



MOTOR TRADERS'
ASSOCIATION OF NSW

Motor Traders' Association of New South Wales (MTA NSW) 2024/2025 NSW State Budget Submission





Introduction

The automotive sector serves as the backbone of the New South Wales economy and is deeply intertwined with the daily routines of its inhabitants. Whether it's commuting to work, driving children to school or sports activities, utilising utility vehicles for trade purposes, or relying on trucks for the transportation of goods to and from the state's ports, the motor industry plays a pivotal role in sustaining the momentum of the NSW economy.

Behind the operation of the state's 6 million vehicles lie numerous small and medium-sized enterprises scattered throughout the region. These businesses employ thousands of skilled technicians specialising in vehicle maintenance, body repairs, heavy vehicles, and agricultural machinery, ensuring the smooth functioning of the automotive ecosystem.

Australia's automotive landscape is undergoing a profound transformation, driven by the urgent need to reduce carbon emissions. With federal and state governments aligning their policies with international agreements, the push to lower CO₂ emissions has gained widespread bipartisan support.

Transportation, notably the automotive sector, stands out as a significant contributor to these emissions. Recognising this, the government acknowledges that transitioning to electric vehicles (EVs) presents a swift and efficient solution. Consumer preferences are shifting accordingly, with a notable surge in the adoption of EVs driven not only by environmental concerns but also by the cost savings they offer.

While EVs have yet to dominate the market, recent trends indicate a promising trajectory. In 2023, electric and hybrid vehicles accounted for a substantial 17.3% of new vehicle sales in NSW, marking a record high. Anticipating this shift, the proposal of National Vehicle Emissions Standards (NVES) aims to further accelerate the transition to EVs in the short to medium term.

However, this transition presents multifaceted challenges across the automotive industry, particularly for family-owned businesses who are pivotal in vehicle maintenance and services, who now confront existential concerns.

Recognising the importance of equipping automotive workers with the requisite skills, the Motor Traders' Association of New South Wales (MTA NSW) has been at the forefront of advocacy efforts. Ensuring the safety of both workers and motorists operating EVs remains paramount, emphasising the need for specialised training and stringent safety protocols.

In navigating this transition, collaboration between industry stakeholders and government entities is imperative. By addressing challenges head-on and fostering a supportive environment for innovation and adaptation, Australia can successfully navigate the shift towards a sustainable automotive future.

This budget presents significant challenges for the Government; however, the Government cannot overlook the seriousness of the issues facing the state's automotive industry, for without a vibrant and effective automotive industry that is sustainable into the future the state's economy will struggle.

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.



Who We Are

The Motor Traders' Association of New South Wales (MTA NSW) has proudly served as the voice of automotive business owners and principals in New South Wales since its inception in 1910.

Representing a diverse array of 28 divisions spanning the entire automotive lifecycle, from new and used car dealership sales to mechanics, auto electricians, body repairers, and more, MTA NSW boasts a membership of 3,000 businesses. These businesses, predominantly small enterprises, collectively employ over 30,000 workers throughout the state.

As a not-for-profit industry association, our mission remains steadfast, to support the motoring industry and its stakeholders through a range of vital services. These include expert guidance on industrial and employment relations matters, encompassing advice on awards, wages, workplace laws, and initiatives such as modern slavery prevention and equal opportunity practices. Additionally, we prioritise workplace safety, providing resources and assistance to minimise worker injuries and mitigate Workers' Compensation claims.

Central to our ethos is the MTA NSW Code of Ethics, a guiding framework that underscores the ethical conduct expected of all our members in their interactions with the public.

Our commitment to industry advancement extends to our subsidiary, Motor Trades Care (MTC). MTC is dedicated to enhancing workplace safety standards within the automotive sector, offering risk assessment services and educational programs aimed at reducing workplace injuries and promoting effective return-to-work practices.

