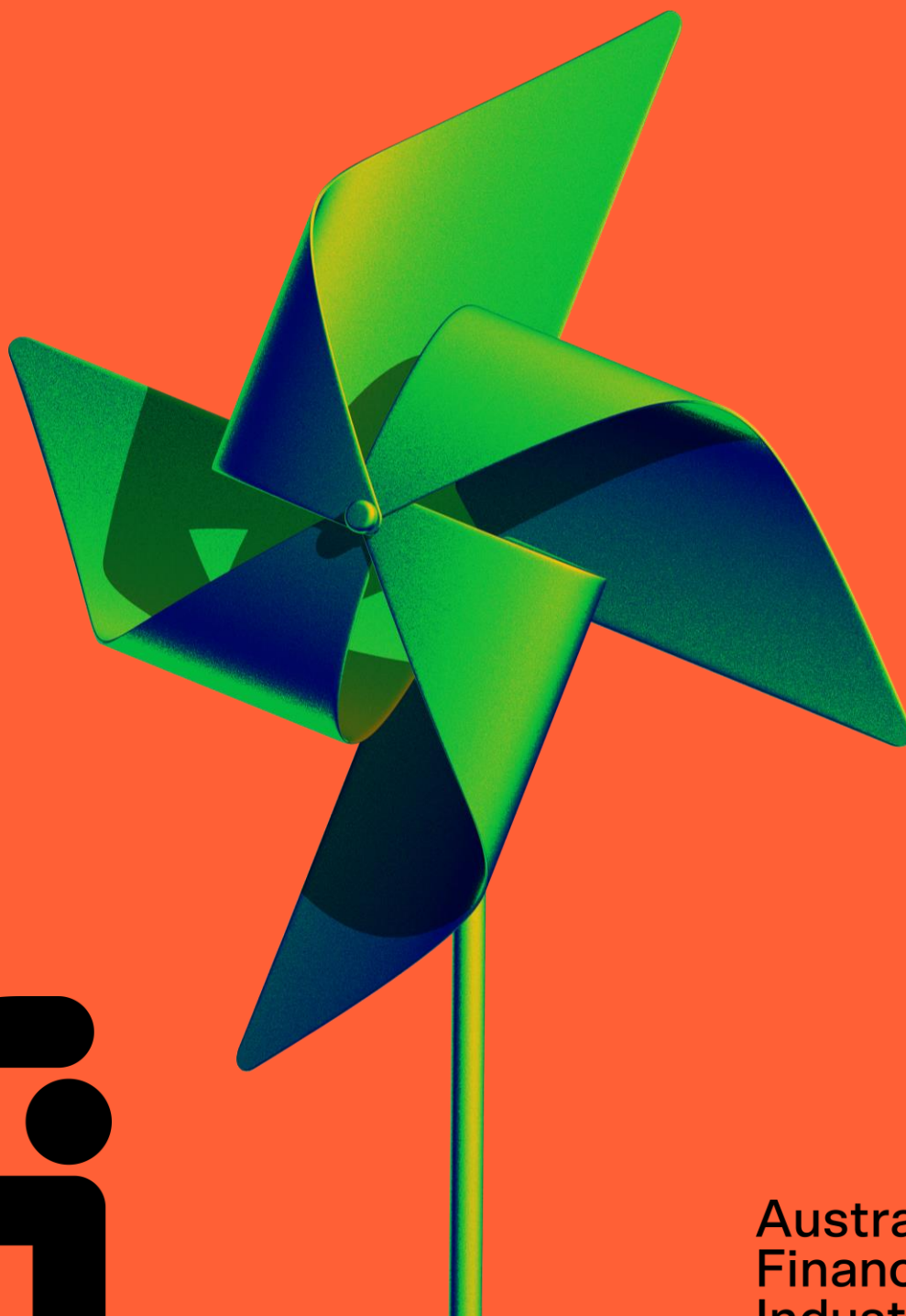


EV Finance: Driving Down Australia's Emissions

12 September 2023



**Australian
Finance
Industry
Association**

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Overview

The Australian Finance Industry Association (AFIA) is the only peak body representing the entire finance industry in Australia.

We represent over 150 members, 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 and our members are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia's future.

We collaborate with our members, governments, regulators and customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.

