



**MOTOR TRADERS'  
ASSOCIATION OF NSW**



# Keeping Australia Moving

NSW Automotive Industry Policy Imperatives  
for the 2019 Federal Government Election

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## **MTA NSW**

### **The voice of the motor industry**

Founded in 1910, the Motor Traders' Association of New South Wales (MTA NSW) is an employer's Association and Registered Training Organisation (RTO) dedicated to representing owners and business principals in the New South Wales automotive industry.

With over 3,000 Members, whose businesses employ staff within 28 automotive sectors, MTA NSW is one of the largest state-based industry Associations in Australia. MTA NSW is widely known for addressing issues affecting Association Members through a multitude of initiatives, including lobbying at State and Federal Government levels.

MTA NSW is held in high esteem amongst industry participants due to the longevity of its establishment in NSW, the range of products and services it offers its Members and the history it has of protecting the interests of businesses in the motor industry. The diversity of Members' businesses covers the spectrum of the retail motor industry, including the service, repair, fuelling, selling or dismantling of cars, motor cycles, trucks and even farm machinery.

Our aim is to help the motor industry. We achieve this by assisting our Members in the daily running of their businesses, as well as lobbying governing bodies to ensure a long and viable automotive industry in NSW. We are well-placed to represent the interests of our Members, being in constant contact with State politicians and Government officials.

Our Association regularly offers advice on matters affecting the industry, and are proud to be the principal party and a leader in industrial relations issues affecting the retail motor industry.

We also work to ensure the public's confidence in dealing with MTA NSW Members through our Code of Ethics. The Code of Ethics is a landmark statement that sets out the standard of behaviour MTA NSW Members must follow in their dealings with the public. Our policy interests are varied, and designed to ensure a strong automotive industry within NSW.

## Overview

The automotive industry within NSW reflects a wide variety of sectors which ranges from new and used car retailing (including service); new and used motorcycle retailing (including service and recycling / dismantling); vehicle body repair (smash repair); independent automotive servicing; service stations; auto recyclers, dismantlers and part suppliers; farm and industrial machinery retailing; tyre retailing, retreading and recycling; towing; buses; heavy vehicle; transmission, engine replacement and reconditioning, brakes, steering, automotive electrical and air-conditioning; vehicle rental and hire cars. In addition, the broader industry includes marine, bicycles, mining equipment and outdoor power equipment.

The national automotive industry consists of 69,365 retail motor trades businesses which employ over 379,000 Australians and accounts for 2.2% of Australia's GDP (\$37.1 billion), making this industry one of the most substantial and important industries to the Australian economy. Within NSW, there are over 20,000 retail automotive trades businesses employing over 92,500 staff, which represents 29% of businesses and 24% of the workforce employed nationally within the automotive industry.

The majority of automotive businesses are small and family owned enterprises that require sound policies and meaningful reform to allow them to grow and employ more people. Rising energy costs, skills shortages, onerous red-tape, over-taxation and outdated workplace regulations are just some examples of issues working against the competitiveness and productivity of automotive businesses.

MTA NSW is also a Registered Training Organisation (RTO) providing automotive sector training to over 1,100 actively enrolled automotive apprentices and trainees which reflects a 15% increase in demand on a year to date basis.

The Motor Traders' Association of NSW calls on the future Federal Government to commit to serious policy reform to:

- **Attract, train, retain and skill people** to meet the maintenance and repair requirements of a 6.6 million strong national vehicle fleet within NSW
- **Maximise the business environment** to innovate, increase productivity, and meet the challenges of advancing technology and changing consumer behaviours
- **Reform policy and regulations** through the creation of a government and industry partnership to address critical issues impacting the automotive sector
- **Invest in the infrastructure**, programs and projects that assure Australians' ongoing reliance on road transport.