Since 1996, MTA NSW has operated a not-for-profit Registered Training Organisation (RTO), delivering flexible training programs tailored to apprentices-trainees and currency of existing workers across NSW. Our close collaboration with industry stakeholders enables us to design training curriculum that directly addresses industry needs and foster skill development among the next generation of automotive professionals. MTA NSW is currently training 2500 apprentices who are enrolled in 22 different automotive qualifications.

In 2023 we expanded our training portfolio with the acquisition of My Trade Start, a Registered Training Organisation that operates a physical training facility in Western Sydney. This strategic move enables us to offer hands-on face-to-face training to over 400 apprentices annually, complementing our on-site one-on-one delivery model. By reaching apprentices in regional and rural areas where access to traditional TAFE institutions may be limited, we ensure that aspiring automotive professionals receive quality education and support, regardless of their geographical location or learning preferences.

With a team of 51 fully qualified trainers and a commitment to personalised on-site training, MTA NSW remains dedicated to nurturing talent, promoting safety, and driving excellence within the automotive industry across New South Wales.



Recommendations

1. Funding be provided for the completion of the MTA NSW Training Centre in Girraween which will provide essential and comprehensive training to the NSW automotive industry in electric vehicle technology.
2. Provide funding for small and medium-sized businesses to upskill their workforce in electric vehicle technology.
3. The NSW Government works with the automotive industry to design support packages for small automotive businesses to upskill the workforce and invest in new tooling technology.
4. The NSW Government reintroduce a rebate for the purchase of electric and zero emission vehicles.
5. Removal of stamp duty on purchases of new electric vehicles to assist in the uptake of EVs to meet the state government's EV target.
6. The government works with the industry to develop a long-term strategic plan to overcome the state's embedded skills shortage, including:
 - High school skills programs
 - Strategies to attract overseas workers to automotive occupations in need
 - Programs to encourage regional workforce participation
 - Updating the NSW licensing system to allow current licensed tradespeople to upgrade to a new EV license through structured upskilling courses
7. That industry and government work to develop pathways to encourage and support workers from other industry sectors to transition into automotive trades.
8. The NSW Government works with the industry to review and reassess the Smart and Skilled Program to allow for more transparency in funding arrangements.
9. The NSW Government funds an industry led apprenticeship mentoring scheme.
10. The NSW Government works with the industry to develop an apprenticeship recruitment scheme tailored to high school students.
11. The state government provides funding to expand hydrogen fuelling stations for heavy vehicles.
12. Funding is provided for heavy vehicle charging ports at state highway rest stops.
13. The government increases its investment in electric charging stations across the state.



Investing in Electric Vehicle Safety and Skills Training

The number of electric vehicles on NSW roads is steadily increasing with projections indicating a continued rise in new car sales. Even under a conservative estimate of 17 percent year-on-year growth, an additional 60 000 electric and hybrid vehicles could join the state fleet. The imminent introduction of a National Vehicle Emissions Standard is poised to further accelerate this trend as manufacturers expand their offerings of low emission and electric vehicles.

