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The role of the Finance Industry in the transition to Sustainable Transport

Australian Finance Industry Assocation (AFIA)

2025

Deloitte Access Economics

Contents

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Glossary

Acronym	Full name
AFIA	Australian Finance Industry Association
AFIF	Alternative Fuels Infrastructure Facility
AFIR	Alternative Fuels Infrastructure Regulation
ARENA	Australian Renewable Energy Agency
BMCT	Beijing Municipal Commission of Transport
BMEEB	Beijing Municipal Ecology and Environment Bureau
CEF	Connecting Europe Facility
DCCEEW	Department of Climate Change, Energy, the Environment and Water
DNSP	Distributed network service provider
ESG	Environmental, social, and corporate governance data
EU	European Union
EV	Electric vehicle
EVC	Electric Vehicle Charging
FBT	Fringe Benefits Tax
FCEV	Hydrogen Fuel-Cell Vehicle
ICE	Internal combustion engine
LCT	Luxury Car Tax
MaaS	Mobility as a Service
MDS	Mobility Data Space
NACS	North American Charging Standard
NVES	New Vehicle Efficiency Standard
OEM	Original equipment manufacturer
O&M	Operation and maintenance
PHEV	Plug-in Hybrid Electric Vehicle
PPP	Public-Private Partnership

V2G	Vehicle to Grid
WOL	Whole-of-life
ZEV	Zero Emission Vehicle

Source: Deloitte Access Economics (2024)

1 Executive summary

1.1 Introduction

The finance industry is crucial in enabling consumers to transition to more sustainable transport options. As the only peak body representing over 150 members within the Australian finance industry, the Australian Finance Industry Association (AFIA) plays a significant part in advocating for policies that can help its members to enable consumers to make informed choices in their transition to sustainable transport.

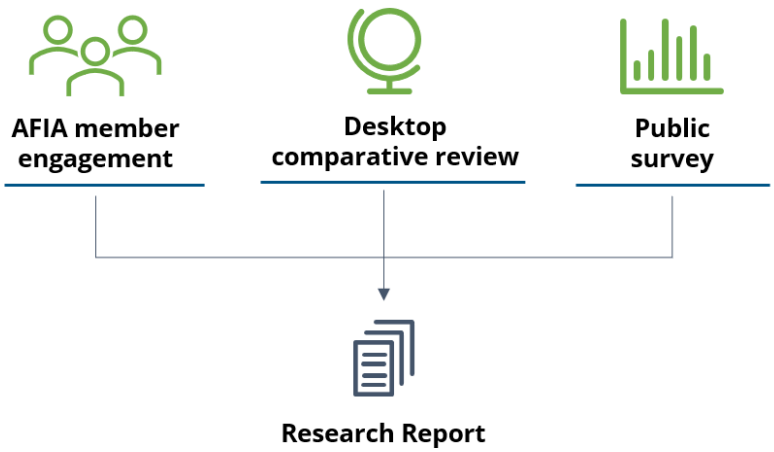
The Australian automotive landscape remains dominated by traditional Internal Combustion Engine (ICE) vehicles, with the transport sector representing 21% of Australia's domestic greenhouse gas emissions.[1] This leaves a long journey ahead for Australia to meaningfully decarbonise transportation and achieve stated climate and net-zero targets.

Deloitte Access Economics has been engaged by the AFIA to deliver a report that explores how the finance sector is currently contributing to, and can further assist in, the transition to sustainable transport.

The report identifies ten priority policy positions to further enable the adoption of sustainable transport options in Australia, triangulated across three key data collection workstreams. These include a literature and comparative policy review, engagement with AFIA members across a range of relevant transport and finance industries, and a public survey including almost 630 Australian consumers, illustrated in Figure 1-1.

The recommendations in this report reflect Deloitte Access Economics' views of appropriate actions given discussions with AFIA members, community survey results and the literature and policy review, while also taking into account AFIA's purpose and goals with respect to sustainable transport.

Figure 1-1 Approach



Source: Deloitte Access Economics (2024)

[1] Department of Infrastructure, Transport, Regional Development, Communications and the Arts (2024), *Toward net zero for transport and infrastructure*. Available at: https://www.infrastructure.gov.au/infrastructure-transport-vehicles/towards-net-zero-transport-and-infrastructure#:~:text=Australia's%20transport%20sector%20is%20the,largest%20in%20Australia%20by%202030.

Background and objectives

The objectives of this research are to:

1. Provide an authoritative review of the role the finance industry can play in the transition to sustainable mobility.
2. Identify the key challenges in the transition to the sustainable transport and potential ways of overcoming them.
3. Identify the most effective policies in encouraging the transition to sustainable transport in Australia.

In seeking to respond comprehensively to the objectives, the research report draws on a range of qualitative and quantitative data sources:

- **Comparative policy review:** An in-depth investigation into the most effective policies both in Australia and internationally that facilitate this transition. A detailed comparative policy review is included in Appendix A.
- **Literature review:** A desktop review of relevant academic literature was conducted to analyse initiatives to support Australia's uptake of green transport options and to inform actions for the final report. This report includes a detailed review of selected academic sources deemed most pertinent to this research. A broad literature review is included in Appendix B.
- **AFIA member engagement:** A total of four consultation workshops were held by the research team with 28 AFIA member organisations between July and September 2024. The purpose of these was to examine the role of different players within the finance industry in supporting Australia's transition to sustainable mobility, major challenges faced and perspectives on policies enacted to date.
- **Quantitative public survey data:** A total of 627 consumers across Australia were engaged through a public survey which ran throughout September 2024. The purpose of the survey was to gather consumer insights on attitudes towards sustainable transport options, the adequacy of existing infrastructure, policies and incentives. This sample is representative across age, gender, locality and includes standard or Internal Combustion Engine (ICE) vehicle holders, low emissions vehicle holders and non-vehicle holders.

1.2 Actions and next steps

This report identifies 17 key findings and ten actions which warrant further consideration by Australian policymakers in pursuing Australia's Net Zero transport goals. These represent areas that have been highlighted by AFIA members and consumers as supporting Australia's transition to sustainable transport. Recommended policy positions are organised under six key themes which were developed in collaboration with AFIA members during initial consultations. These six themes have been used to shape the research questions, consultation guides and survey design.

Table 1-1 Actions organised by key theme

Theme	Priority policy positions
The role of the finance industry	1. The finance industry is a **vital enabler** of the consumer in facilitating flexible opportunities for alternative vehicle ownership models
Infrastruture challenges	2. Clear ambition for **interoperability of EV charging** across the country to aid fleet adoption including consistent plug size and type. 3. Government must enable a system for enabling **consumers to access live information** on public charger availability and wait times.
Finance and incentives	4. Continue access to **government incentives and grants** such as the Fringe Benefits Tax exemption for plug in hybrid vehicles beyond April 2025. 5. A **modern payments platform** enabling commercial drivers to charge their electric vehicles as easily as using a fuel card.
Integration with other products	6. Government should work with airport authorities and industry to put in place fast **EV charging infrastructure at airport precincts** to support the adoption of low emissions vehicles in the rental car market. 7. Further **trialling and expansion** of policies to support the **integration of public transport**, such as open and interoperable systems for payments across public transport networks and other transport modes.
Government policies	8. Federal government must pursue harmonisation **across states** to facilitate the adoption of EVs for interstate fleet operators. 9. **Streamline planning approval processes** to support electrification upgrades and enable important Vehicle to Grid and fleet charging capabilities.
Technological advancements and future trends	10. Funding should be provided to explore **innovative fast charging infrastructure** and technologies including considering how Australia can be an attractive destination for leading international OEMs, including V2G.

Source: Deloitte Access Economics (2024)

The **Australian Finance Industry Association (AFIA)** is the peak body representing the finance industry in Australia. One of AFIA's key priorities is to champion a sustainable and timely transition to net-zero. The report recommends **ten priority policy positions** to champion a sustainable and timely transition to net-zero. This infographic summarises the findings in the full report, available to read in full here.

Australian transition context

3rd

Transport is Australia's third largest source of greenhouse gas emissions

16%

EVs are set to grow from 1% of total passenger vehicles in 2024 to 16% in 2034, representing 2.8 million vehicles

beyond this, transport is facing systemic changes in terms of ownership models, its role in electricity markets and mode choice

Net Zero Mandates Timeline

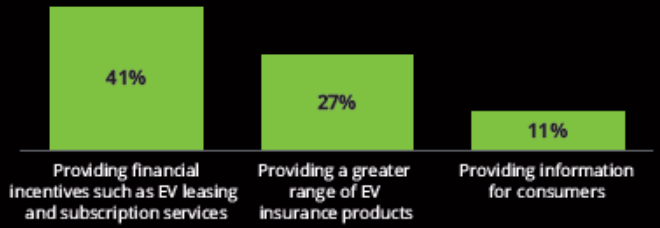
Today 2030 2045 2050

- TAS
- ACT, VIC
- National, NSW, WA, SA, QLD

The role of the finance industry

1 Position the finance industry as a **vital enabler** of the consumer in facilitating flexible opportunities for alternative vehicle ownership models

Consumer perspectives on key roles the finance industry can play in supporting Net Zero transport transition:



Infrastructure challenges

2 Clear ambition for **interoperability of EV charging** across the country

3 A government enabled system for consumers to access **live charging information**

of low emissions vehicle holders cited **limited charging stations with compatible EV plugs** as a top 5 challenge associated with owning or leasing a low emissions vehicle.

Finance and incentives

4 **Extend access** to government incentives and grants

5 **A modern payments platform** enabling commercial drivers to expense EV charging

Actions consumers would like the Government to explore:

Integration with other products

6 Government should work with airport authorities and industry to put in place fast **EV charging infrastructure at airport precincts**

7 Further trialing and expansion of policies to support the **integration of public transport**

> *"Onsite charging infrastructure is necessary, but investment is challenging due to high costs and unstable rental contracts"*
>
> – AFIA member organisation

Government policies

8 Put in place a nationwide, consistent policy framework to facilitate transition and remove barriers for **interstate fleet operators**

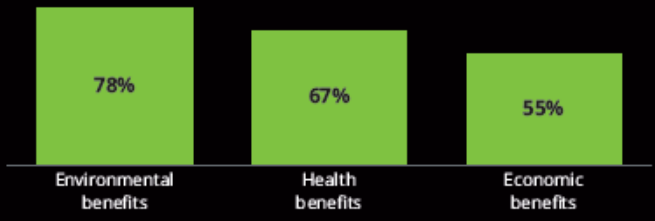
9 Streamlined planning approval processes to support electrification upgrades and enable **Vehicle to Grid technologies** and fleet charging capabilities

> *"If a truck is travelling interstate, it is difficult to charge due to different systems across states. There is a need for states to give up some jurisdiction."*
>
> – AFIA member organisation

Technological advancements and future trends

10 Further funding to explore **innovative fast charging infrastructure** and technologies

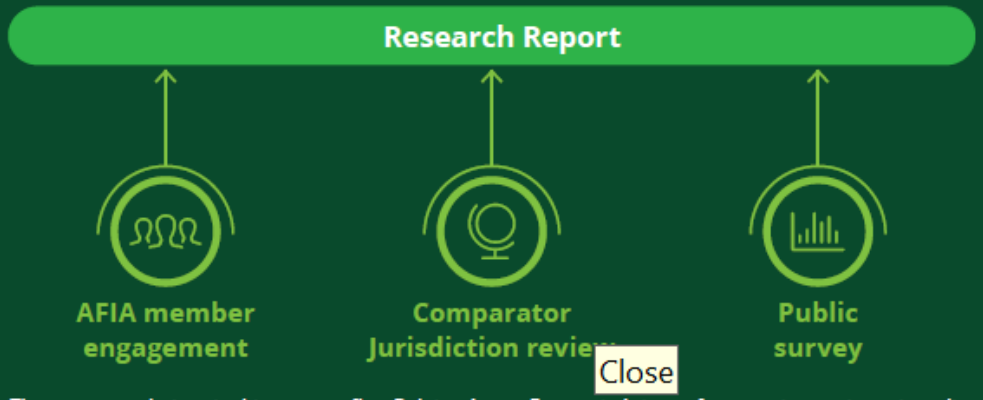
Top chosen perceived benefits of adopting sustainable transport, according to consumers:



The role of the finance industry in supporting Australia's transition to sustainable transport

Deloitte Access Economics was engaged by AFIA to prepare a research report that provides an authoritative view on **the role the finance industry can play** in the transition to sustainable transport, as well as identifying the key challenges and effective policies for supporting Australia's ambitious sustainable transport goals.

