

# Transport and Infrastructure Net Zero Consultation Roadmap

## Take the survey

Department of Climate Change, Energy, Environment and Water

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Response received at:

July 26, 2024 at 2:20 PM GMT+10

Response ID:

sbm2f835dc5269c0f5bb6f2d

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- 1 Confirm that you have read and understand this privacy notice.  
Yes
- 2 Please indicate how and if you want your submission published.  
Public
- 3 Published name  
IKEA Australia
- 4 Confirm that you have read and understand this declaration.  
Yes
- 5 First name  
Lauren
- 6 Last name  
Sinfield
- 7 Email  


8 Phone



9 Who are you answering on behalf of?

Organisation

10 Organisation name

IKEA Australia

11 What best describes you or your organisation?

Other: "Retailer (end user)"

12 What sector do you represent?

Heavy road vehicles (trucks, buses etc.)

13 What state or territory do you live in?

New South Wales

14 Postcode

2540

15 What area best describes where you live?

City

16 1. Do you support the proposed guiding principles?

Yes

17 1.1 Please add details to your response.

As the Federal Government considers the new Transport and Infrastructure Net Zero Roadmap, IKEA Australia recommends a holistic and inclusive approach. One that ensures that transport is efficient, safe, integrated, futureproofed, and zero emissions. It is important that the government incentivises the uptake of zero emissions technologies and associated infrastructure, and that the roadmap captures all the stakeholders across the ecosystem.

The government's principles of maximise emissions reduction; value for money; maximise economic opportunity; inclusive and equitable; and evidence-based are a good foundation for developing a robust Action Plan that will facilitate the uptake of road freight vehicles.

**18** 2. Do you support the use of the avoid-shift-improve framework as a tool to identify opportunities for abatement?

Yes

**19** 2.1 Please add details to your response.

Not answered

**20** 3. Do you agree the development of a national policy framework for active and public transport will support emissions reduction?

Yes

**21** 3.1 Please add details to your response.

Not answered

**22** 4. What should be included in a national policy framework for active and public transport and how should it be developed?

Not answered

**23** 5. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to ensure the movement of people contributes to transport emissions reduction?

Not answered

**24** 6.1 What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to ensure that the movement of goods contributes to transport emissions reduction?

Not answered

- 25 6.2. How would these actions address the identified challenges and opportunities for emissions reduction in the movement of goods?  
Not answered
- 26 7. Do you agree with the proposed net zero pathway for light road vehicles?  
Not answered
- 27 7.1 Please add details to your response.  
Not answered
- 28 8. The Australian Government is currently developing an Australian New Vehicle Efficiency Standard and has already begun to implement actions in the National Electric Vehicle Strategy.8.1 What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce light vehicle emissions?  
Not answered
- 29 8.2 How would these actions address the identified challenges and opportunities to reduce light vehicle emissions?  
Not answered
- 30 9. Do you agree with the proposed net zero pathway for heavy road vehicles?  
Not answered
- 31 9.1 Please add details to your response  
Not answered
- 32 10. The proposed pathway for heavy road vehicles relies on a mix of battery electric, hydrogen fuel-cell and low carbon liquid fuels.Rank from 1 to 3, the order in which these should be prioritised for emissions

reduction.

Not answered

**33** 10.1 Please add details to your response. Why did you rank them in that order?

Not answered

**34** 11. What role should low carbon liquid fuels play in the heavy vehicle decarbonisation?

Not answered

**35** 12. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce heavy vehicle emissions?

Not answered

**36** 13. Do you agree with the proposed net zero pathway for rail?

Not answered

**37** 13.1 Please add details to your response.

Not answered

**38** 14. The proposed pathway for rail relies on a mix of battery electric, hydrogen fuel-cell and low carbon liquid fuels. Rank from 1 to 3, the order in which these should be prioritised for emissions reduction.

Not answered

**39** 14.1 Please add details to your response. Why did you rank them in that order?

Not answered

**40** 15. What role should low carbon liquid fuels play in rail decarbonisation?

Not answered

41 16. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce rail emissions?

Not answered

42 16.1 How would these actions address the identified challenges and opportunities to reduce rail emissions?

Not answered

43 17. Do you agree with the proposed net zero pathway for maritime?

