



MOTOR TRADERS'
ASSOCIATION OF NSW

Australian Treasury Economic Reform Roundtable Consultation Submission July 2025





Who we are.

The Motor Traders' Association of New South Wales (MTA NSW) has been dedicated to representing business owners and principals in the automotive industry in New South Wales (NSW) since 1910.

As a not-for-profit industry Association, our aim continues to be in helping the motoring industry by assisting our members through the services that we provide, such as advice on industrial and employment relations matters, awards and wages, information on changes to workplace and employment laws, modern slavery, equal opportunities, and workplace safety to assist in the reduction of Worker's Compensation claims and injury prevention.

The MTA NSW Code of Ethics, which all members abide by, is a landmark statement that sets out the standard behaviour MTA NSW members must follow when dealing with the public.

Our subsidiary, Motor Trades Care – continues our advancement of standards and safety in the motoring industry. Motor Trades Care (MTC) operates to promote workplace safety in the industry by assisting businesses to assess their workplace risk.

Since 1996, MTA NSW has operated a not-for-profit industry Registered Training Organisation (RTO), which delivers flexible training for apprentices and trainees across NSW. MTANSW has over 2,500 apprentices being trained across NSW and the ACT. As the industry association for the motoring sector in NSW, we work directly with industry and can provide training and apprenticeship models in direct response to the industry's needs.

Our RTO delivers on-site training for apprentices across the state. Our apprenticeship offering helps businesses, especially those in regional and rural NSW train apprentices, especially where access to TAFE is limited, not available, or not suitable for the needs of the business or the apprentice. Through our close contact with apprentices, we have found that one-on-one on-site training works well for those who find classroom learning difficult or are of a mature age.



Introduction

The Motor Traders' Association of New South Wales (MTA NSW) welcomes the opportunity to provide this submission to the Economic Reform Roundtable.

With Australia's productivity level at historic low levels this is an opportune time to examine ways in which Australia can elevate its productivity, increase our economic performance and continue to lift Australia's living standards.

This discussion must not, however, solely focus on company profits, it must focus on lifting our productivity to have sustained growth to underpin stable budgets, it must not simply look through a prism of a few but look at the whole economy.

The Australian automotive industry underpins our economy and society. Our nation's prosperity relies on the trucks transporting minerals for export, the vans enabling tradespeople to build and maintain essential infrastructure, the buses moving people across cities and regions, and the family cars delivering children to school, sport, and holidays. For over a century, the automotive industry has ensured the reliable and safe movement of goods and people across Australia's vast distances.

However, the importance of a well-maintained and functioning vehicle fleet is often overlooked by decision-makers. Vehicles are visible on every road, yet the critical work of the industry that keeps them operating safely and efficiently remains largely invisible to policymakers.

Australia has a fleet of over 20 million registered vehicles – almost one for every person. Average households garage 1.8 vehicles each night, reflecting both our geographic vastness and our urban design. In 2022-23, the automotive industry generated over \$174 billion in revenue, though the majority stemmed from imported car sales, due to Australia being a net importer of vehicles.

Of the more than 300,000 workers in the automotive sector, approximately 40 per cent are employed in retail and wholesale (motor vehicle and parts sales) and the remaining 60 per cent work in vehicle service, maintenance, mechanical and body repairs, and electrical servicing.

Yet the industry continues to experience entrenched skills shortages, particularly in regional and rural areas, alongside declining numbers of apprentices entering and completing their training. These shortages limit the capacity of businesses to meet demand efficiently, resulting in productivity losses that affect both businesses and consumers.



According to the automotive jobs and skills council – AUSMASA – total workforce numbers fell from 331 000 to 311 000 between 2023 and 2024¹. This dramatic fall in the number of workers in the sector reflects the ongoing need for skilled workers to maintain Australia's vehicle fleet – yet there has been little movement in this area.

