Motor Trades Association of Australia

Federal pre-budget submission 2023-24

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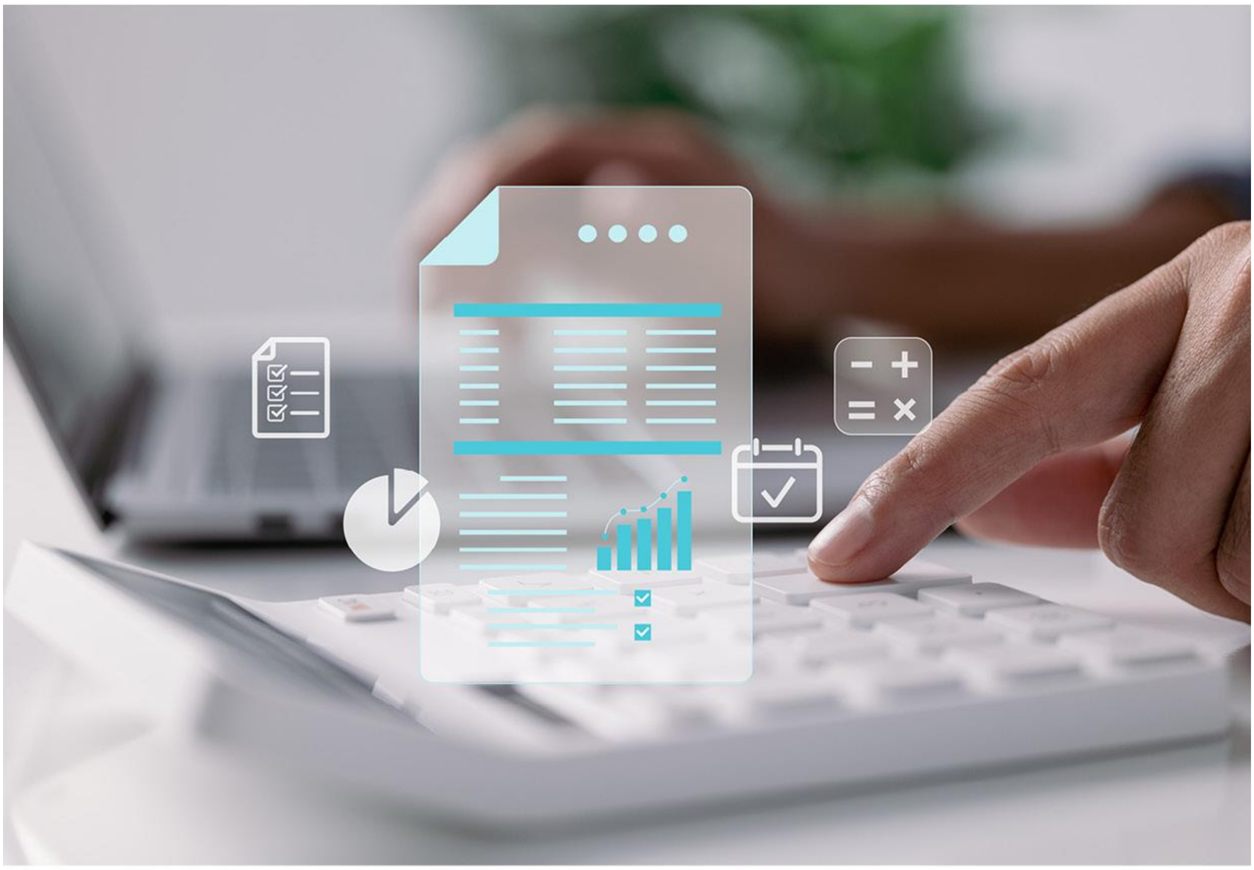

ABOUT MTAA

The Motor Trades Association of Australia (MTAA) is Australia's peak national automotive association. MTAA's membership includes the Motor Traders' Association of New South Wales, the Victorian and Tasmanian Automobile Chamber of Commerce, the Motor Trades Association of the ACT, the Motor Trade Association of South Australia and Northern Territory, the Motor Trade Association of Western Australia, and the Motor Trades Association of Queensland.

