

FEDERAL BUDGET BRIEFING

MAY 2024-25



AUSTRALIAN
AUTOMOTIVE
DEALER
ASSOCIATION

SUMMARY

The 2024-25 Federal Budget released 14 May 2024 is focused on delivering cost of living relief and building a 'future made in Australia'.

A surplus of \$9.3 billion (0.3 per cent of GDP) is expected in 2023–24, an improvement of \$10.5 billion since MYEFO. This would be the first back-to-back surpluses in nearly two decades.

The Budget forecasts lower gross debt-to-GDP and lower inflation, which is expected to return to the RBA's target band earlier than previously expected.

Key elements of focus for the Government in the budget include:

- Helping with the cost of living.
- Building more homes for Australians.
- Investing in a 'Future Made in Australia'.
- Strengthening Medicare and the care economy.
- Economic management.

Some of the key measures relevant for new car Dealers include:

- \$154.5 million over six years from 2023–24 (and \$12.6 million per year ongoing) to implement the New Vehicle Efficiency Standard. Which includes \$60 million for the Dealer charging fund. The fund will help new car Dealers with installing EV charging infrastructure in their businesses in support of the transition to selling and servicing electric vehicles.
- \$3 million to implement the Government's response to the Review of the Franchising Code of Conduct, which will be used to investigate the feasibility

of a licensing model and remake and update the Code prior to its expiration in April 2025.

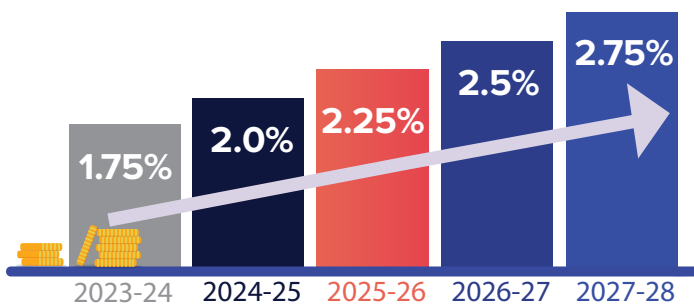
- The Government has extended the pared back version of the instant asset write off measure introduced last year, with an asset limit of \$20,000 and business eligibility cut off of \$10 million aggregated turnover.
- \$3.5 billion over three years from 2023–24 to extend and expand the Energy Bill Relief Fund to provide a \$300 rebate to all Australian households and a \$325 rebate to eligible small businesses for their 2024–25 bills to provide cost of living relief.

MAJOR ECONOMIC INDICATORS

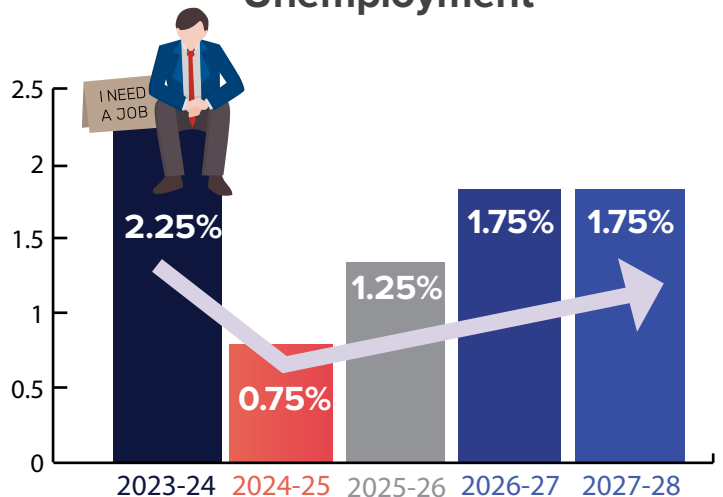
Economic growth is expected to remain subdued over the forecast period at 1.75 per cent for the current financial year, rising to 2 per cent in 2024-25 and then improving slightly over the forward estimates. The unemployment rate will remain low by historical standards and is forecast to remain below the pre-pandemic decade average of 5.5 per cent.

Inflation remains elevated, forecast at 3.5 per cent for this financial year but has moderated to less than half of its peak in 2022. Annual inflation has moderated more quickly than forecast at the 2023–24 MYEFO and is expected to be lower at 2.75 per cent in 2024-25.

