



SMALL
BUSINESS LOANS
AUSTRALIA

When will Aussie SMEs buy electric vehicles?

A Small Business Loans Australia
Study

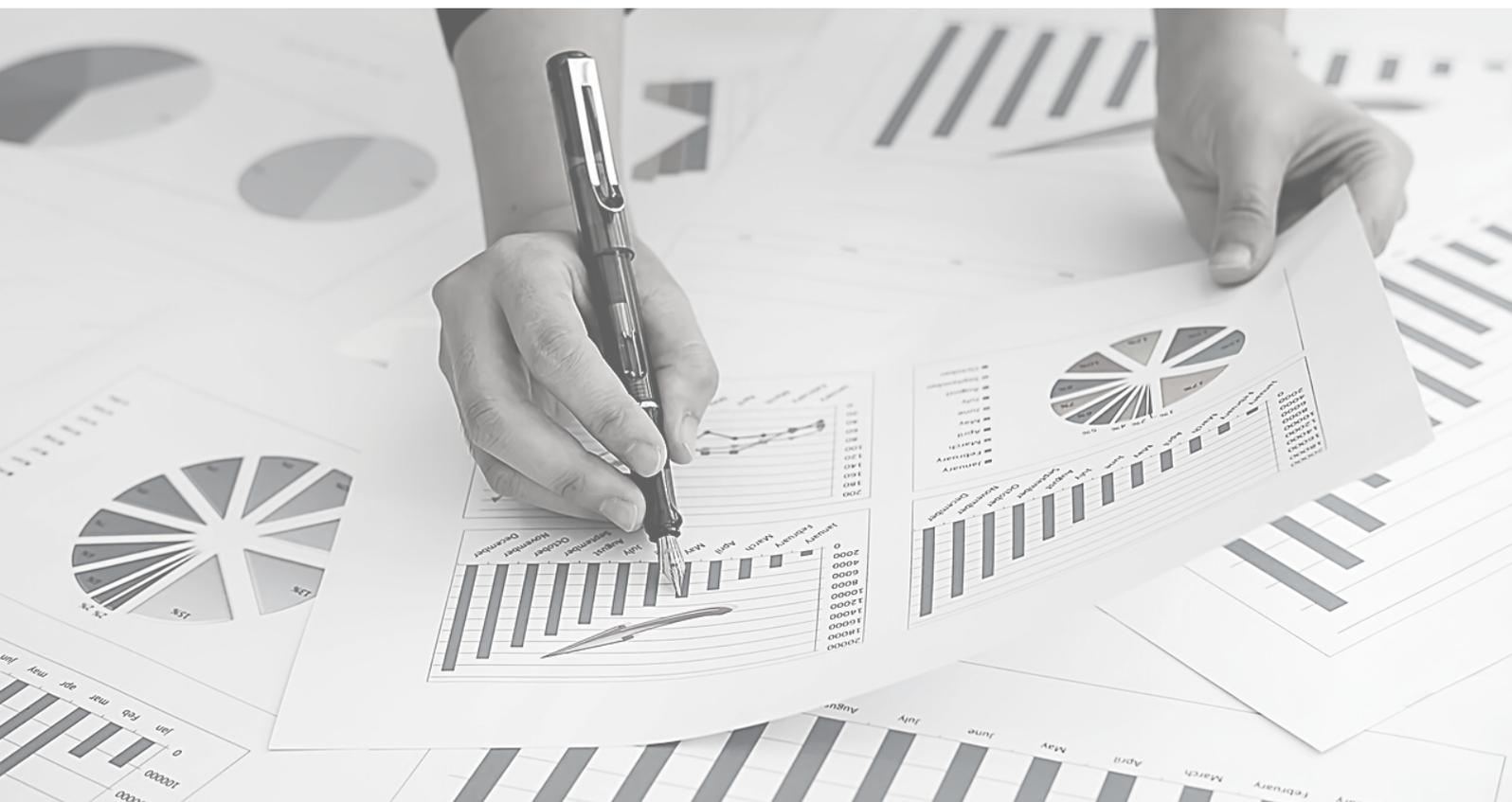
October 2022

About the study

Small Business Loans Australia commissioned an independent survey of 210 Australian SME owners and senior SME decision makers to gauge whether Government efforts to incentivise electric vehicle purchases will be effective for small-to-medium businesses.

