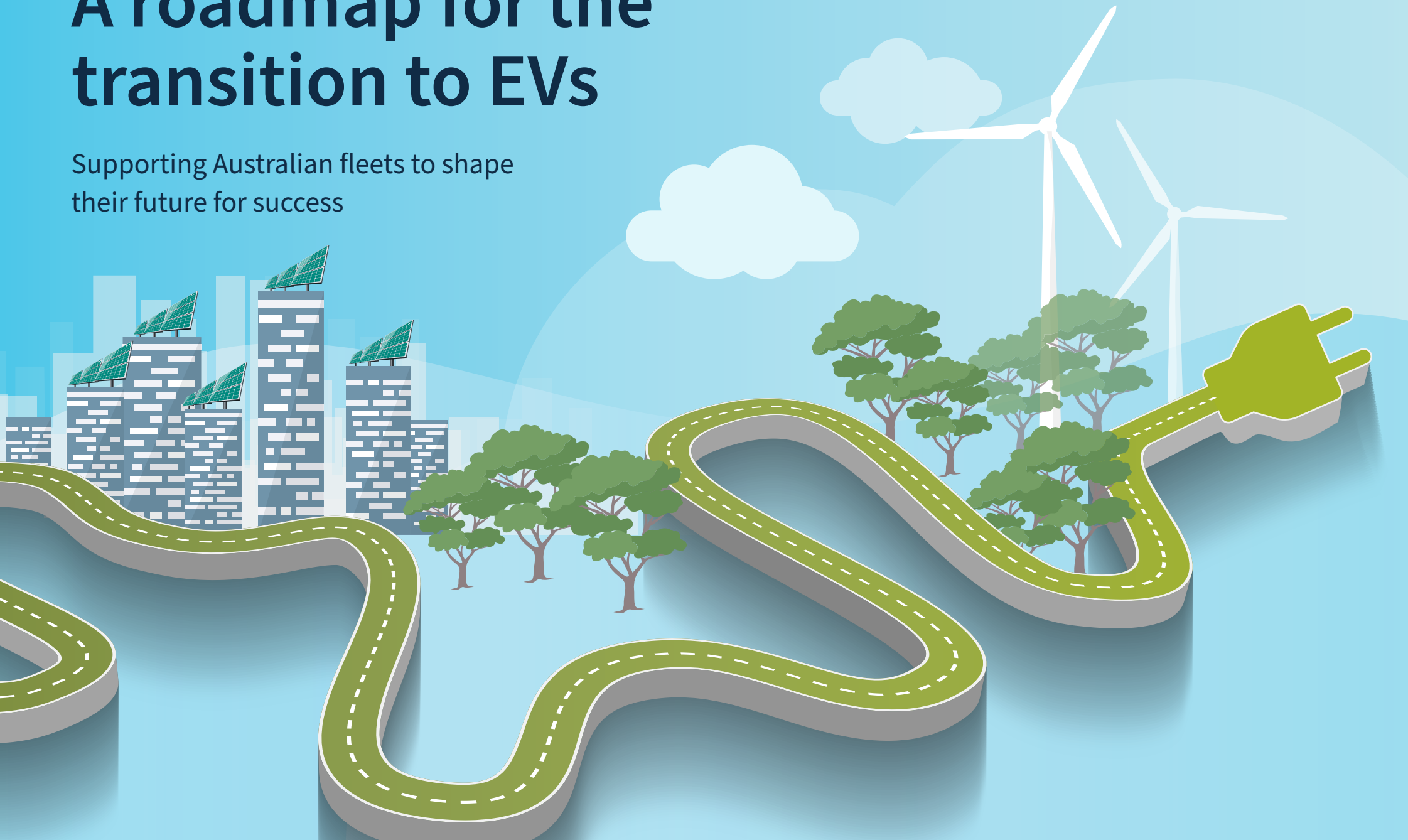


A roadmap for the transition to EVs

Supporting Australian fleets to shape their future for success



NET ZERO BY 2050

Environmental, Social and Governance (ESG) commitments and climate change targets and goals are driving Australian organisations to plan for a radically changed future. Electric vehicle (EV) adoption is part of that ongoing journey and is set to bring about the most significant change to the motor vehicle sector in over 100 years.