Not answered

44 17.1 Please add details to your response.

Not answered

45 18. The Australian Government is engaging in consultation as part of the development of the Maritime Emissions Reduction National Action Plan and those consultations will also inform the final Roadmap and Action Plan. 18.1 What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce maritime emissions?

Not answered

46 18.2 How would these actions address the identified challenges and opportunities to reduce maritime emissions?

Not answered

47 19. Do you agree with the proposed net zero pathway for aviation?

Not answered

48 19.1 Please add details to your response.

Not answered

- 49 20. The Australian Government has already engaged in consultation on aviation decarbonisation through the development of the Aviation White Paper and those consultations will also inform final Roadmap and Action Plan.

Not answered

- 50 20.1 What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce aviation emissions?

Not answered

- 51 21. Do you agree with the proposed net zero pathway for transport infrastructure?

Not answered

- 52 21.1 Please add details to your response.

Not answered

- 53 22. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce transport infrastructure emissions and ensure that transport infrastructure is ready for and enables low-emission transport modes?

Not answered

- 54 22.1 How would these actions address the identified challenges and opportunities to reduce transport infrastructure emissions?

Not answered

- 55 23. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to ensure the energy mix is ready to support transport emissions

reduction?

Not answered

- 56 24. How should the use of low carbon liquid fuels (LCLFs) be prioritised across different transport modes over time to achieve maximum abatement?

Not answered

- 57 25. What are the best ways for the Australian Government to work collaboratively with industry, business, governments and communities to implement the proposed pathways?

Not answered

- 58 25.1 What are good domestic or international examples of partnership and collaboration on transport and transport infrastructure emissions reduction that could inform the final Roadmap and Action Plan?

Not answered

- 59 25.2 What opportunities can Government leverage to show leadership in Australia and internationally?

Not answered

- 60 26. What measures and metrics should be used to evaluate the final Transport and Infrastructure Net Zero Roadmap and Action Plan?

Not answered

- 61 26.1 What other data and evidence could governments use and how could this offer further insights on the pace, scale and location of transport emissions reduction pathways?

Not answered

- 62 27. Do you have any feedback on the proposed review process?

Not answered

- 63 28. Do you have any further feedback on the Consultation Roadmap and proposed pathways?  
Not answered
- 64 28.1 Is there anything missing? Are the sections appropriately integrated? Is the Roadmap appropriately ambitious?  
Not answered
- 65 29. Is there any further information or documentation that you wish to be considered with your submission?  
Not answered
- 66 Would you like to upload a document?  
Yes
- 67 Have you removed any identifying information from your submission?  
Yes
- 68 Upload a submission  
FINAL\_IKEA response to transport and infrastructure net zero roadmap.pdf
- 69 Upload a submission  
Not answered
- 70 Upload supporting file  
Not answered
- 71 Upload supporting file  
Not answered



# Submission to the Department of Climate Change, Energy, the Environment and Water

**IKEA Australia Response to Transport and Infrastructure Net Zero Consultation Roadmap**

**26 July 2024**

## **Introduction**

This submission from IKEA Australia is made in our capacity as a values-driven business with a vision to create a better everyday life for the many people. As part of the largest home furnishing retailer globally, Ingka Group, we believe we have a responsibility to play an active role in society advocating for, and promoting, positive change based on our values, which include caring for people and planet.

Thank you for the opportunity to provide a submission to this important topic.

IKEA Australia missed the opportunity to respond to the National Freight and Supply Chain Strategy and the Electricity and Energy Sector Plan. However, we consider these an important component of the consultation roadmap and actions.

Our response should be taken in the context of zero emission delivery for last mile (customer home deliveries).

## **An introduction to IKEA**

The first IKEA store opened in 1958 in Älmhult, Sweden, based on IKEA founder Ingvar Kamprad's dream to *create a better life for as many people as possible*. It has evolved to become a global home furnishing icon. The first IKEA store in Australia opened in 1975, and IKEA now operates 10 stores in Australia, employing approximately 4,000 co-workers who meet the needs of thousands of customers each day in-store, online and over the phone. We want to have a positive impact on people, society, and the planet. For us, it's about balancing economic growth and positive social impact with environmental protection and regeneration.