The report recommends **ten priority policy positions**, triangulated across three data workstreams:



28 AFIA members interviewed

Industry workshops were conducted with AFIA members to examine the role of finance industry players in supporting Australia's transition.

627 citizens surveyed

A **public survey** of Australian consumers was undertaken to understand attitudes towards sustainable transport.

Literature and global policy review

A literature and policy review investigated latest academic research and global policies facilitating the sustainable mobility transition.

The recommendations in this report reflect Deloitte Access Economics' views of appropriate actions given discussions with AFIA members, community survey results and the literature and policy review, while also taking into account AFIA's purpose and goals with respect to sustainable transport. These results should be taken within the context of the broader public report, available here.

Survey insights

We asked **627 Australian consumers** about their views on sustainable transport, incorporating a variety of perspectives:

627 consumers surveyed

State

Respondents were representative of the population in terms of state location

Consumer type

60% vehicle holders, 30% low emissions/ EV and 10% non-vehicle holders

Demographic

50/50 gender split as well as considering different age cohorts

The consumer survey provided nuanced insights into how Australians are feeling about the country's transition to sustainable mobility. Our survey included 40 questions encompassing experiences with low-emissions transport, perspectives on current policy incentives and future trends:

Surveyed consumers responded that providing financial incentives is the key role both government and finance institutions can play in supporting transition, indicating a strong need for collaboration.

EV and Non-EV holders behave similarly when it comes to overnight parking, with 90% using a garage or driveway. This signals an opportunity to consider consumer behaviours in smart charging design.

3 of the top 5 challenges associated with uptake of low-emissions vehicles relate to charging access including limited availability of public charging, length of time taken to recharge and incompatible EV plugs.

2 Introduction

Deloitte Access Economics has been engaged by the AFIA to conduct a research report that explores how the finance sector is currently contributing to, and can further assist in, the transition to sustainable transport.

The report presents a discussion of key challenges and opportunities within the adoption of sustainable transport options in Australia, triangulated across three key data collection workstreams including a literature and comparative policy review, consultations with AFIA members and professionals across a range of relevant transport and finance industries, and a public survey including 627 Australian consumers.

1.3 Background

The Australian Finance Industry Association

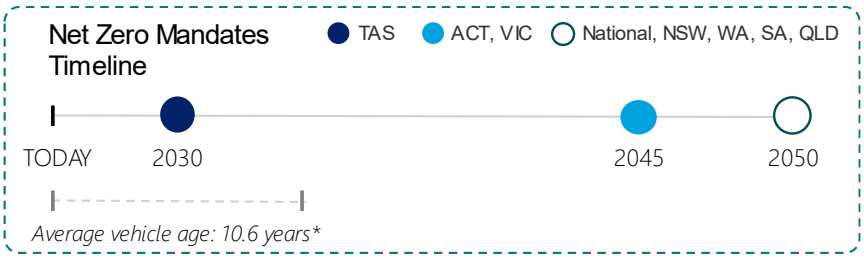
AFIA is the peak body representing the entire finance industry in Australia. With over 150 members, AFIA encompasses a diverse range of entities including bank and non-bank lenders, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and other service providers within the finance sector. AFIA serves as the voice for advancing a world-class finance industry, with its members leading the way in innovation for both consumer and business finance across the nation.

AFIA advocates for balanced policy and regulation through extensive consultation via industry forums, working groups, and member events, ensuring a unified industry voice. It contributes to initiatives that enhance consumer protections, support competition and innovation, and foster greater financial, economic, and social participation.

Australia's transition to sustainable mobility

Australia is on a significant journey towards sustainable mobility, driven by ambitious national and state-level commitments to reduce greenhouse gas emissions. Transport is Australia's third-largest source of greenhouse gas emissions, accounting for 19% of total emissions in 2022, with 60% attributed to passenger cars and light commercial vehicles.[2] To address this, Australia has committed to achieving net zero emissions by 2050 and reducing greenhouse gas emissions by 43% below 2005 levels by 2030. Each state has also committed to reaching net zero by 2050 or earlier, with set 2030 emissions reduction targets above the national 43% target. Figure 2.1 illustrates current net zero mandates across states:

Figure 0-1 Net Zero Mandates



Source: Deloitte Access Economics (2024), ABS (2021)[3]

[2] Department of Climate Change, Energy, the Environment and Water (2024), *Reducing transport emissions*, Available at: https://www.dcceew.gov.au/energy/transport

[3] Australian Bureau of Statistics (2021), *Motor Vehicle Census, Australia*, Available at: https://www.abs.gov.au/statistics/industry/tourism-and-transport/motor-vehicle-census-australia/latest-release#:~:text=Average%20age%20of%20vehicles%20across,average%20age%20of%209.5%20years.

A large source of emissions for governments and companies are their transport fleet assets, necessitating the adoption of zero-emission vehicles to meet these commitments. Recent years have seen energy and fuel prices increase significantly, and supply chain uncertainty for fuel has reached extraordinarily high levels. Consequently, transport businesses must reduce their reliance on fossil fuels by integrating hybrid or EVs into their fleets, ensuring reliability of service and financial health when fuel costs are high. Although EV fleets may have higher initial capital costs, they provide significant operational and maintenance cost savings over time.

The transition to sustainable transport also offers significant community and societal benefits. Traditional ICE fleets have been shown to deteriorate local air quality and cause noise pollution, and consumers and investors increasingly disapprove of unsustainable products and services. Furthermore, access to government incentives and grants plays a critical role in encouraging the uptake of EVs, particularly considering the 25-year timeline to net zero emissions. Subsidies can effectively drive consumer adoption, given that some drivers find EVs cost-competitive over their full lifetime despite higher initial costs.

Original equipment manufacturers (OEMs) are setting goals to phase out ICE vehicles, motivated by both governmental policies and increasing availability of battery and electric infrastructure. Delaying the transition to zero-emission fleets could result in Australia facing a dwindling market for offloading ICE fleets and being at the end of the supply chain due to its reliance on imported vehicles. Earlier transition will provide greater choice and enable Australia to align with jurisdictions with rapidly growing EV industries.

Considerations and risks associated within the transition to sustainable mobility

It is essential to acknowledge and consider the broader debate relating to Australia's transition to sustainable mobility including the associated risks.

There will be a need for Government to consider the changing needs of the network as the increased deployment of renewable energy sources transforms Australia's energy systems, requiring a staggered transition. This is why Australia has committed to a staggered long-term plan to reduce net emissions by 80% below 2000 levels by 2050.[4] Over this period, future network planning will need to be informed by consultation with customers and industry to consider how networks need to operate and evolve.

Sustainable transport must follow a sustainable grid, requiring a high level of renewables in the generation mix as a pre-requisite. The transition to sustainable transport will depend on millions of individuals making their own choices, which is different from the shift in generation or industrial energy. Thus, the transition will be slow and run at the pace of the overall vehicle replacement.

This research also acknowledges potential security risks posed by a rapid upscaling in the importing of electric vehicles made in other countries with different regulatory standards and practices. The September 2024 US ban on Chinese connected-car technology including hardware and software reflects the complexity of the sustainable transport space and the many issues yet to be worked through within the global market.[5]

The Productivity Commission has highlighted that funds used for EV incentives may be discouraging innovation and putting EV manufacturers at a competitive disadvantage over other technologies and sectors.[6] Extending financial support for the EV incentives can also be costly for public finances, which may be more effectively utilised in other areas. As technology and uptake evolves, it is important to review the position of existing policies that were designed for the ICE era. This could include further consideration of the future role of fuel tax credits as well as longer-term reviews of the scope and design of the incoming New Vehicle Efficiency Standard (NVES).

[4] Parliament of Australia (2011), *Clean Energy Act 2011*, Available at: https://faolex.fao.org/docs/pdf/aus112299.pdf

[5] Reuters (2004), Biden's car-tech ban is a powerful new weapon against Chinese EVs. Available at: https://www.reuters.com/business/autos-transportation/bidens-car-tech-ban-is-powerful-new-weapon-against-chinese-evs-2024-09-24/

[6] Productivity Commission (2023), *Updated Submission to National Electric Vehicle Strategy Consultation,* Available at: Updated Submission to National Electric Vehicle Strategy Consultation

1.4 Summary of research activities

The findings and actions included within this report are informed by three key components: a comparative policy and literature review, AFIA member consultations and a public survey. This section sets out a summary of the methodology and activites across each workstream.

Comparative policy review

To inform the research, an investigation was undertaken into the most effective policy settings both in Australia and internationally that help to facilitate the transition to sustainable mobility. This included a comparative review of government policy and private sector initiatives related to the transition to sustainable transport. The review is based on desktop research of latest publicly available information. International jurisdictions were selected based on similarities to Australia, or as examples of regions with well-executed policy implementation and/or private sector action.

A detailed comparative policy review is included in Appendix A.

Literature review

A desktop review of relevant academic literature was then conducted to provide a deep understanding of impactful initiatives to support Australia's uptake of green transport options, and to inform recommended actions. Searches were performed on platforms including Google Scholar, as well as ad-hoc searches to identify grey literature relating to effective policies to enable transition to sustainable transport. A qualitative assessment was made in order to focus the literature review on research papers that were based in Australia or a comparable jurisdiction and relevant to the current state of transition to sustainable transport. Select papers were then reviewed and included based on relevance to the final report.

A detailed review of academic sources deemed most pertinent to this research was then conducted and delivered to AFIA as a separate report, for internal purposes.

AFIA member engagement

In addition to the comparative policy and literature review, consultations were also undertaken with diverse groupings of AFIA members. A total of four consultation workshops were held by the research team with 28 AFIA member organisations between July and September 2024. The purpose of these was to examine the role of different players within the finance industry in supporting Australia's transition to sustainable mobility, major challenges faced and perspectives on policies enacted to date.

Table 3-1 Overview of conducted focus groups

Number of focus group	Date	Attendees
1	July 2024	10 AFIA member organisations
2	July 2024	3 AFIA member organisations
3	September 2024	7 AFIA member organisations
4	September 2024	5 AFIA member organisations

Source: Deloitte Access Economics (2024)

Seven research themes and questions were developed in collaboration with AFIA. The aim of these research themes was to guide the shape of the research, inform data collection instruments and focus understanding of the current landscape of sustainable transport in Australia.

Table3-2 Research questions

Theme	Question
The role of the finance industry The finance industry can support the transition to Net Zero in transport by implementing strategies to encourage businesses to adopt eco-friendly practices.	1. What are your responsibilities in relation to your role, business and customer base? 2. Does your business currently have any strategies or measures in place to support the transition to Net Zero in transport?
Infrastructure challenges The extent to which the current infrastructure in place in Australia is appropriate to support the transition to sustainable transport for businesses and consumers.	3. How does current infrastructure affect your business' ability to transition to net zero? 4. What mitigations could be put in place to help improve these?
Financial incentives Financial incentives can address the major financial challenges for businesses and consumers transitioning towards sustainable transport by making sustainable technologies more affordable and accessible.	5. In your view, what are the major financial challenges for businesses and consumers to transition towards sustainable transport?
Government policy settings Government polices can help drive sustainability initiatives and enable the transition to sustainable transport.	6. What are your views on which government policies are most effective? 7. How could governments better enable AFIA members to support the transition to sustainable transport?

Source: Deloitte Access Economics, AFIA (2024)

Quantitative public survey data

The third prong of the research undertaken was a public survey of Australia consumers. The survey included 39 question across three themes: experience with low-emissions transport, perspectives on financial incentives and policies, and future trends. The purpose of the public survey was to obtain a deep understanding of Australians' perspectives on sustainable transport, analyse current trends in consumer choices and identify the key barriers and opportunities related to transitioning to sustainable transport.

A total of 627 consumers across Australia were engaged through the public survey which ran throughout September 2024. This sample is representative across age, gender, locality and includes standard or Internal Combustion Engine (ICE) vehicle holders, low emissions vehicle holders and non-vehicle holders.

1.5 Purpose of this report

Objectives

The research commenced in July 2024. The objectives of this research were to:

1. Provide an authoritative review of the role the finance industry can play within the transition to sustainable mobility.
2. Identify the key challenges posed within the transition and potential ways of overcoming.
3. Identify the most effective policies in encouraging the transition to sustainable transport in Australia, including a comparison of the Australian approach with policies that have worked best internationally.

Structure of this report

Through this research, six key themes have been identified by AFIA members as particularly relevant to their interests and operations. The remainder of the report is structured around these key themes to provide a comprehensive understanding of the issues at hand.

This report is the interim research report. The final report is planned to be provided on Friday 22 November.