With stagnating apprenticeship numbers and a complicated skills migration system, filling the void of skilled workers is a critical matter for the industry. Without seriously addressing this fundamental issue Australia risks a slowing of repair and maintenance of vehicles which in turn slows any growth in productivity. This problem is becoming more acute as the complexity of design and operation of Motor Vehicles increases. ADAS, computer systems and new energy sources in vehicles, mean the current workforce is of itself unable to properly maintain and repair vehicles. Without properly skilled technicians the modern vehicle cannot be serviced or repaired and this may lead to other environmental problems in the premature destruction of vehicles.

The Australian automotive industry is predominantly comprised of small businesses, with over 27,000 service and repair shops operating nationwide², from metropolitan centres to remote towns. These businesses face compounding challenges, including regulatory complexity, skills shortages, and parts access delays, all of which hinder their productivity.

While large corporations often advocate for deregulation to improve profitability, productivity reforms have the greatest impact within the small business community. Streamlining federal processes and reducing regulatory burdens will free up time for owners to focus on workload management, staffing, business growth, and training apprentices.

Improving productivity within the automotive sector – and the economy more broadly – requires a clear understanding that productivity is not synonymous with profitability. Rather, profitability is often a by-product of productivity. The key to enhancing national productivity lies in improving efficiency. When businesses operate more efficiently, they can pursue profitability. Similarly, when government reduces administrative burdens on businesses, economic productivity and GDP growth follow.

¹ AUSMASA Workforce Plan 2024

² AUSMASA Workforce Plan 2024



Improving workforce and apprenticeship outcomes.

Apprentices are the foundation stones for the automotive workforce. Over 40 percent of automotive workers hold a Certificate III qualification³ which is the benchmark qualification for an apprenticeship. However, the automotive sector, like the majority of trade-based industries, faces ongoing challenges of both obtaining and retaining apprentices.

On average one in two apprentices abandon their training within the first year, severely depleting the number of apprentices in training and reducing the number of qualified technicians entering the workforce each year.

Lessening the skills shortage relies, primarily and fundamentally, on increasing the number of apprentices entering the system and completing their apprenticeships. However, this is not occurring. NCVER data shows⁴ that apprenticeship numbers have stayed stagnant or at best increased minimally but not at a rate that fills the number of experienced technicians leaving the industry. At best the industry is only filling in holes and not increasing the workforce number. With increasing populations and increasing numbers of vehicles on the road increasing the workforce to meet demand is crucial if we are to increase efficiency and productivity.

Automotive Industry Retail, Service and Repair (AUR) Commencements 2020-2024⁵

State/Territory	12 months ending 31 March 2020	12 months ending 31 March 2021	12 months ending 31 March 2022	12 months ending 31 March 2023	12 months ending 31 March 2024
Total	11,050	12,775	15,965	15,805	15,420
NSW	3,195	3,755	4,005	4,050	4,420
Victoria	2,240	2,170	3,075	3,200	2,940
Queensland	2,695	3,380	4,200	4,225	3,915
South Australia	785	695	1,040	1,055	990
Western Australia	1,575	2,150	2,885	2,485	2,405
Tasmania	235	275	405	370	325
Northern Territory	130	145	175	205	175
ACT	190	200	175	215	245

³ AUSMASA Workforce plan 2024

⁴ NCVER Oct to December apprenticeships

⁵ NCVER



Automotive Industry Retail, Service and Repair (AUR) Completions 2020-2024⁶

State/Territory	12 months ending 31 March 2020	12 months ending 31 March 2021	12 months ending 31 March 2022	12 months ending 31 March 2023	12 months ending 31 March 2024
Total	5,905	5,430	6,810	7,550	7,310
NSW	1,920	1,655	2,005	2,510	2,280
Victoria	1,260	1,080	1,210	1,260	1,205
Queensland	1,420	1,310	1,630	1,735	1,790
South Australia	350	375	525	455	475
Western Australia	680	755	1,110	1,290	1,280
Tasmania	125	120	180	140	150
Northern Territory	55	70	100	90	70
ACT	90	65	55	70	65

There have been several studies and reports over the last two years into the Australia apprenticeship system⁷⁸⁹¹⁰ all of which have highlighted the need for reforms to the VET sector and to apprenticeships in automotive, however, while recommendations have been made action on these recommendations has been slow to materialise.

