

FOR EMPLOYERS

WHY NOVATED LEASING WITH CHOICE DELIVERS BETTER OUTCOMES FOR EMPLOYEES

A case for competition, transparency and employee choice in accessing salary-packaged vehicle benefits.

2,602

Quotes uploaded by employees, 27
April to 7 September 2026

1,810

Genuine head-to-head comparisons
after cleaning

One

Provider many employees are
restricted to by their employer

NOVATED LEASING HAS CHANGED DRAMATICALLY

The Electric Car Discount has driven unprecedented interest in salary-packaged vehicles and introduced a much larger group of Australian employees to novated leasing. But while the market has grown, the way many employers provide access to the benefit has changed very little.

Many employees remain restricted to a single salary-packaging or novated leasing provider selected by their employer. For almost every other major consumer financial decision, Australians are encouraged to compare the market. They can choose their bank, mortgage provider, insurer, superannuation fund, electricity retailer, car dealer and vehicle financier.

Yet for what is often the second-largest purchase an employee will make after their home, access to a salary-packaged vehicle can depend on which commercial provider their employer has selected.

THAT RAISES A SIMPLE QUESTION

If the financial benefit is intended to sit with the employee, should the employee also have the ability to choose the provider that delivers the best outcome?

millarX has a particularly unusual view of this market. Between 27 April and 7 September 2026, employees uploaded 2,602 competitor novated leasing quotes to the millarX Compare Your Quote platform. After removing duplicate uploads, test records, one-year extraction errors and transactions where a meaningful finance comparison could not be made, 1,810 genuine head-to-head finance comparisons remained.

The data does not suggest millarX — or any provider — should automatically be chosen. In fact, some competing banks, fleet financiers and finance-led providers regularly outperform millarX.

That is precisely the point. When competition exists, the employee can choose the better outcome.

THE BENEFIT HAS CHANGED. THE DELIVERY MODEL LARGELY HAS NOT.

The Electric Car Discount fundamentally changed novated leasing. For many employees, the question used to be one thing. Increasingly, it is becoming another. Those are very different questions.

THE OLD QUESTION

“Is novated leasing worthwhile?”

THE QUESTION NOW

“How do I maximise the benefit available to me?”

An FBT exemption can create a substantial tax advantage. But the amount of that advantage an employee ultimately retains is influenced by:

- Vehicle purchase price
- Finance costs
- Establishment and administration fees
- Lease structure
- Insurance
- Running-cost assumptions
- Ancillary products

The tax treatment may be identical. The financial outcome can be very different.

That is why competition matters.

CONSUMER CHOICE IS NORMAL EVERYWHERE ELSE

Modern Australian consumers expect competition. An employer would not ordinarily tell an employee which bank they must use for their home loan. It would seem unusual for an employer to determine where an employee must buy their car. The employee chooses their insurer. They choose their electricity retailer. They choose where they purchase groceries, electronics and almost every other consumer product.

Yet novated leasing can operate differently. An employer may appoint one provider, and employees can then be prevented from accessing competing providers even when another provider can offer a materially better financial outcome. This is especially significant because a vehicle is often the second-largest financial commitment a household makes.

The employer has legitimate responsibilities

Payroll needs to work

Tax treatment needs to be correct

Privacy and security matter

Operational and compliance standards

But none of those objectives inherently require the removal of competition.

THERE IS A SIGNIFICANT DIFFERENCE BETWEEN

Controlling the standards AND
Controlling the supplier

WHAT 1,810 REAL COMPARISONS TELL US

The millarX dataset is not a theoretical survey. It comes from real novated lease quotations voluntarily uploaded by employees who wanted to understand whether they were receiving a competitive offer.

2,602

Quotes uploaded by employees in under five months, each one a person checking their own offer

1,810

Genuine head-to-head finance comparisons after duplicates, test records and extraction errors were removed

Two results stand out. The first is that the spread between quotations on the same vehicle, the same salary and the same term is wide — wide enough to be worth thousands of dollars to the employee.

The second is that no single provider holds the answer. Some providers are genuinely very competitive, and there are transactions where they produce a better result than we do.

Competition works.

A credible industry analysis should not argue that one provider always has the answer. When employees are allowed to compare providers, expensive offers face genuine pressure. When the employee is unable to change provider, that pressure can disappear.

