



31 October 2022

Department of Climate Change, Energy, Environment and Water
Industry House
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To whom it may concern,

National Electric Vehicle Strategy – Consultation Paper

The Australian Finance Industry Association (AFIA)¹ appreciates the opportunity to respond to the National Electric Vehicle Strategy (NEVS) consultation paper.²

AFIA is the only peak body representing the entire finance industry in Australia. We represent over 160 providers of consumer, commercial and wholesale finance in Australia, including bank and non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry. We are the voice for advancing a world-class finance industry, with our members who are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia's future.

INTRODUCTORY COMMENTS

AFIA welcomes the opportunity to respond to the Federal Government's NEVS consultation paper.³

AFIA members are at the forefront of Australia's transition to a low carbon economy. Our members manufacture and distribute innovative finance products and project financing that enable Australian consumers and businesses to adopt low and zero carbon technologies. Many members have committed to stage 1 and 2 cuts to reach net zero by 2030.

¹ www.afia.asn.au.

² <https://consult.industry.gov.au/national-electric-vehicle-strategy>

³ Department of Climate Change, Energy, Environment and Water, *National Electric Vehicle Strategy Consultation Paper* (28 September 2022): [Consultation hub | National Electric Vehicle Strategy: consultation paper - Department of Industry, Science, Energy and Resources](#).

A key strategic priority of AFIA is to support the sustainable and timely transition to net-zero carbon emissions through advocating for industry initiatives and commitments that encourage green finance. AFIA promotes the uptake of climate-related financial disclosures and is contributing to the development of a green finance reporting taxonomy, which will foster efficient financing of the low carbon transition. We welcome the Government's support to ensure this important foundational work is completed as soon as practicable.⁴

AFIA members will contribute substantially to the Government's objectives of encouraging green mobility to combat climate change and lower emissions, particularly through uptake of electric vehicle (EV), hybrid and alternative-powered vehicles.

AFIA represents more than 13 fleet companies, who are responsible for over 700,000 ongoing leases, including 175,000 novated leases.⁵ These members are seeing significant increases in the uptake of EVs, which should continue to be encouraged.

According to the most recent AFIA data, 18 AFIA members provide almost \$1.18 billion in new motor finance for vehicle purchases. This included: \$13.5 million for pure battery EVs and over \$90.5 million for hybrids.

AFIA members providing car rental services also account for vehicle fleets of over 108,000, with annual revenue of over \$1.4 billion.

All these AFIA members will be crucial to helping Australian motorists transition to cleaner, greener forms of personal and business transportation.

For specific case studies on how AFIA members are helping to drive the transition to green mobility, please see **Attachment C**.

AFIA is committed to the success of the Government's NEVS. Increasing EV uptake is essential to lowering our emissions and combatting climate change. The Climate Change Authority (CCA) estimates 16 per cent of Australia's total emissions come from the transport sector and 10 per cent from light vehicles alone.⁶ We cannot meaningfully address the problem of climate change without revolutionising how we think about green mobility and transportation as a nation.

It has been encouraging to see that, in recent years, sales of EVs in Australia have increased significantly from less than 3,000 in 2017 to over 20,000 in 2021.⁷ There was even an increase of

⁴ October 2022-23 Federal Budget, Budget Paper No. 2, 190 on climate reporting standards: [Budget Paper No. 2](#).

⁵ AFIA Appearance before the Senate Economics Legislation Committee (23 August 2022): [Hansard - Committee 23/08/2022 Parliament of Australia \(aph.gov.au\)](#).

⁶ Climate Change Authority, 'Opportunities to reduce light vehicle emissions in Australia': [Opportunities to reduce light vehicle emissions in Australia | Climate Change Authority](#).

⁷ Electric Vehicle Council, 'State of Electric Vehicles' (March 2022), 5: [EVC-State-of-EVs-2022-1.pdf \(electricvehiclecouncil.com.au\)](#).

194.49% in sales between 2020 and 2021 alone.⁸ This is a positive trend, leading to lower emissions and more sustainable lifestyles.

However, despite significant strides, Australia still lags other developed nations, necessitating further incentives to transition towards zero and low emissions vehicles. Only 2 percent of all cars sold were EVs in 2021. In the United States, this number was 5 percent, in New Zealand it was 6 percent, and in the United Kingdom it was 15 percent. Indeed, the average across all EU nations was 17 percent, with Norway at 72 percent, Sweden at 45 percent, and the Netherlands at 30 percent.⁹ We must focus our national energies on catching up or risk being left behind.