Several areas stand out including:

- Lower wages for first year apprentices
- Lack of mentorship
- Lack of incentives
- Block training in regional areas

The repetition of these themes throughout these reports demonstrates that the apprenticeship and VET system needs modernising to meet the expectations of apprentices and the economic realities of small businesses.

A holistic approach must be taken by governments to increase apprenticeship numbers and reduce the skills deficit in Australia.

Automotive will play an important role in Australia's transition to a green economy. The Automotive and Transport sectors contribute approximately 18% of the country's

⁶ NCVER

⁷ Skills for Tomorrow

⁸ NSW VET Review

⁹ AUSMASA Workforce Plan

¹⁰ AUSMASA Perceptions of Automotive



greenhouse gas emissions. If Australia is to meet its Net Zero targets, then the decarbonisation of the fleet must be a priority. A properly trained and functioning workforce is a critical component in achieving this transition. The Federal government has noted that motor mechanics and automotive electricians are critical technical workers for Australia's future economic growth.

There is an urgent need for an overhaul in how apprenticeships are delivered in the automotive industry. The status quo can no longer continue if we are to increase workforce numbers.

Funding for TAFE's brick and mortar teaching methods is now becoming out of date as small businesses look for more flexible approaches to training. The modern world of small businesses cannot afford to lose apprentices for large block training periods off site. While the time at block training may seem small, travel to and from training centres takes away from productive work time and increases time to undertake repairs. This issue is particularly acute in Regional and Rural Australia where travel distances can be hundreds of kilometres. As noted before, modern vehicles are complex machines with increasing numbers of components having staff on hand to undertake repair work quickly is the world of the modern workshop.

It is now time for governments to work collaboratively with industry to find a new flexible training system that takes from both the state provider and industry providers to provide a long-term workable solution for industry.

Recommendations

- Reinststate the apprenticeship incentive scheme payment level
- Determine new funding models that incorporate long-term training funding for industry not-for-profit training providers
- Reimburse businesses for out-of-pocket costs for fee for service training through not-for-profit RTOs.
- Work with states and territories to determine a harmonised payroll tax deduction level for businesses to train apprentices.
- Tax rebates for businesses who provide company vehicles for apprentices to attend block training.
- Specialised tax incentives including vehicle rebates and travel rebates for businesses in regional and remote areas where apprentices must attend block training in other towns or cities.
- Redefine Certificate III training for automotive to include onsite workshop training.
- Fund on site mentoring programs for small businesses.



A new occupational licensing regime for automotive.

A nationally consistent licensing framework for the automotive repair sector would deliver significant benefits to public safety, industry quality, workforce mobility, and economic productivity across Australia. Using New South Wales as the benchmark, national licensing would ensure that automotive repairers are suitably qualified and trained to consistent standards, giving the public confidence that their vehicles are being serviced and repaired by competent professionals.

For industry, national licensing would lift training quality across the board and eliminate less reputable training organisations, ensuring that only high-quality providers deliver skills into the sector.

Importantly, national licensing would also enhance productivity by reducing the regulatory complexity that currently fragments the sector by harmonising cross-border standards.

Occupational entry regulations and licensing frameworks are critical for safeguarding public safety and ensuring service quality. Importantly it must be recognised that with electric vehicles the inherent risk to workers is higher than before. Electric vehicle batteries are high voltage pieces of equipment and without adequate and verifiable training could lead to severe injuries to workers and for motorists.

While some advocate that automotive is a low-risk industry, the new reality is that risks are increasing and for public confidence recognition of training through a national occupational licensing scheme is crucial.

Recommendations.

- The Federal Government includes the automotive industry in the scope of occupations for national licensing
- The Federal Government works with industry to design a licensing system that is easily transferable between states and territories.



Small business expenses.

