



TRANSPORT AND INFRASTRUCTURE NET ZERO CONSULTATION ROADMAP

MTAA SUBMISSION

JULY 2024



1. INTRODUCTION

The Motor Trades Association of Australia (MTAA) thanks the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department) for the opportunity to make this submission to the Transport and Infrastructure Net Zero Consultation Roadmap.

The transition to a net zero transport sector brings a multitude of opportunities and challenges for the Australian automotive sector. While the shift provides our members with the prospect of entering new markets, challenges also exist in terms of skills shortages, evolving business models, substantial equipment investment, and uncertainty regarding the future vehicle mix. Together, these changes will profoundly impact the automotive sector, which is primarily composed of small and medium enterprises (SMEs).

Representing over 15,000 businesses, MTAA members range from dealers to repairers, tow truck operators to service station businesses and every automotive retail business in between. These organisations are experiencing the challenges and opportunities arising from the electrification of transport firsthand every day.

The MTAA represents these members through the various state-based motor trade organisations, including the Motor Traders' Association of New South Wales, the Victorian and Tasmanian Automotive Chamber of Commerce, the Motor Trade Association of South Australia and Northern Territory, the Motor Trade Association of Western Australia, and the Motor Trades Association of Queensland.

One of the most pertinent policy issues facing our members and the automotive sector more widely in the transition to zero and low emission vehicles (ZLEVs) is the forthcoming introduction of the Australian Government's New Vehicle Efficiency Standard (NVES).

The MTAA supports the NVES as an essential tool to reduce Australia's transport emissions and achieve net zero. However, as a representative of predominately SMEs, we are concerned about its potential impacts to our members who now face additional risks including cost imposts on dealers, job losses and potential closure of dealerships across Australia. These impacts will be amplified in regional Australia.

We therefore request that the Australian Government place the needs SMEs front and centre in the development of the Transport and Infrastructure Net Zero Roadmap and Action Plan and carefully consider the impacts of any action on this stakeholder group.

In this regard, we would be pleased to meet with the Department to expand upon our submission including the important role of automotive retailers in the transition to new low carbon fuels and technologies on the pathway to net zero.

Please see our response to consultation questions of relevance to the MTAA and its members below.

2. CONSULTATION QUESTIONS

1. Do you agree with the proposed guiding principles?

The MTAA endorses the five guiding principles, focusing on maximising economic opportunities, especially for SMEs, to ensure a fair transition in the decarbonisation of transport.

We propose that SMEs be specifically mentioned within these principles, recognising their crucial role in providing essential support and fostering innovation within the transport sector. Acknowledging SMEs in the guiding principles will help cultivate a supportive environment that empowers these businesses to contribute effectively to the decarbonisation effort and drive sustainable growth across the automotive industry.

2. Do you support the use of the avoid-shift-improve framework as a tool to identify opportunities for abatement?

The MTAA supports the avoid-shift-improve framework as a tool to identify opportunities for abatement with the aim to reduce emissions and congestion. We recognise that this approach focuses on the demand side and therefore is shaped by consumer and business wants and needs rather than being dictated by top-down government policies which we believe is a preferable option.

3. Do you agree the development of a national policy framework for active and public transport will support emissions reduction?

It is anticipated that a national policy framework that promotes active and public transport is expected to encourage both individuals and businesses to opt for transport options that emit fewer emissions per kilometre.

However, it is essential to recognise the unique challenges faced by regional and rural communities where access to alternative transport modes like public transit or cycling infrastructure may be limited.

In such contexts, personal vehicles often serve as a critical lifeline for mobility and essential services. Therefore, any policy initiatives should be mindful not to impose undue penalties or burdens on car-dependent communities, ensuring equitable access to transport choices that meet their practical needs and circumstances.

By striking a balance between encouraging environmentally friendly transport choices and respecting the realities of diverse geographical settings, policymakers can foster a more inclusive and sustainable transport system.

4. What should be included in a national policy framework for active and public transport and how should it be developed?

