



AUSTRALIAN  
AUTOMOTIVE  
DEALER  
ASSOCIATION

# RESPONSE TO THE FUTURE FUELS STRATEGY DISCUSSION PAPER

8 APRIL 2021



# CONTENT

<b>Section 1: Foreword</b>	<b>3</b>
<b>Section 2: Key Points</b>	<b>4</b>
<b>Section 3: Comments on Priority Initiative 1</b>	<b>5</b>
<b>Comments on Priority Initiative 2</b>	<b>5</b>
<b>Comments on Priority Initiative 3</b>	<b>6</b>
<b>Section 4: Conclusion</b>	<b>7</b>
<b>Attachment A</b>	<b>9</b>

# FOREWORD

The AADA is pleased to be able to provide a response to the Department of Industry, Science, Energy and Resources regarding the Future Fuels Strategy discussion paper.

The AADA is the peak automotive industry advocacy body, exclusively representing franchised new car Dealers in Australia. There are around 1,500 new car Dealers in Australia that operate over 3,000 new vehicle dealerships. Franchised Dealers sell approximately 1 million new cars a year and directly employ some 60,000 Australians.

Dealers in Australia are generally powertrain technology agnostic when it comes to the vehicles they sell, service and repair. Dealers depend on consumer demand to sustain their businesses and are primarily concerned with having vehicles to sell that deliver on customer expectations regarding value, utility, reliability, efficiency, safety and comfort.

There is strong evidence available which demonstrates that Australian consumers are quick to adopt alternative powertrain technology when the aforementioned criteria are met. The December VFACTS report indicates growth of 93.7% for hybrid vehicles in 2020.

Dealers therefore hold a strong view that the adoption of vehicles powered by future fuels must be consumer-led. Enhancing consumer choice based on availability and affordability will deliver the benefits the Government is seeking to achieve.

The AADA notes the five priority initiatives identified in the discussion paper and acknowledges the important role that Dealers have to play in delivering on these areas, in particular on priority initiative 1, 2 and 3.

The AADA supports the Government's approach which aligns with consumer demand trends. While direct incentives remain contentious, the Government can address the cost of EVs using its taxation powers. It should abolish the passenger vehicle tariff and luxury car tax, both which fall disproportionately on EVs and other low emissions vehicles.

In July 2018, the AADA developed a submission to the Select Committee on Electric Vehicles (EVs) which was inquiring into the use and manufacturing of EVs in Australia. Although there have been changes in the electric vehicles available on the Australian market, the fundamentals of our submission remain relevant from the perspective of car retailers. We have attached a copy of this submission for the Department's reference (Attachment A).

The AADA has limited its responses to those areas of the inquiry which are relevant to franchised new car Dealers and Dealer operations.



**James Voortman**

**Chief Executive Officer**



# KEY POINTS

1

The Federal Government has an important role to play in developing a strategy for the roll out of low emissions charging infrastructure with state governments, vehicle Manufacturers, electricity retailers and other private sector participants. As automotive Manufacturers roll out new powertrain technology in vehicles, their franchised Dealers are required to install refuelling/recharging facilities as part of their franchise agreements. These facilities could potentially provide consumers with important refuelling/recharging points, especially in rural centres where public infrastructure may take longer to install and commission.

2

Dealers already play an important role in the delivery of vehicles to commercial fleet operators and in some circumstances are also responsible for the sale to fleets. The future fuels strategy should include Dealers as important providers of information, service and support for fleet buyers.

3

Biofuels may not be compatible with the fuel systems in some vehicles and may not be approved for use by some Manufacturers. This potentially creates a warranty risk for consumers and these risks need to be clearly conveyed to car buyers considering using these fuels. Consideration should be given to the use of these fuels to ensure realisation of the environmental benefits and mitigate potential consumer detriment.

4

Dealers currently provide consumers with comprehensive advice on motor vehicles which helps consumers to choose the car that is right for them. Dealers are an important source of information and support for customers both before and after the sale.

