



6 December 2019

Budget Policy Division  
Department of the Treasury  
Langton Crescent  
PARKES ACT 2600

### MTA Queensland pre-budget priorities – 2020-21 Federal Budget

#### 1. Introduction

1.1 The Motor Trades Association Queensland (MTA Queensland or the Association) **responds to the Minister for Housing and Assistant Treasurer the Hon Michael Sukkar's invitation to submit suggested priorities for consideration in the preparation of the 2020-21 Commonwealth Budget.** The Association's submissions are confined to matters that have direct relevance to the automotive industry's value chain participants and their collateral business interests including vocational education, training and technology assimilation programs.

#### 2. Australian Government's Economic Plan

2.1 The Association supports the Government's premise that the 2019-2020 Budget should be consistent with the parameters imposed by the responsible and prudent fiscal policy it has adopted. The MTA Queensland acknowledges the major parameters of the Government's economic plan:

- Returning the Budget to surplus
- Delivering more jobs
- Providing lower taxes
- Guaranteeing essential services like Medicare, schools, hospitals and roads

2.2 Since the 2 April 2019 Budget, further initiatives have been announced including:

- The deregulation agenda that includes a new online checklist and the simplifying of business registers
- The drought package and increased assistance to drought affected farmers, small businesses and rural towns
- Establishing the Skills Organisation Pilot in the mining sector
- \$1 billion Grid Reliability Fund to support Government investment in new energy generation, storage and transmission infrastructure, including eligible projects shortlisted under the Underwriting New Generation Investments (UNGI) program
- Aged Care funding package
- Skills Package \$583 million Delivering Skills for Today and Tomorrow

### **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](mailto:info@mtaq.com.au) | **Website** [www.mtaq.com.au](http://www.mtaq.com.au)

### **3. Budgetary Context**

3.1 The Association's prior prebudget submissions indicated there is a compelling case for wide-ranging tax reform to increase productivity. Such a reform program should have the competence to evaluate revenue options needed to compensate for the fiscal consequences of the uptake of automated vehicles and alternatively powered vehicles on State and Commonwealth revenue receipts E.g. the decline in forecast petrol and diesel excise and fuel taxes; maintain direct tax relativity with third country taxation regimes; and benchmark strategic peripheral and collateral business compliance costs.

### **4. Priorities for Consideration**

#### **Instant Asset Taxation Write-off Provisions**

4.1 The MTA Queensland urges the continuation of the instant asset write-off program which is utilised by motor trades' businesses to upgrade or retire superseded or obsolete hard/software, equipment and tooling. The Association seeks commitment that this concession will be retained for the duration of the Budget cycle. This would be advantageous for the automotive value chain to have a more robust fiscal policy forecast to enable longer term decision making and planning to assist with sectoral adaption to digital and technological transformations.

4.2 In prior pre-budget submissions, we have acknowledged the threshold increase for eligible assets to \$30,000 and the increased access by medium-sized businesses to the aggregated annual eligibility turnover threshold from \$10 million to \$50 million. The instant asset write-off provision is a beneficial program particularly when economic conditions for investment are less favourable.

#### **Training and Skills**

4.3 The MTA Queensland commends the recent review of the Australian Qualifications Framework and the Commonwealth Government's \$585.3 million skills enhancement package 'Delivering Skills for Today and Tomorrow'. The new vocational education and training initiatives, should ideally include policies and funding that have the competence to address the decline in apprenticeship enrolments and the perceived general diminishing enthusiasm by contemporary student cohorts to recognise the 'real value' of pursuing trades-oriented careers.

4.4 As an Industrial Organisation of Employers and a Registered Training Organisation in the motor trades sector, the Association submits: a high priority for our training program is increasing the supply of skills for both current and forecast motor trade technology occupations to sufficient levels to meet the automotive value's chain anticipated demand. The development of a skills base relevant to the forecast widespread uptake of autonomous and electrically powered vehicle technologies and the re-skilling of the existing internal combustion engine (ICE) workforce to service vehicles (that will range from autonomous and electrical industrial and commercial transport to alternatively powered regular private and public transportation), must be addressed if the economy's productivity performance is to be enhanced.

4.5 We urge the retention of the Industry Specialist Mentoring for Australian Apprentices (ISMAA) program beyond its current expiry on 31 December 2019. Our industry experience confirms this is an excellent program providing support for the development of technical skills, supporting off-the-job learning needs, providing career and pathway advice and is a confidence building curriculum. As an ISMAA provider for almost two years, the MTA Queensland has delivered state-wide support to over 1,109 first- and second-year automotive engineering students. Utilising the mentoring program, an 81 per cent retention rate has been achieved –exceeding the 75 per cent target set for the program. If this program was applied to all 6000 active priority one apprentices in Queensland, it would be equivalent to recruiting more than 1,200 apprentices across the state annually. A new strategy is unlikely to retain trainees as effectively as the proven ISMAA in the automotive sector. We strongly advocate the existing program’s extension to enable support for the duration of vocational training programs for automotive apprenticeships.