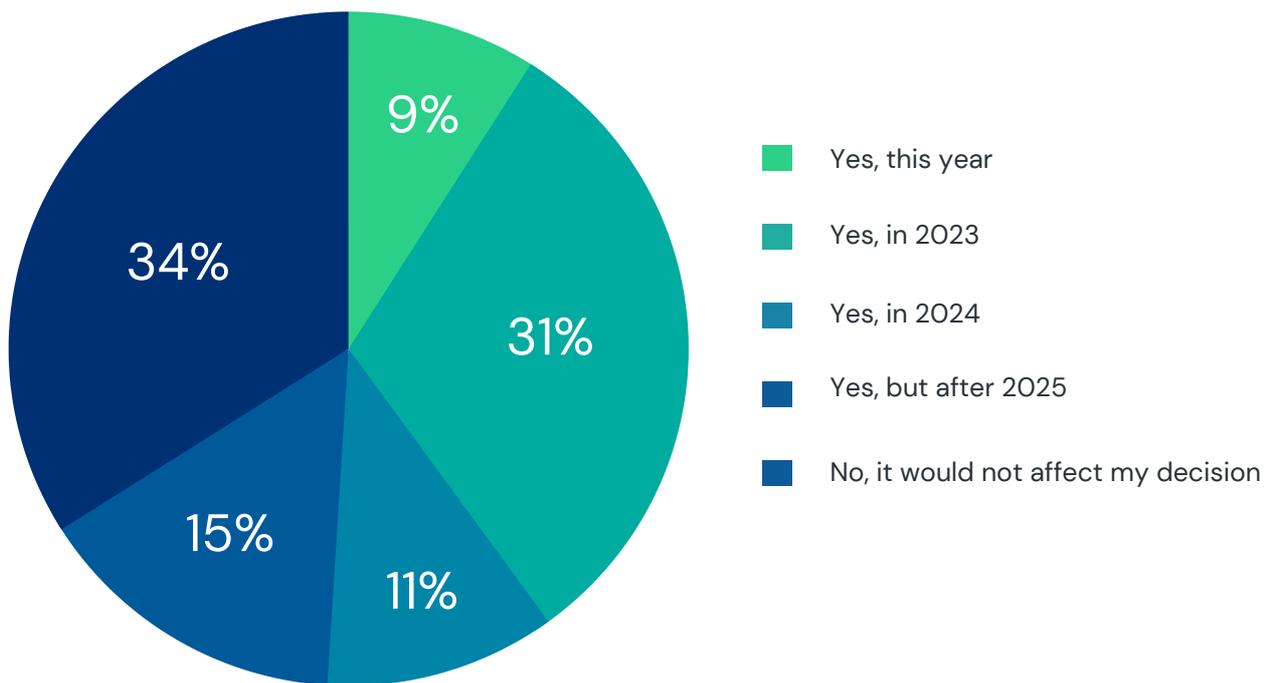
The survey specifically asked SMEs whether the Federal Government's Electric Car Discount Bill, which was introduced in Parliament on 27 July 2022, would motivate them to buy an electric vehicle. If it passes, the Bill will exempt some electric vehicle purchases from being liable for fringe benefits tax. This exemption is applicable only to vehicles below the luxury car tax threshold (\$84,916 for 2022-23) and for which employees can also use as personal vehicles.

Small Business Loans Australia surveyed businesses across the full SME range: micro (1-10 employees), small (11-50 employees), and medium (51-200 employees).



If the Electric Car Discount Bill passes, would it motivate your business to buy an electric vehicle?

