

VICTORIAN AUTOMOTIVE CHAMBER OF COMMERCE

Policy Blueprint

Priorities for the automotive industry



VACC
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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 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, windcreens), 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



Victorian Automotive Chamber of Commerce (VACC) is proud to submit its Victorian Policy Blueprint, which details the principal policy directions and reform priorities for Victoria's automotive retail, service, and repair sector. This comprehensive document sets out a suite of targeted recommendations designed to cultivate a fairer, more competitive, and resilient business landscape for automotive operators across the state. Through the Blueprint, VACC puts forward a range of strategic proposals addressing key challenges currently facing the industry. These include reforms to taxation and compensation arrangements, enhanced industry support mechanisms, streamlining and modernisation of regulatory frameworks, and initiatives to strengthen skills development, training, and workplace relations. Each recommendation has been formulated to

reduce barriers to growth, supporting innovation, and safeguarding the long-term viability of automotive businesses.

By adopting the measures outlined in this Policy Blueprint, the Victorian Government will be well-positioned to support the ongoing prosperity, adaptability, and global competitiveness of Victoria's automotive sector. These reforms are not only crucial for the sector's success, but also for the broader economic health and social wellbeing of communities throughout the state. The VACC is committed to working collaboratively with government stakeholders to ensure that the automotive industry continues to provide sustainable employment opportunities, drive investment, and meet the evolving needs of Victorian motorists.



“By adopting the measures outlined in this Policy Blueprint, the Victorian Government will be well-positioned to support the ongoing prosperity, adaptability, and global competitiveness of Victoria’s automotive sector.”

Executive summary

VACC Policy Blueprint – priorities for Victoria’s automotive industry

The Victorian Automotive Chamber of Commerce (VACC) represents more than 5,000 automotive businesses employing over 50,000 Victorians across vehicle retail, servicing, repair, towing, parts distribution, and manufacturing. The automotive industry is a cornerstone of Victoria’s economy and road safety framework, yet it is operating under increasing pressure from regulatory complexity, workforce shortages, rising costs, and rapid technological change. This Policy Blueprint outlines a targeted reform agenda designed to stabilise the sector, improve safety and consumer outcomes, and ensure the industry remains viable and competitive through the transition to a low-emissions vehicle fleet.

A central theme of the Blueprint is the need for smarter, evidence-based regulation. Automotive businesses operate within one of the most highly regulated environments in the Victorian economy. Where regulation is poorly designed, duplicative, or developed without genuine industry consultation, it increases costs, reduces productivity, and can unintentionally compromise safety outcomes. The Blueprint calls for a disciplined regulatory approach that aligns with national frameworks, recognises existing automotive qualifications and competencies, and ensures new policy interventions address genuine gaps rather than layering additional compliance onto businesses already under strain.

Workforce sustainability is another defining challenge for the sector. The industry is experiencing severe and persistent skills shortages at the same time as vehicles are becoming more complex and technologically advanced. Automotive apprenticeships remain critical to Victoria’s skills pipeline, yet commencements are declining, and employers face growing disincentives to take on apprentices and trainees. The Blueprint emphasises that strengthening apprenticeship outcomes requires incentives, support, and promotion of automotive careers, not additional regulatory barriers that discourage participation and worsen long-term workforce shortages.

The Blueprint also highlights the importance of fairness, safety, and consumer protection.

Effective enforcement of existing laws is essential to protect legitimate businesses and the public. Weak enforcement in areas such as accident towing, vehicle write-off processes, and registration integrity undermines confidence in the system, exposes consumers to harm, and disadvantages compliant operators. Restoring transparency, accountability, and consistency across these systems is fundamental to maintaining road safety and trust in Victoria’s automotive regulatory framework.

Finally, the transition to electric vehicles presents an opportunity and risks. While government targets are accelerating EV uptake, the businesses responsible for selling, repairing, recovering, and maintaining vehicles are being asked to absorb substantial upfront costs for new tools, infrastructure, and training. Without targeted support, many small and medium automotive businesses risk being left behind, reducing service capacity and creating safety risks. The Blueprint makes clear that a successful EV transition must include practical, industry-focused investment that supports businesses on the ground rather than imposing new licensing or compliance regimes that duplicate existing safeguards.

Four critical issues emerge from this agenda. The long-term viability of accident towing services is being undermined by regulated fees that no longer reflect real operating costs, combined with insufficient enforcement of existing laws. EV safety policy is at risk of becoming fragmented and counterproductive through proposals that ignore nationally recognised automotive standards and qualifications. Skills shortages are being exacerbated by declining apprenticeship commencements and policy proposals that add red tape rather than strengthening incentives and retention. At the same time, gaps in vehicle safety and registration systems, including written-off vehicles, plate cloning, and limited access to identity validation inspections, are eroding consumer confidence and road safety outcomes.

The VACC Policy Blueprint provides a clear and practical roadmap for addressing these challenges. By adopting its recommendations, the Victorian Government can support a safer road network, a stronger workforce, fairer regulation, and a more resilient automotive industry that continues to deliver essential services to Victorian communities and the broader economy.



Recommendations

Better regulation

Recommendation 1 VACC calls on the Victorian Government to abandon the proposed electrical licensing requirement for EV de-energisation, formally recognise nationally endorsed automotive qualifications and standards as fit for purpose, align Victorian policy with national frameworks such as 5732:2022 and MIVIS, and establish genuine, ongoing consultation with the automotive industry to ensure EV safety policy is practical, evidence-based, and nationally consistent.

Recommendation 2 The Victorian Government adjusts accident towing and storage fees to reflect true operating costs, including the removal of the productivity adjustment factor, and realignment of the CPI measure.

Recommendation 3 The Victorian and Australian Governments work together to strengthen the enforcement of existing national laws that regulate electric bikes, including the Road Vehicle Standards Act 2018.

Recommendation 4 The Victorian Government should reject the introduction of an employer registration scheme and instead redirect its focus toward initiatives that genuinely strengthen apprenticeship outcomes, such as financial incentives for employers, targeted retention support, supervisory mentoring programs, and investment in high-quality training delivery.

Recommendation 5 The Victorian Government prioritises the expansion of the existing Written-off Vehicles Register to include heavy vehicles – trailers.