The remainder of this document is set out as follows:

- **Section 3** details the methodology for the different workstreams
- **Section 4** details the research findings as they relate to
    - the role of the finance industry in supporting net zero transport
    - key infrastructure challenges and strategic opportunities to boost sustainable transport uptake
    - the impact of currently financial and incentives in place to support transition
    - the integration of related financial products and services
    - effective government policy settings to enable transition across states
    - technological advancements and future trends to drive sustainable transport growth
- **Section 5** sets out the actions and recommended policy positions identified through this research

Additional information is provided in the Appendices.

2 Summary of findings

This chapter provides report findings organised under six key themes encompassing the role of the finance industry in supporting Net Zero, key infrastructure challenges, an assessment of current financial incentives and policies in place to support transition, and emerging technologies designed to drive future growth.

2.1 The role of the finance industry in supporting net zero transport

Key finding 1. The finance industry plays a vital role in enabling consumers to transition, but requires the appropriate policy supports from Government to do so.

The finance industry is crucial in supporting consumers to change their behaviour towards low-emission transport choices by providing essential financial products, investments and advisory services. By supporting consumers, businesses and manufacturers, the finance industry has a key role in accelerating the adoption of EVs and contributing to a more sustainable Australian transport system. However, financial institutions depend on a conducive policy environment provided by the Government to facilitate this transition effectively.

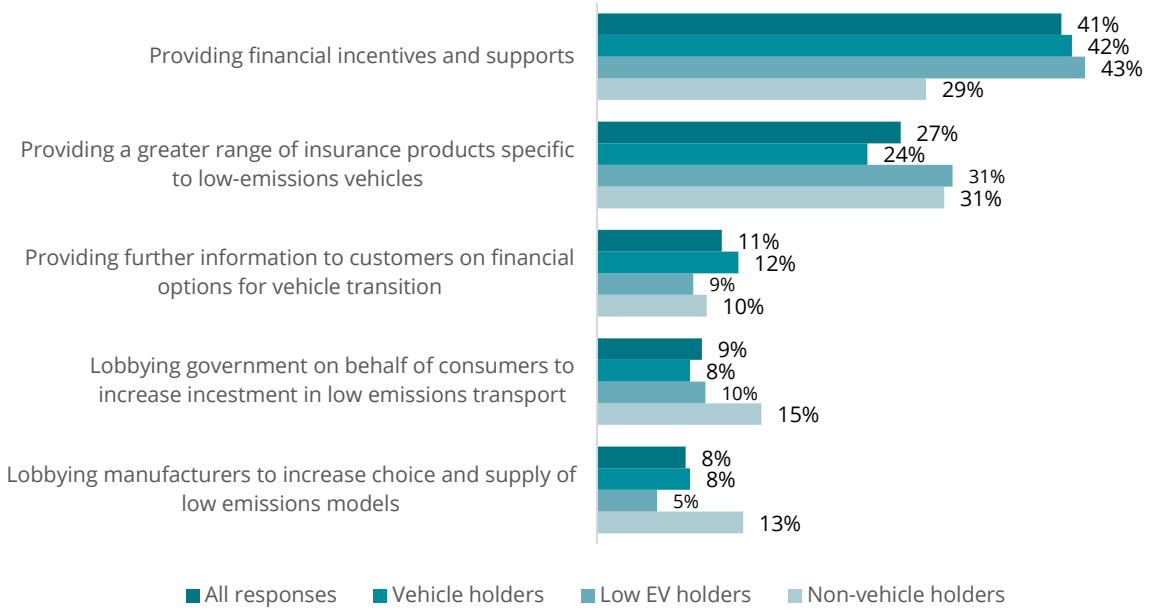
Industry representatives highlight that while they can guide customer decisions in both fleet and retail sectors, ultimate success hinges on consumer decisions. The finance sector plays an important advisory role, providing information and financial products that make it easier for consumers to choose low-emission options. This includes offering competitive financing options and leasing arrangements that make low-emission vehicles more accessible. Despite these efforts, representatives raise that actual uptake of these solutions depends on consumers being willing to shift from conventional vehicles to low-emission alternatives:

> *"The demand for Net Zero comes from customers. Our role is to provide vehicles to meet demand." – AFIA member organisation*

> *"We are not in a position to heavily influence customers' buying decisions. We are customer-led and just make sure customers are aware of benefits and discounts from the Government." – AFIA member organisation*

Chart 4-1 illustrates survey results pertaining to the perceived role of the finance industry within the transition to sustainable transport, according to Australian consumers. Consumers considered the role of financial institutions to be primarily in providing financial incentives and supports such as public-private partnerships for charging infrastructure investment, EV loans and leasing, and subscription services (41%). This is followed by providing a greater range of insurance products specific to low-emissions vehicles (27%) such as EV-specific insurance and insurance for micro-mobility options. Financial institutions also have an important educational and advisory role, with the third most commonly selected role being providing further information to consumers on financial options for vehicle transition (11%).

Chart 2-1 Perceptions on the role of financial institutions in supporting transition

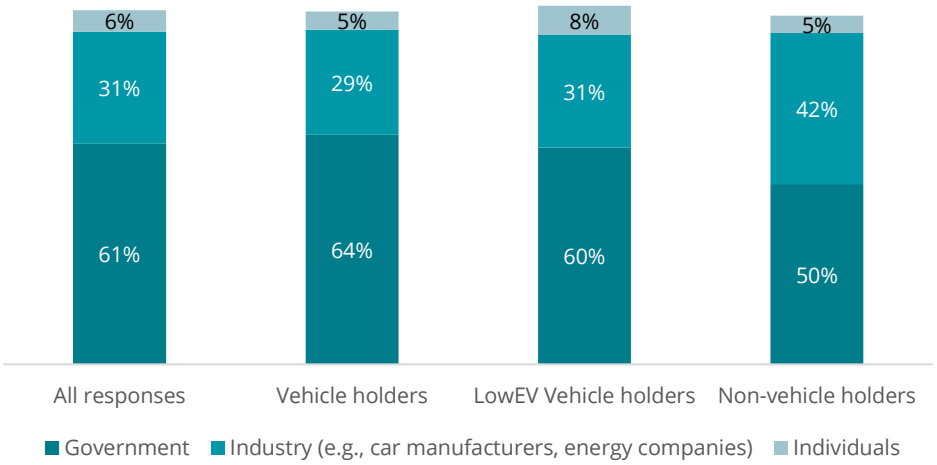


Source: Deloitte Access Economics public survey (2024), n=627

As highlighted by industry stakeholders, consumers must be motivated to make these changes, which can be influenced by various factors such as cost, convenience, and the perceived benefits of low-emission vehicles. A significant 61% of survey respondents believe that the Government should shoulder the primary responsibility for providing the infrastructure necessary for low-emission vehicles.

In comparison, 31% think this responsibility lies within industry, and 6% attribute it to individuals (Chart 4-2). Therefore, it is critical for Government policies to create an environment that encourages and facilitates consumer decisions in favour of low-emission vehicles. The actions focus on key areas where AFIA can seek to lobby government on behalf of members and clients with regard to priority policies.

Chart 2-2 Perceptions on responsibility for providing the appropriate infrastructure for low emissions vehicles



Source: Deloitte Access Economics public survey (2024), n=627

Key finding 2. Most members have strategies or targets in place to support the transition to Net Zero emissions transport, varying in scope, scale and effectiveness.

Most AFIA members have strategies or targets in place to support the transition to Net Zero emissions transport, although these vary in scope, scale, and effectiveness. These strategies often include measures such as adopting low-emission vehicles within their fleets and providing financial products that encourage sustainable transport choices among consumers. Almost all consulted stakeholders had workplace transition strategies in place ranging from environmental, social, and corporate governance data (ESG) reporting to targeting a proportion of their loan book to green investments.

> *"As a financer, we do not have a specific net zero target. However, we do have goals of the proportion of vehicles should be EVs". – AFIA member organisation*

> *"We do not have net zero targets, but our aim is 30% reduction by 2030 which is pushed by global HQ". – AFIA member organisation*

That said, there is generally appetite within AFIA membership to do more in the sustainable transport space, though many members face challenges due to financial risks to their business and nascent consumer attitudes. Many members recognise the long-term benefits of supporting the transition, including enhanced corporate reputation, alignment with ESG criteria, and potential new revenue streams from innovative financial products and services.

Financial risks remain a significant concern, given the uncertainty surrounding the pace of consumer adoption and the evolving regulatory landscape. Industry stakeholders reported future uncertainty about the resale value of an electrified fleet as a key concern. Nascent consumer attitudes towards low-emission vehicles also pose challenges, as many consumers are still hesitant to switch from traditional ICE vehicles due to perceived costs, range anxiety, and perceptions about limited charging infrastructure.

Despite these challenges, the finance industry's commitment to sustainability and innovation positions it well to play a pivotal role in accelerating the transition to sustainable transport. By leveraging their expertise and trusted consumer relationships, financial institutions can play a pivotal role in helping mitigate risks, educate consumers, and drive the development of a more sustainable transport system.

2.2 Infrastructure challenges and strategic opportunities to boost sustainable transport uptake

Key infrastructure challenges raised by industry representatives should be addressed through strategic opportunities to boost sustainable transport uptake.

Key finding 3. Among the primary perceived barriers to adoption of low-emission vehicles identified by Australian industry and consumers is availability of reliable chargers

One of the main perceived barriers to adoption of low-emission vehicles identified by Australian industry and consumers is the availability of reliable chargers. This issue particularly inhibits customers in remote areas, fleet operators, and others who are required to travel long distances. Industry representatives emphasised the importance of reliable charging infrastructure for both customers and freight operators:

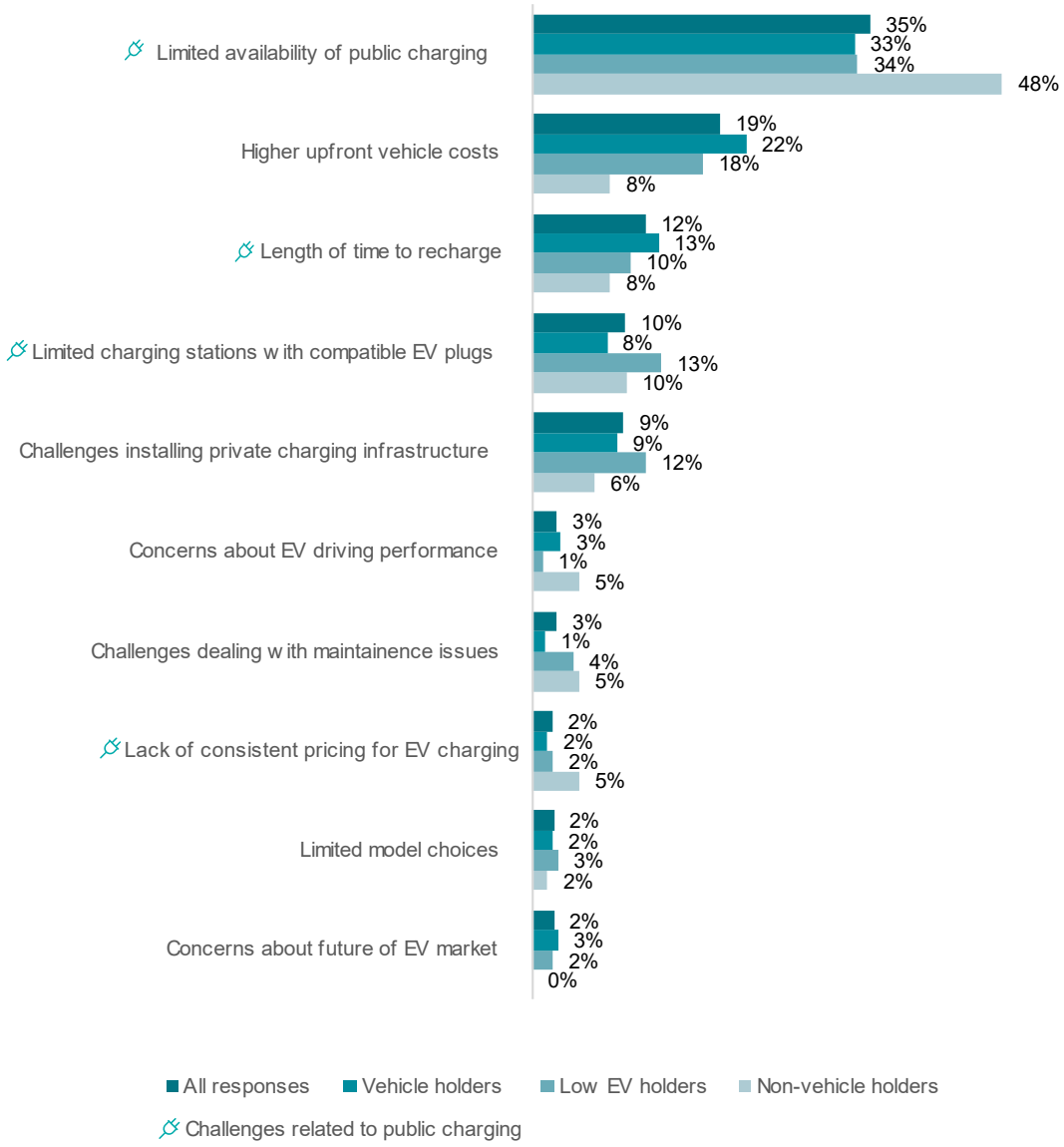
> *"For trucks, whether hydrogen or EV, it is crucial to understand how to travel from Sydney to Melbourne reliably. People are hesitant when they are not sure if the infrastructure is in place to support their journey from A to B". – AFIA member organisation*

Limited availability of public charging infrastructure was cited as a significant challenge by 35% of survey respondents, reflecting widespread concern across various stakeholder groups (**Error! Reference source not found.** 4-3). Specifically, 33% of vehicle holders, 34% of low-emission vehicle holders, and a notable 48% of non-vehicle holders identified this as a top barrier, indicating a particularly acute perception of this issue among non-vehicle holders.