We are excited to release new data showing AFIA financed over \$250 million worth of electric vehicles (EVs) between 1 January and 30 June 2023.

Financing EVs is essential to reducing Australia's emissions, 16 per cent of which come from the transport sector and 10 per cent from light vehicles alone.¹

AFIA is heartened that the percentage of new cars sold which are EVs has increased from 2 per cent to 8.4 per cent between March 2022 and June 2023.²

This has been driven significantly by the EV tax cut, passed on 28 November 2022.³

We look forward to continuing to work to maintain this existing measure and support more measures like it, to help encourage the uptake of cleaner, greener forms of personal transportation.

This will help more Australians cut their emissions and contribute to combatting climate change.

¹ AFIA Senior Policy Adviser, Sebastian Reinehr, before the Senate Economics Legislation Committee on [23 August 2022](#).

² Comparing data from the EV Council's *State of EVs* reports from [March 2022](#) to [June 2023](#) at pages 5 and 8 respectively.

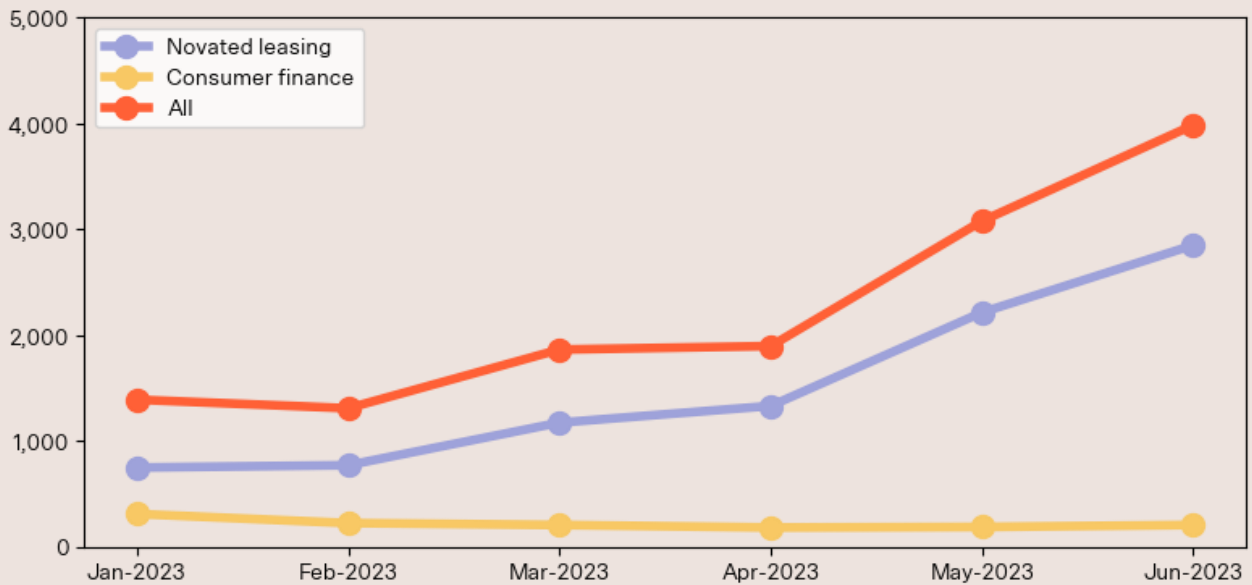
³ [Treasury Laws Amendment \(Electric Car Discount\) Act 2022](#) (Cth).



\$250 million in EV Finance since January 2023

- Industry data provided by AFIA members shows that between 1 January and 30 June 2023, AFIA members provided over \$250 million in finance for electric vehicles.
- This data shows that AFIA members have almost tripled the number of EVs they finance each month between January 2023 and June 2023.
- Currently, AFIA members finance around 4,000 EVs a month.
- The increase over time throughout the reporting period is shown in **Table 1** below.