MTAA represents new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists, i.e. radiators and engines), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (i.e. specialist vehicle, parts or component modification and/or manufacture), tyre dealers and automotive dismantlers and recyclers.

The automotive industry is a vital contributor to Australia's economy, employing approximately 385,000 people across 13 sectors and 52 trades, and contributing 2.1% of Australia's Gross Domestic Product (GDP). The automotive industry is also one of the largest employers of apprentices and trainees nationally, and the majority of automotive businesses (96%) are small and family-owned enterprises.

As the national-level body, MTAA represents the unified voice of Australia's automotive industry, identifying and monitoring issues affecting the automotive sector, and informing and advising Government on relevant industry impacts, trends, and proactively participating in the development of sound public policy on issues impacting the retail motor trades, small business and consumers.

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MTAA RECOMMENDATIONS

Recommendation 1:
That the Luxury Car Tax be abolished to stimulate sales of zero and low-emission vehicles and improve reductions in vehicle emissions, or at a minimum, that the Luxury Car Tax be abolished for zero and low-emission vehicles.

Recommendation 2:
That there be made a provision for accelerated depreciation on zero and low-emission vehicle fleet purchases, with a special provision for accelerated depreciation on plug-in-hybrid and hybrid vehicles purchased by primary producers with an annual turnover of up to ten million dollars.

Recommendation 3:
The Temporary Full Expensing measure for the purchase of assets by businesses be extended until end June 2025 to support business investment and economic growth.

Recommendation 4:
That the Federal Government help foster a nationally consistent and coherent approach to road-user charging and road related investment that alleviates the potential for double-taxation between the Commonwealth and states and territories.

Recommendation 5:
That the Federal Government provide funding for the National Transport Commission to undertake an assessment of road-user charging for light vehicles at a national level.

Recommendation 6:
That the Federal Government incentivise the test driving of electric vehicles through new vehicle dealerships and service departments, through the provision of a tax credit or other fiscal incentives for dealerships to deliver electric vehicle test drives to customers.

Recommendation 7:
That the Federal Government provide tax concessions for small and medium-size automotive businesses to invest in electric vehicle tooling, charging stations and other related EV infrastructure and skills training, to help upgrade their workshops and transition towards an electric vehicle future.

Recommendation 8:
Extend the 25 per cent small business corporate tax rate to medium size enterprises by increasing the eligibility criteria to an annual aggregated turnover of up to $250 million.

Recommendation 9:
That there be a stronger industry engagement model for automotive encompassing skills design and training within the newly formed Jobs and Skills Councils.

Recommendation 10:
That sufficient funding is allocated towards automotive to deliver new and more timely updates of the Automotive Retail, Service and Repair (AUR) and Automotive Manufacturing (AUM) Training Packages.

Recommendation 11:
That funding be allocated for a 30 per cent employer wage subsidy in the first year of an apprenticeship or traineeship for a two-year period.

Recommendation 12:
That training completion incentives of $2,500 for businesses and up to $5,000 for apprentices and trainees be reinstated for a further two years to help boost training completions.

Recommendation 13:
The government commit to funding national industry school pathway programs led by automotive industry groups to encourage young people to undertake a career in automotive.

Recommendation 14:
That the permanent migration intake be significantly increased above current levels, and that the cap for skilled migration be increased to 200,000 for at least the next two years.

Recommendation 15:
That the Skilling Australians Fund Levy be reduced to half of the current rate for businesses that demonstrate a strong investment in training by employing apprentices and sponsoring migrants.

Recommendation 16:
That the skills assessment process for skilled migrants be reviewed and streamlined, with a view to reducing the time and costs for visa applicants, as well as expediting the recognition of training and qualifications for applicants from countries with similar industry standards to that of Australia.

Recommendation 17:
That registered training providers in Australia are given the authority and resourcing to conduct technical skills assessments for skilled migrants.

