



MOTOR TRADERS'
ASSOCIATION OF NSW

DRIVING FOR A SUSTAINABLE FUTURE

NSW STATE ELECTION PLATFORM



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WHO WE ARE

Founded in 1910, the Motor Traders' Association of New South Wales (MTA NSW) is an employer's association and a Registered Training Organisation (RTO) dedicated to representing business owners and business principles—large and small, metropolitan and regional—in the automotive industry in New South Wales (NSW).

Our aim is to help the motor industry and we achieve this by assisting our members in the daily running of their businesses. We also work to ensure the public's confidence in dealing with MTA NSW members through our Code of Ethics, a landmark statement that sets out the standard behaviour MTA NSW members must follow in their dealings with the public.

Our 28 divisions represent the life cycle of the automotive industry and include the following:

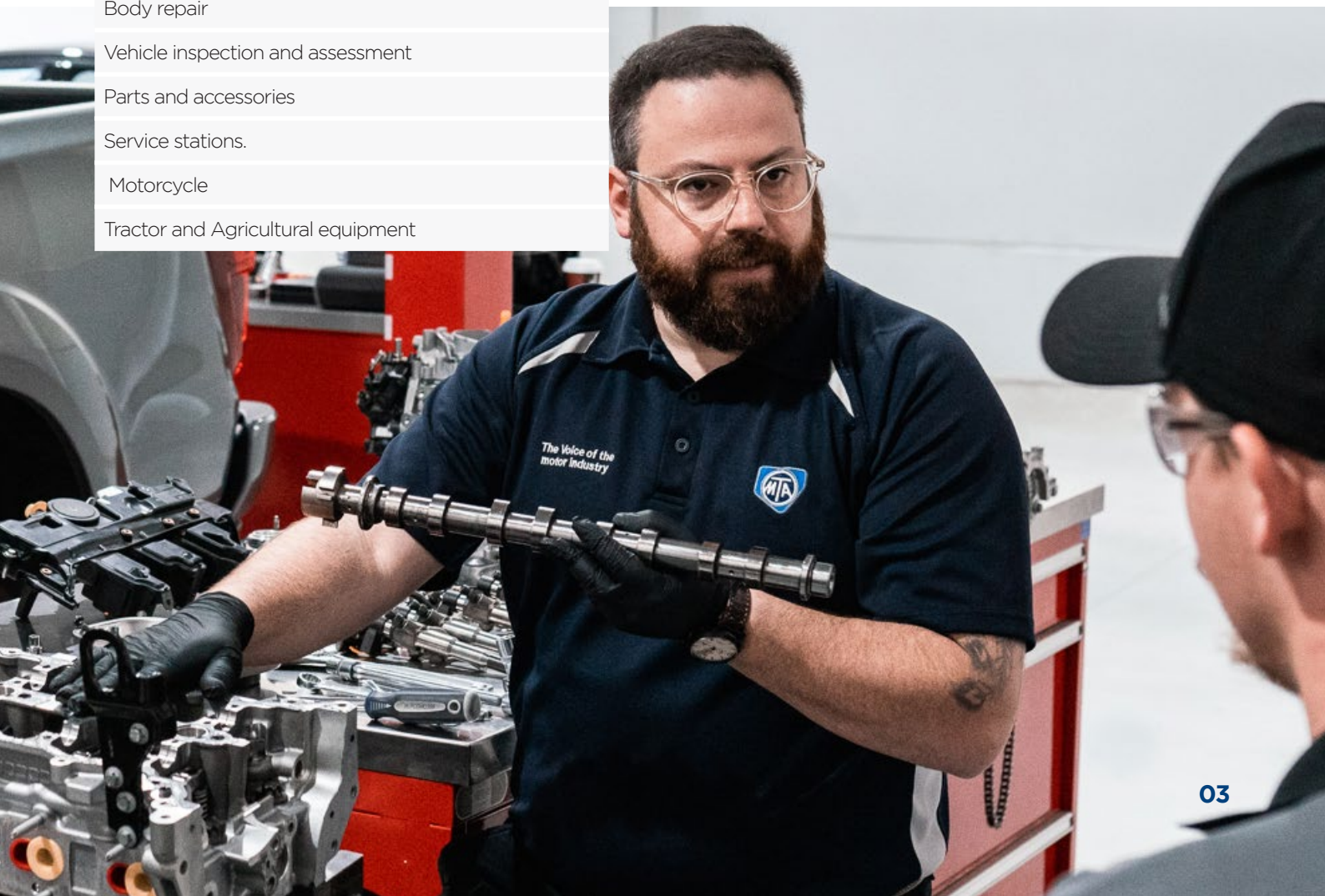
- Automotive dealers
- Automotive electricians
- Heavy vehicle repairers
- Dismantlers
- Body repair
- Vehicle inspection and assessment
- Parts and accessories
- Service stations.
- Motorcycle
- Tractor and Agricultural equipment