At Interleasing, we believe that making sustainability a priority will deliver competitive advantages in the short and long term for our clients and partners. Through specialist expertise, practical support and a forward-thinking approach, Interleasing is committed to helping Australian organisations shape their future.

Interleasing are the experts you can rely on.



CONTENTS

If you are considering how EVs could work for your organisation, this discussion guide will give you a great starting point in formulating your strategy and determining how your fleet can successfully evolve to a greener future.

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ELECTRIC VEHICLES PLAY A KEY ROLE IN MEETING CLIMATE CHANGE TARGETS

In Australia, the transport sector is the third biggest and fastest growing source of greenhouse gas emissions, accounting for 19% of all carbon emissions. The cars and light commercial vehicles on our roads contribute more than half of these emissions.¹

Low and zero emission vehicles are an essential component of helping transition the transport sector to net zero emissions. A move away from fossil fuels is guaranteed but the speed of the transition is less certain.

Both government and private initiatives are key to EV uptake and increasingly investors, consumers and employees are playing a role in moving ESG to the top of the agenda for Australian organisations.²



Both mid-sized and larger fleets expect to grow the number of EVs in their fleets over the next two years; this will begin in 2022, but is then likely to accelerate significantly in 2023 (and beyond).

AfMA & ACA Research, Australian Corporate Fleet Insights Report, June 2022



PREPARING FOR A MARATHON NOT A SPRINT

There are a number of key factors that will dictate the pace of transition to EVs.

Some of these factors are specific to Australia. Our land size has an impact on the implementation of charging infrastructure, although local and federal government funding and initiatives are making progress with this challenge.

Other factors such as battery technology and global supply chains are issues experienced by all countries as they transition to emission-free transport.

Consumer preferences for particular types of vehicles also play a role in progress with uptake of EVs. The current choice of vehicles provides few models that match the needs of the local consumer and commercial markets. Around 70% of vehicle sales in Australia are SUV and Dual Cab models. As of November 2022, both these segments do not provide EV options for customers to consider.³

The latest research from the Australasian Fleet Managers Association (AfMA)⁴ tells us the majority of fleet managers (71%) expect EVs to be mainstream in their vehicle inventory by 2030.



say electrifying their fleet is a priority



of fleets have EVs

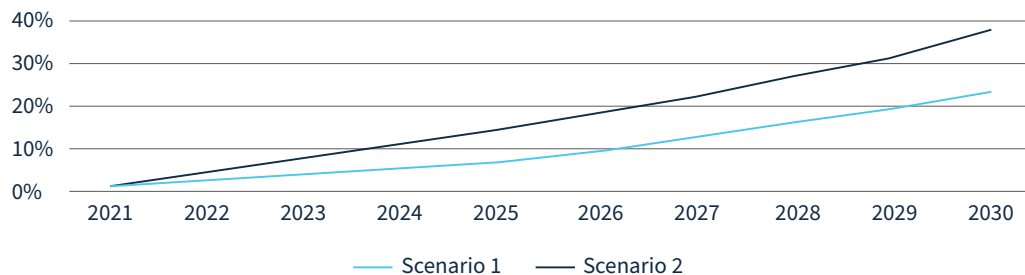


expect to buy EVs for their fleet in 2023

AUSTRALIA IS IN FOR THE LONG HAUL

PREDICTED EV UPTAKE BY 2030

(assumptions made considering ALP FBT exemption policy introduction)



Source: [Deloitte, Australia's Transition to Electric Vehicles Summary Report, 2022](#)

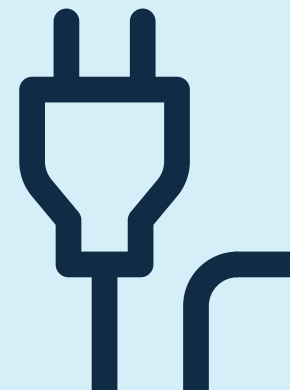
The chart above shows two forecasts for the uptake of EVs to the end of the decade. New legislation has passed the Australian Federal Parliament, which exempts employer-provided EVs from fringe benefits tax (FBT).

