



MOTOR TRADERS'
ASSOCIATION OF NSW

New South Wales 2026-2027 Pre Budget Submission





EXECUTIVE SUMMARY

The Motor Traders' Association of New South Wales (MTA NSW) representing automotive businesses across NSW welcomes the opportunity to present our priorities for the 2026-27 state budget. This submission addresses critical policy areas affecting the automotive retail, service, and repair sector across NSW representing businesses that are fundamental to the state's economic prosperity.

Our submission focuses on strategic priority areas:

1. Workforce Development and Skills Investment
2. Zero-Emission Transition Support for Small Business
3. Taxation Reform for Automotive Retail
4. Updating the AIS system.

The automotive retail sector stands at a pivotal juncture. With approximately 6million internal combustion engine vehicles expected to transition to zero and low-emission alternatives over the coming decades, our industry faces unprecedented transformation. This transition presents both significant opportunities and substantial challenges for the predominantly small business operators who comprise our membership.

MTA NSW members are committed to supporting Australia's emissions reduction objectives. However, this commitment requires partnership with government to ensure automotive retail businesses, their employees, and apprentices are equipped with the tools, training, and infrastructure necessary to service, maintain, and repair the next generation of vehicles.

This submission outlines practical, achievable policy measures that will enable our sector to successfully navigate this transition while continuing to provide essential services to motorists across New South Wales and contributing to the national economy





RECOMMENDATIONS AT A GLANCE

Priority Recommendations for NSW 2026-27

PRIORITY: WORKFORCE DEVELOPMENT

- Industry-led school pathway programs | Mentoring programs
- Mature age apprentice support | EV training infrastructure
- Establish meaningful targets and programs for women in automotive
- Seed funding for MTA NSW Group and Women in Automotive to develop mentorship programs

PRIORITY: ZERO-EMISSION TRANSITION

- Direct grants for workshop modifications
- A dedicated tool allowance for EV training

PRIORITY: TAXATION REFORM

- Amend the Payroll Tax regime in NSW.

PRIORITY: AMEND THE AIS PAYMENT SYSTEM

- Increase the AIS payment to meet industry costs



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About MTA NSW

For over 115 years, the Motor Traders' Association of New South Wales (MTA NSW) has stood as the premier employers' body advocating for the motoring industry. We proudly represent over 3,200 businesses, collectively employing more than 35,000 workers. Our core mission, our *raison d'être*, is to elevate the industry's standing in the eyes of decision-makers and the public, thereby advancing our sector for the betterment of the economy and the motoring public.

MTA NSW is a highly active participant in policy and legislative development. Our expert industry advice is routinely sought by the NSW Government and its agencies. We contribute through direct consultation, participation in government and industry working groups, skills advisory bodies, and workforce development initiatives, including chairing the NSW Industry Training Advisory Board.

A Group of Companies Supporting the Full Automotive Workforce Lifecycle

MTA NSW operates as a group of aligned organisations, delivering an integrated ecosystem of advocacy, training, workforce entry pathways, and industry wellbeing support. This group structure enables MTA NSW to respond holistically to the workforce challenges facing the automotive sector, from attraction and skills development through to retention and worker wellbeing.

Excellence in Automotive Training and Workforce Development

MTA Training – Workplace-Based Apprenticeship Delivery

For over 60 years, MTA NSW has delivered industry-specific automotive training. In 1996, this commitment was formalised through our registration as a nationally recognised Registered Training Organisation (RTO). Today, MTA Training is the largest independent, not-for-profit automotive training provider in NSW, and the second largest overall after TAFE.

MTA Training specialises in one-on-one, workplace-based apprenticeship and traineeship delivery, operating across metropolitan and regional NSW. In many parts of the state, automotive training is not readily available through TAFE, creating access barriers that exacerbate existing skills shortages across the motor trades. MTA Training complements the TAFE network by delivering flexible, employer-aligned training where and when it is needed, particularly in regional and outer-metropolitan areas experiencing persistent workforce shortages. This model reduces





travel time and associated costs for apprentices and businesses, improves participation and retention, and enables trainees, students and career entrants to access automotive training locally, directly supporting skills pipeline development and helping address critical shortages in the automotive workforce.

This personalised approach delivers strong outcomes. Apprentice completion rates at MTA Training consistently exceed national averages, demonstrating the effectiveness of tailored mentoring and close employer engagement in addressing long-standing retention challenges within the automotive sector. MTA NSW achieves apprentice completion rates above the national automotive apprentice completion rate of 57.6%.