Recommendation 18:
That the Federal Government increase investment levels in high-speed public electric vehicle charging infrastructure, with the aim of having at least one high-speed charger for every 10 electric vehicles on-road and charging banks of between six to eight chargers every 50 to 75 kilometres along major roads and highways.

Recommendation 19:
That a national review be conducted into the disparate funding arrangements for the delivery of automotive qualifications across jurisdictions and training providers, with a view towards an improved harmonisation of training costs.

Recommendation 20:
That additional funding and incentives be made available for mature-age automotive apprentices, to encourage their entry and upskilling to service the expanding zero and low-emissions vehicle fleet.

Recommendation 21:
Increase investment and research in an industry-led and federally funded national program aimed at the proper disposal of end-of-life vehicles.

Recommendation 22:
That Budget funding is allocated toward the investigation of automotive supply chain disruptions, including improvements in the efficacy and efficiency of our border crossing processes.

INDUSTRY BACKGROUND

The automotive industry is a significant contributor to Australia's economy. Across all its constituent sectors it employs around 385,000 Australians within 72,521 individual businesses[1], the majority of whom are small and family-owned businesses. In aggregate, these businesses contribute $39.4 billion to Australia's Gross Domestic Product (GDP). The automotive industry is also one of the largest employers of apprentices and trainees nationally.

The needs of the automotive industry, from a small business perspective are many, and given the economic significance of the industry, are an important consideration within the Federal Budget. This is all the more critical as the industry transitions to a new era of zero and low-emission vehicles (ZLEVs).

KEY POSITIONS

1. Tax Reform

Luxury Car Tax

The Luxury Car Tax (LCT) was introduced in 2001 to encourage Australian consumers to purchase locally manufactured vehicles instead of imported prestige vehicles. However, since the end of passenger vehicle manufacturing in Australia in October 2017, the rationale for this tax has become redundant. The LCT is now simply viewed as a 'lazy tax' used by government to raise revenue, which works against the interests of both consumers and businesses.

Regrettably, the LCT is also contributing to poorer environmental outcomes. Zero and low-emission vehicles (ZLEVs) are considerably more expensive than equivalent sized petrol and diesel vehicles, with many ZLEV's exceeding the LCT threshold for fuel efficient vehicles (currently $84,916). Australian consumers have a strong preference for light commercial vehicles and sports utility vehicles, which account for around 77 per cent of new vehicle purchases. However, in the fuel-efficient vehicle category, new electric utility vehicle offerings such as the LDV eT60 and the Ford F150 Lightning utility will arrive in 2023 with pricing of $92,990 and $100,000 respectively, plus on-road costs. This places them well above the current LCT threshold and distorts the market by penalising potential buyers of ZLEVs, thus contributing to lower sales of ZLEVs and poorer environmental outcomes.

MTAA argues that now is the time for urgent reform of the LCT. The passive revenue raising function of the LCT must change for the greater societal and environmental good.

MTAA therefore recommends the following:

Recommendation 1:

That the Luxury Car Tax be abolished to stimulate sales of zero and low-emission vehicles and improve reductions in vehicle emissions, or at a minimum, that the Luxury Car Tax be abolished for zero and low-emission vehicles.

Accelerated depreciation on zero and low-emission vehicles

Modelling conducted by MTAA members shows that, based on current trends and policy measures, the Federal Government's projection of an 89 per cent electric vehicle uptake by 2030, is unlikely to be met, with a 25 per cent uptake being more realistic. A shortfall of this magnitude will seriously jeopardise Australia's legislated emission reductions targets of 43 per cent by 2030 and net zero by 2050, unless further policy measures are undertaken to support the uptake of zero and low-emission

[1] Source: Directions in Australia's Automotive Industry, 2021, p18

vehicles.

An additional measure that will assist towards this cause, is an allowance for accelerated depreciation on zero and low-emission vehicle fleet purchases, with a special provision for accelerated depreciation on plug-in-hybrid and hybrid vehicles purchased by primary producers with an annual turnover of up to ten million dollars.