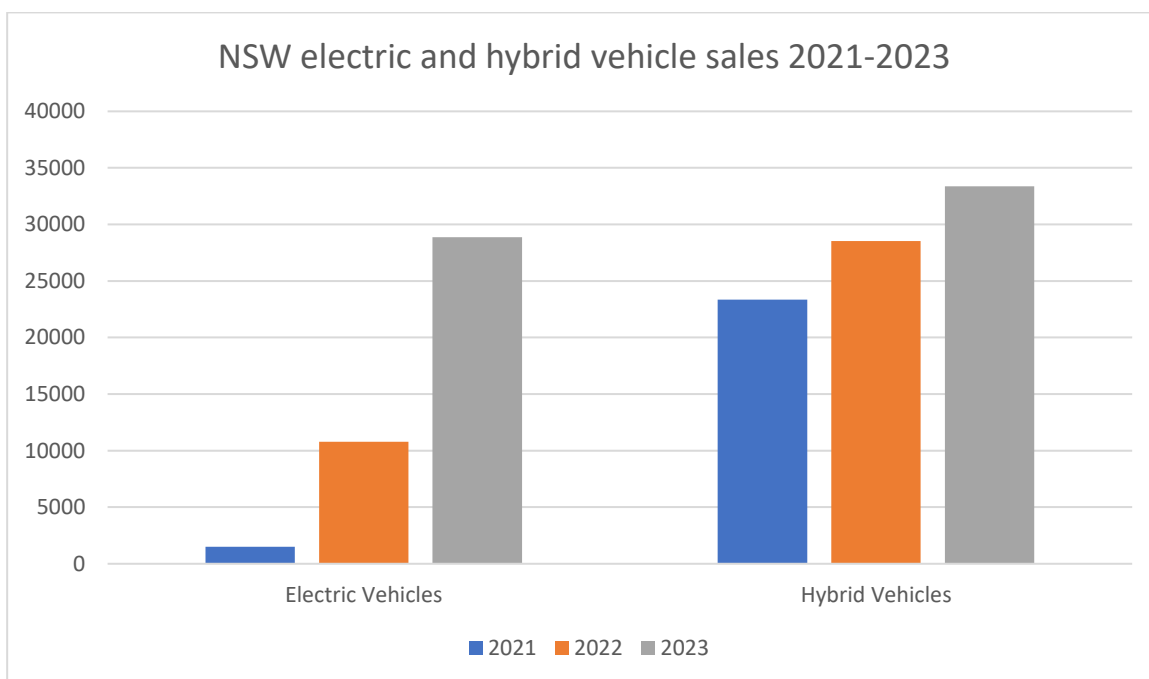


Figure 1: Comparison of sales for Electric and Hybrid vehicles from 2021 to 2023.

With this surge in electric vehicles comes the imperative to ensure the reliability and proficiency of the workforce tasked with their maintenance, servicing, and repair. MTA NSW has been a staunch advocate for upskilling the industry, particularly the current workforce comprising motor mechanics, auto electricians, body repairers, and others.

In New South Wales alone, where approximately one-third of the workforce is based, 49,500 workers hold licenses for motor vehicle repairer. The sheer scale of this challenge underscores the critical importance of proactive upskilling initiatives.

To address this need, MTA NSW has made a significant investment in a state-of-the-art training facility located in Girraween, Western Sydney. Upon completion, this facility will stand as the largest of its kind in NSW, dedicated to equipping the workforce with the expertise required to navigate emerging automotive technologies.

MTA NSW emphasises the critical importance of upskilling the existing workforce, given the licensing regime in NSW that mandates all automotive workers undertaking repair work to carry a license.



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 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

1. Provision of funding for the completion of the MTA NSW Training Centre in Girraween to provide essential and comprehensive training to the NSW automotive industry in electric vehicle technology.
2. Funding be made available for small and medium-sized businesses to upskill their workforce in electric vehicle technology.
3. The NSW Government works with the automotive industry to design support packages for small automotive businesses to upskill the workforce and invest in new tooling technology.



Figure 2: Future development of MTA NSW 'State of the Art' Training facility in Girraween, Western Sydney.



Reinstatement of Government Rebate for New EV Purchases

Sales of electric and hybrid vehicles in NSW rose to their highest levels in 2023 with 62 852 vehicles being sold¹. Not only was this the highest number for NSW it was also the largest sales figures in Australia and represented 17.2 percent of all new car sales for the year.

While these figures are encouraging there are warning signs for sales of electric vehicles in NSW.

Roll backs of incentives in markets that have not reached a critical mass of electric vehicles has seen significant decreases in new EV sales.

In New Zealand, for example, the roll back of incentives has seen a sharp decrease in EV sales². In Victoria sales of EVs declined by 9.4% in December 2023 after the state government repealed its EV rebates.