Recommendation 6 The Victorian Government allocates funding to the Department of Transport and Planning to enhance enforcement of the Accident Towing Services Act 2007, particularly section 158 of the ATS Act. Additionally, it is advised to initiate a consumer education campaign to ensure that Victorians are informed about their rights and that individuals involved in accidents are aware of the criteria for lawful towing services.

Recommendation 7 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.

Recommendation 8 The next Victorian Government commits to implementing a dedicated regulatory framework and fast-tracked dispute resolution process for victims of registration plate cloning, supported by stronger data protection, enforcement

collaboration, and real-time vehicle identity monitoring, to protect Victorian consumers and businesses from fraudulent vehicle activity.

Recommendation 9 The Victorian Government directs the Department of Transport and Planning to review its criteria for businesses to undertake VIV inspections and commit to expanding the scheme by approving more VIV inspection centres by December 2026.

Recommendation 10 The Victorian Government commits to reviewing and reforming Section 16 of the Road Safety Act 1986 to establish an independent, transparent, and accountable written-off vehicle determination process that protects consumers, ensures road safety, and restores integrity to Victoria's automotive regulatory system.

Recommendation 11 The Victorian Government applies a more rigorous and evidence-based approach to the assessment and making of regulations and to the informing of statutory review processes, including by introducing a positive onus to ensure no existing law coverage before introducing new laws and ensuring the independence and relevant 'real world' experience of those involved in the process.

Recommendation 12 The Victorian Government directs WorkSafe Victoria to focus its return-to-work strategy on successful early return to work, including through an expanded OHS Essentials program, to deliver improved health outcomes for workers and reduced WorkCover premium rates for Victorian employers.

Recommendation 13 The Victorian Government reduces 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. At a minimum, this requires a reconsideration of the Victorian Government's proposal to introduce a right to work from home under Victorian law.

Investing in the future of the Automotive industry

Recommendation 14 The Victorian Government engages with industry and fund a targeted campaign to promote the value of automotive apprenticeships to employers, job seekers, parents and students.

Recommendation 15 The Victorian Government provides mature age training incentives to help build Victoria's emerging workforce on ZLEVs and assist existing technicians to upskill to maintain the growing zero-emissions vehicle fleet.

Recommendation 16 The Victorian Government applies strong pressure on the Federal Government to reconsider cuts to apprenticeship incentives and increase funding support. The automotive industry is experiencing a severe skills shortage, and any reduction in incentives will further reduce apprentice numbers and undermine Victoria's future workforce. Industry needs more support, not less, to keep the training pipeline alive and ensure Victoria remains safe, productive, and competitive.

Recommendation 17 The Victorian Government should establish a dedicated EV Transition Support Fund that provides direct financial assistance to automotive retail businesses and accident towing operators.

This fund should include:

1. Subsidies for EV-specific tools, diagnostic equipment, hoists, insulated PPE, and high-voltage safety infrastructure.
2. Support for the delivery and uptake of non-accredited EV training programs, particularly for frontline operators such as towing and roadside assistance providers.
3. Targeted grants to assist small and medium-sized automotive businesses to upgrade workshops and facilities to meet emerging EV service and safety requirements.

Recommendation 18 The Victorian Government takes a leadership position at the national Environmental Ministers meeting to discuss the development of a mandatory end-of-vehicle-life tyre stewardship scheme, including potential investment in sustainable waste recycling facilities and infrastructure.

Recommendation 19 The Victorian Government introduces 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.

Fairer taxation

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

Recommendation 21 The Victorian Government lifts Victoria's payroll tax threshold to 1.2 million per annum, thereby aligning more closely with other jurisdictions.

Recommendation 22 The Victorian Government abolishes the Super Luxury Duty.

Recommendation 23 The Victorian Government takes progressive measures to exempt or reduce Victorian land tax on businesses.

Recommendation 24 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.

Recommendation 25 The Victorian Government reduces or removes stamp duty on electric vehicle sales to accelerate the uptake of these vehicles by Victorian motorists.



I. Better regulation



1.1 Keep EV de-energisation and automotive safety function, no to licensing proposal.

The VACC strongly opposes the Victorian Government's proposed options outlined within the Energy Safety Roadmap for a new license under the Electricity Safety Act 1998, which may include options for a new license to enable suitably qualified workers the opportunity to maintain passenger vehicles up to 2.5 tonnes. The VACC maintains that this proposal is not evidence-based and reflects a fundamental misunderstanding of modern EV design, established automotive safety systems, and nationally endorsed training and regulatory frameworks.

EV de-energisation is a core automotive safety function, intentionally engineered by vehicle manufacturers to be performed by trained automotive technicians. It is already comprehensively governed through OEM procedures, nationally endorsed automotive qualifications (including AURETH101), Australian Standard AS 5732:2022, and regulatory controls under the Motor Vehicle Information Scheme (MIVIS). Introducing an external electrical licensing requirement would duplicate existing safeguards, create new safety risks through skills mismatch, increase costs and delays for consumers, and undermine nationally harmonised regulation.

VACC also raises serious concerns about governance and consultation failures in the development of this proposal, noting the absence of meaningful engagement with the automotive industry, the sector legally and practically responsible for EV service and repair.

These measures don't align with the Productivity Commission's goal of harmonising licensing standards between states, which aims to manage risks effectively without hurting productivity. If licensing rules become too strict, productivity will suffer as a result.

In summary, VACC urges the Victorian Government to reconsider the proposed licensing changes and instead formally recognise the nationally endorsed automotive qualifications and standards as fit for purpose. Ongoing, genuine engagement with the automotive industry is essential to ensure that any EV safety policy remains practical, evidence-based, and consistent across Australia.

Recommendation 1

VACC calls on the Victorian Government to abandon the proposed electrical licensing requirement for EV de-energisation, formally recognise nationally endorsed automotive qualifications and standards as fit for purpose, align Victorian policy with national frameworks such as AS 5732:2022 and MIVIS, and establish genuine, ongoing consultation with the automotive industry to ensure EV safety policy is practical, evidence-based, and nationally consistent.

1.2 Accident towing and storage rates

The accident towing industry is vital to Victoria's road safety and accident response. Prompt removal of damaged vehicles not only enhances road safety but also minimises traffic congestion, delivering significant economic benefits.

Currently, industry stakeholders contend that the established accident towing fees are significantly misaligned with the true costs of providing these services. This disparity has widened over time. While storage fees have been adjusted, accident towing fees have experienced negligible increases since 2009.

