

Future Fuels and EV

Caravan Industry

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".

There are over 6,000 businesses across the entire caravan and camping supply chain and the industry is responsible for generating over \$24B in measured annual economic revenue across manufacturing, trade, retail, rental and caravan park revenue, this also includes visitor expenditure.

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. The industry is also the largest remaining automotive / trailer manufacturing sector in Australia, leading the world in our innovative and durable design which suits the way our customers like to use our product, and one of the reasons why the sector experienced a 43-year manufacturing high last year as we try and keep up with demand.

Our state of the industry snapshot 2021- 2022 demonstrates the depth and impact of the industry across all sectors. We are extremely proud of our tourist and manufacturing footprint and the resilience of the sector; whilst experiencing the unprecedented challenges brought about by COVID-19, the industry was still able to be a backbone to the Australian domestic tourism industry. Having Australians moving around their country and visiting regional and rural areas, bringing much-needed economic stimulus to the communities that needed it most.

Over 90% of our fleet is towed product (mirroring the US market) meaning the dependency on the tow vehicle is paramount to industry success. Technological advances being driven by government policy and environmental thinking will have a significant impact on the way our products are designed in the future, and the types of products our customers will wish to travel in.

Being the last sovereign vehicle manufacturing sector, ensuring the sector's future growth and development is of the highest priority. The transition to a future fuels environment poses both an opportunity and threat, as an industry we can play a key role in how energy is collected, stored, and distributed. We can be at the forefront of this transition, provided the emerging threats to the industry are mitigated. Threats would, if not mitigated see a drastic decline in drive tourism, a decline in regional and rural tourist expenditure, a decline in Australian manufacturing and an influx of imported products.

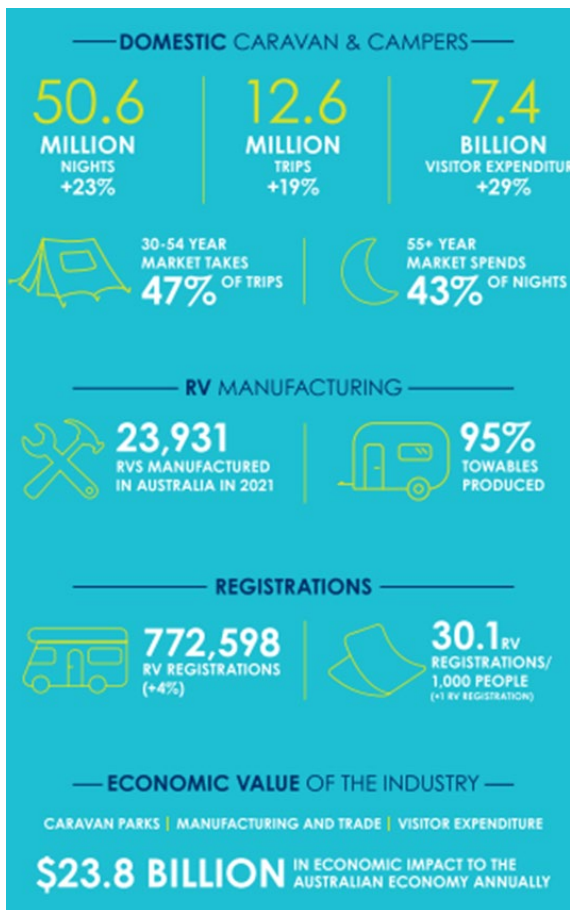


Figure 1 State of the Industry statistics 2021 – 2022

Drive Tourism

Today, there are 2,600 caravan parks in Australia, which employ approximately 50,000 people and generate tens of thousands of indirect jobs. As drive-tourism accounts for 75% of all tourism in regional Australia, charge infrastructure and the activation of the accommodation sector to install charging points will be key in facilitating the long-term recovery of regional tourism.

Caravan parks, sometimes the only accommodation offering available in regional areas, are ideally situated to provide EV charging points to travellers.

Government assistance in this space could be a great opportunity in propelling the long-term rebuild of regional tourism following a devastating couple of years, as well as easing the transition to EVs for regional communities dependent on the visitor expenditure generated from drive-tourism.

Regional tourism's largest barrier is access; we also know that EV owners base their road trip holidays on where they can charge their vehicles. It would be wise for the government to take advantage of the 2,600 caravan parks dotted around Australia that have available space to add EV charging stations, to maintain regional visitation as the population increasingly takes up EVs.

We know there are a growing number of parks installing charge stations for the benefit of their guests and to be an access point for regional travel. A small number of park operators have seized the opportunity to install EV charging points in their parks, this has been an independent business owner's decision to do so.

The installation of the infrastructure has been a cost impost to the individual business, and a barrier to entry for those wishing to follow suit. This is something we would like to see supported by government to help further the nation's transition to EV.

Electrification of Fleet

Caravan Industry Association of Australia recognises the transition to a future fuels environment holds with it plenty of opportunity, for both accommodation and manufacturing segments of the industry. It also holds with it plenty of challenges, challenges in infrastructure, suitable vehicles, cost and access.

Current data produced in September 2022 by the Federal Chamber of Automotive Industries (FCAI) shows that EV sales are up by a record margin of 4.4% with Tesla still leading the way in sales. This is a big step forward in the EV market, albeit a long way behind the rest of the world in terms of market sales of approx. 95,000 vehicles. The highest-selling vehicle in our local market, the Toyota Hilux, is still the workhorse of Australia.

