

VICTORIAN AUTOMOTIVE CHAMBER OF COMMERCE

Victorian Pre-budget Submission 2026-2027

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VACC
You're in good hands

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About the VACC

The Victorian Automotive Chamber of Commerce (VACC) is Victoria's peak automotive industry association, representing the interests of more than 4,500 members in over 15 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. diesel, electric vehicles, radiators, and engines), vehicle servicing (service stations, vehicle detailing, 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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I. Executive Summary

The Victorian Automotive Chamber of Commerce (VACC) submits this Pre-Budget Submission to the Victorian Treasury for the 2026–27 Budget on behalf of thousands of automotive businesses operating across metropolitan and regional Victoria. The automotive industry is a critical enabler of economic activity, employment, road safety and consumer mobility, supporting small businesses, skilled trades and essential services in every community.

The sector is experiencing significant structural pressure driven by cost-of-living impacts, regulatory complexity, workforce shortages and the rapid transition to zero- and low-emissions vehicles. These pressures are particularly acute for small and medium enterprises, which form the backbone of the industry. Without targeted intervention, these challenges risk constraining productivity, undermining road safety outcomes and weakening Victoria's ability to meet its workforce participation, clean economy and regional development objectives.

VACC's 2026–27 Pre-Budget priorities focus on three key areas:


Supporting business viability and effective regulation

Targeted investment is required to ensure essential automotive services remain viable and accessible. Adequate and sustained funding for the Victorian Small Business Commissioner will improve dispute resolution efficiency and reduce unnecessary litigation costs. An immediate, evidence-based adjustment to regulated metropolitan accident towing fees is required to address historic under-indexation and ensure fees reflect the real cost of delivering critical public safety services.

Building workforce capability and supporting skills transition

Persistent skills shortages, combined with the contraction of training delivery in thin markets, pose a material risk to industry sustainability

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and regional employment. VACC recommends targeted funding to stabilise vocational training in specialist automotive disciplines, strengthen apprenticeship commencements and completions, improve careers guidance in schools, and support mature-aged apprentices and career transition pathways. Strategic investment in workforce capability will deliver measurable productivity, safety and participation outcomes while supporting the transition to emerging vehicle technologies.

Creating a fair and competitive tax and transition environment

VACC proposes targeted taxation reforms to support investment, competitiveness and consumer confidence. These include land tax relief for property-intensive businesses, reform of outdated stamp duty settings affecting automotive retailers, abolition of the Super Luxury Duty, alignment of heavy vehicle trailer duty with interstate jurisdictions, and the reduction or removal of stamp duty on electric

vehicles to accelerate uptake and support Victoria's emissions reduction targets.

The submission also calls for continued funding of proven initiatives such as the OHS Essentials Program, as well as funding support for the Victorian Workers' Compensation Scheme until it becomes sustainable and fit-for-purpose.

Collectively, these recommendations will support small business viability, strengthen workforce participation, improve road safety outcomes and accelerate Victoria's transition to a low-emissions transport future. VACC looks forward to working collaboratively with the Victorian Government to implement reforms that deliver long-term economic, safety and community benefits for Victoria.

List of Recommendations

1. That the Victorian Government allocates adequate and sustained funding to the Victorian Small Business Commissioner (VSBC) to ensure the effective and timely management of mediations and dispute resolutions.
2. That the Victorian Government should establish a dedicated EV Transition Support Fund that provides direct financial assistance to automotive retail businesses and accident towing operators.
3. That the Victorian Government should introduce a subsidised vehicle maintenance scheme in collaboration with the automotive repair industry, with a particular focus on Victorians disproportionately affected by cost-of-living pressures, as well as those considered most vulnerable in the community.
4. That the Victorian Government implement an immediate adjustment to regulated metropolitan accident towing fees, informed by independent, contemporary cost-of-service modelling, to address historic under-indexation and ensure fees accurately reflect the real costs of delivering safe, reliable and sustainable accident towing services.
5. That the Victorian Government identify and implement an alternative funding and delivery model to incentivise registered training providers to offer vocational education and training in thin markets, including motorcycle maintenance, engine reconditioning, automotive electrical, panel and paint, vehicle parts interpretation and outdoor power equipment, with a focus on per-class or block-funded delivery to ensure ongoing training availability across Victoria.
6. That the Victorian Government should allocate targeted funding to strengthen automotive workforce capability through training, apprenticeship promotion and careers guidance reform, with a focus on supporting the transition to new vehicle technologies.
7. To further strengthen the outcomes for apprentices in the automotive industry, the Victorian Government should establish a dedicated funding program or incentives scheme aimed at supporting both employers and apprentices throughout the training journey.
8. That the Victorian Government continue funding to an expanded OHS Essentials Program to ensure small business can access practical OHS and workers compensation support to help achieve improved health and safety outcomes in the automotive industry.
9. That the Victorian Government maintains additional funding until the Victorian Workers Compensation Scheme is sustainable and fit-for-purpose.
10. That the Victorian State Government reduce or remove land tax obligations for businesses to support investment, business growth and long-term economic competitiveness in Victoria's automotive sector.
11. That the SRO introduces a \$20,000 value (retail) threshold exemption from motor vehicle duty for new vehicle dealers for retailing and fitment of accessories and aftermarket parts.
12. That the Victorian Government abolishes the Super Luxury Duty.
13. The Victorian Government amends the definition of motor vehicle in the Duties Act 2000 to exclude heavy vehicle trailers with a Gross Vehicle Mass of more than 4.5 tonnes. This will exempt this class of trailers from stamp duties on registration, in line with NSW.
14. That the Victorian Government should reduce or remove stamp duty on electric vehicle sales to accelerate the uptake of these vehicles by Victorian motorists.