Consequently, many operators rely on accompanying businesses to subsidise their regulated towing operations. This reliance underscores a fundamental flaw in the Essential Services Commission (ESC)'s current fee structure, which fails to enable operators to recover their efficient costs, rendering accident towing unsustainable as a standalone business.

VACC remains deeply concerned that the ESC's recent recommendation that the current regulated accident towing fees for the Melbourne controlled area are appropriate and should not be changed beyond the annual adjustment mechanism overlooks the genuine cost pressures the accident towing sector is experiencing, including increasing labour costs, rising truck costs of maintenance, increased rents, land tax and insurance premiums. The ESC's failure to recognise and account for these increases cost pressures, risks jeopardising the long-term viability of accident towing services in Victoria.

The accident towing industry plays a critical role in supporting Victoria's road safety framework and facilitating an effective accident response system. The timely and efficient removal of damaged vehicles from roadways not only mitigates the risk of secondary accidents but also helps to reduce traffic congestion, collectively delivering substantial economic and public safety benefits to the community.

Despite the sector's importance, industry stakeholders have consistently raised concerns that the current schedule of regulated accident towing fees does not accurately reflect the actual costs incurred in delivering these essential services. This misalignment between regulated fees and genuine operating expenses has become increasingly pronounced over time. While storage fees for vehicles have undergone periodic adjustments, accident towing fees themselves have remained largely stagnant, with only minimal increases since 2009.

As a result, a significant proportion of accident towing operators now depend on supplementary business activities to offset the financial shortfall arising from their regulated towing operations. This reliance highlights a fundamental deficiency within the current fee-setting framework administered by the Essential Services Commission (ESC). Specifically, the existing structure falls short in enabling operators to recover their efficient costs, thereby undermining the sustainability of accident towing as a standalone enterprise.

Recommendation 2

The Victorian Government adjusts accident towing and storage fees to reflect true operating costs, including the removal of the productivity adjustment factor, and realignment of the CPI measure.

1.3 Unregistered commercial e-bikes on Victorian roads

Although the Road Vehicle Standards Act 2018 establishes clear criteria for compliant e-bikes in Australia, specifically, a maximum motor output of 250 watts and an assisted speed limit of 25 km/h, numerous international online retailers continue to supply models that exceed these specifications. These vehicles, frequently utilised in food delivery and courier operations, are often operated on public roads as unregistered motorbikes.

This issue is particularly acute within the gig economy, where individuals are commonly engaged to operate high-powered, non-compliant e-bikes. These vehicles are seldom registered, insured, or subjected to safety inspections, yet they are deployed daily for commercial transport throughout dense urban environments. A study commissioned by the VACC and conducted by Monash University revealed the following key findings:

- Delivery e-bikes represent the most prevalent vehicle type observed in the study.
- There is considerable evidence indicating that many delivery e-bikes do not meet the legal definition of an electrically power-assisted cycle, one of the two recognised types of legal e-bikes in Victoria.

- Only 4 per cent of delivery e-bike riders were observed pedalling, suggesting that a significant proportion are throttle-powered or have been modified beyond permitted specifications.
- Recorded speeds reached up to 54 km/h, with nearly 20 per cent of vehicles exceeding the 25 km/h limit; at certain locations, this figure increased to one in three.

In response to these findings, the VACC recommends that the Victorian Government:

- Enact regulations under the Occupational Health and Safety Act 2004 for the food delivery sector, mirroring those in Part 4.11 of the Work Health and Safety Regulation 2017 (NSW). These should include a clear obligation for food delivery employers to ensure that non-compliant e-bikes are not used, with substantial penalties imposed on businesses that facilitate the use of such vehicles.
- Implement a public education campaign focused on e-bike compliance and appropriate road usage, partnering with industry stakeholders to develop and distribute educational materials at the point of sale.

Furthermore, the VACC calls on both the Victorian and Australian Governments to collaborate in strengthening the enforcement of existing national legislation regulating electric bikes, including the Road Vehicle Standards Act 2018. Enhanced enforcement should encompass the immediate confiscation and disposal of illegal e-bikes to curb the spread of unregistered, high-powered models on Australian roads.

Recommendation 3

The Victorian and Australian Governments collaborate in strengthening the enforcement of existing national legislation regulating electric bikes, including the Road Vehicle Standards Act 2018.

1.4 Employer Apprenticeship Registration Scheme

The Victorian Automotive Chamber of Commerce (VACC) strongly opposes the Victorian Government's Apprenticeships Taskforce proposal, recommended in the Apprenticeships Taskforce Final Report (March 2024), to introduce an employer registration scheme as a prerequisite for hiring apprentices. This proposal is unnecessary, unsupported by evidence, administratively burdensome, and will actively undermine apprenticeship participation at a time when Victoria is experiencing critical labour and skills shortages across the automotive industry.

1. A new registration scheme will create unnecessary red tape and disincentivise employers

Automotive businesses, particularly small and medium operators, are already facing extreme cost pressures, workforce shortages, and rapidly escalating technical demands. Introducing an additional layer of licensing, mandatory training, reporting obligations, and regulator intervention will discourage employers from taking on apprentices, further shrinking an already fragile training pipeline.

Employers need **less red tape**, not more, to build apprentice numbers.

2. No evidence demonstrates that a registration scheme will improve outcomes

The Taskforce report provides no clear evidence that risk-based employer registration, mandatory supervisory training, or expanded reporting will:

- improve apprentice safety
- lift training quality
- boost completions
- enhance supervision or mentoring

There is no data demonstrating that perceived failings in the apprenticeship system are caused by employer standards or that a licensing-style scheme will deliver better outcomes.

In the absence of measurable evidence, the proposal represents a costly, high-risk regulatory experiment.

3. The scheme will impose high costs on both employers and the government

Implementing, administering, and monitoring a state-wide employer registration system would require major government investment, including system development, compliance operations, enforcement capability, appeals processes, and ongoing oversight.

This expenditure would be better directed toward strategies with proven impact, such as:

- employer incentives
- apprentice support programs
- mentoring and retention initiatives
- training quality improvements
- measures to boost completions

For employers, the cost of mandatory training, registration fees, compliance submissions, and ongoing audit requirements will act as a direct financial barrier to taking on apprentices.