The NSW government's decision to roll back its own rebate scheme as of January 2024 has the very real potential of reducing the number of electric passenger vehicles being sold as the rebate scheme assisted in equalizing the price imbalance between EVs and traditional combustion vehicles.

Consumers have stated that they are willing to purchase EVs and hybrid vehicles both for the environmental benefits but also for the cost savings that electric vehicles bring. However, consumers are only willing to purchase these vehicles if the price points are comparable to other vehicles.

The decision of the federal government to bring forward the National Vehicle Emissions Standards (NVES) in 2025 will be a game changer for the sale of electric and hybrid vehicles. These vehicles will have a closer price point but will still be more expensive than internal combustion engines.

State based taxes such as stamp duty create an additional burden for consumers looking to purchase electric vehicles. Removing this barrier will assist in lowering the cost to consumers and through that, assist the state to achieve its electric vehicle target.

Recommendations

1. The NSW Government reintroduce a rebate for the purchase of electric and zero emission vehicles.
2. Removal of stamp duty on purchases of new electric vehicles to assist in the uptake of EVs to meet the state government's EV target.

¹ VFACTS December 2023 NSW sales.

² <https://cleantechnica.com/2024/02/07/new-zealand-ev-market-crash-5-penetration-in-january-2024/#:~:text=Only%2024%20new%20battery%20electric,to%20have%20the%20highest%20reduction.>



The Ever-increasing Skills Shortage

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

Research conducted by Deloitte for the Motor Trades Association of Australia (MTAA) demonstrates the depth of the skills shortage in the automotive industry.

Of 26 occupations spread across the automotive industry, 35% have been assessed by Jobs Skills Australia as being in 'shortage'.

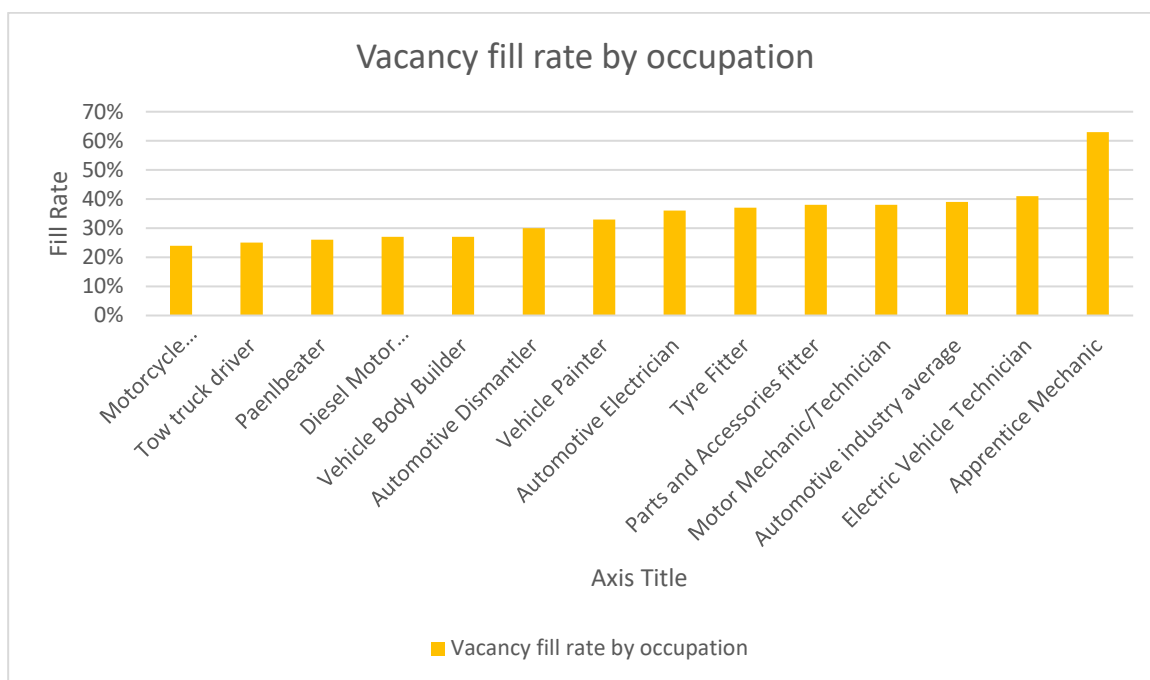


Figure 3: Overview of the vacancy fill rate for occupations within the automotive industry.