## Recommendations

1. Develop an automotive blueprint to assist in seizing opportunities in global mobility innovation.
2. Support the ACCC's scheme to mandate access to repair information.
3. Call for a detailed market study be undertaken into the effect of vertical and horizontal integration by insurers of smash repair business.
4. Introduce an automotive-specific Franchise Code of Conduct.
5. Develop a nationally recognised and implemented scheme for the reconditioning and recycling of End-of-Life (ELV) vehicles.
6. Implement changes to the Australian Consumer Law to provide a balance between consumer guarantees and the requirements of automotive businesses.
7. Conduct a review of government regulations surrounding the administrative burdens placed on small businesses.
8. Review the introduction of legislation that would allow consumers to import vehicles directly themselves.
9. Support the proper provision of training to trades-based apprentices and trainees to ensure the nation has a skilled workforce to meet future demands.
10. Make changes to the national migration program to improve its accessibility and responsiveness for the automotive industry, and reduce costs.
11. Introduce a regional workplace retention bonus scheme.
12. Remove the potential burden on employers regarding payment for domestic violence leave.
13. Move to prescribe a standard flexible part time provision in all awards.
14. Support legislative change to provide a clear definition of casual employment that includes the approach of the Fair Work Commission to legitimise such casual arrangements.
15. Commitment to a review of the current Small Business Fair Dismissal Code (SBFDC) and the general procedural fairness framework.
16. Oppose further changes to industrial manslaughter laws across the States and Territories.
17. Restore Federal Government funding to conduct industry specific approved WHS training.
18. Abolish the Luxury Car Tax or, at the very minimum, the threshold should reflect a revised level of \$125,000.
19. Support and facilitate public and private investment to improve mobile phone coverage and provide reliable internet connectivity.

## Policy and Regulatory Reform

Despite its economic significance, the automotive sector continues to struggle for appropriate recognition from government. The large-scale contribution of the sector to the NSW economy demands that the industry be taken seriously by policymakers and the government of the day.

As the automotive industry makes the transition to new technologies, those changes impact the mobility of all Australians. The wider uptake of electric, connected and autonomous vehicles is expected to significantly disrupt the automotive industry's structure and business models. This disruption will have implications for urban infrastructure, skill requirements and government revenue streams – all of which require forward planning and policy debate.

### 1. Automotive Industry Sector Blueprint

As the automotive industry moves through this period of transition, it is critical that government and industry work together to detail its policy intentions for the industry, and that the automotive sector and industry agree to a partnership that outlines key initiatives and deliverables.

**Recommendation:** *The development of an automotive blueprint, as recommended by a Senate Economics Reference Committee report – The Future of Australia's Automotive Industry – would reposition NSW in particular, to seize opportunities in global mobility innovation and assure the State's reliance on the fleet of 6.6 million vehicles.*

### 2. Motor Vehicle Information Code of Conduct

Automotive service and repair professionals require access to up-to-date manufacturers' service and repair information and software programming downloads. This ensures vehicles are repaired safely and in accordance with the manufacturers' prescribed procedures.

A scheme must provide the same technical information made available by manufacturers to their authorised dealers and preferred repairer networks. This should include environmental, safety and security-related information; ensuring consumers have access to competitive, convenient, safety-focused service and repair information for the life of their motor vehicle.

**Recommendation:** *MTA NSW strongly supports the Australian Competition and Consumer Commission's (ACCC) 2017 recommendation for a scheme that mandates access to repair information. This would require car manufacturers to share technical information with independent repairers on commercially fair and reasonable terms.*

### 3. Mandated Motor Body Repair Code of Conduct

NSW is the only State to have made the Motor Vehicle Insurance and Repair Industry Code of Conduct (the Code) law in May 2017. All car insurers and smash repairers in NSW are bound by the Code and its subsequent determination orders.

In other states and territories, the Code is voluntary, so only those who have signed on to the Code are bound by it and its determination orders.

In accordance with the findings of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Royal Commission), MTA NSW would support calls for regulators to be empowered to approve and enforce a nationally mandated Code that is binding on all car insurers and smash repairers.

