



MOTOR TRADERS'
ASSOCIATION OF NSW

Motor Traders' Association of New South Wales 2023/24 NSW State Budget Submission





Background

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. MTC is the only industry-led body to be approved by ICARE to provide services to an industry sector – educate the sector on workplace safety, reduce injuries, and promote better return-to-work practices for the benefit of both the employer and employee.

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. 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.

In 2023 MTA NSW extended its apprenticeship offering through the acquisition of MyTradeStart, a Registered Training Organisation based in Auburn.

MyTradeStart complements MTA NSW's existing onsite training model by offering a fixed location in Auburn for apprentices and employers who do prefer a classroom setting.

Collectively MTA NSW and MyTradeStart will train over 2500 apprentices and utilise the skills of over 50 fully qualified trainers allowing the industry to expand the number of skilled apprentices entering the workforce during a time of continued long-term skills shortages.

MTA NSW represents 28 divisions covering various aspects of the automotive sector ranging from new and used car vehicle sales to light vehicle mechanics, auto electricians, body repairers, tow truck operators, farm machinery, heavy vehicles, vehicle dismantlers, and auto

wreckers. MTA NSW represents 3,000 businesses – the majority of which are small businesses employing over 30,000 workers, providing advice and assistance to our members on a variety of issues from workers' compensation to awards and tribunal disputes.



Executive Summary

The automotive industry is the lifeblood of the state's economy and integral to the daily lives of the people of New South Wales. From the cars we drive to work or to drop our kids to school or sport; the utes used by tradies to the trucks that carry our goods to and from the state's ports, the motor industry keeps the NSW economy moving.

The sector is also a major contributor to the economy through taxes collected on motor vehicles which in 2022/23 generated \$4.2 billion¹ in revenue.

Keeping the state's 6 million vehicles² on the road are thousands of small and medium businesses spread across the state, employing thousands of qualified technicians across vehicle maintenance, body repair through to heavy vehicles, and agricultural machinery.

The NSW automotive industry is currently facing a myriad of challenges from the push to change the state fleet to electric vehicles to a decades-long skills shortage across the sector, to increasing business costs, interest rate increases, and supply chain issues. The pressures and strains on the industry in 2023 have never been greater.

This budget presents significant challenges for the Government; however, the Government cannot overlook the seriousness of the issues facing the state's automotive industry. The budget provides the opportunity for the Government to address long-term structural issues in the industry as well as prepare the groundwork now to ensure that the industry has a sustainable path into the future.

Tackling the major issues facing the industry in this budget will assist the industry in establishing a long-term viable sector.

MTA NSW sees three main areas of focus for the state Government in this budget:

- Attacking the decades-long skills shortage
- Addressing the need to ensure an apprenticeship supply chain
- Upskilling the industry to meet government targets on climate change and to prepare it for future technologies

This budget submission will provide the Government with meaningful and executable recommendations that will add to the budget's bottom line now and into the future.

¹ [NSW 2022-06/2022-23 Budget-Paper-No-1-Budget-Statement-Revenue.](#)

² [Motor Vehicle Census 31 January 2021 - Australian Bureau of Statistics.](#)



Issue 1

The ever-increasing skills shortage.

The automotive industry remains in the grip of a skills shortage.

The Motor Trades Association of Australia (MTAA) figures show that nationally the automotive industry has a skills gap of 38 000 workers with NSW making up over a quarter of this figure. Once specialist electric vehicle technicians are added the deficit in skilled workers increases to 45 000.

The automotive skills shortage in NSW is not new. It is not the result of post-pandemic demand, rather the shortage of skilled technicians in NSW has been a long burn.

In the NSW Productivity Commission's 2021 White Paper – Rebooting the Economy – the commission highlighted three classes of automotive skills – vehicle mechanics, automotive electricians, and spray painters – who have been included in the skills shortage list for over two decades.

Skills shortages are bad for businesses and bad for the economy. Without skilled workers, productivity suffers as businesses cannot keep up with demand.

Additionally, without a skilled workforce industries cannot innovate. Skilled workers breed ideas and innovative practices in the workplace.

There is a need for NSW to look outside to bring in skilled workers to fill the gaps in our industry as well as to bring in experienced technicians experienced in new technologies to upskill the workforce for the new technological advances in automotive that are already occurring overseas.

However, NSW does not present as a desirable destination for skilled technicians in automotive due to the prescriptive nature of the current licensing regime.