4.6 The recent review of the Australian Qualifications Framework maintains the hierarchical structure of vocational training programs. This is not conducive either to attracting youth or encouraging parents to view vocational education and a trade career positively. There appears to be value in adopting a parallel structure of the tertiary sector with higher education as one path and vocational training as an equivalent alternate path, not subordinate.

4.7 In order to attract the next generation of trades persons, the current arrangements are not appealing to parents nor to young entrants. The disparity between qualifications needs to be remedied. For example, a Certificate 3 business can be done in 6 months, whereas a Certificate 3 mechanical takes 4 years of training and study. This differential results in a sensitivity that flows through to industrial relations and wages relativities and constitute barriers that the Government should consider as obstructions to youth entering apprenticeship or training programs that are more onerous.

4.8 Referring to the Industry Skills Service Organisations, these are the independent professional service organisations that support the Industry Reference Committees (IRCs) in their work developing and reviewing training packages. PwC’s Skills for Australia supports seventeen IRCs including five relating to the automotive sector. It has been the Association’s long-held view the IRC’s should be industry led and remain of this view.

### **Luxury Car Tax**

4.9 As the Commonwealth Budget is in surplus, and Budget repair no longer a priority, the continuation of the luxury car tax (LCT) can no longer be justified in fiscal terms. Australia now imports its vehicle requirements and any validation for this tax derived from industry policy has been extinguished. The LCT acts as an unjustified quasi tariff that mitigates micro-economic reform. As a policy, the LCT conflicts with Free Trade Agreements E.g. South Korea, China and Japan and has the consequence of potential disputation in FTA negotiations with Great Britain.

4.10 The MTA Queensland recommends the LCT’s abolition over the Budget cycle.

## **Regulatory Reform**

4.11 The Association supports the Federal Government's 20 November 2019 deregulation agenda particularly the intended regulatory compliance regimes on small businesses. In submissions to Federal Government Agencies, the Association has strongly advocated that compliance costs for the motor trades are a major impost and relief was necessary. There is a strong case for ongoing regulatory simplification to redundant, ineffectual and excessive regulatory compliance regimes and streamlining of administrative and procurement processes to enhance productivity and restore intranational and national competitiveness.

## **Taxes and Charges**

4.12 MTA Queensland acknowledges the prudent and responsible fiscal disciplines that require revenues to cover recurrent expenditure. In particular, the Government needs to consider the pathway to transit from an excise revenue collection to a motoring user taxation base to ensure equity and that at the same time funding for transport infrastructure can be maintained and grows in response to demand.

4.13 The Association recommends that any increase in excise, duties, taxation, fees and charges are "capped" to an increase not exceeding the national Consumer Price Index.

## **Telecommunications**

4.14 E-commerce and digital communications require functional, reliable and expeditious communications infrastructure for compliance obligations and to drive efficiencies, productivity and competitiveness.

4.15 Businesses, consumers and individuals equally require a telecommunications network system that can be accessed with confidence, certainty and securely. As the 2020s emerge, telephone communications should be highly efficient and 'blackspots' minimal. A telecommunications network system that functions consistently for safety purposes, business, consumers and individuals should be considered an essential service in a modern 21<sup>st</sup> century nation.

4.16 The National Broadband Network overall has not met expectations. There is an ongoing need for it to deliver efficient infrastructure for all users and customer satisfaction.

## **Infrastructure for the Autonomous Vehicle Fleet**

4.17 In the future, autonomous vehicles will form a significant part of the private transport fleet and mobility. The Association is supportive the National Transport Commission's agenda which includes working towards a nationally-consistent framework that supports innovation and safety.

4.18 In the medium to longer terms, there must be investments in smart road technologies such as traffic monitoring networks that would form the essential infrastructure of a road user pricing policy for national highways and roads of national importance. The Association supports ongoing investments in road transport infrastructure that contribute to productivity, growth and social amenity.

## **Industrial Relations**

4.19 As a general submission, the MTA Queensland welcomes the release of the Department of the Attorney General's discussion paper, 'Cooperative Workplaces – How can Australia capture productivity improvements from more harmonious workplace relation'. We note the discussion paper is part of a broader review of industrial relations that includes reexamining small business unfair dismissal laws, reducing the complexity of employment awards and reevaluating enterprise bargaining rules. The stated goals of this review have attracted the interest of much of the automotive value chain.

### **5. Conclusion**

5.1 Taking into consideration the national economic context, the MTA Queensland considers it would be appropriate for the 2020-21 Budget to present a statement of the Government's fiscal priorities under the aegis of the confirmation that it will continue to apply fiscal responsibility and financial disciplines to achieve better outcomes to benefit all Australians.

### **6. Background**

6.1 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.

6.2 Australia's first automotive hub, the MTA/Q, has been established in specially prepared space at the corporate office. The hub is an eco-system that supports innovation for the automotive industry.

6.3 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 automotive apprentice trainer in Queensland employing trainers geographically dispersed from Cairns to the Gold Coast and Toowoomba and Emerald.

Thank you for your deliberation.

Yours sincerely



Dr Brett Dale DBA  
Group Chief Executive  
MTA Queensland