

Climate Change Office
Renewables, Climate and Future Industries
Tasmania Department of State Growth
GPO Box 536, HOBART TAS 7001

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Tasmanian Emissions Reduction and Resilience Plan Consultation Paper

The Australian Automotive Dealer Association (AADA) welcomes the opportunity to make a submission in response to the Emissions Reduction and Resilience Plan, consultation paper.

The AADA is the peak automotive industry body representing Australia's franchised new car Dealers. There are more than 86 new vehicle dealerships in Tasmania employing more than 900 people directly and generating \$1 billion in turnover and sales with a total economic contribution of almost \$300 million.

The AADA is supportive of the Tasmanian Government's plans to reduce transport related emissions through the use of lower emission vehicles. The high penetration of renewables in the energy generation mix makes Tasmania very well placed to maximise the emissions reduction benefits, particularly through the use of electric vehicles (EVs) powered by clean energy. The adoption of EVs will bring a range of economic, environmental, and social benefits to Tasmania and the 86 franchised new car Dealers operating in Tasmania will play a crucial role in selling, servicing, and repairing these vehicles, while also educating consumers.

There are a number of priority areas noted in the consultation paper that the AADA considers warrant support in order to accelerate this transition. These include supporting the installation of more EV chargers across the state, by considering both site locations and existing site capacity, and expansion of measures to support the purchase of EVs in Tasmania and review of other jurisdictions to develop a program suited to Tasmania.

Without strong support for this transition, many communities may be left behind. This is especially so for communities and regional and rural areas who heavily rely on larger vehicles such as utes and SUVs, which are harder to transition to their EV alternative due to the price difference and current EV range capabilities.

A comprehensive strategy to achieve the important goal of reducing Tasmania's vehicle emissions will be key to meeting emissions reduction goals and targets.

The AADA's responses to the consultation questions are detailed below.



- **How can we build on the work already underway to reduce emissions and build resilience in the transport sector?**

Transport accounts for around 21 per cent of Tasmania's emissions, with the majority (95 per cent) coming from road transportation (cars 46 per cent, heavy duty trucks and buses 31 per cent, and light commercial vehicles 23 per cent)¹.

The AADA considers that in order to build on the work already underway to reduce emissions and build resilience in the transport sector, the adoption of EVs and other low and zero emission powertrains in the light vehicle market is crucial. While EV demand in Australia has continued to increase, the uptake is still being hampered by high upfront costs relative to comparable ICE vehicles, lack of consumer choice, lack of charging infrastructure and range anxiety.

Over the last decade there has been a clear trend away from sedans and smaller cars towards medium and large SUVs and Utes. In AADA survey data, when asked what consumers intended future vehicle purchase might be compared to what they drive now, respondents displayed a strong intention to purchase medium-sized SUVs and large SUVs, with consumers planning to replace small cars with larger vehicles. In turn, willingness to consider an EV is higher when the consumer intends to replace a vehicle with a light car, light SUV or a small car.

This represents a large challenge in the transition as the EV alternatives for these vehicles are often much more expensive compared to their ICE counterpart and bring with them any challenges related to range and battery capacity.

The AADA commends the Tasmanian Government for the previous two-year stamp duty waiver for all new and used EV purchases, which applied from 1 July 2021 until 30 June 2023, but would encourage the introduction of stronger incentives to motivate consumers to look to EVs as their next vehicle purchase. Markets that have strong EV uptake have a continued strategy of support through financial incentives. For example, the US, which has used income tax credits as a tool to encourage the adoption of low and zero emission vehicles since first introduced in 2005, with credits currently totalling over \$10,000 AUD.

The AADA sees incentives as a key driver of consumer behaviour and would welcome any discussions regarding any incentives to encourage purchasing new low and zero emissions vehicles.

- **What future opportunities do you think will have the most impact?**

The AADA considers that "support for the installation of more EV chargers across the state, by considering both site locations and existing site capacity and expansion potential" will have the most impact.

