

VACC Submission

Victorian Pre-Budget Submission 2025-26

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About VACC

The Victorian Automotive Chamber of Commerce (VACC) is Victoria's peak automotive industry association, representing the interests of more than 5,000 members in over 20 retail automotive sectors that employ over 50,000 Victorians. VACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists, i.e. radiators and engines), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (i.e. specialist vehicle, parts or component modification and/or manufacture), towing operators, tyre dealers and automotive dismantlers and recyclers.

VACC is also an active member of the Motor Trades Association of Australia (MTAA) and contributes significantly to the national policy debate through Australia's peak national automotive association.



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INTRODUCTION

The Victorian Automotive Chamber of Commerce (VACC) is pleased to present its Pre-Budget Submission for the 2025–2026 fiscal year to the Victorian Treasury. In this submission, VACC outlines a series of key recommendations aimed at fostering a more supportive and sustainable business environment for the automotive industry. Our proposals address critical areas such as taxation, industry support, consumer protection, skills and training and workplace relations. By implementing these recommendations, the Victorian Government can help ensure the continued growth and competitiveness of automotive businesses, which is vital to the state’s economy and the well-being of its communities.

In summary, this submission covers the following areas:

Taxation

The submission highlights the need for reforms in the taxation system, particularly concerning land tax and the introduction of the Commercial and Industrial Property Tax (CIPT). These taxes significantly impact automotive businesses. VACC recommends reducing or removing land tax to support business growth and investment. Additionally, reforms to the State Revenue Office Revenue Ruling DA.022 and the abolition of the Super Luxury Duty are proposed to alleviate the financial burden on automotive businesses and promote a fairer taxation system.

Industry Support

VACC emphasises the importance of supporting the automotive industry through the transition to a zero-emissions vehicle (ZEV) future. The submission calls for financial assistance to help businesses invest in upskilling and capital investments necessary for this transition. Furthermore, VACC advocates for a subsidised vehicle maintenance scheme to ensure vehicle safety to support vulnerable motorists. The submission also highlights the need for financial support for towing operators to invest in equipment and training to safely handle damaged ZEVs.

Consumer Protection

The submission highlights the need for greater consumer protection in the private car sales market. VACC recommends establishing a government-led task force to investigate the sale and acquisition of motor vehicles by unlicensed persons, addressing issues such as tax evasion, consumer detriment, and the sale of poor-quality vehicles. This initiative aims to protect consumers and ensure a fair and transparent market.

Skills and Training

The submission underscores the critical need for investment in skills and training to ensure the automotive industry can meet future demands. VACC recommends implementing alternative models to incentivise the provision of vocational education and training in thin markets, reviewing and enhancing the Head Start Program, and continuing funding for the Victorian Group Training Program. Additionally, VACC calls for independent validation of apprenticeship outcomes to ensure high-quality training and improved apprentice outcomes.

Workplace Relations

VACC advocates for additional public funding to support the Victorian Workers Compensation Scheme to ensure it is fit-for-purpose. The submission also calls for the Victorian Government to take positive steps to reduce the regulatory burden on Victorian employers, and smaller businesses in particular, to ensure a fair, practical and common-sense approach to workplace relations-related laws.

VACC looks forward to working collaboratively with the Victorian Government to implement these recommendations. By addressing the critical areas outlined in this submission, the government can support the automotive industry through the challenges and opportunities that lie ahead, ensuring its continued growth and contribution to Victoria's economy and communities.

List of recommendations

Taxation

Recommendation 1

Reduce or remove Victorian land tax to support businesses to create sustainable jobs and grow capital investments.

Recommendation 2

Introduce reforms to the Victorian State Revenue Office Revenue Ruling DA-022 as it relates to the elements that contribute to a vehicle's dutiable value.

Recommendation 3

Introduce a \$10,000 value (retail) threshold exemption from motor vehicle duty for new vehicle dealers for the purposes of retailing and fitment of accessories and aftermarket parts.

Recommendation 4

Abolish Super Luxury Duty.

