

2024-25 Federal Budget Overview

This year's Federal Budget is one of the most significant for the retail auto sector in recent years

Snapshot

- With the imminent New Vehicle Efficiency Standard (NVES) and anticipated rise in EV uptake, this year's budget recognises the transitional support the auto sector needs to adjust to a changing business environment
- From support for skills and training to funding for EV charging infrastructure and new training facilities, the budget represents a win for our members
- This outcome is the culmination of efforts by the MTAA and state/territory MTAs both of which undertook intensive engagement with the Government in the lead up to the NVES finalisation as well as this budget, participating in more than 60 meetings this year alone
- While the Government has not responded to all of our requests, this budget is a good start, and we will continue to engage with the aim to secure our outstanding asks over the coming months

Announcements already made

The following initiatives were announced in advance of the budget and form part of the Australian Government's package of transitional support in the context of the NVES.

\$60M EV Charging Fund

- \$60M to help automotive businesses install EV chargers on their premises
- Further details yet to be released, however dealers and repairers expected to be eligible
- New Energy Apprenticeships Program expanded
- More apprentices and employers will be eligible for grants and wage subsidies from 1 June 2024
- If eligible, an apprentice can receive up to \$10,000 during their apprenticeship
- An eligible business can receive a wage subsidy of:
 - 10 per cent of apprentice wages for the first 24 months (up to \$1,500 per quarter)
 - Five per cent of apprentice wages for the third 12 month period (up to \$750 per quarter)
- Eligible apprenticeships include automotive electricians, motor mechanics and vehicle body builders among others

Automotive sector announcements

New budget announcements which the sector is expected to benefit from are outlined below.

\$84.5M to implement the NVES

- To establish a regulator to administer the NVES, including capturing emissions data, establishing a credit trading platform and undertaking monitoring and compliance activities

\$3M for Franchising Code of Conduct changes

- To implement the Government's response to the Franchising Code of Conduct review, including by investigating a licensing model and remaking and updating the Franchising Code of Conduct before it ceases in April 2025

\$50M for New Energy Training Facilities

- Capital and equipment investment fund to be established for facility upgrades to expand clean energy training capacity for a range of energy sectors as well as key electrical and construction trades

- Automotive sector eligibility yet to be confirmed but it is expected EV training should be eligible

\$1,500 reimbursement for Group Training Services

- Support for small and medium businesses taking on clean energy apprentices through access to Group Training Organisation services, with up to \$1,500 in annual reimbursements over the life of an apprenticeship

\$265.1M for additional Australian Apprenticeships Incentive System support

- Apprentices training in priority areas will be eligible for an additional \$2,000 (\$5,000 in total) to assist them to undertake and complete their training
- Employers taking on apprentices in priority areas will be eligible for an additional \$1,000 (\$5,000 in total) to help subsidise costs associated with employing an apprentice

Small & medium business announcements

Support for SMEs in this year's budget is limited with only a modest set of initiatives. Announcements of relevance are outlined below.

Instant asset write-off extended

- Scheme extended for small businesses until 30 June 2025, allowing businesses with a turnover of less than \$10 million to claim \$20,000 from eligible assets

Energy debt relief provided

- The Energy Bill Relief Fund will provide \$325 energy rebates to one million businesses on small customer electricity plans to help cover their electricity bills

Tariffs abolished

- From 1 July 2024, the Government will abolish 457 nuisance tariffs to simplify Australia's trade system and cut compliance costs for businesses

What's not in the budget

Disappointingly the budget does not address automotive tax reform with no changes to the Luxury Car Tax (LCT) (which will generate \$1.11B in revenue in 2024-25) nor vehicle import tariffs.

The Government will in fact tighten the LCT fuel efficiency threshold from 1 July thereby penalising everyday family hybrids and discouraging uptake. Such a move is illogical when the Government aims to encourage more households to shift to lower emission vehicles.

The MTAA and MTAs have been calling for a comprehensive review in this space and will continue to advocate for sensible change.

Need more information?

If you would like to learn more about the 2024-25 Federal Budget and its implications for your business, VACC on 03 9829 1111.