A strong charging network is vital for the transition to EVs, giving consumers the confidence to invest in these new vehicle types. The availability of charging stations

¹ State and Territory Greenhouse Gas Inventories,
https://www.statelibrary.tas.gov.au/recfit/tasmanias_greenhouse_gas_emissions

including fast chargers, ensures that drivers can continue to drive their vehicles in the same manner that they would whether it is an Internal Combustion Engine (ICE) vehicle or EV. This transition to EVs will require a significant investment in the infrastructure of charging stations and the subsequent grid upgrades required to facilitate the installation of these chargers.

Due to the nature of dealerships' interactions with customers as the purchase, servicing and repair point, Dealers will be required to invest in charging infrastructure for not only their own business purposes but as a service provided to customers and possibly the wider community. Additionally, the optimal location of EV chargers and their impact on the distribution system have become prominent issues for consideration.

The installation of charging infrastructure comes with significant costs particularly related to the grid updates required to enable the installation of fast charger services. In order to accelerate this, the AADA considers that the government should focus on support for businesses installing chargers as an opportunity to overcome challenges associated with the EV charging noted above.

- **Are there any priorities or future opportunities missing from this draft Plan?**

The AADA considers that the future opportunities outlined in the draft plan are appropriate for reducing emissions and building resilience in Tasmania's transport sector but considers that rather than focusing on a particular technology type to achieve these goals, a technology-neutral approach should be taken.

There is no doubt that EVs will play a central role in helping to minimise vehicle emissions, but the AADA would encourage consideration of the range of other vehicle drive trains that will play a role in the journey to net zero by 2050. Hybrid, hydrogen and biofuelled vehicles can also help to make a strong contribution to reducing emissions, and as is the case with hybrid vehicles, significant uptake of the past year demonstrates the community's confidence in these vehicles (PHEV YTD increase of 86 per cent and hybrid YTD increase of 19.2 per cent). Consumers are looking toward hybrid vehicles as a more environmentally friendly option over ICE vehicles, while not having to deal with the challenges noted above related to range anxiety and convenience.

Policies directed towards reducing transport emissions should be fuel agnostic and not come at the expense of these other vehicle types, they should be encouraged for the benefits they provide, including reducing emissions, providing confidence for consumers in their switch to EVs, improving reliability and enhancing driving range.

- **Are there other ways we can collaborate to reduce emissions and build resilience in the transport sector?**

The AADA considers that Tasmania's 86 franchised new car Dealers have a vital role to play in facilitating the transition to low and zero emission vehicles and would encourage the Tasmanian government to collaborate with Dealers when developing policy mechanisms related to this transition.



As noted above Dealers will play a central role in the purchasing, education of the community and investment in charging facilities. However, they are also key to maintain vehicle safety through the service and repair of vehicles. As vehicle manufacturers increase the offering and availability of hybrid, plug in hybrid electric vehicles (PHEVs) and BEVs franchised Dealers and agents will be investing in new equipment and technical training to ensure that the new vehicles are sold and serviced according to the very specific manufacturer endorsed procedures.

Dealers are by necessity early adopters of information, skills, and experience with new hybrid and electric vehicles. Dealers are constantly investing in staff training to safely work on, and around electric vehicles through training provided by vehicle manufacturers directly to Dealer staff and via TAFE training curriculum for automotive technicians.

Conclusion

In conclusion, the AADA considers that there are four key opportunity areas in Tasmania's to net zero emissions in the transport sector, incentives to support consumers to make the shift to currently more expensive EVs, facilitation of a comprehensive charging network to encourage consumer confidence, consideration of other types of low and zero emission vehicles and collaboration with Tasmania's franchised new car Dealers as central players in this transition.

If you would like to discuss this further, please do not hesitate to contact me.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'J. Voortman', with a long, sweeping horizontal line extending to the right.

James Voortman
Chief Executive Officer