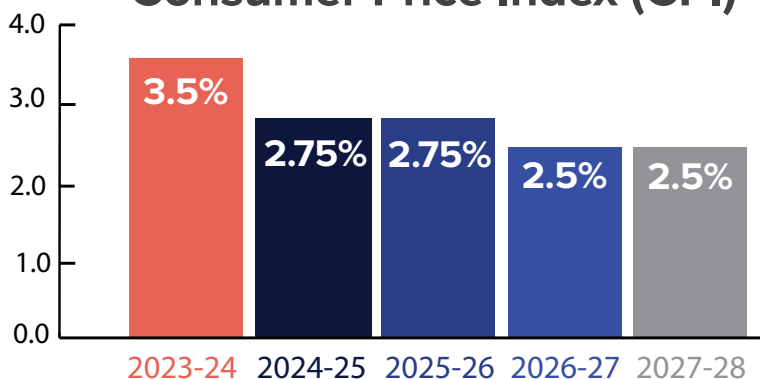
Real GDP



Unemployment



Consumer Price Index (CPI)



BUDGET MEASURES

NEW VEHICLE EFFICIENCY STANDARD

The Government will provide \$154.5 million over six years from 2023–24 (and \$12.6 million per year ongoing) to implement the New Vehicle Efficiency Standard. Funding includes:

- \$60.0 million over four years from 2024–25 to support the installation of electric vehicle charging infrastructure at automotive businesses to support the transition to selling and servicing electric vehicles.
- \$10.0 million in 2023–24 for a national communications campaign to raise awareness of the New Vehicle Efficiency Standard, with funding already provided for by the Government.
- \$84.5 million over five years from 2024–25 (and \$12.6 million per year ongoing) to establish a regulator to administer the New Vehicle Efficiency Standard, including to capture emissions data, establish a credit trading platform and undertake monitoring and compliance activities, and to undertake further work to bring Australian vehicle standards into line with those of our peers.
- \$3.0 million over two years from 2024–25 to implement the Government’s response to the Review of the Franchising Code of Conduct, including by investigating the feasibility of a licensing model and remaking and updating the Franchising Code of Conduct prior to its expiration in April 2025.
- \$2.6 million over four years from 2024–25 (and \$0.7 million per year ongoing) for the Australian Small Business and Family Enterprise Ombudsman to support unrepresented small businesses to navigate business-to-business disputes through alternative dispute resolution.

The Government has predicted a decrease fuel excise receipts by \$470.0 million over four years from 2024–25 due to the introduction of the New Vehicle Efficiency Standard.

SUPPORTING SMALL BUSINESSES - INCLUDING FRANCHISING CODE REVIEW FUNDING

The Government will provide \$41.7 million over four years from 2024–25 to support small businesses. Funding includes:

SMALL BUSINESS SUPPORT - \$20,000 INSTANT ASSET WRITE-OFF

The Government will extend the \$20,000 instant asset write-off by 12 months until 30 June 2025.

Small businesses, with an aggregated annual turnover of less than \$10 million, will continue to be able to immediately deduct the full cost of eligible assets costing less than \$20,000 that are first used or installed ready for use by 30 June 2025. The asset threshold applies on a per asset basis so small businesses can instantly write off multiple assets.

Assets valued at \$20,000 or more (which cannot be immediately deducted) can continue to be placed into the small business simplified depreciation pool and depreciated at 15 per cent in the first income year and 30 per cent each income year thereafter.

FUTURE MADE IN AUSTRALIA

The Government will provide \$218.4 million over eight years from 2023–24 (and \$1.3 million per year ongoing) to support a Future Made in Australia through the development of a skilled and diverse workforce and trade partnerships. Funding includes:

- \$91.0 million over five years from 2023–24 (and an additional \$0.6 million over three years from 2028–29) to support the development of the clean energy workforce, including through addressing vocational education and training sector trainer workforce shortages, and funding new and existing training facility upgrades across a range of clean energy occupations.

MIGRATION SYSTEM REFORMS

The Government will also reduce the work experience requirement for the Temporary Skill Shortage (subclass 482) visa from two years to one year for all applicants from 23 November 2024 onwards.

