



Tuesday, 20 March 2018

Hon Jacklyn Trad MP
Member for South Brisbane
Deputy Premier
Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships
GPO Box 611
Brisbane Qld 4001

Email: treasurer@ministerial.qld.gov.au

Dear Treasurer

MTA Queensland Priorities - Pre-budget Submission - the 2018-19 Q'ld Budget

1. Introduction

1.1 The Motor Trades Association Queensland (MTA Queensland or the Association) submits issues and priorities for your consideration in drafting the 2018-19 State Budget. Our comments are confined to matters that have direct relevance to the retail, service and repair sectors of the automotive industry value chain and their business interests which includes future workforce/vocational training.

2. Budgetary Context - Government

2.1 The MTA Queensland, as an organisation of employers, welcomes the Queensland Treasury's projection in its Mid-Year Fiscal and Economic Review that the state's economic growth for 2017 -2018 will be 2.75 per cent and rise in 2018-19 to 3 per cent. This suggests that growth will be steady but not exceptional. Generally, economic indicators point to conditions improving further as the Queensland economy continues its transition to more broad-based growth following the resources investment boom.

2.2 Queensland's accumulated debt position (General Government and Public Non-financial Corporations sectors) is forecast to reach \$81 billion by 2020-21. A debt reduction strategy that addresses total borrowings is needed to provide understanding of the limitations that debt servicing has on budget priorities. The general view is that the level of debt reduces government options for new infrastructure or natural disasters or other priorities.

2.3 The retail, service and repair sectors of the automotive value chain looks to the State Budget to provide the certainty and the confidence to grow the economy and encourage business to invest and employ.

3. Budgetary Context - Automotive value chain

3.1 The Association does request that government take notice of the contribution the automotive industry makes to the economic performance of this state. The logistic transport, private transport or servicing through the support businesses of fuel retailing and delivery, tyre, wheel and battery fitting and

Motor Trades Association Queensland

Address Freeway Office Park, Building 8, 2728 Logan Road, Eight Mile Plains Qld 4113 [Postal PO Box 4530, Eight Mile Plains Qld 4113]

Telephone +61 7 3237 8777 | **Toll Free** 1800 177 951 | **Email** info@mtaq.com.au | **Website** www.mtaq.com.au

provision, mechanical, diagnostic, panel beating services and vehicle dealerships are essential to the operation, further development and growth of the tourism, agriculture, resources and construction sectors.

3.2 The automotive value chain is facing ongoing restructuring following the dismantling of Australia's automotive manufacturing and the structural changes arising from the Free Trade Agreements which has resulted in tariff levels on imported cars reduced to zero. In addition, the automotive sector will face both economic rationalisation and economic opportunities from wide ranging disruption arising from emerging vehicle technologies.

3.3 The automotive value chain operates in an economic environment distinguished by relatively high compliance costs in comparison to world standards. These are generated by a complex domestic regulatory regime, continuing skills shortages, and Federal, State and Local Government charges cost drag.

3.4 Overall, the view within the Queensland automotive value chain is that business conditions are slowly returning to the long-term trend.

4. Priorities

4.1 The priority issues for the MTA Queensland include:

Training

4.1.1 The MTA Queensland's commitment to training is one of its most important priorities and has committed significant financial and human resources to developing the most advanced and efficient trade training infrastructure and capability in the state. The model is delivering the current and future skills base that is needed to service the economic growth aspirations that the government has stated.

4.1.2. The automotive value chain is in a technological transitional phase from the internal combustion engine to hybrid, to plug-in-electric; to partial autonomous; to autonomous. Skillsets must evolve with the emerging technologies to service both the sector and consumers. The anecdotal information from employers is that there is an absence of skills to meet the demand. Recent National Education for Vocational Education Research indicates the steady downward trend in people undertaking apprenticeships/training. Encouragingly, the September 2017 quarter data compared with the same period the previous year shows an eleven percent increase in automotive and engineering trades workers.

4.1.3 At present Queensland is without a state-based auto skill training advisory entity to advise the strategic national industry committee on the state's auto training demands and the investment requirements for passenger vehicles, trucks, buses and heavy machinery. It is our practical experience that this absence impedes training outcomes for the sector and the state. The MTA Queensland submits as a priority that a state-based auto-skills training advisory entity be established to advise the strategic national industry committee on the sector's training priorities; the required investments and to gather market intelligence.

4.1.4 The Association through its experience with its MTA Institute (MTAI) has the expertise to contribute to the proposed auto-skills training advisory entity. Currently the MTAI's curricula harmonises with changing industry requirements and offers the best of training environments.