### COMMENTS ON PRIORITY INITIATIVE 1

A natural measure to reduce range anxiety is to increase the prevalence of charging stations. The question is who pays, particularly for public fast charging stations which are very expensive. While motorists will no doubt benefit from these stations, so will players in the private sector. In Australia vehicle Manufacturers have invested significantly in charging infrastructure and we know that traditional fuel and electricity retailers are considering a future where electricity replaces conventional fuel. The Government should develop a joint strategy for the roll out of low emissions charging infrastructure with state governments, vehicle Manufacturers, electricity retailers and other private sector participants.

Franchised Dealers invest large sums of money in facilities, tools, equipment and ongoing training for their staff as part of their agreement with the vehicle Manufacturer whose brand they represent. Manufacturers who have vehicles in their range powered by future fuels often require Dealers to install the latest recharging/refuelling facilities in their dealerships. With the appropriate planning and design these facilities could be utilised by consumers more widely, which could be especially useful in rural and regional locations where there are barriers to this occurring as part of the public infrastructure upgrade process.

The future fuels strategy should consider this as an option going forward and commence discussions with the AADA, Dealers and manufacturers to further explore the opportunity.

### COMMENTS ON PRIORITY INITIATIVE 2

Franchised new car Dealers often facilitate the sale and delivery of commercial and passenger vehicle fleets to organisations who require them. Even in those circumstances where the Manufacturer arranges the fleet sale directly, Dealers are responsible for delivery, service and maintenance of the fleet and for providing the required vehicle information and customer support.

This places Dealers in an important position with regards to promoting and encouraging fleets to consider future fuel powered vehicles.

# COMMENTS ON PRIORITY INITIATIVE 3

Car buyers are increasingly relying on online sources of information about vehicles they are considering purchasing and are spending less time visiting dealerships in person. A 2019 study by Cox Automotive in the US found that of the time taken researching and shopping for a vehicle, 61% was conducted online. While consumers spend less time at dealerships, critically, a significant portion of their research and shopping is done on Dealer websites, where 32% finish their online research. Dealers also still function as the primary retailer and delivery point in nearly all car purchases and the handover process is an essential step in educating buyers about their vehicle, its features and operation.

For these reasons, any strategy which considers informing consumers and fleet operators about new power train technology in motor vehicles must include the role Dealers fulfill in being the primary point of human contact between Manufacturer and customer.

New car Dealers will also play an important role in educating customers who are considering the purchase of a new EV. Over the coming years the overwhelming majority of EV buyers will be purchasing their first EV and will have a host of questions in relation to such issues as charging, range, battery life, servicing and life-cycle costs. New car Dealers in partnership with their OEM partners will be on hand to answer all such queries. In the UK, the Association representing franchised car Dealers has partnered with the UK Government to develop materials which can be provided to customers at the point of sale and assist salespeople in educating consumers about low emission vehicles.

<sup>1</sup> <https://www.coxautoinc.com/learning-center/2019-car-buyer-journey-study/>

# CONCLUSION

Franchised new car Dealers are poised to facilitate the mass market adoption of future fuel powered vehicles. Dealers are highly trained, comprehensively equipped, enterprising and entrepreneurial. They are the primary contact between vehicle Manufacturers and buyers and serve as an important source of information and aftermarket support for consumers.

It is critical that Dealers form an integral part of the future fuels strategy and we look forward to working with Government to further develop plans about how we can play our part.