THE TECHNICAL CASE FOR EXCLUSIVITY HAS WEAKENED

Historically, tightly controlled provider arrangements were supported by real administrative constraints. System integration, manual payroll handling and paper documentation made a single-provider model simpler to run. Those constraints have largely dissolved.

Modern salary packaging and finance administration can use

- APIs
- Automated payroll files
- Digital identity verification
- Secure structured-data exchange
- Electronic novation deeds
- Automated reconciliation
- Real-time reporting
- Standardised financier onboarding
- Modern cloud infrastructure

An employer does not need to choose between governance and competition. It can have both.

A modern model could require every provider to meet common standards covering security, privacy, payroll integration, novation documentation, service levels, reporting, insurance, complaints handling, and financial and regulatory requirements. Once those standards are satisfied, providers can compete for the employee's business.

CHOICE DOES NOT MEAN A FREE-FOR-ALL

An open model does not need to mean accepting every provider in the market. There are several workable structures.

01**An approved multi-provider panel**

The employer appoints several providers, and the employee compares between them.

02**Keep the administrator, open the finance**

Maintain the existing salary-packaging administrator while allowing employees to bring compliant external novated finance.

03**Publish the requirements**

Establish minimum technical and financial requirements and allow any provider satisfying them to participate.

THE IMPORTANT PRINCIPLE

**The employer controls the standards.
The employee chooses between
providers that meet them.**

That maintains employer governance while restoring competitive pressure.

WHO SHOULD CAPTURE THE VALUE OF THE TAX CONCESSION?

Government tax policy creates the potential benefit. But the commercial structure surrounding the lease determines how much of that benefit the employee keeps.

If two employees purchase equivalent vehicles under the same tax settings, but one pays thousands of dollars more because their employer restricts their provider choice, the difference has nothing to do with the underlying tax concession. **It is a market outcome.**

THE QUESTION WAS

“Do we offer novated leasing?”

A BETTER QUESTION

“Does the way we offer novated leasing maximise the value our employees receive?”

Employee thinking is already changing

Employees are becoming more financially literate about novated leasing. They are looking beyond the headline tax saving. They are asking:

What is the finance rate?

What fees am I paying?

How much is actually being financed?

Why is this quote different?

Can I bring my own finance?

Can I choose another provider?

That is a healthy development. The Electric Car Discount brought people into the market. Education is now making them better consumers within it. The next stage of industry development should encourage that, not prevent it.

THE EMPLOYER OPPORTUNITY

For employers, this does not need to be adversarial. Opening competition can actually strengthen an employee-benefits program. A panel can deliver both sides at once.

WHAT A CHOICE MODEL ADDS

- Better employee financial outcomes
- Greater transparency
- Higher employee trust
- Competitive pressure on providers
- Ongoing market benchmarking
- Less reputational exposure from poor-value offers

WHAT IT KEEPS

- Centralised governance
- Payroll controls
- Security standards
- Compliance
- Consistent reporting

OUR POSITION

millarX does not believe employees should automatically choose millarX. Our own data would make that claim impossible. There are transactions where other providers beat us. And when they do, the employee should be free to choose them. That is what competition is supposed to achieve.

Employees should be able to compare compliant providers and choose the option that leaves them financially better off.

The benefit is ultimately intended for the employee. The market structure should be designed around the same principle.

CONCLUSION

NOVATED LEASING HAS ENTERED A NEW ERA

The Electric Car Discount accelerated industry growth. Technology has reduced many of the administrative barriers that historically supported tightly controlled provider arrangements. And employees increasingly understand that receiving a tax concession and maximising its value are not necessarily the same thing.

The industry now has an opportunity to evolve.

**Set the
standards**

**Approve the
providers**

**Let them
compete**

**Let the
employee
choose**

Because after more than 1,800 genuine head-to-head comparisons, one conclusion is becoming increasingly difficult to ignore:

Choice creates competition. Competition improves outcomes. And the benefit should remain with the employee.

METHODOLOGY NOTE

The millarX dataset is not a random sample of the Australian novated leasing market. Employees who upload quotations to a comparison service are likely to be more price-conscious and may be disproportionately represented among employees dissatisfied with an existing offer. The analysis removes duplicate uploads, test data and quotations that cannot be meaningfully compared. Savings are indicative and millarX comparisons are based on the company's calculator rather than a final credit-assessed offer.