Our training excellence was formally recognised in 2024 when MTA Training was awarded Second Place in the NSW Training Awards – Large Training Provider of the Year. Further testament to the quality of training delivered MTA NSW apprentices have represented Australia at WorldSkills competitions over the past two years.

My Trade Start (MTS) – Classroom-Based Entry Pathways

Complementing MTA Training's workplace delivery model, Career Options Pty Ltd, a Registered Training Organisation trading as My Trade Start (MTS), delivers classroom-based pre-apprenticeship and vocational training, supporting workforce entry into the automotive trades across NSW.

MTS focuses on preparing new entrants through structured, high-quality training delivered in simulated learning environments. This model is particularly effective for school leavers, career changers, and individuals requiring foundation skills prior to entering an apprenticeship or traineeship.

MTS and MTA Training specialise in emerging automotive technologies, including electric vehicle (EV) systems and high-voltage safety training, ensuring learners are prepared for the rapidly evolving automotive landscape. The MTA NSW group has invested millions of dollars in state-of-the-art, technologically advanced training equipment, enabling the delivery of contemporary, industry-relevant training aligned with modern vehicle platforms and safety requirements.

In addition, MTA NSW operates as the approved training provider for a number of automotive manufacturers, who actively support training delivery through the provision of vehicles, diagnostic tools and specialised equipment. This direct manufacturer involvement enables training to be conducted on brand-specific





technologies, ensuring apprentices and trainees gain practical experience on the same systems they will encounter in the workplace and supporting faster, safer workforce deployment.

Together, MTA Training and MTS provide end-to-end, future-focused training pathways, supporting workforce attraction, skills development and progression across the full spectrum of learner needs, while directly addressing current and emerging skills shortages across the automotive sector.

Motor Trades Care (MTC) – Supporting Workforce Wellbeing

Motor Trades Care (MTC) is a specialist industry support entity within the MTA NSW group, focused on assisting automotive businesses with workplace safety, injury management and return-to-work outcomes. MTC works directly with employers and workers to support safe workplaces and effective recovery following injury or illness.

MTC assists businesses to identify and mitigate workplace safety risks, improve compliance with work health and safety obligations, and implement practical injury prevention strategies tailored to the automotive sector. For workers who experience a work-related injury or illness, MTC supports employers to manage early intervention, recovery at work and return-to-work processes, helping employees safely re-enter the workforce as soon as appropriate.

Since 2018, MTA NSW and MTC have worked in close partnership with icare to deliver a coordinated, industry-wide approach to injury prevention and return-to-work support. This collaboration helps reduce the frequency and severity of workplace incidents, shortens claim durations, improves recovery outcomes, and lowers workers compensation costs for both government and automotive businesses.

As part of the MTA NSW group, MTC ensures that workforce development and skills investment are underpinned by strong workplace safety and recovery frameworks, supporting workforce participation, business sustainability and system-wide cost efficiency.

Why This Matters for the 2026–27 NSW Budget

Through this integrated group model, MTA NSW uniquely combines industry representation, training delivery, entry pathways, and workforce wellbeing. This positions MTA NSW as a trusted partner to government in addressing critical skills shortages, improving apprenticeship completion, supporting regional economies, and building a resilient automotive workforce capable of meeting future technological and environmental change.





The NSW automotive fleet.

NSW represents over 30% of the nation's Gross Domestic Product. Consequently, NSW represents the largest automotive workforce in Australia at over 30% and the greatest number of businesses across the automotive lifecycle.

The NSW automotive fleet of over six million registered vehicles far surpasses any other jurisdiction in the country. Furthermore, NSW is leading the nation in adopting greener transport:

- More electric and hybrid vehicles are registered in NSW than anywhere else.
- According to the National Transport Commission, in January 2025, over 65% of all registered EVs were on NSW roads.
- By November 2025, more than 100,000 of the 260,000 electric vehicles in Australia were registered in NSW alone.

The sheer scale of our workforce, our businesses, and our fleet provides decision-makers with the necessary volume of data and representative issues to make carefully considered choices. These decisions, informed by our insights, have the power to create highly positive impacts on the NSW automotive industry.

The automotive industry continues to face consistent challenges in workforce development, regulatory frameworks, transition support, and market conditions. Our submission aims to address these issues in a constructive manner so that NSW can build a productive and robust automotive sector.



Economic overview.