Future development of MTA NSW 'start of the art' Training facility in Girraween, Western Sydney.

Automotive skills continue to be in persistent shortage with seven automotive occupations being on the national skills priority list since 2021. This long term embedded shortage in the automotive industry has deeper penetration in regional areas of NSW.

Data shows that the largest barrier to overcoming this skills shortage, is a lack of qualified technicians to fill vacancies.

Of 2000 vacancies in 2023, nationally, only 800 were filled (39%). For NSW the fill rate was far worse with only 28% of vacancies filled.

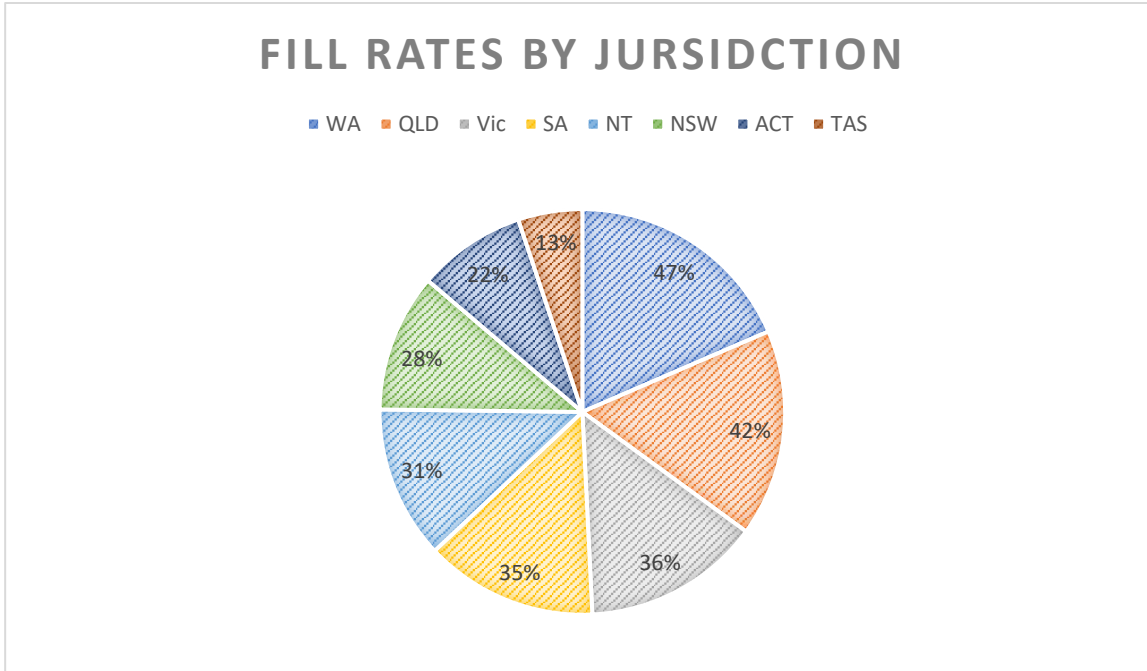


Figure 4: Summary of 'Fill Rates' comparative for state by state.

More concerning is the lack of qualified Electric Vehicle Technicians currently in the workforce or ready to enter the workforce. A lack of funding from the NSW Government to fund new apprenticeships for Battery Electric Vehicle Technology will only prolong the shortage of qualified EV technicians.