Industry Support

Recommendation 5

Provide financial assistance to Victorian automotive retail businesses in the form of targeted grants or subsidies to support investments in upskilling and/or other related capital investments to ensure frontline automotive businesses can meet the needs of a growing ZEV car parc.

Recommendation 6

Introduce a subsidised vehicle maintenance scheme in collaboration with the automotive repair industry, with a particular focus on lower socio-economic cohorts and those considered most vulnerable in the community.

Recommendation 7

Implement a Victorian Government funded financial support package to provide subsidies for towing operators to install the necessary barriers and equipment to safely handle damaged EVs.

Recommendation 8

Allocate adequate and sustained funding to the Victorian Small Business Commissioner (VSBC) to ensure the effective and timely management of mediations and dispute resolutions.

Recommendation 9

Lift the threshold limit for Fast Track mediation issues in VCAT involving a dispute with an LMCT from \$10,000 per claim to \$20,000 per claim.

Consumer Protection

Recommendation 10

Establish a task force to investigate the sale and acquisition of motor vehicles to consumers from unlicensed persons.

Skills and Training

Recommendation 11

Identify and implement an alternative model to incentivise the provision of vocational education and training by registered training providers (RTOs) in thin markets such as motorcycle, engine reconditioning, automotive electrical, panel and paint, vehicle parts, and outdoor power equipment.

Recommendation 12

Review and implement changes to the current Head Start Program to predominantly provide career advice and work experience opportunities to Year 9 and 10 students across Victoria and ensure industries experiencing skills shortages are a priority.

Recommendation 13

Continue funding of the Victorian Group Training Program past 2025 and beyond.

Recommendation 14

Implement, in partnership with industry, an independent validation of apprenticeship outcomes in the automotive industry.

Workplace Relations

Recommendation 15

Provide additional funding to support the Victorian Workers Compensation Scheme until it is fit-for-purpose.

Recommendation 16

Reduce the regulatory burden on Victorian employers, and smaller businesses in particular, to ensure a fair, practical, and common-sense approach to workplace relations-related laws.

1. TAXATION

1.1 Land Tax

Land tax is an annual tax based on the total taxable value of all the land a person or entity own in Victoria, excluding exempt land such a residential home (principal place of residence)¹.

This tax is structured progressively, meaning that as property values increase, so do the tax obligations. For automotive businesses, who often hold significant property assets such as showrooms and service centres, that can lead to substantial operating costs.

Properties in Victoria are subject to a progressive rate increase of up to 2.65 per cent on any landholdings with a taxable value of over \$50,000. For automotive businesses with multiple properties, Victoria applies aggregation rules, meaning land values are combined before tax is calculated, potentially pushing businesses into higher tax brackets. This can be a substantial operating cost that must be incorporated into ongoing budgets, especially for property heavy industries such as automotive. Land tax can also be incurred on properties indirectly, for instance, through commercial leases if the lease terms allow landlords to pass on the tax as an operating expense.

There is also the introduction of the Commercial and Industrial Property Tax (CIPT) regime and the COVID Debt Repayment Plan to consider.

CIPT came into effect from July 2024 and seeks to transition away from stamp duty on commercial and industrial properties, imposing an annual tax of one per cent on the site value of qualifying land after 10 years of being held. While aimed at streamlining property transactions, the CIPT could result in double taxation for businesses that acquire properties after 1 July 2024, as they may face both the initial stamp duty, and ongoing CIPT after holding the property for the eligible period.