The Australian Government has recognised these challenges and announced a $500 million investment in 2023 to install 117 fast chargers every 150km on key highways and hydrogen refuelling on major freight routes. These measures aim to address the infrastructure gaps and enhance the reliability of the charging network, which is critical for motivating consumers to transition to low-emission vehicles. With improved

charging availability and reliability, along with supportive government policies, the adoption of sustainable transport options can be significantly boosted.

Chart 4-3 Key challenges associated with low-emissions vehicles



Source: Deloitte Access Economics public survey (2024), n=627

Key finding 4. Metro consumers must have access to information related to public charger availability and wait times to build confidence.

Another critical factor identified in the research is the need for metro consumers to have access to real-time information regarding public charger availability and wait times. This transparency is essential for building consumer confidence in the reliability and convenience of using low-emission vehicles.

The gap between the perception and reality of charging availability often leads to hesitation among potential adopters of low-emission vehicles. Consumers fear the inconvenience of arriving at a charging station only to find it occupied or out of service, highlighted by AFIA members:

> *"There can be queues of 25 cars at public chargers and no way of knowing. The ability to see where chargers are in use would mitigate this." – AFIA member organisation*

Currently, Australia lacks a standardised system for providing real-time data on charger availability and wait times. In contrast, the European Union's (EU) Alternative Fuels Infrastructure Regulation (AFIR) mandates that by 2025, charging point operators must provide complete information on availability and pricing. This kind of regulatory framework could serve as a model for Australia to improve its charging infrastructure transparency.

Improved visibility of available chargers would not only alleviate consumer anxiety but also optimise the use of existing infrastructure. It could help reduce wait times, improve the efficiency of charging networks, and ultimately encourage more consumers to transition to low-emission vehicles. By implementing a live information system, Australia can significantly enhance the user experience and support the broader adoption of sustainable transport solutions.

Key finding 5. Australia needs standardised charging plugs for Evs similar to US and EU. A consistent approach is crucial for enabling fleet take up.

Australia needs standardised charging plugs for Evs similar to those used in the US and EU. A consistent approach is crucial for enabling fleet uptake and ensuring seamless operation across different regions and vehicle types.

As plug technology has evolved over time without a global standard, different countries have developed their own systems. The EU has declared Type 2 as the standard, while the US uses the North American Charging Standard (NACS). In Australia, multiple plug types are currently in use, including CCS2, CHAdeMO, and Type 2 plugs. AFIA members highlight that this lack of standardisation poses significant challenges for EV adoption:

> *"All plugs should be the same. The government needs to ensure that the charging network is accessible to any user." – AFIA member organisation*

The survey results support this sentiment, with 59% of low-emissions vehicle holders citing limited charging stations with compatible EV plugs as a top five challenge associated with owning or leasing a low-emission vehicle.

Standardising charging plugs would simplify the charging process, reduce consumer confusion, and enhance the overall usability of the EV charging network. It would also facilitate the development of more extensive and efficient charging infrastructure, supporting the transition to sustainable transport.

The Australian Government and industry stakeholders must work together to establish a unified standard for EV charging plugs. This effort will not only improve the user experience but also drive greater adoption of low-emission vehicles, aligning Australia with international best practices and supporting its net zero emissions targets.

2.3 The impact of current financial incentives in supporting the transition to sustainable mobility

Key finding 6. Continuing existing financial incentives offers considerable benefits as they are highly effective and align well with consumer expectations.

While Evs are reaching the point of cost comparison over whole of life cycle, there are considerable benefits associated with extending existing financial incentives as they are highly effective and align well with consumer expectations. Government financial support for Evs have been effective in driving progress towards Federal Government Net Zero targets and improving uptake, and are associated with reducing negative externalities that Evs create.

The key Australian financial incentives currently in place to improve uptake of Evs are:

- the LCT exemption for Evs under $89,332 and
- the FBT exemption for plug-in hybrids.

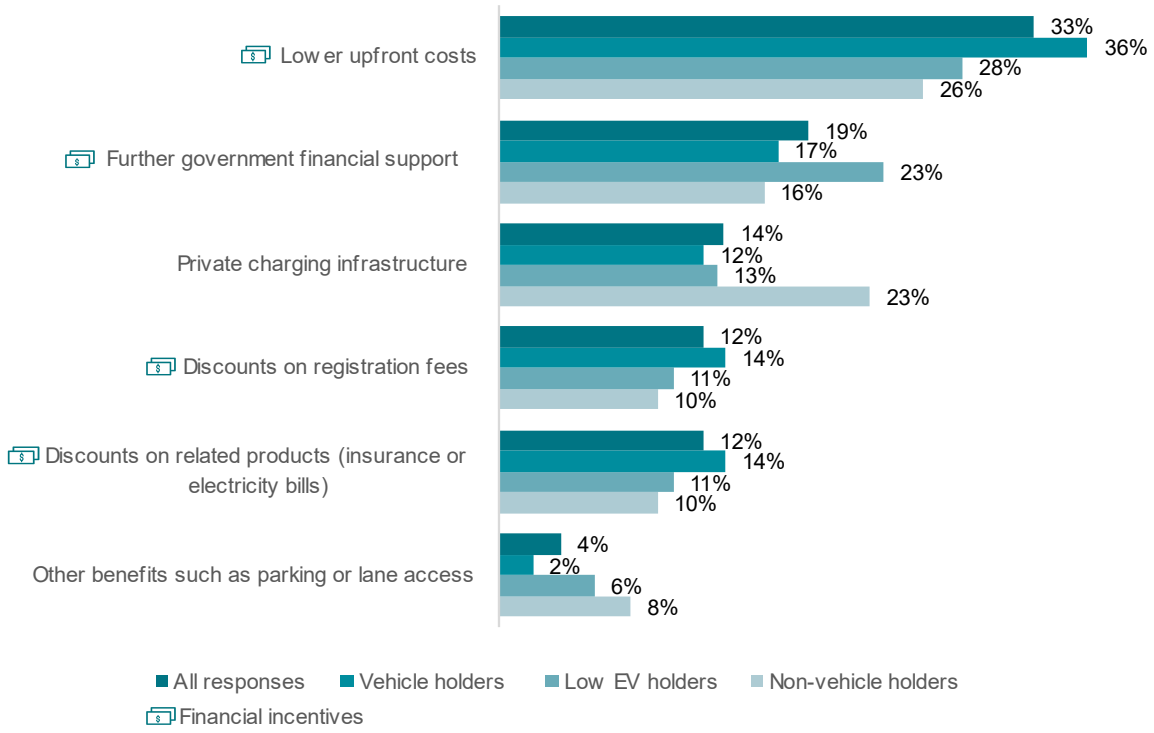
From 1 April 2025, a plug-in hybrid electric vehicle will not be considered a zero or low emissions vehicle under FBT law and is not eligible for the electric cars exemption. Industry stakeholders raised the need to review and extend these incentives to provide confidence for consumers and businesses:

"While we do have some tax incentives those are short term and quite limited in scope. People are not confident enough in government decisions to change their behaviour." – AFIA member organisation

These financial incentives form part of a broader suite of transport and climate policies in Australia. There is a case for extending existing financial incentives and subsidies due to the economic and health advantages of Evs in reducing air and noise pollution. Further, these policies are required as Australia does not yet have a comprehensive approach to internalisiging the cost of carbon emissions, e.g., through a formalised carbon tax. There are ongoing discussions about reintroducing some form of carbon pricing as part of Australia's strategy to meet its internation climate commitments, in line with international peers. Broader domestic and international policies comparisons are examined further in Appendix A.

Supporting data outlined in Chart 4-4 shows that 33% of all respondents highlighted lower upfront costs as the top factor encouraging the transition to low-emissions vehicles. Further government financial support was ranked critical by 19% of respondents. Private charging infrastructure support was selected by 14% of all respondents and 23% of non-vehicle holders.

Chart 4-4 Incentives ranked top for encouraging transition



Source: Deloitte Access Economics public survey (2024), n=627

While it is important to provide certainty for consumers regarding financial incentives for low emission vehicles, it is also crucial to review the position of existing policies that were designed for the ICE era as technology and uptake matures. This could include further consideration of the future role of fuel tax credits as well as longer-term reviews of the scope and design of the incoming New Vehicle Efficiency Standard (NVES).

Key finding 7. There is a need for a modern payments platform enabling fleet operators to seamlessly manage payments for employeesas simply using a fuel card.

There is a pressing need for a modern payments platform that enables fleet operators to charge employers for electric charging as simply as using a fuel card. This relates to both the immediate payment mechanism at chargers (e.g. the ability to pay for electricity using contactless payments) as well as the way in which employees can expense their employers for electric charging required for work trips or vehicles.

On the former, efforts to improve charging infrastructure to enable contactless payments are underway, and in Australia, Department of Climate Change, Energy, the Environment and Water (DCCEEW) guidance states all charging sites must support credit transactions that cards at every EV charger above 50 kW. The EU has mandated ad-hoc payments with debit cards at public chargers.

On payments systems, there is currently no agreed system for fleet customers to directly charge their employers for electricity as providers of charging infrastructure are highly fragmented. Industry stakeholders raised this as a key barrier hindering uptake of sustainable transport for fleet and business operators:

> *"Fleet customers have a free fuel card in the glove box. If they charge vehicles at home they use their own electricity, which is a complicated process to expense." – AFIA member organisation*

Industry stakeholders are exploring potential solutions but there is a clear opportunity for for further action. In Australia, FleetCard and Chargefox have partnered to introduce the country's first EV charge card, enabling businesses to manage petrol and EV expenses. This initiative represents a promising step towards creating a seamless and efficient payments platform for electric vehicle charging.

Priority policy position five highlights an opportunity for Government to consider modern payments platform enabling commercial drivers to charge their electric vehicles as easily as using a fuel card, as called for by AFIA members.

Key finding 8. Consistent and transparent pricing of electric vehicle charging is required to mitigate the risk of price shock and protect consumers.

Consistent and transparent pricing of electric vehicle charging is essential to mitigate the risk of price shock and protect consumers. Regulators such as the ACCC may play a role in monitoring electricity charge prices to prevent collusion, similar to their oversight of fuel prices. AFIA members raised current challenges associated with lack of oversight over electricity charging prices, leaving consumers vulnerable to unjust prices:

> *"Some public chargers are now gauging prices on electricity, as EV drivers tend to be higher income groups. People need to feel safe and know what they are paying for charging." – AFIA member organisation*

There is a need to ensure EV owners clearly understand before commencing a charging session exactly how and what they will be charged. Having in place clear and transparent pricing mechanisms are essential for boosting consumer confidence and driving uptake.

Efforts are underway internationally to improve transparency in charging. For example, EU legislation requires pricing for charging points above 50 kW to be energy-based per kWh and clearly indicated to the driver before charging commences. Such measures can serve as a model for similar policies in Australia.

Survey data reveals that 38% of respondents identified a lack of consistent pricing for EV charging as one of the top five challenges associated with owning or renting a low-emissions vehicle. This concern was prevalent across various groups, including 45% of non-vehicle holders, 35% of vehicle holders, and 43% of EV holders. Addressing this issue through regulatory measures and industry cooperation will be crucial in enhancing consumer trust and facilitating the transition to electric vehicles.