2. Better Regulation



2.1 Adequate funding for the Victorian Small Business Commission

VACC has noted a marked increase in the number of legal disputes affecting both small and large businesses within the automotive sector, particularly those arising between vehicle body repairers and insurance companies. These disputes frequently result in significant financial and time losses for business operators, as they are compelled to pursue resolution through courts and tribunals, often a lengthy and expensive process that diverts resources away from core business activities.

To address this issue, VACC strongly advocates for a greater proportion of business disputes to be resolved through the Victorian Small Business Commission (VSBC). Utilising the services of the VSBC offers a more efficient and cost-effective pathway for resolving conflicts, thereby reducing the burden on businesses and the judicial system alike. The Commission is well-positioned to manage a broad spectrum of matters, including contractual disagreements, allegations of unfair business practices, and other disputes that can disrupt the smooth operation of small enterprises. However, due

to a lack of appropriate funding, the VSBC cannot service this cohort in a reasonable timeframe, resulting in businesses waiting up to 17 weeks for a mediation. This not only impacts business operations, but also consumers alike.

It is therefore vital that the VSBC receives sufficient state funding to effectively deliver mediation services and administer dispute resolution processes promptly. Adequate resourcing will empower the VSBC to provide meaningful support to small businesses, ensuring that mediation services remain accessible and that disputes are managed promptly and fairly. In turn, this will help maintain the viability, productivity, and overall health of the automotive industry, while promoting a more collaborative and less adversarial approach to resolving business conflicts.

Recommendation 1

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



3. Investing in the future of the automotive industry



3.1 Support for transition to an electric vehicle future

Victoria's transition to a low-emissions transport future requires more than accelerating the uptake of Zero and Low Emission Vehicles (ZLEVs). Achieving the State Government's target of 50 per cent electric vehicle sales by 2030, combined with the rapid increase in ZLEVs anticipated under the National Vehicle Efficiency Standard (NVES), demands a whole-of-industry approach that supports the thousands of small and medium-sized businesses that keep Victoria's automotive sector operating.

For dealerships, independent repairers, collision repairers, and accident towing operators, the shift to electric vehicles represents a significant and unavoidable investment challenge. Businesses must upgrade workshops, tooling, hoists, diagnostic equipment, protective gear, and safe-work infrastructure to service, repair, recover and store EVs safely. Without targeted support, many small operators will struggle to keep pace with technological change, risking reduced service capacity, longer repair times, and inequitable access to EV servicing across metropolitan and regional Victoria.

The transition also requires a scaled-up investment in training. While accredited EV training is expanding, many frontline operators, including accident towing businesses, currently have no accredited training available for managing damaged high-voltage vehicles at incident scenes. These operators are often first on site at serious collisions where battery integrity may be compromised, creating significant safety risks if they have not received appropriate EV preparedness and response training.

To address this gap, the VACC, in collaboration with industry stakeholders, is developing a targeted, non-accredited EV safety and awareness training program specifically for towing operators. Ensuring the safety of these workers and the broader public requires government support to accelerate rollout and uptake.

Investing in the automotive repair and recovery sector will enhance EV service capacity, improve safety, generate employment and training opportunities, boost consumer confidence in electric vehicles, and ensure both regional and metropolitan Victoria are prepared for future transport needs.