A national policy framework for active and public transport should include infrastructure development, promotion and education, integration and connectivity, accessibility and equity measures, regulatory support, and data monitoring.

Developing such a framework requires stakeholder engagement, research, evidence-based policy formulation, implementation planning, and ongoing monitoring and evaluation to ensure effectiveness and flexibility.

Within in the active transport space, MTAA members supply both e-scooters and e-bikes and we would therefore appreciate the opportunity to contribute to the development of a framework that considers how to encourage the uptake of these zero emission transport options.

However, again, it is crucial to also acknowledge the continued role of light vehicles in the future transport mix, particularly in regional and remote areas.

5. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to ensure the movement of people contributes to transport emissions reduction?

Integration and connectivity in transport planning should also prioritise seamless integration between different modes of transport, including private cars. This approach ensures efficient and sustainable urban mobility while accommodating the varying needs of commuters.

We therefore support the development of transport hubs that cater to multiple modes of transport, including cars. These hubs can offer facilities such as park-and-ride areas, EV charging stations, and bike-sharing stations, making it convenient for commuters to switch between different modes of transport.

6. The Australian Government has already engaged in consultation on the 2023 review of the National Freight and Supply Chain Strategy and those consultations will also inform the final Roadmap and Action Plan

6.1. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to ensure that the movement of goods contributes to transport emissions reduction?

The MTAA believes that greater focus and effort needs to be given towards encouraging the use of more efficient vehicles. Increasing the adoption of vehicles that are fuel-efficient or use alternative fuels and technologies such as electric, hybrid or hydrogen-powered vehicles is an immediate way to reduce emissions. However, only limited incentives are available to fleets to make this switch.

We therefore call for the following measures to be considered:

- > Financial incentives: Provide financial incentives such as grants, subsidies, tax credits, or rebates for purchasing zero and low emission trucks. These incentives can offset the higher initial costs of electric or hydrogen fuel cell trucks compared to conventional diesel trucks.
- > Funding programs: Establish funding programs specifically dedicated to supporting the deployment and infrastructure development for zero emission trucks. This can include funding for charging or refuelling infrastructure, vehicle trials, and pilot projects.
- > Government procurement: Lead by example through government procurement policies that prioritise zero and low emission trucks for public sector fleets. This creates a demand for clean trucks and demonstrates the viability of these technologies to other fleet operators.
- > Infrastructure development: Invest in charging or refuelling infrastructure for zero emission trucks along major transport corridors, at logistics hubs, and in metropolitan areas. Access to reliable and convenient infrastructure is critical for widespread adoption.
- > Education and support: Provide information, training, and technical assistance to fleet operators on the benefits, operation, and maintenance of zero-emission trucks. Addressing knowledge gaps and building capacity can increase confidence in adopting new technologies.

In addition to the above, a trained skills base is required to support the growing number of low and zero emission trucks (and cars) on the road. The MTAA has several requests in this regard to train mechanics and apprentices to prepare for the increase in zero emission vehicles entering service centres and repairers.

ENCOURAGE YOUNG PEOPLE TO ENTER THE AUTOMOTIVE SECTOR

Encouraging young people into automotive careers is critically important to address ongoing skills shortages in the long term. A proven program is delivered by School Pathways Coordinators who work with public and private secondary schools in Australia to promote opportunities in the automotive industry and ensure automotive trades are attractive to school leavers.

Current programs are successfully being run in Queensland, South Australia and Victoria, but additional government support is required for a national program to enable greater reach into more schools (particularly in rural and regional areas) and provide additional learning resources.

We request the Australian Government commit to funding national industry school pathway programs led by automotive industry groups to encourage young people to undertake a career in automotive.

PROVIDE ASSISTANCE TO RETAIN AUTOMOTIVE APPRENTICES

The issue of retaining automotive apprentices after completion remains a challenge for the industry. Added to this, retaining apprentices from year one to the completion of their apprenticeship is also difficult with the sector investing heavily to address this issue. National data shows that across all trades, for every two apprentices who start their trade, only one will complete and attain their trade qualifications.