Small Business Loans Australia found that the Bill would incentivise two thirds of SMEs (66 per cent) to purchase an electric vehicle for their business at some point. Over half (51 per cent) would make a purchase by 2024. Just 9 per cent would be ready to purchase this year, but the bulk of purchases – 31 per cent – would be in 2023. Fifteen (15) per cent would go ahead in 2025 or after.



By State.

Across the States, the largest proportion of SMEs that would invest in electric vehicles if the Bill passes is in Victoria – at 71 per cent. This is followed by 68 per cent of NSW respondents and 67 per cent of South Australian businesses. West Australian and Queensland businesses are least likely to invest in electric vehicles, with 62 per cent and 58 per cent respectively saying the Bill would motivate them to buy.

71%
of Victorian SMEs would purchase an electric vehicle.

Despite this, respondents in Western Australia are most likely to purchase electric vehicles sooner than other States, with 14 per cent saying they would purchase this year and 38 per cent stating they would purchase in 2023.

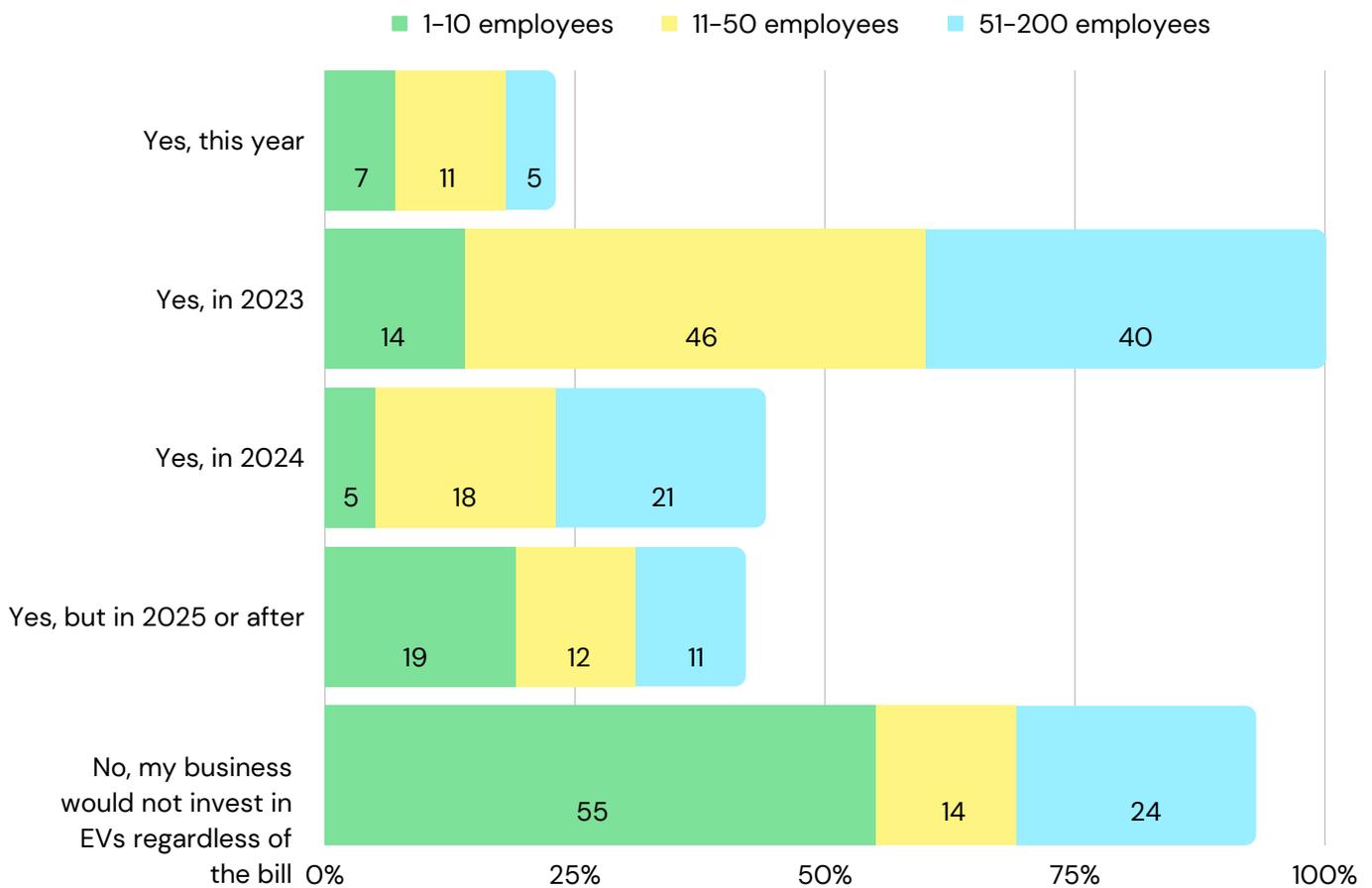
Response	State (%)				
	NSW	VIC	QLD	SA	WA
Yes, this year	11	7	4	0	14
Yes, in 2023	32	32	24	33	38
Yes, in 2024	15	14	9	13	0
Yes, but in 2025 or after	11	18	20	20	10
No, my business would not invest in electric vehicles, regardless of whether the Federal Government introduces policies to bring down their price.	32	29	42	33	38