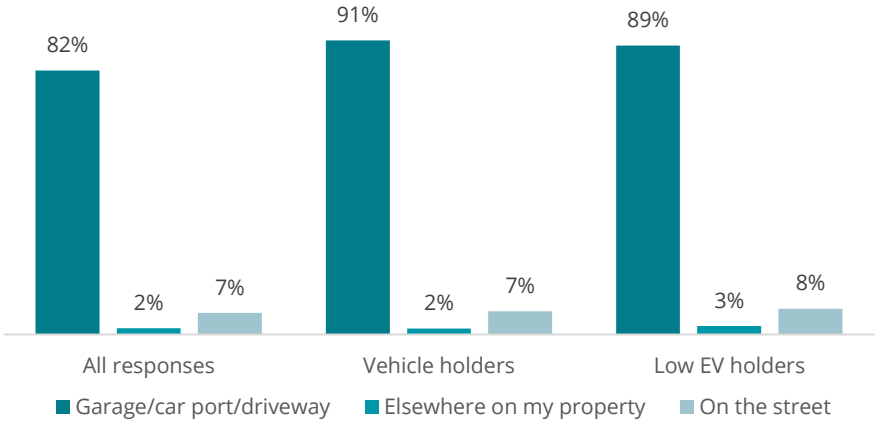
2.4 Creating a seamless user experience through the integration of products and services

Key finding 9. Consumer charging behaviours, particularly the preference for overnight home charging, should be considered in incentive and charging system design, drawing from international precedent.

Consumer charging behaviours, such as overnight charging, should be considered in incentive and charging system design, drawing from international precedent to enable efficient vehicle-to-grid capabilities and balance the needs of the network. Offering rewards for overnight charging is limited in Australia, with only a few networks providing time-of-day incentives. This affects the overall cost of owning a ZEV compared to the UK. There is an opportunity to take advantage of off-peak demand in preparation for V2G, such as incentives for charging at low-demand times, similar to Virtual Power Plant design.

As outlined in Chart 4-5, which shows the location of parking overnight for different consumers, 82% of all respondents park in a garage, car port, or driveway; this figure rises to 91% for vehicle holders and 89% for low EV holders. Only a small percentage of respondents park elsewhere on their property or on the street.

Chart 4-5 Location of parking overnight for different consumers



Source: Deloitte Access Economics public survey (2024), n=626

The EU requires public chargers built after April 2024 to be capable of smart charging, which automatically optimises power distribution across the grid. In Australia, ARENA has announced $3.2 million for Amber Electric to trial the country's first EV smart charging system.[7]

Key finding 10. Airport precincts are critical to transition and greater collaboration between governments, the car rental industry, and airport authorities is essential.

Airport precincts are critical for the transition to sustainable transport, and greater collaboration between state and federal governments, the car rental industry, and airport authorities is essential to support the adoption of low-emissions vehicles and encourage increased adoption of low-emissions vehicles in the rental market. Onsite charging infrastructure is necessary, but investment is challenging due to high costs and unstable rental contracts, as noted by an AFIA member organisation.

As highlighted in the comparative policy review, London Gatwick's accomplishment as the first international airport to launch a dedicated EV charging station with 30 chargers, made possible through a partnership with GRIDSERVE, showcasing a successful model of sustainable energy collaboration.

Key finding 11. The Government should identify and remove barriers, while the industry should consider how product offerings can creates a seamless user experience.

The Government should identify and remove barriers, while the industry should consider how product offerings, such as household billing, utility services, and EV home charging, can contribute to the transition by creating a seamless user experience. Maintenance and insurance costs are highlighted as key barriers by AFIA members:

> *"It surprised me how much more customers are paying for insurance for EVs compared to the same value of ICE car—a 25% premium hike for an EV at current uptake of 3%." – AFIA member organisation*
>
> *"In the UK, there is a growing trend of offering packaged services for charging installations, providing customers with an all-inclusive price for installing chargers." – AFIA member organisation*

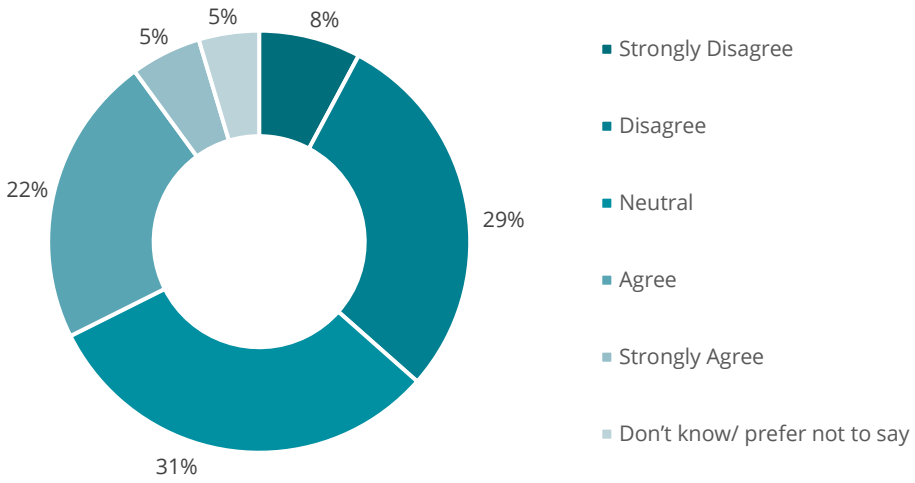
Two fifths of survey respondents are not satisfied with the current integration of products and services related to low emissions transport such as solar panels, home energy storage systems. 37% of survey responding that they disagree or strongly disagree with the statement "the current integration of products

[7] Australasian Fleet Management Association (2024), *ARENA Funds $3.2 Million Smart Charging and V2G Trial*, Available at: https://afma.org.au/arena-funds-3-2-million-smart-charging-and-v2g-trial/#:~:text=The%20Australian%20Renewable%20Energy%20Agency,power%20back%20to%20the%20grid.

and technologies related to low emissions transport is sufficient (such as solar panels, home energy storage systems)." This figure can be compared to 27%, who selected agree or strongly agree.

The responses suggests there is considerable room for improvement in how various low-emission technologies and products are integrated. Enhanced coordination and integration could potentially address these concerns and support a smoother transition to sustainable transport solutions. Potential opportunities around the future of technologies to improve integration such as Vehicle 2 Grid and Vehicle 2 Home charging are discussed in Section 3.6.

Chart 4-6 Current integration sufficiency on products and technologies to low emissions transport



Source: Deloitte Access Economics public survey (2024), n=627

2.5 Effective government policy settings to enable transition across states

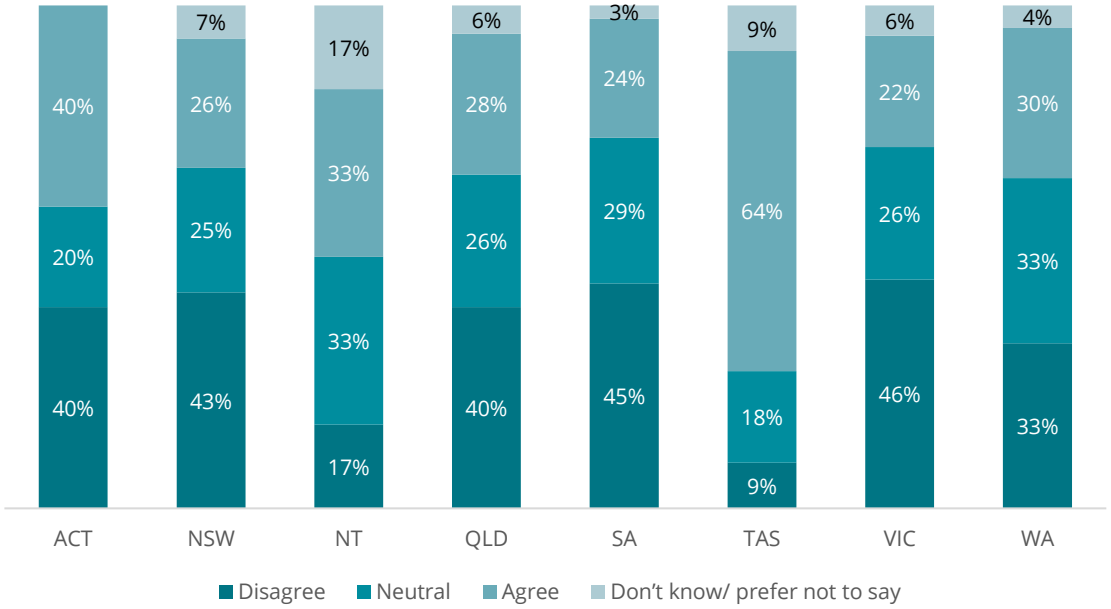
Key finding 12. The federal government has an important role to play in harmonising state approaches to transition policy, particularly in enabling fleet adoption.

When considering the most effective Government policy settings to facilitate transition, the federal government has an important role to play in harmonising state approaches, particularly in enabling fleet adoption. Industry stakeholders raised that different rules across states are hindering the uptake of EVs for fleet operators working interstate:

> *"If a truck is travelling interstate, it is difficult to charge due to different systems across states. There is a need for states to give up some jurisdiction." – AFIA member organisation*

Chart 4-7 illustrates the degree to which respondents agree that the current Government financial support for the purchase or running costs of low-emission vehicles is sufficient. The responses vary significantly across different states, highlighting the inconsistencies in perceived sufficiency of support. For example, 46% of respondents in Victoria disagree with the sufficiency of support, while only 9% in Tasmania share this view.

Chart 4-7 The degree to which respondents agree that the current Government financial support for the purchase or running costs of low-emission vehicles is sufficient



Source: Deloitte Access Economics public survey (2024), n=627

To address these concerns, there is international precedent for agreements to support cooperation and consistency on public charging infrastructure commitments. The EU's "Fit for 55" package in 2021 oversees the rollout of public charging points and requires a national policy framework by 2025. This model could serve as a benchmark for Australia to ensure a unified and efficient approach to supporting the transition to low-emission transport across all states and territories.

Key finding 13: Streamlined planning approval processes can help support electrification upgrades enabling fleet charging capabilities.

There is evidence to suggest current planning approval processes may be hindering businesses from expanding charging capabilities and technologies such as V2G. AFIA members raised a challenge around current planning approval processes, hindering the ability to make the necessary site upgrades required to enable fleet charging.

Planning approval pathways for installing Electric Vehicle Charging (EVC) units have been relaxed in NSW for some exempted sites under the NSW State Environmental Planning Policy (Transport and Infrastructure) 2021 (State Policy).[8] However, barriers remain for fleet operators who require sufficient power and infrastructure to charge many vehicles at once at a single site.

Businesses can be required to navigate complex planning processes in order to request the necessary electrification upgrades, often involving multiple layers of government and energy providers. The case study below sets out challenges faced by one AFIA member:

[8] NSW Department of Planning and Environment (2001), Electric Vehicles Fact Sheet, Available at: https://www.planning.nsw.gov.au/sites/default/files/2023-03/electric-vehicles-fact-sheet.pdf

Case study: East Coast Car Rentals

Siezing Australia's sustainable transport opportunity

Rohan Marx is the Managing Director of East Coast Car Rentals, Australia's leading indepenant car rental company. The company believes EV transportation is paving the way for future travel and recognises the importance of growing and adapting to the changing environment by providing renters with a broad range of sustainable conscious travel options.

East Coast Car Rentals is committed to growing their sustainability presence, however the company has raised challenges in dealing with planning approval processes as a key barrier to realising these ambitions.

Navigating the complex planning approvals landscape

Rohan highlighted that upgrading sites to have the electricity capability required to charge a fleet of EVs is an arduous process due to lengthy and complex planning approvals. The administrative burden associated with getting additional power into sites as deemed as "not economically viable," particularly for smaller businesses hoping to enter the car rental market.

"Getting additional power into sites is sadly not worth it when taking into account the additional upfront cost of purchasing EVs vs. ICE vehicles. With car rental, EVs are returned to the same location in need of recharging. And with the average length of rental being 5 days if your fleet includes 100 EVs, on some days 30+ EVs need to be recharged before going back on rent. To turn these around same day this means your site could require a minimum of 400 amp to recharge these vehicles quickly with additional power draw still needed for other operations.

