

Senator George Campbell
Chairman
Employment, Workplace Relations and Education Committee
The Senate
Parliament House
CANBERRA ACT 2600

SUBMISSION TO THE EMPLOYMENT, WORKPLACE

RELATIONS AND EDUCATION REFERENCES COMMITTEE

INQUIRY INTO SMALL BUSINESS EMPLOYMENT

The Motor Trades Association of Australia (MTAA) is the national representative organisation of the retail, service and repair sectors of the Australian automotive industry. The Association is a federation of the motor trades associations and the automobile chambers of commerce in each state and territory as well as the Service Station Association Ltd (SSA Ltd) and the Australian Automobile Dealers Association (AADA). The Association is an unlisted public company having limited liability.

MEMBERS OF THE MTAA FEDERATION

The Australian Automobile Dealers Association (AADA)

The Motor Trades Association of the ACT (MTA ACT)

The Motor Traders Association of NSW (MTA NSW)

The Motor Trades Association of the Northern Territory (MTA NT)

The Motor Trade Association of South Australia (MTA SA)

The Motor Trades Association of Queensland (MTA Q)

The Motor Trade Association of Western Australia (MTA WA)

The Service Station Association Limited (SSA Ltd)

The Victorian Automobile Chamber of Commerce (VACC) [incorporating the Tasmanian Automobile Chamber of Commerce]

The Association's affairs are directed by a Board on which each of the Member bodies is represented. The role of the MTA is to:

- ◆ raise awareness in the community of the trade's significant contribution to Australia's economy through its more than \$88 billion dollar turnover and its employment of over 250,000 Australians;
- ◆ convey and promote to governments the interests of the trades;
- ◆ promote improved working relationships and practices with motor trades' unions;
- ◆ provide information about the trades on behalf of the Members of the Association, to governments, the public and the trades' employees;
- ◆ work with governments in planning the future of the retail motor trades and their role in the economy and other areas of national planning;
- ◆ extensively enhance training and to develop work opportunities within the trades in co-operation with education and training authorities, the unions and government generally; and
- ◆ promote and enhance the reputation of the trades with their customers as well as with the general public.

Under its Memorandum and Articles of Association, the Association has a number of Affiliated Trade Associations (ATAs) which represent particular aspects or activities of the retail motor trades. These ATAs are as follows:

<p><i>Australian Motor Body Repairers Association (AMBRA)</i> <i>Australian Motorcycle Industry Association (AMIA)</i> <i>Australian National Radiator Repairers Association (ANRRA)</i> <i>Australian National Towing Association (ANTA)</i> <i>Australian Service Station and Convenience Store Association (ASSCSA)</i> <i>Australian Tyre Dealers and Retreaders Association (ATDRA)</i> <i>Automotive Repairers Association of Australia (ARAA)</i> <i>Automotive Transmission Association of Australia (ATAA)</i> <i>Engine Reconditioners Association of Australia (ERA of A)</i> <i>Farm Machinery Dealers Association of Australia (FMDAA)</i> <i>National Brake Specialists Association (NBSA)</i> <i>National Heavy Vehicle Repairers Association (NHVRA)</i> <i>National Steering and Suspension Association (NSSA)</i> <i>National Vehicle Airconditioning Association (NVAA)</i></p>

All of the ATAs referred to, are composed of the relevant sections of each of the MTAA Member bodies and are represented nationally, as national entities, by MTAA. MTAA's members range and depth of the activities can be seen from the following list of recognised trades, skills and tasks in our sector of the automotive industry:

Air Conditioning Technicians	Dynamometer Operators
Auto Electricians	Engine Fitters
Automotive Accessory Retailers	Engine Performance Specialists
Automotive Dismantlers	Engine Reconditioners
Automotive Engineers	Exhaust System Specialists
Automotive Glass Fitters	Farm Machinery Dealers
Automotive Parts Cataloguers	Fuel Injection Specialists
Automotive Radio and Stereo Specialists	Gas Fitters
Automotive Service Managers	Hire and Rental Vehicle Operators
Automotive Trimmers	Marine Automotive Engineers
Automotive Upholsterers	Motor Boat and Marine Dealers
Automotive Transmission Specialists	Motor Cycle Dealers
Battery Makers and Reconditioners	Motor Cycle Mechanics
Body Builders	Motor Mechanics
Brake Specialists	Panel Beaters
Car Alarm Fitters	Petrol Pump Attendants
Caravan Dealers	Radiator Repairers
Car Dealers	Spray Painters
Car Salesmen	Tow Bar and Trailer Fitters
Car Wash Operators	Tow Truck Operators
Chassis Builders and Repairers	Truck Builders and Operators
Commercial Vehicle Body Fabricators	Tuning Specialists
Detailers	Tyre Fitters
Diesel Engineers	Tyre Retreaders
Diesel Injection Technicians	Wheel Alignment Specialists

The retail motor trades are a mature sector of the economy and MTAA does not expect huge employment growth in it. Globally, automotive markets are becoming more concentrated especially at the supplier end and that is having an effect on the retail sector. MTAA's primary goal is to ensure an adequate supply of labour, increase skill levels and training of current tradespeople and attract talented young people to the motor trades sector.

Complex specialisation and brand-specific generalist skilling are changes causing concern within the automotive industry. The rate of technological change in the 1990s has introduced levels of skill complexity requiring educationally advanced training programs and/or diagnostic aids. Larger economies of scale across many enterprise fields have created a diminution of general diagnostic skills for many repair/service staff. Removal and replacement of systems or components previously repaired is now the norm. The establishment of manufacturing regime training programs, now counted as a formalised part of apprenticeship, has created a generation of mechanics that achieve a reduced level of generalist training/working experience on anything other than a specific vehicle brand.

The Federal Government identified four particular automotive Australian Statistical Counts of Occupations (ASCO) occupations as areas of national skill shortage, 4211 Motor Mechanic, 4212 Auto Electrical, 4213 Panel Beater and 4214 Vehicle Painting. The 1999 Monash University Centre of Policy Studies current measurements and estimates includes people working in such trade areas who have not attained formalised trade certification. Over all designated 421's Trades, Australia will have to find an additional 15,000 workers within the traditional trades areas if it wishes to maintain skill levels to break even with natural occupational wastage rates (ie. retirements, resignations progression into higher automotive positions).

The Victorian Automobile Chamber of Commerce (VACC) in a report to the Automotive Working Group (AWG) in April 2000 found that skilled labour needs will rise by an estimated 18,200 in the motor mechanic, automotive electrical and vehicle painting trades (attachment 1). The single largest rise in projected labour needs is in the motor mechanic area, which includes trades such as heavy and light vehicle mechanics, engine reconditioning, automatic transmissions, small and light engine activity, as well as Certificate II (traineeship) trades like brake and underbody.

In the trades of body making vehicle trim and body repair, there is a projected fall of 3,300 jobs in skilled labour needs with a fall of 1,500 jobs (17,800 to 16,300) between 1999-2000 and 2005-2006 in the body repair area. The predicted decline is primarily due to structural and technological changes in the industry, particularly product improvement and mechanisation.

MTAA believes that a consistent rise can be expected across general automotive occupational demand, however MTAA expects that service occupational need will grow markedly quicker than trade occupational need. Within the trades, requirements for Vehicle Painters, Motor Mechanics and Automotive Electricians will increase. Panel Beating is expected to experience a steady decline in the number of jobs due to structural and technological changes.

MTAA believes that shortage of trade skills presents potential impediments to economic health of the automotive industry. While acknowledging that cyclical employment in key industries is a fact, cyclical employment patterns are widening when one juxtaposes automotive apprentice take-up with job advertisement trends. The main reason trade qualified people leave most trades was because they were "laid off" owing to a lack of work. This is not the case for automotive tradespeople, who leave seeking better wages/promotion. This is a special area of the automotive industry that needs addressing for small business to remain viable.

MTAA has given extensive consideration to the issues associated with the provision of Government incentives and subsidies for apprenticeships and traineeships. MTAA believes that as the Australian automotive industry increases its level of sophistication so too must labour. In the past, the automotive industry, being at the forefront of innovation and production, had little or no trouble attracting people into a career in the industry. However, in the last decade, many other industries have now moved into

similar prominence on both national and global levels. The Australian automotive industry is aware of its competitive position in the labour market and the on-going need to support its technological and productivity advances with quality entrants entering the automotive industry.