By business size.

Micro businesses (with up to 10 employees) are least likely to feel incentivised to buy an electric vehicle, with over half (55 per cent) of these respondents stating that they would not purchase an electric vehicle regardless of the Bill. With lower income levels and likely running 'tighter ships', smaller businesses would be less likely to have the funds, or get financing approval, to make capital purchases of this size.

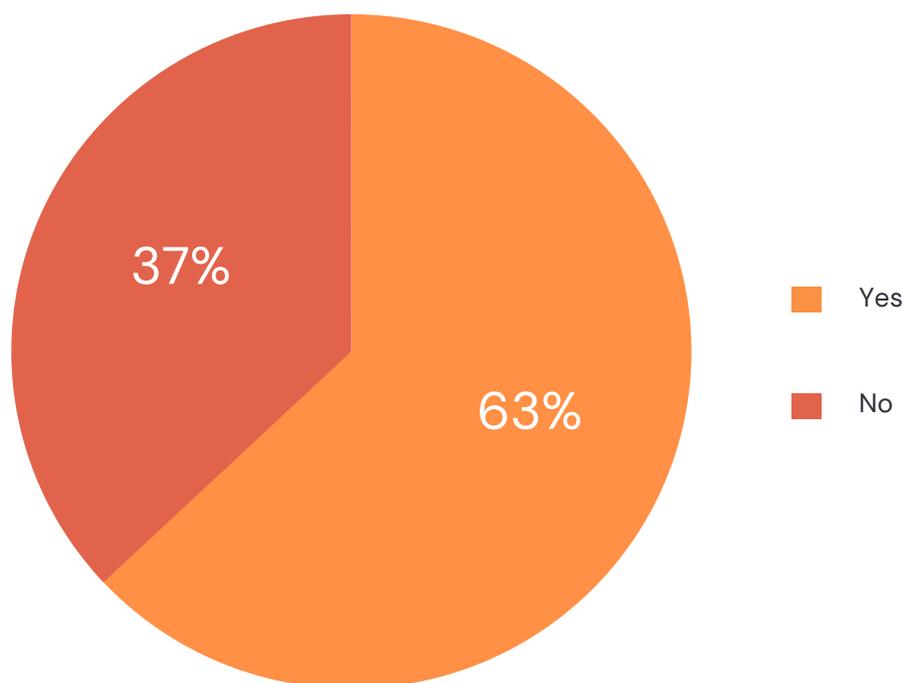
The survey results revealed that micro businesses are more likely to purchase electric vehicles from 2025 onwards. On the other hand, small businesses (with 11-50 employees) and medium-sized businesses (with 51-200 employees) are most likely to acquire these vehicles in 2023, with 46 and 40 per cent of respondents in these categories, respectively, choosing next year as their purchase date.