Table 1: EVs Financed Monthly by Customer Type

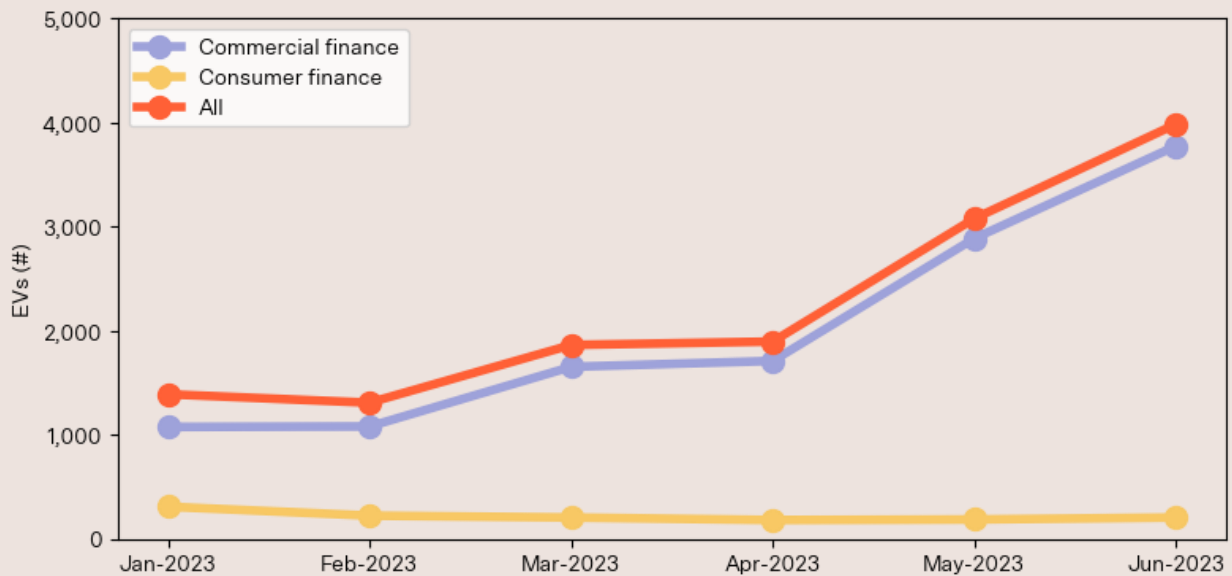




EVs financed by sector

- Novated leasing has driven the vast bulk of the additional finance seen this year for EVs.
- 4,000 EVs were financed in June 2023 compared with 1,400 in January 2023.
- Of the additional approximately 2,600 EVs financed, novated leasing accounts for approximately 2,100 or 81 per cent.
- Novated leasing for EVs was worth almost \$200 million in June alone. This compares with just over \$50 million in January 2023
- Novated leases benefit the most from the Government’s EV tax cut, which was passed on 28 November 2022.⁴

Table 2: EVs Financed by Sector



⁴ [Treasury Laws Amendment \(Electric Car Discount\) Act 2022](#) (Cth).



Cost of electric vehicles

- AFIA industry data shows the average amount financed was approximately \$69,800, compared to approximately \$51,800 for internal combustion engine vehicles (ICEs)
- While more affordable EV models are becoming available in the Australian market, the additional upfront cost is a substantial barrier for many Australians who are looking to buy their first EV, whether they want to lower their household's greenhouse gas emissions or vehicle running costs.
- This is consistent with what the Treasurer, the Hon. Dr Jim Chalmers, said in his second reading speech, on introducing the EV tax cut Bill, where he noted:⁵

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

Contribution to emissions reduction

- According to the Climate Change Authority (CCA), the transport sector contributes 16 per cent to Australia's total national emissions.⁶
- 10 per cent of this contribution comes from light vehicles alone.⁷
- For this reason, AFIA has said in our previous advocacy:⁸

It would be impossible to address emissions and counter climate change without providing more incentives for motorists to move to cleaner, greener forms of personal transport.

⁵ Commonwealth, Parliamentary Debates, House of Representatives, [22 July 2022](#), 23 (Dr. Jim Chalmers, Treasurer).

⁶ Climate Change Authority, ['Opportunities to reduce light vehicle emissions in Australia'](#) (viewed 4 September 2023).

⁷ Ibid.

⁸ AFIA Senior Policy Adviser, Sebastian Reinehr, before the Senate Economics Legislation Committee on [23 August 2022](#).



**Australian
Finance
Industry
Association**

Australian Finance Industry Association
The Commons on George
Level 3, 388 George Street, Sydney NSW 2000
(02) 9231 5877 | info@afia.asn.au | www.afia.asn.au
ABN 13 000 493 907