



ACT Budget Submission Motor Trades Association of the ACT

Who we are.

The Motor Trades Association of the ACT is pleased to provide this submission ahead of the 2026-2027 ACT Budget.

MTA ACT occupies a unique and vital role as the only territory based automotive industry and employer association in the automotive industry. For over 50 years we have been the preeminent voice for the local automotive industry, representing the entirety of the lifecycle of vehicles in Canberra. Our members – from multi-franchise new car dealerships to small, family run mechanical and body repair shops contribute to the smooth flow of transportation across Canberra.

MTA ACT has been the crucial conduit between government and the industry representing the interests of our members while contributing to legislative and policy outcomes that the automotive businesses keeping Canberra moving are safe, professional and economically viable.

ACT economic overview: the automotive perspective.

The ACT economy faces a period of critical decision making to ensure the ACT maintains both its stature as a destination to live and a jurisdiction where businesses can thrive and survive.

The removal of stamp-duty exemptions for Zero Emissions Vehicles (ZEVs) and the introduction of a progressive duty – peaking at 8% for vehicles over \$80 000 – has placed immediate financial burdens on the retail sector.

Added to this are the increasing costs for automotive businesses in Canberra doing business. As consumers' costs continue to affect household budgets repairs and servicing vehicles for safety are being reevaluated by ACT households, coupled with rates, fees and taxes our members report that operating their business is becoming far more complex.

Compounding this is the continued rise of 'backyard operators', repairers who, in many cases literally, operate out of suburban backyards. The rogue repairers undermine the industry, place motorists at risk and undercut legitimate automotive repair shops. The lack of any formal oversight of these businesses increases the risk



of consumers. Backyard operators are not placed under the same scrutiny as legitimate businesses in areas such as occupational health and safety, consumer protections through Australian Consumer Law, or environmental laws.

MTA ACT recommends that the ACT budget should prioritise reducing rates, taxes and levies for small businesses such as payroll tax, and focus on ensuring the integrity of the industry through mechanisms to rein in rogue workshops.

Competitive payroll tax reform.

The issue: The ACT's payroll tax regime has become a punitive tax on jobs. Recent proposed adjustments to lower the threshold from \$2 million to \$1.75 million, effectively broadening the tax base will capture smaller businesses who were previously exempt.

Increasing the large business surcharge by 0.25% and the increase in the top tier of the tax rate will only hamper private business investment into the ACT at a time when investment is needed.

These punitive rates have placed the ACT last on recent reports in the rankings of states and territories to do business.

MTA ACT points to South Australia as a jurisdiction that sets a national benchmark. South Australia has consistently ranked as the one of the most business-friendly states because its payroll tax regime is significantly lower than the ACT's top rates. This has resulted in a measurable surge in private sector inflows to South Australia.

On a like for like basis the Northern Territory, which like the ACT is a small economy, has created a more business friendly payroll tax environment by both lowering its top rate and increasing its threshold.

Moderinsation of the Sale of Motor Vehicle Act (1977).

The issue: The Sale of Motor Vehicles Act (1977) is a legacy instrument that now fails to address a range of matters and offers less protections for consumers than in other jurisdictions such as New South Wales.

Changes brought into NSW in 2024 set new levels of fines, infringements and obligations for automotive dealers that reflect the changing face of motor vehicle sales and the expectations of consumers, including:



- Fines for odometer tampering in the ACT are approximately \$8000 for individuals far less than in NSW where the recently revised Motor Dealers and Repairers Act increased fines to up to \$55 000 per offence. This reflects the risks to consumers through altering the odometer.
- New requirements for online sales of vehicles which ensure that dealers can identify themselves from private sellers.
- Changes to the NSW Compensation Fund to increase the maximum claim from \$40 000 to \$100 000.
- New flexible record keeping requirements include provisions for computer-based records and cloud-based record keeping for dealerships.

A comprehensive and wide-ranging review of the Sale of Motor Vehicles Act is well overdue. ACT consumers and dealerships need to have a legislative framework that is flexible and fit for purpose for the 21st Century.

Enhancing the Fair Trading (Motor Vehicle Repair Industry) Act 2010.

The Issue: The ACT is experiencing a surge in “backyard operators” – rogue operators performing repairs to vehicle without oversight, penalties or enforcement.

Under the current settings, enforcement against these backyard operators is insufficient. The current legislation does not provide a framework for the ACT government to monitor and enforce any potential breach in a variety of areas including work, health and safety, environmental laws or consumer protection.

Additionally, consumers are unaware of the qualifications of the backyard operator as the ACT does not require any proof that the technician undertaking repair work is qualified to undertake that work. This is especially important for electric vehicles and vehicles fitted with Advanced Driver Assistance Systems which require specific training to ensure both the technician and the consumer are safe.

Licensing of a business is only sufficient if there are strong guardrails, inspections and enforcement actions.

Licensing of the individual ensures that the workplace is safe, the worker is safe and the consumer is safe from defects.



Stronger legislative frameworks ensure that workshops adhere to legislation and regulations including environmental and waste management, employee safety and consumer protection.

Enhancing the Fair Trading (Motor Vehicle Repair Industry) Act 2010.

Introducing an industry Code of Conduct for vehicle body repair.

The issue Approximately 4,500 automotive body repair businesses operate across Australia, including in the ACT. These businesses increasingly face problematic conduct from insurers, including outsourcing of vehicle damage assessments overseas, unreasonable restrictions on genuine parts usage, and payment delays, in a sector of the industry with an imbalance of power between multi-national and ASX listed insurers and small businesses.

Vehicle insurance in Australia singularly the largest sector of the insurance industry. Out of 86 million policies 41.4 million policies are motor vehicle related¹ generating 24.5 billion in revenue for insurance companies.

Compulsory Third Party and domestic motor vehicle insurance are the two largest revenue sources for insurers totaling \$3.7b and 16.3b respectively in revenue in 2024.

Domestic motor vehicle claims are the largest in dollar terms for insurers, with \$14.1b in gross claims incurred in 2024²

The bulk of these claims rest in the body repair sector of the automotive industry, a sector dominated by small businesses who rely on insurers to pay claims for damage done to the vehicle. The demands for these small businesses come from claim push back from insurers in relation to parts and time/labour costs. Where disputes arise between repairers and insurers consumers are caught in the middle with vehicles not being able to be released or returned on time.

The body repair industry is dominated by three insurers who have market control through payment dominance to small businesses. This power imbalance currently operates without proper oversight or controls leading to shortcuts including the use of overseas assessors and algorithmic generated reports.

¹ Insurance Council of Australia 2024 Annual Report

² Insurance Council of Australia 2024 Annual Report.



We recommend the ACT Government look to create a mandated Motor Vehicle Insurance and Repair Industry Code of Conduct like those currently operating in New South Wales and South Australia, where the Code is either written directly or gazetted into the relevant state's Fair Trading Act.

The introduction of the industry Code of Conduct in the ACT would allow for disputes between insurers and body repairers to enter into mediation and bring about an agreeable outcome, providing for a swift return of a vehicle to the consumer. The Code of Conduct would assist in levelling the playing field for small businesses and for consumers.

Conclusion.

The 2026-2027 ACT budget provides an opportunity for the ACT government to provide the automotive industry with the tools and frameworks to ensure the industry continues to function and expand.

MTAACT and its members are committed to a future where the industry is a driver of economic prosperity and growth.

We look forward, as the ACT's peak automotive industry body, to participate in the upcoming budget roundtables to ensure the ACT government has full engagement with the industry and a comprehensive overview of our submission.

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