Providing a federally supported, industry-led mentorship scheme is considered imperative to improve apprenticeship completion rates, and ensure they are suitable to engage fully in the workforce on completion of their training.

To be successful it needs to be based in industry, with direct connection to employers and apprentices.

INCREASE THE EMPLOYER-APPRENTICE HIRING INCENTIVE

The Priority Hiring Incentive has decreased from up to \$15,000 to a maximum of \$5,000. Given employers are creating jobs and opportunities for apprentices, we believe that the hiring incentive of \$15,000 should be reinstated and linked to retention to encourage apprentices to complete their training.

REDUCE THE TRAINING LEVY FOR AUTOMOTIVE EMPLOYERS

The MTAA supports the recommendation in the Joint Standing Committee on Migration Interim Report on Australia's Skilled Migration Program, that those employers who demonstrate evidence of a strong investment in training and/or sponsoring skilled migrants should have their training levy reduced by half. We contend that such a move would assist the industry to invest in training and in skilled migration

INCREASE SUPPORT FOR MATURE AGED APPRENTICES

Additional support should be provided to employers engaging mature aged apprentices. Regional employers in particular often take on mature age apprentices due to a lack of other options, but the reality is the wage difference once they turn 21 can be cost prohibitive for employers. Tax incentives or direct subsidies to alleviate the financial pain of engaging a mature aged apprentice should be considered.

PROVIDE ADDITIONAL SUPPORT FOR EXISTING AND EMERGING AUTOMOTIVE WORKERS

Funding is required to support co-ordinated skilling pathways for existing and emerging workers with the monies directed to Recognition of Prior Learning (RPL), development of automotive EV skill sets and any other industry identified and recommended skilling pathways.

Further, the VET Workforce Blueprint currently in development should prioritise addressing recruitment challenges for automotive trainers.

We also recommend the Government work with industry to streamline the assessment of qualifications of skilled migrants

6.2. How would these actions address the identified challenges and opportunities for emissions reduction in the movement of goods?

The above complementary measures are essential to create a foundation from which the proliferation of zero emission trucks can scale. Without a continuous influx of new apprentices and a sufficient number of trained mechanics, the sector's ability to expand will be hindered.

7. Do you agree with the proposed net zero pathway for light road vehicles?

The MTAA supports the proposed net zero pathway for light road vehicles.

7.1. Please add details to your response.

To ensure the achievement of the steps outlined in the net zero pathway and achieve the government's desired end goal of a net zero transport sector, a number of complementary measures are required. These are presented below.

- > **Address skills shortages** – As outlined above, provide assistance to relieve the acute skills shortages facing the automotive sector, particularly for skilled EV technicians, which threaten the success of EV uptake.
- > **Expand EV training** – Support co-ordinated skilling pathways for existing and emerging workers to develop EV skill sets and fund EV physical training resources and workshops.
- > **Invest in charging infrastructure** – Increase funding for EV charging networks with further financial assistance allocated for automotive retail businesses, fuel outlets and workshops to invest in infrastructure on-site.
- > **Reduce the upfront price of EVs** – Introduce price subsidies, tax credits, rebates and/or other incentives consistent with international markets.
- > **Accept international vehicle standards** – Remove unique ADRs not harmonised with international UN regulations which add cost, complexity and lead time to new model introductions
- > **Strengthen the franchising code** – Adequately address the new car dealer franchisee / franchisor relationship and the power imbalance that exists through a new or strengthened franchising code
- > **Amend Australian Consumer Law protections** – Address the potential disproportionate detriment to business if increased penalty provisions are introduced without providing additional clarity on the concepts of acceptable quality, major failure and rejection periods
- > **Mandate a motor vehicle insurance and repair code of conduct** – Address the contentious and at times prohibited and unrealistic requests from insurers through a mandatory national body repair code of conduct
- > **Focus on end-of-life vehicles** – Invest in and research an industry-led and federally funded national program aimed at the proper disposal of end-of-life vehicles
- > **Revisit road user charging** – Develop a plan to consider a nationally consistent and coherent approach to national road-user charging
- > **Remove the LCT and extend the FBT exemption** – Increase the attractiveness of ZLEV purchase by lessening the tax impost on these vehicles

8. The Australian Government is currently developing an Australian New Vehicle Efficiency Standard and has already begun to implement actions in the National Electric Vehicle Strategy.

