers are pulled. In this instance, a mix of technologies, a planned and complimentary infrastructure investment and an understanding of industry complexities are needed to reduce emissions, create a cleaner fleet, and ensure a sustainable automotive industry.

Zero Low Emissions Vehicles (ZLEVs)

Reflecting on Tasmania's specific challenges, a technology mix which includes all available technologies is the only sensible way ambitious automotive sector decarbonisation targets can be achieved. If we do not have a realistic plan the meeting of targets will be made more difficult than the task already is.

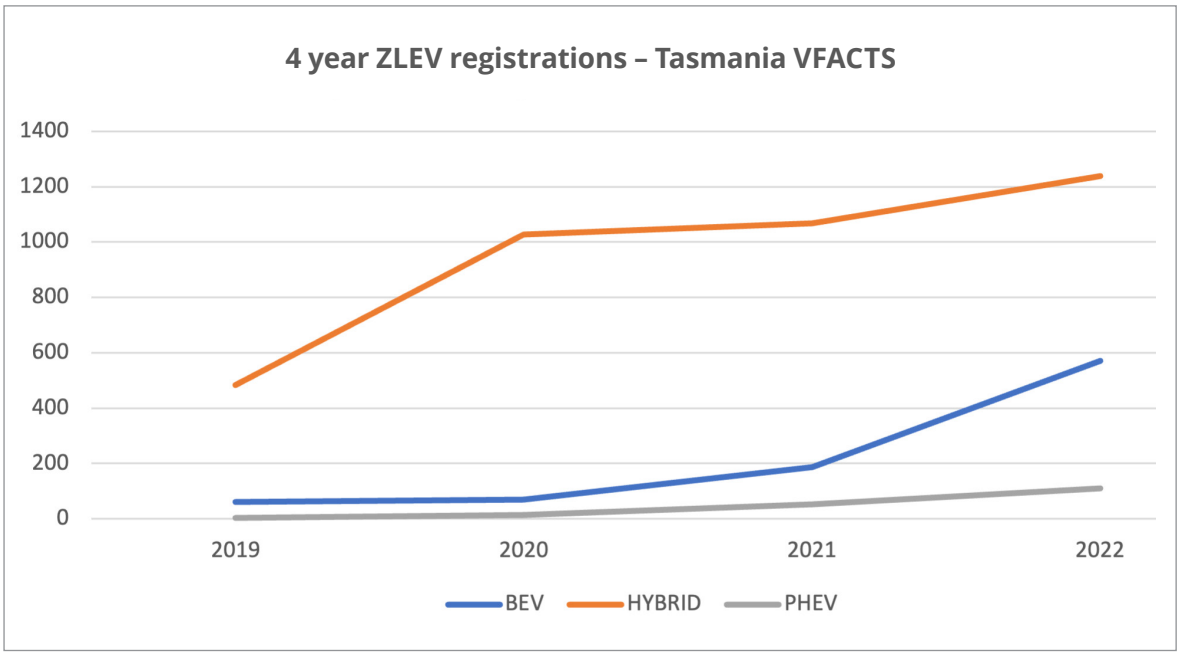
What is a ZLEV?

The most common and available power source types that reduce carbon emissions and that are available in Tasmania are:

- Battery Electric Vehicle (BEV)
- Hybrid Vehicle (Hybrid)
- Plug In Hybrid Electric Vehicle (PHEV)

All are categorised as Zero Low Emission Vehicles (ZLEVs)

The Tasmanian community has supported the purchasing of ZLEVs since 2019. In the four-year period from 2019 to 2022 approximately 5,000 ZLEVs have been registered in Tasmania. In 2022, ZLEVs represented 1,921 vehicles or 10 per cent of the total Tasmania registrations.[1]



Annual growth figures show Tasmania's ZLEV registrations increasing by 47 per cent per cent in the 2021 and 2022 period. Registrations of PHEV's grew by 113 per cent, Hybrids grew by 16 per cent and BEVs grew by 205 per cent in the same period.[2]

Tasmanian Government Passenger and Light Commercial Motor Vehicle (V672) purchasing history

To provide projection figures for future quantities of government acquired BEVs, consideration to past purchasing trends required review.