Under this legislation, EVs (up to the fuel-efficient luxury car tax limit of \$84,916 as at November 2022) will be exempt from FBT for a period of up to three years (initially).⁵ This will deliver tax savings of around \$3,000 - \$5,000 per year to fleets (vehicles with an assigned driver) and individuals who salary sacrifice an EV making EVs more affordable in comparison with petrol and diesel models.⁶

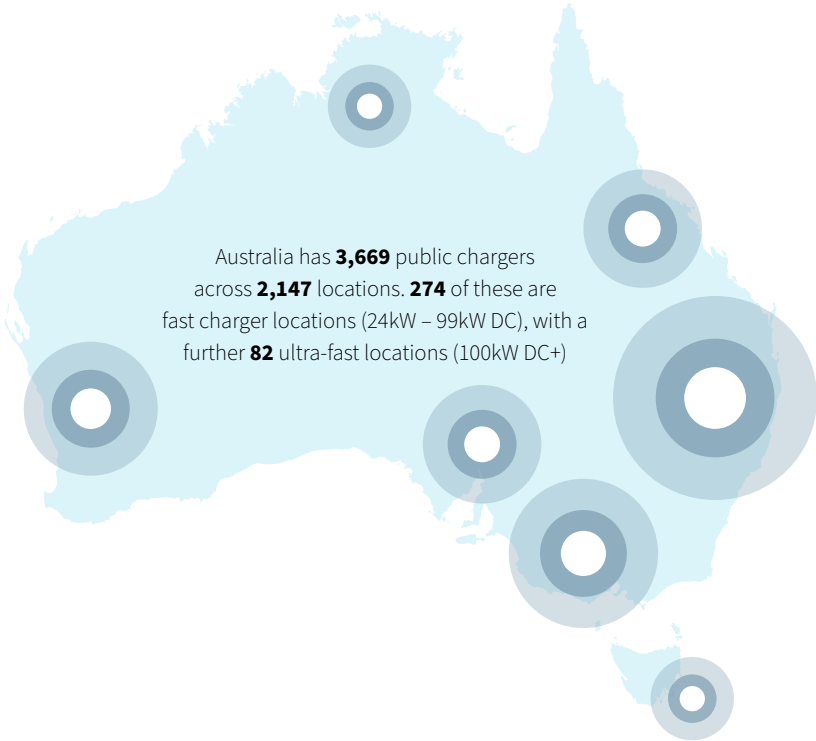
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Two thirds (66%) of people agree that Australia should be doing more to address climate change and 64% want Australia to be a global leader in emissions reduction.

[Ipsos, Climate Change Report, 2022](#)



