

# Australian Greens

## Additional Comments

1.1 The Australian Greens broadly agree with much of the thrust and the recommendations of the committee's report. The Australian automotive components industry is in crisis and without prompt action there is a real prospect most of the components industry will not survive the transition.

1.2 This crisis has been a long time in the making, with successive governments' failure to lead a transformation of the industry. But the Abbott government has accelerated the crisis with its plan to make over \$900 million in cuts to the Automotive Transformation Scheme and with no real plan to support transition in the industry.

1.3 The government's approach could see the component sector collapse and the big car makers leave early, with potentially devastating consequences for hundreds of thousands of workers and their families.

1.4 Workers in the car and component industries are driving towards a cliff in 2016/17 while we miss big opportunities to create sustainable jobs in the meantime. The south-east states of Victoria and South Australia, which have suffered from the pressures of the mining boom, are particularly affected. Unemployment figures of 6.2% in Victoria and 7.9% in South Australia<sup>1</sup> highlight that south-east Australia urgently needs a plan for sustainable jobs.

1.5 However, the committee's report also fails to address the biggest challenge of our time—climate change—and the enormous challenges and opportunities this will bring to industry and to the transport sector.

1.6 Australia must become a zero-pollution society within the next two decades. Transport currently accounts for approximately 16% of Australia's greenhouse gas emissions,<sup>2</sup> so a shift to new ways of getting around is vital.

1.7 Globally, sales in electric vehicles and hybrids are expected to exceed half a trillion dollars by 2025. The future is electric mobility, alternative fuels and public transport. All of these need high-tech components and those components can be made here in Australia.

1.8 The Greens supported the establishment of the current inquiry into the industry, but we are concerned that without action now, tens of thousands of jobs are at risk and opportunities will be missed if a new plan isn't put in place soon. As the committee's report notes, Ford's planned exit in 2016 together with shrinking forward orders in the component sector frees up saving in the Automotive Transformation Scheme which could be redirected and spent on a longer-term jobs plan.

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1 Parliamentary Library, 'Labour Force Survey data', accessed 18 August 2015.

2 'Light vehicle emissions standards for Australia', Australian Government Climate Change Authority, 2014 <http://www.climatechangeauthority.gov.au/Node/265> (accessed 1 August 2015).

1.9 The Greens want to see an Australian-made component in every electric car built around the world.

1.10 The Greens want to find out if we can make electric cars here by extending government support to new car makers who have a plan to build vehicles in South Australia or Victoria.

1.11 New makers in Australia and a component sector servicing the global alternative fuel car market could provide sustainable jobs for some of the workers in South Australia and Victoria after Holden, Ford and Toyota leave.

1.12 Already some Australian based component producers are joining the world's electric car revolution. In 2012, after receiving government support from existing green and clean energy, Nissan Casting Australia based in Dandenong South secured ongoing contracts to produce several complex powertrain castings for Nissan's all-electric Leaf. Now the company is continuing to grow and has a secure future.

1.13 Australian car parts maker Futuris has won a major contract to supply seats for the next-generation Tesla battery-powered car due to go on sale in Australia this year. Tesla is taking the motoring world by storm. Engineering for the program is done in Port Melbourne and comes on the back of previous contracts with Tesla.

1.14 Companies like Futuris and Nissan Casting should get ongoing support under a 'Green Car Transformation Scheme', which we recommend below. However, as it stands, support for successful businesses like Futuris and others will shortly come to an end.

1.15 The Greens do not oppose the intent of the recommendations in the committee's report, but we believe they are not sufficiently forward thinking. Accordingly, we would adopt those recommendations but would modify them to incorporate the following.

### **Recommendation 1**

**1.16 The Greens recommend the ATS and its governing legislation be amended to:**

- **continue support to currently eligible ATS recipients;**
- **establish a Green Car Transformation Scheme and redirect the estimated \$800m ATS underspend towards the scheme;**
- **broaden the eligibility for new entrants to the scheme by removing current requirements for Australian component manufacturers to be producing components for Australian major vehicle producers to be eligible for assistance;**
- **focus assistance on auto parts makers that are seeking to be part of the local or global supply chain for electric vehicles or vehicles not powered by fossil fuels;**
- **provide support for any new major vehicle producers that are established and invest in Australia that intend to produce electric vehicles or vehicles not powered by fossil fuels;**

- **extend the above assistance beyond the current and proposed government end date for the ATS for the next ten years until 2025;**
- **favour new applicants who commit to hiring workers made redundant from existing car or component makers;**
- **increase transition assistance to workers in the industry;**
- **enable eligible participants to receive payments in quarterly instalments referable to the expenditure incurred in the preceding quarter.**

1.17 Electric mobility is the future. By joining the shift to electric and alternative-fuel vehicles Australia will reap enormous benefits in the economy and the environment. Electric vehicles are cleaner and can be powered by renewable energy. They can contribute to electricity demand management by providing battery storage to the grid. Over the coming decades electric vehicles will join internet, mobile communications and distributed energy in transforming our economy and society. The government can play a role in creating a domestic market for electric vehicles.

## **Recommendation 2**

**1.18 In addition to the above measures, the Greens recommend:**

- **Establishing a fund to support incentives and infrastructure support to encourage the purchase and rollout of electric vehicles in Australia;**
- **Immediately placing on the Council of Australian Government's agenda the development of a policy framework for electric and alternative fuel vehicles including:**
  - (i) **implementation of consumer incentives for electric vehicle ownership including, registration rebates or cash-backs, tax credits as well as significant targets for government fleets;**
  - (ii) **putting in place a regulatory environment that supports electric vehicles such as regulation of deployment and the setting of competition and policy standards;**
  - (iii) **maximising energy opportunities through appropriate regulation, such as requiring "smart" charging sourced through renewable energy;**
- **The Prime Minister and the government, like the US and Germany, should commit to a near term target for the take up of electric vehicles in Australia.**

**Senator Janet Rice  
Australian Greens Senator for Victoria**