MTA NSW is also the second largest provider of training in NSW with over 2000 students and over 40 trainers working across the state.

Since 1996 MTA NSW has been operating as a Registered Training Organisation, delivering flexible training across NSW. We have developed a strong training model specialising in workplace delivery which are aimed at providing a platform for the attainment of nationally recognised qualifications and NSW licensing requirements.

We believe that we can help to drive innovation for a sustainable future. We do this because we believe:

- **Change creates new opportunities to grow**
- **Better knowledge leads to better decisions**
- **That by acting today we create a better tomorrow**



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Our country and our industry are at a pivotal point. The effects of climate change are now being felt around the world, across the country and throughout our state.

We know that transportation is a key contributor to greenhouse gas emissions. The transport sector in Australia is responsible for 18 per cent of Australia's carbon emissions, and NSW is Australia's second highest emitter of greenhouse gases behind Queensland.

Moves to reduce our greenhouse gas emissions to combat climate change are now well underway and our industry has a critical role to play in the transformation to Zero and Low Emission Vehicles (ZLEVs).

However, the transformation to a ZLEV future will be extremely challenging for the industry. Governments need to understand that the transition away from conventional engine types for small and medium businesses across the state will be fraught with increasing capital outlays for retooling of businesses and reskilling of existing workforces. Nowhere will this be more felt than in regional NSW.

It is critical, then, that the NSW Government from 2023 takes a real leadership role and engages with the industry at every level. Knee-jerk legislative or regulatory changes can have severe unintended consequences for thousands of businesses across NSW.

This position paper outlines the necessary areas that the industry sees as crucial to successfully transitioning the industry, including:

Jobs and skills

NSW must lead by identifying with industry the training and skills packages for professions required for the transition to ZLEVs

A structured roll out of Zero and Low Emission Vehicles (ZLEV)

The state government needs to ensure that the roll out of ZLEVs in NSW is measured so that no one is left behind.

Assisting small and medium businesses

Over 55 per cent of MTA members operate outside of metropolitan Sydney in regional towns and cities and the majority of members are small and medium enterprises. SMEs do not have the flexibility to adapt as quickly as large operations. To effectively transition we need to ensure these businesses have the resources they need.

An End-of-Life strategy that helps protect our environment

Ensuring that when a vehicle reaches its end that as much as possible of the vehicle is recycled as possible.

MTA members are shaping an innovative and sustainable automotive future. One that will form the backbone of how society moves. And with the rate of change accelerating, it's never been more important to make sure businesses, technology, people, and infrastructure are working together to steer the industry in the right direction.



Stavros Yallouridis
Chief Executive Officer





INTRODUCTION

For over a century, the automotive industry in New South Wales (NSW) has been driven by the internal combustion engine. Lifestyle, mobility, status and businesses have been developed around the use of petrol-powered vehicles. We now stand at a pivotal point where this legacy will be quickly transformed. As Mary Barra, Chair and CEO of General Motors, noted, 'the auto industry will change more in the next 5 to 10 years than it has in the last 50'. This change presents opportunities and vast challenges for our industry and the livelihoods of hundreds of thousands of people involved in the automotive industry.

