

TACC's response to the Tasmanian Government's Climate Change (State Action) Amendment Bill 2021

Supporting ZLEV policy in real terms

November 2022





Contents

Overview	2
1. TACC's authority to provide this response	3
Broad representation on behalf of the industry	3
Tasmanian dealers are unanimous that industry has a responsibility and supports minimising carbon emissions	3
2. TACC's position and role on climate change	3
3. How the the Bill and the automotive retail industry interact	4
4. Industry statistics and feedback relevant to this response	4
New vehicle sales of ZLEVs	4
Forward orders of ZLEVs	5
5. Challenges to meet the targets of the Bill in the automotive industry	6
ZLEV supply	6
Consumer behaviour	7
End of Life and Recycling	7
Skills shortage to service ZLEVs	7
6. TACC Recommendations	8
Summary	8

Overview

The Tasmanian Automotive Chamber of Commerce (TACC) thanks the Tasmanian Liberal Government for providing TACC with the opportunity to provide commentary on the *Climate Change (State Action) Amendment Bill 2021 (Tas)* (the Bill).

In summary, TACC supports the objectives of the Bill and provides commentary below regarding TACC's position on aspects of the proposed Bill.

TACC has compiled this response to align with the intended outcomes of the Bill, with a view to ensuring that the overarching objectives can be achieved by genuine government collaboration and increased dialogue with the Tasmanian automotive retail industry.

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1. TACC's authority to provide this response

Broad representation on behalf of the industry

TACC is Tasmania's peak automotive industry association, representing the interests of more than 400 members in over twenty retail automotive sectors who 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), spare parts and component wholesale/retail and distribution and aftermarket manufacture (i.e., specialist vehicle, spare parts or component modification and/or manufacture), and automotive dismantlers and recyclers.

Tasmanian dealers are unanimous that industry has a responsibility to minimise carbon emissions and supports the government's initiative in this area.

The Tasmanian Government has a responsibility to recognise the contribution ZLEVs can make towards meeting Tasmania's zero emission target with the implementation of policies that support greater uptake of ZLEVs by all market sectors.

2. TACC's position and role on climate change

TACC fully supports the reduction in carbon emissions, including the Tasmanian Government's strategy in leading Australia's transition to a low emissions economy.

Moreover, TACC looks to assist the Tasmanian Government in its pursuit of continuing and improving on Tasmania's net zero greenhouse gas emissions status by 30 June 2030.¹ TACC supports sensible infrastructure implementation and a policy framework that adopts beneficial outcomes for community, the economy, environment, and industry.

TACC's substantial and diverse membership base necessitates the automotive retail sector playing a key role in protecting Tasmania's pristine environment by being at the heart of the Zero Low Emissions Vehicle (ZLEV) policy discussions.

For the purposes of this report, the overarching vehicle descriptor is ZLEV – taken to mean a combined battery electric vehicle (BEV), hybrid or plug-in hybrid electric vehicle (PHEV) policy unless circumstances dictate the specific engine drive train.

Time is now ticking with regard to meeting that proposed greenhouse gas emissions target, and the Tasmanian Government must look to the Tasmanian automotive aftermarket who are the experts in retail sales and service of both internal combustion engines (ICE) and ZLEVs.

The reduction in Tasmania's reliance on imported fossil fuels is a key community and industry concern. It is also an issue that can be assisted through better and regular dialogue between TACC and the Tasmanian Government.

The Climate Council reports that the Australian Transport sector contributes approximately 18 percent of greenhouse gas pollution in Australian cities.²

Tasmania's transport sector is responsible for roughly half of Tasmania's energy emissions, with cars producing the majority of transport emissions, at 41 per cent, paradoxically, Tasmania is almost fully powered by renewable energy.

1 Climate Change (State Action) Amendment Bill 2021 (Tas). S 5(1).

2 Climate Council Transport Emissions: Driving Down Car Pollution in Cities (2018), <https://www.climatecouncil.org.au/wp-content/uploads/2017/09/FactSheet-Transport.pdf> > 1,[1].

- Electric vehicles powered by renewable energy could significantly improve vehicle efficiency through reduced transport costs, as well as lower environmental and health impacts through reduced emissions, and helping improve the state's energy security.
- Tasmania's high renewable energy profile, small land mass and shorter commuting distance, as well as a growing tourism sector suggests they are well placed to realise many of the potential benefits of ZLEVs.

3. How the the Bill and the automotive retail industry interact

There is no other industry that will be as severely impacted by the increased uptake of ZLEVs and transition away from ICE vehicles than the automotive retail industry.

TACC considers the automotive retail sector as the prime and most relevant stakeholder for consultation within the Minister for Environment & Climate Change's proposed legislative obligations as far as Section 5A(4)(e) of the Bill is concerned. A constant line of dialogue and consultation with TACC will provide the Tasmanian Government with informed, reliable advice and industry data from the frontline. This in turn will positively influence effective policy decision-making as the Tasmanian Government prepares their ZLEV policy.