For these reasons, AFIA supports the three overarching objectives laid out in the consultation paper around strengthening demand across all segments, improving the supply of affordable EVs and establishing systems and infrastructure to enable the rapid uptake of EVs.¹⁰

We have focused our proposals on areas where AFIA members can make a unique contribution to supporting the Government's ambitions and initiatives, noting the strong advocacy underway by groups like the Electric Vehicle Council, the Climate Council, and the Federal Chamber of Automotive Industries (FCAI).

AFIA also supports the National Automotive Leasing and Salary Packaging Association (NALSPA)'s report, [Australia's Transition to Electric Vehicles](#), and AFIA member Plenti's report, [Solar Charged EVs in Australia](#).

AFIA's members are uniquely positioned to build the knowledge and confidence of Australian consumers in EVs through car hire, fleet, salary packaging arrangements, and car finance. Coordinated action to improve the availability and interoperability of EV charging infrastructure will also build greater confidence among Australians to purchase and use EVs for their transportation needs.

AFIA also made a submission supporting the Treasury Laws Amendment (Electric Car Discount) Bill 2022, which is currently before the Senate.¹¹ The Bill proposes to remove Fringe Benefits Tax (FBT) on eligible EVs provided by employers to current employees for private use, back dated to 1 July 2022 for eligible zero and low emissions vehicles. These tax changes will increase the attractiveness of EVs relative to internal combustion engine (ICE) vehicles. AFIA's submission to the Senate

⁸ Ibid.

⁹ Electric Vehicle Council, *State of Electric Vehicles* (March 2022), 5: [EVC-State-of-EVs-2022-1.pdf \(electricvehiclecouncil.com.au\)](#).

¹⁰ Department of Climate Change, Energy, Environment and Water (DCCEE), *National Electric Vehicle Strategy* (28 September 2022), 6: [Consultation hub | National Electric Vehicle Strategy: consultation paper - Department of Industry, Science, Energy and Resources](#)

¹¹ AFIA Submission to the Senate Economics Legislation Committee (23 August 2022): [Inquiry into the Treasury Laws Amendment \(Electric Car Discount\) Bill 2022 \(afia.asn.au\)](#).

Committee examining this Bill centred on expanding the benefits of the scheme to include home charging stations to further strengthen the attractiveness of EVs.¹²

Furthermore, AFIA believes it will be crucial that governments at all levels continue to invest in the skills and training programs required to ensure Australia has a skilled workforce which can meet our needs as we continue to transition towards EVs.¹³

Our proposals outlined in **Attachment A** provide further recommendations for the Government to realise the goals of the NEVS.

CLOSING COMMENTS

Thank you once again for the opportunity to comment on the Government's NEVS consultation paper.

Should you wish to discuss our submission or require additional information, please contact me at diane.tate@afia.asn.au.

Yours sincerely



Diane Tate
Chief Executive Officer

¹² AFIA Submission to the Senate Economics Legislation Committee (23 August 2022): [Inquiry into the Treasury Laws Amendment \(Electric Car Discount\) Bill 2022 \(afia.asn.au\)](#), 4.

¹³ October 2022-23 Federal Budget, Budget Paper No. 2, 104 on skills investments.

ATTACHMENT A: AFIA'S PROPOSALS

OVERVIEW

AFIA members will play a critical role in expanding the EV uptake in Australia. Car rental companies provide would-be purchasers with the opportunity to trial EVs and address their concerns around performance, 'range anxiety' (the distance between charging stations), and the experience of charging itself. Fleet, salary packaging and car finance member companies can communicate the benefits of EVs and influence both households and businesses considering making the transition to an EV. All these AFIA members will support personal and business uptake of EVs.

In summary, AFIA members:

- are willing to commit to an ambitious target on the uptake of EVs as part of designing the NEVS, or fuel efficiency standards
- believe a subsidy for second-hand purchasers would make EVs affordable for a broader segment of the market while also bolstering confidence of new EV purchasers that they will be able to sell their EV in a strong used market (see **Attachment B** for details of State-based subsidy programs).

Increase the supply of affordable EVs to meet demand across all segments

AFIA notes the commentary in the consultation paper surrounding fuel efficiency standards. Improving clarity around requirements is likely to lead to greater availability of EVs in Australia.¹⁴ Our members do not have specific expertise in fuel efficiency standards. However, we believe greater clarity around the Government's direction on EVs would provide confidence to automotive original equipment manufacturers (OEMs) selling cars in Australia.