NET ZERO ECONOMY

The Government will provide \$399.1 million over five years from 2023–24 (and an additional \$616.8 million from 2028–29 to 2034–35 and \$93.4 million per year ongoing) in additional resourcing for the Net Zero Economy Authority (the Authority), the Department of Employment and Workplace Relations, and the Fair Work Commission to promote orderly and positive economic transformation associated with decarbonisation to ensure Australia, its

regions and workers realise the benefits of the net zero economy. Funding includes:

- \$209.3 million over four years from 2024–25 (and \$53.3 million per year ongoing) to expand the Authority to coordinate policy and deliver across government, broker investments that create jobs in regions, and support workers affected by the net zero transition.
- \$134.2 million over four years from 2024–25 and \$377.8 million over the medium term (and \$40.1 million per year ongoing from 2035–36) to provide workforce transition support for impacted workers and the broader communities affected by the net zero transition.

FUTURE MADE IN AUSTRALIA

The Government will provide an estimated \$19.7 billion over ten years from 2024–25 to accelerate investment in Future Made in Australia priority industries, including manufacturing of clean energy technologies and battery supply chains.

Which includes, \$549.0 million over eight years from 2023–24 to support battery manufacturing.

- \$523.2 million over seven years from 2024–25 to establish the Battery Breakthrough Initiative, administered by the Australian Renewable Energy Agency, to promote the development of battery manufacturing capabilities through production incentives targeted at the highest value opportunities in the supply chain.

- \$20.3 million over five years from 2023–24 for the Powering Australia Industry Growth Centre and the Future Battery Industries Cooperative Research Centre to enhance industry and research collaboration, including workforce training for battery research, manufacturing, transport and recycling.
- \$5.6 million in 2024–25 to support delivery of the Australian Made Battery Manufacturing Precinct to drive battery manufacturing in Australia.

COMPETITION REFORM

The Government will provide \$13.9 million over five years from 2023–24 (and \$0.3 million per year ongoing) to progress competition reforms, including:

- expanding the scope of the Competition Review, announced in August 2023, to include advice on non-compete clauses, and to work with states and territories to revitalise National Competition Policy.

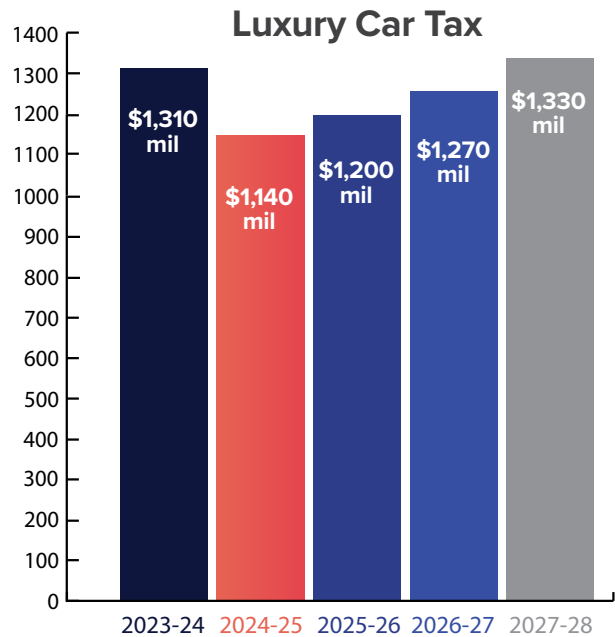
ENERGY BILL RELIEF FUND - EXTENSION AND EXPANSION

The Government will provide \$3.5 billion over three years from 2023–24 to extend and expand the Energy Bill Relief Fund to provide a \$300 rebate to all Australian households and a \$325 rebate to eligible small businesses for their 2024–25 bills to provide cost of living relief.

AUTOMOTIVE TAXATION RECEIPTS

Luxury Car Tax

The Luxury Car Tax (LCT) is forecast to raise more than \$1.31 Billion in this financial year. Receipts from the LCT have been revised up by \$110 million (9.2 per cent) from MYEFO.



Passenger Vehicle Tariff

The passenger vehicle tariff is expected to bring in \$380 million in revenue for this financial year, before reducing over the forward estimates presumably due to the removal of the tariff from electric vehicles and a potential free trade agreement with the European Union.