With the implementation of the National Vehicle Emissions Standards (NVES) in 2025 the number of electric vehicles entering the market will increase, without a significant investment from the NSW state government in apprenticeships and upskilling of the industry, NSW will continue to be a laggard in employment in the automotive industry.

Tackling the skills shortage requires an in-depth collaboration between industry and government to structure a meaningful long-term strategy to attract and retain talent and train the workforce. This strategy needs to start within the school system and continue all the way through to migration systems.

Recommendations

1. The government works with the industry to develop a long-term strategic plan to overcome the state's embedded skills shortage, including:
 - High school skills programs
 - Strategies to attract overseas workers to automotive occupations in need.
 - Programs to encourage regional workforce participation.
 - Updating the NSW licensing system to allow current licensed tradespeople to upgrade to a new EV license through structured upskilling courses.



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. Furthermore, the issue of the number of apprentices enrolling is not keeping up with the demand and this also requires urgent attention.

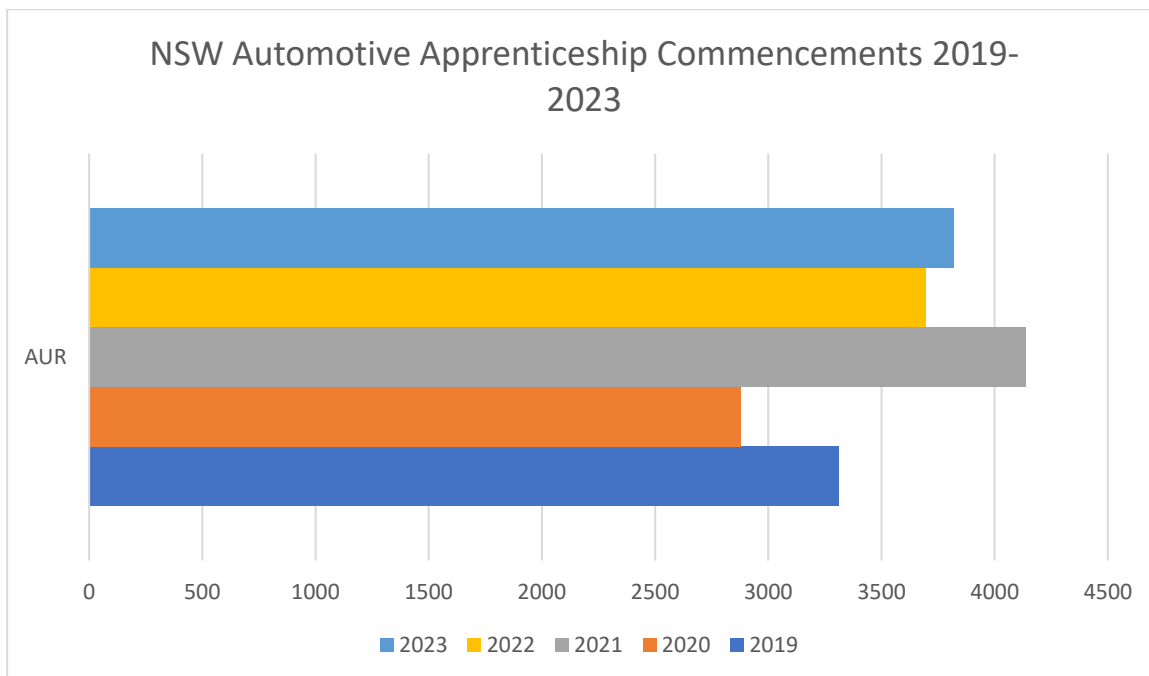


Figure 5: Comparative NSW commencements from 2019 to 2023.

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

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.

