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SPEECH

Bringing car manufacturing jobs back to South Australia

1) Global context

We are on the cusp of the biggest disruption to our transport system since the advent of the internal combustion engine.

Bloomberg anticipates that EVs will make up 54% of all new car sales globally by 2040, and will be cheaper to buy than petrol and diesel cars by 2025.

11 countries and states have already announced they will phase out the sale of petrol and diesel cars in coming years, including China, India, Germany, Britain, France, and California.

Industry is moving even more rapidly. The world’s major carmakers have announced investments totalling $90 billion into EVs over coming years, with Volkswagen leading the charge, spending $40 billion between now and 2030 to electrify over 300 models.

We by no means fully understand the extent to which this revolution will transform the way we live our lives.

As Sanjeev Gupta noted here yesterday, just as the advent of the mobile phone did much more than allow us to speak to each other without a land line, EVs will do much more than transport us from A to B without oil.

Coupled with the rise of technologies like automation and artificial intelligence, EVs stand poised to completely transform our transport and energy systems.

We are already seeing the emergence of ‘mobility service’ business models that will challenge the economics of the conventional vehicle ownership model.

And on the energy side, the mobile storage capacity EVs will add to our grid will fundamentally change the way we plan and use our energy infrastructure.

2) Economic benefits

We also stand to gain economically from this transformation.

A recent report by PWC found that if Australia were to adopt EVs at a similar rate to Norway (whereby EVs make up 57% of all new car sales in Australia by 2030) it would:

- Boost GDP by $2.9 billion (relative to 2017)
- Boost net employment by 13,400 jobs

- Save EV owners $1,700 per annum

- Eliminate 16 million barrels of imported oil per annum by 2030

- Reduce emissions by 18 million tons (equivalent to taking 8 million petrol cars off the road).

EVs will also dramatically reduce our reliance on imported oil, boost demand for home-grown electricity, and enhance our energy security and independence.

The EV revolution is also good news for our miners. We are already the world's biggest supplier of lithium, and Bloomberg predicts supply of raw materials for batteries will be worth US$75 billion in 2030.

3) <u>Australia's competitive advantage</u>

Despite all this, EV uptake in Australia has been depressingly slow. They made up just 0.2% of car sales last year, equating to around 2,400 vehicles. We are lagging 5-10 years behind the rest of the developed world.

But as I discussed with the Federal Energy and Environment Minister, Josh Frydenberg, on Tuesday, this will change. He expects EV sales to grow to 1 million by 2030. According to Bloomberg, EVs will account for 28% of new car sales in Australia by 2030.

The question then for us is simple: do we want to import these vehicles, or do we want to build them?

Modern car manufacturing is far from being a developing country only game. Of that $90 billion investment already announced $52 billion will go to Germany and $19 billion to the US. But none directly to Australia.

As with any industrial transformation, this will be a huge opportunity for new players to emerge. And this is where Australia has a chance to make an impact.

It's not necessarily about convincing Toyota or GM to come back here; it's about convincing the next EV start-up to choose Australia as its launch pad to pioneer disruptive innovations that match our natural strengths and competitive advantages.

These vehicles will increasingly look and be built differently. Many will be lighter, with fewer moving parts, and have a much higher degree of software integration than their combustion engine ancestors.

There are compelling reasons for companies to establish their operations here. We, perhaps more than any other country on earth, have all the right ingredients to be an EV manufacturing powerhouse.

We essentially have all the natural and human resources needed to build an electric vehicle, from the lithium, cobalt, nickel, and graphite that goes into the batteries, to the steel, aluminium and plastics that go into the chassis and bodies.

We also have the highly trained engineers and computer scientists to build the machines that will build the cars and the software that will operate them.

All this offers the promise of vertical integration within a comparatively stable political environment.

4) SA's opportunity

South Australia, in particular, is ideally placed to build EV's.

Tesla's success in establishing its manufacturing plant in California has proven what's possible. The situation here is analogous to that in California, where Tesla bought an old factory owned by GM and Toyota to build its Model S.

It's less than a year since Holden ceased its operations at its Elizabeth plant, meaning that much of the skilled workforce is still around, as is the site.

Adelaide is also the perfect testing ground for new EV technologies and business models. A flat, well planned, grid city, with a world class data network, high rooftop solar penetration, a world class university sector, a highly skilled labour force, and a sizable population. It is a winning combination.

This is not just a vision for the future. It is already happening. Since joining the Senate in March this year, I have been pleased to see first-hand examples of the momentum behind the electric vehicle industry here in SA.

We have companies like Precision Buses, based in northern Adelaide, that are already manufacturing high quality electric buses, and others overseas and interstate that are looking to shift their operations here.

Mr Gupta has made clear his intentions to establish large scale EV manufacturing here in Australia. Has already expressed interest in utilising Holden's Elizabeth plant and equipment, but that offer was rejected by Holden.

South Australia is still in the game, but the clock is ticking. We must act fast.

The danger is that without action, Australia will be left behind in yet another round of global disruption – we will again be held hostage to international developments, rather than reaping the benefits of helping engineer the change.

5) What needs to be done

More needs to be done by government at all levels to create the right enabling environment for business and to realise the full potential of this opportunity. Accelerating domestic uptake will be a critical first step.

The public want it. Polling shows nearly two-thirds of voters support providing incentives for EVs.

At a Federal level, we should:

- Offer tax concessions for companies that establish EV or EV component manufacturing here in Australia;
- Extend and refocus the Automotive Transformation Scheme, which was originally established to support Holden, Ford and Toyota, so it is targeted to support EV start-ups;
- Introduce the long-awaited fuel efficiency standards for light vehicles to improve EVs' market competitiveness;
- Exempt EVs from the luxury car tax; and
- Work with state and local governments to coordinate and expand the roll out of charging infrastructure.

At the state level, we should waive vehicle registration and stamp duty charges for EVs.

And at the local government level, we should be offering EVs free parking and the use of bus lanes.

It's also time for government take the lead in driving EV uptake through aggressive fleet purchasing policies, and to provide incentives for business to do likewise.

When the Senate resumes sitting in June, I will push for a Senate Committee Inquiry into EVs in an effort to intensify the spotlight on the potential of EVs for this country and continue building momentum for government action.

With the right suite of policy settings and incentives, we can play Australia back into this game. But we must act now with conviction and vision.

It's time to bring car manufacturing jobs back to South Australia.