8.1. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce light vehicle emissions?

The passage of the New Vehicle Efficiency Standard 2024 Bill in May 2024 signified an important moment for the Australian automotive industry and marked a significant step forward in the sector's collective journey towards decarbonisation.

It is undeniable however, that complying with the New Vehicle Efficiency Standard (NVES) will present substantial challenges for some car companies.

Our assessment based on publicly available information indicates that of the top 10 brands, 60% will need to make significant changes to their model line-ups to meet their 2025 and/or 2029 emission reduction targets.

Given the difficulty several brands will face meeting their targets, we anticipate the following flow on impacts to the Australian new car market and the success of the overall NVES scheme over the next five years:

- > Vehicle prices will rise due to added costs due to OEMs paying penalties / purchasing credits
- > Strong likelihood OEMs will pass on added costs to their franchise dealer network
- > Unrealistic vehicle improvement expectations will also result in escalated prices which will price out some Australian car buyers
- > Dealership job losses or closure and reduced consumer access to appropriate vehicle models

Given this it is critical that the Australian Government closely monitor the sector and adjust the NVES responsively as needed to ensure that any adverse impacts as they arise do not become widespread. We expand on this below.

ENSURING ONGOING MONITORING AND REVIEW

Given the rapidly evolving industry environment, it is crucial that the NVES remains current and fit for purpose in driving genuine emissions reduction while continuing to ensure Australians can access the light vehicles they want and need. One way to ensure this is achieved is by continuously monitoring and making adjustments in response to the evolving landscapes in the United States and Europe.

The United States, for example, recently relaxed their passenger car, light-duty truck, and medium-duty vehicle targets for model years 2027 through 2032. The Australian scheme must adjust to reflect these changes as they occur. The Government has opted for a single review of the NVES in 2026. We believe this is insufficient given the rapid rate of industry change and shifting government agendas being seen internationally.

We request therefore that the NVES be reviewed every two years.

DELIVERING AN EFFECTIVE AND USER-FRIENDLY ADMINISTRATIVE SYSTEM

The 2024-25 Federal Budget allocated \$84.5 million to support the implementation of the NVES and improve the functionality of the Road Vehicle Standards Act's online portal, ROVER.

ROVER requires significant funding to improve its underlying system with industry increasingly frustrated by the lack of functionality that substantially increases business costs and time.

Despite undergoing various 'upgrades', the system has remained unfit for purpose, necessitating a complete rebuild to meet the needs of industry and the obligations of the Government.

The MTA requests the Australian Government address the following five areas as they relate to the ROVER system:

- > Immediately reinstate case managers within the Department of Infrastructure, Transport, Regional Development, Communications and the Arts to verbally liaise with the industry on open applications to help ease the ongoing backlog of applications
- > Allocate adequate funding to rebuild the ROVER system to meet its stated objectives
- > Establish a ministerial-led steering committee of select industry participants to inform and guide the system rebuild
- > Conduct the legislated RVSA Implementation Review, as a matter of priority, by an independent organisation, and not an internal departmental review – anything less than a comprehensive, external review would carry no credibility with industry
- > Establish an independent ombudsman, or other dispute resolution mechanism, to address complaints and outstanding issues related to application

We call upon the Australian Government to utilise the Federal Budget funding to ensure a more effective and user-friendly ROVER system that will enhance industry's capabilities and streamline compliance processes.

AMENDING THE NVES COMPLIANCE POINT TO POINT OF SALE

The current compliance point under the NVES occurs upon the vehicle's import into Australia and its entry into the Register of Approved Vehicles, not upon its sale to a customer. This arrangement could potentially expose dealers to substantial financial risk.

