

Economic Reform Roundtable
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Submitted via consultation hub

AADA submission - Economic Reform Roundtable

The Australian Automotive Dealer Association (AADA) welcomes the opportunity to submit a response to the Economic Reform Roundtable consultation.

The AADA represents almost 3,800 new car and truck dealers in Australia, which range from family-owned small businesses to larger and publicly owned businesses, operating in regional Australia and capital cities across the country. Franchised new car and truck dealers employ more than 68,000 people directly with a total economic contribution of around \$18 billion. Each year, franchised new car dealers sell more than 1.6 million new and used vehicles, and complete over 44 million individual service, repair and maintenance jobs.

Supplementary to the AADA's submission in '[Response to Productivity Commission's Inquiry into Five Pillars of Productivity](#)', the AADA puts forward a range of sensible and low cost reforms aimed at strengthening Australia's automotive retailing industry by boosting productivity, enhancing economic resilience, and supporting long-term fiscal sustainability. These well-considered changes will help franchised new car dealers improve operations and access vital vehicle data to support the sales process, making it easier for consumers to purchase low and zero emission vehicles, an essential step in accelerating the sector's transition to net zero.

- **Reform of Automotive taxation**

In an era of global uncertainty and domestic economic and policy unpredictability, compounded by the emergence of new technologies and a shift to lower and zero emissions vehicles, Australia's taxation regime must keep pace to ensure our system continues to be fit for purpose.

Franchised new car dealers across Australia administer and contribute more than \$7.7 billion annually in the form of the Luxury Car Tax, Passenger Vehicle Tariff, state-based motor vehicle stamp duty, registration fees, income tax and GST. More broadly, Australian consumers pay tens of billions of automotive related taxes annually, with the Bureau of Infrastructure and Transport Research Economics reporting that in the 2022-23 financial year, almost \$39 billion in road-related taxes and charges were paid.



These automotive related taxes, applied at different levels of government, are often inefficient and outdated, raise questions around fair competition in the automotive industry¹ and remain as a relic of an era when Australia manufactured vehicles. The lack of harmonisation across Australia's states and territories in the application of motor vehicle stamp duties and registration fees also increases complexity and continues to be a dampener on productivity.

Dealers operating across multiple jurisdictions must navigate a patchwork of inconsistent rules, rates, and administrative processes, which increases compliance costs and slows down transactions. These inefficiencies not only add to operational requirements for dealers but also contribute to delays in vehicle sales and delivery. The AADA considers that greater national consistency in automotive taxation would support improved outcomes for dealers and consumers alike.

- **Access to the Personal Properties Security Registry**

Franchised new car dealers rely heavily on the Personal Property Securities Register (PPSR) to access vital information related to vehicle transactions. There is a legal requirement under the state-based licensing regimes to ensure buyers receive a clear title on a vehicle purchased from a motor dealer under the Australian Consumer Law and state-based motor dealer legislation. However, dealers face ongoing challenges related to the cost and efficiency of accessing the PPSR. Dealers often need to perform multiple PPSR searches for the same vehicle, incurring repeated fees due to persistent delays from banks and finance companies in removing encumbrances once loans are finalised.

While the *Personal Property Securities Act 2009* (Cth) requires that security interests be removed from the PPSR within 5 business days, this timeframe is often not adhered to. And even when it is, the 5 day² period is unnecessarily long and creates avoidable delays and administrative burden for dealers. Until the title is officially cleared, dealers must continue accessing the PPSR, sometimes over days or weeks, to ensure the encumbrance is cleared before proceeding with the sale.

This inefficiency creates unnecessary administrative burden and added cost, and for large volume dealers, this compounds quickly. Improving PPSR processes would represent a straightforward, low-cost win for industry productivity.

¹ For e.g. Motor vehicle duty being applied on new car dealer supply and fitment of accessories or aftermarket parts that form a part of the vehicles dutiable value, but fitment of identical parts at an aftermarket business does not attract duty for the purposes of a vehicles dutiable value.

² Section 167(2) Personal Property Securities Act 2009 (Cth)

Streamlining the removal of finance company based or inappropriate registration of PPSR encumbrances³ and reviewing the fees for repeat searches would deliver immediate benefits to dealers, reduce sale delays in the used vehicle market, and ultimately improve outcomes for consumers, who often need timely access to vehicles via a franchised dealer.

- **Increased market activity - NVES**

There is no doubt that as the Australian automotive market undergoes transition driven by the New Vehicle Efficiency Standard (NVES), a significant increase in new and used vehicle transactions is anticipated. This shift will result in even more frequent use of the PPSR by dealers, along with increased administration of taxes and stamp duties.

Research commissioned by the AADA, *[‘The Changing Origin of Australia's Vehicles – The Rise of China’](#)* shows that the low and zero emission market is expected to grow exponentially. Overall sales from many countries are projected to grow, with China standing out as a significant beneficiary through large numbers of new players expected to hit the Australian market focused on these lower emission vehicle types. Ensuring our administration and tax systems are fit for purpose will be essential to supporting a smooth and efficient transition under the NVES.

The low-cost productivity measures outlined above will help support Australia’s almost 3800 franchised dealers and support improved consumer outcomes as we navigate this systematic change.

We would be happy to meet with you to discuss our submission and participate in any further consultation. If you require further information or clarification in respect of any matters raised, please do not hesitate to contact me.

Yours sincerely



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³ Section 151(2) Personal Property Securities Act 2009 (Cth).