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FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON PLANNING, TRANSPORT, AND CITY SERVICES
Ms Jo Clay MLA (Chair), Ms Suzanne Orr MLA (Deputy Chair),
Mr Mark Parton MLA

Submission Cover Sheet

Inquiry into electric vehicle (EV) Adoption in the ACT

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INQUIRY INTO ELECTRIC VEHICLE ADOPTION IN THE ACT

SUBMISSION BY
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Hyundai Motor Company Australia (HMCA) is pleased to make this submission to the Inquiry into EV Vehicle Adoption in the ACT.

Hyundai Motor Group, based in Seoul, South Korea, is the world's fifth largest automotive company by sales volume. In 2021, the group sold 6.69 million light vehicles globally. We are part of a broader family of companies that also produce heavy vehicles, ships, trains, aircraft and infrastructure.

HMCA is a wholly owned subsidiary of Hyundai Motor Group. We are headquartered in Sydney and have a dealership network of 164 locations nationwide, including two in the ACT. In 2021, we sold 72,872 light vehicles making us the number three automotive brand in Australia by volume.

We are the only automotive company in Australia to offer all four EV technologies, that is fuel cell electric (FCEV), battery electric (BEV), plug-in hybrid (PHEV) and hybrid (HV) placing us at the forefront of the country's transition to low and zero emission vehicles.

We are seeing strong momentum behind the electrification of transport in Australia. This is evidenced by vehicle sales data, with Australia's new EV market rising 200% in 2021 versus 2020. Despite this impressive growth, this market still only makes up just 2% of the total market share of new vehicle sales.

The ACT is leading the charge in Australia's EV transition. With 5% of vehicle sales being EV in 2021, the jurisdiction's range of supportive measures are clearly highly effective in driving adoption. The ACT Government is to be commended for its ambitious government fleet target in particular and its decision to become the first fleet in Australia to integrate FCEVs, leasing a total of 20 Hyundai NEXOs for three years.

HMCA acknowledges the ACT Government's recent announcement that it will commence phasing out light internal combustion engine vehicles from 2035 as outlined in its Zero Emissions Vehicles Strategy 2022 – 30. We look forward to working closely with the government as it implements this strategy over the remainder of the decade including ensuring ample infrastructure is in place to support mass BEV and FCEV adoption.

HMCA understands the ACT is now working towards its initial target of 80-90% of all new vehicles to be EV by 2030. To achieve this, we recommend the ACT Government commit to the following three measures:

- Additional financial support for BEV and FCEV infrastructure roll out to achieve complete territory-wide coverage of public electric charging points and hydrogen refuelling stations;
- Financial and coordination support for new, larger-scale passenger and commercial BEV and FCEV projects with a focus on transitioning new fleet customers; and
- Continuation of existing financial EV purchase incentives for ACT residents to 2030 (stamp duty and registration exemptions, and interest free loans).

With a limited geographic area conducive to infrastructure coverage, its leadership in EV adoption and existing potential fleet customers including the Federal Government, the ACT has several key advantages to achieving network coverage in a cost-effective manner.

Canberra presently has one hydrogen refuelling station which is nearing capacity and limited BEV fast charging. HMCA commends the ACT Government's $1.3 million commitment towards 50 public charging stations, however financial support is also needed for additional hydrogen stations.

With the ActewAGL station at Fyshwick operating at capacity and with FCEV demand expected to increase, there is a clear opportunity to invest in additional stations in the ACT. We believe that three higher capacity refuelling stations would be sufficient to cover the Territory.

We would welcome the opportunity to discuss hydrogen infrastructure investment as well as our response to this Inquiry more broadly with the members of the Standing Committee on Planning, Transport and City Services.

Our response to the Standing Committee's terms of reference is presented below.

1. Skills development needs to support an expanding EV uptake

From a vehicle perspective, the availability of qualified automotive mechanics is vital to support higher levels of EV uptake. Hyundai EVs are maintained by our dealership network with only qualified mechanical technicians servicing these vehicles in our dealer workshops.

Beyond being qualified, technicians must complete Hyundai's highest level of certification to be awarded Hyundai Master Technician status before being permitted to complete BEV and FCEV technician training.

HMCA believes company led training is the safest and most effective way to ensure the highest standard of BEV and FCEV servicing. As noted above however, we do require an ample supply of qualified automotive mechanics which currently presents a challenge given labour shortages facing the sector.

HMCA has supported CIT Fyshwick for several years including donating Hyundai vehicles for training purposes. We recommend the ACT Government continue to support automotive courses offered by CIT and consider how it can attract more students to the profession to address skill shortages.

To ensure a safe environment for BEV and FCEV servicing, we work with Hyundai dealers to establish dedicated workshop spaces. FCEVs for example have unique servicing requirements such as gas detection, gas venting, power shut off and grounding. In the ACT, Lennock Hyundai at Phillip was the first Hyundai workshop in Australia to be established as a certified FCEV workshop to maintain the ACT Government's NEXO fleet.

To construct this workshop, HMCA engaged experts in hydrogen gas, hazardous areas, pressure testing, earthing and lightning protection design. We were unable to source these skills in the ACT and so had to utilise consultants from interstate.