If you have any questions, please contact me on:

**James Voortman**

Chief Executive Officer

**M:** +61 452 535 696

**E:** [jvoortman@aada.asn.au](mailto:jvoortman@aada.asn.au)



**CANBERRA OFFICE**

Level 3, 10 National Circuit, Barton ACT 2600  
PO Box 4409 Kingston ACT 2604

**E** [info@aada.asn.au](mailto:info@aada.asn.au)

**[aada.asn.au](http://aada.asn.au)**





AUSTRALIAN  
AUTOMOTIVE  
DEALER  
ASSOCIATION

# INQUIRY INTO THE USE AND MANUFACTURE OF ELECTRIC VEHICLES IN AUSTRALIA

27 JULY 2018



# CONTENTS

<b>Section 1: Introduction</b>	<b>03</b>
<b>Section 2: Key Points</b>	<b>04</b>
<b>Section 3: New Car Dealers will Play an Important Role In the Supply of EVs</b>	<b>05</b>
<b>Section 4: Benefits of EV Uptake</b>	<b>07</b>
<b>Section 5: Factors Limiting the Uptake of EVs</b>	<b>08</b>
Upfront Cost of EVs	08
Range Anxiety	11
Long Re-charging Times	12
Consumer Choice	12
<b>Section 6: Potential Measures to Support the Acceleration of EV Uptake</b>	<b>14</b>
Measures Addressing Upfront Cost of the Vehicle	14
Measures Addressing Range Anxiety	15
Measures Addressing Long Re-charging Times	15
Measures Addressing Consumer Choice	16
Other Measures	16
<b>Section 7: Conclusion</b>	<b>17</b>
<b>Section 8: Reference Material</b>	<b>18</b>

## INTRODUCTION

The Australian Automotive Dealer Association (AADA) is pleased to lodge this submission to the Select Committee on Electric Vehicles (EVs) which is inquiring into the use and manufacturing of EVs in Australia.

AADA is the peak industry advocacy body exclusively representing franchised new car Dealers in Australia. There are around 1500 franchised new car Dealers in Australia that operate about 3500 new vehicle outlets. New car Dealers employ 69,165 people Australia wide. The industry's total turnover/sales amounts to over \$65 billion and the estimated total economic contribution is almost \$15 billion. The industry also generates over \$6 billion in wages and \$4.7 billion in tax revenue.

Franchised new car Dealers sell almost 1.2 million new vehicles a year and we will restrict our comments to the issues around the supply of EVs to the market rather than the manufacturing of EVs in Australia.

Our submission reflects the discussions our members have with their customers and with vehicle Manufacturers to whom they are franchised.

There are some very impressive EVs on the market and franchised new car Dealers acknowledge the environmental and fuel economy benefits these vehicles bring to consumers. However, there are practical reasons why consumer demand for these vehicles is currently soft.

EV uptake in Australia is being hampered by high upfront cost, range anxiety, long re-

charging times and lack of consumer choice. The AADA has been supportive of Government and private sector initiatives to address these challenges, but ultimately Dealers can only be successful by offering consumers cars that they want to buy.

We are technology neutral. We have no pre-conceptions about how those cars are powered - electricity, hydrogen or conventional fuel – all are acceptable if wide consumer demand is there. It isn't right now.



**David Blackhall**  
Chief Executive Officer



# KEY POINTS

- Franchised new car Dealers will play an important role both in supplying EVs to the market and maintaining these highly advanced machines.
- New car Dealers are technology neutral and have a history of selling petrol, diesel, electric, LPG and hybrid vehicles.
- The key consideration for new car Dealers is consumer demand and our members are constantly trying to respond to the market.
- The emergence of EVs will bring a range of future economic, environmental and social benefits.
- EV sales in Australia are stagnant due to cost, range anxiety, long re-charging times and lack of consumer choice.
- The main factor constraining EV demand in Australia is the high up-front cost of purchase.
- The unintended consequence of the Federal Government's legacy taxes – the passenger vehicle tariff and luxury car tax - is that EVs are more expensive.
- Before considering politically contentious direct incentives, the Government should abolish the passenger vehicle tariff and luxury car tax, both which fall disproportionately on EVs and other low emissions vehicles.
- Motorists are sceptical about purchasing battery electric vehicles (BEVs) due to the limited range these vehicles offer in comparison to internal combustion engine (ICE) vehicles.
- The Government should develop a joint strategy for the roll out of low emissions charging infrastructure with state governments, vehicle Manufacturers, electricity retailers and other private sector participants.
- A fact-based education campaign may assist in alleviating range anxiety.
- Recharging EVs is time-consuming, with even rapid chargers taking more than ten times longer to refuel than an ICE vehicle. Customers may simply need to accept this fact.
- There are very limited EV options in the vehicle segments which Australians prefer.
- The Ministerial Forum on Vehicle Emissions should implement a vehicle emissions policy which does not come as too much of a shock to the industry.