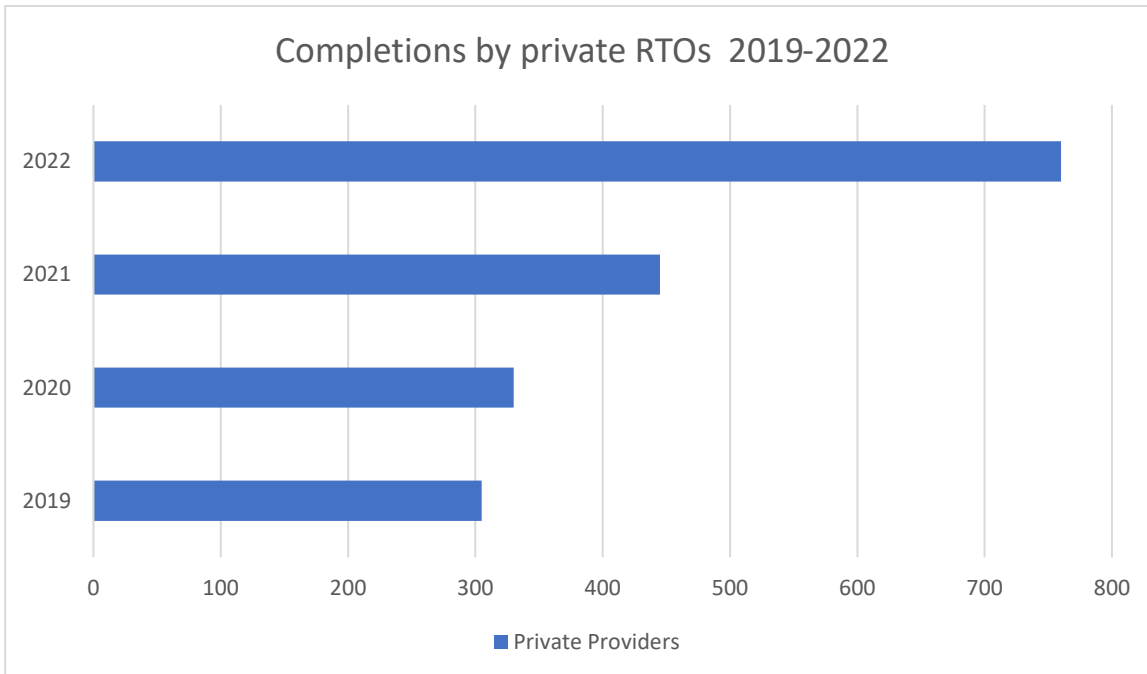


Figure 6: Summary of ‘Completions by Private RTOs’ from 2019 to 2022.

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 remains a supporter of the Smart and Skilled program, however we are of the view that the current system requires a review to become more transparent in the methodologies behind the funding framework. A lack of transparency in providing private RTOS’s with efficient costing to the scheme is slowing down the application process.

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

Industry-led mentorship schemes are considered imperative to improve apprenticeship completion rates, and ensure they are suitable to enter the workforce on completion. The effectiveness of automotive apprenticeship mentoring programs is well established and acknowledged to be an essential component of support for those in first- and second-year apprenticeships.

For example, the Motor Trade Association of South Australia and the Northern Territory (MTA SA/NT), has received limited program support from the South Australian state government to provide dedicated resources for an Automotive Industry Mentor Program. The program boasts more than 400 program apprentices in South Australia. Of this cohort, approximately ten per cent is considered at higher risk of discontinuing their apprenticeship – consequently a loss to the automotive industry. Through the MTA SA/NT mentoring program, the association has been able to secure a retention rate of over 97 per cent of first-and second-year apprentices in South Australia, and 98 per cent in the Northern Territory.