This would improve its efficiency, reduce the threat of disputes, and stabilise a fragile smash repair industry. Consumers would also benefit, by including their right to receive transparent, fair and reasonable repair estimates, insurance assessment calculations and cash settlements.

***Recommendation:*** *In line with measures proposed by the Royal Commission, and Productivity Commission, MTA NSW calls for a detailed market study be undertaken into the effect of vertical and horizontal integration by insurers of smash repair business, including its impact on competition.*

### 4. Motor Vehicle Franchising Code of Conduct

Only a system that recognises that a franchisee is at a substantial disadvantage than a franchisor is a fair system. Franchisees must have effective methods of dispute resolution and enforcement to ensure a balanced and fair system. Small businesses do not have the resources to respond when unfairness arises in relation to larger businesses.

MTA NSW has a long history of working for Members to ensure that franchising agreements operate fairly for Members. MTA NSW supports the existing mandatory Franchising Code of Conduct. In addition, MTA NSW seeks the future Federal Government to introduce an automotive-specific stand-alone “Motor Vehicle Franchising Code of Conduct”.

Any Franchising Code of Conduct needs to include provisions that outlaw “take it or leave it” contracts, and must include minimum tenure periods. As well, any Franchising Code should include all franchising agreements. The Unfair Contracts laws should be expanded to include franchise arrangements and importantly, business to business activities.

***Recommendation:*** *The introduction of such an automotive-specific Franchise Code of Conduct would allow for greater business certainty, reduced risk to employment and improve investment into franchises by franchisees.*

## 5. End-of-Life Vehicle Program

MTA NSW supports the introduction of a nationally recognised and implemented scheme for the reconditioning and recycling of End-of-Life (ELV) vehicles to protect the environment.

The emergence of illegal wreckers who operate outside the regulatory guidelines is a serious problem across all states and territories and has the capacity to make lawful vehicle recycling operations unviable. Effects of such practices include tax evasion and non-compliance with occupational health and safety and environmental protection laws. It is constantly reported that illegal operators provide components to the black market, supporting underground and often illegal operations.

Countries such as Germany, South Korea, Japan, the United Kingdom and Norway have implemented regulated ELV policies. They acknowledge that a sound ELV strategy is essential to good environmental and economic management. Such systems also contribute to meeting environmental obligations under international law.

Finally, a lack of available business insurance (such as professional liability; property; workers' compensation; product liability and business interruption insurance) for automotive recyclers and other automotive businesses has reached crisis point, with many businesses forced to trade without insurance. The next Federal Government should conduct a review into the structural issues obstructing businesses' access to this essential cover.

**Recommendation:** *Develop a nationally recognised and implemented scheme for the reconditioning and recycling of End-of-Life (ELV) vehicles to protect the environment.*

## 6. Australian Consumer Law (ACL)

MTA NSW continues to support the sentiments of the prevailing consumer policy framework that to be effective in this environment, the consumer policy framework must appropriately balance addressing consumer harm in a meaningful way, while not imposing in order to provide an appropriate balance between consumer guarantees and requirements for automotive businesses. MTA NSW continues to support and will continue to lobby for various changes to current legislation. These being:

- The current Consumer Guarantee thresholds be maintained
- Motor Vehicles, Plant, Agricultural Vehicles / Equipment and the like require a separate, specific category within the ACL
- Some terms still used within the ACL to be revisited and clarified for both consumers and traders i.e. Acceptable Quality, Major Failure, Reasonable Time
- The continued support against the introduction of specific 'lemon' laws in NSW as the current consumer guarantees in place under the ACL in relation to the purchase of new or used motor vehicles are working well



- Inclusion of the same protections for businesses from misleading conduct by consumers, as consumers are parties to transactions covered by the ACL

**Recommendation:** *Implement a series of changes to the Australian Consumer Law to provide an appropriate balance between consumer guarantees and the requirements of automotive businesses.*

## 7. Business Activity Statements

There needs to be a critical review of the red tape associated with government regulation and flow-on activity obligations that arise on business. The lodgement of BAS statements and IAS statements on a monthly basis and its complexity is a constant source of angst for business, in particular small business. More simplified reporting and payment options need to be under constant review to reduce the administrative burden on business.