In regard to hydrogen refuelling infrastructure, the ACT has insufficient skills in the design, construction and maintenance of this equipment. This is consistent across all Australian jurisdictions with several states looking at developing tailored training packages to address these. We recommend the ACT Government do similar with a focus on upskilling engineers and trades as well as equipping approval authorities and first responders with hydrogen expertise.

HMCA does provide awareness-level safety training with first responders wherever FCEVs are operating. This online training includes vehicle operations, refuelling or charging, codes and standards and emergency response to incidents such as fire or explosion. We have conducted training in the ACT, but additional courses on broader hydrogen fundamentals would of course be valuable.

2. Industry development opportunities

HMCA believes demonstration, and subsequently, larger scale fleet projects represent the most effective method for developing the hydrogen industry by showcasing the technology's potential in real-life settings. The Fyshwick hydrogen refuelling station is an excellent example of a demonstration project, enabling ACT Government employees to experience FCEVs directly.

As this site is now at capacity, for members of the wider ACT community to experience FCEVs, investment in the Fyshwick site is needed as a priority to increase the volume of hydrogen storage on site and allow additional vehicles to be refuelled. HMCA would be pleased to provide further information on this opportunity to the Standing Committee.

Secondly, in parallel, support for additional hydrogen refuelling sites is required to encourage Canberrans across the ACT to consider an FCEV and promote mass adoption. This is important as a range of vehicle technologies will be required for the ACT to reach their 2035 target given the diverse driving needs of ACT residents and businesses.

Higher capacity stations are become increasingly common overseas with some stations supporting over 100 vehicles per day. The ACT has an opportunity to build the first multi-mode public hydrogen refuelling station in Australia supporting both light and commercial FCEVs in volume. Again, HMCA would be pleased to provide more information on this opportunity.

3. **Planning laws and regulations and education and promotions in relation to charging infrastructure requirements in a variety of residential, public and commercial configurations and precincts**

As an automotive company, we are unable to comment in detail on planning laws and regulations impacting charging and refuelling infrastructure, however in our experience installing this equipment at our headquarters in Sydney, we understand the challenges facing these developments in mixed use zones (commercial/residential).

These laws and regulations vary between hydrogen refuelling and battery electric charging stations and therefore different approaches are required. It is our experience that given hydrogen's relative immaturity in Australia it presents greater hurdles in planning design and approval, and we would therefore encourage the ACT to consider how approval authorities can ensure the highest levels of safety while not stifling investment and progress.

4. **ACT Government's role in providing charging infrastructure**

HMCA supports the ACT Government's approach to BEV charging infrastructure including its recent funding for 50 public chargers, but as noted above, support for hydrogen refuelling stations in parallel is also required if the Territory is to achieve its decarbonisation ambitions.

Several states have provided direct funding support for hydrogen mobility projects, including New South Wales, Queensland and Victoria with Western Australia expected to announce projects soon as part of its recent funding round. HMCA recommends ACT consider a similar approach to stimulate development of additional stations. As mentioned above, limited funding would be required to complete the network given the Territory's footprint.

5. **Regional charging infrastructure and whether this is a barrier to local uptake, end-of life battery disposal, and impact of EVs on ACT power supply requirements and vehicle-to-grid issues**

Hyundai takes sustainability very seriously and we are working with the Federal Chamber of Automotive Industry (FCAI) and the battery recycling industry to ensure the safe disposal and recycling of EV batteries. During a recent EV battery replacement campaign our recycling partners successfully recycled over 99.2% of the EV battery with core materials retuned to the battery manufacturer to be used again.

6. Application of Territory taxes and charges for EV purchases including registration charges

HMCA supports the current stamp duty and registration exemptions offered by the ACT Government and recommends their extension until at least 2030, the year in which the territory intends to reach 80-90% of new cars sold being EV. This support has clearly been highly successful in driving EV uptake to date as evidenced by ACT sales data.

We do not support the introduction of a road-user charge. A tax placed on EV owners at this critical point in the technology's acceptance will reverse the ACT's excellent progress to date and negatively impact upon its ability to reach its 2035 EV target.

7. Federal taxes and charges for EV purchases, including import taxes

HMCA supports the removal of the luxury car tax (LCT) in full for all EV purchases. While the Federal Government wishes to prioritise the transition to safer, more fuel efficient, technologically advanced vehicles, the LCT discourages consumers from purchasing cars with these characteristics and should therefore be eradicated.

We would therefore support any efforts by the ACT Government to advocate for the removal of the LCT.

8. Other Federal barriers to EV uptake, cost and availability of EVs, including fuel efficiency standards, impact of EV uptake on existing motor and service industry sectors including possible transition assistance, equity and just-transition issues for people on lower incomes

HMCA acknowledges the role of mandatory light vehicle CO2 emissions standards in directly reducing transport emissions by encouraging automotive companies to introduce a wider range of low and zero emission vehicles.

In a small market like Australia, it can be difficult for manufacturers to justify introducing new models where potential sale volumes are limited. With an emission standard in place, this requires automakers to consider the emissions footprint of their vehicle line-up.

HMCA thanks the Standing Committee on Planning, Transport and City Services for the opportunity to make this submission and would be pleased to provide any further input as required on how the ACT can effectively remove barriers to EV uptake as it implements its EV strategy.

Should you have any questions regarding this submission, please do not hesitate to contact Mr Scott Nargar, Senior Manager of Future Mobility and Government Relations on m: [redacted] or e: [redacted] to discuss further.