To upgrade a normal rental yard, businesses need to go to the local state electricity authority to request additional grid to be distributed into your location. This is a significant administrative burden involving a feasibility study setting out what level of power you require. If this process is approved, you then have to contact a separate authority to you request whether the individual lines can be extended to your site.

There are additional layers of complexity due to the need to consult local, state and federal layers of government, in addition to engaging the energy provider and all on top of the very real cost of installing charging infrastructure. This is just not economically viable for most businesses."

- ***Rohan Marx, Managing Director, East Coast Car Rentals***

A streamlined planning process unlocking crucial charging capability

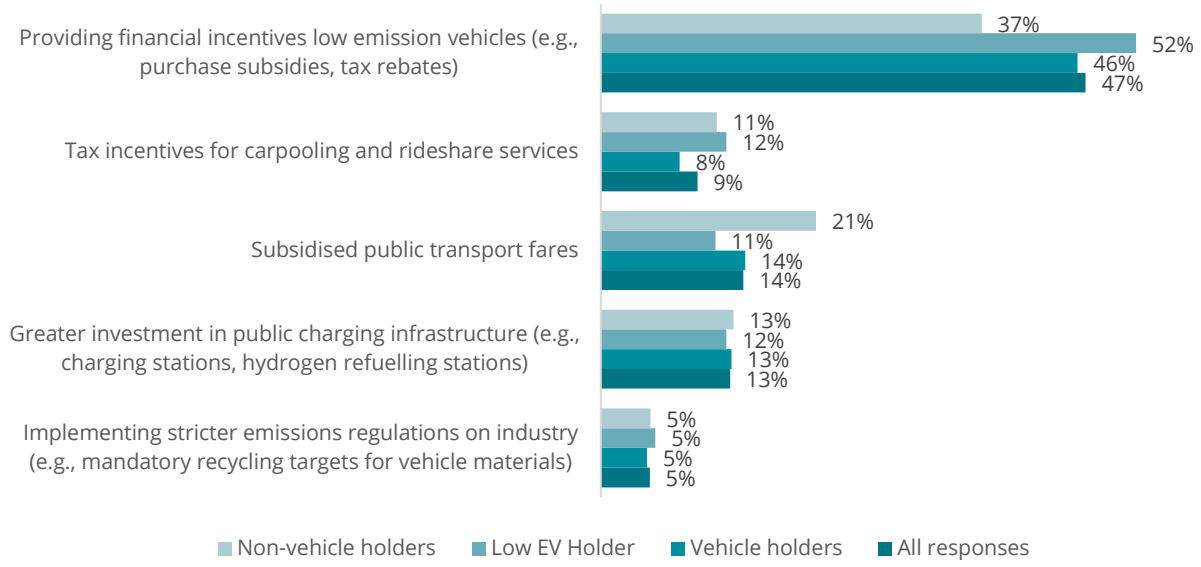
This signals a potential opportunity to simplify and streamline planning approval processes, improving the ease and speed with which fleet operators can upgrade the charging infrastructure they need to run their business. There will be a need for Government to also consider the changing needs of the network as the increased deployment of renewable energy sources transforms Australia's energy systems. Future network planning needs to be informed by consultation with customers and industry to consider how networks need to operate and evolve.

To support Australia's fleet operator in the broader electrification debate, there is a need for simplified planning approval processes to support site upgrades and unlock crucial electric charging capabilities.

Key finding 14. Financial incentives such as purchase subsidies and tax rebates are highlighted by Australian consumers as being most effective for supporting the transition to sustainable transport.

As part of this research, we asked Australian consumers about which specific actions they would most like to see government explore further to encourage them to pursue sustainable transport options (Chart 4-8 Government actions ranked top for encouraging transition to low-emissions transport8). This analysis suggests efforts to reduce upfront purchase and maintenance costs for low emissions vehicles are most most critical for influencing consumer preferences are those that help to, selected by 47% of all survey responses and 46% of vehicle holders. This was followed by subsidised public transport fares (14%) and greater investment in public charging infrastructure (13%).

Chart 4-8 Government actions ranked top for encouraging transition to low-emissions transport



Source: Deloitte Access Economics public survey (2024), n=627

AFIA members raised the need for more progressive and holistic policy approaches to be considered that incentivise consumers to transition rather than increasing barriers to uptake.

> *"Road taxes impact EVs and seem to be a cost recovery exercise by state governments. The models being considered by states need a broader perspective, rather than threatening ZEV drivers." – AFIA member organisation*

There is an opportunity for Australia to learn from international approaches where such measures have successfully spurred the adoption of low-emission vehicles. By adopting proven policies that are relevant and applicable to a domestic context, Australia can accelerate its transition to sustainable transport solutions. Action 4 provides an opportunity for the continuation of existing financial incentives such as the Fringe Benefits Tax exemption for plug in hybrid vehicles beyond April 2025, as well as state level rebates.

Public transport also plays a significant role in supporting the transition to sustainable transport in terms of achieving a a reduction in car usage, driving lower emissions and improving accessibility and inclusion of Australia cities. Subsidised public transport fares are identified by Australian consumers as the second most effective government action for supporting transition, selected by one fifth of non-vehicle holders and 14% of all survey respondents (Chart 4-8).

Subsidised public transport fares refer to government initiatives that lower the cost of public transportation for users. This can be achieved through direct subsidies to transport providers, tax breaks for commuters, or income-based fare reductions. The goal is to make public transport more affordable and attractive, thus increasing its usage. Detailed examples from various regions, such as California, France, and Australia, where these initiatives have been successfully implemented, can be found in the comparative policy review in Appendix A.

Given the significant interest in subsidised fares, there is an opportunity to implement subisidies for public transport fares as well as the trialling and expansion of policies that support public transport integration, such as open and interoperable systems for payments across public transport networks and other transport modes (Action 7).

2.6 Technological advancements to drive sustainable transport growth

Key finding 15. The technologies consumers believe will have most impact on their decisions to transition are advanced batteries and fast EV charging infrastructure.

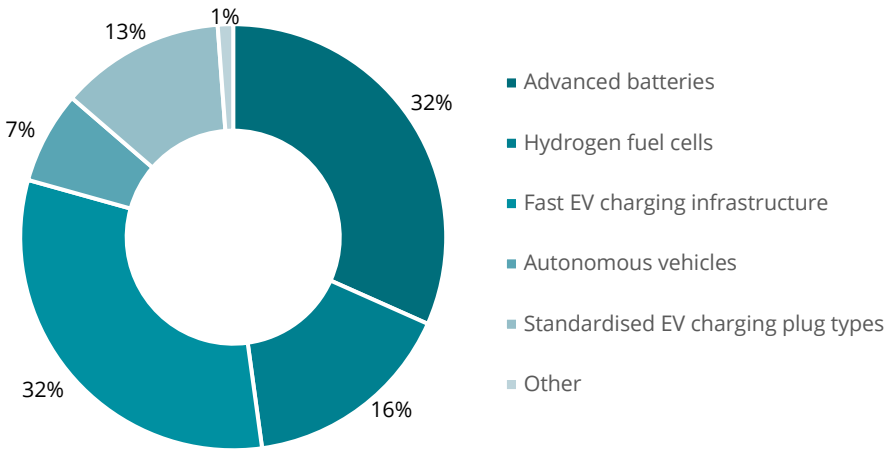
Key technological advancements and opportunities can drive future growth of sustainable transport in Australia by supporting innovation, increasing Research & Design and ensuring Australia is an attractive landscape for global leaders in the field to do business.

The emerging technologies that Australian industry and consumers believe will have the most impact in the future are advanced battery technology and fast EV charging infrastructure. These technologies are seen as critical enablers for the widespread adoption of EVs, addressing concerns about range anxiety and charging convenience.

Industry stakeholders have also highlighted the need for further investment and industry consultations on hydrogen distribution. This presents an opportunity for Australia to explore partnerships with leading international OEMs to advance hydrogen technology and infrastructure.

As seen in Chart 4-9, 64% of survey respondents believe that advanced batteries and fast EV charging infrastructure will have the most significant impact on low-emissions transport in the future. This highlights a strong consumer preference for technologies that enhance the practicality and efficiency of electric vehicles. Other notable technologies include hydrogen fuel cells, autonomous vehicles, and standardised EV charging plug types, which collectively contribute to the evolving landscape of sustainable transportation.

Chart 4-9 Emerging technologies that will impact low-emissions transport



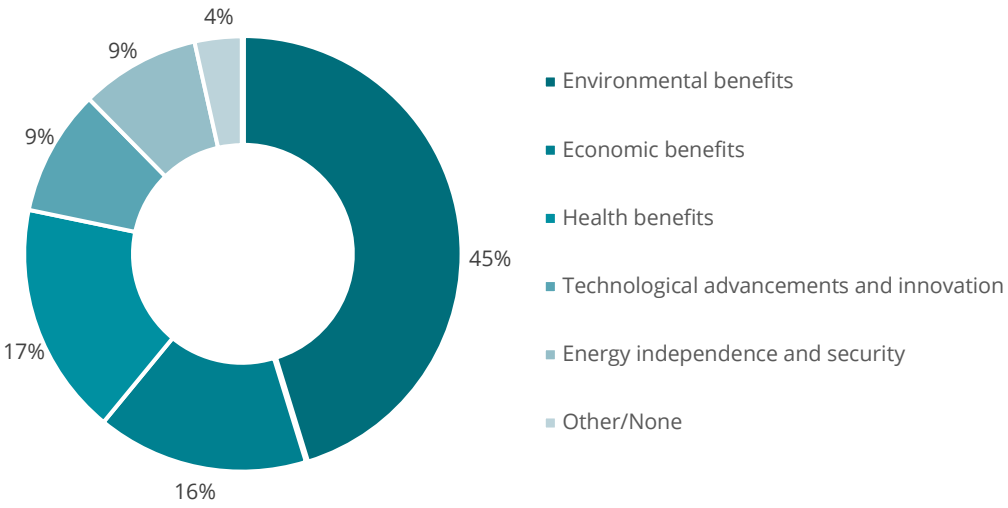
Source: Deloitte Access Economics public survey (2024), n=627

Key finding 16. The environmental benefits of sustainable transport is considered a key priority for Australian consumers.

The environmental benefits of sustainable transport are considered a key priority for Australian consumers. This emphasis on environmental advantages underscores the public's growing awareness and concern regarding climate change and the desire for cleaner, more sustainable modes of transport.

Chart 4-10 presents the main benefits of transitioning to low-emissions transport as identified by survey respondents. Environmental benefits lead the way, followed by other crucial factors that collectively drive the demand for sustainable transportation options.

Chart 4-10 Main benefits of transitioning to low-emissions transport



Source: Deloitte Access Economics public survey (2024), n=627

According to the survey, 45% of respondents consider environmental benefits to be the main advantage of transitioning to low-emissions transport. This indicates a significant portion of the population prioritises reducing their carbon footprint and contributing to a healthier planet.

Furter advantages noted by respondents include health benefits (17%), economic benefits (16%), technological advancements and innovation (9%), and energy independence and security (9%). This diverse range of perceived benefits demonstrates the multifaceted appeal of sustainable transport solutions.

The prioritisation of environmental benefits reflects a broader societal shift towards sustainability and the recognition of its importance in creating a better future. Sustainable transport not only addresses environmental concerns but also offers substantial health, economic, and technological advantages, making it a compelling choice for Australian consumers.

Key finding 17. Bidirectional charging, or Vehicle to Grid (V2G) technology, represents an area of future growth for the Australian transition.

A key areas of technological advancement for future consideration in the sustainable transport space is bidirectional EV charging, Vehicle-2-Grid (V2G) or Vehicle-to-Home (V2H) technology. Bidirectional charging allows electric vehicles to both draw energy from the grid and supply energy back in to it. By allowing EVs to boh draw from and supply energy back into the grid, this technology has the potential to help stabalise the grid during peak demand periods and facilitate greater integration of renewable energy sources, resulting in enhanced grid stability and cost savings.

Bidirectional charging is currently being trialled in the US, UK and Denmark. It is not yet widely available in Australia but a trial backed by the the Australian Renewable Energy Agency (ARENA) was carried out in Canberra between June 2020 and March 2023 to test the technology in a local market.[9] In October 2024 Mitsubishi became the first car brand in Australia to roll out bi-directional car charging functionality, but faced challenges in navigating the South Australian power authorities.[10]

By addressing regulatory challenges, Australia may be able to fully leverage the potential of birectional EV charging to create a more sustainable and resilient energy future. Action 9 relates to encouraging the

[9] RAVC, (2024) Guide to bidirectional charging in Australia, available at: https://www.racv.com.au/royalauto/transport/electric-vehicles/bidirectional-charging-explained.html

[10] DRIVE, (2024), 'Red tape' holding back Australian vehicle-to-grid technology expansion, available at: https://www.drive.com.au/news/red-tape-holding-back-australian-vehicle-to-grid-technology-expansion/

Government to streamline planning approval processes to support important electrification upgrades and enable further exploration and innovation into emerging Vehicle to Grid technologies.