The COVID Debt Repayment Plan, announced in the 2023–24 Victorian State Budget, is designed to pay down debt accrued due to the COVID-19 pandemic. This additional tax sees temporary changes to land tax and payroll tax, which are legislated to apply until 30 June 2033. From the 2024 land tax year, land tax rates and thresholds will change for the total taxable value (site value) of landholdings:

- \$50,000 to <\$100,000 – a \$500 flat surcharge will apply.
- \$100,000 to <\$300,000 (or <\$250,000 for trusts) – a \$975 flat surcharge will apply.
- ≥\$300,000 (or ≥\$250,000 for trusts) – a \$975 flat surcharge will apply, plus an increase to the rate of land tax by 0.10 percentage points.²

In light of the above, land tax can negatively impact businesses operating in the automotive industry by:

- Increasing operating costs: Annual land tax bills can significantly strain cash flow, limiting funds available for operational expenses and new investments.
- Reduced profit margins: The added expense of land tax can erode profitability, compelling businesses to explore cost-cutting measures elsewhere or raise prices to maintain margins.
- Impact on expansion plans: High land tax costs and the introduction of the CIPT may deter automotive businesses from acquiring new properties or expanding operations, as the additional tax burden may make expansion financially unviable and jobs growth impossible.

¹ State Revenue Office. (2025). Land Tax. <https://www.sro.vic.gov.au/land-tax>

² Ibid.

- Competitive disadvantages: Automotive businesses in Victoria may face higher land tax burdens compared to those in states with lower or no land tax, putting them at a competitive disadvantage.

Recommendation 1:

That the Victorian State Government reduce or remove Victorian land tax to support businesses to create sustainable jobs and grow capital investments.

1.2 Reform to State Revenue Office Revenue Ruling DA.022

Revenue Ruling DA.022 aims to clarify the dutiable value of new motor vehicles under the Duties Act 2000 (Vic) (Act). According to DA.022, the provision of accessories, options, protection products, and vehicle additions by the dealer, prior to registration or included in the transaction, are costs that contribute to the dutiable value, thereby increasing the motor vehicle duty paid by consumers. These aftermarket parts or accessories can include items such as bull bars, tinted windows, and towbars. VACC has long argued that the application of DA.022 is no longer fit for purpose.

Much has changed since the original SD.004 (released in the 1980s) and its successor DA.022 (released in 2000 and re-released in 2002) were written. At that time, the number of aftermarket providers was limited. However, the automotive aftermarket parts supply and fitment sector has since grown significantly.

The implementation of DA.022 has resulted in revenue loss for automotive dealerships, as consumers often favour independent aftermarket sellers where the duty does not apply. VACC argues that this discriminatory application of duty disadvantages dealers and provides a market advantage to independent aftermarket providers. It also disrupts the end-to-end delivery process and experience for Victorian consumers.

It is understood that the Department of Treasury and Finance (DTF) has expressed concerns that vehicle dealers could remove parts from a vehicle to reduce its dutiable value. VACC considers this scenario to be unlikely, as mandated vehicle standards and consumer laws would render such actions unlawful.

The outlook for new vehicle franchise dealers in Victoria is concerning. Over the next two years, this sector faces a critical juncture driven by the implementation of government-imposed policy and the increased presence of new vehicle manufacturers into an already small domestic market. The reality is many dealers may potentially need to sell their businesses or close operations. This situation will significantly impact many Victorian communities, particularly in regional areas.

In light of the above, VACC is calling for reform of DA.022 to include an exemption, allowing dealers to fit up to \$10,000 (retail) worth of accessories or aftermarket fitments to a new motor vehicle without increasing its dutiable value for motor vehicle duty purposes.

Recommendation 2:

That the Victorian Government introduce reforms to the Victorian State Revenue Office Revenue Ruling DA-022 as it relates to the elements that contribute to a vehicle's dutiable value.

Recommendation 3:

VACC recommended that SRO introduce a \$10,000 value (retail) threshold exemption from motor vehicle duty for new vehicle dealers for the purposes of retailing and fitment of accessories and aftermarket parts.

1.3 Remove Super Luxury Duty

The Super Luxury Duty (SLD) in Victoria, combined with the Luxury Car Tax (LCT) imposed by the Australian Government, significantly affects Victorian Licensed Motor Car Traders (LMCTs) who retail new and used luxury vehicles. VACC raises two major concerns with the SLD:

Competitive disadvantage

Victorian dealers face a competitive disadvantage when advertising drive-away prices on national online classified platforms. Bordering states, such as South Australia and New South Wales, do not have a SLD, enabling them to advertise vehicles at a much lower price compared to vehicles advertised by Victorian LMCTs.