EV UPTAKE IS GATHERING PACE BUT AUSTRALIA IS STILL LAGGING THE REST OF THE WORLD

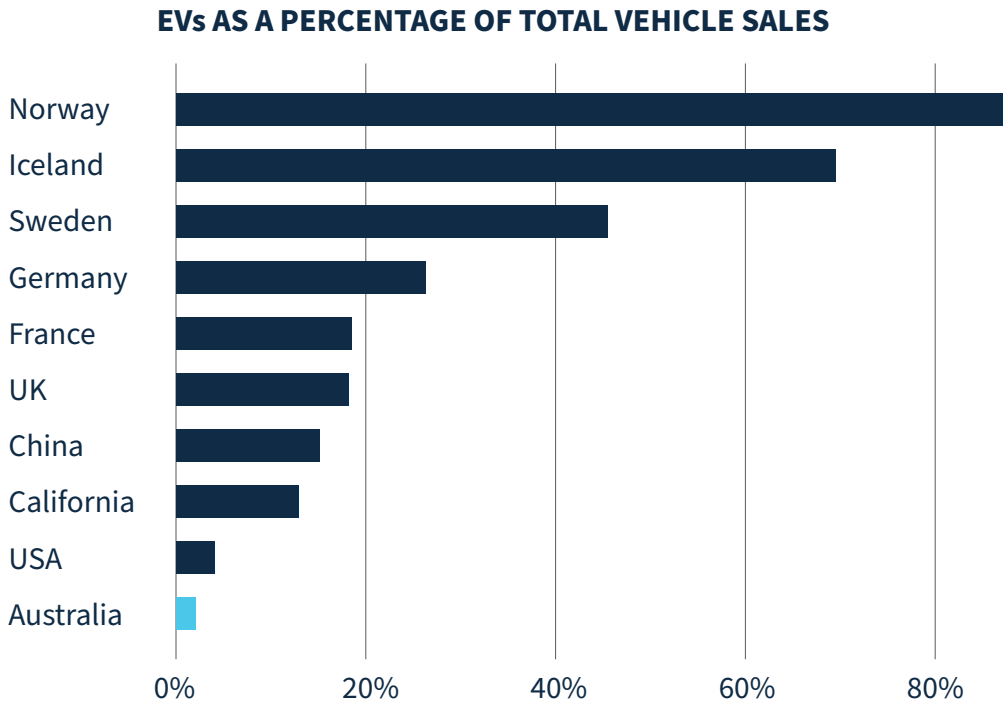


ELECTRIC VEHICLE POLICY SCORECARD								
ACT	NSW	QLD	VIC	SA	TAS	WA	NT	FED
8/10	8/10	6/10	5/10	5/10	3/10	4/10	4/10	7/10

Source: [Electric Vehicle Council, State of Electric Vehicles, October 2022](#)

The EV market share in Australia grew from 2% in 2021 to 3.39% in 2022⁷, but this still falls short of the 9% recorded for the global car market in 2021.⁸

In New Zealand, EV sales are proportionally higher than the global average with new registrations now at 11%.⁹



Source: [Deloitte, Australia's Transition to Electric Vehicles Summary Report, June 2022](#)

A ROADMAP FOR AUSTRALIAN FLEET MANAGERS

There is no one-size-fits-all strategy for a shift in fleet policy. Understanding the suitability and planned introduction of EVs requires an assessment of business requirements, employee profile and broader mobility strategy. Key questions include:

- Are any alternative fuel vehicles in use today?
- How suited are the different vehicle types for current drivers and requirements?
- Which proportion of the fleet would be suited to switch to electric?
- Which vehicles are driver assigned and which are pool vehicles?
- Which vehicles are garaged at night on the premises or garaged at employees' homes?
- How can fleet policy restrictions be determined?
- What will the upfront investment be?
- How will EVs change the fleet cost profile including running costs?

At Interleasing, we've developed a 3-step framework to help our clients approach this transition in a strategic and holistic way.



ASSESS WHERE YOU ARE NOW



CURRENT CARBON FOOTPRINT

Progress is only visible if it's measured. Understanding your starting point is key to making informed decisions about how and when you can reduce, offset and remove emissions in the transition to EVs.

Interleasing provides CO2 data for clients, to help determine how their current carbon footprint stacks up against the government's Green Fleet ratings.

FLEET MIX AND VEHICLE USAGE

An accurate view on kilometres driven, type of vehicle used, and routes taken (including metro vs regional) is critical in making an accurate assessment of the fleet and determining what the future strategy will be.

Interleasing uses telematics to measure driver behaviours and provide an overview of the split between private and work use for clients.

EMPLOYEES ON BOARD

An EV transition is not just about vehicles. A successful transition depends on take up by employees and the ability for the fleet to enable the workforce to carry out their functions efficiently.

Interleasing facilitates employee research for clients, to help understand and monitor employee attitudes and requirements around EVs.



Part of the University's carbon emissions reduction strategy is targeting emissions from our fleet vehicles and vehicle assets. This means we have an electric vehicle transition strategy where we will be swapping out all our current passenger vehicles for EVs. Interleasing's knowledge of what's happening in the electric vehicle space is invaluable. Being able to talk through our strategy with them has given us access to specialist expertise and input on how to achieve our goals and what cars will help us to do that.