Recommendation 2

That the Victorian Government should establish a dedicated EV Transition Support Fund that provides direct financial assistance to automotive retail businesses and accident towing operators.

3.2 Investing in a road safety assistance package for vulnerable motorists

According to the November 2025 Fifth Quadrant Consumer Tracker, 72% of vehicle owners cut their car expenses last year. While delaying repairs or maintenance may save money upfront, it can lead to safety hazards and higher costs later. Regular servicing according to manufacturer guidelines helps prevent breakdowns, reduces accidents, and keeps vehicles safer on Victorian roads.

The Victorian Road Safety Strategy 2021–2030 focuses on removing unsafe vehicles from the roads and fostering a culture of road safety across the state, to reduce fatalities and serious injuries from road trauma. 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.

The Victorian Road Safety Strategy focuses on removing unsafe vehicles from the roads and fostering a culture of road safety across the state to reduce fatalities and serious injuries from road trauma. 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 that are 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. However, this program ended in March 2024, leaving a gap in support for vehicle safety improvements.

VACC therefore urges the Victorian government to introduce a subsidised vehicle maintenance scheme in collaboration with the automotive repair industry. This scheme should provide free vehicle safety checks for consumers and offer subsidies for critical safety repairs, particularly focusing on those disproportionately affected by cost-of-living pressures and other groups considered vulnerable.

Recommendation 3

That the Victorian Government should introduce a subsidised vehicle maintenance scheme in collaboration with the automotive repair industry, with a particular focus on Victorians disproportionately affected by cost-of-living pressures, as well as those considered most vulnerable in the community.

3.3 Immediate adjustment of regulated accident towing fees (Melbourne controlled area) to reflect real world cost of service methodology

Accident towing is an essential public safety service that supports road safety, traffic flow and emergency response outcomes across metropolitan Melbourne. Operators are required to provide a 24/7 rapid-response service, maintain specialised recovery fleets, comply with stringent regulatory and safety obligations, and increasingly manage the recovery of technologically complex vehicles, including electric and hybrid vehicles.

Despite the critical nature of this service, regulated accident towing fees in Victoria have increased only marginally since 2010, with the base tow fee increasing by the token amount of \$89.60 over 16 years. This inadequate level of fee adjustment have been largely driven by an inappropriate indexation mechanism, resulting in prolonged periods of stagnation that has failed to reflect the real-world costs of providing accident towing services.

Over the same period, towing operators have faced sustained and material increases in key cost drivers, including fuel, labour, insurance, industrial land rents, compliance obligations and capital investment requirements. More recently, cost escalation has accelerated well beyond CPI, particularly in relation to labour, insurance premiums and industrial land required for depots and vehicle storage. These costs are structural and unavoidable, yet they are not adequately captured through CPI-based indexation mechanisms.

The result is a widening gap between regulated fees and the actual cost of service delivery. Many operators are now cross-subsidising accident towing from other activities, deferring fleet renewal and safety investments, or operating with increasingly constrained margins. This places long-term service viability at risk and undermines the sustainability of a sector that underpins road network performance and public safety.

Recent legislative changes that remove mandatory periodic fee reviews by the Essential Services Commission further exacerbate this issue. In the absence of a structured, evidence-based review process, regulated fees risk becoming increasingly disconnected from operational realities. Reliance on automatic indexation alone does not provide a mechanism to correct historic under-adjustment or respond to step changes in costs arising from regulatory, technological or market shifts.

VACC asserts that the existing fee framework is no longer adequate for its intended purpose, particularly as fuel prices have risen by over 50% in light of recent conflicts in the Middle East. An immediate adjustment to regulated accident towing fees is necessary to address accumulated under-recovery and to realign fees with the efficient cost of service

provision. This revision should be guided by up-to-date, independent cost-of-service modelling that accurately reflects current operating conditions, rather than relying solely on historic CPI adjustments.

Reforms proposed under The Entities Legislation Amendment (Consolidation and Other Matters) Bill 2025 are welcome news for an industry at the crossroads. However, immediate action is needed.

Failing to address this issue risks industry contraction, reduced service capacity, slower accident clearance times and negative flow-on effects for road safety, congestion and emergency response outcomes.

Recommendation 4

That the Victorian Government implement an immediate adjustment to regulated metropolitan accident towing fees, informed by independent, contemporary cost-of-service modelling, to address historic under-indexation and ensure fees accurately reflect the real costs of delivering safe, reliable and sustainable accident towing services.