Double taxation

The SLD results in Victorian consumers and dealers paying double luxury taxes for vehicle purchases: a luxury tax to the state and a luxury tax to the Commonwealth (via the LCT).

Specifically SLD in Victoria means:

- Vehicles valued between \$100,001 and \$150,000 are charged a duty of \$14 per \$200 of market value.
- Vehicles valued above \$150,001 are charged a duty of \$18 per \$200 of market value³.

These duties are in addition to the existing national LCT rate for vehicles above the 2024-2025 LCT threshold of \$80,567⁴ for non-fuel-efficient vehicles and \$91,387 for fuel-efficient vehicles.

Consumers are choosing to sell and purchase vehicles priced within these thresholds across the border, resulting in the Victorian State Government losing tax receipts and other income from the sale of new and used vehicles. Many larger LMCTs that retail luxury vehicles have been compelled to establish dealerships in other jurisdictions (South Australia and New South Wales) as a direct result of the SLD.

To support industry and motorists, it is crucial to incentivise continued purchases from Victorian LMCTs.

³ State Revenue Office. (2025). <https://www.sro.vic.gov.au/rates-taxes-duties-and-levies/motor-vehicle-duty-current-rates>

⁴ Australian Government: Australian Taxation Office. (2025). <https://www.ato.gov.au/tax-rates-and-codes/luxury-car-tax-rate-and-thresholds>

Recommendation 4:

That the Victorian Government abolish Super Luxury Duty.

2. INDUSTRY SUPPORT

2.1 Support for transition to a zero emission vehicle future

The Victorian Zero Emissions Vehicle Roadmap (the roadmap)⁵, sets an ambitious target for 50 per cent of all light vehicle sales in Victoria to be zero emissions vehicles (ZEV) by 2030. The automotive retail industry plays a crucial role in enabling the Victorian Government to meet this goal, along with supporting consumers who plan to purchase, maintain, repair, and recycle their ZEVs.

At a national level, the recent introduction of a New Vehicle Efficiency Standard (NVES), which came into effect 1 January 2025, suggests the sales of ZEVs will significantly increase, changing the composition of the Australian vehicle fleet to a higher proportion of ZEVs.

As the move towards the ZEV market gathers pace, government policy must carefully consider both the current state of the dominant Internal Combustion Engine (ICE) market and the transitional period ahead. Without adequate support for the existing automotive retail sector to fully prepare, many small businesses face an uncertain future.

In particular, independent repair workshops and new car dealerships face potential risks from the ZEV shift. While upskilling the workforce and investing in new technologies and tooling are critical for a successful transition, VACC makes the point that the financial outlay required may be too high for some businesses, and as a result, may be forced to exit the market. This further underscores the need for government support. The Victorian Government's 'Clean Economy Workforce Development Strategy 2023-2033', which emphasises the importance of prioritising workers during the transition to a clean economy,⁶ should take into consideration the need to support the existing automotive retail sector and by extension, those they employ.

VACC stresses the importance of ongoing engagement with the automotive retail sector to discuss ZEVs and the broader implications of this transition. To date, the discussions have been dominated by energy providers, while the experiences and needs of those on the frontlines who are selling, servicing, and repairing ZEVs have not, in VACC's view, been given sufficient consideration.

VACC calls for greater transparency and clarity around the government's ZEV plans along with targeted support for the incumbent automotive retail sector to transition their business to a ZEV future. VACC is available to work with the Victorian Government to determine the best path forward to support both industry participants and consumers.

5 The State of Victoria Department of Environment, Land, Water and Planning 'Victoria's Zero Emissions Vehicle Roadmap'. (2021). https://www.energy.vic.gov.au/data/assets/pdf_file/0036/575676/Zero-Emission-Vehicle-ZEV-Roadmap.pdf

6 The Hon Gayle Tierney MP. (2023) 'Clean Economy Workforce Development Strategy 2023-2033', (2023), < VSA-CleanEconomyWorkforceDevelopmentStrategy2023-2033.pdf (content.vic.gov.au) > 4,[3].