The costs associated with employers having to respond to child support agency issues and court orders in relation to garnishee orders add to employer costs. These types of administrative costs are set to continue with proposed introduction of paid parental leave payment regimes.

**Recommendation:** *Conduct a review of government regulations surrounding the administrative burdens placed on small businesses.*

## 8. Parallel Imports

Australia has a competitive market for new car sales where consumers are protected with warranty conditions. MTA NSW is opposed to the introduction of legislation that will allow consumers to be exposed to unknown risks if they are allowed to import vehicles directly themselves. The impact on local businesses if this legislation proceeds will affect jobs and growth in the economy while consumers will be worse off.

**Recommendation:** *Oppose the introduction of legislation that will allow consumers to be exposed to unknown risks if they are allowed to import vehicles directly themselves.*

## Industry Skills Shortage and Training

The Australian and NSW automotive industry is experiencing the most profound skills shortage in its history. At a national level, it has been determined that the automotive sector requires an additional 35,000 skilled workers currently. Within NSW, over 10,000 skilled workers are required for the industry, which represents 29% of the required skilled workforce within the automotive industry.

Skills shortages are affecting almost 60% of the industries in the NSW automotive sector, limiting business investment, employment, planning and growth. Current shortages and future government policy impacting the automotive workforce must be addressed through a comprehensive government and industry partnership.

MTA NSW supports training that addresses the skill requirements of the industry. Flexibility in training delivery and entry are both important to having a system that is able to effectively respond to the changing skill needs and skill demands of the industry.

The automotive industry and MTA NSW Members within the industry strive to keep its skilled workers. Substantial costs go into training apprentices. These issues are magnified in regional NSW. More needs to be done to attract people into apprenticeship and to assist in retaining tradesmen once the training is completed.

MTA NSW supports the development of more flexible training options in response to existing skill shortage issues. MTA NSW supports the greater use of school-based apprenticeship and traineeship options. Trade training completed should provide advanced standing towards further education (other qualifications) such as diploma and degree qualifications.

A future Federal Government needs to: -

- Positively accept Vocational Education and Training as a National issue needing a National approach
- Openly support students who choose to pursue a trades-based career as part of the “smart” country mantra and highlight the importance of properly qualified and skilled tradespeople to the National economy
- Correctly fund the VET system to ensure training is carried out to the highest quality levels and to properly fund curriculum research so that courses are up to date and relevant to meet the nations needs not only for today but into the future
- Properly support employers who take on apprentices and trainees to support young people joining industry and to allow for existing workforce participants to obtain higher skill levels.

- Recognise the importance of industry specific programs, processes and mechanisms rather than just a reliance on whole of economy approaches to job creation and better future planning for emerging professions and skills
- Job seekers and school leavers need quality careers advice, with a focus on the viability, transferability and respectability of an automotive trade career early in secondary education. This advice should include informing parents, teachers and other youth leaders who are the primary influencers in a student's career choice
- Automotive apprenticeships need to be promoted as a credible career path, with vibrant new technologies emerging such as hybrid, fully electric and autonomous vehicles
- One essential element is rebalancing the emphasis between vocational education and higher education. The emphasis on university education over the past decade has had the unintended consequence of portraying careers in essential trades, including automotive professions, in a negative light
- It is crucial that the right mix of incentives is offered to encourage the hiring and retention of apprentices; for example, female apprentices in non-traditional trades
- The present system is based on incentives for businesses to hire specific candidates, usually those facing employment barriers. The automotive industry argues that the system should be broadened to encourage employers to engage across a much broader spectrum of candidates. This would improve retention rates and levels of employment diversity across the industry.

***Recommendation:*** Support the proper provision of training to trades-based apprentices and trainees to ensure the nation has a skilled workforce to meet future demands. There is a need for a skilled trades-based workforce to ensure economic growth is maintained.