4. Creates confusion, duplication, and regulatory inconsistency

The proposal overlaps with existing:

- workplace safety laws
- industrial relations requirements
- training contract obligations
- ASQA and VRQA training provider oversight mechanisms
- GTO standards

Adding another regulatory instrument will cause confusion, duplication, and compliance fatigue, particularly for small independent workshops that already operate under multiple regulatory regimes.

5. The proposal will worsen Victoria's skills shortage

With the automotive sector already struggling to attract apprentices, imposing new regulatory barriers will:

- reduce apprentice commencements
- push employers to avoid training commitments
- widen the skill gap
- compromise future workforce supply

Now is the time to grow the apprentice pipeline, not restrict it.

Recommendation 4

The Victorian Government should reject the introduction of an employer registration scheme and instead redirect its focus toward initiatives that genuinely strengthen apprenticeship outcomes, such as financial incentives for employers, targeted retention support, supervisory mentoring programs, and investment in high-quality training delivery.

1.5 Expand the Written-Off Vehicles Register (WOVR) to include heavy vehicles

VACC members have highlighted substantial deficiencies in the current legislative framework, which permit written-off heavy vehicles to re-enter the road network. At present, there is no reliable way to ascertain whether a heavy vehicle has previously been involved in a major collision when it is acquired on the second-hand market. This lack of transparency poses a significant risk to road safety and undermines public confidence in the safety of heavy vehicles.

Typically, trucks that have sustained front-end collision damage require a series of specialised safety assessments. While the standard roadworthy inspection process is generally undertaken before the sale or re-registration of these vehicles, it does not mandate the examination of certain critical safety components. As a result, vital issues such as internal steering box damage, compromised kingpins, cracked steering arms, or fractured front axles may go undetected. These faults are commonly found in trucks and trailers that have been written off, although they are not necessarily addressed or even identified through existing inspection regimes.

Furthermore, there is currently no regulatory mechanism in place for heavy vehicles deemed uneconomical and written off by insurers to be repaired by legitimate automotive businesses. As a result, these vehicles can be purchased through auction houses and repaired by unlicensed or 'backyard' operators, who may not adhere to required safety standards. Once superficially repaired, these vehicles are often resold to unsuspecting buyers, who may unknowingly return unsafe and potentially dangerous heavy vehicles to active service on Victorian roads.

The absence of a comprehensive system to track and identify heavy vehicles and trailers that have been written off due to accident damage has serious implications for road safety. Without such a mechanism, there is an increased risk of mechanical failure, property damage, personal injury, or even fatalities, consequences that could otherwise be mitigated through more robust regulatory oversight.

Victoria's current Written-Off Vehicles Register (WOVR) for light vehicles already serves as an effective tool to prohibit the return of written-off cars to road use, thereby enhancing road safety and consumer protection. VACC strongly recommends that this register be expanded to include heavy vehicles and trailers. Doing so would ensure that all written-off heavy vehicles are appropriately tracked, assessed, safely repaired, and, where necessary, prevented from re-entering the road network, thereby safeguarding both industry standards and the broader community.

Recommendation 5

The Victorian Government prioritises the expansion of the existing Written-off Vehicles Register to include heavy vehicles – trailers.

1.6 Accident towing services – enforcement mechanisms

The Accident Towing Services Act 2007 (the ATS Act) regulates the conduct of accident towing services in Victoria, including the allocation of tow trucks, the licensing of operators, and the formalities that must be followed when towing accident-damaged vehicles. Specifically, s158 of the Act requires repairers within the Melbourne allocation zone to obtain a confirmation number from an allocation body before preparing a quotation or commencing repairs, ensuring transparency and accountability in the towing process. VACC members who are licensed accident towing operators frequently report frustration that this legislative requirement is not enforced, leading to loss of jobs and undermining the viability of the scheme.

The primary purpose of the ATS Act is to protect consumers from unscrupulous practices and fraudulent, unlawful operators, while also safeguarding the interests of licensed businesses. By enforcing strict procedures and licensing requirements, the ATS Act aims to prevent illegal and informal towing activities, particularly those advertised on social media platforms, which can undermine legitimate operators and expose consumers to harm.

Section 215 of the ATS Act prohibits false and misleading representations relating to accident towing. However, VACC member reports and industry feedback suggest these requirements are frequently ignored. For example, VACC has been made aware of towing ads from unaccredited operators on social media (e.g., Facebook Marketplace, Gumtree) that appear in direct contravention of the ATS Act. This puts licensed operators at a disadvantage, misleads consumers, and undermines confidence in the system.

Effective Enforcement of the current regulation is necessary to build trust in the system, ensure fair competition, and promote road safety across Victoria. For licensed operators to be protected and for consumers to be safe, there needs to be a combination of public awareness and stronger enforcement by DTP. Additionally, s158 is primarily aimed at repairer obligations rather than insurers, who in most cases are the authorising body for repairs. The VACC strongly believes there should be obligations placed on insurers to ensure effective enforcement prescribed by the Act.

Recommendation 6

The Victorian Government allocates funding to the Department of Transport and Planning to enhance enforcement of the Accident Towing Services Act 2007, particularly section 158 of the ATS Act. Additionally, it is advised to initiate a consumer education campaign to ensure that Victorians are informed about their rights and that individuals involved in accidents are aware of the criteria for lawful towing services.

1.7 Improved business dispute resolution

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.

It is therefore vital that the Victorian Small Business Commissioner receives sufficient state funding to effectively deliver mediation services and administer dispute resolution processes promptly. Adequate resourcing will empower the Commissioner 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 7

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.

1.8 Cloned plates and registration integrity – protecting Victorian businesses from vehicle identity misuse and fraudulent activities

VACC Members have reported a growing number of cases involving registration plate cloning, particularly targeting dealership and fleet vehicles.

Cloning occurs when offenders replicate legitimate registration plate details from online listings or public databases, applying them to similar-looking vehicles to evade detection.

These cloned vehicles then accumulate toll charges, parking fines, speeding infringements, and other offences, which are wrongly attributed to the legitimate registered owner, typically the dealership or business that owns the original vehicle.

Key issues

- Reports of cloned plates are increasing across Victoria, with dealerships and fleets disproportionately affected.
- Plate details are easily obtained from public websites such as Carsales.com, VicRoads, and other vehicle marketplaces.
- Businesses are receiving infringements and fines for offences committed by unrelated vehicles.
- The current dispute and appeal process is slow, resource-intensive, and costly, often forcing dealers to pay penalties simply to avoid administrative burden.
- There are no proactive safeguards or real-time alerts to warn vehicle owners that their plate number has been duplicated.