The twin goal of industry and government should be to assist businesses and consumers along this journey of transformation with as little disruption as possible. With any transformative agenda, the risk of unintended consequences is high, and the ramifications of those unintended consequences could derail our transformation to a low-emission economy.

Therefore, it is critical that the NSW Government of 2023 takes a leadership role in conjunction with industry to ensure a smooth transition to new technologies and that NSW continues to maintain a seamless and growing economy.

The Motor Traders' Association of NSW (MTA NSW) embraces the transition to zero and low emission vehicles (ZLEVs). However, the state's reliance on land transport will be put at risk if the challenges of this transition are not fully realised and met.

We believe there are five critical areas for the NSW Government to focus on:

Jobs

Skills and training

The transition the ZLEVs

An End-of-Life strategy to help protect our environment

Assisting small and medium businesses.

These areas are critical to ensuring that the state of NSW can transform its state fleet effectively and efficiently. Thus, the future state government needs to elevate these key areas as areas of focus from day one.

JOBS AND SECURING THE WORKFORCE

The automotive industry employs thousands of qualified professionals throughout NSW. However, there is a growing and continued skills shortage in NSW, especially in small and medium automotive businesses.

As NSW heads towards one of the most significant technological changes in over a century, we face a bottleneck in the automotive workforce.

Nationally, the automotive sector is facing a shortfall of approximately 38,000 skilled professionals, and the increasing demand for electric vehicles (EVs) in Australia will require approximately 14,000 qualified ZLEV technicians to service that fleet alone.

As the recent National Skills List noted, motor mechanics, body repairers, diesel mechanics and auto electricians continue to be in demand.

The NSW Productivity Commission noted that motor mechanics, auto electricians and spray painters have been in short supply in NSW for many years (see Figure 1).

Over 95 per cent of all automotive businesses in Australia are small and medium enterprises

(in NSW, nearly 60 per cent of MTA NSW members are located outside the Sydney metropolitan basin). Skills shortages hit these businesses the hardest as they struggle to replace skilled tradespeople.

This shortage of skilled labour is compounded by a shortage of quality in the skills base, with poor levels of diagnostic, technical and auto electrical knowledge in the workforce. For small and medium businesses, there is little time or financial resources to upskill poorly qualified tradespeople, leading to poor productivity, decreasing standards of service and reduced efficiency.

Figure 1:
Number of Years (Between 1989 and 2018) an Occupation has Appeared on the Skills Shortage List



¹ Australian Automotive Dealer Association (AADA) 2022, Mobility inspired by sustainability, brochure, 14 September, viewed 30 October 2022, <<https://www.aada.asn.au/wp-content/uploads/2022/09/14-ZLEV-Summit-Final-version-of-brochure.pdf>>.

² Victorian Automotive Chamber of Commerce (VACC) 2022, Fully charged: The automotive industry's policy priorities for the next Victorian State Government, viewed 30 October 2022, <https://vacc.com.au/Portals/0/Publications/VACC%20Election%20manifestos/2022%20VACC%20state%20election%20manifesto_Fully%20charged.pdf?ver=2022-08-11-135555-187>.

³ NSW Productivity Commission 2021, Rebooting the economy, white paper, viewed 30 October 2022, <<https://www.productivity.nsw.gov.au/sites/default/files/2022-04/Productivity-Commission-White-Paper-2021.pdf>>.

This is a growing issue in regional NSW, where the skilled workforce deficit is more acute than within the Sydney metropolitan region (see Table 1).

Table 1: NSW Automotive Businesses Experiencing a Skill Shortage, 2020/2021

	Overall %	Metro %	Regional %
NSW	48.1	48.6	50.0

While there is a slight increase in the number of apprentices now being trained in the automotive industry, the on-the-ground reality is that, at best, the majority of these apprentices will not be able to fill any shortfall in the industry for another 4–5 years, and even then, if the current workforce is not maintained, these apprentices will not close a gap but will instead only fill the number of tradespeople who will leave the industry during that time.