MTAA contends that this initiative would:

- Increase the bulk purchase of zero and low-emission vehicles, thus assisting the Federal Government to reach its legislated emissions targets
- Assist businesses to bring forward their used EVs to the market quicker, thus helping expand the second-hand market for EVs, without resorting to grey imports
- Targeting plug-in-hybrid and hybrid vehicles for primary producers would enable a faster penetration of zero and low-emission vehicles into regional areas, given that regionally based vehicle technicians are already familiar with hybrid vehicles.

MTAA therefore recommends that:

Recommendation 2:

That there be made a provision for accelerated depreciation on zero and low-emission vehicle fleet purchases, with a special provision for accelerated depreciation on plug-in-hybrid and hybrid vehicles purchased by primary producers with an annual turnover of up to ten million dollars.

Temporary Full Expensing

The Temporary Full Expensing measure, introduced in the October 2020 Budget, has played a key role in the support and recovery of business investment, particularly after the lockdowns experienced in 2021 due to COVID-19. The Temporary Full Expense measure, however, is set to expire on 30 June 2023, with all assets above $1,000 purchased after 1 July 2023 being made to follow a standard longer-term depreciation schedule.

MTAA believes that the early removal of the full expensing arrangement poses a risk to business investment and economic recovery, particularly as the economy emerges from the uncertainty and disruptions due to COVID. MTAA recommends that temporary full expensing be extended until end June 2025 to support business investment, confidence, and ensure economic growth over the medium-term.

Recommendation 3:

The Temporary Full Expensing measure for the purchase of assets by businesses be extended until end June 2025 to support business investment and economic growth.

Road User Charging

As the number of zero and low-emission vehicles (ZLEVs) expands within the Australian vehicle fleet over the coming years, revenues from fuel excise will decline considerably, thus affecting the capacity of the Federal Government to maintain adequate levels of investment in road infrastructure. In response to this scenario, some state governments have already implemented, or are planning to implement, various distance-based road-user charging regimes for ZLEVs.

Whilst MTAA acknowledges the economic rationale for road-user charging, the emergence of inconsistent and incoherent road-user charging regimes across jurisdictions is of concern. There is also a lack of clarity as to the Commonwealth’s role in road-user charging moving into the future.

Whilst the authority of the Commonwealth versus states/territories ability to set road charges is currently the subject of High Court proceedings, MTAA believes that ultimately any system of federal road-user taxes levied on top of existing state-based road user charges would be an undesirable outcome for motorists, and likely act as a disincentive to the future uptake of ZLEVs.

In terms of assessing road-user charging for all road vehicles nationally, MTAA believes that the National Transport Commission (NTC) is the appropriate Government body with the requisite expertise to do so. Currently, the NTC undertakes reviews and provides ministerial advice at the Infrastructure and Transport Ministers Meeting (ITMM), regarding the setting of national heavy vehicle road user charges. It would be prudent for the Government to broaden the scope of the NTC to undertake an assessment of road-user charging for light vehicles at a national level.

MTAA therefore recommends the following:

Recommendation 4:

That the Federal Government help foster a nationally consistent and coherent approach to road-user charging and road related investment that alleviates the potential for double-taxation between the Commonwealth and states and territories.

Recommendation 5:

That the Federal Government provide funding for the National Transport Commission to undertake an assessment of road-user charging for light vehicles at a national level.

Incentivising the test driving of electric vehicles

Dealerships are usually the first point of contact or frontline for most people’s experiences and education concerning electric vehicles (EVs). There is currently little incentive for a dealer to promote or sell an EV over a comparable internal combustion engine vehicle, especially considering the reduction in vehicle servicing revenues associated with EVs. There is an opportunity, however, for government to change this sentiment by incentivising the test driving of EVs through dealerships and service departments. This could be achieved through the provision of a tax credit or some other fiscal incentives for dealerships to prioritise and deliver EV test drives to customers. This may help stimulate a greater interest and demand for EVs amongst vehicle buyers than is currently the case, thus assisting towards a faster transition to lower carbon emissions.

