

The Novated Lease Transparency Standard

Rationale, methodology and market evidence — with an analysis of 1,753 novated lease quotes across 53 providers.

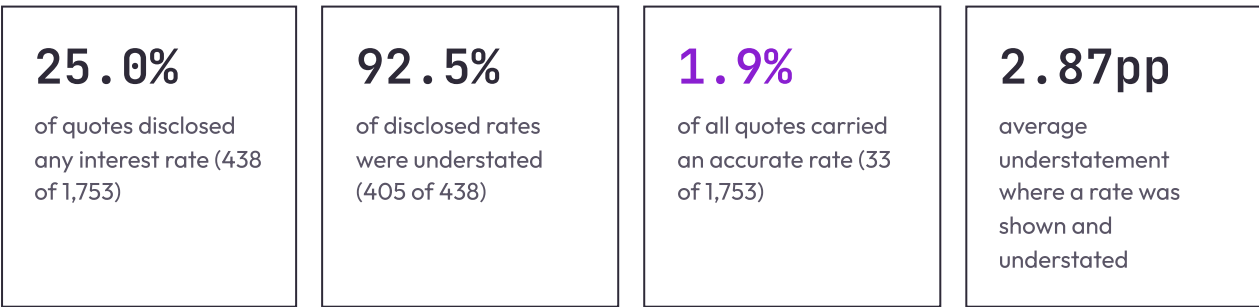
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WITHHELD

1. Executive summary

Novated leasing is sold on a savings number. The savings are real — but they flow from government policy and are available to every provider equally. What actually differs between providers is the cost of the finance: the payments, the balloon, the real total. That is the number hardest to see on a quote, and, as this paper's market study shows, the number least honestly presented.

millarX analysed 1,753 novated lease quotes issued by 53 Australian providers. Three quarters disclosed no interest rate at all. Where a rate was shown, more than nine in ten understated it — by 2.87 percentage points on average, and in the worst cases by more than 10. Only 1.9% of all quotes carried an accurate rate.

The Novated Lease Transparency Standard (NLTS) is millarX's response: five fixed finance figures, ex GST, stripped of fees and running costs, published on the face of every quote — so that any two conforming quotes can be compared like-for-like, and the cost of the finance can be verified by the reader with plain subtraction. This paper sets out the reasoning behind the standard, the study's methodology, and the findings that back each of the standard's design decisions.



2. The reasoning behind the standard

2.1 The industry competes on a number nobody controls

The headline of nearly every novated lease quote is the savings: income tax and GST advantages created by government policy. Every provider receives these advantages on identical terms — a savings figure differentiates no one. Yet the industry's marketing competes on it, while the figures providers do control — the finance charges — are presented inconsistently, incompletely, or not at all. The market study in section 4 quantifies this: the cost of the finance is undisclosed on 68.2% of quotes, and understated on 92.5% of the quotes that disclose it.

2.2 The inversion

The NLTS inverts the market's practice: it discloses cost, not savings. The reasoning is written at the foot of the standard's box on every millarX quote:

"The industry has no standard for showing the real cost of a novated lease — so we created one. The tax savings are real, but they come from government policy, not from the novated leasing providers; transparency is what we control. Every quote shows the true cost of the lease, not just the savings, so you commit fully informed — the standard we hold above all else."

2.3 Why a unilateral standard

No regulator or industry body mandates a comparable presentation of novated lease finance costs. Waiting for one is a reason to do nothing. The NLTS is deliberately unilateral: millarX needs no one's permission to publish its own finance costs in a fixed, comparable format — and it is open, so any provider may adopt it without licence or fee. Once one provider's figures are on the table in a comparable form, every non-comparable quote becomes a choice.

3. The design of the standard

The NLTS fixes five figures, presented together in a single bordered block on the quote itself:

NLTS		
Finance payments	\$ X,XXX /mth × N	Monthly finance payment × payments over the term
Balloon	\$ XX,XXX	End-of-term residual, ex GST
Total cost	\$ XX,XXX	Finance payments + balloon
Total amount financed	\$ XX,XXX	Amount lent to fund the vehicle, ex GST
Total term charges	\$ X,XXX	Total cost – amount financed: the true cost of the finance

Each design decision answers a failure the market study documents:

- **Totals, not rates.** A disclosed rate can be understated — 92.5% of disclosed rates in the study were. Totals cannot: term charges are defined as a subtraction (total cost – amount financed) the reader performs themselves from figures printed in the same block. There is no separate "base" or "comparison" rate for the true figure to hide behind.
- **Ex GST, throughout.** Mixing GST treatments between line items is one of the ways two quotes stop being comparable. The standard applies one treatment to every figure and states it once, on the face of the block.
- **Finance only.** Management fees, insurances and running costs are excluded by definition. Bundling them into a headline number is the other way comparability dies. The block is purely what the financier charges — the part that differs between providers.
- **Fixed format.** Five figures, the same labels, the same order, on every quote. The rigidity is the value: any deviation reintroduces non-comparability.
- **Applied to ourselves first.** The standard appears on every millarX-branded quote — including BYO quotes, where the customer is financing through a competing packager. A standard a provider exempts itself from is marketing.