New South Wales enters the 2026-2027 financial year in a period of fiscal normalization after a period of volatility. Real Gross State Product (GSP) is projected to average 2.6%¹ over the forward estimates, but near-term growth will be tempered by a softening in consumer spending and a forecast unemployment peak of 4.5%². Motor vehicle related taxes and duties remain a top-tier revenue source for the state's economy contributing approximately \$4.2 billion in the last fiscal cycle.

However, the continuing service deficit in regional NSW is an ongoing concern. The NSW regional automotive workforce continues to remain under stress with significant declines in workforce numbers over the last ten years. Furthermore, the continued growth in full electric and hybrid vehicles in NSW is creating new pressures on the workforce. As the first wave of EVs start to exit the manufacturer's warranty period the independent repair sector – which services the vast majority of the NSW fleet – will face the risk of being priced out of the transition due to the high capital costs of workshop readiness and training. Furthermore, if the government meets the target of 50% of all new car sales in NSW being battery electric vehicles, then the government's focus must be to ensure the automotive workforce is calibrated to meet the new demands of repair and service.

The current electric vehicle framework still factors sales of electric vehicles reaching 50% of all new car sales by 2030/2031, equating to approximately 160 000 vehicles in NSW. While sales of electric vehicles last year in Australia were positive recent reporting from Deloitte shows that sales of electric vehicles globally are falling, and data on pure battery electric vehicle sales in Australia are stagnant at best. The ramifications of this, should it continue, will be a decline in new vehicle sales in the battery electric vehicle sector leading to NSW not meeting its expected target.

¹ 2024-2025 NSW Budget Paper No.1

² 2024-2025 NSW Budget Paper No.1





PRIORITY: WORKFORCE DEVELOPMENT AND SKILLS INVESTMENT

Context and Challenge

The automotive service and repair sector faces an acute and growing workforce crisis. Data from Jobs and Skills Australia's recent skills report shows that NSW still remains in the grip of a decade's long skills shortage³. This shortage is compounding as the industry simultaneously manages:

- Retirement of experienced technicians from an aging workforce
- Insufficient numbers of young people entering automotive apprenticeships
- Emerging skill requirements associated with electric vehicle technology, Advanced Driver Assistance Systems (ADAS), hydrogen vehicles, and other new automotive technologies
- Competition from other sectors for technically capable school leavers

The transition to electric vehicles, hydrogen vehicles, ADAS technology, and other emerging automotive technologies intensifies these challenges. While traditional mechanical skills remain essential for the existing fleet, automotive technicians must now acquire additional competencies in high-voltage electrical systems, battery management, thermal management systems, advanced sensor and camera systems, hydrogen fuel cell technology, and advanced diagnostics. This dual requirement creates unprecedented training demands.

This ongoing skills shortage disproportionately impacts regional and rural areas, where electric vehicle uptake remains low and apprentice demand centres more on traditional automotive skills.

Recommendation: Establish Industry-Led School Pathway Programs

We recommend funding for a dedicated and long-term automotive industry schools engagement program, delivered by MTA NSW. This program would deploy dedicated pathway coordinators to work with secondary schools across metropolitan and regional areas, promoting automotive careers and creating direct connections between students and employers.

Successful models currently operate in Queensland, South Australia, and Victoria, demonstrating proven effectiveness in increasing the number of young people considering automotive careers. A dedicated NSW approach, with adequate

³ Connecting for impact Jobs and Skills report 2025 – Jobs and Skills Australia



resourcing to extend into regional and remote communities, would significantly expand the pool of prospective apprentices.

Recommendation: Fund Industry-Led Mentoring Programs

We recommend establishment of a funded, industry-delivered mentoring program specifically designed to improve automotive apprenticeship completion rates. Current completion rates across all trades remain unacceptably low, with approximately 50 per cent of apprentices failing to complete their qualification.

A properly resourced mentoring program, embedded in industry and connected directly to workplaces, would provide the support structure necessary to improve retention. The program should specifically incorporate support for groups currently underrepresented in automotive trades, including women, First Nations peoples, and culturally and linguistically diverse apprentices.

Recommendation: Activate recommendations from the NSW VET Review

We recommend the NSW government implement the recommendations from the NSW VET review to work with industry to activate underutilized or non-operating training spaces in the NSW TAFE network.

The 2024 NSW VET Review confirmed what the automotive industry has been aware for many years, that TAFE NSW continues to struggle with a chronic shortage of automotive trainers – especially in regional and remote areas. Recent increases in TAFE funding by the state government have not tackled the underlying problem.

Many regional TAFE campuses possess government funded training equipment but lacks trainers to utilize this equipment for regular and up to date training. This creates a bottleneck that prevents young people in regional and rural areas from getting the qualifications that they need to enter the workforce.