3.4 Thin training markets

Victoria's automotive skills pipeline is being constrained by the contraction of vocational education and training delivery in thin training markets. In recent years, many registered training providers (RTOs) have reduced or withdrawn automotive courses in response to declining enrolments and funding models that do not support low-volume delivery.

Training programs that were previously well established, including motorcycle maintenance, engine reconditioning, automotive electrical, panel and paint, vehicle parts interpretation and outdoor power equipment, are now characterised by low enrolment numbers and limited course availability. While demand for these skills remains strong within the industry, particularly among specialist and regional businesses, cohort sizes are often too small to be commercially viable under existing per-student funding arrangements.

Current RTO funding and delivery models are not designed to support small class sizes, typically comprising five to six students. As a result, employers, especially in regional and outer metropolitan areas, face reduced access to skilled labour, longer lead times for workforce development and increased costs associated with attracting or retaining qualified staff. These constraints also risk undermining the industry's capacity to adopt and safely service emerging vehicle technologies, including zero-emissions vehicles.

VACC submits that without targeted intervention, thin training markets will continue to erode, placing further pressure on already constrained segments of the automotive workforce. This presents a material risk to business continuity, regional employment and Victoria's broader skills transition objectives.



To address this issue, VACC calls on the Victorian Government to identify and implement an alternative vocational education and training delivery model for thin markets. This model should incentivise RTOs to deliver training on a per-class or block-funded basis, rather than solely on a per-student funding model, for identified priority programs. Such an approach would provide funding certainty for RTOs, maintain critical training capability and ensure industry access to specialist skills.

Targeted support for thin markets should form part of a coordinated, whole-of-industry skills transition strategy, ensuring the automotive sector has the workforce capability required to meet current demand and adapt to future technological change.

Recommendation 5

That the Victorian Government identify and implement an alternative funding and delivery model to incentivise registered training providers to offer vocational education and training in thin markets, including motorcycle maintenance, engine reconditioning, automotive electrical, panel and paint, vehicle parts interpretation and outdoor power equipment, with a focus on per-class or block-funded delivery to ensure ongoing training availability across Victoria.

3.5 building a skilled and future-ready automotive workforce

A skilled, productive and adaptable workforce is critical to Victoria's economic resilience, industry competitiveness and transition to a low-emissions economy. The automotive industry underpins essential transport, regional employment and small business activity across Victoria, and its workforce capability directly impacts productivity, safety and consumer outcomes.

As vehicle technology rapidly evolves, workforce skills must keep pace with increasing complexity, including zero- and low-emissions vehicles (ZLEVs), advanced driver assistance systems (ADAS) and automotive electronics. Targeted investment in training, upskilling and skills transfer will support business capability, mitigate workforce constraints and enable the automotive sector to contribute to broader economic, emissions reduction and innovation objectives.

Sustained investment in quality vocational training and apprenticeships brings significant economic benefits, including addressing skills shortages, boosting productivity for small and medium businesses, enhancing workforce participation and mobility, and reducing safety and compliance risks linked to new vehicle technologies.

Improving the visibility, status and understanding of automotive apprenticeships is essential to increasing commencements and completions. Workforce shortages are exacerbated by outdated perceptions of automotive careers and inconsistent career

advice in schools. Contemporary, evidence-based messaging on career pathways, earnings potential and technological relevance must reach students, parents, educators and career advisers to improve participation outcomes.

The transition to ZLEVs and connected vehicle technologies presents a clear opportunity to reposition automotive trades as future-oriented, technologically advanced and aligned with Victoria's clean economy priorities. Strategic workforce investment will ensure the sector can support the growing ZLEV fleet while retaining jobs, skills and economic value within Victoria.

VACC further highlights the importance of targeted support for mature-aged apprentices and career transition pathways. Mature-aged participants provide immediate workforce capacity, transferable skills and higher completion rates, offering a cost-effective mechanism to address acute skills shortages. In parallel, ongoing professional development for existing technicians is essential to maintain workforce participation, reduce retraining costs and ensure safe servicing of emerging technologies.

VACC also submits that improved early careers guidance is necessary to strengthen the long-term skills pipeline. The Head Start program should be refocused to prioritise high-quality careers advice and multiple work experience opportunities for students in Years 9 and 10, with an emphasis on skills shortage industries, thin labour markets and clean-economy careers. Where this reform cannot be achieved, program funding should be reallocated to a more effective, outcomes-driven careers guidance and industry engagement model.