4. The market evidence

4.1 Methodology

The sample comprises 1,753 novated lease quotes issued by 53 providers operating in the Australian market, collected to 17 July 2026. For each quote, the effective interest rate was recomputed from the quote's own finance figures — payment amount, term, amount financed and residual — and compared with the rate the quote disclosed, where one was disclosed at all.

Each quote was classified into one of four categories:

- **Accurate** — a rate was disclosed and sits within ± 0.25 percentage points of the rate implied by the quote's own figures.
- **Understated** — a rate was disclosed and is more than 0.25 percentage points below the rate implied by the quote's own figures. The margin is expressed in percentage points (pp).
- **No rate disclosed** — the quote presented no interest rate.
- **Unclassified** — the quote could not be reliably classified (for example, figures insufficient to recompute the effective rate).

Two properties of the test bear stating. First, the derived rate is a true effective annual rate, solved numerically from the quote's own present value, payment, term and residual — deliberately not the flat-rate approximation, which understates the effective rate by 30–50% on typical lease terms and is likely the single largest reason disclosed numbers in this market read low. Against a true APR, ± 0.25 pp is a tight but fair test. Second, the tolerance is two-sided: a rate overstated by more than 0.25pp is equally classified as inaccurate. The test does not favour a finding of understatement.

Provider identities are withheld throughout. Providers are labelled Provider 01 through Provider 53, ordered by sample size. Sample sizes vary from a single quote to 382; per-provider percentages should be read with the sample size alongside them.



Figure 1 — Classification of all 1,753 quotes analysed.

4.2 Disclosure is the exception

1,196 of 1,753 quotes (68.2%) disclosed no interest rate of any kind. Only 27 of the 53 providers disclosed a rate on at least one quote; 26 providers disclosed no rate on any quote in the sample. Disclosure practice is strongly provider-determined rather than quote-by-quote: most providers either disclose on effectively all of their quotes or on none. [This is the failure the NLTS presentation rule answers: the five figures appear on the face of every quote, not in an appendix or on request.](#)

4.3 Disclosure is not accuracy

Of the 438 quotes that disclosed a rate, 33 (7.5%) were accurate. Seven providers disclosed a rate on every quote sampled, yet not one of those disclosed rates was accurate. Only two providers achieved accuracy above 50% of their disclosed quotes. [This is why the NLTS publishes totals rather than a rate: a rate is an assertion, a total is arithmetic.](#)

4.4 The direction and size of the error

Where disclosed rates were wrong, the error was almost uniformly in the provider's favour: 405 of 438 disclosed rates were understated, by an average of 2.87 percentage points, and by more than 10pp at three providers. Only two providers, on average, overstated their rate. The test was symmetrical — overstatement beyond tolerance is classified as inaccurate just as understatement is — and the errors still came out almost entirely on one side. An error that were merely noise would fall on both sides of the true figure; an error this one-sided is a presentation practice. [This is why the NLTS makes its key figure verifiable by the reader: total term charges must equal total cost minus amount financed, from figures printed in the same block.](#)

5. Adoption

millarX has publicly published the NLTS as an open specification (NLTS/1.0, at millarx.com.au/nlts/standard) — an industry opt-in available to any provider, at no cost, and deliberately simple to implement: the five figures are values every provider already holds on every quote. A provider adopts it by presenting them in accordance with the specification's definitions, scope rules and presentation requirements — no licence, fee, membership or permission from millarX is required. A quote conforms if all five figures are present, ex GST, finance-only, with term charges equal to the defined subtraction; presenting some figures, mixing GST treatments, or bundling fees into any figure is non-conforming.

millarX applies the standard to every millarX-branded quote, including BYO quotes financed through competing packagers, and invites like-for-like comparison against any conforming quote.

5.1 How to adopt — three steps

STEP 1

Print the five figures — every provider already holds them on every quote — in a single bordered block, same labels, same order.

STEP 2

Apply the two scope rules on the block's face: ex GST throughout, and exclusive of management fees and running costs.

STEP 3

Check the arithmetic: total term charges must equal total cost minus amount financed. Cite NLTS/1.0. Done.

There is no accreditation process and nothing to sign. The full specification is published at millarx.com.au/nlts/standard.

5.2 The adopter register

millarX maintains a public register of providers presenting conforming quotes, published alongside the specification. Providers may notify millarX of adoption to be listed; listing is free and can be verified by any reader against the provider's own quotes. The register currently carries one name — ours. We would prefer it carried the whole industry's.

Appendix A — Full anonymised dataset

All 53 providers, ordered by sample size. Accuracy % is calculated on quotes that disclosed a rate; disclosure % on all quotes analysed. Average understatement is in percentage points, among that provider's disclosed rates; a negative value indicates overstatement. "—" denotes not applicable (no rates disclosed).