Recommendation 6:

That the Federal Government incentivise the test driving of electric vehicles through new vehicle dealerships and service departments, through the provision of a tax credit or other fiscal incentives for dealerships to deliver electric vehicle test drives to customers.

Business tax concessions for electric vehicle infrastructure investment

For most automotive businesses, which are small and family-owned businesses, the transition to electric vehicles will be challenging. For an industry steeped in traditional petrol and diesel technology, the move to electric vehicles represents a major shift for Australia’s automotive industry, a transition many automotive businesses are ill-equipped to make. Battery electric vehicles require significant capital expenditures by automotive businesses in new tooling, charging infrastructure and skills training. For many automotive businesses, these transitional costs will be prohibitive and there is considerable apprehension and uncertainty about their future.

MTAA believe that the Federal Government should take a supportive and leadership role, to ensure that the transition to a ZLEV future for automotive businesses is as seamless as possible, by mitigating any major industry disruption, including business closures and job losses. A key initiative that would assist in this regard, are tax concessions for small and medium size automotive businesses who invest in EV tooling, charging stations and other related EV infrastructure to upgrade their workshops as necessary.

This measure would enable many businesses who may lack the necessary financial resources and are apprehensive about their future, to be able to invest in the transition to electric vehicles with greater certainty and optimism.

Recommendation 7:

That the Federal Government provide tax concessions for small and medium-size automotive businesses to invest in electric vehicle tooling, charging stations and other related EV infrastructure and skills training, to help upgrade their workshops and transition towards an electric vehicle future.

Corporate Tax

In recent years, Australia has lowered its corporate tax rate for small businesses with an aggregated turnover of less than $50 million per annum, to 25 per cent. Australia's corporate tax rate on medium and large businesses, however, remains at 30 per cent, which is uncompetitive by world standards. Whilst obtaining corporate tax rate parity between small, medium and large businesses may be a longer-term proposition, MTAA believes that in the interim, consideration should be given towards extending the 25 per cent tax rate to medium sized businesses. This could be achieved by increasing the aggregate annual turnover threshold to at least $250 million. This would allow both small and medium-sized enterprises to be more competitive and stimulate greater levels of business investment and employment.

Recommendation 8:

Extend the 25 per cent small business corporate tax rate to medium size enterprises by increasing the eligibility criteria to an annual aggregated turnover of up to $250 million.

2. Skills and Training

Adequate funding and representation for automotive in new Jobs and Skills Councils

MTAA welcomes the federal Government's new investment in Jobs and Skills Councils (JSCs) as a replacement for Industry Clusters to service the skill and workforce needs of industry.

Regrettably, the skill needs of the automotive industry were not well served under the previous Industry Cluster model, and this was demonstrated through a lack of sufficient industry engagement, and a lack of regular updating of the Automotive, Retail Service and Repair (AUR) Training Package, resulting in poor outcomes in terms of skills updates, to the detriment of the automotive industry. Given the rapid transition to zero and low-emission vehicles, MTAA requests that the skills requirements of the automotive industry, be urgently addressed within the new JSC model.

In particular, MTAA requests for:

- A stronger industry engagement model for automotive within its respective JSC
- The provision of adequate funding for automotive to deliver new and more timely updates of the Automotive Retail, Service and Repair (AUR) and Automotive Manufacturing (AUM) Training Packages

These reforms will help ensure that industry skill requirements relating to zero and low-emission vehicles and other emerging and existing vehicle technologies are effectively delivered to automotive businesses.

Recommendation 9:

That there be a stronger industry engagement model for automotive encompassing skills design and training within the newly formed Jobs and Skills Councils.

Recommendation 10:

That sufficient funding is allocated towards automotive to deliver new and more timely updates of the Automotive Retail, Service and Repair (AUR) and Automotive Manufacturing (AUM) Training Packages.