# NEW CAR DEALERS WILL PLAY AN IMPORTANT ROLE IN THE SUPPLY OF EVS

As EVs and other low emissions passenger vehicles become more prevalent, new car Dealers will play an important role in supplying these vehicles to the market as we sell almost every new car in Australia.

There are a range of projections which show that the sales of EVs are set to dramatically increase in the coming years. One figure often cited is that by 2030 there will be more than one million EVs on our roads<sup>1</sup>. If this level of uptake eventuates, new car Dealers are well placed to respond to the logistical challenge of supplying and safely servicing these vehicles.

In the lively debate which is occurring globally around EVs, new car Dealers have been accused in some instances of not promoting EVs<sup>2</sup>. The reasons provided by conspiracy theorists is lower profit margins on the cars and, because EVs require less servicing and maintenance, their emergence will erode profits in Dealer servicing departments.

This is a fundamental misunderstanding of the nature of new car Dealers and the very competitive Australian new car market. The automotive retail sector in Australia is one of the most competitive in the world. Around 72 brands compete and offer more than 400 models for sale in a relatively small market of about 1.2 million units annually (less than 1.5 per cent of global demand). Car Dealers work closely with their Manufacturer partners in developing inventory which reflects market preferences, but frankly our members can only sell what is on the showroom floor.

New car Dealers are primarily concerned with selling products and services to consumers and are technology agnostic in terms of how new cars are powered. The suggestion that Dealers would be discouraging consumers from purchasing an EV due to concerns over profit margins is non-sensical.

We have a history of selling a range of vehicles powered by a various fuel sources, including petrol, diesel, electricity, LPG and hybrids. The key consideration for new car Dealers is consumer demand and our members are constantly trying to respond to the market.

There is no doubt that EVs require less servicing and maintenance as they have fewer moving parts than internal combustion engine (ICE) vehicles. However, they will still require trained technicians to do battery checks, monitor brakes, check tires, replace fluids, change cabin air filters, etc.

Furthermore, EVs like traditional vehicles are subject to safety recalls and similar to traditional vehicles they have been subject to mass safety recalls in recent times for issues such as faulty steering components and defective parking brakes<sup>3</sup>. One need only look at the current Takata airbag recall to appreciate the importance of the new car Dealer network in Australia.

It is also important to note that when these vehicles do need repairs, they will require appropriately trained technicians as EVs pose an increased risk of electrocution and fire. In fact, the emergence of EVs will necessitate significant changes in skills and

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training requirements which will be needed to service and maintain an increasingly electrified fleet.

This is particularly concerning when you consider that the licensing/accreditation requirement for mechanics is not consistent across states and territories. Only two states, NSW and WA, require mechanics to be qualified. This means 57 per cent of registered mechanics are operating in jurisdictions which do not require licences or trade qualifications. New car Dealers are contractually obliged to have appropriately trained workshop staff working on state-of-the-art vehicles. They commit significant investment to training of their staff and are a major employer of apprentices.

New car Dealers will also play an important role in educating customers who are considering the purchase of a new EV. Over the coming years the overwhelming majority of EV buyers will be purchasing their first EV and will have a host of questions in relation to such issues as charging, range, battery life, servicing and life-cycle costs. New car Dealers in partnership with their OEM partners will be on hand to answer all such queries.