Recommendation 5:

That the Victorian Government provides financial assistance to Victorian automotive retail businesses in the form of targeted grants or subsidies to support investments in upskilling and/or other related capital investments to ensure frontline automotive businesses can meet the needs of a growing ZEV car parc.

2.2 Assistance to vulnerable motorists to ensure vehicle maintenance

Research conducted in 2024 revealed that 35 per cent of motorists are delaying vehicle servicing and repairs due to cost-of-living constraints.⁷ Regular vehicle servicing, following the manufacturer's specifications, is crucial for addressing safety issues and preventing costly repairs. Timely servicing reduces breakdowns, traffic congestion, and accidents, ultimately leading to safer, roadworthy vehicles on Victorian roads. However, delaying or neglecting vehicle maintenance puts both motorists and the broader public at greater risk of injury or death. This is further exacerbated due to the promotion of 'Do It Yourself' advertising by the auto parts stores resulting in complex Original Equipment Manufacturer servicing and repair procedures being ignored.

The report also highlighted that 27 per cent of motorists are postponing tyres, windscreen replacements and physical damage repairs due to financial concerns. Tyres in particular play a critical role in vehicle safety, influencing steering, braking, and traction systems.⁸ Delays in tyre maintenance directly compromises road safety.

The Victorian Road Safety Strategy focuses on removing unsafe vehicles from the roads and fostering a culture of road safety across the state, with the goal of reducing fatalities and serious injuries from road trauma.⁹ While the strategy touches on the risks posed by older vehicles and highlights that 58 per cent of fatalities are linked to older cars particularly those over 10 years old, it does not adequately emphasise the importance of roadworthy requirements for vehicles in promoting overall road safety.

Programs like the recently concluded 'Unsafe2Safe,' which incentivised young drivers in regional Victoria to replace old, unsafe vehicles, have delivered positive results.¹⁰ However, this program ended in March 2024, leaving a gap in support for vehicle safety improvements.

We urge the government to introduce a subsidised vehicle maintenance scheme in collaboration with the automotive repair industry. This scheme would provide free vehicle safety checks for consumers and offer subsidies for critical safety repairs, particularly targeting low socio-economic groups and those considered vulnerable.

In light of the above, VACC recommends:

Recommendation 6:

That the Victorian Government introduce a subsidised vehicle maintenance scheme in collaboration with the automotive repair industry, with a particular focus on lower socio-economic cohorts and those considered most vulnerable in the community.

7 Finder's Consumer Sentiment Tracker. (2024). <https://www.finder.com.au/news/drivers-delay-car-service-financial-trouble-2024?form=MG0AV3>.

8 Ibid p19.

9 Transport Accident Commission, Victorian Government. (2021). 'Victorian Road Safety Strategy 2021-2023' < <https://www.tac.vic.gov.au/road-safety/victorian-road-safety-strategy/victorian-road-safety-strategy-2021-2030>.

10 Engage Victoria. (2024). 'unsafe2safe' < <https://engage.vic.gov.au/unsafe2safe>.

2.3 Assistance to install safety equipment to tow zero emission vehicles

Towing operators must create a safe working environment at their depots and when responding to incidents involving ZEVs they need to ensure safety for all employees and the public alike. ZEVs present unique hazards, especially when their high-voltage (HV) electrical systems are compromised. If not managed properly, exposure to HV systems can lead to severe injury or death. Additionally, damaged battery cells can undergo “thermal runaway,” whereby an uncontrollable rise in temperature and pressure may result in the release of toxic gases, cell rupture, or reignition, posing risks to towing personnel and facilities. Proper knowledge, equipment, and procedures are essential for towing operators to mitigate these risks effectively.

Damaged EVs also require a dedicated storage area within holding yards. The SAE J2290 standard suggests two methods for storing damaged EVs: (1) maintaining a 15-meter separation from combustible materials and structures, or (2) surrounding the vehicle with a barrier of earth, steel, concrete, or solid masonry.¹¹ These measures are vital for minimising the risk of thermal events.

