



**NATIONAL VEHICLE EFFICIENCY STANDARD –
CONSULTATION IMPACT ANALYSIS
CARAVAN INDUSTRY ASSOCIATION OF
AUSTRALIA SUBMISSION**

Submission Date:

04.03.2024

ABOUT US

The Caravan Industry Association of Australia is the peak national body for the caravanning and camping industry in Australia. Our organisation's vision is, "To lead and champion a safe, compliant and sustainable caravanning and camping industry in Australia" while working under our operation pillars.

The Caravan Industry Association of Australia operates as a not-for-profit organisation with a membership base comprising the individual state caravanning and camping associations with whom we work collaboratively.

There are over 6,000 businesses across the entire caravan supply chain including 2000 Caravan Parks. They are responsible for generating \$27.1bn in measured annual economic impact across manufacturing, trade, retail, rental and caravan park revenue including visitor expenditure.

Many of these industry businesses financially support the organisation by making voluntary contributions towards a cooperative fund that aims to support the sustainability of the greater industry.

We are proudly the largest holiday accommodation provider in Australia and the largest provider of regional accommodation across Australia irrespective of the purpose of travel.

Our industry is also the largest remaining automotive / trailer manufacturing sector in Australia, leading the world with our innovative and durable design.

Our operational pillars span across data and research, advocacy, compliance, accreditation and marketing - working to lead and champion a safe, compliant and sustainable caravan and camping industry in Australia.

A successful and safe caravan and camping industry is good for Australia. It is good for governments, communities and businesses alike, and provides respite for all Australians looking for a holiday to reconnect with families and friends in a variety of contexts.

EXECUTIVE SUMMARY

Caravan Industry Association of Australia welcomes the opportunity to offer a submission to the *Australian New Vehicle Efficiency Standard – Consultation Impact Analysis* and in principle is supportive of **Option B – a strong, ambitious and achievable New Vehicle Efficiency Standard (NVES)**, with significant industry concerns to be considered.

Caravan Industry Association of Australia have for the purposes of this document assumed that new campervans will be afforded the same exemptions as motorhomes, noting that there is no reference to campervans in the NVES.

While supporting the policy intent, we have legitimate concerns for consumers who in good faith aim to purchase a vehicle meeting the standard being unable to access appropriate infrastructure.

Ongoing consultation with industry groups is critical to ensure the NVES is fit-for-purpose and well-designed. Irrespective of the option selected, further involved consultation processes must be adopted. This will ensure the needs of consumers and business alike are being met, particularly given the current cost of living crisis and economic challenges many of our stakeholders are facing. As an industry we want to make sure the best outcomes for customers are derived, through practical and pragmatic discussions and co-designed outcomes.

Overall, Caravan Industry Association of Australia believes considered and deliberate reforms focused on ensuring that vehicles that unnecessarily pollute are targeted under the NVES, rather than broad, generalized penalties against vehicles used for genuine purposes, will ultimately ensure that consumers and industry are benefited. We welcome further consultation with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts to ensure a balanced approach.

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OVERVIEW

Caravan Industry Association of Australia welcomes the opportunity to provide feedback on the Consultation Impact Statement (CIS) on how to save Australians money on fuel, stimulate the provision of more efficient vehicles into the Australian market and reduce CO2 emissions from new cars. Caravan Industry Association of Australia has significant concerns about how some of the proposed options in the CIS could negatively impact our members.

After careful consideration, the caravan industry believes the best approach to meeting the needs of our industry, while also managing the government's expectations for ongoing emissions from new vehicles will be **Option B – a strong, ambitious, and achievable NVES**, with protections for consumers who have a genuine need for a vehicle capable of towing large loads.

While an aggressive NVES (Option C) may seem attractive to extend environmental protections further, we have concerns that there will be a dramatic decrease in availability for vehicles capable of towing large loads.