## 1. Skilled Migration

With the current estimated shortage of over 10,000 skilled professionals, the capacity of the automotive sector to continue to meet the needs of NSW motorists and a State vehicle fleet of 6.6 million vehicles is threatened.

An option that must remain available is the employment of skilled migrants. Skilled migration is a positive contributor to the economy, delivering a solution when Australian workers cannot fill the shortages.

These changes to the migration program should include access to all skilled occupations for employer-nominated migration, ensure visa fees and charges are internationally competitive, set the cap for permanent migration based on evidence of economic benefit, and improve the processing times and affordability of the program.

**Recommendation:** *A future Federal Government make changes to its migration program to improve its accessibility and responsiveness for the automotive industry, and reduce costs.*

## 2. Regional Workplace Retention Bonus Scheme

MTA NSW calls on the future Federal Government (and current NSW Government) to introduce a regional workplace retention bonus scheme. This scheme would be for tradespeople, employed by employers in regional NSW, who have moved from apprenticeship to trade status.

This bonus would become payable where an employee remains with the same employer for over 2 years beyond qualification as a tradesperson. The bonus would be equivalent to the first home owners grant and would be used for the purpose of purchasing a home.

**Recommendation:** *Introduction of a regional workplace retention bonus scheme. This scheme would be for tradespeople, employed by employers in regional locations, who have moved from apprenticeship to trade status.*

## Automotive Business Environment

### 1. Industrial Relations

Australia has become a costly place for automotive small businesses to hire, retain and manage staff. It is also one of the most heavily regulated labour markets in the world, consistently ranking poorly on flexibility and responsiveness when compared internationally.

MTA NSW supports a system that offers fairness to its Members and their employees. An effective system of industrial relations incorporates the ability for employers to choose how they will be regulated – by an award, individual agreement or collective agreement. MTA NSW endorses the establishment / existence of an industry award that applies to the retail motor industry (incorporating automotive body building and component manufacturing) nationally. Such an industry award system must provide a set of minimum working conditions that are designed to meet the needs of the particular industry to which an award applies.

MTA NSW favours a single federal system and award for the industry with a central umpire with power to conciliate and arbitrate on disputes that arise from award matters and an inspectorate to enforce entitlements under awards.

In order to assist businesses to grow and employ more staff, an array of issues must be addressed and MTA NSW recommends a number of reforms.

## 2. Adverse Action Claims

Employers should have a right to hire and terminate employees without the fear of unfair dismissal. On termination no employer should be immune for unlawful termination or the payment of employee entitlements that have accrued whilst working for an employer. However, there should not be a reverse onus on an employer in the event that an employee lodges an adverse action against an employer.

## 3. Family Friendly Working Arrangements

Great inroads have been made in recent years to provide family friendly working arrangements for employees - carers leave and increased levels of parental leave. Introduction of these entitlements also come at a cost to employers – the smaller the business, the greater the cost and impact on that business. This cost should be recognised and there should be no further extension of statutory entitlements. No further costs should be borne by employers. In these circumstances the existing arrangements should be declared fair and reasonable. Any extension of these provisions and entitlements should not impact on small business.

## 4. Domestic Violence Leave

As a part of the four-year review of awards the unions have made a claim for domestic violence leave and the recent decision to allow for unpaid domestic violence leave. The next push will be for paid leave and this is opposed by MTA NSW.

A future Federal Government should move legislatively to restrict the Fair Work Commission (FWC) from making an award variation that would lead to additional costs to employers. This is a community issue that should be addressed in that context rather than putting the burden on employers that are already struggling to deal with existing family friendly award and legislative requirements.

**Recommendation:** Remove the potential burden on employers regarding payment for domestic violence leave.

## 5. Four Yearly Award Reviews

The current review of all awards has stretched the resources of all employer organisations including the MTA NSW, plus the unions and the ACTU. This process has been allowed by the Fair Work Commission to run out of control, with claims to restore to the awards conditions that were removed as a part of the award modernisation process only recently conducted in 2009. The review is not likely to be completed this year and so it will be 2019 before the new 2014 awards are made.

