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New NRMA Insurance research: Increasing familiarity is the key to driving electric vehicle adoption in Australia

New research from NRMA Insurance shows that boosting familiarity with electric vehicles (EVs) could be the game-changer needed to speed up their adoption. The study shows that as Australians become more informed about EVs, their likelihood of considering them for their next car purchase skyrockets, paving the way for a more rapid shift towards EVs.

The report, *Changing Gears: The Road Ahead for EV Adoption in Australia*, is the first instalment of a two-part report produced by market research company Ipsos on behalf of NRMA Insurance. It shows that only 20% of Australians planning to buy a vehicle in the next five years are considering an EV, but that number jumps to 32% among those who are already familiar with them. It also highlights a growing interest in EVs. At present, only 26% of Australians feel knowledgeable about EVs, but nearly half (47%) are eager to learn more.

For Australians not considering an electric vehicle for their next car, among their primary concerns are driving range (54%) and charging times (53%). Despite most Australians driving less than 50 km a day —well within many EVs' range—there is still significant unease about long-distance travel and charging infrastructure. Additionally, 44% of non-considerers cite worries about battery fires, even though research shows road registered EVs do not present a greater risk of fire than internal combustion vehicles.

Busting the EV myths

NRMA Insurance CEO Julie Batch says the report highlights the work needed to bust the myths about range anxiety, safety, and cost. She also recommends increased support for the second-hand EV market and the introduction of standardised battery testing as key steps to help boost consumer confidence around EVs.

"Even with the progress made to date, there are a significant number of Australians still hesitant about purchasing an EV due to worries about driving range and cost. To tackle these issues, more investment and effort are needed in driver education to encourage adoption.

"The good news is that more affordable models are now becoming available. This expansion will boost the used car market and make EVs more accessible

to a broader audience. The research shows that 58% of Australians interested in EVs are open to buying a used car, so this will be a practical option for many drivers,” said Ms Batch.

The report indicates that while current EV owners are confident in their cars’ sustainability and cost savings, many Australians remain sceptical. Only 30% view EVs as the most cost-effective option, and just 42% see them as the most environmentally friendly choice.

High cost is another barrier, with only three models under \$40,000 and a limited second-hand market making EVs less accessible for budget-conscious buyers. Despite the higher initial purchase price, many consumers are unaware that lower running and maintenance costs make EVs more cost-effective over their lifetime. An average car driving 13,700 km per year could save \$1,000 annually in fuel, or \$1,200 with overnight off-peak charging. As battery technology improves and production scales, upfront costs are expected to decrease, making EVs more competitive.

The EV road ahead

Commenting on the report, NSW Minister for Roads John Graham says: “We need a laser-like focus on the specific barriers to EV take-up, to properly understand what’s slowing us down.

“This new research from NRMA Insurance gives us that important information. Some barriers are technical and logistical, but some are about driver attitudes and education and NRMA Insurance has an unmatched record in understanding Australian motorists.”

The report also illustrates the rapid growth of EVs in Australia and predicts that future expansion will likely be driven by younger drivers. EVs, which made up less than 1% of new car sales in 2020, have consistently doubled their market share annually, reaching 8.5% of light vehicle sales in 2023 and holding steady at 8.4% in 2024.

Unsurprisingly, the surge in EV adoption is most pronounced among drivers with household incomes over \$200,000, families with children, and residents of capital cities with many citing lower running costs and sustainability as the key reason for their purchase.

Commenting on the growth figures, Ms. Batch said: “To capitalise on this momentum, we need policies and incentives to support the second-hand EV market, which will help make these vehicles more accessible, especially among some buyers who may be deterred by the upfront cost. Additionally,

standardising battery health testing, similar to an odometer test, will be a positive step to building consumer confidence in the longevity and safety of these cars.”

Changing Gears: The Road Ahead for EV Adoption in Australia: Key recommendations

1. Clearing the Air – busting the myths on safety, and range anxiety

Address EV education gaps about safety and range anxiety: Fund education campaigns to increase familiarity, knowledge and confidence in EVs, and to provide consumers with accurate and up to date information on the state of technology and the marketplace. Education should include opportunities to drive, ride in and interact with EVs to maximise physical touchpoints for consumers.

2. Navigating the charge - develop confidence in knowledge of charging station network.

What does it cost? Where can I go? Do I have to wait? While the charging network in Australia continues to expand, drivers need clearer information on where and how to charge their electric vehicles. Addressing range anxiety and simplifying the charging process are crucial for enhancing convenience and user experience. Effective communication about charging costs and procedures is a key aspect for increasing EV adoption and driver confidence.

3. Ready to serve! Creating repair capacity and an established network

Expand an EV repair and service network that is fit for purpose: Invest in upskilling mechanics and modernising repair supply chains to ensure dependable and convenient EV maintenance. Strengthening these aspects will significantly enhance consumer confidence in the reliability of electric vehicle ownership.

4. Boosting support for the second-hand car market – incentives

Support the growth of a second-hand EV market: Implement policies and incentives to develop a second-hand EV market that broadens the consumer base able to afford EVs facilitating more equitable product adoption and accelerating overall market growth.

5. Battery Health - The New Frontier in EV Maintenance and Regulation

Introduce standardised battery health testing and reporting: While battery testing tools exist in Australia, their use is unregulated, and mandatory testing is not currently proposed. Requiring annual battery health tests for all EVs and establishing a clear and standardised assessment of battery health would build trust in the long-term viability of EVs among consumers.

About this report:

Changing Gears: The road ahead for EV adoption in Australia is the first instalment of a two-part report produced by NRMA Insurance. The second report will include an analysis of EVs versus hybrid vehicles focusing on several critical aspects including cost comparison, repair considerations, battery recycling, and implications of public policies and government subsidies. You can access a copy of the report and its recommendations on the NRMA website: <https://www.nrma.com.au/car-insurance/ev-report-changing-gears>

Methodology

This report draws upon a nationally representative survey of 2,079 Australian consumers conducted online in February 2024 by Ipsos on behalf of NRMA Insurance. The sample is weighted to reflect the latest ABS census data on key demographic variables. Additional analysis was performed drawing upon secondary data sources as referenced.

About NRMA Insurance: A Help Company

NRMA Insurance is Australia's most trusted insurance brand¹, helping more than 3 million Australians protect what matters.

Help has been at the heart of NRMA Insurance since its beginnings in 1925 as a member-only company that provided motor insurance policies to the first drivers in NSW. NRMA Insurance has grown to become a national brand that helps people protect their cars, homes and businesses. It has a proud history of working with communities to build their resilience against extreme weather and keep people safer on the road. NRMA Insurance helps Australians understand their local risks and prepare for extreme weather through its Help Nation initiative.



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Media Release

NRMA Insurance is backed by IAG, Australia and New Zealand's largest general insurer.

¹Roy Morgan Most Trusted Brands 2023

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