Research demonstrates in the five-year period from 2018 to 2022, Tasmanian State Government registrations are shown on VFACTS registrations as totaling 5868 new light vehicles. An average of 1170 vehicle per year. (6.5 per cent of total Tasmanian registrations).

1 VFACTS .
2 Ibid.

Vehicle types are represented in fig 1 and fig 2:

Tas Govt V672 – historical tracking by vehicle type	2018	2019	2020	2021	2022	Totals
Passenger	302	238	144	224	168	**1076**
SUV	561	492	512	501	635	**2701**
Light Commercial	392	487	338	455	419	**2091**

Fig 1

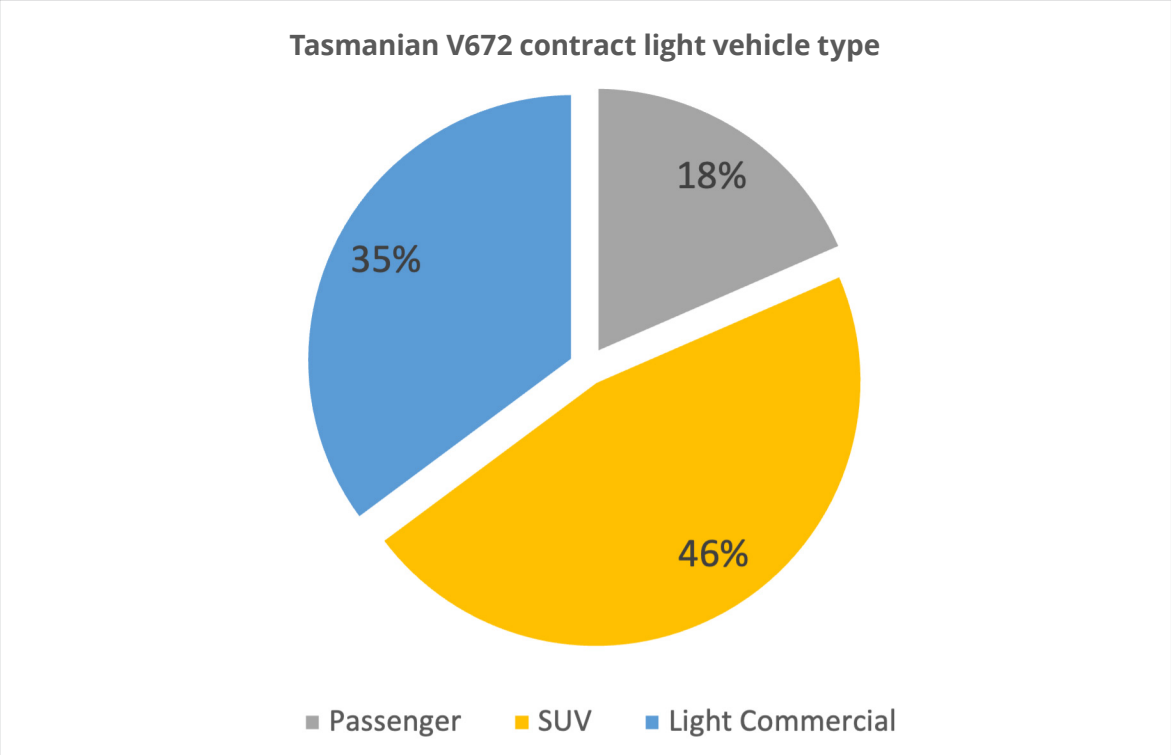


Fig 2

Modelling future purchases to 2030 – what do the numbers look like?

TACC uses VFACTS data trends provided in our historical review and in response to the government 2024 V672 Contract tender process notice. Further, a seven-year BEV projection (2024 to 2030) has been modelled with input provided by Tasmania's franchise car dealer network who are at the coalface of supply of ZLEVs.[3]

The seven-year projected forecast for V672 Contract registrations shows between 8,800 and 9,000 light vehicles are to be introduced into the Government fleet from 2024 to 2030. The vehicle type breakdown consists of approximately 1,650 passenger vehicles (18 per cent), 4,200 SUVs (46 per cent) and 3,200 light commercial vehicles (35 per cent).[4]

These Government registrations represent approximately 6.5 per cent per cent of the 131,600 light vehicles forecasted to be registered in Tasmania over the same period.