However, the requirement for a 15-meter separation is often unfeasible for many operators, particularly in metropolitan Melbourne, where property and land costs are high. To address this issue, VACC is advocating for a financial support package from the Victorian Government. This package would provide subsidies for towing operators to install the necessary barriers and equipment to safely handle damaged EVs, ensuring they can continue providing essential services to Victorians while managing EV-specific risks effectively.

Recommendation 7:

That the Victorian Government implements a financial support package to provide subsidies for towing operators to install the necessary barriers and equipment to safely handle damaged EVs, ensuring they can continue providing essential services to Victorians while managing EV-specific risks effectively.

2.4 Adequate funding for the Victorian Small Business Commission

It is essential that the Victorian Small Business Commissioner (VSBC) receives adequate state funding to effectively conduct mediations and manage disputes in a timely manner. Proper funding would ensure that the Commissioner has the resources to support small businesses in resolving conflicts, particularly in areas such as contractual disputes, unfair business practices, and other matters that affect the smooth operation of small enterprises.

The body collision repair industry relies on the VSBC for resolving repairer/insurer disputes. Due to a lack of appropriate funding, VSBC cannot service this cohort in a reasonable timeframe, resulting in repairers and insurers waiting up to 16 weeks for a mediation, impacting not only business operations, but also consumers. The VSBC is also an important low-cost mediation service for issues related to commercial tenancies where disputes between tenants and landlords arise.

By securing sufficient financial support, the VSBC can provide prompt and efficient dispute resolution services, reducing the financial and operational strain on small businesses while promoting a fairer and more equitable business environment in Victoria.

¹¹ National Transportation Safety Board. (2020). ‘Safety risks to emergency responders from lithium-ion battery fires in electric vehicles’ p.40

Recommendation 8:

VACC recommends that the Victorian Government allocate adequate and sustained funding to the Victorian Small Business Commissioner (VSBC) to ensure the effective and timely management of mediations and dispute resolutions.

2.5 Lifting the Fast-Track Mediation threshold

The Victorian Civil and Administrative Tribunal (VCAT) and the Dispute Settlement Centre of Victoria offer fast track mediation (FTM) and hearing service for goods and services disputes of up to \$10,000. Analysis of the utilisation rate of this service, suggests it is significantly under-utilised by LMCTs.¹²

Lifting the FTM threshold in VCAT to \$20,000 per claim, involving an LMCT and a consumer, may assist in both parties reaching a resolution to more LMCT related issues more quickly and alleviate the current stress and overload on the VCAT system, which has expected wait times of up to 44 weeks for a hearing.

Recommendation 9:

That the Victorian Government lifts the threshold limit for Fast Track mediation issues in VCAT involving a dispute with an LMCT from \$10,000 per claim to \$20,000 per claim.

3. CONSUMER PROTECTION

3.1 Fund a government-led task force to investigate organised crime in the private car sales market.

A significant number of motor vehicles in Victoria are sold outside the LMCT cohort. As a result, many Victorian consumers lack consumer rights and guarantees of clear title. This private-to-private market often includes participants who under-report vehicle purchase prices to evade motor vehicle duty, leading to decreased state revenue and increased exposure to fraud for vulnerable community members.

The rapid growth of online classified providers and motor vehicle auction houses have expanded traditional local markets into a national marketplace. While this innovation has benefitted LMCTs, particularly in niche markets such as luxury vehicles, trucks, and 4WDs, it has also opened the market to opportunistic private sellers. Unlicensed operators, organised crime gangs, and others intent on scamming consumers have infiltrated the system. These sellers frequently evade taxes and sell vehicles with major mechanical faults, suspect odometer readings, financial encumbrances, and unknown provenance. Despite efforts by reputable online classified platforms to block these sellers, complete eradication remains challenging.