As a values-based organisation and a leading retailer in home furnishings in Australia, we believe we have a responsibility to play an active role in society advocating for, and promoting, positive change based on our values.

## **Our goals**

- By 2025, our ambition is 100% zero emission truck deliveries for our customers.
- By 2030, we aim to reduce relative emissions by 50% from co-worker and customer travel to our physical stores and units.
- The IKEA Global Zero Emission Taskforce helped to set these goals, working collaboratively with markets like Australia. While the pandemic has caused some disruption, today we have 100% zero-emission home deliveries across 17 cities, in 150 locations and more than 1200 electric vehicles are in operation globally.

## **Zero Emissions ambition and actions**

In 2019, IKEA became the first home furnishing retailer in Australia to implement electric vehicles for home deliveries and assembly services.

Since then, we have worked with our delivery partners including *All Purpose Transport*, *Australian National Couriers (ANC Delivers)* and *Kings/Capital Transport* to implement home deliveries with electric vehicles across Australia. These operators have a total of 54 electric vehicles operating for IKEA nationally.

### **In July 2024, 41% of IKEA customer orders were delivered by a zero-emission vehicle.**

Australia currently ranks 14 out of 30 IKEA retail markets for zero emission delivery.

In addition to our delivery service, we also support our customers and co-workers in taking steps to reduce their own personal transport emissions. As part of our commitment to electric vehicles, we currently have 29 EV chargers at IKEA stores around the country for public use.

## **Our advocacy**

We are working closely with the EV industry as a member of the Electric Vehicle Council, the broader business community, our transport service providers, and other stakeholders to identify and develop solutions to address the challenges involved in electric vehicle transition.

We would like to work with Federal, State and Territory Governments to share our experience, learnings, and progress in this space, so that policy addresses the needs of the commercial sector for road logistics in a way that will benefit future generations of investment.

## **Our submission**

The IKEA brand is made up of many companies. Inter-IKEA is responsible for the range, brand, and supply chain globally. IKEA Retail operates as franchisees. IKEA Australia is one of these franchisees.

Our submission is made in the context of last mile delivery on behalf of IKEA Australia. That is, the delivery of retail products from our 10 stores and/or three customer distribution centres to our customer's homes across Australia. This movement of goods is serviced by road freight vehicles; therefore, our submission will be primarily based on these types of vehicles.

As the Federal Government considers the new Transport and Infrastructure Net Zero Roadmap, IKEA Australia recommends a holistic and inclusive approach. One that ensures that transport is efficient, safe, integrated, futureproofed, and zero emissions. It is important that the government incentivises the uptake of zero emissions technologies and associated infrastructure, and that the roadmap captures all the stakeholders across the ecosystem.

The government's principles of maximise emissions reduction; value for money; maximise economic opportunity; inclusive and equitable; and evidence-based are a good foundation for developing a robust Action Plan that will facilitate the uptake of road freight vehicles.

## **The delivery ecosystem**

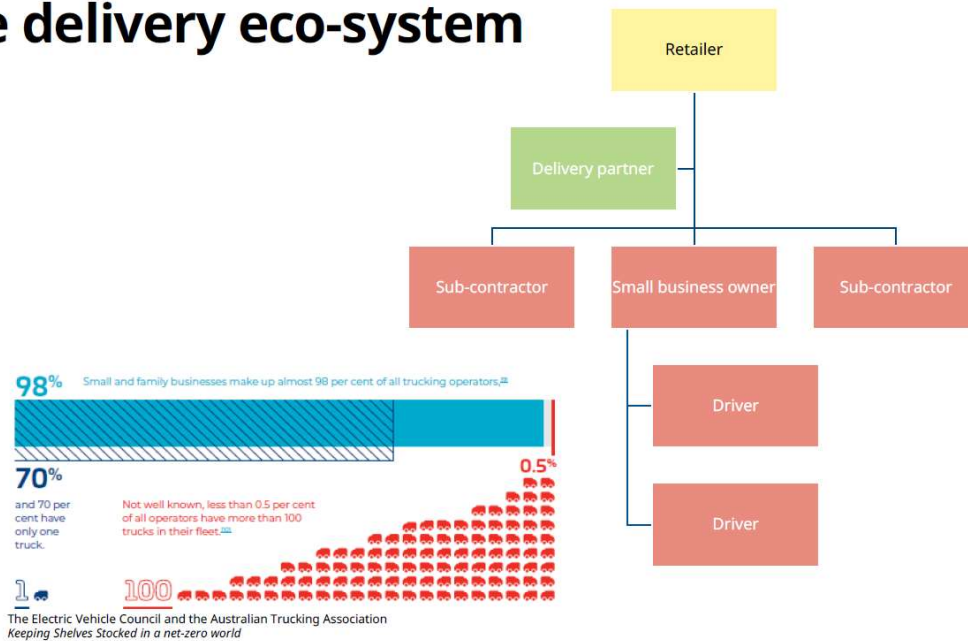
The road freight delivery ecosystem in Australia is a complex web of stakeholders. In this web, IKEA Australia is the end user. Ultimately, we provide a delivery service to our customers. But in