Subject to the finalisation of the NEVS, the industry would be willing to commit to an ambitious target on the uptake of EVs, or fuel efficiency standards, across fleet, car finance, salary packaging and car rental customers. This would be a demonstration of the industry's commitment to use the power of its distribution channels to raise awareness of the benefits of EVs with customers. This target will be proposed once clarity around issues like fuel efficiency standards is provided.

¹⁴ Department of Climate Change, Energy, Environment and Water, *National Electric Vehicle Strategy Consultation Paper* (28 September 2022), 10-11: [Consultation hub | National Electric Vehicle Strategy: consultation paper - Department of Industry, Science, Energy and Resources](#).

Advocate for greater equity around EV uptake through incentives

EVs are expensive and out of reach of many Australians. In acknowledging the higher cost of many ZLEVs, the Treasurer said on 27 July 2022:¹⁵

More and more Australians are interested in the benefits of owning an electric vehicle—but they remain unaffordable for many motorists.

A March 2022 survey of EVs available in Australia found that of 69 models listed as ‘available now’ for purchase in Australia, 36 models (or 52 percent of all models surveyed) cost more than \$85,000.¹⁶

Separately, concerns around resale values are cited by customers as a barrier to purchasing EVs. A used EV rebate would create confidence for new buyers knowing they can later sell their car. These reforms have been adopted by the Biden Administration, which provides a means tested \$4,000 tax credit for the purchase of used EVs.¹⁷ Several Canadian provinces also offer used EV rebates, as do Australian States and Territories (see **Attachment B**).¹⁸

Establish the systems and infrastructure to enable rapid uptake of EVs

Attachment B notes a wide number of programs exist at a state and federal level to roll out public charging stations and support investment in home charging stations and supporting EV purchases. AFIA supports the ‘Driving the Nation Fund’, which aims to establish a national EV charging network, with charging stations every 150km on major roads.¹⁹

We agree with the consultation paper’s observation that the roll out of reliable EV charging and refuelling infrastructure needs to be aligned and accessible to energy and parking needs and must consider appropriately rural and remote motorists.²⁰

A key consideration to ensuring all segments of the market can access the benefits of EVs includes ensuring charging infrastructure is placed within regional and rural communities, in

¹⁵ Commonwealth, Parliamentary Debates, House of Representatives, 22 July 2022, 23 (Dr. Jim Chalmers, Treasurer).

¹⁶ Electric Vehicle Council, ‘State of Electric Vehicles’ (March 2022), 44-46: [EVC-State-of-EVs-2022-1.pdf](https://www.electricvehiclecouncil.com.au) ([electricvehiclecouncil.com.au](https://www.electricvehiclecouncil.com.au)).

¹⁷ Scott, Dean, Bloomberg Law, [What to Know About EV Tax Credits in Biden’s New Climate Law](#) (18 August 2022).

¹⁸ Canadian Automobile Association, [Electric Vehicles – Government Incentives](#) (accessed on 13 October 2022).

¹⁹ Australian Labor Party, [Driving the Nation Policy](#) (accessed on 24 October 2022): [Driving the Nation | Policies | Australian Labor Party \(alp.org.au\)](#).

²⁰ Department of Climate Change, Energy, Environment and Water, [National Electric Vehicle Strategy Consultation Paper](#) (28 September 2022), 14: [Consultation hub | National Electric Vehicle Strategy: consultation paper - Department of Industry, Science, Energy and Resources](#).

addition to highway charging stations.²¹ The visibility of charging infrastructure will help to normalise and encourage the use of EVs.

Australian airport fast charging

AFIA would welcome additional investment and commitments to introducing fast-charging infrastructure at Australian airports and adjacent to airport grounds. Australian car rental companies are limited in their ability to provide EVs to customers who are hiring at major metropolitan airports. There is a dearth of fast charging infrastructure at Australian airports, owing to limited land and energy availability, thereby limiting the number of EVs that can be rented out.

Addressing these challenges requires a coordinated effort between airport owners, governments and energy providers together with car rental companies to establish fast charging hubs, which will increase the supply of available EVs for hire at or near airports. These hubs can also be used by taxi and hire car EVs, with airports typically one of the most visited locations by hire vehicles. Increased visibility of charging infrastructure in these locations will also encourage travellers to consider these options if they have not previously.

