



21 May 2021

Hon Cameron Dick MP
Member for Woodridge
Treasurer and Minister for Investment
GPO 15009
City East Qld 4002

Email: treasurer@ministerial.qld.gov.au

Dear Treasurer

MTA Queensland Priorities - 2021-2022 Q'ld Budget

1. Introduction

1.1 The Motor Trades Association Queensland (MTA Queensland or the Association) submits issues and priorities on behalf of the State's automotive value chain for your consideration in finalising the 2021-22 State Budget.

2. Budgetary Context

2.1 The 2020 Economic Recovery Plan given effect in the 2020-2021 State Budget contributed to regaining the economic momentum as the State emerged from the COVID-19 pandemic. The Economic Plan is working as evidenced by Queensland 'being the first state to recover all of its jobs lost during the COVID pandemic, ... and continues to see strong employment growth' (Hon Cameron Dick, Treasurer and Minister for Investment, Media Statement 15 April 2021). 'Overwhelmingly these jobs have been in the private sector, which lends itself to greater industry investment and more job opportunities in the future' (Hon Di Farmer Minister for Employment and Small Business, *ibid*).

2.2 The outlook for the medium term is positive. The Reserve Bank in its 4 May Monetary Policy decision stated: 'a pick-up in business investment is expected and household spending will be supported by the strengthening in balance sheets over the past year. The unemployment rate is expected to continue to decline ...' The MTA Queensland recognises however, the recovery is uneven. Drought pockets either still exist or are recovering; and the tourism industry and related sectors although benefiting from Australians 'holidaying at home', have not experienced the upturn to compensate for the decline in international passenger travel.

2.3 The 2021-22 State Budget is being prepared in circumstances where increasing debt, declining revenue and rising outlays for services, investment and infrastructure are factors. These fiscal challenges must be managed, but the Association is of the view that the rebuild commenced with the Economic Plan in the 2020-2021 State Budget should continue based on:

- the strong confidence in the business sector highlighted in the National Australia Bank April 2021 survey of business confidence,
- the high consumer optimism revealed in the Westpac Melbourne Institute Index of Consumer Sentiment (March 2021),

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- increasing employment revealed in ABS Labour Force March data, and
 - the cost of borrowing and debt repayments 'at an all-time low',
- to stimulate economic growth so that the private sector is encouraged to commit to new investments and increased employment.

3. Budgetary Context - Automotive value chain

3.1 Business conditions for the automotive industry are returning to a positive economic trend although this does not compensate for the downturn experienced during the restrictions and lock downs. The new car and industrial and agricultural machinery dealers, and the rental car providers have regained business momentum.

3.2 Technological disruptions continue. The transition from fossil fuels as the main energy source to plug-in electric cars, hybrid vehicles and autonomous vehicles is likely to impose quite profound changes on the automotive value chain's business model that has stood since the mid twentieth century. A limitation in the short and medium terms is the price and supply of electric vehicles on the market.

3.3 The Queensland Government has been a leader in the promotion of electric vehicles. Thirty-one fast charging stations have been installed from Coolangatta to Cairns (Electric Super Highway), and from Brisbane to Toowoomba for drivers with low or zero emissions vehicles. A second phase will add progressively a further thirteen fast-charging sites to the network. In addition, the Government's Climate Transition Strategy seeks to powering Queensland with 50% renewable energy by 2030; achieving zero net emissions by 2050; reducing carbon pollution by setting an emissions reductions target of at least 30 per cent below 2005 levels by 2030. The Electric Super Highway and each of the elements comprising the Climate Transition Strategy bears on the use of energy fuel for the automotive sector.

3.4 The Association would be unsupportive of any new levies or road user charges on low-emission vehicles - to compensate for the avoidance of fuel excise tax - that would undermine the Government's support for or constrain the uptake of electric vehicles (EV) by consumers. In other fora, the Association has submitted that it is imperative that Australia's jurisdictions work together through the National Cabinet to provide a harmonised statutory framework for electric and autonomous vehicles to achieve:

- fiscal reform to replace petroleum excise duties; state EV charges and third-party insurance premiums
- prioritising EVs for fleet replacements
- harmonisation of charges and regulatory requirements
- harmonisation of road rules
- harmonisation of specifications for recharging plugs in the same way that fuel nozzles are standards.

3.5 As indicated in 3.2, the automotive value chain is in a technological transitional phase, transforming from the internal combustion engine to the uptake of hybrid, plug-in-electric; partial autonomous; and fully autonomous technology options. Skillsets must evolve with the emerging technologies to service both the sector and consumers. The information from employers is that there is an absence of skills to meet the demand. The Association recognises that the future lies in the skills that are instilled in the successors of the present technicians and the managers of the automotive value chain.