reality, there are many layers of influence required to enable our products to be delivered in a zero-emission vehicle.

The challenge in the sector is that a significant proportion of delivery fleet vehicles are not owned by the end user, neither are they owned the delivery companies. Rather, they are owned by small and medium family businesses which make up almost 98% of trucking operators in Australia.<sup>1</sup> It's imperative this is considered in the roadmap development, because it means we're transitioning many individually owned vehicles, not big fleets of company owned vehicles. Just 0.5% of all operators have more than 100 trucks in their fleet<sup>2</sup>.

Incentives, charging infrastructure, and regulation should look to support **both** owner-operators and delivery companies.

## The delivery eco-system



Source: *Keeping shelves stocked in a net zero world*, ATA and EVC (2021)

### Vehicle types & the decision to go electric

Road freight decarbonisation should be considered at a granular level in the roadmap due to the diverse nature of the vehicles that service the movement of goods. The roadmap must include all vehicle segments that support the supply chain, from vans to big rigs. Policy should deploy investment based on technology readiness.

To this end, there are vans available today that could suitably service last mile delivery in metro areas. Interestingly, vans are often missing from decarbonisation strategies and thus policy to support their uptake. That is, they are often excluded from policy to support passenger vehicles and policy to support trucks. Yet, they fulfil a significant proportion of last mile delivery volume. There are many electric vans that are available in the market today that could immediately

<sup>1</sup> ATA & EVC (2021), [Keeping shelves stocked in a net zero world](#)

<sup>2</sup> ATA & EVC (2021)

reduce emissions in cities. Of the 55 electric vehicles servicing our home delivery currently, 60% of these vehicles are vans.

The remainder of the vehicles in the fleet are light-duty trucks, which are necessary to fulfil some of the order profile of our delivery. These vehicles can be procured through some government funding when part of a project but are likely inaccessible to owner-operators/small-medium businesses who do not satisfy eligibility criteria or have the resources to submit an application.

In our experience, the lack of charging infrastructure for both vans and light-duty trucks is limiting their uptake. With some vans being as long and wide as a light-duty truck, accessibility to electric vehicle charging infrastructure in the public network remains limited for these vehicle types.

Traditionally, many owner-operators/drives of commercial vehicles take them home after work, they don't operate on a 'back to base' model. This means that the decision to go electric is directly tied to access to charging infrastructure. Therefore, to satisfy the recharging required for these vehicles, owners would need off street parking and/or garages with electricity supply. Alternatively, they would rely on either their employer, or the end user, supplying charging infrastructure (where there is nothing available publicly).

The next vehicle segment is medium duty trucks. For IKEA, these vehicles typically service the 'near regional' areas of our delivery areas. Currently, IKEA does not have any medium-duty zero-emission vehicles operating for our delivery service, but there are medium duty trucks available in the Australian market today, which are fit-for-purpose for near-regional delivery. We anticipate some of these being adopted by our delivery partners in the near future.

While these vehicles are bigger than the vans and light duty trucks, they do not necessarily require megawatt charging, as they typically do not have battery packs bigger than 350kWh. They could utilise the same charging infrastructure in many use cases as electric vans and light duty trucks. Finally, we are aware that heavy-duty trucks are entering the market in Australia in the coming years. While these trucks do not service last mile delivery for IKEA Australia, we see the importance of considering their role in the road freight network and the investment required to support their uptake in the future. Noting that high power loads will be required to recharge big batteries, the roadmap should consider the timeline for upgrading electricity supply in freight corridors and in transport hubs to enable the deployment of vehicles once they enter the market. It will be challenging to decarbonise road freight without infrastructure to support the vehicle deployment in the first instance.