# BENEFITS OF EV UPTAKE

There are a range of benefits which are expected to materialise as EVs penetrate Australia's vehicle fleet. The Terms of Reference for this committee includes investigating the potential economic, environmental and social benefits of widespread EV uptake in Australia.

In an economic sense, consumers and businesses with major fleets will be the major beneficiaries from the wider uptake of EVs through lower energy costs. According to the Electric Vehicle Council, EV drivers pay only 33 cents per litre as opposed to ICE drivers who pay an average of \$1.19 per litre in fuel<sup>4</sup>. EVs also have lower maintenance costs with \$380 per annum compared to \$750 per annum on ICE vehicles<sup>5</sup>.

EV owners enjoy significant taxation relief as they do not pay fuel excise and depending on the jurisdiction their vehicle is registered in, they may qualify for a reduction in stamp duty or registration. Furthermore, the Clean Energy Finance Corporation (CEFC) has partnered with the private sector to provide discounted finance for EVs<sup>6</sup>.

The economy will also benefit from investment in charging facilities, with businesses involved in the installation, manufacture and maintenance of charging stations benefitting as would energy companies selling electricity to motorists.

There is a perception that the widespread uptake of EVs can bring significant environmental benefits. The lack of tailpipe emissions from BEVs will provide clear benefits over ICE vehicles in terms of

noxious emissions reductions, which have a direct health consequence for residents of congested cities.

In terms of CO<sup>2</sup> emissions, the benefits at present seem to be marginal as EVs will largely still be charged by coal-fired power in most of Australia. Significant reductions will likely only be achieved as Australia starts to decarbonise its electricity sector. Analysis by Climate Works found that the weighted average of EVs sold in 2016 emitted an average of 178 g CO<sub>2</sub>/km which was only slightly lower than the average for all new vehicles which was 182 g CO<sub>2</sub>/km<sup>7</sup>.

# FACTORS LIMITING THE UPTAKE OF EVS

Despite these benefits, sales of EVs have struggled in Australia. According to data from VFACTS and the EVC, Australian's bought 1,076 plug-in hybrid electric vehicles (PHEV), and 1,208 battery EVs in 2017. While this is the best year on record for EV sales, it still only constitutes 0.2 per cent of total sales<sup>8</sup>. There are a number of reasons why EV sales have remained somewhat stagnant, including cost, range anxiety, long re-charging times and lack of consumer choice.

## Upfront Cost of EVs

Without a doubt the biggest factor constraining EV demand in Australia is the high up-front cost of purchase. Despite the significant savings in running costs and the relief from taxation, many motorists are put off by the fact that EVs are nowhere near price parity with ICE vehicles. For example, the Renault Zoe is Australia's most affordable EV at \$47,490 (before on-road costs). A similar ICE vehicle would be the Renault Clio which can start from as little as \$16,990 (before on-road costs).

The reason for the price disparity is the high cost of the lithium-ion battery which is expected to decline over time. In the meantime, some countries have sought to bring down the cost of EVs by offering financial incentives. The question of incentives will no doubt be the subject of much debate in this inquiry, but this distracts from the real factors distorting the price of EVs namely the Federal Government's taxes on new cars, which falls disproportionately on EVs. Before even considering incentives, the tariff on imported cars and the luxury car tax should be abolished.

Despite having no domestic vehicle manufacturing industry, the Government levies a five per cent tariff on vehicles being imported from countries with which Australia has no free trade agreement (FTA). As Australia has no FTA with the EU, all vehicles from EU member countries incur this senseless charge, and unfortunately for potential EV buyers the overwhelming



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majority of EVs available in Australia are manufactured in the EU.

In addition to the tariff, Australia has a luxury car tax (LCT). The purpose of this tax has never been adequately defined and the merits thereof have been dismissed by countless independent government inquiries. The tax is applied at a rate of 33 per cent on the amount above \$75,526 for a fuel-efficient vehicle (a vehicle with a fuel economy of 7L/100km or less) and falls on many of the EVs currently available in Australia and those scheduled to be supplied here in the future.