4 Priorities

4.1 Any ranking of priority issues for the automotive value sector would categorise "Training" amongst the most significant items.

4.2 The priority for the MTA Queensland membership at this time, is the demand for skills across the entire the automotive value chain – from the workshop to the front desk. The recent National Centre for

Vocational Educational Research (NCVER) (September quarter 2020, released 31 March 2021) data provides estimates of activity for all apprentices and trainees in Queensland:

The NCVER Research included data relevant to the Queensland's automotive value chain:
 Queensland Demographic Overview
 Automotive and engineering trades

Commencements				
2016	2019	2020	% change 2019-2020	% change 2016-2020
3695	4810	4260	-11.4	+15.3
Cancellations and withdrawals				
2300	2310	2410	+4.3	+4.9
Completions				
3490	2360	2430	+3.1	-30.3
In training				
10,455	11,980	11,950	-0.3	+14.3

The data above includes the period of the COVID-19 pandemic which created uncertainty for individuals, employers and business affecting apprentice and trainee numbers for the 2020 year. This data above is important, it provides an overview of a relatively static vocational and education training (VET) system lacking growth. To ameliorate the growth paucity, both the Australian and Queensland Governments have introduced far-reaching policy reforms prioritising skills development as part of the Covid-19 recovery plans accompanied by significant investments.

4.3 The \$1 billion JobTrainer Fund provides job seekers, young people and school leavers with subsidised training to learn skills for jobs in demand. We support this initiative which provides an estimated 300,000 training places that are free or low fee, in areas of identified skills need such as health, aged and disability care, information technology and the trades. We welcome the extension of JobTrainer to September 2022 in the upcoming Australian Government's budget.

4.4 The MTA Queensland supports initiatives that enables job seekers, young people and school leavers to enter the trades. Initiatives such as free apprenticeships for under 25s have wide support and the Association welcomes its continuation in the up-coming State Budget. The Future skills through an adaptive system which provides \$5.5 million over 3 years for a micro-credentialing pilot; \$300,000 over 2 years for an industry-lead Higher Level Apprenticeship pilot; and an additional \$5 million to support higher level skills is supported.

5. 2021/21 Budget Initiatives

The Association recognises that the future lies in the skills that are instilled in the successors of the present technicians and the managers of the automotive value chain. Seven initiatives are proposed for this purpose:

(1) Designating an Automotive Gateway in the Queensland Government's Gateway to Industry Schools Program.

- The Gateway to Industry Schools program builds partnerships between schools and industry to enable young people to acquire the knowledge, skills and attributes. Students participating in the program are exposed to a range of learning experience to assist them in their career choices and pathways to employment. Ten industry sectors have been selected to be involved the program but Automotive was not included.

Based on our first-hand knowledge of the benefits of such a program through our own Auto Camp (see below) and from experiences as an Industry Specialist Mentoring for Australian Apprentices, the Association seeks the Government to approve \$250,000 to create an Automotive Gateway School.

(2) Autocamp support and funding for the popular school holiday pilot non-accredited automotive courses programs for male and female school students.

- The Autocamp program provides non-accredited skills development for male and female school students aged between 14-17 years conducted over three consecutive days and limited to class sizes of twenty. The MTA Institute has held eight auto camps to provide students with prerequisite auto trade competencies advice and hands-on experience in a range of different automotive skills, from emerging technology such as Hybrid/Electric Vehicles to the principles and maintenance of automotive assets. Programs have been oversubscribed and feedback indicates they provide relevant experience for students that have an interest in an auto value chain career such as electronics, engineering, manufacturing etc.

There is considerable interest across metropolitan and regional schools to provide Auto camp to a broader cross section of school students.

MTA Queensland request the government to provide \$500,000 to provide Auto camp experiences to 500 students across Queensland.

(3) Mentoring program funding to invest in matching people to jobs and facilitating the apprentice's and trainee's progression.

- The MTA Institute has been a provider of Commonwealth and State mentoring programs, providing support for the development of technical skills, supporting off-the-job learning needs, career and pathway advice and confidence building. These programs invest in matching people to jobs and facilitating the apprentice's/trainees' progression. Such mentoring programs provide opportunities to openly discuss with young apprentices and trainees' personal matters; issues of respectful relationships and the prevention of family or gender violence.

The mentoring program provides significant benefits for individual participants and for Queensland; achieving an overall retention rate of 81 per cent.

The tangible results accruing from mentoring programs warrants consideration of broader application and fiscal support.

(4) Maintaining current investment in priority 1 and 2 qualifications.