Attracting skilled workers into the state will require an overhaul of the current regulatory settings to provide flexibility while simultaneously providing the consumer protection that licensing provides.

Additionally, the licensing regime needs to provide deeper recognition of training outside the scope of the regulations. The current regime does not provide recognition for technicians who may have developed their skills within a dealership or as part of a manufacturing chain. This restriction stifles the ability of highly qualified individuals to obtain a Motor Vehicle Tradespersons Certificate (MVTC) and work in other workplaces or start their own business.

Removing these barriers would allow the industry to seek out professionals to fill the skills gap and grow the industry.

RECOMMENDATIONS:

- The NSW Government as a matter of priority works directly with industry to review and amend the *Motor Dealers and Repairers Regulations*
- The NSW Government to work with industry to develop an electric vehicle licensing class within the *Motor Dealer and Repairers Regulations*.
- The NSW Government works with the industry to remove the barriers to experienced technicians in dealerships and manufacturers from obtaining a Motor Vehicle Tradespersons Certificate (MVTC) without undertaking onerous additional training.
- The NSW Government works with the industry to develop a strategic plan to encourage skilled migrants to work in NSW – especially in regional NSW.
- Develop with the industry pathways to encourage and support workers from other industry sectors to transition into automotive trades.

Issue 2

Improving apprenticeship outcomes.

Apprentices are the lifeblood of the automotive industry; they are a critical part of the industry and play a significant role in the sustainability of the sector.

For the industry to adapt and innovate a long and strong pipeline of apprentices is needed, however, the number of apprentices enrolling is not keeping up with demand.

This is not simply an automotive issue as the number of commencements for apprenticeships across the board in 2021/22 in NSW decreased by 1.6 percent.

Trades, like automotive, desperately need apprentices to assist businesses to meet demand. This is especially true in regional NSW where attracting apprentices is difficult.

While MTA NSW welcomes the Minister's root and branch review of the VET sector the need for apprentices is pressing and requires flexible thinking.

Employers need to have access to information on the many avenues available to them to bring apprentices onto shop floors quickly.

Flexible commencement dates – such as those offered by MTA NSW – allow employers the opportunity to start their apprentices when they need them to start.

State-funded mentorship schemes, which were repealed, should be reintroduced to assist apprentices in completing their apprenticeships. According to the National Centre for Vocational Education Research (NCVER) Automotive and Engineering Trades apprenticeship withdrawals increased 10.1% for the period 2021-2022.

MTA NSW, through our apprenticeship training model, has shown that with mentoring apprentices are more likely to complete their apprenticeship. In 2022 MTA NSW reached over 95% completion to employment rates for apprentices under our model.

Industry Registered Training Organisations, like the Motor Traders' Association, offer a complementary system to the TAFE model and provide the state with extra capacity to deliver increased tradespeople through the apprenticeship scheme.

For over sixty years MTA NSW has been providing training to the automotive industry and since 1996 has provided both training and apprenticeships through our Registered Training Organisation. The robustness of our apprenticeship scheme can be found in MTA's consistent contribution to the Smart and Skilled program.

MTA NSW is a supporter of the Smart and Skilled Program, however, MTA NSW believes that the current system requires an overhaul as the program has become more opaque in the methodologies behind the funding framework. This lack of transparency is hampering independent industry RTOs in providing efficient costing to the scheme, slowing down the application process.

Examining the process in detail will allow greater flexibility and reduce red tape for providers.

RECOMMENDATIONS:

- The NSW Government works with the industry to review and reassess the Smart and Skilled Program to allow for more transparency in funding arrangements.
- The NSW Government re-instates a state-funded apprenticeship mentoring scheme.
- The NSW Government works with the industry to develop an apprenticeship recruitment scheme tailored to high school students.

Issue 3

Upskilling the workforce.

The automotive industry is going through one of its greatest transformations as the fleet converts from internal combustion engines to engines powered by electric batteries and hydrogen fuel cells.

With governments across the country ramping up subsidies for motorists to invest in electric vehicles and with more electric vehicles on NSW roads there is an urgent need to upskill the automotive workforce to provide the servicing, maintenance, and repair of the electric vehicle fleet.

The industry is aware that transportation is a key contributor to greenhouse gas emissions, and that the sector has a major role to play in reducing carbon emissions through the uptake of electric vehicles and other low-emission vehicles, however, the transformation to a ZLEV future will be extremely challenging for the industry.