Strategic investment in automotive workforce capability will deliver measurable benefits in employment, productivity, safety and emissions outcomes, while supporting Victoria's broader fiscal and economic objectives.

Recommendation 6

That the Victorian Government should allocate targeted funding to strengthen automotive workforce capability through training, apprenticeship promotion and careers guidance reform, with a focus on supporting the transition to new vehicle technologies.

3.6 Enhancing apprentice outcomes

The Victorian Government should demonstrate its commitment to enhancing apprentice outcomes by ensuring the delivery of relevant and reliable training within the automotive industry's apprenticeship system. This objective may be met through the introduction of independent validation processes for apprentice progression and completion, before issuing trade qualifications. Such measures would provide the government with critical insights into the performance of its Skills First contract providers

throughout Victoria and support a robust framework for ongoing improvement across the sector.

To further strengthen the outcomes for apprentices in the automotive industry, the Victorian Government should establish a dedicated funding program or incentives scheme aimed at supporting both employers and apprentices throughout the training journey. By providing targeted financial assistance, such as wage subsidies, grants for employers who host apprentices, or scholarships for apprentices in high-demand specialisations, the government can reduce barriers to entry, encourage greater participation, and reward excellence in training and completion. This initiative would not only incentivise businesses to invest in developing the next generation of automotive professionals but also ensure apprentices are equipped with the skills needed for a rapidly evolving sector.

Recommendation 7

To further strengthen the outcomes for apprentices in the automotive industry, the Victorian Government should establish a dedicated funding program or incentives scheme aimed at supporting both employers and apprentices throughout the training journey.

3.7 OHS Essentials program – supporting safer automotive workplaces

The WorkSafe OHS Essentials Program is a Victorian Government-funded initiative delivered in partnership with industry to support small and medium-sized businesses to improve occupational health and safety (OHS) capability. The program provides eligible businesses with access to free, independent OHS assessments and practical guidance to help identify hazards and manage workplace safety risks.

For automotive businesses, the OHS Essentials Program has delivered tangible and measurable benefits, enabling them to identify safety hazards, improve compliance with legislative obligations, and implement practical risk controls tailored to real workshop environments. This has contributed to safer workplaces, reduced risk of injury, reduced workers compensation premiums and improved safety awareness among employers and their employees.

Importantly, the program has supported businesses to proactively address safety risks before incidents occur, reducing the likelihood of workplace injuries, downtime, enforcement action and burden on the WorkCover Scheme.

As the automotive industry undergoes rapid and significant technological change, the importance of practical OHS capability is increasing. Continued access to the OHS Essentials Program will help ensure automotive businesses can safely adapt to these changes while protecting workers and the broader community. However, whilst the OHS Essentials

Program has helped to improve automotive business capability and improved safety outcomes, the program does not currently have a focus on workers compensation. Whilst VACC acknowledges that initiatives such as the WorkSafe Incentive Scheme for Employers are as step in the right direction, it believes much more must be done to assist small business to reduce the length of workers compensation claims through improved successful early return-to work outcomes. VACC therefore calls for an expansion to the current OHS Essentials Program to include a specific focus on the promotion and timely utilisation of early return-to-work initiatives, education and strategies for small and medium sized businesses.

Recommendation 8

That the Victorian Government continue funding to an expanded OHS Essentials Program to ensure small business can access practical OHS and workers compensation support to help achieve improved health and safety outcomes in the automotive industry.

3.8 Additional funding for the Victorian Workers' Compensation Scheme

VACC continues to call upon the Victorian Government to provide additional funding to the Victorian Workers Compensation Scheme (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 employers and workers are acknowledged and reflected in WorkSafe Victoria's oversight of the Scheme.