Governments at all levels have allocated significant investment through the 'Driving the Nation Fund' and equivalent State-based programs. These provide \$500 million in Federal funding and around \$257 million in State funding for charging infrastructure (see **Attachment B**).

There is an opportunity for Government to accelerate moves towards net-zero by partnering with car rental companies to direct funding towards initiatives which would facilitate transitions to green mobility in the car rental sector. Specifically, AFIA considers the Federal and State Governments could:

1. Direct a portion of funding from the \$500 million 'Driving the Nation Fund' (and equivalent State programs), to upgrading energy infrastructure for car rental facilities, both at airports and adjacent to-airport grounds (known as off-airport locations servicing clients from airports and surrounding consumer and business hubs).
2. Streamline processes to apply for State-based based approvals for upgrading facilities to add the extra power generation capacity required to charge EVs on a large scale.

Encouraging the uptake of EVs via car rental companies will provide consumers with the opportunity to trial these options before moving to them on a long-term basis. This will help to combat consumer concerns related to range anxiety in the shift to greener transport options.

²¹ Department of Climate Change, Energy, Environment and Water, *National Electric Vehicle Strategy Consultation Paper* (28 September 2022), 9: [Consultation hub | National Electric Vehicle Strategy: consultation paper - Department of Industry, Science, Energy and Resources](#).

Interoperability

Car charging systems in Australia currently operate on separate apps, membership and payment systems. Interoperability between the different charging companies would remove the unnecessary barriers to EV uptake.

Harmonisation across jurisdictions on tax treatment of EVs

AFIA supports the Commonwealth Attorney General's ongoing legal action regarding the Victorian Government 'road user charge' on EVs.²² We note that a disparate scheme of taxes and charges between States, together with varying incentives, introduces confusion and complexity for Australian customers navigating the purchase of their first EV. National harmonisation of incentives and taxes and charges, wherever possible, would introduce greater clarity and confidence for customers

²² Peter Hannam, 'Stoush over electric vehicle tax nears Australian high court hearing' *The Guardian* (5 September 2022): [Stoush over electric vehicle tax nears Australian high court hearing | Electric vehicles | The Guardian](#).

ATTACHMENT B: FEDERAL AND STATE GOVERNMENT PROGRAMS FOR INFRASTRUCTURE AND EVs

Program	Policy or Initiative	Funding / Details
Cth funding for charging infrastructure (including for business fleets)	<ul style="list-style-type: none"> Cth – Driving the Nation Fund 	\$500m ²³
State funding for public & home charging infrastructure	<ul style="list-style-type: none"> NSW VIC QLD WA SA TAS ACT NT 	\$171m ²⁴ \$19m ²⁵ \$10m ²⁶ \$43.5m ²⁷ \$12.4m ²⁸ \$0.6m ²⁹ \$1.4m ³⁰ \$0.3m ³¹
Direct State subsidies to purchase EVs	<ul style="list-style-type: none"> NSW VIC QLD SA WA TAS waives stamp, up to \$2,000 saving³² ACT waives stamp duty up to \$1,600 and provides interest free loans of up to \$15,000³³ 	\$75m ³⁴ \$46m ³⁵ \$45m ³⁶ \$21m ³⁷ \$35m ³⁸

²³ October 2022-23 Federal Budget, Budget Paper No. 2, 70 on climate reporting standards: [Budget Paper No. 2](#).

²⁴ NSW Government, [Funding for electric vehicle infrastructure](#).

²⁵ Victorian Government, [Zero and low emissions vehicles](#).

²⁶ Queensland Government, [Queensland's new Zero Emission Vehicle Strategy](#).

²⁷ Western Australian Government, [Major milestone for WA's EV fast charging network](#).

²⁸ South Australian Government, [Statewide EV charging network](#).

²⁹ Tasmanian Government, [Tasmania is charging ahead to deliver more fast and destination stations](#).

³⁰ ACT Government, [Super-charging the ACT's electric vehicle charging network](#).

³¹ NT Government, [Electric vehicle strategy and implementation plan](#).

³² Tasmanian Government, [Stamp duty waiver for Electric Vehicles](#).

³³ ACT Government, [Buying a zero emissions vehicles \(ZEV\)](#).

³⁴ NSW Government, [Rebates for electric vehicle purchases](#).

³⁵ Victorian Government, [Zero and low emissions vehicles](#).

