



Phone: 02 6273 8222
Mobile: 0412 146 828
Fax: 02 6273 9399
PO Box 6278
Kingston ACT 2604

Ms Margaret Sewell
Energy White Paper Taskforce
Department of Industry
GPO Box 1564
Canberra ACT 2601

Delivery by email: ewp@industry.gov.au

Dear Ms Sewell

Thank you for the opportunity for the Australian Motor Industry Federation (AMIF) to participate in the Australian Government's Energy White Paper process.

AMIF represents the interests of 100,000 automotive retail, service, repair and recycling businesses, which employ more than 320,000 of the estimated 475,000 Australians involved in automotive and related industries, and who contribute \$208 billion in aggregated turn-over to the national economy. As such, AMIF and its predecessor, the Motor Trades Association of Australia, have, for over nearly three decades, worked closely with governments of all persuasions on matters relating to the Australian automotive industry, small business issues and fair trading policy. This is, in part, due to our status as the largest industry body, with members in almost every town and city in Australia. This means that AMIF, through its members, has one of the largest grassroots membership bases of any national association.

While the majority of the Issues Paper falls outside AMIF and its Member's direct policy interests, there are several issues that AMIF wishes to comment on at this early stage of the White Paper process. These interests include downstream petroleum matters, the need for skilled workers to meet the labour force needs relating to alternative energy sources, the advancement of biofuels and the issues surrounding the 'take-up' of LPG and electric vehicles by consumers.

The Federation, through the Australian Service Station Convenience Store Association, represents the interests at a national level, of service station operators, including single site franchisees, multi-site franchisees, commission agents, branded independents and unbranded independents. As a consequence of that representative role, the Federation has held a strong interest in matters relating to petroleum industry policy development for many years. AMIF acknowledges that some of the petrol issues will be examined in the forthcoming Oilcode Review.

Since the repeal of the *Petroleum Retail Marketing Sites Act (Cth) 1980* and the *Petroleum Retail Marketing Franchise Act (Cth) 1980* and their replacement with Oilcode, the number of independent service station operators has dropped significantly; largely due to the increasing duopoly of Woolworths/Caltex and Coles/Shell sites. From an energy security perspective, this is worrying due to the potential negative impact of consumer supply should one of the majors withdraw from the market place, or face issues in the supply chain; the forthcoming proposed sale of BP sites in Queensland, and Shell sites Australia wide, are cases in point. Such a fear is not unfounded, as witnessed with the disruption to eastern Australia's supply of Liquid Petroleum Gas (LPG) and petrol in late 2013, which occurred due to the grounding, for safety reasons, of Cootes Transport's fleet (Cootes is one of Australia's largest LPG/Petrol delivery companies).

Structural changes to Australia's domestic refining and distribution, along with the retailing strategies and decisions of the major (off-shore controlled) oil companies that have a market presence in Australia, remain an ongoing concern to AMIF and its members. The future likely closure of Shell's Geelong refinery (which follows closures of Shell's Clyde Refinery in 2011 and Caltex's Kurnell refinery in 2012) reflects the growing costs of competing against products from Asian refineries, which are considerably cheaper than domestic refining. Those decisions have serious implications for domestic energy security, as AMIF considers that the resulting loss of capacity and skilled workers presents a risk should Australia need to become reliant on domestically refined petroleum products. Such a perspective is based on the decline and end of Australia's domestic automotive manufacturing sector.

Indeed, the issue of existing and future labour shortages as discussed in the Issues Paper, seems to AMIF, to be focused solely on the energy and resource sectors. AMIF is aware that *Gas and Petroleum Operators (ANZCO 399212)* are featured on the Department of Immigration's *Consolidated Sponsored Occupation List*, meaning that international visa applicants must be employer or government sponsored; monitoring these positions and other energy and resource sector labour shortages could be addressed in the short term by adding these positions to the Department's *Skilled Occupation's List*. In the medium to long term existing shortages and labour demands surrounding new energy and resource technologies could be addressed by retraining, with government assistance and policy intervention, those workers exiting the Australian automotive industry.

In order to keep the nation's fleet moving, embedded infrastructure is necessary to supply fuel from upstream to downstream. In recent months, cracks within this infrastructure have been revealed, with downstream supply interrupted due to the removal of petrol tankers from operation due to safety irregularities. In rural and regional areas, service stations sell petroleum fuels and diesel; products such as LPG and bio-fuels are not freely available and cannot be relied upon by consumers with any certainty. This has the result of ensuring that 'take-up' of alternatively fuelled vehicles is confined largely to metropolitan areas and, even then, that uptake is confined to vehicles that are proposed to venture beyond the immediate region of their places of garaging on rare occasions, if indeed, ever.

From a retailing, servicing and repair perspective, the development and consumer 'take-up' of alternatively fuelled vehicles has been slow due to the lack of infrastructure, the cost of alternative

vehicles, and tepid consumer interest. The *2013 Australian Bureau of Statistics Survey of Motor Vehicle Use* indicates that only 5 per cent of vehicles are 'alternatively' fuelled (that is, not fuelled by petrol or diesel). *VFacts*, which is published by the Federal Chamber of Automotive Industries (FCAI), reported vehicle sales of 1,136,227 in 2013; this includes the sale of 253 electric fuelled new vehicles.