TACC is well placed to assist the Minister's Office to provide sound industry strategies to help achieve its stated goals and access to the industry that retails, imports, and repairs motor vehicles that will enable the objects of the proposed legislation to be met. To this end, TACC references the target set within the Bill, that the purpose of the Act will be to achieve a net zero greenhouse emissions, or lower from 30 June 2030.³

Further, the Bill proposes measures for mandated and detailed Ministerial reporting for Parliamentary Oversight protocols with regards to measuring emissions reduction targets and how they can assist in further reducing Tasmania's greenhouse gas emissions. TACC can support the Minister's Office with monthly reporting of ZLEV versus ICE new motor vehicle sales and registrations.⁴

4. Industry statistics and feedback relevant to this response

New vehicle sales of ZLEVs

A national comparison of new ZLEV, battery electric vehicle (BEV), hybrid or plug-in hybrid electric vehicle (PHEV) vehicle sales in Tasmania is presented below.

A comparison of year-to-date data for 2021 to 2022 shows the following new car sales by fuel type by Tasmanian new car dealers:

ZLEV Type	2021	2022 YTD	% Increase
BEV	118	349	195.8
Hybrid	848	911	7.4
PHEV	30	88	193.3
Diesel	5286	5170	-2.2
Petrol	7508	6595	-7.2

³ Climate Change (State Action) Amendment Bill 2021 (Tas) Section 5(1).

⁴ For e.g. That reporting can be via VFACTS national data or registration data provided by Tasmanian Transport Office.

VFACTS new vehicle data summary – Tasmania⁵

The combined data reflects a current total Tasmanian new car market sales decrease of .09 per cent from year-to-date (YTD Sept 2022) compared to YTD 2021.

However, when analysing data (and extracting ICE powered vehicle from the data set) it appears Tasmanian consumers and industry are positively looking to reduce their carbon footprint by way of ZLEV purchases. This is evident by an increase of 26.2 per cent from 2021-2022 in the sale of new vehicles that come under the low emissions hierarchy. This increase is slightly under the national average that shows a 28.5 per cent increase⁶ in new ZLEV purchases. Simply put, when comparing Tasmania against the national average, it is the view of TACC dealers that local supply chain issues, and more generous government incentives provided in states such as Victoria and the Australian Capital Territory have affected (albeit slightly) the growth of ZLEVS sales in Tasmania. TACC dealers all agree that the two-year waiver of stamp duty being applied on the purchase of a new or used electric vehicles is a generous and welcome exemption,⁷ but bemoan the lack of consistent supply to meet the demand.

Forward orders of ZLEVs

In an industry wide positive response, Tasmania's new car dealers report a healthy forward order bank (to end of 2022), which will see an estimated increase in ZLEV market share to approx. four per cent of all new registered vehicles.

5 VFACTS Tasmania new car sales data by Fuel Type September 2022 data provide by FCAI,⁶ [2].

6 VFACTS National New Car Sales Data Fuel Type September 2022 data provide by FCAI,⁶ [2].

7 Roger Jaensch, Minister for Environment and Climate Change, Supporting Tasmanian businesses to go electric, August 2022, [2].



In a survey of Tasmanian franchise dealers and repairers, it was unanimously reported that the supply chain will dictate what ZLEV targets can be achieved.⁸ Tasmania's retail automotive industry relies heavily on internationally manufactured vehicle and parts. The industry continues to face significant delays, vulnerabilities, and disruptions to its supply chains. This is further detailed in the challenges section of this report.

5. Challenges to meet the targets of the Bill in the automotive industry

ZLEV supply:

The TACC dealer and repairer survey confirmed that Tasmanian's new car market is severely disrupted by supply chain issues. Tasmanian dealers advise that stock originally allocated to Tasmania is often diverted to other states leaving consumers in Tasmania at a further disadvantage.⁹

Tasmanian dealers are adamant that the narrative must change from a government-led decisive ZLEV target of how the future Tasmanian Fleet should be shaped, to how the Tasmanian and Australian Government can influence the international supply chains that will see more ZLEV available for purchase in Tasmania. Research conducted in August 2022 by Deloitte's Motor Industry Services that was commissioned by the Motor Trades Association of Australia (MTAA), the Federal Chamber of Automotive Industries (FCAI), the Australian Automotive Aftermarket Association and the Australian Automotive Dealers Association support this notion: that the sales targets dictated by state and federal governments will not, and cannot, be achieved.