While bidirectional EV charging offers promising opportunities, as with any emerging technology there is a need to also consider the potential risks. Considerations which will require careful mitigation include grid stability and complexity, battery degradation over time, policy uncertainty for consumers and government, and exposure to cyber attacks through increased connectivity and data exchange.

This research identifies the need for further funding to explore innovative fast charging infrastructure and technologies including considering how Australia can be an attractive destination for leading international OEMs, including V2G (Action 10).

3 AFIA actions and recommended policy positions

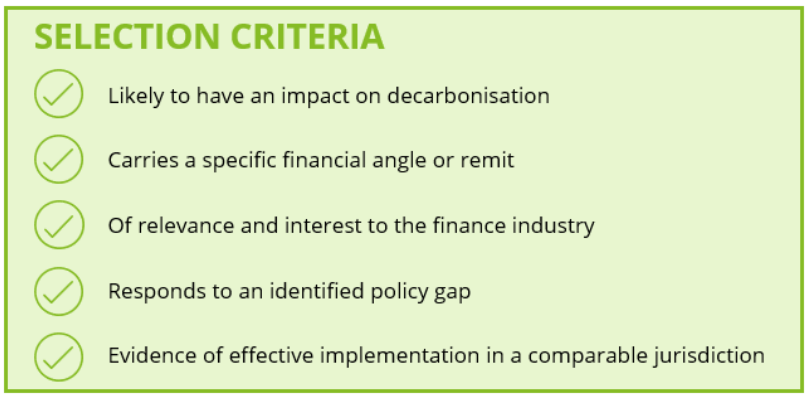
This report identifies a series of specific policies identified through our research as being effective for driving the transition to sustainable transport in Australia.

3.1 AFIA actions and recommended policy positions

The research identifies ten key policy areas highlighted by AFIA members and consumers as being most effective for driving the transition to sustainable transport. These areas provide a clear policy position to Government and industry on how to enable the transition to sustainable transport.

Based on the key findings and the application of specific qualitative selection criteria, a total of ten actions have been identified as priority areas. The actions are organised under six key themes which were developed in collaboration with AFIA members during initial consultations. These six themes have been used to shape the research questions and data collection instruments, including consultation guides and survey design. The selection criteria applied are outlined in Figure 3-11 and the actions are outlined in Table 5-1.

Figure 3-11 Selection criteria



Source: Deloitte Access Economics (2024)

The actions are organised under the six key themes identified in Section 1.3, reflecting the breadth of issues encompassed across the public survey, industry workshop and desktop review phases. The actions represent a holistic and multifaceted approach to advancing sustainable transport in Australia including consideration of key future trends.

Table 5-1 Actions organised by key theme

Theme	Priority policy positions
The role of the finance industry	1. The finance industry is a **vital enabler** of the consumer in facilitating flexible opportunities for alternative vehicle ownership models
Infrastruture challenges	2. Clear ambition for **interoperability of EV charging** across the country to aid fleet adoption including consistent plug size and type. 3. Government must enable a system for enabling **consumers to access live information** on public charger availability and wait times.
Finance and incentives	4. Continue access to **government incentives and grants** such as the Fringe Benefits Tax exemption for plug in hybrid vehicles beyond April 2025. 5. A **modern payments platform** enabling commercial drivers to charge their electric vehicles as easily as using a fuel card.
Integration with other products	6. Government should work with airport authorities and industry to put in place fast **EV charging infrastructure at airport precincts** to support the adoption of low emissions vehicles in the rental car market. 7. Further **trialling and expansion** of policies to support the **integration of public transport**, such as open and interoperable systems for payments across public transport networks and other transport modes.
Government policies	8. Federal government must pursue harmonisation **across states** to facilitate the adoption of EVs for interstate fleet operators. 9. **Streamline planning approval processes** to support electrification upgrades and enable important Vehicle to Grid and fleet charging capabilities.
Technological advancements and future trends	10. Funding should be provided to explore **innovative fast charging infrastructure** and technologies including considering how Australia can be an attractive destination for leading international OEMs, including V2G.

Source: Deloitte Access Economics (2024)

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Appendix A: Detailed comparative policy review

A comparative policy review of agreed jurisdictions that reflect high uptake regions was then undertaken. This analysis sheds light on both national and global policy landscapes, offering valuable lessons to support Australia's transition to sustainable transport.

This explores a variety of global and national policies that have successfully driven the sustainable transition of transport. By examining the strategies, actions, and outcomes achieved by different jurisdictions, it aims to inform broader research and enhance understanding of effective policy implementation around the world.

Summary of findings

Table A-1 presents a summary of the results of the broad comparative review, including government policies and private sector initiatives related to sustainable transport outcomes. These policies were then tested with AFIA to gain an understanding of member sentiment and identify potential opportunities for further exploration.

Six key focus areas were identified through qualitative assessment as being of greatest relevance to AFIA and its members, represented in bold. This appendix provides further detail and examples of national and global policies related to each area.

Table A-1 Summary of comparative review policies by outcome

Sustainable transport outcomes	Government Policy	Private Sector Initiative
Increased use of micro mobility	Dedicated bike lanes e-bike subsidies Accommodating regulation **Integration into public transport (Mobility as a Service**)	E-bike and scooter sharing services Corporate bike to work schemes Last mile e-bike delivery Insurance products for micro mobility Installing charging/docking stations Apps for finding services
Increased use of ride sharing	HOV (High Occupancy Vehicle) lanes Tax incentives for carpooling Congestion pricing in urban areas Regulations supporting ride-sharing services Integration into public transport (MaaS) Accommodating regulation	Ride-hailing apps with carpooling options Electric vehicle fleets for ride-sharing
Increased use of public transport	**Subsidised public transport fares including tax schemes** Transit-oriented development policies Dedicated bus and tram lanes Park-and-ride facilities	Real-time transit information apps Corporate commuter benefit programs
Increased use of ZEVs	**Purchase subsidies for ZEVs (cash or loan subsidy)** Tax incentives for EV and hybrid ownership **Public charging infrastructure investment** Low emission zones in cities Green vehicle procurement for government fleets	**Public-Private Partnerships for charging infrastructure investment** Workplace charging installations **EV leasing and subscription services** EV-specific insurance products Bundled pricing structures for electricity and vehicles

Sustainable transport outcomes	Government Policy	Private Sector Initiative
	Building codes requiring EV-ready parking EV driver benefits (free parking, toll exemptions) EV education programs	
Increased use of V2G	Regulatory framework for V2G services Grid modernization to support V2G Research funding for V2G technology Standards for V2G communication protocols	V2G aggregation services V2G-ready home energy management systems V2G-specific financial products (e.g., lower lease rates)
Increased circularity in transport	Extended Producer Responsibility for vehicles Mandatory recycling targets for vehicle materials Support for battery recycling facilities	Subscription-based vehicle access models

Source: Deloitte Access Economics (2024)

Detailed review

This provides further information related to the six key policy areas identified through the high-level qualitative assessment. Examples of prominent national and global policies are presented related to each key area are presented, including information related to their impact on the transition to sustainable transport, where available.

Integration into public transport

Integration into public transport refers to policies and initiatives aimed at seamlessly incorporating various forms of micro-mobility, ride-sharing, and low-emission vehicles into existing public transport systems. This can include measures like multi-modal ticketing, enhanced infrastructure for bikes and scooters at transport hubs, and apps that provide users with a unified view of their travel options.

The EU is actively advancing Mobility as a Service (MaaS) through several key policies and initiatives aimed at unlocking the potential of mobility data. The European Strategy for Data, implemented in February 2020, aims to create a commercial mobility data marketplace for exchanging data among various sectors, including mobility, health, and energy.[11] As part of this, Germany has recently launched the Mobility Data Space (MDS), a commercial community for data-sharing funded by the Federal Ministry of Digital Affairs and Transport. The MDS, managed by the non-profit organisation DRM Datenraum Mobilität GmbH, aims to standardise data formats, contracting, and security.[12]

In the recent study "Mobilitätswende 2030" (Mobility Transition 2030), conducted by DB Regio Bus and the Fraunhofer Institutes IESE and ILM, local public transport in Germany was thoroughly examined and the study concluded that the future of public transit is flexible and digitally networked. Germany has been proactive in integrating various transport modes into its public transport system including[13]:

- **Stuttgart Vaihingen S-Bahn Station Mobility Hub:** Passengers can digitally book climate-friendly mobility solutions and available options include rental bikes, car sharing, and charging stations for electric cars, in addition to traditional bus and rail services.
- **Berlin Mobility Hubs:** Provide access to shared modes from a single location and users can combine car sharing, bike rentals, public transit, and on-demand shuttle services.
- **Hamburg Initiatives:**

[11] European Commission (2024), *Unlocking the potential of mobility data*, Available at: https://digital-strategy.ec.europa.eu/en/policies/mobility-data

[12] Mobility Data Space, Available at: https://mobility-dataspace.eu/

[13] SKEDGO (2022), *A MaaS perspective from Germany*, Available at: https://skedgo.com/a-maas-perspective-from-germany/

    - Testing electric on-demand services and autonomous HEAT minibuses.
    - The "hvv switch" app integrates public transit with other shared mobility services.
    - RealLab Hamburg is testing a range of smart mobility options, including electric autonomous on-demand shuttle buses.
- **Dresden Advancements:** Focuses on optimised intermodal transfer centres, driverless cars, and networked vehicles to improve traffic flow and air quality.

There has been further activity in China in line with its low-carbon transport strategy. Beijing has piloted a MaaS platform since 2019. In 2023, Beijing Municipal Commission of Transport (BMCT) and Beijing Municipal Ecology and Environment Bureau (BMEEB) jointly launched the "Beijing MaaS 2.0 Work Plan". The MaaS platform has attracted over 30 million users, providing green travel services to an average of 4.5 million people daily. It is anticipated the MaaS 2.0 platform will serve more than 6 million people daily by the end of 2025.[14]

The case study below examines existing initiatives within an Australian context to improve the integration and accessibility of public transport networks, including identifying potential opportunities for initiatives that integrate public transport across Australia.

Case Study: Mobility-as-a-Service trials

The first MaaS trial in Australia is the Sydney MaaS trial. The trial commenced in April 2019 and was running for two years with a total of 93 participants, In Queensland, the ODIN PASS currently have three research trials which have already commence or will commence this year, offering multi-modal subscriptions.

The UQ MaaS Trial was the first trial for ODIN PASS and has had more than 12,000 unique users since its official launch in July 2021. The tourism-focused trial will be launched in partnering with Brisbane Open House and ODIN PASS and is currently in its initial phase to analyse travel behaviour for a baselind analysis. The Gold Coast MaaS trial is being made available to individuals living and/or working on the Gold Coast with the aim to understand whether the program can be run sustainably as it expands to a greater range of users. This trial will run from mid-2024 until late 2026.

There are further ongoing efforts and initiatives aimed at better integrating public transport across Australia. These include integrating ticket systems (Opal Card, NSW and Myki, Victoria), as well as timetable coordination, infrastructure investment, and smart technologies such as contactless payment options. State governments are increasingly focused on creating more cohesive and integrated public transport networks through policy frameworks and strategic investments such as the National Urban Policy.[1]

Subsidised public transport fares including tax schemes

Subsidised public transport fares, including tax schemes, refer to government initiatives that lower the cost of public transportation for users. This can be achieved through direct subsidies to transport providers, tax breaks for commuters, or income-based fare reductions. The goal is to make public transport more affordable and attractive, thus increasing its usage.

In California, two cities (Commerce and Emeryville) offer free public transport, and the Los Angeles County Metropolitan Transportation Authority has implemented a new fare payment policy that caps the number of single-ride fares passengers pay within specific periods. In France, around 43 towns and cities now offer at least some access to public transport without charge, with Montpellier making public transport free for all residents since December 2023. Meanwhile, in Australia, all tram travel within Melbourne's CBD has been free since 1 January 2015. Additionally, in Queensland, a 50 cent fare will apply to all Translink public transport services across the state from 5 August 2024, lasting for six months.

[14] Song et al. (2023), Mobility-as-a-Service Platforms: A New Trend in Low-carbon Transport, Available at: https://www.wri.org/insights/mobility-service-platform-green-transportation#:~:text=In%20June%202023%2C%20the%20Beijing,long%2Ddistance%20coach%20and%20more.