The current system provides insufficient protection for legitimate vehicle owners and is failing to keep pace with digital access to vehicle data. VACC maintains that cloned plate misuse represents a serious threat to vehicle registration integrity, public confidence, and business efficiency. VACC calls for a whole-of-government response to strengthen detection, prevention, and redress processes for victims of plate cloning.

Key recommendations

1. Establish a fast-tracked, no-cost appeal process within VicRoads or the Department of Justice for victims of cloned plate offences to have fines promptly revoked.
2. Introduce tighter controls over public display of registration details on online sales platforms, including optional masking of plate numbers for commercial listings.
3. Implement a vehicle identity monitoring service for registered businesses, allowing alerts when their plate details are detected on another vehicle.
4. Establish a VicRoads, Victoria Police taskforce to investigate cloned plate activity and improve enforcement and public awareness.

- Develop a secure vehicle image verification tool within VicRoads databases to assist enforcement bodies in distinguishing genuine vehicles from cloned ones.

Recommendation 8

The next Victorian Government commits to implementing a dedicated regulatory framework and fast-tracked dispute resolution process for victims of registration plate cloning, supported by stronger data protection, enforcement collaboration, and real-time vehicle identity monitoring, to protect Victorian consumers and businesses from fraudulent vehicle activity.

1.9 Expanding the Vehicle Identity Validation (VIV) Scheme in regional Victoria

The Vehicle Identity Validation (VIV) Scheme, administered by the Department of Transport and Planning (DTP), ensures that repairable written-off vehicles are properly verified before re-registration. Since its inception in 2002, the scheme has played a crucial role in protecting road users from unsafe or fraudulently repaired vehicles.

Historically, approximately 50 businesses were authorised to conduct VIV inspections across Victoria; however, that number has declined sharply. As of October 2025, only 10 providers are approved, with seven centres in metropolitan Melbourne, and one each in Geelong, Kangaroo Flat and Tyabb.

The current VIV system is falling short of consumer and industry needs. The concentration of inspection centres in a small number of locations has created a system backlog, leading to long wait times or requiring many regional consumers and businesses to travel hundreds of kilometres to metropolitan centres for inspections.

VACC members have expressed concerns that the current approval framework is overly restrictive, discouraging capable and willing businesses from entering the scheme. Expanding inspection centres, particularly in regional Victoria, is critical to reducing wait times, supporting local businesses, and ensuring that all Victorians have fair access to safe and efficient vehicle re-registration services.

Recommendation 9

The Victorian Government directs the Department of Transport and Planning to review its criteria for businesses to undertake VIV inspections and commit to expanding the scheme by approving more VIV inspection centres by December 2026.

1.10 Restoring fairness, transparency and safety to Victoria's Written-Off Vehicle Register (WOVR)

The Road Safety Act 1986 (RSA) and the Road Safety (Vehicles) Regulations 2021 form the legislative framework in Victoria for the identification and recording of written-off vehicles through the Written-Off Vehicle Register (WOVR).

Pursuant to Sections 16C and 16D of the RSA, insurers and self-insurers are vested with exclusive authority to determine whether a damaged vehicle is classified as a Statutory Write-Off (SWO) or Repairable Write-Off (RWO). Following such a determination by an insurer, the Department of Transport and Planning (DTP) is permitted to rely solely on this decision and is not obliged to conduct independent verification.

This framework effectively provides insurers with unilateral discretion over vehicle classification, with minimal oversight and limited transparency, offering little recourse for affected vehicle owners. Although Section 16 was originally intended to prevent unsafe vehicles from returning to Victorian roads, the current regime enables insurers to exercise considerable control over vehicle classification, often to the detriment of consumers, small repair businesses, and public confidence in the system.

In 2020, more than 49,000 vehicles were recorded as either written off or repairable in Victoria, with only 5 per cent subsequently re-registered. This disparity indicates potential systemic over-classification, resulting in financial loss for consumers and diminished economic activity within the repair sector.

The exclusive authority granted to insurers under Section 16 of the RSA is increasingly viewed as misaligned with the needs of the modern automotive environment. It poses risks to consumer protection, fair market competition, and the technical integrity of vehicle safety determinations.

The VACC recommends that:

- Write-off decisions should be founded upon objective, qualified, and independently verifiable assessments rather than insurer discretion.
- The criteria for SWO and RWO classifications should be updated to align with current engineering best practices and technologies.
- The appeal mechanism under Section 16E (2) should be enhanced to ensure independent review and procedural fairness.

Recommendation 10

The Victorian Government commits to reviewing and reforming Section 16 of the Road Safety Act 1986 to establish an independent, transparent, and accountable written-off vehicle determination process that protects consumers, ensures road safety, and restores integrity to Victoria's automotive regulatory system.

1.11 Improved industry consultation

The ongoing requirement for Victorian automotive businesses to comply with an extensive array of Federal and State-based legislative requirements continues to exert significant pressure on their daily operations. These regulatory demands have a pronounced effect on business competitiveness, profitability, and long-term sustainability. The cumulative cost of compliance, including time, resources, and financial outlay, often diverts attention and investment away from core business activities, potentially undermining the sector's ability to innovate and grow.

To maintain their competitive edge, automotive businesses must consistently invest in the upkeep and enhancement of their operations. This encompasses the maintenance and modernisation of facilities, acquisition and updating of tools and equipment, and a strong commitment to the ongoing professional development and training of qualified staff. Such investments are essential to ensure that the goods and services provided by the sector not only meet, but exceed, the high standards of quality and safety expected by consumers and the wider community. Maintaining these standards is critical for sustaining public trust and supporting the reputation of the Victorian automotive industry.

The VACC acknowledges the Victorian Government's release of the Economic Growth Statement in December 2024, noting the significant objective of reducing the regulatory burden on businesses in Victoria by \$500 million by 2030. The organisation further appreciates the establishment of the Commissioner for Better Regulation and anticipates engaging productively with the Commissioner's office to advance industry interests. This initiative marks a constructive step toward cultivating a

more advantageous business climate and promoting economic prosperity across the state. Nonetheless, it remains essential for the Government to continue prioritising the reduction of unnecessary red tape and regulatory barriers that may hinder business activities. Streamlining compliance procedures and ensuring that regulations are both proportionate and practical are fundamental to maintaining manageable compliance costs and enabling businesses to focus on delivering value to their customers.