Consumers purchasing used motor vehicles from private sellers require protection. Many privately sold vehicles have undeclared defects or tampered odometers, a practice that has become more evident post-COVID. This issue mirrors problems faced by dealerships, where vehicles with major faults are traded in without comprehensive assessments.

¹² VACC analysis of VCAT FMTs involving Licensed Motor Car Traders over a 17 week period. Report available on request.

VACC is particularly concerned about the presence of private sellers on platforms such as Facebook Marketplace and similar websites. We seek Victorian Government intervention to prevent tax evasion, consumer detriment, scam advertising, and the sale of poor-quality motor vehicles on these platforms by the establishment of a government-led task force to address rogue behaviour. The goodwill generated among Victorian consumers and industry, who are tired of crime and being scammed, would be substantial.

This task force could be headed by the Victoria Police Vehicle Crimes Squad and can be funded from residual monies not utilised by the LMCT Motor Car Traders Guarantee Fund. These LMCT-sourced residual funds are currently diverted to the Victorian Government's consolidated revenue at the end of each year.

"We purchased the vehicle below for \$17k with 82,138 km's from Marketplace and upon bringing the vehicle into stock, realised that we had previously wholesaled the same vehicle the month prior through a major motor vehicle auction house with 243,877 km's for \$9,977. This has been reported to Police and the person has been banned from purchasing vehicles from that auction house. The vehicle's odometer has been whizzed and we are substantially out of pocket. The vehicle is still in our stock."¹³

Recommendation 10:

VACC recommends that the Victorian Government establish a task force to investigate the sale and acquisition of motor vehicles to consumers from unlicensed persons. The task force would investigate suspicious sales and acquisitions advertised via on-line classifieds and vehicle auction houses.

4. SKILLS AND TRAINING

4.1 Thin training markets

Recent years have seen a substantial reduction or withdrawal of automotive training courses by many registered training providers (RTOs) due to a decrease in student demand. Once-popular programs, including those for motorcycle maintenance, engine reconditioning, automotive electrical systems, panel and paint, vehicle parts management, and outdoor power equipment, are now experiencing low enrolment rates and diminished course availability.

The emerging field of ZEV training is also facing similar challenges, with limited student interest and few providers offering such courses in Victoria. It is crucial to maintain the delivery of these training programs to equip businesses and the economy with the necessary skills, both in traditional automotive areas and new technologies like ZEVs.

However, the current funding structures and business models of RTOs are not designed to accommodate small training groups (typically five or six students). This situation poses a risk of leaving employers, particularly in regional areas, without a readily available pool of skilled workers. It could also impede the adoption of new skills essential for ZEV servicing.

VACC urges the Victorian Government to identify and implement an alternative model for the delivery of vocational education and training in thin markets. The model needs to incentivise RTOs to deliver training on a per class basis rather than on a per-head basis, in certain programs. This initiative would help form part of a coordinated skills transition plan for the industry, that would help alleviate further skills pressure in the ensuing years.

¹³ Dealer email to VACC, August 2024.

Recommendation 11:

That the Victorian Government identify and implement an alternative model to incentivise the provision of vocational education and training by registered training providers (RTOs) in thin markets such as motorcycle, engine reconditioning, automotive electrical, panel and paint, vehicle parts and outdoor power equipment.

4.2 Changes to the current Head Start Program

In order to improve careers advice in schools, the Victorian Government's Head Start Program should be directed to primarily provide careers guidance and work experience opportunities to students in Years 9 and 10. VACC argues that students should undertake multiple work experience opportunities across a wide variety of industries including key skill shortage areas, thin markets and careers in the clean economy.

Recommendation 12:

That the Victorian Government review and implement changes to the current Head Start Program to predominantly provide career advice and work experience opportunities to Year 9 and 10 students across Victoria and ensure industries experiencing skills shortages are a priority.

4.3 Group training

Group training providers continue to play a key role in ensuring Victorians have pathways into their chosen career, while being supported and mentored by experienced and dedicated Field Managers.