MTA NSW are pleased with the recent legislative change in 2018 to remove the 4-year review process and establish a review on “a needs basis”. Many of the common changes during the review process are returning a prescriptive and a legalistic approach to the award provisions that were settled and operated without any issues since the making of the awards commenced in 2010. MTA NSW seeks the future Federal Government to move to simplify modern awards by removing provisions that ought to be dealt with by other community related approaches i.e. domestic violence leave, flexible work arrangements, etc.

Despite the efforts of employers in the review process, the part time award provisions in awards remain inflexible with the effect that employers are often forced to engage employees on a casual basis. Given the recent Full Federal Court in *Workpac Pty Ltd v Skene* there is also a need to allow greater flexibility of employment of part time workers and MTA NSW seek that the Federal Government move to prescribe a standard flexible part time provision in all awards.

***Recommendation:*** Move to prescribe a standard flexible part time provision in all Awards.

## 6. Casual Employees

The Full Federal Court in *Workpac Pty Ltd v Skene* delivered a judgment which will have significant implications for the employment of casual employees across Australia. The primary concerns arising from the decision are that:

*Regardless of the Award provisions, if an employee has a regular and predictable pattern of work with an expectation of ongoing employment, they are likely to be a part time or full-time employee as opposed to casual.*

Where an employee commences employment with irregular hours under a casual contract, the casual can become permanent employee during the course of the employment relationship, regardless that the parties continue to describe the relationship as casual.

As a result of the decision, a large number of employees currently described by employers as ‘casuals’ could in fact be permanent.

The current Federal Government announced in December 2018 to introduce a Fair Work Regulation to allow for offsetting of the casual loadings paid to such workers against potential claims. This will assist by mitigating the potential impact of large-scale claims against MTA NSW Members but is not the final solution and more legislative change is needed.

Since the introduction of the Fair Work Act in 2009, in cases before the Fair Work Commission (FWC) the decisions had started to recognise the prevalence of casual employees being engaged on regular working patterns or on a long-term basis and this has been accepted as a normal method of employment.

The FWC has taken the view that, provided an employee was called a casual and paid a casual loading, they could legitimately be considered casual regardless of the regular pattern of work.

The FWC has dealt with this issue by including in awards a casual conversion clause to encourage employers and employees to engage regular casuals as part time or full-time employees.

**Recommendation:** *Introduce legislative change to provide a definition of casual employment that includes the approach of the FWC to legitimise such casual arrangements.*

## 7. Small Business Fair Dismissal Code

The Small Business Fair Dismissal Code (SBFDC) and the general procedural fairness framework used by the Fair Work Commission to determine whether a termination was harsh, unjust and/or unreasonable has failed to produce a fair and balanced approach to termination issues. Consequently, employers are showing a reluctance to employ staff. The present SBFDC is not considered to be effective or reliable by industry and should be reviewed.

**Recommendation:** *Commitment to a review of the current Small Business Fair Dismissal Code (SBFDC) and the general procedural fairness framework.*

## 8. Industrial Manslaughter Laws

The automotive industry opposes further increases in industrial manslaughter laws across all Australian states. Industrial manslaughter laws have recently been legislated in Queensland, making it the first Australian state to subject companies to new criminal offences of corporate manslaughter and negligently causing serious harm. Such offences include serious fines and impose criminal liability on individual Directors and senior managers.

To date, there is no evidence that increasing the severity of penalties corresponds or correlates with a reduction in workplace deaths and/or injury. Such a law will see a move towards expensive legal solutions rather than preventive strategies.

The court system and WorkCover resources will be overburdened as defendants are more likely to contest these matters judicially.