4.1.5 The MTAI supports businesses in regional and remote areas of Queensland with opportunities to obtain additional accreditations or skills. The State Training Budget must recognise the quality training undertaken by Registered Training Organisations, both public and private, in servicing the needs of the motor trades across Queensland.

4.1.6 The Association will continue to work closely with government and its relevant agencies to ensure that the delivery of automotive skilling complements both the demands of the government's economic and

industry policies and meets the skill needs of the automotive value chain. The Association recognises that the future of this sector lies in the skills that are instilled in the successors of the present technicians and the managers of the automotive value chain.

Innovation Programs

4.1.7 We support the government's policies and programs to diversify the economy and create employment and the head line Advance Queensland Fund/Program to facilitate investing in the state's future by harnessing innovation.

4.1.8 Digitisation and the emerging technologies evolving within the automotive value chain, caused the MTA Queensland to establish an innovation hub (the MTAiQ) in purpose designed space within its precinct. Its purpose is to cultivate a community of entrepreneurial minds that can come together, collaborate and develop ideas into commercial outcomes for the automotive sector. It brings together mentors, investors, coaches, commercial partners, and industry experts to collaborate on the digital disruption and emerging technologies. It will assist existing and new start-up automotive businesses to develop business models to capitalise on those opportunities linked to new technology. It is the first in the state and the nation, geared solely at the automotive industry.

4.1.9 Start-ups are a relative new entrepreneurial activity based on digitisation and emerging technologies. The government has a suite of grants programs applicable to small business and for start-ups at various phases of development. The feedback is that the grants programs relative to start-ups are narrow in their application, time restricted and onerous. The MTA Queensland submits as a priority that the government revisit grants programs that apply to start-ups to make access simpler and open to availability.

4.1.10 The government has sound small business and innovation policy-sets and grants programs. Generally, the feedback from business is the absence of knowledge of these. Promotion and communication of the policies and grants programs must be a priority and should include the stakeholders for dissemination to members and the wider industry.

Taxes, Charges, Duties

4.1.11 With the exception of adjustment for inflation, taxes, fees and duties should not be increased. The MTA Queensland specifically requests consideration of a moratorium on the payment of stamp duties on business and household insurance policies.

4.1.12 Although not part of the budget process attention is drawn to costs that are a drag on profitability and as a consequence an impediment on productivity and employment:

- Energy costs (electricity and gas) have escalated to level where they are impacting on the viability of business.
- Natural disasters have driven a surge in insurance premium costs. Members, particularly in the north, are reporting that the affordability of insurance and increasing premiums is a major business consideration and a constraint on profitability.

Regulations

4.1.13 Regulation occurs across three levels of government. Regulatory requirements have increased exponentially in line with digitisation, transparency and legislative obligations. Each government implements programs to reduce red tape, but the outcomes are consumed by new waves of requirements.

4.1.14 Economic efficiency and productivity must be the priority in determining regulatory requirements. A thorough and on-going investigation and repeal of all business regulations is needed to determine those that are unnecessary or simply nuisance measures without clear benefit.

4.1.15 As a general submission, the MTA Queensland urges where appropriate, the harmonisation of regulations of the automotive sector across the States and Territories of the Commonwealth.

5 The MTA Queensland background

5.1 The MTA Queensland is the peak organisation in the State representing the specific interests of businesses in the retail, repair and service sector of Queensland's automotive industry located in the State. There are some 15,500 automotive value chain businesses employing approximately 88,500 persons generating in excess of \$20 billion annually. It is an industrial association of employers incorporated pursuant to the *Fair Work Act* 2009. The Association represents and promotes issues of relevance to the automotive industries to all levels of Government and within Queensland's economic structure.

5.2 The Association is the leading automotive training provider in Queensland offering nationally recognised training, covering technical, retail and the aftermarket phases of the motor trades industry through the MTA Institute - a registered training organisation. It is the largest private automotive apprentice trainer in Queensland employing trainers geographically dispersed from Cairns to the Gold Coast and Toowoomba and Emerald. The MTA Institute last financial year accredited courses to in excess of 1,600 apprentices and trainees.

6 Conclusion

6.1 The MTA Queensland appreciates that the 2018-19 State Budget is framed amidst improving economic circumstances. This economic circumstance requires a steady approach to any adjustments to taxes and charges or other imposts that may impair the business growth and development underway.

Thank you for your deliberation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Brett Dale', with a small flourish at the end.

Dr Brett Dale DBA
Group Chief Executive
MTA Queensland