Table 1 has listed the EVs currently available for purchase in Australia as identified by the EVC<sup>9</sup>. We have also included the Renault Zoe which has only recently become available for private buyers and the Jaguar I-Pace which was launched recently in Australia.

Thirteen of the 18 vehicles listed are paying a tariff due to the fact that they have been manufactured in non-FTA countries, mainly within the EU. Thirteen of the 18 vehicles listed are also paying the LCT as they cost more than \$75,526.

EVs are more likely to be manufactured in Europe and are more likely to be priced above the LCT threshold and as such are more likely to be subject to additional Federal Government taxation. While the policy intent of these taxes is not to target low emissions vehicles, the unintended consequence of these legacy taxes is that EVs are more expensive than they should be.

## TABLE 1

VEHICLE	COUNTRY OF ORIGIN	MANUFACTURER SUGGESTED RETAIL PRICE	TARIFF	LUXURY CAR TAX
Audi A3 E-tron	Germany	\$62,490	✓	
Audi Q7 E-tron	Slovakia	\$139,900	✓	✓
BMW 330e	Germany	\$70,900	✓	
BMW 740e	Germany	\$229,900	✓	✓
BMW I3	Germany	\$68,700	✓	
BMW I8	Germany	\$303,300	✓	✓
BMW X5 x Drive40e	United States	\$118,855		✓
Jaguar I-Pace	Austria	\$119,000	✓	✓
Mercedes Benz C350e	South Africa	\$75,900	✓	✓
Mercedes Benz E350e	Germany	\$131,600	✓	✓
Mercedes Benz GLE500	United States	\$131,000		✓
Mitsubishi Outlander PHEV LS	Japan	\$50,490		
Porsche Cayenne S E-Hybrid	Germany	\$143,055	✓	✓
Porsche Panamera 4 E-Hybrid	Germany	\$248,500	✓	✓
Renault Zoe	France	\$47,490	✓	
Tesla Model S	United States	\$124,502		✓
Tesla Model X	United States	\$133,602		✓
Volvo XC90 T8	Sweden	\$122,900	✓	✓

Source. EVC, RedBook - AADA has looked at the cheapest possible variant in the most recent model year in determining whether a vehicle is subject to LCT. The research has considered the Manufacture Suggested Retail Price – this excludes dealer delivery and accessories which is included in the valuation for LCT purposes.

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## Range Anxiety

For many motorists they are still sceptical about purchasing BEVs due to the limited range these vehicles offer in relation to ICE vehicles. Earlier we compared the price of Australia's cheapest EV, the Renault Zoe, to an equivalent ICE vehicle, the Renault Clio, and found that the EV was three times the price. In terms of range, the Clio has an average range of 938 km which is broadly three times as much as the Zoe.

Furthermore, the range claimed by Manufacturers often does not align with motorist's real-world experience. As is the case with ICE vehicles, fuel consumption and hence range is tested in a laboratory setting and is often found to be less in real world driving conditions. The same is true of BEVs which will have their range affected by such real world factors as use of accessories, weather, speed, traffic and personal driving style. Another issue motorists take into account is that as batteries age, the charge they can hold tends to decline, meaning that range declines.

While the range of some of the premium BEVs are steadily increasing, they are still far lower than ICE vehicles. On the positive side Manufacturers are developing some PHEV which can achieve a range of over 1,000km. A recent study by CitiBank found that the average range for a BEV is 332km; for a PHEV it is 964km; and for an ICE vehicle it is 1,212km<sup>10</sup>.

It follows that potential buyers will need to evaluate their individual circumstances. For example, a person using their vehicle primarily to commute to and from work is unlikely to exceed the range offered by a BEV. This will not be the case for a taxi driver, an Uber driver or an inner-city courier, but as range improves over time and charging becomes more rapid, these class of motorists will also move to EVs.