The automotive industry acknowledges that workplace safety is a serious issue. However, mandating harsher penalties, increasing regulation and threatening managers and Directors with greater prison sentences than those that exist under health and safety legislation will not achieve the desired outcome, which is to change behaviours and eliminate dangerous practices.

**Recommendation:** *Oppose further changes to industrial manslaughter laws across the various States and Territories.*

## 9. Work Health and Safety (WHS)

MTA NSW supports a system of workplace safety regulation that shares the responsibility for safety at work across employers, employees and others engaged in work at an employer's facility. The system should recognise that it is highly unlikely if not impossible that a workplace can be made 100% safe, that there is risk in all work undertaken with the conclusion that employers cannot guarantee a workplace that is totally safe from risk.

MTA NSW supports the present approach in relation to WHS laws adopted in NSW in 2011 and the broad direction agreed to by the Commonwealth and the majority of States.

MTA NSW is pleased with the removal of reverse onus of proof and the adoption of the "reasonably practicable" test. The departure from the model WHS legislation in NSW allowing for unions to prosecute an employer in the event of suspected breach is opposed.

In the past the MTA NSW has received funding via partnership arrangements with WorkCover NSW (now SafeWork NSW) to conduct industry specific approved WHS training. This was very effective on any cost / benefit analysis leading to measurable improvements in WHS outcomes. Such funding has dried up in recent years. The establishment of the model WHS legislative structure is now an opportunity for the future Federal Government to separately, or in conjunction with the NSW Government, restore such effective arrangements.

MTA NSW has a significant reach and capacity to get the WHS message out to employers. A small amount of funding can lead to great results as can be demonstrated by the projects conducted in the past by MTA NSW.

***Recommendation:*** Restore funding at the Federal Government level to conduct industry specific approved WHS training.

## 10. Superannuation

An effective superannuation system that encourages individuals to save for their retirement provides long term benefits for existing Australians as well as relieving the total tax burden on future generations. MTA NSW supports tax and other incentives that encourage self-employed and employees to provide for their own retirement. MTA NSW accepts that employers are obligated to provide a 9.5% contribution on behalf of employees.

## 11. Employer Contribution Levels

Contribution levels should not be increased beyond the existing 9.5%. Any contributions in excess of this level should be shared by government and employees. Any employer contribution above 9.5% should be in lieu of wage increases due to the burden of cost placed on the employer, especially small business.



## 12. Taxation

Taxation is an important mechanism that allows Government's to redistribute wealth and facilitate the provision of infrastructure and services in order to provide a reliable, sustainable and fair nation. MTA NSW supports a taxation system that is fair and equitable to business and their employees. Within this framework taxation levels should be maintained as low as possible to stimulate business and employment growth and to generate economic growth with benefits for the Australian economy and community.

## 13. Luxury Car Tax

The luxury car tax (LCT) was introduced in 2000 to encourage buyers to purchase locally manufactured vehicles instead of imported prestige vehicles. The end of passenger vehicle manufacturing in Australia now makes this tax redundant.

Motor vehicles above a GST inclusive value of \$66,331 for non-fuel-efficient vehicles (as at 2018-19) and motor vehicles above a GST inclusive value of \$75,526 for fuel efficient vehicles (as at 2018-19) are subject to an additional 33% "luxury car" tax. These thresholds are absurdly low and affect many working vehicles. This includes four-wheel-drive vehicles that meet the needs of rural consumers, such as the Mitsubishi Pajero, Toyota Land Cruiser and Nissan Patrol. They are all priced above the LCT threshold.

This tax distorts the market for higher value vehicles and penalises dealers, distributors and consumers and has no place in Australia's tax system. It also penalises those who wish to make a green purchase. Nor can the GST applicable to the amount over the cap be claimed as an input tax credit, again, penalising those dealers who want to offer high end market vehicles. The LCT should be abolished or, at the very minimum, the threshold should reflect a "luxury" level of \$125,000, and not be applicable to non-luxury vehicles.