Apprentice wage subsidy and training completion incentives

The automotive industry is facing the most serious skills shortage in its history. There is an estimated skilled labour deficit of 38,700 positions across the industry in 2022/23, which is forecast to rise even higher in 2023/24. With more than one million zero and low-emission vehicles projected to be on Australia's roads by 2030, the pressure on automotive businesses to secure skilled labour to meet the changing mix of vehicles on-road, will only intensify over the decade. To this end, it is imperative that the Federal Government continue to support the industry through initiatives that will boost automotive apprenticeship commencements and completions, as well as skilled migration.

The Boosting Apprenticeship Commencements (BAC) wage subsidy and the Completing Apprenticeship Commencements (CAC) wage subsidy programs have provided valuable support to businesses and Group Training Organisations to take on new apprentices and trainees and assist towards building a pipeline of skilled workers to support the automotive industry.

Given the success of these programs, and the fragility of many businesses still emerging out of the COVID period, MTAA argues that the Government should commit to restoring at least a 30 per cent wage subsidy in the first year of an apprenticeship or traineeship to provide greater certainty for employers. Furthermore, reinstating training completion incentives of $2,500 for businesses and up to $5,000 for apprentices and trainees will also encourage more to complete their training. These measures will help build on recent progress and should be continued for a further two years.

MTAA therefore recommends the following:

Recommendation 11:

That funding be allocated for a 30 per cent employer wage subsidy in the first year of an apprenticeship or traineeship for a two-year period.

Recommendation 12:

That training completion incentives of $2,500 for businesses and up to $5,000 for apprentices and trainees be reinstated for a further two years to help boost training completions.

School Pathways programs

Encouraging young people into automotive careers is important to addressing ongoing skills shortages in the long term. A proven program is to employ 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.

A key part of this engagement is to develop and deliver engaging and interactive presentations, such as virtual reality equipment and pit stop competitions. A current program is successfully being run in South Australia, but additional government support for a national program will enable a greater reach into more schools and provide more learning aids.

The MTAA recommends grant funding to support an industry school pathways program, including teaching aids for students and to reduce the cost of the Introduction to Automotive program for school students. By supporting industry groups these school pathways programs can be tailor made to suit the local automotive sector needs for skills and focus on areas that are in demand.

Recommendation 13:

The government commit to funding national industry school pathway programs led by automotive industry groups to encourage young people to undertake a career in automotive.

3. Population and Skilled Migration

Skilled migration intake

Alongside our education and training sectors, the temporary and permanent skilled migration programs are highly valuable components of workforce planning and development. A strong migration uptake is a key policy lever available to address labour force shortages that cannot be filled by Australians, or that require highly specialised skills to grow our workforce and drive our post-pandemic recovery.

Given the lack of skilled migration over the pandemic and the acute volume of skill shortages in the economy, MTAA believes that the government's migration targets should be much higher than what they currently are. Over the next few years, there is an urgent need to replenish both the skills lost during the pandemic and boost the supply of skilled migrant labour significantly to ensure that the momentum of economic growth is sustained moving forward.

Whilst MTAA welcomes the announcement at the Jobs and Skills Summit to increase the migrant intake to 195,000 with 142,000 allocated to the skills stream, this measure is considerably short of what is required to meet the widening gap in skilled workers needed by Australian businesses. MTAA recommends a significant increase in the permanent migration intake, including a significant increase in the cap for skilled migration to 200,000 for at least the next two years. This will help replenish the skills lost during the pandemic.

Recommendation 14:

That the permanent migration intake be significantly increased above current levels, and that the cap for skilled migration be increased to 200,000 for at least the next two years.

Skilling Australians Fund (SAF) Levy

Whilst it is acknowledged that there is a community expectation that those utilising the skilled migration program demonstrate a commitment to training Australians, MTAA has serious concerns with the SAF levy. These concerns include:

- The excessive quantum of the levy
- The upfront fee collection
- An inadequate refund policy
- The lack of an alternative to the levy when strong investment by the sponsoring employer in training is evident

MTAA contends that for employers who demonstrate evidence of a strong investment in training by employing apprentices and sponsoring migrants, that the training levy should be reduced to half of the current rate for these businesses. Furthermore, this approach was proposed by the Joint Standing Committee on Migration in its Interim Report in relation to its Inquiry into Australia's Skilled Migration Program.

