



PRESS RELEASE

Economic Pressures Mounting on Australia's Automotive Industry, New Survey Shows

April 2026

The Institute of Automotive Mechanical Engineers (IAME) has released the findings of its Cost of Living Survey, revealing widespread financial pressure across Australia's automotive industry and highlighting growing concerns about business viability, workforce sustainability, and the sector's long-term capacity to continue supporting essential transport services.

The survey, conducted in April 2026, gathered responses from automotive businesses and professionals working across light-vehicle mechanical repair, heavy-vehicle servicing, auto-electrical, body repair, specialist automotive services, training providers, and related industry sectors. The results provide a practical snapshot of the economic pressures currently affecting one of Australia's most essential service industries.

The findings show that rising operating costs are placing significant strain on automotive businesses, particularly small and independent workshops that make up the majority of the sector. Respondents identified insurance premiums, fuel costs including 91 ULP petrol, wages, energy prices, parts and materials, rent, and regulatory compliance costs as key contributors to increased financial pressure.

More than 72% of respondents reported worsening business conditions over the past 12 months, while 93% reported experiencing moderate to very high financial pressure. Importantly, over half of the respondents expressed concern about the viability of their business under current economic conditions.

The survey also identified potential impacts on workforce participation and training pathways. More than one in three businesses indicated they may reduce staff or apprentices if current conditions persist, a finding that raises concerns for an industry already experiencing skills shortages.

Despite these challenges, businesses reported continuing to support customers, employ staff, and invest in workforce development where possible. However, the survey results indicate that confidence in future business conditions remains low, with many respondents expressing uncertainty regarding the economic outlook.

When asked which areas the government should prioritise, respondents identified the following key policy priorities.

- Skills shortages and workforce development
- Small business taxation settings
- Insurance affordability
- Economic conditions affecting small businesses
- Apprentice incentives and support programs
- Energy prices
- Cost of regulatory compliance

These findings suggest that industry participants are seeking practical policy settings that support commercial sustainability and workforce development, rather than short-term or isolated measures.

IAME notes that automotive businesses play a critical role in supporting the safety, mobility, and productivity of the Australian economy. Workshops and technicians ensure that passenger vehicles, commercial fleets, trades vehicles, and essential transport services remain operational across metropolitan, regional, and rural communities.

As cost pressures continue to build, the survey results highlight the importance of ensuring that policy settings recognise the operating realities of small and independent automotive businesses, many of which operate with limited capacity to absorb sustained increases in overhead costs.

The report provides an evidence base to support constructive engagement between industry, government, and stakeholders on matters affecting workforce development, regulatory settings, and the sustainability of automotive service provision across Australia.

The Institute of Automotive Mechanical Engineers will continue to advocate for practical, evidence-based policy outcomes that support the long-term strength and capability of the automotive industry.

Key message from the survey.

The automotive industry is seeking practical relief, workforce support, and policy settings that support commercial sustainability.

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