Kellie Peart, Senior Manager – Infrastructure Services and Development, University of Tasmania

Watch video

GETTING EMPLOYEES ON BOARD



Like any big change, having valuable insights upfront can increase employee confidence and up-take in the transition to EVs.



ATTITUDES & PERCEPTIONS

What are employee perceptions of EVs?

Will they be open to change?

What are the key barriers to getting employees on board?

What benefits will EVs bring and how will these impact employees?



GEOGRAPHY & BATTERY CHARGING

Where are employees located and in what type of dwelling?

What distances will the employee need to travel?

How near / far will the nearest public charging station be?

What happens if an employee moves home?



COSTS INVOLVED

Who pays for the at-home charger?

How does the upfront cost compare with an ICE vehicle?

How will the total cost of ownership change?



IMPLEMENTATION

How do employee circumstances inform current and future fleet planning?

What needs to change for all drivers to transition to an EV?

What is a realistic roadmap for the transition?

What happens if an employee leaves the organisation?

ACHIEVE WHAT YOU CAN TODAY



When it comes to EVs in Australia, fleet managers have been dealt a complicated hand. Moving to 100% EVs straight away is just not possible in the current environment for three key reasons.



AVAILABILITY

Japanese manufactured vehicles make up 60% of vehicle sales in Australia but there are few EVs available for sale locally.¹⁰ Experts and leaders in the motor industry including Volkswagen, Hyundai, Peugeot, Federal Chamber of Automotive Industries, Australian Automobile Association, NRMA and the Grattan Institute support the view that the lack of a vehicle fuel efficiency standard in Australia is a key reason why EV models are not supplied to the Australian market. The presence of standards for 80% of the global car market sends a clear signal to manufacturers to supply more EVs and low emissions vehicles to these countries.¹¹



AFFORDABILITY

The Electric Vehicle Council has found that 65% of Australian consumers would like to buy an EV model for less than \$50,000. The majority (89%) of EVs for sale in Australia in 2021 had a price tag above this threshold.¹²

With new legislation exempting EVs from fringe benefits tax, fleets and employees can potentially make significant tax savings.¹³ Together with savings on fuel, this measure could reduce the overall cost of buying and running an EV to less than a petrol or diesel mid-range model.



CHARGING INFRASTRUCTURE

With growing availability of EV charging in all locations – at home, at work premises and on the go – infrastructure is becoming less of a barrier to adoption. Both state and federal governments are ramping up funding for public charging stations. The \$500 million Driving the Nation Fund from the federal government, for example, will establish a national EV charging network and a hydrogen refuelling network on major highways.¹⁴

Organisations will still need to consider charging needs for pool fleets and driver assigned vehicles and whether to rely on at-home and public charging or invest in their own. Interleasing can provide detailed expert advice and return-on-investment forecasts for in-house charging infrastructure if your organisation is exploring this option.

THE CHALLENGES OF CHARGING FOR FLEET MANAGERS



Australia's current plan for EV infrastructure relies on a mixture of both public and private investment with government policies and initiatives that vary from state to state. Most fleets will rely on a combination of on-site and at-home charging.



INVESTING IN HARDWARE

Fleet managers will need to consider the most cost-efficient way of charging their fleet. As more options for charging stations come on the market and software solutions to support charging logistics become available, organisations will need to consider making some key decisions about:

- Matching the right charging stations to vehicles
- Charge speed and vehicle type
- The optimum ratio of vehicle and charge points
- The provision of at-home chargers – will the employer or employee pay for equipment and electricity usage?



A NEW SYSTEM OF MANAGEMENT

Currently a core monitoring parameter is fuel in the tank, however this single monitoring point is no longer relevant for EVs. Fleet managers will instead need to consider a range of other parameters, in particular battery charge status.

