

26 July 2024

To whom it may concern,

Transport and Infrastructure Net Zero Consultation Roadmap – July 2024

The Insurance Council of Australia (**Insurance Council**) thanks the Federal Government for the opportunity to provide input into the Transport and Infrastructure Net Zero Consultation Roadmap. We appreciate the collaborative approach the Federal Government has taken to welcome submissions from interested stakeholders.

The Insurance Council is the representative body of the general insurance industry in Australia and represents approximately 89% of private sector general insurers. As a foundational component of the Australian economy the general insurance industry employs approximately 46,000 people^[1], generates gross written premium of \$66 billion per annum, on average pays out \$159 million in claims each working day (\$39.4 billion paid out per year).^[2]

The Insurance Council and its members welcome the Federal Government's commitment to decarbonising transport and infrastructure and are supportive of developing a transport and infrastructure net zero action plan, as a key step towards meeting Australia's greenhouse gas emissions reduction targets. Electrification of Australia's transport sector, including the electrification of passenger and commercial vehicles, will play an important role in the transition to net zero. Insurers are working to reduce emissions across their operations, investments, underwriting and supply chain, and a faster transition to electric vehicles (EVs) in Australia will facilitate faster decarbonisation of insurer's motor books.

Our submission draws on the consolidated feedback from Insurance Council members and sets out a range of recommended policies to accelerate a shift to low emission transport modes:

The Insurance Council and its members are supportive of a national policy framework for active and public transport

The Insurance Council and its members welcome the Federal Government implementing a national policy framework for active and public transport that includes infrastructure development, public engagement, legislative reform and technological advancement. While developing this framework, it is important to consider personal safety and appropriate risk management - this is particularly relevant for personal mobility devices (such as e-bikes and e-scooters) used most commonly for personal transport and urban last-mile delivery.

Minimising potential fire risks

According to EV FireSafe data, personal mobility devices have a higher risk of battery fire overall and a higher risk of causing injury, fatality and property loss.¹ This is primarily due to market demand leading to poor design and manufacturing, high wear and tear, poor regulation and enforcement, and the storage and charging inside buildings. While EV FireSafe has found six battery fires in Australia for road registered EVs, battery fires for personal mobility devices are occurring weekly in Australia. This disparity in fire risk profiles, indicates the need to strengthen regulation and enforcement for personal mobility devices.

^[2] APRA data, [APRA releases general insurance statistics for June 2023](#) | APRA, June 2023

¹ EV Fire Safe, [05.1 Categorising lithium-ion batteries](#),

To reduce the potential fire risks associated with personal mobility devices, the Insurance Council recommends the following policy measures:

Recommendation: Strengthen regulation and enforcement for personal mobility devices by creating a national regulation framework to ensure the importation and sale of safe equipment only.

- Increased demand for these low-emission transport options has led to imports of non-compliant devices that pose higher risks of battery fires, injuries, fatalities, and property loss, necessitating stronger government oversight. The Insurance Council supports the NSW Government's efforts to ensure compliance with safety standards and encourages national certification requirements to standardise battery safety across Australia.

Recommendation: Educate consumers about the safe operation and maintenance of electrified transport and charging infrastructure for all vehicle types.

- The fire risk associated with lithium-ion batteries in all vehicle types can be minimised with appropriate operation, such as storing batteries in a cool, dry place, and by avoiding hazardous operation, such as charging batteries that have been damaged.

Recommendation: Federal Government funding, matched by the states and territories, for research and training for fire authorities and other first responders, to enable safe management of fuel-efficient vehicles involved in collisions and fires.

- Research indicates that road registered electric vehicles do not present a greater risk of fire occurrence than internal combustion engine (ICE) vehicles² however when EV battery fires do occur, they need to be managed differently and may require more time, resources and firefighting water to manage the incident. Battery fires are generally harder to extinguish due to the toxic chemicals released from malfunction, and firefighters require specific training to achieve this.
- Federal Government funding, matched by the states and territories, could support existing research being undertaken by bodies such as the New South Wales Fire and Rescue to better understand how to effectively manage these incidents; as well as supporting EV FireSafe to undertake a robust and independent review of global literature about electric vehicle fire safety in the built environment

Investment in electric vehicle charging infrastructure and recycling facilities

With demand for EVs increasing and road freight expected to grow significantly, the Federal government can play a greater role in investing in charging infrastructure and battery recycling facilities. This could build upon existing Federal government commitments in the Driving the Nation Fund and the National Battery Strategy, by expanding the national rollout of EV charging infrastructure and investing in local EV battery recycling facilities to appropriately manage end-of-life EV batteries.