Decisions by Governments to set ambitious targets to increase the number of electric vehicles in the fleet have been announced without deep consultation with the industry to determine the size and scale of the transition and its impact on the industry. The result of this lack of consultation is that the industry has been left to 'carry the can' regarding the cost of retraining.

Training to safely depower and repower an Electric Vehicle battery requires a one-day on-the-job training course. Currently, this course costs approximately \$600 per attendee. With over 45 000³ licensed automotive workers across the state, MTA NSW estimates that the cost to the industry to upskill the industry is approximately \$100 million.

³ Services NSW review of the Motor Dealers and Repairers Act 2013

The automotive industry in NSW is predominately occupied by small and medium-sized businesses. Given the challenging economic climate small businesses, that already operate on very thin profit margins, are now facing increasing pressure on their budget bottom line. For small businesses decisions on training and upskilling – which are crucial if businesses are to remain viable in a new paradigm – may not be taken due to financial pressures.

For the industry to keep up with rapidly changing consumer sentiment and changing technologies continuous training and upskilling is critical.

If the NSW Government continues to advance the uptake of electric vehicles, then a well-skilled workforce will be fundamental for motorists in NSW.

RECOMMENDATIONS:

- The Government allocates funds for small and medium automotive businesses to upskill their workforce to safely depower and reenergize electric vehicle batteries.

Issue 4

Charging our electric vehicle future.

There can be no argument that electric vehicles will not only transform the way that people move around their cities, towns, and the state but will fundamentally transform the automotive industry.

Motorists are converting their preferences for vehicles from internal combustion engines to electric vehicles. The recent Electric Vehicle Council's (EVC) State of Electric Vehicles Report for July 2023 recorded sales of electric vehicles for the first 6 months of 2023 reaching 46 623 new vehicles sold. This compared with just over 30 000 electric vehicles sold during the entirety of 2023.⁴

The EVC goes on to project that, if sales continue along this trajectory total sales of new electric vehicles would top approximately 90 000 vehicles by the end of the year.⁵

These figures correlate with the independent data collected by the Federated Council of Automotive Industry (FCAI) VFACTS report from May 2023 which showed that in the month of May 8,124 electric vehicles were sold in Australia in that month.⁶

While these numbers are encouraging for the electric vehicle sector of the market there remain structural issues that need to be overcome if governments are to reach their ambitions.

Infrastructure remains a central plank of the transformation that the state government needs to consider moving forward, specifically in the roll-out of charging stations.

Current NSW state programs such as funding for kerbside charging to selected local government areas and grants allocated for charging stations is a welcome start more is

⁴ [Electric Vehicle Council State of Electric Vehicles July 2023](#)

⁵ [Electric Vehicle Council State of Electric Vehicles July 2023](#)

⁶ WWW.FCAI.com.au

required to get the volume of infrastructure up to speed for motorists, however, to meet the increasing demand for electric vehicles more needs to be done to ensure motorists can access charging stations.

As the Motor Trades Association of Australia (MTAA) noted in its 2022 report *Zero and low-emission vehicles: insights from Europe*⁷ International best practice for electric vehicle charging infrastructure is one charging station every 50-75 kilometers on major highways. This is a greater concentration than that proposed of one station every 100 kilometers in Australia.

Range anxiety with EV motorists has transformed into charging anxiety as more motorists require the use of public charging stations. Without further government subsidies to provide charging infrastructure across the state, motorists will continue to experience both range and charging anxiety.

The Government needs to examine not just increasing the number of charging stations in the state over the short term but also investing in looking at increasing the charging capacity for public charging stations.

While NSW is increasing the number of charging stations the speed and number need to drastically increase if the state is to catch up with overseas numbers⁸

To increase the reliability of EV charging the European Union Parliament mandated that all major highways across Europe will increase the capacity of charging “plazas” by 2026 to 400Kw with at least one 150KW charger (faster than Australia’s current 100Kw) and by 2028 these charging stations will increase their capacity to 600Kw with at least two 150Kw+ chargers. Additionally, the EU has now mandated that these ultra-fast stations be located every 60 kilometers across the continent.⁹

If NSW wishes to meet its targets of increasing the number of electric vehicles on the state’s roads, then the government needs to commit to long-term funding of public charging stations as well as future-proofing the network of charging stations.