There is a natural link between range anxiety and charging infrastructure. While charging stations are becoming more prevalent, more work needs to be done to make potential buyers comfortable with the coverage on offer. It's expected that most EV owners will have a charger at their home which will enable them to slow charge their vehicle overnight. Similar chargers may be available in the workplace where vehicles can charge while owners are engaged in work.

The costs of these are likely to be borne by EV owners and employers, but it is the cost of public fast charging stations which is the subject of some debate. The Queensland Government recently invested \$3 million to build 18 fast-charging EVs stations at locations right up from the Gold Coast to Cairns. This is an average of \$166,666 per station<sup>11</sup>.

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## Long Re-charging Times

EVs take a long time to re-charge. Charging times for BEV undertaking a standard charge vary from five to 11 hours. Charging the EV at home or at work when the vehicle is not required is good in theory, but in practice people needing to use their vehicle may be stranded with an uncharged vehicle, which may take some time to even partially charge.

It is true that superfast chargers will become more prevalent, but even these can be time consuming. A CitiBank report has found that the average BEV takes 43 minutes on a rapid charge. While this is a fraction of the 6 hours which it takes on average for a BEV to achieve a standard charge, it is a lot longer than the 3.6 minutes it takes for an ICE vehicle to refuel<sup>12</sup>.

Australia has a well-established network of service stations. One service station can refuel thousands of cars a day. Currently EV drivers undertaking a long-haul journey will need to meticulously plan their trip and map out their intended charging point. Even with the best planned trip, once you arrive at the fast-charging station it may be occupied, or you may have to join a queue.

These inconveniences will recede as the change in culture takes effect and fast charging stations become both more prevalent and faster, but in the meantime these are factors that weigh on the minds of potential buyers.

## Consumer Choice

One of the biggest factors constraining the uptake in EVs in Australia is the lack of choice, particularly among the vehicle segments that Australians prefer. A casual glance at the list of EVs currently supplied in Australia reveals that they are mostly premium SUVs and Sedans which due to their high price are out of reach for most consumers.

The list of EVs bears little resemblance to the list of top selling vehicles in Australia and a close inspection of the 20 best-selling vehicles reveals that Australians have unique vehicle preferences.

The top two selling vehicles in 2017 were the Toyota Hilux and the Ford Ranger, both utes. Another three utes (the Mitsubishi Triton, the Holden Colorado and the Isuzu D-Max) are in the top 20. There is no electric ute for sale in Australia.

Australians have also been buying many SUVs in recent years, but the top sellers in this segment are all under the \$40,000 mark. Of the EVs on offer, only the Mitsubishi Outlander PHEV comes close to meeting this criteria. Buyers of utes and SUVs often value the ability to travel long distances and to carry or tow heavy loads. Most BEVs are not designed to carry loads or tow as doing so would lead to a significant reduction in their range.

Among the top sellers in the small car segment the Toyota Corolla, Mazda 3 and Hyundai i30 start from just over the \$20,000

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mark. The comparable Renault Zoe and Audi A3 e-Tron are significantly more expensive.

As the price of EVs come down, it is expected that there will be more choice in the small car and SUV segments, but it may be some time before we see electric versions of mass sellers like the Hilux and the Ranger.

# POTENTIAL MEASURES TO SUPPORT THE ACCELERATION OF EV UPTAKE

Our submission has outlined the factors limiting the uptake of EVs so as to inform one of the Committee's key tasks which is to examine the measures to support the acceleration of EV uptake.

### Measures Addressing Upfront Cost of the Vehicle

The committee will no doubt hear from many participants in this consultation that direct financial incentives have been used in other countries and will lead an increased uptake in EVs. The AADA believes that the provision of direct financial incentives is politically difficult, due to:

- Perception that they are a handout to wealthy premium car buyers;
- Belief that balancing the budget should take precedence;
- Questions over whether the current environmental benefits are too marginal to warrant financial subsidies.