Introducing an industry-TAFE hub for automotive would all industry trainers to access TAFE's physical infrastructure to provide specific training. This model would overcome the current teacher recruitment issue by utilising industry expert trainers. By providing shared training facilities the government can ensure that apprentices in regional and remote areas have access to up-to-date training and significantly reduce the skills gap by ensuring training is responsive to real time needs rather than hiring cycles.



Women in Automotive

Context and Challenge

According to Jobs and Skills Australia (JSA), Australia's trade sector is the most gender isolated of all occupations, and this is especially true in the automotive industry.

Across all sectors of the trades in automotive, the highest percentage of female participation is within the automotive electrical trades at nine (9) per cent. Motor mechanics (technicians) fare the worst at three (3) per cent.

Female commencements in automotive apprenticeships have not trended anywhere near the levels that should be achieved over the last decade. In 2015, 2.5% of all motor mechanic apprenticeships were female. By 2025, this has only risen to 4.5% of all apprenticeships.

Attracting more women into our industry is crucial if the industry is to address skills shortages and increase productivity.

Numerous submissions, reports, publications, roundtables and hearings over the last three years have all noted the discrepancies in the gender numbers in the industry, but all have failed to seek to establish targets or meaningful programs to increase female participation rates.

Recommendation: Establish Targets and Programs for Women in Automotive

We recommend the state Government work with the automotive industry to establish meaningful and achievable targets and programs to meet those targets, including:

- School education programs for parents and teachers
- Targeted programs for careers advisors
- Wrap-around programs for apprentices
- Educational toolboxes for employers

Programs such as the MTA NSW Drive Your Future campaign can act as templates for designs.

Recommendation: Seed Funding for Women in Automotive Mentorship

We recommend seed funding be provided to MTA NSW Group and Women in Automotive to develop mentorship programs for women in automotive to develop their careers.



PRIORITY: ZERO-EMISSION TRANSITION SUPPORT FOR SMALL BUSINESS

Context and Challenge

The transition to zero and low-emission vehicles requires substantial investment by automotive service and repair businesses in new equipment, tooling, training, and workshop infrastructure. This applies equally to mechanical repair workshops and automotive body repair businesses, both of which require specialised equipment, training, and facility modifications to safely handle electric vehicles.

Key investment requirements include high-voltage safety equipment, EV-specific diagnostic tools, battery testing equipment, workshop modifications including electrical safety systems, vehicle hoists designed for EV service work, specialised body repair equipment for EV-specific materials and construction, and ongoing training for technicians.

Recommendation: Provide Direct Subsidies for Workshop Facility Upgrades

We recommend direct grant funding for workshop facility modifications required to meet EV service safety standards. Many independent workshops operate in older buildings requiring substantial electrical upgrades, modified fire suppression systems, and other structural changes.

Recommendation: Establish EV Technician Tool Allowance

We recommend introduction of a tool allowance available to qualified automotive technicians undertaking EV-specific training or working in workshops servicing electric vehicles. This allowance would directly support technicians in acquiring the specialised tools required for EV service work.

PRIORITY 5: TAXATION REFORM FOR AUTOMOTIVE RETAIL

Structural reform of the NSW Payroll Tax Threshold

The NSW payroll tax rate has remained stagnant at \$1.2million since 2020. Since that time the structure of the NSW has significantly changed from a low-inflation environment into a period of aggressive wage and price growth.

Analysis by Business NSW in 2025 shows that if the threshold had been indexed to the Wage Price Index since 2020 the payroll tax threshold would now be approximately \$1.3million by 2025⁴ Furthermore if the rate had been indexed to

⁴ Business NSW 2025-2026 Pre Budget Submission





specific award wage increases the payroll tax threshold would now stand at \$1.5million.

Analysis by the Business Council of Australia (BCA) in its “Regulation Rumble” Report 2025 again shows that South Australia continues to lead the nation in its approach to payroll taxation, and this is shown by the increasing business investment in South Australia over the last three years. South Australia’s low payroll tax rate (4.95%) and higher threshold (\$1.5million) have been the catalyst for its increased business investment.

Automotive industry perspective – a barrier to skilled employment.

For the automotive sector in NSW the continuation of the frozen threshold, coupled with a high rate is not just an administrative burden for the thousands of small businesses across the state it is a handbrake for the industry to address the state’s chronic skills shortage.