The government should look to international examples to understand the commercial vehicles charging models, requirements, loads, cost and use-cases for all vehicle types and segments to support road freight decarbonisation. From commercial vans up to big rigs and roadmap policy support to deploy them in the short, medium, and long term.

The International Energy Agency has online database [here](#). Countries that are notably advancing electric van and truck uptake through policy support include: China<sup>3</sup>, India<sup>4</sup>, New Zealand<sup>5</sup>, the UK<sup>6</sup>, and the US<sup>7</sup>.

## **Incentives**

The road freight industry is facing significant challenges and change in the next decade. There is a severe driver shortage<sup>8</sup>, decarbonisation push<sup>9</sup>, an aging commercial vehicle fleet<sup>10</sup>, and the growth of e-commerce<sup>11,12</sup>. The government should consider how to address these challenges through incentive programs that encourage the choosing delivery as a career using a zero-emission delivery vehicle. The incentive schemes should be accessible by individuals, owner-operators, fleet companies, and end-users.

Taxation and upfront purchase incentives should target different ownership models of the delivery ecosystem, enabling equitable access to new vehicle technologies for all. This is in addition to the grant funding already available, which tends to target more project-based approaches. The other challenge that an incentive program could address is the lack of commitment and/or confidence of transitioning to zero emission vehicle by existing drivers in the road freight industry. The provision of trial programs and leasing and financing options in the market would further encourage uptake as drivers by allowing them to trial vehicles prior to making the purchase decision.

Regulatory incentives, such as a payload exemption for battery electric vehicles, could incentivise drivers by reducing the impact of a heavier battery weight on payload. Steer axle mass revisions could similarly enable a higher volume movement of goods in zero emissions vehicles. There are also state based regulatory incentives that the Federal Government should consider with the State Governments in its forums, such as license class changes and urban truck curfews.

## **Fuel type & charging infrastructure**

Refuelling infrastructure investment should support both battery electric and hydrogen vehicles and be based on technology readiness, and the timeline to develop the supporting infrastructure. The different technologies should be considered complementary and not competing, each with their own use cases within the road freight sector.

Light duty battery electric trucks and battery electric vans that are available today can utilise existing charging infrastructure (from 22kW AC to 350kW DC) but have accessibility issues. A network of commercial vehicle infrastructure that can be accessed in the public network is necessary in the immediate term.

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<sup>3</sup> [IEA 2024](#)

<sup>4</sup> [Cleartax 2024](#)

<sup>5</sup> [Environment.gov.nz](#), accessed July 2024

<sup>6</sup> [UK.gov.au](#), accessed July 2024

<sup>7</sup> [IRS website](#), accessed July 2024

<sup>8</sup> [Natroad](#), accessed July 2024

<sup>9</sup> [Natroad 2023](#)

<sup>10</sup> [BITRE 2023](#)

<sup>11</sup> [Modern Intelligence](#), accessed July 2024

<sup>12</sup> [Freight Australia](#), accessed July 2024

There are different models for charging infrastructure investment that could support different users and owners of electric vehicles. The government's role should be to accelerate the adoption of zero emission vehicles through public charging infrastructure investment and charging infrastructure depot/hub grants.

For example:

- 'Back to base' charging funding that could be accessed by charge point operators, retailers, delivery companies, fleet owners to install infrastructure on their land. These companies would be those with a large number of vehicles and/or the space for charging infrastructure to be installed.
- Funding for owner/operators and/or drivers to install infrastructure at their homes.
- Fast charging hubs (similar to passenger vehicles) or depots in metro centres to support on-route top up charging, those without access to off-street parking.
- Overnight charging hubs to provide an overnight solution for those without access to off-street parking, for vehicles with bigger battery packs that require a longer charge.
- Freight corridor fast charging networks that support intercity, intertown, and regional area commercial electric vehicle deployment by extending vehicle range.
- Commercial charging hubs in logistics and distribution districts that can serve drivers in the similar way to petrol stations.