Furthermore, VACC members strongly urge the Victorian Government to engage in genuine and meaningful consultation with industry stakeholders prior to the introduction of any new legislation or regulatory requirements. Early and transparent engagement ensures that the unique challenges and perspectives of the automotive industry are properly understood and considered. This collaborative approach will help to ensure that any new regulatory measures are both effective and workable, ultimately supporting the ongoing viability, growth, and success of Victorian automotive businesses.

Recommendation 11

The Victorian Government applies a more rigorous and evidence-based approach to the assessment and making of regulations and to the informing of statutory review processes, including by introducing a positive onus to ensure no existing law coverage before introducing new laws and ensuring the independence and relevant 'real world' experience of those involved in the process.



1.12 Improved administration of the workers' compensation scheme through a focus on early return to work

For the Victorian Workers Compensation Scheme (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 approach to the oversight and administration of the Scheme.

An improved focus on achieving successful early return to work outcomes (including in relation to psychological health injuries), informed through the experience of employers with the Scheme, should therefore be prioritised to deliver better outcomes for workers and facilitate reduced WorkCover premium rates for Victorian employers.

VACC notes that whilst initiatives such as the WorkSafe Incentive Scheme for Employers (WISE) are a step in the right direction, greater focus needs to be placed on both the promotion and timely utilisation of such return-to-work initiatives. This is particularly important in relation to psychological injury claims, where many claimants have not returned to work within 6 months of their injury, and it is often clear that the injured worker will not be returning to their original employer. The timely availability and utilisation of these initiatives, supported by appropriate legislative reform, must be considered if the goal of successful early return to work is to be achieved in practice.

VACC recommends an expanded role for the OHS Essentials program to include a workers' compensation component to educate and improve awareness, including promotion of the benefits of early return to work.

Recommendation 12

The Victorian Government directs WorkSafe Victoria to focus its return to work strategy on successful early return to work, including through an expanded OHS Essentials program, to deliver improved health outcomes for workers and reduced WorkCover premium rates for Victorian employers.

1.13 Reduce the regulatory burden on Victorian employers and small businesses in particular

VACC urges the Victorian Government to reduce regulatory and compliance costs faced by 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 and/or disputes arising from the same factual scenario.

Currently, inconsistent, complex and overlapping laws at the state and federal level create additional costs and confusion for smaller businesses, 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.

The Victorian Government's recent policy proposal to introduce a right to work from home under Victorian law serves only to exacerbate the problem.

Best practice is found in genuinely evidence-based and outcome-focused policymaking that recognises that Victorian businesses operate in a wide range of contexts and that overly prescriptive regulation can lead to unintended outcomes as well as unnecessary increases to compliance costs for Victorian employers and small businesses. Where such regulation is necessary, it must prioritise a cooperative approach to the resolution of workplace relations issues at the workplace level through consultation and agreement between employer and employee, rather than through an adversarial approach that incentivises litigation and/or the monetisation of claims.

Recommendation 13

The Victorian Government reduces 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. At a minimum, this requires a reconsideration of the Victorian Government's proposal to introduce a right to work from home under Victorian law.

“VACC notes that whilst initiatives such as the WorkSafe Incentive Scheme for Employers (WISE) are a step in the right direction, greater focus needs to be placed on both the promotion and timely utilisation of such return-to-work initiatives.”



2. Investing in the future of the automotive industry



2.1 Promotion of automotive apprenticeships and training

The automotive trades sector has persistently grappled with unfounded and negative perceptions within the community, which have adversely affected the attractiveness of careers in this field. This enduring stigma has significantly contributed to a shrinking pool of skilled workers, presenting a major challenge for businesses across the industry as they seek to meet both current and future workforce demands.

To ensure the ongoing prosperity and competitiveness of the Victorian automotive sector, it is imperative that comprehensive and high-quality training continues to be delivered. This encompasses both traditional skillsets and the emerging competencies required for modern technologies, such as those associated with zero-emissions vehicles (ZEVs) and advanced automotive electronics. Investing in the transfer of essential knowledge and practical skills is critical to supporting local businesses, driving innovation, and sustaining economic growth.

The VACC strongly asserts that elevating the status and visibility of automotive apprenticeships will yield tangible benefits, including increased commencement and completion rates among apprentices. Such improvements are fundamental to addressing the skills shortages plaguing the automotive industry. Job seekers, school leavers, and those considering a career change must be provided with accurate, up-to-date, and positive information regarding the career opportunities available within the automotive trades. Moreover, this information should be communicated not only to prospective apprentices but also to influential figures in their lives, such as parents, teachers, and community leaders, who play a pivotal role in shaping young people's career aspirations.

Promoting automotive apprenticeships as a reputable and rewarding career pathway is particularly important considering the rapid advancements in automotive technology. With the increasing adoption of electric vehicles (EVs), autonomous vehicle systems, and other innovative automotive technologies, the sector offers exciting and sustainable career prospects for individuals seeking to be at the forefront of industry transformation.

In addition, the VACC recommends that the Victorian Government consider implementing further incentives to encourage mature-aged individuals to embark on automotive apprenticeships. Such measures would not only support those seeking to retrain or upskill but would also help build the state's capacity to service the growing fleet of zero- and low-emissions vehicles (ZLEVs). Likewise, providing support for existing automotive repair technicians to undertake professional development and upskilling initiatives is vital to ensure the workforce remains equipped to safely and efficiently maintain vehicles built on emerging technologies.

By investing in the promotion of automotive apprenticeships and supporting ongoing skills development, Victoria can secure a robust pipeline of talent to meet the evolving needs of the industry, strengthen economic resilience, and enhance the reputation of the automotive trades as a respected and future-focused career choice.

Recommendation 14

The Victorian Government engages with industry and fund a targeted campaign to promote the value of automotive apprenticeships to employers, job seekers, parents and students.

Recommendation 15

The Victorian Government provides mature age training incentives to help build Victoria's emerging workforce on ZLEVs and assist existing technicians to upskill to maintain the growing zero-emissions vehicle fleet.