³⁶ Queensland Government, [Queensland Zero Emission Vehicle Rebate Scheme](#).

³⁷ South Australian Government, [Incentives for electric vehicles](#).

³⁸ Western Australian Government, [Zero Emission Vehicle \(ZEV\) Rebate](#).

ATTACHMENT C: CASE STUDIES ON AFIA MEMBERS' CONTRIBUTIONS TO THE EV TRANSITION

Australian corporates and EVs

The EV Council says Australian corporates and government fleets have the potential to drive the EV revolution in Australia, as they make up 52 per cent of annual new vehicle sales.¹

AFIA fleet members are working with their corporate and government customers on EV fleet solutions that could provide the critical mass to elevate EV adoption in Australia. One such [partnership](#) is between AFIA members, SG Fleet, one of Australia's largest fleet providers to both corporates and governments, and Bendigo & Adelaide Bank, Australia's fifth largest consumer bank.

The regional bank has committed to a Climate Change Action Plan which includes goals to purchase 100 percent renewable energy by 2025 and reduce absolute emissions by 50 percent by 2030. Adopting EVs as part of its corporate fleet for Bendigo Adelaide employees, like mobile bankers, is an important part of the bank's strategy.

Partnering with SG Fleet, three members of the Bendigo & Adelaide Bank team are trialing a Nissan Leaf E+, which will help inform its EV strategy on how it can best transition its entire fleet to EVs.

This is part of SG Fleet's [eStart Zero Emission Vehicle Transition Planning service](#), which plans and executes the transition from internal combustion to lower emission vehicles for its customers' fleets. The number of EVs in the managed fleet increased by 128% in 2021-22.

Transitioning corporate fleets to EVs will make a meaningful impact to the number of EVs on Australian roads, both as new vehicles and later as used cars. In its NEVS, the Government has committed to an EV target of 75% of new leases and purchases in the Commonwealth fleet by 2025.³⁹

State and territory governments have also signalled they are planning to bring more EVs into their fleets. Together with corporate purchases, this will lead to more EVs will be available in the second-hand market and increase the accessibility of EVs to more Australians.

³⁹October 2022-23 Federal Budget, Budget Paper No. 2, 109: [Budget Paper No. 2](#).

Australian car rental companies

Australia's car rental companies know they play a vital role in building the confidence of Australian motorists when it comes to the EV shift.

Renting a specific model on a holiday has long been a way people try out new makes and models in a low-pressure environment. This is the case when it comes to EVs where Australians are hiring these vehicles for an extended test drive.

In 2021, the all-electric MG ZS EV compact SUV became the first fully electric car to join a major car hire company fleet in Australia, available from AFIA member Europcar. Other car hire companies quickly joined, with battery-powered Tesla Model 3s, Polestar 2s, MG ZS EV, Hyundai Ioniq EV, and Hyundai Kona EV now widely available across the country.

Hiring a car enables customers to become comfortable with charging and overcome 'range anxiety', one of the chief barriers that currently prevents Australians from buying an EV. [Research](#) by Deloitte Access Economics undertaken for National Automotive Leasing and Salary Packaging Association (NALSPA) found range anxiety and charging infrastructure are also viewed as EV blockers by Australian consumers. Almost 70% of surveyed Australians said they were discouraged to purchase an EV due to range and 85% by charging infrastructure.

Car rental helps overcome these perceptions, given more than 75% of EV's currently on the market having a range above 350km. As Deloitte says, coupled with the fact that the average Australian drives just 36km per day, this range sees most Australian's getting almost 10 days driving off a single overnight charge.

A final bonus to renting an EV is no last-minute filling up the tank before returning the car, with many rental companies happy for a car to be returned with minimal charge.

Helping to facilitate the purchase of EVs

Australians' sentiment towards EVs is becoming more positive, with almost half of all Australians seeing themselves driving an EV in 2030, according to research by Deloitte. While the signs are positive, buying an EV is a new experience for most Australians and many are unaware of just where to start. A lack of local dealership for the major EV models globally seemingly makes test driving difficult and many are concerned around delivery delays or model availability.

In 2021, Macquarie's retail banking and financial services group, which provides a diverse range of personal banking, wealth management and business banking services, became the first Australian banking group to launch a complimentary specialised EV buying service. Through Macquarie Vehicle Select, Macquarie provides dedicated expertise, support and assistance with financing to help consumers transition to an electric car.