This demonstrates the critical need for skilled professionals in the automotive sector as the state transitions its fleet—not only for current vehicles, which will remain a part of the state's fleet well into the future, but also for new technologies that will come to market.

This is important with EVs as the batteries that power these vehicles operate at different voltages than current vehicles. They can be inherently more dangerous to work on due to the higher risk of electrocution. Ensuring the future workforce has sufficient numbers of skilled professionals to work on these batteries will be a growing issue for the government.

As the Productivity Commission noted, the current mutual recognition of international qualifications and licences is a barrier to attracting skilled migrants to Australia due to the mismatch between overseas assessments and Australia's licensing requirements. Amending the evaluation of skills and qualifications from overseas jurisdictions will help to alleviate the current skills shortages in NSW.

Similarly, skills acquired through in-house training from Original Equipment Manufacturers (OEM) will help to build the skilled workforce in NSW. Under current arrangements, training offered by OEMs is not recognised in NSW.

For the incoming NSW government, ensuring that the NSW automotive industry can attract and retain workers will be vital as we transition our state vehicle fleet.

Recommendations :

Work with industry and businesses to deliver on-the-job training programs to uplift the skills of the current workforce, including subsidised packages to boost the current workforce in regional NSW.

Review and overhaul the current skilled migration list for NSW, in conjunction with the Department of Home Affairs, to help attract overseas talent to NSW, especially for migration to regional NSW.

Work with industry to develop financial support packages for NSW small businesses to upskill the workforce.

Introduce a new licensing category under the current licensing regime that reflects that the licensee is qualified to work on and repair EVs.

Department of Fair Trading to conduct an audit of the current assessment of qualifications provided by CRICOS trainers outside of NSW who do not provide practical training.

Simpler pathway for recognition of overseas qualifications to improve the skills base in NSW.

Mutual recognition of all training provided by OEM courses.

SKILLS NOW AND FOR THE FUTURE

The NSW skills sector is under immense pressure due to an overly complex system that is slow-moving due to bureaucratic red tape and excessively cumbersome requirements for the construction of competencies for qualifications. A strong VET system is vital for the state's economy.

As the NSW Productivity Commissioner noted, 'as technology advances, it drives rapid changes in the skills the economy needs'.

For the automotive sector, now is the time for increased training to bring the existing workforce up to speed with the rapid increase in technology brought on by advanced manufacturing.

Additionally, the entirety of the supply chain in automotive needs to undertake training to work on EVs.

While the NSW government set targets on converting the fleet to electric (plug-in hybrid EV [PHEV] or battery EV [BEV]), there are practical implications for the safe handling of EV batteries, which will require training. This is especially important in the after-market sector of the automotive industry.

Second-hand dealerships, service centres, body repairers, tow truck operators, heavy vehicle repairers and recyclers will all need to be trained to deal with this new technology safely.

Training to safely depower and repower an EV battery currently requires a one-day on-the-job training regime. All automotive sectors will be required to undertake this training to ensure that workers are safe and secure in their workplaces.



Registered Training Organisations (RTOs) are best placed to undertake this training. However, the costs of equipment and tools are currently high. These costs will have to be borne by automotive businesses, the majority of which are small and family businesses across the state.

The current system is inadequate for the NSW Government to meet its targets and aims to transform the NSW fleet. Our vocational education system and training must be far more flexible, agile and far quicker to respond to changes in technology.

Recommendations :

The NSW Government to engage with industry to develop a long-term structured training program to increase the number of skilled professionals entering the sector.

The NSW Government to work with industry to structure financial assistance for small businesses in NSW to access on-the-job training.

The NSW Government to restructure the NSW Skills Committee to better reflect automotive trades.

THE TRANSITION TO ZERO AND LOW EMISSION VEHICLES (ZLEVs)

The ZLEV Challenge

MTA NSW supports the transformation of the NSW state fleet to ZLEVs. However, there are consumer nuances that government and policymakers need to consider so that no sector of the economy or the community is disadvantaged or penalised during this transition.