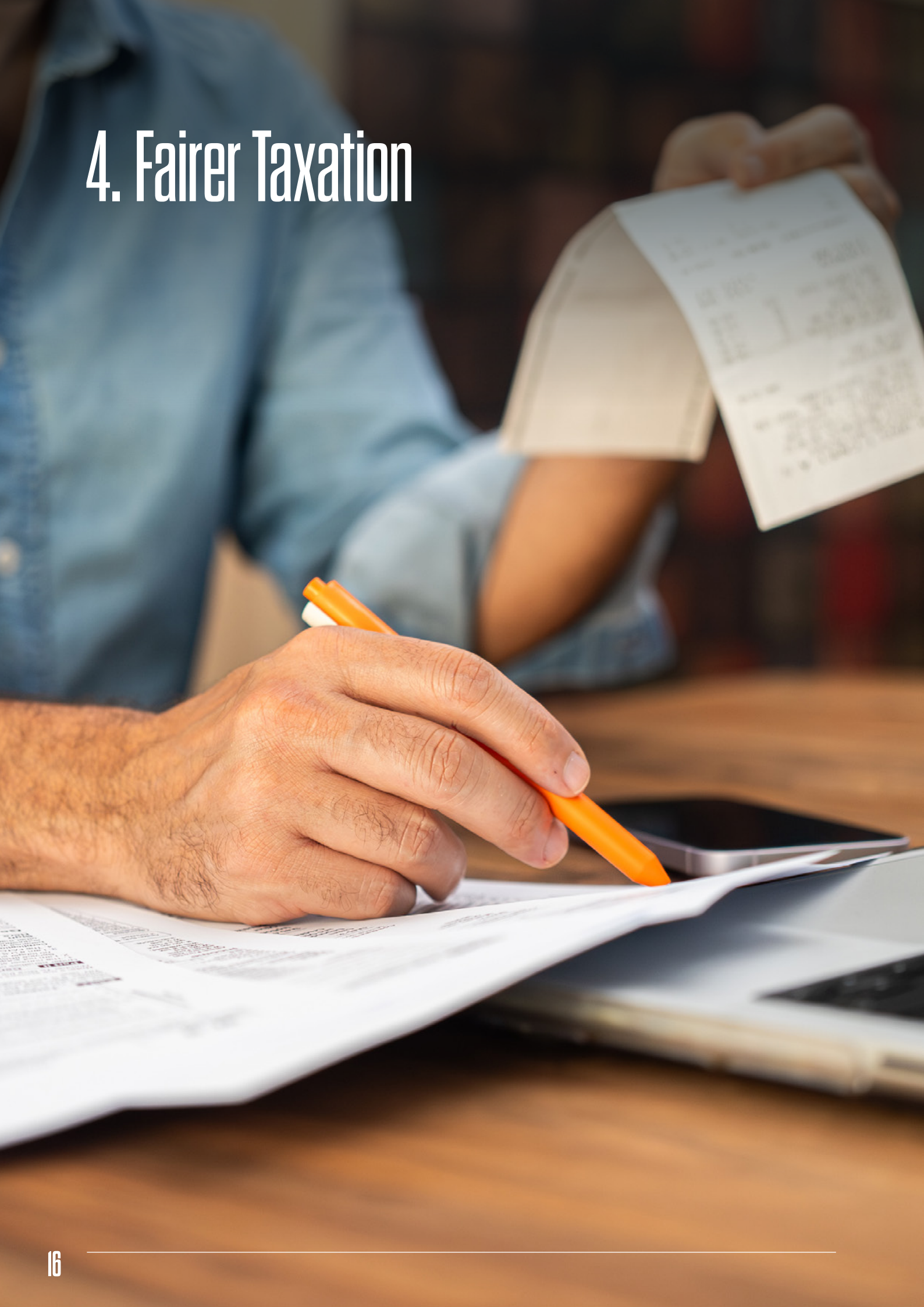
It is vital for the long-term sustainability of the Scheme that, alongside necessary further legislative reform, the administration of the Scheme is strengthened to ensure a balanced, effective and fit-for-purpose approach is taken to the management of psychological injury claims.

As noted above, such an approach requires a focus on successful early return-to-work delivery for workers and their employers. Accordingly, VACC strongly supports an expanded OHS Essentials Program aimed at providing small and medium sized businesses with the practical tools necessary to achieve improved workers compensation outcomes, ultimately reducing costs for the Scheme.

Recommendation 9

That the Victorian Government maintains additional funding until the Victorian Workers Compensation Scheme is sustainable and fit-for-purpose.

4. Fairer Taxation



4.1 Land tax reduction

Land tax is an annual levy calculated on the aggregate taxable value of all landholdings owned by an individual or entity in Victoria, excluding exempt properties such as the principal place of residence. The tax is applied on a progressive scale, meaning obligations increase in line with property values. For automotive businesses, which typically hold considerable assets such as showrooms and service centres, land tax can represent a significant operating expense.

In Victoria, properties are subject to progressive land tax rates, reaching up to 2.65 per cent for landholdings exceeding \$50,000 in taxable value. Furthermore, aggregation rules require that the combined value of multiple properties be used to determine the applicable tax bracket, potentially elevating businesses into higher tiers and further increasing their tax liability. This is particularly impactful for property-intensive industries like automotive retail and service.