There is an opportunity for Government to further explore the subsidising and integration of public transport fares. Subsidised public transport fares were identified as the second highest area of interest Australian consumers would like Government to explore further, selected as top by 14% of survey respondents and within the top 3 by 44%. To enable the transition to sustainable transport, policies should be further trialled and expanded to support the integration of public transport. This includes enabling contactless payments across states and reducing barriers for interstate tourism.

Purchase subsidies for ZEVs

Purchase subsidies for ZEVs are financial incentives provided to consumers to lower the upfront cost of purchasing electric or hydrogen vehicles. These subsidies can be in the form of grants, rebates, or tax credits, aimed at accelerating the adoption of cleaner vehicles to reduce greenhouse gas emissions.

Germany launched its electric vehicle subsidy program in 2016, and by December 2023, it had supported a total of 2.1 million electric vehicles. The program was discontinued at the end of 2023 due to budget shortfalls. Details of the subsidies provided are outlined below.

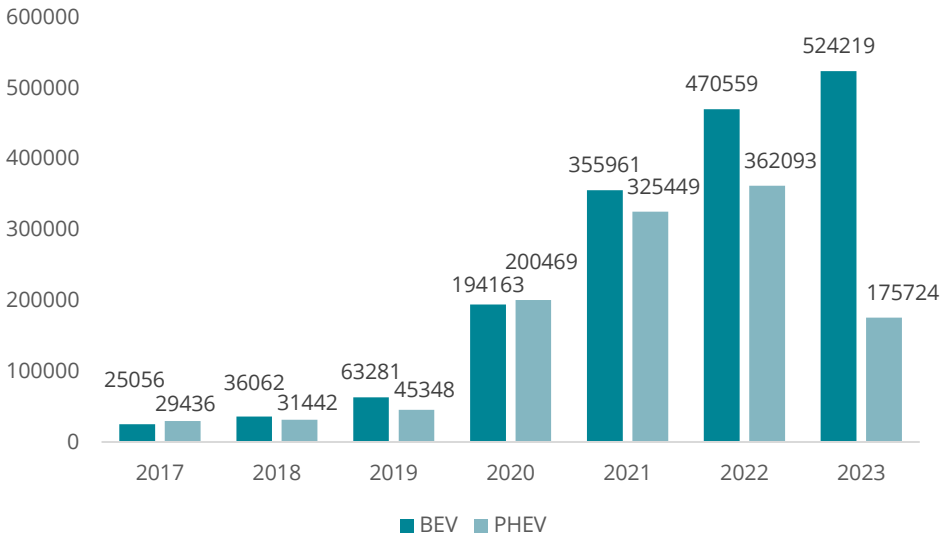
Table A-2 EV subsidy program, Germany

Price	**Up to €40,000 net**		**€40,000 to 65,000 net**	
Type	**BEV**	**PHEV**	**BEV**	**PHEV**
May 2016 – October 2019	€4,000	€3,000	€4,000	€3,000
November 2019 – May 2020	€6,000	€4,500	€5,000	€3,750
June 2020 – December 2022	€9,000	€6,750	€7,500	€5,625
January 2023 – December 2023	€6,750		€4,500	

Source: Centre for Eastern Studies (2024)[15]

The following chart illustrates the growth in BEV and PHEV registrations from 2017 to 2023, reflecting the program's impact on accelerating the adoption of electric mobility in Germany.

Chart A-1 Registrations of new battery electric vehicles and plug-in hybrid vehicles in Germany in 2017–2023



[15] Centre for Eastern Studies (2024), Unplugged. The uncertain future of electromobility in Germany, Available at: https://www.osw.waw.pl/en/publikacje/osw-commentary/2024-03-13/unplugged-uncertain-future-electromobility-germany

Source: Federal Motor Transport Authority (Kraftfahrt-Bundesamt)[16]

Australia has implemented several key financial incentives to encourage consumers to transition to EVs. These vary by state and territory but generally aim to reduce upfront costs. Key federal incentives include the Luxury Car Tax (LCT) Exemption and Instant Asset Write-Off, detailed below.

Luxury cars imported into Australia and valued over $76,950 for the 2023-2024 financial year are subject to the LCT. However, the LCT threshold for fuel-efficient cars, including zero-emissions vehicles, is higher at $89,332. As of July 2022, customs duties have been removed for battery electric vehicles (BEVs), plug-in hybrid electric vehicles (PHEVs), and hydrogen fuel-cell vehicles (FCEVs) with a dutiable value under the LCT threshold. Exceptions apply to vehicles from Russia and Belarus, which attract a 35% duty.

Some states have also implemented ZEV rebate schemes which offer rebates or grants to consumers who purchase qualifying zero-emissions vehicles, reducing upfront costs to improve affordability. ZEV rebate schemes in place across states are detailed in the table below:

Table A-3 State level rebate schemes

State/ Territory	ZEV rebate scheme	Additional benefits
New South Wales	Yes ($3,000)	Stamp duty exemption
Victoria	Yes ($3,000)	Exemption from luxury vehicle rates of stamp duty, registration discount
South Australia	Yes ($3,000)	Free registration (3 years)
Western Australia	Yes ($3,500)	None
Australian Capital Territory	No	Reduced registration fee, stamp duty exemption (new ZEVs), zero-interest loans
Queensland	Yes (up to $6,000)	Reduced registration fee, stamp duty discount
Tasmania	Yes ($2,000)	Free registration (2 years), stamp duty exemption (2 years)
Northern Territory	No	Free registration (5 years), stamp duty discount (5 years)

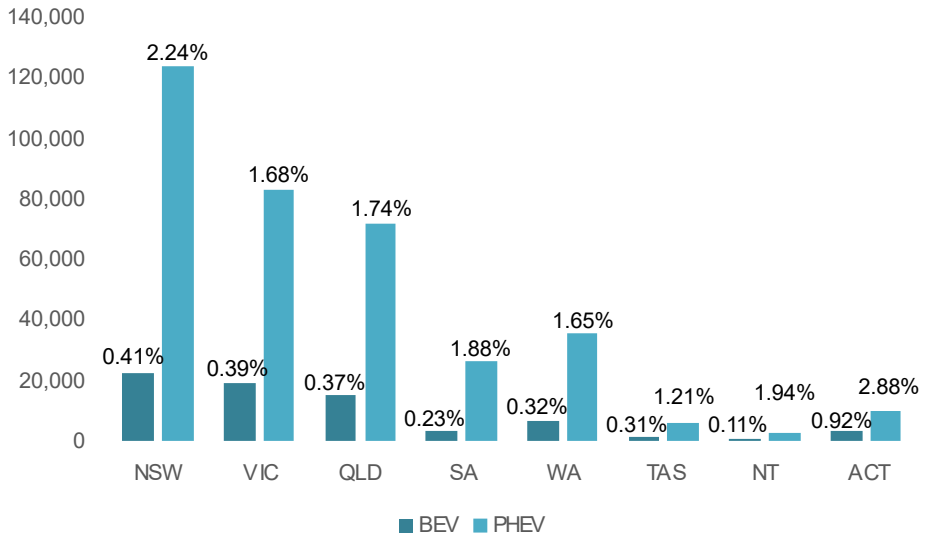
Source: NRMA (2024)[17]

Chart A.2 demonstrates distribution of BEVs and PHEVs across Australian states in 2023 along with the registration penetration for each vehicle type and state. NSW and Victoria have the highest concentration of both types of vehicle, followed by ACT.

[16] Federal Motor Transport Authority (Kraftfahrt-Bundesamt), Available at: https://www.kba.de/DE/Statistik/statistik_node.html

[17] NRMA (2024), EV incentives in Australia, Available at: https://www.mynrma.com.au/electric-vehicles/buying/ev-incentives

Chart A-2 Distribution of vehicle registrations by state, 2023



Source: Australian Automobile Association (2023)[18]

As part of this engagement, AFIA members and consumers were asked about their perspectives on existing purchase subsidies, discussed under 4.3. This identified an opportunity for states to harmonise policy approaches relating to the adoption of EVs (Action 8).

Public charging infrastructure investment

Public charging infrastructure investment involves governmental and private sector funding to develop extensive networks of charging stations for ZEVs. This ensures convenient and reliable access to charging points, which is crucial for the widespread adoption of ZEVs.

The EU has announced significant investment plans aimed at expanding and upgrading public charging infrastructure to support widespread adoption of EVs across member states, committing EUR424 million under the Alternative Fuels Infrastructure Facility (AFIF) of the Connecting Europe Facility (CEF). 42 selected projects will establish approximately 4,200 electric recharging points along the European TEN-T road network, 48 hydrogen refuelling stations for cars, trucks, and buses, and electrify ground handling services in 21 airports.

In alignment with these efforts, the AFIR sets mandatory targets for recharging and refuelling infrastructure to support sustainable transport. The regulation focuses on fostering zero-emission road transport, removing trade barriers, and creating economies of scale for manufacturers and operators. Key mandates include:

- Fast charging stations of at least 150 kW to be installed every 60 km
- Contactless payment to be made possible for EV drivers at charging points with complete transparency on charging prices
- Charging point operators to provide customers with complete information on availability and pricing
- Hydrogen refuelling stations to be installed every 200 km along the TEN-T core network.

There have also been significant initiatives in Australia to enhance public charging infrastructure and support the transition to ZEVs. The Driving the Nation Fund, established by the Australian Government is a cornerstone initiative aimed at facilitating the expansion of EV charging and hydrogen refuelling infrastructure across the country. This includes the creation of a National EV Charging Network, which will see 117 fast chargers installed on key highway routes, at an average interval of 150kms, connecting all capital cities. The project is designed to boost driver confidence by providing a reliable and accessible

[18] Australian Automobile Association, Geographic distribution of vehicle registrations (Registration Data as at 31 January 2023), Available at: https://www.aaa.asn.au/research-data/electric-vehicle/

network of chargers, particularly targeting regional and remote communities. Additionally, the Hydrogen Highways initiative, co-funded with state and territory governments, aims to decarbonise heavy transport by establishing hydrogen refuelling networks on major freight routes.

As part of this engagement, AFIA members and consumers were asked about the infrastructure challenges associated with transitioning to ZEVs. This identified an opportunity for interoperability of EV charging and improved consumer access to availability and wait times (Actions 2 and 3).

PPP for charging infrastructure investment

Public-Private Partnerships (PPP) for charging infrastructure investment refer to collaborative projects between government entities and private companies to finance, build, and operate EV charging stations. These partnerships leverage the strengths and resources of both sectors to expand charging infrastructure more efficiently and effectively. Major PPPs established globally include Ionity, a join venture in Europe between BMW, Mercedes-Benz, Ford, Volkswagen Group , Hyundai and Kia, as well as EVgo in the USA. These partnerships continue to play a vital role in accelerating the transition to sustainable mobility.

There is a need for government to consider how Australia can tap into existing PPPs globally and ensure Australia is an attractive investment destination for incentive international developers to do business (Action 10).

AFIA members raised the potential for industry and government partnerships to overcome infrastructure barriers, particularly around airports. Action 6 sets out an opportunity for state and federal governments to work with airport authorities and industry to put in place fast charging at airport precincts to support adoption in the rental car market. For example in the UK, London Gatwick became the first international airport to open a dedicated EV charging station with 30 EV chargers available via contactless payment, enabled through a partnership with the sustainable energy company GRIDSERVE in January 2024.

EV leasing and subscription services

EV leasing and subscription services provide flexible alternatives to traditional vehicle ownership, allowing consumers to lease or subscribe to electric vehicles for varied time periods. These services often include maintenance and insurance, making it easier and more affordable for people to access EVs without committing to a full purchase.

In Australia, from 1 July 2022, employers are exempt from paying Fringe Benefits Tax (FBT) on benefits provided for eligible electric cars and associated car expenses, provided certain conditions are met. To qualify for the FBT exemption, the car must be a zero or low emissions vehicle, the first time the car is both held and used must be on or after 1 July 2022, the car must be used by a current employee or their associates (such as family members), and luxury car tax must never have been payable on the importation or sale of the car. However, from 1 April 2025 onwards, plug-in hybrid electric vehicles will no longer be considered zero or low emission vehicles under FBT law, and thus will not qualify for the FBT exemption.

As part of this engagement AFIA members and consumers were asked about their perspectives on existing financial incentives such as the FBT exemption, discussed under Section 4.3. As identified by this report, there is a need for the continuation of such policies (Action 4).

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