As small business increase wages to retain skilled workers they are being pushed over the \$1.2million threshold without increasing headcount. Wages have increased by an average of 3% per year in NSW since the payroll tax threshold was last amended, meaning that now the act of simply hiring an additional apprentice or a senior technician can trigger the 5.45% payroll tax rate making the cost of hiring prohibitively expensive.

For small automotive businesses decisions such as hiring apprentices to expand their business become a decision based on taxation rather than on business expansion.

The current payroll tax settings hinder regional businesses who are in more need of skilled technicians and apprentices. While Victoria and Queensland offer reduced payroll tax rates for regional businesses this does not exist in NSW. A lack of a tiered payroll tax threshold especially affects border towns along the Murray and Darling where the incentive to operate a business over the border is greater due to the reduced tax rates.

MTA NSW supports the calls from Business NSW to modernize the state’s payroll tax settings to free the hands of automotive businesses to pay wages to workers that are compensated to their skill levels and allow small automotive retail businesses to expand and thrive. The current system acts as a penalty on productivity. Every dollar spent on payroll tax is a dollar not spent on capital equipment, expansion of regional businesses or hiring apprentices.





Recommendation: Increase payroll tax threshold to \$1.3 million dollars

We recommend that the payroll tax threshold in NSW be increased to \$1.3million to bring NSW closer to other competitive states and in line with relevant wage increases from 2020

Recommendation: Mandate indexation to CPI

To ensure that small businesses are not penalized by payroll tax bracket creep the NSW government should mandate indexation of payroll tax in line with CPI, as a minimum each year.

Recommendation: Reduce payroll tax rate.

Lowering the tax rate from 5.45% to 5.00% will act as a catalyst for business investment

Recommendation: Introduce a reduced payroll tax system for regional businesses

We recommend the NSW Government copy the initiatives of the Victorian and Queensland governments and reduce the payroll tax rate for regional businesses. This would allow regional businesses to hire more staff and reduce their tax burden, bring in more businesses and drive growth in regional centres.

PRIORITY: Reform of the AIS payment system

Context and Challenge

The current regulatory framework for the Authorised Inspection Scheme (AIS), specifically the maximum fee for light vehicle safety checks (Pink Slips) has reached a point of market failure. While the government mandated fee was adjusted to \$51.00 on July 1, 2025, the amount remains far below the real market value and from the operational reality of automotive workshops.

A survey of the automotive industry conducted by MTA NSW demonstrates that the true cost to perform a compliant and thorough safety inspection is \$75.00. This \$24.00 difference per inspection creates a perverse incentive structure that undermines the very road safety outcomes that the AIS was designed for.

A compliant and thorough inspection requires approximately 30-45 minutes of a qualified and licensed technician's time. Given the current wages paid to a technician and the cost to the business the current fee structure does not match the outgoing cost. Furthermore, business – especially small businesses – must maintain high-tech diagnostic tools and equipment to undertake these inspections.

The consistently low rates mandated by the government has led to the rise in “tick and flick’ inspections. When a mandatory service is priced below the actual cost to





undertake the service, businesses are pressured to recoup losses through volume rather than quality. Additionally, businesses can spring up solely based on undertaking volume inspections that lack the quality of full inspections.

To remain viable at \$51.00 some providers may reduce the time spent on each vehicle, leading to cursory glance inspections and not full and comprehensive inspections.

While ethical workshops spend the time to undertake full inspection which should be valued at \$75.00, they are penalized with a sub-standard rate while less ethical operators are rewarded.

Recommendation: Increase the maximum light vehicle inspection fee

Increasing the AIS fee to \$75.00 aligns the fee with the service being undertaken by skilled and licensed technicians. The government's previous argument of cost of living for holding the fee previously at \$49.00 and then only increasing the fee by \$2.00 does not correlate with the current market and the costs to small businesses who themselves are tackling cost of living and cost of operating issues.

CONCLUSION

The automotive retail, service, and repair sector stands at a critical juncture. The transition to zero and low-emission vehicles, ongoing skills shortages, misaligned tax settings and lower fees for service coupled with rapid technological change create both substantial opportunities and significant challenges.

MTA NSW members are committed to ensuring motorists across New South Wales have access to high-quality vehicle sales, service, and repair. However, this commitment must be matched by government policy settings that provide the necessary support, tax settings, and investment incentives.

Implementation of these recommendations would position the automotive retail sector to successfully transition to providing essential services, maintain employment, and contribute to economic prosperity across New South Wales.

MTA NSW welcomes the opportunity to discuss these recommendations, which address challenges affecting automotive businesses nationwide, in detail and to work collaboratively with the state government in developing effective policy responses.





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