In recent years, VACC members have reported significant increases in land tax obligations, placing businesses in a vulnerable state. Some members have reported that their land tax has increased by 224 per cent since 2018, despite their operations remaining on the same property. This is simply not sustainable for any business in Victoria.

Additionally, land tax expenses may be incurred indirectly through commercial lease arrangements, where lease terms permit landlords to pass these costs on as operating expenses.

Land tax presents several challenges for businesses within the automotive sector, including:

Elevated land taxes can place pressure on cash flow, constraining both operational budgets and investment capacity.

An increase in land tax may reduce profitability, which in turn could necessitate cost containment measures or adjustments to pricing strategies.

Substantial land tax expenses, such as those associated with CIPT, have the potential to discourage business expansion and limit employment growth.

Automotive enterprises in Victoria encounter a competitive disadvantage due to higher land tax obligations compared to other regions.

Recommendation 10

That the Victorian State Government reduce or remove land tax obligations for businesses to support investment, business growth and long-term economic competitiveness in Victoria's automotive sector.

4.2 Reform to State Revenue Office Revenue Ruling DA.022

The objective of Revenue Ruling DA.022 (DA.022) is to provide clarity regarding the definition of the dutiable value of a new motor vehicle under the Duties Act 2000 (Vic) (the Duties Act).

DA.022 stipulates that accessories and vehicle additions supplied by the dealer before registration, or included in the vehicle transaction, are subject to stamp duty in addition to the base value of the vehicle. This requirement increases the final purchase price for consumers. Such accessories and aftermarket additions may include, but are not limited to, bull bars, canopies and trays. The VACC maintains that DA.022 is outdated and no longer fit for purpose.

Since the development of the original SD.004 in the 1980s and its replacement by DA.022 in 2000 and again in 2002, the automotive aftermarket parts and fitment sector has grown substantially. Previously, options for aftermarket providers were limited; however, considerable expansion in this sector has occurred.

The current application of DA.022 has led to a loss of revenue for automotive dealerships, as consumers are increasingly choosing independent aftermarket suppliers, where the duty does not apply. VACC asserts that this uneven application of duty disadvantages dealerships and gives independent aftermarket providers a competitive advantage. Furthermore, it disrupts the seamless delivery process and experience for Victorian consumers.

The future for new vehicle franchise dealers in Victoria is increasingly uncertain. In the coming years, these businesses will confront significant challenges arising from new government policies and the entry of additional vehicle manufacturers into an already saturated and highly competitive market. Consequently, there is a real risk that many dealers will be forced to sell or close their operations, with substantial impacts on communities across Victoria, particularly in regional areas.

Accordingly, VACC recommends reforming DA.022 to introduce an exemption, permitting dealers to fit up to \$20,000 (retail value) of accessories or aftermarket items to a new motor vehicle without those items being included in the dutiable value for motor vehicle duty purposes.

Recommendation 11

That the SRO introduces a \$20,000 value (retail) threshold exemption from motor vehicle duty for new vehicle dealers for retailing and fitment of accessories and aftermarket parts.

4.3 Remove Super Luxury Duty

The Super Luxury Vehicle Duty (SLD) in Victoria, when combined with the Luxury Car Tax (LCT) imposed by the Australian Government, imposes a substantial burden on Victorian Licensed Motor Car Traders (LMCTs) engaged in the sale of new and used luxury vehicles.

The VACC highlights two primary concerns regarding the SLD:

- Victorian dealerships are placed at a distinct disadvantage when advertising drive-away prices on national online classified platforms. Unlike Victoria, neighbouring states such as South Australia and New South Wales do not impose an SLD, allowing their dealerships to advertise vehicles at significantly lower prices than those listed by Victorian LMCTs.
- The SLD leads to instances of double taxation, with both Victorian consumers and dealers required to pay a state-level luxury tax in addition to the federal LCT. This imposes an excessive tax burden on luxury vehicle purchases.

Specifically, the SLD in Victoria is structured as follows:

- For vehicles valued between \$100,000 and \$150,000, a duty of \$14 per \$200 of market value is charged.
- For vehicles valued above \$150,000, a duty of \$18 per \$200 of market value applies.

These state duties are levied in addition to the national LCT, which applies to vehicles exceeding the 2025–2026 LCT thresholds of \$80,567 for non-fuel-efficient vehicles and \$91,387 for fuel-efficient vehicles. For vehicles above these thresholds, an LCT rate of 33 per cent is payable on the value exceeding the threshold.