Undoubtedly, there is an increasing consumer appetite for EVs in Australia. In September 2022, 7.7 per cent of all new car sales in Australia were EVs, led by top-end priced models.

While some government-driven mechanisms aim to reduce the cost of EVs, without the right products to meet consumer demand, it may be challenging to increase the uptake of EVs to meet the NSW Government's aims and ambitions.

External to this, supply chain issues and the lack of right-hand drive, dual-cab and large SUVs being produced in suitable quantity will further hamper the rollout of EVs.

Australians are large purchasers of dual-cab and SUVs.

Statistics from VFACTS shows that the leading models and designs of new vehicles purchased year on year continue to be dual cab and SUVs.

For NSW, these vehicles are a vital part of the supply chain due to their use by a vast array of businesses—both large and small—and both in metropolitan and in regional and remote parts of the state.

Also critical to the debate on ZLEVs will be the maintenance of the existing internal combustion engine fleet, which will take many decades to arrive at its end of life.

While new EVs will come to market as manufacturers convert their stock to electric, legacy vehicles will remain in circulation for many decades.

There can be no denying that the automotive sector will play a crucial role in reducing carbon emissions. The transport sector's contribution to emissions is approximately 18 per cent of Australia's total carbon emissions.

However, the transition to ZLEVs will be highly challenging for the automotive industry and the government if measures and policies are rushed out and comprehensive consultation is not undertaken.

While the automotive industry is currently supportive of the move towards ZLEVs, the industry is ill-equipped for this transition. Skills shortages, retraining, retooling and changes to technology will add capital costs to businesses, many of which are small businesses.

Additionally, the next NSW government needs to commence consultation with industry early to prepare for the next wave of automotive technology as it emerges.

The transition to ZLEVs affects all sectors of the community and business and both levels of state governance. Governments must be transparent in their policy decisions and procurement processes for government fleets. This transparency assists the industry in understanding the policy landscape so businesses can forward plan.

For example, the importation of 'grey' EVs of a certain age is an area that policymakers need to address. There are currently limited regulations on the sale of grey EVs in NSW.

The process of implementing policies for EVs in NSW has demonstrated that Australia can lag in upcoming technologies and opportunities for bringing other forms of zero-emission transport to market.

We cannot afford to have major disruptions to the mobility of the people of NSW and the smooth transport of goods to consumers and businesses due to rushed commitments and rushed policies. The scope of this transition is too large and too important for an ill-thought-out policy.

Recommendations :

The NSW Government to form an industry working group, bringing in all pertinent actors to develop a strategic roadmap to assist the industry in transitioning to new technologies.

A strategic funding model to ensure that all local governments have access to suitable infrastructure allowing for a sufficient supply of EV charging stations.

The NSW Government to examine the potential risks and rewards of grey EVs and establish policies and regulations to monitor the used EV market.

The NSW Government and industry develop a roundtable to examine the future mobility issues for the state, including the development of infrastructure for hydrogen vehicles.

The NSW Government to review initiatives for home charging stations. Approximately 70 per cent of consumers wish to charge at home, yet no state government initiatives are currently in place for home charging.

A review by the state Government on current cost inhibitors on the take-up of ZLEVs and the infrastructure required to support the fleet.





HELPING SMALL AND REGIONAL BUSINESSES

Small businesses are a vital component of the NSW economy, contributing around A\$430 billion to the NSW economy annually.

In the automotive industry, over 97% of businesses are small businesses, primarily servicing the after-market sector.

Additionally, around 39 per cent of all small businesses in NSW operate outside of metropolitan Sydney. Of the over 3,000 members of the MTA NSW, approximately 60 per cent operate outside of the Sydney metropolitan basin.

While big businesses and international automotive dealers have the flexibility of scale to adapt rapidly to technological, market and economic change, small businesses—both in large cities and regional centres—lack such flexibility.

As NSW attempts to rapidly convert the state fleet to ZLEVs, small businesses across the state will struggle to keep up with this change.