AMIF has had an involvement in a number of policy fora that have devoted attention and consideration to the various issues around electric vehicles. As a result, AMIF has a clearer view of some of the impediments to electric vehicle uptake than might be apparent to others, whose views might be formed more as a result of an analysis of generic and more readily available information concerning them. Another element in AMIF's assemblage of its views is its preference to employ a longer term, historical, context of the Australian automotive industry and its nuances as a whole, along with the persistent consumer trends and preferences that are evident within it.

AMIF understands that a wholesale take-up of electrically fuelled vehicles in Australia could possibly create more issues than it solves. AMIF's view in this regard is based on its understanding that the electricity supply grid in Australia – acknowledged by generators to already be operating at threshold levels – would have incapacity to cope with added demands placed over the top of current baseload. Arguments that demand for recharging of electric vehicles occur mostly at night and 'off peak' fail to acknowledge the existing levels of demand, which place significant impost on already groaning infrastructure.

Provision of public charge points and other supporting infrastructure can also be fraught with challenges. The electricity generation and supply network in Australia is characterised by a 'mixed regime' of ownership and responsibility of supply and of, and for, infrastructure; each wholly dependent upon just where in the supply network access is sought. When overlaid with various state and local authority land tenure and planning regime issues, the complexity involved in establishing public recharging infrastructure can be significant. AMIF has been anecdotally, yet very reliably, informed by a senior planning official of one Australian jurisdiction that the provision of public charge-points in that jurisdiction in line with government policy was, "an absolute nightmare".

Issues regarding recharge supply also exist at finer granulation. Most electric vehicles require the capacity – for optimal charge rates – to be able to draw current at up to 15 amps. Unfortunately, very few residences in Australia have wiring circuits installed rated at more than 10 amps. This is also typically the case for most residential garages, where the 10 amp circuit typically employed is also, in most cases, a 'loop' off the more general power circuit for the residence. Attempts to recharge an electric vehicle 'at home' in those circumstances is borderline possible, until such time as the resident of the home turns on the television, boils the kettle and then switches on the microwave or puts a load of washing on and has those appliances running simultaneously. In order to meet the recharging requirements for electric vehicles in an 'at home' setting, it is best if a dedicated 15 amp circuit is either installed, or retro-fitted to the vehicle's place of garaging.

AMIF has also been anecdotally -- yet again, very reliably – informed that even in the context of mid-scale trials of electric vehicles in Australia those air-quality outcomes could, in overall terms, be detrimental. One source of information to AMIF confided, in connection with one particular trial,

that due to the reliance of generation by means of brown coal combustion, that it had been calculated that the increased 'drawdown' on the grid resulting from an increase in electric vehicle recharging demand had caused an increase in emissions that was greater than the emissions typical of the 'normal' fuel burning vehicles those electric vehicles had replaced on the road.

That source further asserted that the only reason an air quality improvement might have been evident or even measurable as attributable to those electric vehicles was the reality that the source of generation was some hundreds of kilometres away from the metropolitan area in which the trial was conducted. The further assertion made was that if the source of generation had been located within the metropolitan area, that air quality could have reasonably be anticipated to deteriorate during the period of conduct of the trial.

It is evident to AMIF, then, that there are significant infrastructural issues that need to be addressed before electric vehicles can be considered a viable alternative to conventionally fuelled vehicles in a wholesale and broad manner. Electricity is not a 'drop in' fuel and other proposals, battery switch stations for example, betray a naivety in terms of vehicle specification, engineering and manufacturing that ignores both history and practice. It is worth considering that in the over 125 years of the automobile's existence on the planet, that even the humble 12 volt automotive battery has not become – and likely never will become – standardised across all makes and models of vehicle for a raft of sound reasons. What hope, then, for a drive battery for electric vehicles to be standardised across the world's 60-plus manufacturers; each possessed of their own unique design and engineering philosophies and market placements? It is quite clear to AMIF and its members, that given the current infrastructure and the artefacts of a culture that has been – and will be for the foreseeable future -- reliant on a certain specification of vehicle, for a specifically adapted application. The sales reality of electric and hybrid vehicles in this country to date reflect that reality.

AMIF thanks the Energy White Paper Taskforce for the opportunity to provide comments in response to the Issues Brief. Given that this is the very beginning of the White Paper process, AMIF is available to assist the Taskforce with any questions it may have with regards to the issues commented on in this paper, or indeed any other issues that may appear. Please feel free to contact myself, Mr Richard Dudley, CEO of AMIF or Mr Colin Duckworth, Director Policy on (02) 6273 8333 or via email at richardd@amif.com.au or colind@amif.com.au.

Yours sincerely

A handwritten signature in black ink that reads "Richard Dudley". The signature is written in a cursive, flowing style.

Richard Dudley
AMIF CEO

11 February 2014