



MTAA SUBMISSION

Treasury review of the Electric Car Discount

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Introduction

The Motor Trades Association of Australia (MTAA) welcomes the opportunity to provide input to the review of the Electric Car Discount and its effectiveness in supporting the transition to zero and low-emissions vehicles (ZLEVs).

MTAA represents the full automotive retail and service ecosystem, including vehicle dealers, mechanical repairers, collision repairers, automotive electricians, tyre and service businesses, towing operators, recyclers and dismantlers. These predominantly small and family-owned businesses employ more than 320,000 Australians and play a critical role in maintaining the safety, reliability and productivity of the national vehicle fleet.

As Australia's vehicle fleet transitions toward electrification, policy measures designed to accelerate ZLEV uptake must be assessed not only on sales outcomes, but on their impact on the broader service and repair sector that supports vehicles throughout their operating life. Incentives that influence vehicle choice also shape the pace, cost and complexity of transition faced by automotive trades, particularly in regional and small-business contexts.

MTAA supports emissions reduction objectives in transport. However, achieving long-term, positive outcomes requires policy settings that are fiscally responsible, predictable and aligned with workforce and service-sector readiness.

Further, MTAA emphasises that governments should support a technology-neutral approach to emissions reduction. Hybrid, plug-in hybrid, battery electric and hydrogen fuel cell vehicles each have an important role to play in reducing emissions across different use cases. A balanced policy framework that recognises the contribution of all low and zero-emissions technologies will support a more orderly and affordable transition, particularly for consumers and businesses for whom full electrification is not yet practical.

1. Effectiveness of tax exemptions in encouraging uptake

MTAA recognises that the Electric Car Discount has been highly effective in accelerating early uptake of ZLEVs through fleet, novated leasing and salary-packaging channels.

These channels play an important role in introducing new vehicle technologies to the Australian market. They support early demand, improve residual values, seed the used-vehicle market and provide broader consumer confidence. From the perspective of automotive trades, this pipeline is essential in creating a predictable flow of vehicles into workshops over time.

The FBT exemption has materially reduced total cost of ownership for eligible vehicles and influenced purchasing decisions at a formative stage of market development. MTAA notes that, absent such measures, ZLEV uptake would likely have occurred more slowly, delaying emissions reductions and increasing uncertainty for businesses planning workforce training, tooling and safety investment.

However, MTAA also acknowledges concerns regarding the fiscal cost of the Electric Car Discount and the need for government to ensure policy settings remain affordable, targeted and defensible.

2. Impact of eligibility criteria on vehicle choice and service sector readiness

MTAA is concerned about the removal of the FBT exemption for plug-in hybrid electric vehicles (PHEVs) from 1 April 2025.

PHEVs play a critical transitional role for:

- > Regional and remote users with limited charging access
- > Trades and service vehicles requiring long range and load flexibility
- > Fleets seeking emissions reduction without operational disruption

From a service perspective, PHEVs allow workshops to progressively build high-voltage skills while continuing to service familiar drivetrains. Their exclusion risks slowing emissions reduction while increasing the pace and complexity of transition for repairers and technicians.

MTAA therefore supports the reinstatement of the FBT exemption for PHEVs as a transitional measure aligned with real-world operating conditions and infrastructure maturity.

3. Electric Car Discount program design and fiscal sustainability

MTAA does not advocate for open-ended or poorly targeted incentives. As the ZLEV market matures, policy settings should evolve toward more refined, cost-controlled and transitional measures.

Abrupt or unpredictable policy changes risk undermining business confidence and delaying necessary investment in skills, equipment and safety systems across the automotive service sector. This is particularly relevant for small and regional businesses, which face higher adjustment costs and limited access to capital.

MTAA therefore encourages government to consider policy refinements that balance fiscal discipline with the need for transitional support, rather than pursuing the abrupt withdrawal of the Electric Car Discount.

4. Implications for the automotive service and repair sector

The effectiveness of any ZLEV policy cannot be separated from the capacity of the automotive service sector to safely and efficiently support a changing vehicle fleet.

Automotive businesses are currently facing:

- Significant capital costs for EV-safe tooling and workshop upgrades
- Ongoing and significant skills shortages and training demands
- Increased safety and compliance obligations associated with high-voltage systems
- Rising operating costs, particularly in regional areas

Policy instability increases the risk that investment in workforce capability is deferred or uneven, leading to service gaps, longer repair times and higher costs for consumers. These downstream impacts ultimately undermine both emissions objectives and consumer confidence in ZLEV ownership.

Stable and clearly signalled transition support allow businesses to plan investment and training in a staged and cost-effective manner, reducing the likelihood of future public safety or service-availability issues.

5. **MTAA recommendations**

MTAA recommends that future operation of the Electric Car Discount and related measures should:

1. **Prioritise policy stability**
Avoid abrupt changes that undermine business planning and investment confidence.
2. **Refine targeting rather than expand broad concessions**
Focus on transitional support mechanisms that deliver emissions reduction while supporting capability building in the automotive service and repair sector.
3. **Recognise the role of transitional technologies**
Consider the contribution of PHEVs in bridging infrastructure and capability gaps.
4. **Align vehicle incentives with complementary workforce and safety measures**
Ensure that vehicle uptake policies are matched with support for training, tooling and compliance across the automotive trades.

Conclusion

MTAA recognises the need for fiscal discipline in the design of ZLEV incentives and does not support open-ended or poorly targeted concessions. However, stable and predictable transition settings remain essential to enable automotive businesses to invest confidently in the skills, equipment and safety systems required to support Australia's evolving vehicle fleet.

MTAA therefore encourages government to pursue refined, targeted and transitional policy measures that balance cost control with emissions objectives and service-sector readiness, rather than abrupt policy withdrawal.

Should you wish to discuss this submission, please do not hesitate to contact the MTAA at info@mtaa.com.au.

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