By contrast, Option B represents a sensible approach to vehicle emissions that doesn't radically remove vehicle options for consumers who have a genuine need for a large vehicle. We note that the proposed changes will protect consumers from inevitable price shocks in the oil market, resulting in lower ongoing cost to everyday Australians. Further, subject to appropriate technological innovation, we believe that car manufacturers will over time be able to adapt to the needs of consumers who have a genuine need for a large vehicle capable of towing large loads due to credits being awarded irrespective of the method of emission reduction.

Importantly, the ability for manufacturers to accumulate credits will not only encourage emission reduction innovation but will also encourage collaboration between manufacturers.

However, we believe that Option B in its current form is not fit-for-purpose. Therefore, we make the following recommendations:

- 1. Consideration of making the targets optional for 2-years total, with binding targets for any new vehicles produced from 2027 as if the standard were in place from 2025.**
- 2. Tax concessions for consumers who purchase a light commercial vehicle (LCV) that surpasses the benchmark standard.**

Combined with conscious efforts by industry to self-innovate and boost consumer choice and transparency, these recommendations will correct the pitfalls the caravan industry will experience in a modest way, whilst also maintaining the NVES's aim of reducing emissions in a proactive manner.

It should be noted that for the purposes of this document, we are operating under the assumption that campervans will be considered for the same exemptions as motorhomes, as there is no specific inclusion or exclusion for campervans provided under any of the proposed options.

AREAS OF INDUSTRY CONCERN

- Lack of viable infrastructure for regional areas: While we acknowledge the government's commitment to invest in EV charging infrastructure across the country, we are concerned that the current and planned network is not sufficient to meet the needs of travellers, especially in regional and remote areas. Due to the travel demands, long distances and varied terrains, which require more frequent and reliable access to charging stations. A call to prioritise the development of a **comprehensive and coordinated** national EV charging network that covers all regions and routes, and caters to the specific needs of caravan and camping travellers, such as larger parking spaces, higher power outputs and longer dwell times. Coordination is critical here as the majority of the remit for this roll out has been left with state governments, local councils and commercial entities.
- Supply chain and scalability: There are concerns that the current and projected supply of EVs and related components is not adequate to meet the future driven

demand, especially for vehicles that are suitable to tow caravans. According to the latest data, low emission vehicles remained popular, with hybrids, plug-in hybrid and battery electric vehicles making up 17.4 per cent of sales, while battery electric vehicles represented only 5.4 per cent (FCAI Jan 2024). These vehicles are mostly passenger cars or small SUVs that are not suitable for our industry product.

RECOMMENDATIONS

The caravan industry recognises the economic intent of the NVES and its efforts to increase the standard of vehicle efficiency in Australia through its market stimulation. In isolation, as an instrument to bring about a cleaner and more efficient vehicle fleet the discussion is largely moot. Unfortunately, the NVES isn't operating in isolation and needs to fall back on a number of key factors in order for both the consumer market and industry to feel a higher degree of comfort.

Critical to the NVES success is underpinning the instrument with policy and strategy certainty and coordination. At present, the timing of the inception has startled manufacturers and consumers alike, a reaction that is contra to the intent of the instrument. Without a clear and articulated strategy for regional and rural dispersal through either infrastructure planning, alternative fuel use or appropriate vehicles (noting battery technology underpins this, not just an EV Hilux/Ranger/Lightning that can tow 100km under load). It is important to note the ramification on regional economies and the visitor economy if the transition is considered in its totality:

- Total visitor expenditure as of Y/E September 2023 is \$10.9 billion, with 89% of nights being spent in regional Australia.
- As of Y/E September 2023, a total of 35.446 million nights were as a result of self-drive travel, in comparison to 1.883 million nights resulting from fly-drive travel.
- In November 2023, the average total distance travelled return to caravan parks was 1931.19km
- As of Y/E September 2023, rolling annual visitor trip growth is sitting at 9%

It will be expected that as a result of the proposed changes, there would have to be a drastically impractical amount of investment into EV infrastructure for regional spending to not be affected by the NVES.

As the average total distance travelled to caravan parks return is closing in on 2000km, this would mean that if a vehicle such as the Ford F150 Lightning were to tow a caravan this distance, they would have to recharge to 80% approximately 10 times one-way, resulting in well over an additional 7 hours of travel time to an already existing 10 hours of transit.