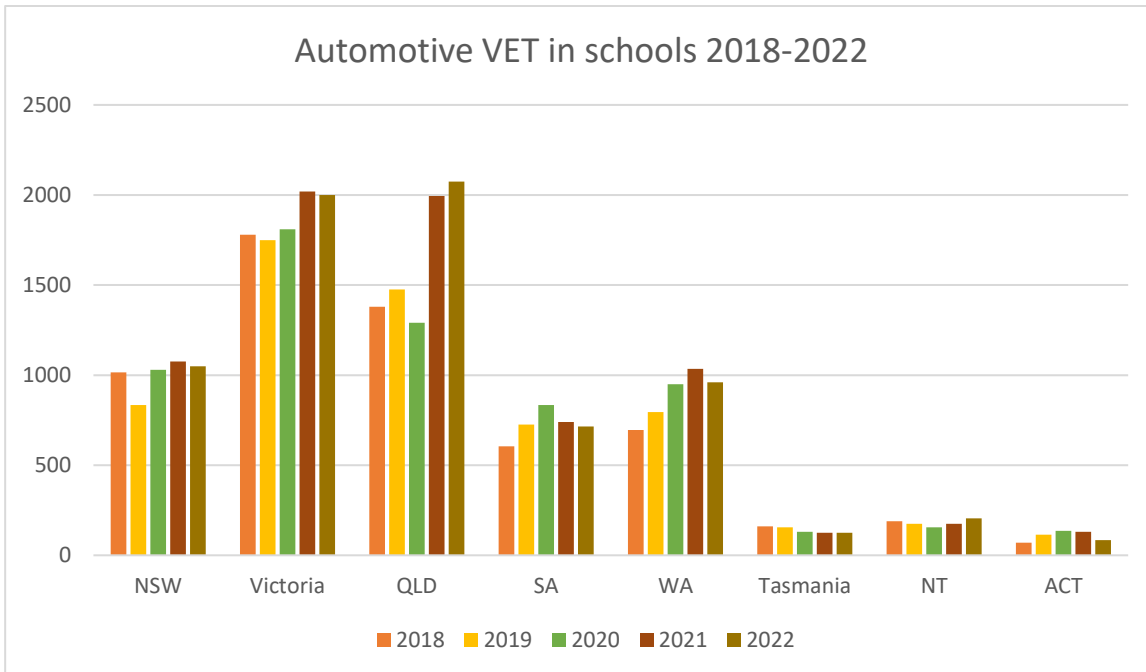


Figure 7: Summary of 'VET' training state-by-state from 2018 to 2022.

MTA NSW, through our apprenticeship training model, has shown that with mentoring apprentices, they are more likely to complete their apprenticeship.

Developing programs that can attract more high school students to examine apprenticeships requires a sharp focus of both government and industry.

Recommendations

1. That industry and government work to develop pathways to encourage and support workers from other industry sectors to transition into automotive trades.
2. The NSW Government works with the industry to review and reassess the Smart and Skilled Program to allow for more transparency in funding arrangements.
3. The NSW Government funds an industry led apprenticeship mentoring scheme.
4. The NSW Government works with the industry to develop an apprenticeship recruitment scheme tailored to high school students.



Increasing Zero and Low Emissions Infrastructure

Ensuring that the NSW state government meets its stated target of 50 percent of new vehicles being sold across the state in 2035 will require longer term investment in underlying infrastructure.

Beyond electric vehicle charging stations for passenger and light commercial vehicles, the state government needs to look ahead to developing technologies that are being developed to reduce carbon emissions, including hydrogen and synthetic fuels.

Hydrogen will be a major source of emission reduction in the future, especially for heavy vehicles. Ensuring that fuelling stations are being planned and funded will help the industry transition to a cleaner future.

Additionally, ensuring that the heavy vehicle fleet has access to ultra-fast charging stations specifically for heavy vehicles at rest stops along highways will assist all drivers access charging stations across the state.

The roll-out of electric vehicle charging stations on state and local government roads must increase.

Feedback from MTA focus groups has shown that consumers are less likely to purchase electric vehicles due to the lack of accessible charging stations. Increasing the number of charging stations on state and local government roads will assist in alleviating consumer concerns.

Recommendations

1. The state government provides funding to expand hydrogen fuelling stations for heavy vehicles.
2. Funding is provided for heavy vehicle charging ports at state highway rest stops.
3. The government increases its investment in electric charging stations across the state.

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