For instance, a car company could push stock onto dealers to meet NVES compliance. Dealers typically purchase the vehicles wholesale upon arrival at the port thereby placing them in a position where they must shoulder financing costs until the vehicles are sold.

9. Do you agree with the proposed net zero pathway for heavy road vehicles?

The MTAA supports the proposed net zero pathway for heavy road vehicles. However, we acknowledge the difficulties involved in transitioning the current heavy vehicle fleet, considering both cost and capability. Therefore, we emphasise the importance of flexibility in any timelines related to this fleet transition.

9.1. Please add details to your response.

We endorse the government's aspiration to establish a nationwide battery electric charging and hydrogen refuelling network for heavy vehicles.

We are pleased to see the Government's goal to achieve widespread use of both battery electric and hydrogen fuel cell heavy vehicles in this time period however as we believe both technologies will play important roles.

10. The proposed pathway for heavy road vehicles relies on a mix of battery electric, hydrogen fuel cell and low carbon liquid fuels. Rank from 1 to 3 the order in which these should be prioritised for emissions reduction.

The MTAA believes the market should decide which technology is best suited to their fleet based on each individual use case. Government intervention in this area can create unintended consequences leaving fleet with vehicles that are not fit for purpose. Instead, funding should be provided to all low and zero emission heavy road vehicles with government taking a technology neutral approach.

11. What role should low carbon liquid fuels play in heavy vehicle decarbonisation?

Similar to the above, the MTAA believes that industry should determine the fuels and technologies that best suit their operational requirements and decarbonisation goals.

Fleet managers possess the expertise to assess and select options that effectively balance environmental considerations with practical operational needs.

We do however believe that low carbon liquid fuels are most likely to be the answer for the short term due to refineries already investing in biodiesel. It also allows for the existing fleet to operate.

12. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce heavy vehicle emissions?

While passenger vehicles have been the recent focus of Australian Government efforts to decarbonise transport, it is now time to give greater attention to the environmental impact of heavy vehicles given they also represent a growing share of emissions.

Beyond empowering fleets to make the choice to adopt cleaner fuels and technologies, there are several actions the Australian Government can take to support the accelerated reduction of heavy vehicle emissions:

- > Infrastructure development: Invest in infrastructure to support cleaner fuels and alternative powertrain technologies, such as charging stations for electric vehicles or hydrogen refuelling stations.
- > Incentives and subsidies: Provide financial incentives, subsidies, or tax credits to encourage the adoption of cleaner vehicles and technologies.
- > Government procurement policies: Governments can lead by example through their own procurement policies, favouring cleaner and more efficient vehicles for public transport fleets and government-owned vehicles. This not only reduces emissions directly but also creates demand and market incentives for cleaner technologies.
- > Public awareness and education: Governments play a role in raising public awareness about the environmental impacts of heavy vehicle emissions and promoting sustainable transportation choices. This may include public education campaigns, information dissemination about available incentives, and creating a culture of environmental responsibility among business and consumers.
- > Reviewing existing rules and regulations: Examine rules and regulation as they relate to heavy vehicle operation to improve transport efficiencies. For example, review current curfews in place that force heavy vehicles to operate during peak times (due to noise), which causes longer route times and more pollution.

13. How would these actions address the identified challenges and opportunities to reduce heavy vehicle emissions?

The government actions proposed above would collectively address the challenges of reducing heavy vehicle emissions by providing regulatory frameworks, financial incentives, technological advancements, and infrastructure support.

Ultimately, it is the government's responsibility to establish the necessary frameworks and signals that incentivise industry to invest in initiatives that reduce their carbon footprint. By providing clear policies, regulations, and support mechanisms, government can create a conducive environment for businesses to prioritise sustainability and adopt cleaner vehicle technologies.

Thank you for the opportunity to provide this submission. To discuss any of the matters we raise further, please contact Matt Hobbs, CEO at matt.hobbs@mtaa.com.au or 0419 608 845.



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