To accelerate the uptake of electric vehicles in Australia, the Insurance Council recommends the following policy measures:

Recommendation: Invest in the national rollout of electric vehicle charging infrastructure.

² Boehmer HR, Klassen MS and Olenick SM (2021) Fire Hazard Analysis of Modern Vehicles in Parking Facilities, *Fire Technology*, No 5; Burke G (2021) EV Risk Assessment. Risk Impact Pty Ltd; Bisschop R, Willstrand O and Rosengren M (2020) Handling Lithium-Ion Batteries in Electric Vehicles: Preventing and Recovering from Hazardous Events, *Fire Technology*, 56, 2671–2694; Sun P, Huang X, Bisschop R and Niu H (2020) A Review of Battery Fires in Electric Vehicles, *Fire Technology*, 56, 1361–1410.

- Federal and state governments should increase existing funding commitments for electric vehicle charging infrastructure to ensure there is a comprehensive Australia-wide network in place by 2026. In addition, governments could explore with the private sector how to provide financial incentives to reduce the cost of installing home and commercial charging equipment.
- All charging infrastructure should be built to ensure resilience to extreme weather events. Flooding, cyclones and other weather events could damage charging infrastructure and may take a long time to safely repair, impacting mobility in the aftermath of disasters especially in regional areas.

Recommendation: Federal and State government investment in battery recycling facilities.

- Federal and state governments should invest in local EV battery recycling facilities to appropriately manage end-of-life EV batteries. Safely and effectively recycling electric vehicle batteries will be important to enable the responsible management of these assets through to end of life.

Recommendation: Federal and state government coordination of Australia's electric vehicle charging network.

- National coordination is required to ensure infrastructure is built where it is most needed. Priority should be on expanding the national rollout of EV charging infrastructure on key highway routes across Australia.

Enabling policy recommendations to support Australia's transition to a net zero transport sector

Recommendation: Upskill existing technicians and train new technicians to work on electric vehicles and associated infrastructure.

- The Federal Government's New Energy Skills Program provides subsidised courses for eligible trades and this needs to be regularly reviewed to make sure all relevant courses for emerging industries are included.

Recommendation: Federal and State Government review and amendment of relevant standards when necessary.

- Federal and State Government should ensure the National Construction Code and relevant standards remain fit for purpose to keep pace with the increasing uptake of EVs, and to support the safe installation and use of EV charging equipment in new and existing homes. In addition, insurers, peak bodies, and state governments should collaborate to chart a path for insuring and incentivising the uptake of charging infrastructure in existing homes and apartments. Doing this will future-proof new housing by ensuring all new builds are electric vehicle-ready, as well as implementing and enforcing consistent safety standards on electric vehicle charger installation and maintenance.

Recommendation: Federal Government works with the Insurance Council and insurers to conduct evidence-based risk modelling to inform decision-making on the implementation and ongoing evaluation of the NVES.

- Insurers are well-placed to provide advice on electric vehicle adoption, from ensuring charging infrastructure is built to withstand future extreme weather events or providing risk assessments on fuel-efficient vehicle performance. Governments should work with insurers and collaborate with stakeholders such as building developers, original equipment manufacturers and charging station providers to facilitate the provision of verifiable and credible information to consumers. The Insurance Council recommends the Federal Government works with insurers to conduct

evidence-based risk modelling to inform decision-making on the ongoing transition to net zero in the transport sector.

Recommendation: Introduce a scheme to incentivise the purchase of fuel-efficient light and heavy commercial vehicles for business.

- Light and heavy commercial vehicles are used by insurers across their operations, especially for roadside assistance. A rebate or taxation concession scheme would encourage Australian businesses to replace ageing commercial vehicles and trucks with more efficient alternatives, reducing long-term operating costs and emissions. This would help to overcome the currently high purchase price of these types of vehicles, which is a major barrier to stronger uptake, especially for smaller businesses with lower margins.

We trust that our initial observations are of assistance. If you have any questions or comments in relation to our submission please contact Aaron Finnegan, Climate Change Adviser, afinnegan@insurancecouncil.com.au.

Yours sincerely



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