Additionally, should the Tasmanian Liberal Government mandate a policy that requires 30 per cent of all vehicles registered by 2030 to be BEVs, the consequence of such policy would potentially see between 40,000 and 43,000 BEVs registered in Tasmania between 2024 and 2030 (fig 3).

3 TACC research 2023.

4 Ibid.

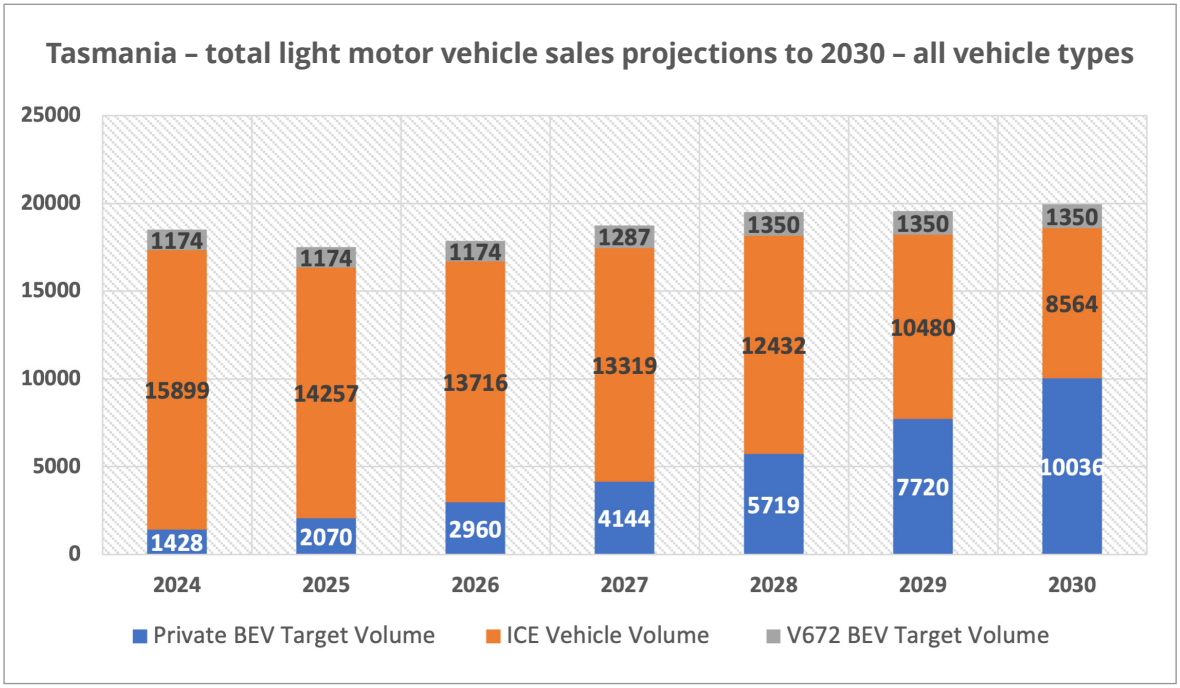


Fig 3

Impacts if Tasmanian Government supports a 100 per cent BEV public and 30 per cent BEV private sector fleet by 2030

BEV vehicle choice and supply considerations

Until fuel quality and carbon emission standards are addressed at Federal and State Government level, global manufacturers will continue to limit supply of the latest carbon reduction technologies to Australia in favor of other countries who have already a set policy. In essence, power sources in new cars sold in Australia will be those powering similar vehicles sold in developing countries with similar fuel and emission standards.

It is therefore imperative that automotive industry carbon emission reduction policy targets and Government fleet purchase specifications are made with consideration for available supply, fit for purpose outcomes and safety rating parameters.