RECOMMENDATIONS:

- The Government commits to long-term funding for public EV charging infrastructure.
- The NSW Government investigates the roll-out of ultra-fast charging stations along major state highways to increase the capacity of stations to 400Kw as a minimum.

Issue 5

Supporting automotive small businesses.

Over 90% of NSW’s automotive industry is made up of small businesses, operating in neighborhoods, small towns, regional centres, and cities. They are the backbone of the automotive industry and contribute to the state’s economy by keeping the state moving.

⁷ [MTAA Zero and low-emission vehicles: Insights from Europe 2022](#)

⁸ [IAEA Global EV Outlook 2023](#)

⁹ [electrek.co - Europe passes laws](#)

Small businesses operate on very thin margins and are far more susceptible to even minor economic or market changes than larger enterprises.

Interest rate rises and/or increases in inflation have a deeper impact than for big businesses, and the flexibility to adapt to dynamic market shifts is harder for small businesses.

NSW automotive small businesses are feeling these pressures as the economy continues to remain fluid and uncertain on top of the transformation of the industry away from ICE vehicles to a more electrified fleet.

As the NSW Small Business Commissioner noted in its June 2023 Momentum Survey less than a quarter of small businesses feel confident in their businesses and over 85% of small businesses have concerns about their input costs.¹⁰

Compounding these issues for small automotive businesses is the industry shift to electrification which will require these businesses to upskill their workforce, invest in new specialized tools, and install new equipment to meet the new fleet.

Unlike larger businesses small automotive businesses do not have the benefit of dedicated human resources departments or training departments to conduct in-house training, rather they rely on outside training organisations which comes with additional costs.

As opposed to big businesses, small businesses do not have the buying capacity to reduce the costs of tools and equipment.

The longevity of the automotive industry rides on the back of small business. In an economic environment that is uncertain and in an industry that is undergoing a seismic shift the concerns of small businesses in the automotive sector need to be heard by the government to ensure the industry has a sustainable future.

RECOMMENDATIONS:

- The NSW Government works with the automotive industry to design support packages for automotive small businesses to upskill the workforce and invest in new tooling and technologies.

Issue 6

Investing in future skills – MTA Training Academy.

The NSW VET system is under pressure, due to a long-term lack of commitment to funding the sector correctly.

This lack of investment means that the industry has struggled to achieve training targets to meet industry demand, further exacerbating the skills shortage.

Adding capacity to the training space will provide the industry with a more immediate solution to the skills shortage as well as allow the industry to bring more apprentices into the sector over the longer term.

¹⁰ [NSW Small Business Commissioner Small Business Momentum Survey June 2023](#)



Delivering state-of-the-art automotive skills training is an investment in the future of the industry.

Technology in automotive is rapidly changing and the industry needs to be ready for this rapid change if NSW is to capitalise on advancements in the sector.

In response to current and future needs of the industry, the Motor Traders' Association of NSW is investing in the future through the development of a state-of-the-art training academy in Western Sydney.

Our automotive training academy will provide classroom and workshop training facilities for apprentices and experienced technicians across the state.

When completed the Academy will deliver training programs to an estimated 4,500 students every year, providing additional capacity to the automotive training space, increasing the number of apprentices entering the workforce as well as helping to add investment back into the local economy.

Through the Academy, the NSW economy can capitalise on the training for future technologies including hydrogen, advanced driver assistance system technologies, and electric vehicle technologies.

While several other states have developed such training facilities, when completed the MTA NSW Automotive Training Academy will lead the nation in automotive training.

The need for added capacity that our academy will bring is critically needed by the industry, however, construction costs continue to increase due to ongoing supply chain issues, material costs, and labour shortages.

The automotive industry, through MTA NSW, has provided the initial funding for this project, however, due to the above issues in the construction sector as well as the economic constraints being felt by the industry future industry funding is nearly exhausted.

For the NSW economy investing in the future of skilled technicians through increasing the capacity of training is an investment in the future of the industry and the economy.

Recommendations:

- The NSW Government works with industry to provide funding, over the forward estimates, for the development of future skills in the automotive industry.

Contact Details

Collin Jennings
Head of Government Relations and Advocacy
Motor Traders' Association of New South Wales
214 Parramatta Road
BURWOOD NSW 2134
M 0477 717 562 E collin.jennings@mtansw.com.au