2.2 Apprenticeship incentive scheme

Victoria's automotive industry is facing a critical and escalating skills shortage. At a time when employers are struggling to attract apprentices, the Federal Government's decision to halve employer incentives for priority apprenticeships, from \$5,000 to \$2,500 from 1 January 2026, is a backward step that will further weaken Australia's skills pipeline.

Industry needs greater support, not less, to sustain the workforce required to service and repair the increasingly complex national vehicle fleet.

National data show that in Victoria, employer costs are increasing, automotive apprenticeship completions have been trending upwards in recent years due to significant efforts by employers to retain and train staff, while commencements have been trending downwards.

Recent national data reveals a challenging landscape for Victoria's automotive sector. Employers are facing rising operational costs, placing additional pressure on their ability to invest in workforce development. Despite these financial challenges, automotive apprenticeship completions in Victoria have demonstrated an upward trend over recent years, a testament to the concerted efforts of employers who are committed to supporting, retaining, and developing their staff. However, this positive momentum in completions is contrasted by a concerning decline in apprenticeship commencements, indicating that fewer new entrants are joining the industry. This divergence highlights the growing difficulty employers face in attracting fresh talent, which, if left unaddressed, may undermine the sustainability of Victoria's future automotive workforce.

Cuts to incentives risk accelerating this decline and jeopardising future workforce capacity that the automotive industry so critically needs.

Victorian small businesses, which provide the bulk of hands-on technical training, are already at breaking point. With technological change increasing training complexity (EVs, ADAS, digital diagnostics), withdrawing support at this moment will push more employers to scale back or stop taking on apprentices entirely. This outcome is inconsistent with Victoria's broader economic, transport safety, and workforce development goals.

VACC recommendation to the Victorian Government

The Victorian Government should formally urge the Federal Government to:

1. Reconsider the incentive reductions and ensure automotive apprenticeships receive equitable support alongside clean energy trades.

Maintain employer incentives at a minimum of \$5,000, recognising the real costs employers incur when recruiting, supervising, and training apprentices.

2. Increase Federal apprenticeship support in line with skills shortage pressures

Given the severity of skills shortages in the automotive, mechanical, electrical, and collision repair sectors, incentives should be strengthened, not reduced, to encourage more employers to take on apprentices.

3. Prioritise additional support for industries undergoing rapid technological transition

The automotive sector is transitioning to electric, automated, and connected vehicles. Funding should be aligned with this transformation, including:

- Higher incentives for priority trades in addition to the clean energy sector
- increase support for secondary schools and industry to create employment pathways;
- investment in EV and ADAS-related training equipment and facilities.

Recommendation 16

The Victorian Government applies strong pressure on the Federal Government to reconsider cuts to apprenticeship incentives and increase funding support. The automotive industry is experiencing a severe skills shortage, and any reduction in incentives will further reduce apprentice numbers and undermine Victoria's future workforce. Industry needs more support, not less, to keep the training pipeline alive and ensure Victoria remains safe, productive, and competitive.

2.3 EV tooling, equipment and training investment

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 Victorian Automotive Chamber of Commerce, 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:

- strengthen Victoria's EV repair and service capacity
- improve safety across workshops, roadsides, and accident scenes
- create new job opportunities and training pathways
- build consumer trust and confidence in EV ownership
- ensure regional and metropolitan Victoria remains serviceable and future-ready

Recommendation 17

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

This fund should include:

4. Subsidies for EV-specific tools, diagnostic equipment, hoists, insulated PPE, and high-voltage safety infrastructure.
5. Support for the delivery and uptake of non-accredited EV training programs, particularly for frontline operators such as towing and roadside assistance providers.
6. Targeted grants to assist small and medium-sized automotive businesses to upgrade workshops and facilities to meet emerging EV service and safety requirements.

2.4 Introduce an end-of-vehicle-life tyre stewardship scheme

Making the most of resources at the post-consumption 'end of life' phase presents an immediate challenge and opportunity for the Victorian Government. According to Tyre Stewardship Australia (TSA), Australians generated 184,000 tonnes of waste tyres in 2023–24, accounting for 34 per cent of the used tyres generated.

In Victoria, sending whole tyres to landfill is banned, requiring alternative management of this considerable resource. Industry is committed to meeting its environmental obligations; however, it faces extreme difficulty accessing waste tyre collection services by a TSA-accredited or approved tyre collector. This lack of access often leaves the retailer with stockpiles of waste tyres. Meanwhile, individual motorists, or rogue tyre collectors/retailers, make whatever decision they see as suiting their own purposes and may choose to dump tyres in public parklands or roadside. According to Sustainability Victoria, approximately 25 per cent of tyres are unaccounted for in Victoria each year, potentially illegally dumped or stockpiled.

End-of-life tyres can pose significant risks, including fire hazards, pollution, and illegal dumping, which impact both local communities and the broader environment. A stewardship scheme would encourage responsible recycling and reuse, thereby reducing landfill waste and supporting the development of sustainable industries.

The Victorian Government is encouraged to assume a leadership role at the national environmental Ministers meeting by advocating for the establishment of an end-of-life vehicle tyre stewardship scheme. Such an initiative would effectively address escalating environmental and safety concerns arising from the improper disposal of tyres. The current voluntary scheme, while valuable in funding research, has not substantially reduced the cost of tyre collection or driven significant investment in recycling infrastructure. A regulated or co-regulated scheme should focus on incentivising investment in recycling technologies that produce high-value tyre-derived products.

Additionally, such a scheme would align with broader efforts to promote a circular economy, create new jobs in recycling and resource recovery, and ensure that manufacturers, importers, and retailers share responsibility for the lifecycle of tyres. By implementing this scheme, Victoria can demonstrate leadership in sustainable automotive practices and contribute to a cleaner, safer future for all road users.

Recommendation 18

The Victorian Government takes a leadership position at the national Environmental Ministers meeting to discuss the development of a mandatory end-of-vehicle-life tyre stewardship scheme, including potential investment in sustainable waste recycling facilities and infrastructure.

2.5 Safe and affordable vehicle maintenance

Research conducted in 2025 revealed that nearly one in four motorists is delaying vehicle servicing and repairs due to cost-of-living constraints. Delaying essential car repairs may seem like a cost-saving measure in the short term, but motorists risk exposing themselves to mechanical issues that are both unsafe and expensive to fix. Regular vehicle servicing, following the manufacturer's specifications, reduces breakdowns, traffic congestion, and accidents, ultimately leading to safer, roadworthy vehicles on Victorian roads.