The VACC Auto Apprenticeship program is a positive example of what a group training organisation can achieve with a completion rate of over 85 per cent. For this reason, it is essential that the Victorian Government continue funding the Victorian Group Training Program beyond 2024.

Recommendation 13:

That the Victorian Government continue funding of the Victorian Group Training Program past 2025 and beyond.

4.4 Improving apprentice outcomes

The Victorian Government should be committed to improving apprentice outcomes to ensure it provides relevant and reliable training to the automotive industry in the apprenticeship system.

This could be achieved by implementing independent validation of apprentice progression and completions before issuing trade papers. This would provide valuable information to the government around the quality of its skills first contract providers across Victoria, ensuring a solid foundation for continuous improvement across the system.

Recommendation 14:

That the Victorian Government implement, in partnership with industry, an independent validation of apprenticeship outcomes in the automotive industry.

5. WORKPLACE RELATIONS

5.1 Provide additional public funding to support the Victorian Workers Compensation Scheme

VACC continues to call upon the Victorian Government to provide additional public funding to the Victorian Workers Compensation Scheme (the Scheme) to ensure that the costs arising from the ongoing misadministration of the Scheme are not borne by Victorian employers through unsustainable WorkCover premium increases.

For the Scheme to succeed, Victorians must have confidence that the shared interests and responsibilities of both employer and worker are acknowledged and reflected in a balanced, rather than solely 'worker-centric', approach to WorkSafe Victoria's administration of the Scheme.

Accordingly, the Scheme must firstly, be limited to compensating work-related physical injuries and clinically diagnosed psychological injuries that are primarily caused by the workplace, where the level of impairment prevents the worker from being able to perform their normal duties; and secondly, must genuinely prioritise their early return to productive work.

It is therefore vital for the future sustainability of the Scheme that, in addition to further legislative reform (including the removal of provisional payments for non-work related injuries), the administration of the Scheme is reformed to ensure an approach that is balanced, effective and fit-for-purpose to manage psychological injury claims as effectively as it manages physical ones – and that in practice, delivers greatly improved return to work outcomes for workers and employers.

VACC remains committed to working with the Victorian Government, WorkSafe and other stakeholders in the achievement of this necessary work, consistent with the longstanding legislative objectives of the Scheme.

Recommendation 15:

That the Victorian Government provides additional public funding to support the Victorian Workers Compensation Scheme until it is fit-for-purpose.

5.2 Reduce the regulatory burden on Victorian employers, and smaller businesses in particular

The Victorian Government should reduce the regulatory burden on Victorian employers by harmonising workplace relations-related laws to ensure a common, practical and common-sense approach that limits the number of judicial and regulatory bodies that can deal with complaints arising from the same factual scenario. Currently, inconsistent, complex and overlapping laws at state and federal level create additional costs and confusion for smaller businesses in particular – with the same set of facts surrounding an alleged

workplace bullying claim in Victoria, enabling legal action at/complaint to the Victorian Equal Opportunity and Human Rights Commission, VCAT, the Fair Work Commission, Fair Work Ombudsman and WorkSafe Victoria. Legislative amendments must also be focused on achieving prevention and early intervention outcomes, rather than incentivising litigation and the monetisation of claims.

Best practice is found in achieving evidence-based policy outcomes that remove duplication and red tape, rather than ideologically-driven increases to the regulatory burden on Victorian employers, and smaller businesses in particular. Accordingly, in addition to removing regulatory functions that unnecessarily duplicate those provided under federal jurisdiction (e.g. Wage Inspectorate Victoria), VACC calls on the Victorian Government to act consistent with best practice in considering recommendations arising out of the current Victorian review of workplace surveillance and privacy laws – and to genuinely consult with industry to achieve appropriate amendments to the proposed Psychological Health Regulations, which currently threaten small businesses with an untenable compliance burden of \$11,000 in upfront costs and a further \$4,000 in ongoing yearly compliance costs.

Recommendation 16:

That the Victorian Government reduce the regulatory burden on Victorian employers, and smaller businesses in particular, to ensure a fair, practical and common-sense approach to workplace relations-related laws.