We know Australia's consumer behaviour mirrors that of America's in that large 4WD utilities dominate the landscape. Like America, we have a dual-purpose rationale driving our purchasing appetites, business and leisure. Our utes are used during the week to tow trailers or carry tools, while on the weekend, they're used to tow the caravan, boat or jet ski – it's part of who we are as an outdoor lifestyle-loving nation.

The most comparable vehicle leading the way in this space is the Ford F-150 Lightning, a very sleek-looking and high-performance machine. With a heralded 4.5 tonne towing capacity and 298 kW of power, it is a serious machine. This is the vehicle currently used as the exemplar of what EV is capable of in the light/heavy vehicle product segment.

The reality for the Lightning is that it is firmly based in the American market, and although our consumer behaviours model that of the US, we are tethered to the Asian market. This means we will not see the F-150 Lightning in an affordable and domestically available version until the late 2030's if current trends continue.

Caravan Industry Requirements

As an industry, there are key factors we need to consider when looking at a low emissions state or transition to electrification/future fuels.

Firstly, the obvious one; towing capacity. Using the F-150 Lightning as an example, its standard current battery capacity will see it with a towing range of approximately 100km under heavy load and 320km without load.

With a larger extended range battery, this pushes the tow range out to 250km under heavy load or 480km unloaded. The current combination of load towing capacity and limited range causes significant consumer anxiety.

This results in a few different outcomes, either batteries get better, the infrastructure becomes overwhelmingly easier to access or the loads get lighter. This last point would need levers pulled through policy to assist in funding for innovation and manufacturing modernisation. A huge opportunity for the sector, but one they can't, and are unlikely to embark upon without federal assistance. Regardless, the F-150 suitability will be best left to metro regions at this stage.

Alternate Fuels and Emission Reduction

With current thinking focused on the entire Australian automotive fleet being turned over to EV, this places the brunt of the burden on significant electricity and charging infrastructure upgrades and installations.

As an industry, we are concerned about the strategic view of energy and the likelihood of a mix of fuel sources from both EV and hydrogen. Hydrogen is favoured by heavier industries, but its large-scale commercial supply chain is still largely unproven. However, with greater demand, this would see a significant shift towards commercial viability and potential widespread use.

As an end-of-trip destination, caravan parks will be expected to have the infrastructure for cabins, cars, vans and RV's in a new EV state. It would be unfeasible to expect parks to undertake these considerable expenditures and infrastructure upgrades without assistance.

Charging Infrastructure and caravan parks

At present, only a small percentage of parks across the industry have taken the opportunity to install EV chargers in their parks (over and above existing trickle-feed powerheads). This move has prompted a positive response from travellers and broader customers (used as a drop-in location for charge).

In fact, a number of these parks have gone as far as installing more chargers because of the success. This move has triggered the prospect of electricity grid upgrades to meet the demand – at the cost of the park. The estimates of which would likely lead into the tens of millions.

A mature conversation will also be needed on how caravan parks can receive a reasonable return on their investment for both the installation of powerwalls, and charging stations, but also the potential power grid upgrades required to facilitate the efficient discharge of increased power consumption, at a time when utility costs are skyrocketing.

Community Batteries

Although the high cost of infrastructure is a barrier to any transition, we as an industry see tremendous opportunities in contributing to the community battery network. Having better access to government funding and grants, while partnering with state governments and energy solution providers, caravan parks could play a major role in the transition to a low-emissions future as an aggregated community battery provider.

Further to this, expanding community microgrid programs would also provide the opportunity for parks to embark upon their own energy retention systems (solar or wind). In combination with demand management software, microgrids would be able to fill the gap of infrastructure upgrades and act as an energy supply both for the park and the broader grid. We also see the potential for energy generated through kinetics or solar by travelling caravanners could create a “trading market” as caravanners discharge excess power into the caravan park grid, subject to battery storage technology improving.

Facilitating EV Travel to the Regions

If EV regional travel is to become reality, it is private enterprises that will have a critical role in adapting the infrastructure through the development and implementation of EV charging points and battery technology. Encouraging private investment in charging points will extend the electric vehicle charger network into regional Australia and ensure EV travellers aren't restricted to city travel.

Energy Uplift Scheme for Caravan Parks

The cost of electricity is the second-largest expense for a caravan park, after wages. In addition to this, most of Australia's caravan parks are situated in remote and regional areas and have ageing infrastructure that causes increased running costs and emissions.

Overall occupancy costs (of which electricity makes up the majority) have increased 45% over the last ten years (BDO, 2021), and greatly impact a park's bottom line.

Caravan Industry Association of Australia proposes a program that mirrors the 2020 'Hotel Energy Uplift' scheme delivered by the Department of Industry, Energy and Emissions Reduction.

The program would focus on upgrading equipment to monitor and reduce energy consumption. It would assist 500 caravan parks in improving and modernising their facilities (based on a \$10,000 grant per business, matched at 1:1 by the business), in turn stimulating job creation and a projected \$5M in private investment.

Next steps

Caravan Industry Association of Australia is ready and willing to work with all areas of government and be involved in any future discussions as we approach the new future fuels state.

Our reach into regional and rural areas, coupled with our manufacturing potential means we need to be involved in how the transition is planned, managed, and delivered. Anything short of this would pose a significant risk to regional economies, domestic tourism, and sovereign vehicle manufacturing.

We thank you for the opportunity to provide a submission on this critical discussion.

A handwritten signature in blue ink, appearing to read 'Luke Chippindale', is positioned above the typed name.

Luke Chippindale

General Manager, Government Relations, and Corporate Communications

Caravan Industry Association of Australia