This taxation environment has led consumers to buy and sell luxury vehicles across state borders, resulting in a loss of tax revenue and associated economic activity for the Victorian Government. Furthermore, several larger LMCTs specialising in luxury vehicles have established operations in other jurisdictions, such as South Australia and New South Wales, due to the SLD's adverse impact on their competitiveness.

To support the motor industry and Victorian motorists during economic uncertainty and falling used car prices, it is crucial to offer incentives that encourage ongoing vehicle purchases from Victorian LMCTs.

Recommendation 12

That the Victorian Government abolishes the Super Luxury Duty.

4.4 Heavy vehicle trailers stamp duty exemption

Under the current provisions of the Duties Act 2000, the definition of motor vehicles extends to encompass heavy vehicle trailers. This legislative approach means that the sale of heavy trailers in Victoria is subject to stamp duty, placing a financial burden on both manufacturers and purchasers within the state. Industry stakeholders, including Victorian-based manufacturers and retailers of used trucks and trailers, have expressed significant concern regarding the competitive disadvantage this creates. The imposition of stamp duty in Victoria has led to an uneven marketplace, as consumers are incentivised to purchase comparable trailers in New South Wales, where no such duty is levied. This cross-border discrepancy not only erodes the competitive position of Victorian businesses but also results in lost sales and associated revenue, as customers seek more cost-effective options interstate.

Considering these concerns, the VACC strongly advocates for the Victorian Government to align its policy with that of New South Wales by introducing a stamp duty exemption for heavy vehicle trailers. Specifically, VACC recommends that trailers with a gross vehicle mass (GVM) exceeding 4.5 tonnes, those designed to be towed by a motor vehicle, but not including the towing vehicle itself, be exempt from stamp duty. Such a policy adjustment would remove the current financial disincentive faced by Victorian buyers and bring the state's regulatory environment into closer harmony with its northern neighbour.

Implementing this exemption would yield several key benefits. Firstly, it would create a level playing field for Victorian manufacturers and retailers, enabling them to compete more effectively with interstate businesses. Secondly, it would encourage greater investment in the local heavy trailer manufacturing sector, supporting job creation and economic growth within Victoria. By matching the stamp duty arrangements currently in place in New South Wales, the Victorian Government would demonstrate its commitment to fostering a fair and competitive market environment, ultimately benefiting businesses, consumers, and the broader state economy.

Recommendation 13

The Victorian Government amends the definition of motor vehicle in the Duties Act 2000 to exclude heavy vehicle trailers with a Gross Vehicle Mass of more than 4.5 tonnes. This will exempt this class of trailers from stamp duties on registration, in line with NSW.

4.5 Remove stamp duty on electric vehicle sales

In 2017, the Victorian Government announced the Zero Emissions Vehicle Roadmap (the roadmap), which detailed the government's ambition to have half of all light vehicle sales in Victoria to be zero emissions vehicles (ZEV) by 2030. Meeting this ambitious target will need to be accompanied by sensible policy measures and due consideration to the existing automotive retail industry

While Victorian sales of electric vehicles have increased significantly in 2025, this increase is on top of a relatively small base. Data from the Bureau of Infrastructure and Transport Research Economics (BITRE) indicates that electric vehicles still made up less than 1 per cent of the total Victorian motor vehicle fleet in January 2025.

Several factors have influenced the slow consumer uptake of EVs, including overall costs of EVs (including the lack of a robust second-hand market), a lack of nationally consistent policy to encourage EV uptake, and consumer perceptions regarding overall EV readiness (including the availability of charging infrastructure).

Whilst the recent commencement of a New Vehicle Efficiency Standard (NVES) at the national level from 1 January 2025, changing the composition of the Australian vehicle fleet to a higher proportion of ZEVs will take time. New car sales data indicate that petrol and diesel vehicles made up 70 per cent of all new car sales in 2025, suggesting that the NVES has yet to have any effect on the purchase of low-emissions vehicles.

If the Victorian Government intends to retain and meet its 2030 ZEV targets, VACC considers that additional incentives are required and therefore recommends that the Victorian government reduce or entirely remove stamp duty on the sale of both new and used electric vehicles until at least half of vehicle sales in Victoria are EVs.

Recommendation 14

That the Victorian Government should reduce or remove stamp duty on electric vehicle sales to accelerate the uptake of these vehicles by Victorian motorists.