Response	Employees (%)		
	1-10	11-50	51-200
Yes, this year	7	11	5
Yes, in 2023	14	46	40
Yes, in 2024	5	18	21
Yes, but in 2025 or after	19	12	11
No, my business would not invest in electric vehicles, regardless of whether the federal government introduces policies to bring down their price.	55	14	24



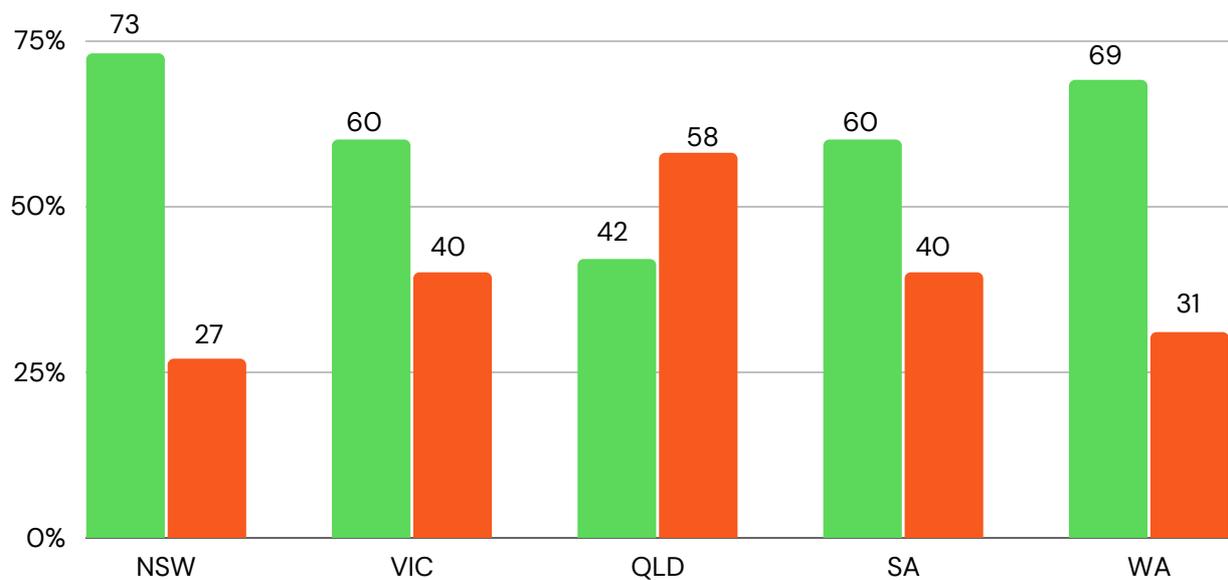
Would you finance that electric vehicle in an environment of rising interest rates?

Small Business Loans Australia was interested to learn what proportion of businesses would finance an electric vehicle. Among the respondents that would be motivated to purchase an electric vehicle if the Electric Car Discount Bill is passed, 63 per cent said they would get financing.



By State.

Across the States, the highest proportion of businesses that would finance an electric vehicle, even in an environment of rising interest rates, are in NSW (with 73 per cent planning to get financing), closely followed by West Australian businesses (69 per cent). An equal 60 per cent of Victorian and South Australian businesses would get financing, while SMEs in the Sunshine State are least likely to, with 42 per cent saying yes.



Results also reveal the differences in responses between micro businesses (1-10 employees), small businesses (11-50) employees and medium-sized businesses (51-200 employees). The larger the business, the more likely it is to get financing. Two-thirds (69 per cent) of medium-sized businesses would choose financing, compared with 65 per cent of small businesses and 54 per cent of micro businesses.

By business size.