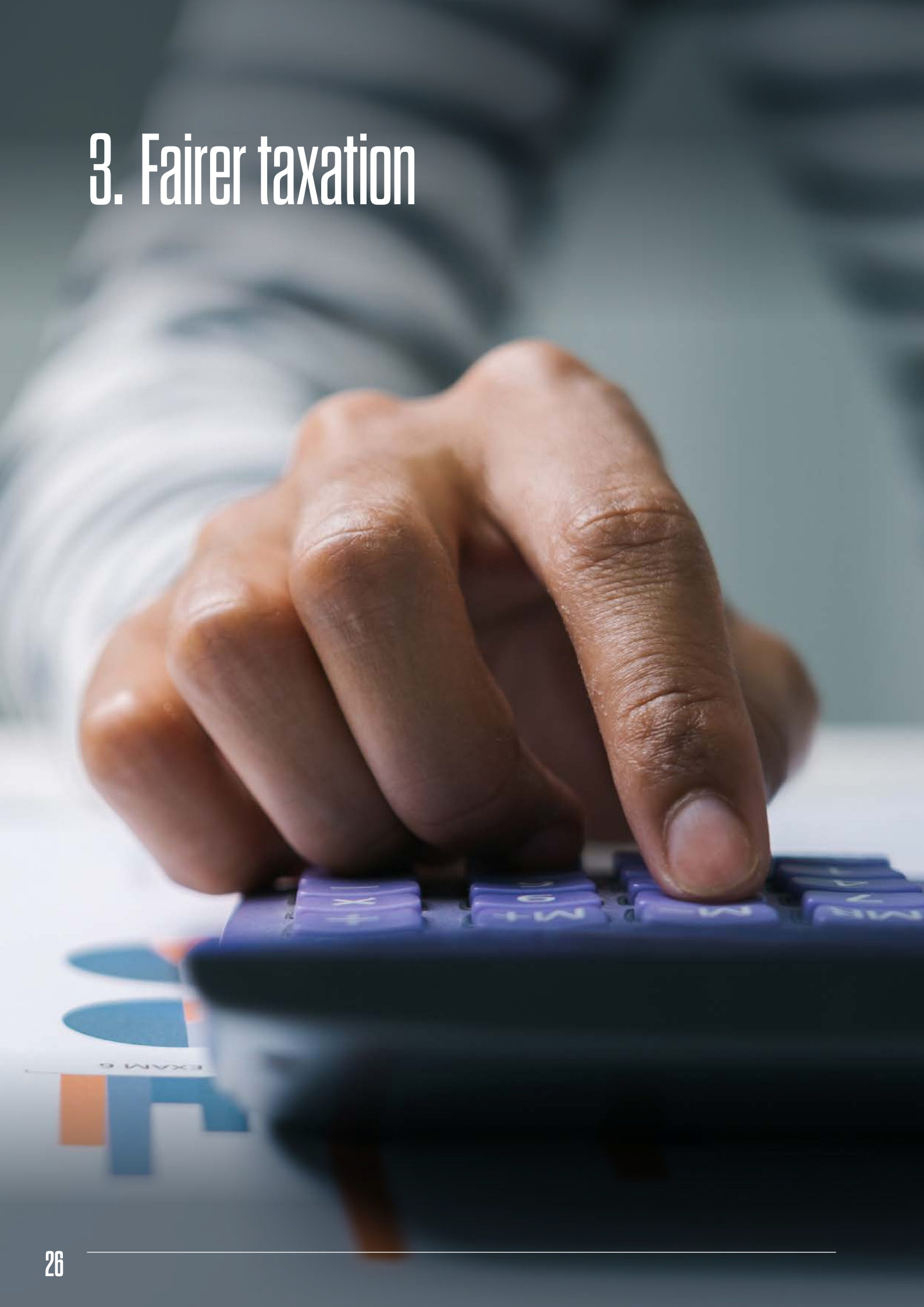
The Victorian Road Safety Strategy 2021–2030 focuses on removing unsafe vehicles from the roads and fostering a culture of road safety across the state, to reduce fatalities and serious injuries from road trauma. While the strategy touches on the risks posed by older vehicles and highlights that 58 per 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.

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 19

The Victorian Government introduces 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. Fairer taxation



3.1 Introducing a \$20,000 threshold for the exemption of motor vehicle duty being applied to accessories or aftermarket fittings to a new motor vehicle

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 20

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.

3.2 Payroll tax reform

While the VACC acknowledges the Victorian Government's recent payroll tax reform, specifically the increase in the tax-free threshold to \$1 million as outlined in the 2025-26 Victorian State Budget, it is important to note that Victoria continues to have the lowest annual payroll tax threshold in the country. This position has resulted from substantial increases to payroll tax thresholds in other states and territories.

The relatively low threshold places Victorian businesses at a competitive disadvantage compared to their interstate counterparts. As a result, businesses operating in Victoria face increased financial and regulatory pressures, which can act as a disincentive for ongoing investment and employment growth within the state.

Accordingly, the VACC recommends that the Victorian Government undertake a review of the current payroll tax framework before the 2026/27 State Budget. Specifically, the annual threshold should be raised to achieve greater alignment with at least New South Wales, where the threshold currently stands at \$1.2 million. Addressing this disparity will support Victoria's ability to compete effectively and remain an attractive destination for business operations.

Recommendation 21

The Victorian Government lifts Victoria's payroll tax threshold to 1.2 million per annum, thereby aligning more closely with other jurisdictions.

3.3 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:

Competitive Disadvantage:

- 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.

Double Taxation:

- 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 22

The Victorian Government abolishes the Super Luxury Duty.

3.4 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, therefore, poses several challenges for businesses in the automotive sector, including:

- Higher land taxes strain cash flow and limit operational and investment funds.
- Increased land tax reduces profits, possibly leading to cost cuts or price hikes.
- Large land tax bills, including CIPT, may deter business expansion and job growth.
- Victorian automotive businesses face a competitive disadvantage due to higher land tax compared to other regions.

Recommendation 23

The Victorian Government takes progressive measures to exempt or reduce Victorian land tax on businesses.

3.5 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 24

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.

3.6 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 63 per cent of all new passenger car sales in July 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 25

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





VACC EV training:
Preparing the automotive
industry to work safely with
electric vehicles.