Additionally, small businesses have smaller margins to adapt to the conversion to ZLEVs. Retooling, reskilling and training of staff will incur significant out-of-pocket costs to bring workshops up to speed, along with the added costs of new equipment and replacement equipment—especially in parts of the supply chain that may not have previously needed such equipment or training. EV training will be costly for small businesses across the state.

EV batteries can have a voltage range upwards of 60V and can typically operate between 400 and 800V DC, far higher than the standard voltages in standard vehicles. This makes working on EVs more dangerous due to the risk of electrocution.

MTA NSW estimates that the one-day safety course on depowering an electric battery properly will cost \$600 per person.

To put this figure into perspective, every auto electrician, mechanic, body repairer, automotive recycler, tow truck operator and roadside mechanical service person will have to undertake this safety course.

Workplaces must undertake this training to fulfil their obligations under Section 19 of the Work Health and Safety Act 2011 (NSW).

NSW will also need to update any requirements under WorkSafe provisions to ensure worker safety.

To comprehensively work on EVs will take four days and cost, according to MTA NSW, \$2,000 to \$2,500 per person.

TAFE NSW cannot entirely undertake these training courses simply due to scale. Small businesses will need to have their workforces attend hands-on training at different locations across the state. Small businesses will face the costs of training, travel and loss of output due to the time lost. Compounding the cost to small businesses is the cost of new equipment.

There is currently no transparency on any scheme to assist small businesses—especially small businesses in regional NSW—to transform in time to meet government expectations.

The next NSW government must examine the costs that will be incurred by small businesses in the automotive industry in NSW to transform their businesses for the future rollout of EVs and the effects this will have on businesses across NSW.

Recommendations :

The NSW Government to examine a package of financial assistance for all small automotive businesses in NSW (with a focus on regional small businesses) to reskill across the range of services to ensure they can adapt to change.

The creation of an automotive small business roundtable to determine how the automotive industry will adapt to changes.

Providing support to small automotive businesses to clearly articulate the transition from internal combustion engine vehicles to EVs.

SafeWork to update its provisions on EV safety in conjunction with industry.



Australia remains the only developed country in the OECD without a comprehensive end-of-life policy.

AN END-OF-LIFE STRATEGY TO HELP PROTECT OUR ENVIRONMENT

Nationally, around 700,000 passenger vehicles are reaching the end of their life—not including commercial or heavy vehicles—and their clean disposal is necessary to protect our environment.

Australia remains the only developed country in the OECD without a comprehensive end-of-life policy.

Ensuring that vehicles that reach the end of their life have all parts and fixtures that can be recycled efficiently removed will reduce landfill and reduce emissions.

With the NSW Government's targets and ambitions to increase the number of ZLEVs coming to market, there will be increasing pressure to dispose of internal combustion engine vehicles as these vehicles come off the road.

A statewide policy to ensure that these vehicles are disposed of is an economic and environmental imperative.

Added to this, NSW must look now at the recycling procedures for ZLEV batteries.

ZLEVs, unlike internal combustion engine vehicles, carry more plastic and electronics that need to be recycled to ensure the sector's longevity. Resources such as cobalt, copper, zinc and lithium are finite resources, and excessive mining of these resources could lead to environmental damage and decay.

With the vast number of EVs due to come online between now and 2050, recycling procedures must be implemented now to deal with the influx of end-of-life or damaged batteries.

Materials within EV batteries can be both caustic and dangerous, and the storage and transportation of used EV batteries need to be addressed.

With the number of EVs entering the market, the risk of severe damage through accidents or other events that can lead to EVs being written off increases. Policies and procedures for the safe destruction of written-off EVs will be needed for the automotive industry to ensure these vehicles are safely dealt with.

It will be important for the government to implement policies around the capture, storage and recycling of EV batteries to help protect our environment.

Recommendations :

The NSW Government to commence work on developing policies on battery recycling in NSW.

The NSW Government to commence work with industry on a holistic end-of-life policy for all classes of vehicles in NSW.

Strong regulations and policies for the industry for the destruction and recycling of EVs.

Regulations and policies put in place for the industry to store and dispose of EV batteries.

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The voice of the motor industry