***Recommendation:*** *The Luxury Car Tax should be abolished or, at the very minimum, the threshold should reflect a revised level of \$125,000.*

## 14. Fringe Benefits Tax (FBT)

MTA NSW notes that the changes to the FBT legislation regarding the disbandment of the Statutory Fraction Method of calculating FBT on motor vehicles (i.e. kilometres travelled bandings converted to a flat rate of 20%) has had a great effect on increasing business costs for providing motor vehicles to employees, as part of a salary package, who travel very high kilometres. Not only does the value of the motor vehicle reduce as more kilometres are travelled but now the FBT has increased without any real offsets, which in turn makes it harder for businesses to provide benefits to employees as opposed to other forms of reimbursement.

## **15. Goods and Services Tax (GST)**

Notional Tax Input Credit Scheme (NTIC) - This system applies when a registered buyer (with ABN No.) purchases used goods from an unregistered seller (No ABN No.). Under the NTIC system, registered purchases must account for input tax credits on items acquired from unregistered sellers. This is a significant burden (from a cost and administrative perspective) on motor vehicle dealers.

To alleviate this, the purchase of used goods from any registered business should generally give rise to actual input credits regardless of whether the seller is registered or not. Notional tax credits would only apply to associated parties.

The GST has left second hand vehicle dealers at a significant disadvantage in comparison to the sale and purchase of vehicles by GST unregistered persons. Businesses need to be able to operate at a level playing field in this regard. An option to achieve this could include a duty being levied (by NSW Government) on buyers of second-hand vehicles, purchased from GST unregistered persons, equal to an additional 10% of the market or sale price of the vehicle (whichever is the greater).

## **16. Tax on Motor Vehicles**

Motor vehicles are already very highly taxed. Taxes on motor vehicles should not increase beyond the levels that presently apply. Motor vehicles are an essential family requirement with most families having two vehicles. Increasing tax on motor vehicles beyond the present levels will put at risk a family's capacity to properly maintain and repair vehicles which puts at risk road safety and increases pollution levels. This also has the possibility of creating a black market for corrective repairs and parts.

## **Infrastructure**

### **1. Improving Regional Business Connectivity**

Many regional businesses use digital technologies in a variety of ways to improve their productivity and generate higher profits. However, for many regional businesses, the quality and reliability of internet access services and mobile phone reception are substandard, limiting a business's ability to fully utilise digital technologies to grow, employ staff and better service customers.

Slow download times coupled with constant disruptions, drop-outs and outages make it almost impossible for regional businesses to rely on the network. There are also reports of poor mobile phone reception – only one bar out of four – in some regions. Such poor-quality reception limits effective communication between businesses and their customers, resulting in numerous missed calls, lost business and consumer dissatisfaction.

Tractors, harvesters and other agricultural machinery are now interconnected via satellite services. Service and diagnostic capabilities, as well as GPS, are built into their systems, which communicate through 4G technology.

The impact of poor quality and unreliable digital connectivity sees some businesses resorting to fixed cable in a bid to solve issues such as slow broadband speeds and irregularities in their wireless connection. Others have installed large antennas to fix problems with their satellite connections.

More specifically, the cost of some digital technologies – such as the National Broadband Sky Muster satellite – is so prohibitive that they remain out of reach for many small businesses and it has affected their broader uptake.

There is a strong argument that good mobile phone coverage is both an economic and business imperative, as well as a 'social good'. Government needs to support and facilitate public and private investment to improve mobile phone coverage and provide reliable internet connectivity across regional NSW and Australia.

***Recommendation:*** Support and facilitate public and private investment to improve mobile phone coverage and provide reliable internet connectivity.

## Summary

These MTA NSW policies have been developed with input from the Associations' Members, who are employers of small to medium enterprises and reflect their collective views. Moving forward, MTA NSW wishes to reach an appropriate balance between government policy and our Member's business requirements.

The Motor Traders' Association of NSW looks forward to further dialogue regarding the policies at a Federal Government level. The Association also offers its services to participate in education programs with our NSW Members, as appropriate.

**The voice of the motor industry**