8 TACC franchise dealer and repairer survey feedback September 2022.

9 TACC franchise dealer and repairer survey feedback September 2022.



This will be exacerbated if low volumes of right-hand drive ZLEV Dual Cab Utes and large SUVs remain, combined with a dearth of comparatively priced 'buyer friendly' electric vehicles, is permitted to continue and impact the penetration of the small passenger segment for volume brands.¹⁰ It is estimated by MTAA, FCAI and Deloitte that in 2030 a national Future Australian ZLEV Fleet will achieve 23 per cent market penetration.¹¹

The uptake of ZLEV will also be impacted as the market for used ZLEV is not yet mature. It must be given time to grow without government interference. The rate of new ZLEVs entering the market will help stimulate a genuine used car ZLEV market. It is the view of TACC that the Tasmanian Government should not allow the international importation of used ZLEVs from international right-hand drive markets, due to a variety of reasons, which will result in industry and consumer detriment.

Consumer behaviour:

TACC's dealer membership believe that consumers must be made aware that there are current circumstances that may prohibit the justifiable purchase of a ZLEV. These range from: purchase prices and re-sale value, the realities of battery range anxiety, limitations surrounding charging and an infrastructure system that is challenged by capacity and convenient locations. A lack of clear guidance on the potential introduction of a state or federal road user tax regime and restricted suitable vehicle alternatives, particularly in the popular dual cab ute, light commercial vehicle segment. Add the prevalence of new vehicle entrants to the market from Asian and sub-continental countries, whose product remains untested for its durability in Australian conditions. While there are mechanisms in place for consumer protections under the Australian Consumer Law (ACL) Consumer Guarantees to safeguard against potential issues,¹² there are also pitfalls for the dealer in relation to manufacturer indemnity and a largely unsympathetic national regulator.¹³

End of Life and Recycling:

Australia remains the only developed country without an end-of-life (EOL) ZLEV policy. An estimated 240,000 tonnes of waste plastics from ZLEVs are sent to landfill every year. With the volume of ICE vehicles projected to come off Tasmania's roads, together with the introduction of a replacement ZLEV fleet, TACC's dealer membership urges the Tasmanian Government to take leadership in the development of a comprehensive EOL vehicle program. This is an economic and environmental imperative which needs to include the safe disposal of EOL batteries and ICE vehicle components. If implemented effectively, this initiative has the potential to be the gold standard in Australia.

Skills shortage to service ZLEVs:

A skills shortage relating to ZLEV servicing is emerging due to the safety requirements and skill level for service and maintenance of high voltage systems in the automotive service and repair sectors. Working on ZLEV high voltage systems is inherently more dangerous due to the risk of serious injury. TACC modelling shows that based on the Federal Government's own projections of 3.8 million BEVs on the road by 2030, nationally, the industry will require approximately 14,000 qualified technicians. This includes dismantlers, electrical and vehicle collision repairers.

¹⁰ Dual cab utilities comprise approximately 30 per cent of the Australian new vehicle sales market.

¹¹ Deloitte Motor Industry Services, Driving Australia to Net Zero Vehicle Emission Forum, Andrew Moore presentation, (2022) Slide 6.

¹² Australian Consumer Law Section [51-59(a)(1-2)].

¹³ Australian Consumer Law Section S 276.

6. TACC Recommendations

1. That the Tasmanian Liberal Government collaborate with the Tasmanian automotive retail industry on a comprehensive ZLEV policy that focuses on automotive retail, service, and repair sectors
2. That the Tasmanian Liberal Government consult with TACC on future ZLEV sales targets.
3. That the Tasmanian Liberal Government collaborate with TACC in pursuit of achieving better outcomes for Tasmanian Dealers in relation to the supply of ZLEVS to Tasmanian consumers.
4. That the Tasmanian Liberal Government prohibits the importation and registration of used ZLEVS from other international right hand drive markets
5. That the Tasmanian Liberal Government and TACC co-fund a series of consumer facing infographics that uses simple language that can be used by consumers and industry to better understand the benefits of ZLEV technology.
6. That the Tasmanian Liberal Government introduces a licensed vehicle repairer scheme based on completion of the relevant ZLEV skill set and units of competency. This requirement should adhere to the Australian Standard for Electric Vehicle Operations, Maintenance and Repair: AS 5732:2022
7. That the Tasmanian Liberal Government ensures the disposal of ICE and ZLEV vehicles & components has minimal environmental impact and that funds are made available for an EOL trial for a self-regulated ZLEV waste disposal and recycling program.

Summary

TACC supports the intention of the *Climate Change (State Action) Amendment Bill 2021* and offers its vast and sophisticated availability to industry resources to help the Tasmanian Government and community arrive at a zero emissions outcome.

It is critical that the Tasmanian Government takes leadership position and partners with the automotive retail industry to ensure the transition to ZLEVs is planned, mitigating any major industrial disruption, and is easily understood by business and consumers. This will assist government in the responsible setting of carbon emission policy targets, in line with new vehicle availability.

The Tasmanian retail automotive industry is best placed to provide expert advice to government on its transition policy, as opposed to power or energy commentators and suppliers who are significantly removed from the automotive industry frontline. TACC remains open to further engagement with the Tasmanian Government on this issue.



TACC
You're in good hands

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