Before even considering these incentives, the AADA believes the Federal and state governments should use their taxation levers to address the high upfront cost of EVs. A number of state and territory governments already incentivise the uptake of EVs and should be commended for doing so. However, there are still instances where state government's punish potential EV buyers – the Queensland Government's recent state luxury car tax is a case in point.

The Federal Government has the potential to improve affordability by removing the tariff on imported vehicles. This can be done through a simple regulatory change, by removing motor vehicles from the Excluded Goods Schedule of the Tariff Concession System. The passenger vehicle tariff is a relic of the past, which suited a time when Australia had a vehicle manufacturing capability.

Abolishing the so-called luxury car tax will also make EVs more affordable and given its lack of purpose and the angst this non-tariff trade barrier causes with European trading partners it should be scrapped.

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### **Measures Addressing Range Anxiety**

A natural measure to reduce range anxiety is to increase the prevalence of charging stations. The question is who pays, particularly for public fast charging stations which are very expensive. While motorists will no doubt benefit from these stations, so will players in the private sector.

In Australia vehicle Manufacturers have invested significantly in charging infrastructure and we know that traditional fuel and electricity retailers are considering a future where electricity replaces conventional fuel. The Government should develop a joint strategy for the roll out of low emissions charging infrastructure with state governments, vehicle Manufacturers, electricity retailers and other private sector participants.

One measure which may address range anxiety is an education campaign. We know that most motorists undertake daily travel which can easily be satisfied by a BEV, provided the vehicle is charged overnight. An educational campaign with a strong fact base may allay some of the concerns around EV range.

### **Measures Addressing Long Re-charging Times**

Long re-charging times can only be remedied by improved technology. Even rapid EV chargers take more than ten times longer to refuel a vehicle compared to an ICE vehicle and customers may simply need to accept this fact.

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## Measures Addressing Consumer Choice

Measures to improve consumer choice are currently a hot topic. The AADA would argue that the products currently in new car Dealer showrooms are based on comprehensive market research and closely reflect what Australian consumers want. There is currently work underway by the Federal Government's Ministerial Forum on Vehicle Emissions which is considering developing fuel efficiency standards for new light vehicles. The theory is that compelling Manufacturers to meet a standard averaged across their fleet will result in them making lower EVs available for sale.

If such a policy is introduced with too strict a standard, it may have the opposite effect of reducing choice as Manufacturers may withdraw certain vehicles from the market in order to improve their fleet average. As the mechanism for ensuring compliance is a financial penalty, this could result in fines being passed onto car buyers with a detrimental outcome for affordability. A policy that makes new cars more expensive may in fact restrict new car sales which could mean that older vehicles are not retired from the national fleet and less new safer, cleaner and more efficient cars will be purchased.

The AADA urges the Government to implement a vehicle emissions policy which does not come as too much of a shock to the industry.

## Other Measures

Other measures which may improve the uptake of EVs include government fleet purchasing policies, dedicated parking, use of transit lanes, toll road discounts and parking discounts.



## CONCLUSION

We would be happy to meet with you to discuss our submission and participate in the committee's hearings.

If you require further information or clarification in respect of any matters raised please do not hesitate to contact a member of the AADA team.

**David Blackhall**

Chief Executive Officer

**M:** 0413 007 833

**E:** [dblackhall@aada.asn.au](mailto:dblackhall@aada.asn.au)

**James Voortman**

Executive Director, Policy and Communications

**M:** 0452 535 696

**E:** [jvoortman@aada.asn.au](mailto:jvoortman@aada.asn.au)

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**AUSTRALIAN  
AUTOMOTIVE  
DEALER  
ASSOCIATION**

## **HEAD OFFICE**

Level 4, Suite 13,  
Office 6,  
150 Albert Road,  
South Melbourne  
VIC 3205

**E** [info@aada.asn.au](mailto:info@aada.asn.au)

**W** [aada.asn.au](http://aada.asn.au)