- The investment in these qualifications ensures that funding is responsive to technological change by recognising global trends through higher levels skills investment (i.e., skill sets and non-accredited training).

(5) Provision of incentives for qualified trades persons to become VET trainers/assessors to enable increased access to a skilled and decentralised VET workforce to train the future Queensland labour force.

- The MTA Institute supports businesses in regional and remote areas of Queensland with opportunities to obtain additional qualifications, accreditations and skills. The State Training Budget must

recognise the quality training undertaken by RTOs such as the MTA Institute in servicing the needs of the motor trades across Queensland and the critical role RTOs perform in the State's economy. It would be beneficial for more providers outside of TAFE to provide the TAE funded qualification to support industry.

Due to its widespread engagement with industry across Queensland, MTA Queensland is able to identify and contact trades persons seeking to transition to training roles. MTA Queensland is requesting the government to adjust the current TAE qualification funding model by enabling access through Job Trainer funding restricted to selected Qld Skills Assure Suppliers.

(6) Access to TAFE's training facilities (when idle) to support industry training in regional and remote areas.

- The MTA Institute is the largest automotive apprentice trainer in Queensland employing trainers geographically dispersed from Cairns to the Gold Coast and Toowoomba and Emerald to provide industry training in regional remote areas. MTA Queensland receives requests to provide skills development to job seekers and school students across regional Queensland. The capacity to provide courses is limited by access to appropriate facilities. Provision of access to the trade training workshops of the public provider and within school based trade centres by MTA Institute's trainers and apprentices/trainees for an agreed time would substantially assist industry training and apprentices with their trade learning and future employment opportunities.

(7) Funding support to existing skills programs. These include:

- Promotion of skills for entrepreneurs/innovation
- Inclusion programs (i.e., support of women in trades)
- Engagement with employers on skills utilisation and productivity

In the Association's previous 2020-2021 Budget priorities submission, we urged an equitable funding outcome for RTOs to ensure that maximum supply of a skilled and relevant work force is produced through a combination of public and independent providers. We strongly suggest funding be directed to programs that produce high quality industry ready tradespersons. The Association's training model is delivering the current and future skills base that is needed to service the State's economic growth into the future.

The Association will continue to work closely with government and its relevant agencies to ensure that the delivery of automotive training complements both demands of the government's economic and industry policies and meets the skilling needs of the automotive value chain.

6. Innovation Programs

6.1 The Association supports the government's policies and programs to diversify the economy, create employment and the headline Advance Queensland Fund/Program to facilitate investing in the state's future by harnessing innovation.

6.2 The government has a suite of grants programs applicable to small business and for start-ups at various phases of development. These have proved to be beneficial in fostering innovations, employment and development. We support their continuation in the 2021-22 State Budget.

6.3 Consideration of funding for Micro credentialling in emerging technologies for both start ups and small businesses would enable a quick injection of skills to industry in areas such as Electric Vehicle, Automation and Hydrogen technology.

7. Taxes, Charges, Duties, Compliance

7.1 We urge the government to take a light touch to any increase in taxes, charges, duties and compliance. Industry and business are still recovering from COVID-19 restrictions necessary to maintain the health and wellbeing of the State's residents. We submit:

(1) A moratorium on stamp duties levied on general insurance policies, workers compensation, and motor vehicle insurance policies for twelve months commencing from beginning of the 2021 financial year for business and consumers to maintain the recovery momentum.

(2) The abolition of the premium motor vehicle duties introduced on 1 July 2018 which effectively increased the amount of vehicle registration duty payable on vehicles valued above \$100,000 by \$2 per \$100 of dutiable value (excludes heavy vehicles).

(3) With the exception of adjustments for inflation, other taxes, fees and duties should not be increased.

7.2 To achieve a business environment conducive to future investment and expansion, there must be reform of compliance obligations and imposts.

8 Conclusion

8.1 As indicated 2.1, the Palaszczuk Government's Economic Plan given effect in the 2020-2021 State Budget is working as evidenced by employment growth and business and consumer optimism. We urge the continuation of the Plan in the 2021-2022 State Budget to stimulate economic growth so that the private sector is encouraged to commit to new investments and increased employment.

9. The MTA Queensland background

9.1 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.

9.2 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.

9.3 Australia's first automotive hub, the MTAIQ, has been established in specifically designated accommodation at the corporate office. The hub is an eco-system that supports innovation for the automotive industry.

9.4 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. The MTA Institute last financial year provided accredited courses to in excess of 2,000 apprentices and trainees.

Thank you for your consideration.

Yours sincerely



Rod Camm
Group Chief Executive Officer