Further to this, as an industry we are an end user (noting motorhomes are exempt from the NVES), this results in both full reliance on the market producing appropriate vehicles for towing in the required timeframes/numbers/price points and industry innovating to meet any potential shortfall in vehicle towing capacity.

Given this point is currently diametrically opposed to consumer behaviour, caravan manufacturers would need to significantly shift trajectory (without certainty), invest capital not currently available, and innovate to meet uncertain capabilities.

A risk, far too great to take without consideration, planning and the right policy/funding settings.

Industry requirements:

- All caravan parks to be assessed for fast charging infrastructure (outside of boom gate), for public use, ensuring regional dispersal. This has been in fully articulated in our last two pre-budget submissions
- Coordinated and articulated multi-governmental charging and network infrastructure rollout plan
- Tax incentives for Hybrid, alternative fuel and EV light commercials
- Co-investment funding for an industry innovation hub
- Articulated regional and rural transport and fuels strategy for the future state
- Increased consultation with broad range of peak bodies around unintended consequences of NVES, of particular note, trailer design, connectivity between the motor vehicle and trailer and new technologies in market

CONSIDERATION OF A 2-YEAR OPT-IN PERIOD

The CIS proposes two primary options regarding an opt-in period, with Option A in favour and Option B and C excluding one. It is our view that without an opt -in period, there will be little opportunity for the market to adjust to the changes, as well as a shock to consumer demand for charging stations as a result of a lack of infrastructure supply.

Our sector relies particularly heavily on the automobile manufacturing sector maintaining a healthy supply of towing-capable vehicles. Without a significant amount of time and resources invested into tow-capable vehicles by the auto-manufacturing industry, as well as space for the government to consider the infrastructure challenges to be met, there could be irreparable damage to the regional tourism industry and the drive economy.

It will be imperative to our industry that a 2-year opt-in period is put in place, as this will allow the government to put in place adequate infrastructure to meet the significantly increased demand for charging stations as well as allow manufacturers to report on any significant challenges they may face when abiding by the NVES.

CONCESSIONS FOR ELIGIBLE CONSUMERS

We believe that there will be a significant cost to consumers as a result of the proposed NVES. We believe that coupled with a lack of an opt-in period, the NVES will lead to these manufacturers passing on the cost of compliance – either with manufacturers purchasing credits from other manufacturers or directly paying penalties.

We believe that concessions that are passed onto the consumer either by rebate or other direct-to-consumer method would be a clear incentive for consumers to intentionally purchase a LCV surpassing the emission standard, as well as create a marketing opportunity for manufacturers.

We understand the government's desire for all car manufacturers to move to zero emission vehicles as soon as possible, but there are certain manufacturers that have long strides to make before they're able to meet the demands of the government.

We recommend that the Federal Government consider interim concessions for a period of 2 years after the commencement of the NVES, which we believe will allow for manufacturers that do not yet have BEV or hybrid technology to have both the time and financial resources to continue innovating.

CONCLUSION

Thank you again for the opportunity to provide feedback on the CIS. We look forward to further consultation and working constructively with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts to ensure consumers' interests are protected while enabling our industry to remain innovative and competitive. Please do not hesitate to contact me if you would like to discuss our submission further.

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Organisation questionnaire response

Privacy Setting: I agree for my response to be published with my name and position.

What organisation do you represent? (required)	Caravan Industry Association of Australia
What is your name? (required)	Luke Chippindale
What is your position at the organisation? (required)	GM, Government Relations & Advocacy
Please rank the proposed options in order of preference. (optional)	Option A - 0th, Option B - 0th, Option C - 0th
Briefly, what are your reasons for your choice? (optional, 3000 character limit)	See attached submission
Do you support the Government's preferred option (Option B)? (optional)	NULL
Do you have any feedback on the analysis approach and key assumptions used? (optional, 3000 character limit)	See attached submission
Briefly, describe how the NVES might impact your organisation (optional, 3000 character limit)	See attached submission
Who should the regulated entity be? (optional, 3000 character limit)	See attached submission