The AWG made 18 recommendations, (attachment 2), one of which was to establish a National Retail Motor Industry Taskforce. Other matters examined included:

- ◆ the perceptions and views of employers concerning skill shortages;
- ◆ the factors influential to the decision of employers to recruit apprentices/trainees;
- ◆ the factors that may affect or influence young people to enter the industry; and
- ◆ the capacity of the education system to adequately inform and prepare young people for employment in the industry.

MTAA believes that an overwhelming number of employer participants believe that current incentives and subsidies that apply to the employment of apprentices and trainees are confusing and need to be reconsidered by Government. The current incentives and subsidies that apply to the employment of apprentices and trainees are not operating effectively. The Commonwealth Government should continue to review incentives and subsidies currently available to employers in relation to the employment of apprentices and trainees with extensive consultation with employers.

The automotive industry has identified priority issues that Government needs to address:

- ◆ there needs to be a commitment to address the following matters:
 - (a) implementation of a significant national promotion campaign and other activities which highlight the realities of the industry and draws attention to the technological developments that have taken place within it in recent years and which will help to make the industry a more attractive career option;
 - (b) secondary schools need to be provided with current up-to-date knowledge and understanding of the industry so that teachers in general, and career teachers in particular, are more fully informed of the nature of the industry; and
 - (c) technical skills and knowledge relating to the industry that are taught in secondary schools are delivered by teaching staff that are knowledgeable about the industry and sufficiently experienced to impart practical skills;
- ◆ there is a need to assess the developments that are occurring within the industry including the 'segmentation' of the automotive industry, for both the nature of future employment in the industry and training; and

- ◆ the technical and further education (TAFE) system needs to address the capacity and quality of training provided by both TAFE institutions and Registered Training Organisations to deliver effective training.

In relation to skill shortages in the retail motor industry, MTAA believes that:

- ◆ there is no ‘quick fix’ and it is crucial to the future development of the industry and the employment and training opportunities for young people, that appropriate steps are taken to fully examine all relevant matters;
- ◆ it is crucial that the retail motor industry is given carriage of the examination of the issues, and is responsible for finding the ways and means of resolving issues; and
- ◆ relevant government support will be absolutely crucial.

MATTERS LIKELY TO INFLUENCE EMPLOYMENT

SUPERANNUATION CHOICE OF FUND

Unless implemented correctly the result of a national choice of fund scheme would result in an unfair administrative burden on employers and would make both employers and employees vulnerable to the predatory activities of marketers. Liability issues for the employer would arise in the event of employee's superannuation assets being adversely affected by reduced investment returns. MTAA strongly believes that any choice of fund scheme would create a detrimental impact on employment in the motor trades sector unless the following safeguards are employed:

- ◆ in order for both employees and employers (in the event of choice default by the employee) to be able to make full and effective informed choice decisions, there must be appropriate, effective and uniform disclosure requirements of product providers in accordance with improved prudential, marketing and reporting standards;
- ◆ that there be no liability attached or attributable to employers arising from elections made by employees under choice of fund; and
- ◆ that there be no additional costs to the retirement savings of employees or additional administrative or employment related on-costs for their employers as a result of the introduction of choice of fund.

MTAA SMALL BUSINESS CHARTER OF FAIRNESS

MTAA believes that the adoption of the provisions contained in its proposed *Small Business Charter of Fairness* (attachment 3) will not only aid the automotive industry as a whole but also create positive effects for small business employment. MTAA believes that Government needs to consider a broad range of reforms, in particular to the Trade Practices Act 1974 (Cth) (TPA) and to the operation of national competition

policy, to support small business operators, not only in the retail motor trades but across all sectors of the economy.

If you have any enquires concerning MTAA's submission please contact the Association and it will be happy to discuss these issues further.

**MOTOR TRADES ASSOCIATION OF AUSTRALIA
NATIONAL SECRETARIAT
CANBERRA**

17 JUNE 2002