It is universally acknowledged that small businesses are the backbone of the Australian economy, and this is no different in the automotive industry, with over 27 000 repair businesses in Australia over 95% of these are small or family businesses.

The operation of these businesses is becoming more intense not only from the ever-increasing regulatory burdens of compliance but the ever-increasing technological advances in automotive.

New technology does not just exist in accessories but also in the safety equipment installed in vehicles.

Technological advances such as Advance Driver Assistance Systems (ADAS), electric vehicles, autonomous emergency braking, lane support systems and speed assistance systems all require new training and equipment. This is especially important with the repairs of electric vehicles which need not just specialised training but very specific tools to safely work on these vehicles.

Both training and equipment for electric vehicles are expensive undertakings for small businesses. Currently EV training is not funded and must be funded by businesses, this hampers the uptake of vital training and will slow the progression of electric vehicle sales as consumers face limited repair facilities.

Tooling costs including the upgrading of hoists to take additional weight is a major financial burden. These costs can run into thousands of dollars. This additional cost burden is something which small business cannot bear alone.

MTA NSW has been advocating both state and federal governments to recognise that the success or otherwise of the transformation of the Australian vehicle fleet to electric must start with the aftermarket workshop and support for small businesses.

Recommendations

- Increase the instant asset write off for equipment to \$100 000 to cover infrastructure costs to upgrade workshops.
- Provide additional tax incentives to small businesses who move to repair electric vehicles
- Work with state governments to fast-track funding for EV training including to industry not-for-profit training providers.



Employment and industrial relations overlap

Australian automotive businesses function in an environment of overlapping federal and state employment and industrial relations laws that create unnecessary compliance and regulatory burdens, and act as a disincentive to business to hire and invest in a productive workforce. Areas such as workplace health and safety, anti-discrimination and workers' compensation are but a few of the complex areas that small businesses must navigate.

Work health and safety laws, for example, exist through the Federal Work Health and Safety Act which should bring consistency across the country, however states continue to have active occupational health and safety Acts. This dual legislative system is cumbersome and unnecessary.

Similarly in New South Wales, the Industrial Relations Court hears cases on areas such as bullying and harassment and underpayment of wages, all of which are covered by the Federal Fair Work Commission.

For the automotive sector, these overlapping laws translate into increased administrative costs, delays in compliance processes, and a risk of inadvertent breaches, as small businesses are compounded by conflicting laws and regulations. It also allows for vexatious claims against employers who are time poor and more inclined to settle than to take matters to a conclusion through a court system.

Harmonising such important laws will have the benefit of unlocking courts and administrative tribunals, cut regulatory red tape for small businesses and providing both employers and employees with a simpler system to navigate.

Recommendations.

- The Federal Government works with state and territory governments to eliminate cross-over regulations and industrial relations laws.
- The Federal Government adopt a Canadian "one in one out" process with states for industrial relations laws where when the Commonwealth introduces changes to Federal laws that states remove the equivalent law if it exists.

Conclusion.

The discussion through the economic reform roundtable on Australia's future is a welcome and must needed discussion. For our country to continue to have sustained growth and keep the spectre of recession at bay hard discussions must take place.



The government cannot, however, only look at big business and larger parts of the economy for instant wins in productivity growth. To make long-term and sustainable advances in productivity means taking the entire economy along and acknowledging that every small step in increasing productivity will bring benefits over time.

The automotive industry in Australia can make significant productivity gains through changes to training and apprenticeships, moving through the transition to electric vehicles and bringing efficiencies to workshops via a highly trained workforce. To do this a real partnership with government needs to exist where government unshackles the regulatory burden of small businesses and harmonising laws that hold businesses back from growth.

We look forward to seeing the outcomes of the upcoming roundtable and look forward to working with the Federal government to improve our industry's productivity potential.

Contact

Collin Jennings
Head of Government Relations and Advocacy
Motor Traders' Association of New South Wales
214 Parramatta Road
Burwood NSW 2134
T: 0477 717 562