The model matters – issues surrounding vehicle choice

In the main, Tasmanian retail dealers report low BEV volume delivery availability for small to medium size passenger and SUV category vehicles. Further, with approximately one in four vehicles on Tasmania's roads being light commercial utes the lack of affordable right-hand drive BEV utes presents a significant roadblock to reaching mandated targets.

With 35 per cent of the Tasmanian Government fleet purchase history being a light commercial ute or van, there is a clear lack of affordable right-hand drive BEVs available.

The C-Segment pick-up (mid-sized utes) sector is specifically problematic with only a single BEV product offering confirmed through to 2027. Research shows forecasts that significant electrification of this category including PHEV and Hybrid variants will become available towards the end of 2030.

The issue of the supply to a right-hand drive Australian market will also become more prevalent as manufacturers will feed the supply of European and North American markets as a priority.

BEV purchase pricing and supply/demand

TACC congratulates the Tasmanian Government on the favourable incentive approach afforded to BEV purchases. However, there remains a significant purchase price difference between an entry level BEV and a comparable internal combustion engine (ICE) vehicle.

Coupled with the supply considerations Retail Car dealers will be hard convinced to give away profit margin for Government fleet purchases while BEV stocks are already pre-committed at retail pricing levels and while BEV stock availability is extremely low.

Tasmania's experience with ZLEVs demonstrates that the premium to purchase higher technology fuel efficient, low carbon emitting powertrains which achieve important environmental outcomes is already widely accepted.

Charging infrastructure – Tasmania

Overall

Tasmania is working towards a comprehensive and fit for purpose rapid charging network. Currently there are around 180 public sites listed as available in Tasmania. A high number of these sites are single slow charger equipped (under 50kW) at restricted locations such as private carparks or hotels.

Under the scenario of Government policy not including ZLEV specification, Tasmania is projected to have approximately 45,000 BEVs requiring charging on the road in 2030. During the period from 2024 to 2030, additional incentivisation and investment will be needed in home and public/semi-public stations as the fleet is set to substantially multiply.

The international benchmarks for public BEV charging stations are one charging station for every 10 BEVs and charging banks of between six to eight chargers every 50 to 75km along major highways. At the projected "40,000 BEV by 2030 mark", the requirement for charging will be 4,000 publicly available charging stations (including home charging facilities).

Retail car dealer, automotive repairer and service station – charging infrastructure pain points

In a recent MTAA Head Body research tour to BEV mature British and European markets, the new car dealer pain points surrounding charging infrastructure capacity to support BEV charging is significant.

Further, international experience shows that retail car dealers report a customer expectation that demands BEVs be fully charged at the pickup point after dealers service a vehicle.

If, as expected the Government makes significant policy changes through the EV Strategy process and continues with a Government fleet purchase power source specification of 100 per cent BEV power from 2024, the resulting additional BEV sales causes the need for additional charging to be even more acute. Government would need to consider investment for 'kerbside infrastructure' to support charging availability at retail car dealerships. This kerbside infrastructure support would include upgrades to suit multiple rapid charging stations including sub-stations and upgraded underground cabling.

Summary

If Government does not have a realistic plan, meeting decarbonisation targets will be slower than expected. Further, there is the potential that Government may keep their existing ICE vehicles for longer if their choice becomes limited by over ambitious standards and targets. This may lead to unintended consequences including higher sector emissions than may otherwise have been realised from a position of blended technologies.

The overarching challenge facing Tasmania's automotive industry is to supply the wider mix of ZLEVs to ensure both Government and private fleet power source specifications are met.

That is why we need a tailored and balanced approach, in addition to a Fuel Economy standard, with appropriate Government initiatives to ensure maximum uptake of BEVs, but not impacting availability or affordability for those who could easily be left behind in the transition to BEVs. The right mix of policies, incentives, standards and behaviours is needed to ensure all Tasmanians can be part of our successful transition to EVs and combating climate change and reducing carbon emissions. Reflecting Tasmania's specific challenges, a technology mix (Hybrid, PHEV and BEV) is the only sensible way ambitious targets can be achieved. The TACC and its members look forward to being part of the solution.

TACC

You're in good hands

TACC House • 200 New Town Road, New Town TAS 7008