Monitoring battery levels will be crucial to ensuring vehicles are sufficiently charged and in the right location for charging. New processes may include:

- Matching charging station availability with vehicle use
- Prioritising the vehicles based on parameters such as departure time
- Making day-ahead and intra-day charging plans
- Monitoring progress and identifying process improvements

GETTING STARTED ON THE EV JOURNEY



The transition to EVs doesn't have to be an all or nothing approach. A feasible transition might be taking some smaller steps first as a 'test and learn' to bring you one step closer to a full EV rollout.

EV TRIALS

Trialling EVs in your organisation can help iron out any issues, get more employee buy-in and instil wider confidence in your team. Electricity distributors often run trials for EV owners to help electricity networks test demand and capability in using EV infrastructure. Getting 5-10 eager employees involved in a public trial might also be an option to consider.

HOSTING AN EMPLOYEE 'DRIVE DAY'

Bringing the EV experience to your employees is another way to get them comfortable with a future transition to EVs. Spending just a few minutes in an electric vehicle can start to shift mindsets and demonstrate that driving an EV is not too dissimilar to what they have already.

GOING HYBRID

If the switch to Battery Electric Vehicle is daunting for many of your employees, a hybrid electric vehicle (HEV) or a plug-in hybrid electric vehicle (PHEV) could be a solution.

The HEV's battery is recharged by the internal combustion engine and electric motor generator as the vehicle coasts or decelerates.

A PHEV can also be charged by plugging a charging cable into an external electric power source.

Going hybrid could eliminate a key barrier – the fear of running out of battery charge.



Interleaving have been integral in moving our drivers to hybrid vehicles. With the supply chain issues it's tough, but they're helping us manage this and find the most suitable vehicles that are fit-for-purpose and cost-effective for our organisation.

Kellie Sullivan, Category Manager - Commercial, Hempel

Watch video 

INITIATIVES FOR LOWER EMISSIONS



To support our clients with reducing their emissions and transitioning to a zero emission fleet over time, Interleasing offer programs and initiatives including:



CARBON FOOTPRINT ASSESSMENT

We can help to assess your current carbon footprint and benchmark against existing government and other vehicle emission standards.



CARBON OFFSET

Through our Greenfleet partnership, Interleasing can deliver a carbon offset program for your fleet.



EV DRIVE DAY

Interleasing can organise EV Drive Days for your drivers to experience the benefits of driving a PHEV/BEV.

BE READY FOR WHAT'S NEXT



With so many factors such as government policy and regulation, global supply chains and market forces outside of your control, a clear vision of what success looks like gives you the ability to respond to a rapidly changing market.

A WELL THOUGHT OUT TRANSITION PLAN ENABLES YOU TO:

- Allocate resources and investment to achievable goals
- Avoid costs associated with 'knee-jerk' reactions
- Document the roles and responsibilities of different stakeholders within the business
- Engage your customers and employees and clearly communicate your EV journey
- Create a framework to manage change and measure progress

MAKE PROGRESS ON EMISSIONS REDUCTION IN THE MEANTIME

Making progress on reducing emissions starts with fleet decisions that keep this goal in mind. By choosing EVs, taking up initiatives and managing your fleet in a way that reduces your carbon footprint, you're signalling to employees that you take your responsibility for the environment seriously.

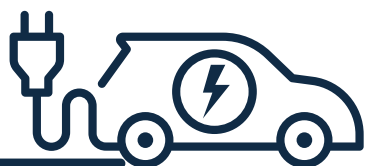
- Consider the CO2 production of vehicles you're purchasing – for PHEVs as well as ICE vehicles
- Be fleet efficient – take steps to reduce the size of your fleet if possible
- Use telematics data to plan for reduced journey time and distance travelled and number of journeys required across your fleet
- Take advantage of initiatives to offset fuel consumption and emissions that can't be avoided



Red Cross knows that many of our clients are affected by natural disasters, displacement and poverty, and climate change is a contributor to all these things. By transitioning to electric vehicles, and once our energy is derived from renewable resources such as solar panels, our vehicles will be truly carbon neutral 'at the tail pipe'. Over time this will make a meaningful contribution to the lowering of greenhouse gases."