An exercise should be completed by the government as part of the roadmap to overlay the vehicle sizes (length/width) with battery size (kWh) to develop a charging infrastructure network that is suitable for vans, light duty, and medium duty battery electric trucks in the immediate term, to close the gap on vehicles that are available today but have accessibility issues charging.

There is a need for a *build it and they will come* approach to commercial vehicle charging infrastructure, in a similar way to the approach for passenger vehicles, as it will be challenging for the commercial sector alone to invest due to ownership structure of delivery ecosystem. The government has a role to play in supplying infrastructure to enable uptake for the large number of commercial vehicles that can't fit in a garage, can't be stored at a depot, and aren't owned by a fleet operator, to enable the electrification of road freight/logistics.

Notwithstanding, and to accelerate the uptake of zero emission delivery journey, IKEA is investing \$4.5 million in dedicated charging infrastructure at each of its stores and distribution centres to support our delivery vehicles. The infrastructure we are installing is a mix of 22kW (AC), 20kW (DC), 80kW (DC) and 150kW (DC) chargers that will facilitate different charging models. This investment will enable the subcontractors, who are hired by our delivery partners, to leave their vehicles overnight to recharge, or top up during the day to complete additional delivery runs.

## **Goals**

Given the nature of the delivery ecosystem, IKEA has limited influence over the vehicles that service its delivery fleet. That is, with the exception of goals.

The goal of 100% zero emission truck deliveries for our customers by 2025 provides a clear direction and performance indicator for our delivery partners to get behind and work towards. The goal is a way for IKEA to lead by example and commercial decisions are made in line with our partners' ability to work with us on our goal, motivating delivery partners to take action.

By moving early, we are encouraging our delivery partners to work with the technology and make mistakes, learn from them, build, and grow their experience with us and optimise the delivery service. Collaboration is the key to success in decarbonising as an early adopter. Our delivery partners publicly acknowledge that the target has been the primary factor on moving forward with zero emission delivery vehicles.

*“This is a transition as big as the shift from horses to cars. And we have to thank IKEA for stopping us from being naysayers and getting on and doing it.”* Paul Kahlert, All Purpose Transport CEO.<sup>13</sup>

The government should consider how targets can incentivise the industry to move earlier on zero emission commercial vehicles.

### Summary of policy recommendations

	Light/passenger	Freight
<b>Regulatory</b>	Futureproof development with readiness provisions in the National Construction Code	
	Provide upskilling and new training opportunities for the EV industry	
	New Vehicle Efficiency standard	Mass limit exemption for electric freight vehicles
		Signatory to the Drive to Zero Global MoU
		Freight decarbonisation strategy
		Coordinate approach across State govts for license class exemptions.
<b>Charging infrastructure</b>	Upgrades to electricity network and infrastructure to support investment	
	Co-invest in public charging infrastructure	Investment in freight networks (at ports, along highways, at truck rest stops)
		Hub charging infrastructure to support subcontractor owned fleets
<b>Incentives</b>	Incentives to support the purchase of electric cars, bikes	Direct vehicle incentives for individuals and SMEs to purchase electric trucks and vans
		Tax breaks for the purchase of electric commercial vehicles

### Conclusion

As a nation dominated by land transport with supply chains that do not end at each state border, interstate and federal government collaboration is key for charging infrastructure planning and investment, regulation to support vehicle uptake, and incentives to support road freight decarbonisation in the immediate term, and road mapped out to 2050. E-commerce has risen steadily over the past five years, with growth expected to continue in the future<sup>14</sup>. This growth is critical to the success of a business such as IKEA. But if we continue to rely on diesel-

<sup>13</sup> [Road boss 2024](#)

<sup>14</sup> [E-commerce Trend and Trajectory 2022 \(cbre.com\)](#)

based vehicles to meet this demand, air and noise pollution will increase along with emissions, negatively affecting the communities we work, live and play in. This is a future we don't want.

As a company, we have forged ahead with our commitment to transition to a 100% zero-emission future. But we know we cannot achieve this alone. It requires collaboration and contribution from business, industry, government, and we, the broader community to embrace the transition.

We continue to welcome the opportunity to work with all parts of this ecosystem to create this new future together. Thank you for the opportunity to make this submission.