PROVIDER	QUOTES	RATE DISCLOSED	ACCURATE	UNDERSTATED	NO RATE	UNCLASSIFIED	DISCLOSURE %	ACCURACY %	AVG UNDERSTMT (PP)
Provider 01	382	71	0	71	295	16	18.6%	0.0%	4.35
Provider 02	190	0	0	0	176	14	0.0%	—	—
Provider 03	172	166	2	164	0	6	96.5%	1.2%	2.41
Provider 04	135	17	0	17	107	11	12.6%	0.0%	1.44
Provider 05	115	0	0	0	98	17	0.0%	—	—
Provider 06	75	2	0	2	67	6	2.7%	0.0%	0.95
Provider 07	61	0	0	0	57	4	0.0%	—	—
Provider 08	61	4	0	4	50	7	6.6%	0.0%	12.78
Provider 09	41	0	0	0	39	2	0.0%	—	—
Provider 10	38	37	4	33	0	1	97.4%	10.8%	3.99
Provider 11	33	33	4	29	0	0	100.0%	12.1%	0.44
Provider 12	33	0	0	0	25	8	0.0%	—	—
Provider 13	32	6	2	4	22	4	18.8%	33.3%	-0.80
Provider 14	32	3	0	3	29	0	9.4%	0.0%	-1.52
Provider 15	29	4	3	1	25	0	13.8%	75.0%	0.58
Provider 16	29	21	16	5	8	0	72.4%	76.2%	4.64
Provider 17	21	9	0	9	0	12	42.9%	0.0%	4.36
Provider 18	21	8	0	8	11	2	38.1%	0.0%	2.21
Provider 19	20	0	0	0	20	0	0.0%	—	—

PROVIDER	QUOTES	RATE DISCLOSED	ACCURATE	UNDERSTATED	NO RATE	UNCLASSIFIED	DISCLOSURE %	ACCURACY %	AVG UNDERSTMT (PP)
Provider 20	17	9	2	7	7	1	52.9%	22.2%	1.41
Provider 21	17	17	0	17	0	0	100.0%	0.0%	1.98
Provider 22	16	2	0	2	14	0	12.5%	0.0%	17.89
Provider 23	14	0	0	0	14	0	0.0%	—	—
Provider 24	13	0	0	0	13	0	0.0%	—	—
Provider 25	13	0	0	0	13	0	0.0%	—	—
Provider 26	12	0	0	0	12	0	0.0%	—	—
Provider 27	11	1	0	1	10	0	9.1%	0.0%	1.25
Provider 28	10	0	0	0	10	0	0.0%	—	—
Provider 29	8	0	0	0	8	0	0.0%	—	—
Provider 30	8	0	0	0	7	1	0.0%	—	—
Provider 31	8	8	0	8	0	0	100.0%	0.0%	1.11
Provider 32	7	0	0	0	7	0	0.0%	—	—
Provider 33	7	1	0	1	6	0	14.3%	0.0%	2.12
Provider 34	7	7	0	7	0	0	100.0%	0.0%	3.34
Provider 35	7	0	0	0	7	0	0.0%	—	—
Provider 36	7	0	0	0	7	0	0.0%	—	—
Provider 37	6	0	0	0	6	0	0.0%	—	—
Provider 38	6	1	0	1	4	1	16.7%	0.0%	1.20
Provider 39	5	5	0	5	0	0	100.0%	0.0%	4.66
Provider 40	4	0	0	0	4	0	0.0%	—	—
Provider 41	4	2	0	2	0	2	50.0%	0.0%	2.60

PROVIDER	QUOTES	RATE DISCLOSED	ACCURATE	UNDERSTATED	NO RATE	UNCLASSIFIED	DISCLOSURE %	ACCURACY %	AVG UNDERSTMT (PP)
Provider 42	4	0	0	0	4	0	0.0%	—	—
Provider 43	4	1	0	1	2	1	25.0%	0.0%	1.18
Provider 44	3	0	0	0	3	0	0.0%	—	—
Provider 45	3	0	0	0	3	0	0.0%	—	—
Provider 46	3	0	0	0	0	3	0.0%	—	—
Provider 47	2	0	0	0	2	0	0.0%	—	—
Provider 48	2	0	0	0	2	0	0.0%	—	—
Provider 49	1	0	0	0	1	0	0.0%	—	—
Provider 50	1	1	0	1	0	0	100.0%	0.0%	10.40
Provider 51	1	1	0	1	0	0	100.0%	0.0%	3.52
Provider 52	1	1	0	1	0	0	100.0%	0.0%	3.25
Provider 53	1	0	0	0	1	0	0.0%	—	—
TOTAL (53)	1,753	438	33	405	1,196	119	25.0%	7.5%	2.87

Note on limitations: sample sizes vary substantially by provider; classifications depend on the figures each quote presented, and 119 quotes (6.8%) could not be reliably classified. Provider identities are withheld from publication and held on file; the underlying dataset is available to genuinely interested parties on request, under confidentiality.