Paul Sor, National Asset Manager,
Australian Red Cross

Watch video



A ROADMAP TO CREATING YOUR EV SOLUTION

TAKE STOCK

- Measure your current carbon footprint
- Understand your fleet mix and driver behaviours
- Identify the opportunities to transition to EVs

UNDERSTAND YOUR FLEET OPTIONS

- Assess your fleet using a remove, reduce, offset model
- Explore EV infrastructure, charging software and hardware options

KEEP UP TO DATE

Identify experts who can support you on your EV journey and keep you up to date with funding and financing options plus government rebates and subsidies

ENGAGE EMPLOYEES AND KEY STAKEHOLDERS

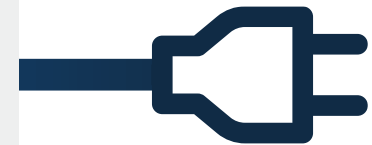
- Survey employees to understand their attitudes and requirements
- Link initiatives to clearly defined business objectives

MEASURE YOUR PROGRESS

- Frame clear and specific goals for transition savings/ value and measure progress against these
- Articulate subjective as well as objective measures of success, including brand equity
- Explore opportunities to 'test and learn' with your fleet

LEAN ON DATA

With rapid technology development that is changing year on year, collecting and analysing data generated by vehicles will be critical to effective fleet management and investment



ABOUT INTERLEASING

A subsidiary of the ASX-listed McMillan Shakespeare Limited (MMS Group), Interleasing helps organisations across a range of sectors in Australia and New Zealand maximise the value of their asset services through tailored fleet and commercial asset solutions.

We believe sustainability is key to long term success for Australian organisations. At Interleasing, our goal is to drive sustainability by becoming the partner of choice for low and zero emission vehicle fleets.

A core focus of our sustainability strategy is to support clients to reduce their impact on the environment and climate and to work to reduce the impact of our own direct operations.

With more than 35 years' experience, our services include asset finance, vehicle sourcing, fleet management and heavy vehicle capability for a wide range of assets.

Interleasing is run by people who care about the work they do and are committed to driving what's possible so that our clients achieve their goals in line with our company values.

SUSTAINABILITY

At MMS Group, sustainability is about how we create shared value for our shareholders and our business. Our sustainability strategy defines key focus areas, targets and actions to deliver better social and environmental outcomes throughout the business. The strategy consists of three pillars:



At Interleasing our progress on EVs continues to contribute towards MMS Group’s broader objective of transitioning to a low carbon economy. Our targets and achievements include:

- Transitioning 30% of our fleet to EVs by 2023
- 18% of our fleet are EVs (as at November 2022)
- Charging infrastructure installed both ‘on premises’ and ‘at-home’

FURTHER READING

AEVA	Australian Electric Vehicle Association
AfMA	Australasian Fleet Managment Association
ARENA	Australian Renewable Energy Agency
EVC	Electric Vehicle Council
	EV Central
IEA	International Energy Agency
MTAA	Motor Traders Association of Australia
NALSPA	National Automotive Leasing and Salary Packaging Association



TERMINOLOGY



BEV	Battery Electric Vehicles
CSR	Corporate Social Responsibility
ESG	Environmental, Social & Governance
EV	Electric Vehicle
FHEV	Full Hybrid Electric Vehicle
FCEV	Fuel Cell Electric Vehicle
ICE vehicle	Internal Combustion Engine vehicle
MHEV	Mild Hybrid Electric Vehicle
PHEV	Plug-in Hybrid Electric Vehicle
ZEV	Zero Emission Vehicle

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- 2 [Australian Financial Review, Why the pressure is mounting on CEOs to act on ESG, August 30 2021](#)
- 3 [Deloitte, Australia's Transition to Electric Vehicles Summary Report, June 2022](#)
- 4 Australasian Fleet Management Association, Australian Corporate Fleet Insights Report, June 2022
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- 14 [Australian Government Department of Climate Change, Energy, the Environment and Water, National Electric Vehicle Strategy Consultation paper, September 2022](#)

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