Recommendation 15:

That the Skilling Australians Fund Levy be reduced to half of the current rate for businesses that demonstrate a strong investment in training by employing apprentices and sponsoring migrants.

Skills assessments

Obtaining a skills assessment is a mandatory requirement for some visa subclasses and streams. This involves assessing the applicant's qualifications and employment against the suitability of a nominated occupation. The skills assessment process can be very time consuming, requiring lengthy technical assessments, particularly for automotive occupations that have very similar training standards and qualifications in the home country to that of Australia (e.g. the UK and Ireland). These skills assessments involve both technical and practical assessments for prospective migrants, often taking at least six months to complete.

The delays caused by the skills assessment process often deters many candidates from pursuing their application in Australia, with the likely loss of talented candidates to other countries. Furthermore, there is only one skills assessment authority operating nationally – VETASSESS – that is undertaking automotive occupation skills assessments. VETASSESS is currently under-resourced and understaffed and is struggling to process what is now a very large backlog of skill assessments.

MTAA contends that this situation is unacceptable, and that there is no reason as to why the skills assessment process cannot be conducted by registered training providers in Australia to help alleviate the backlog and reduce the burden on VETASSESS.

MTAA therefore makes the following recommendations:

Recommendation 16:

That the skills assessment process for skilled migrants be reviewed and streamlined, with a view to reducing the time and costs for visa applicants, as well as expediting the recognition of training and qualifications for applicants from countries with similar industry standards to that of Australia.

Recommendation 17:

That registered training providers in Australia are given the authority and resourcing to conduct technical skills assessments for skilled migrants.

4. Electric vehicle charging infrastructure

Whilst both government and the private sector are investing in public electric vehicle charging infrastructure, the scale and level of ambition of this investment in Australia, is very low by international standards. More needs to be done to raise consumer confidence concerning the availability of EV charging facilities, particularly for longer journeys and in rural/regional areas.

International best practice shows that ideally there should be one high-speed EV charger for every 10 EVs on-road and charging banks of between six to eight chargers every 50 to 75 kilometres along major roads and highways.[2] Australia's ambition of having EV charging facilities available every 150 kilometres, falls well below these recommended standards.

To help overcome consumer charging anxiety and expedite the transition to electric vehicles and lower emissions, MTAA recommends that the Federal Government increase investment levels in EV charging infrastructure in accordance with international standards.

Recommendation 18:

That the Federal Government increase investment levels in high-speed public electric vehicle charging infrastructure, with the aim of having at least one high-speed charger for every 10 electric vehicles on-road and charging banks of between six to eight chargers every 50 to 75 kilometres along major roads and highways.

Harmonisation of funding for training

MTAA research indicates that there is a growing demand for skills training associated with the service and repair of ZLEVs. This demand will increase significantly over the next few years, given that government projections show that over million ZLEVs are expected to be driving on Australia's roads by 2030. Based on the government's projections, MTAA modelling indicates that an additional 7,000 specialist trained ZLEV technicians will be required by 2030 to support this growth. The capacity to deliver this training, however, varies enormously across jurisdictions and training providers.

Currently, there is a large disparity in the funding arrangements for the delivery of automotive training and qualifications across jurisdictions, particularly for Technical and Further Education (TAFE) training providers and Group Training Organisations (GTOs) and this is compromising both the quantity and quality of automotive trade training nationally. In this respect, MTAA would support a national review into the funding arrangements for TAFEs and GTOs, with a view towards a harmonisation of the costs of funding automotive qualifications across all states and territories.

Furthermore, given that mature-aged workers now represent the largest cohort of automotive apprentices and trainees in-training, there is an imperative to support these workers to ensure that the skills pool relating to the service and repair of ZLEVs is fostered and developed into the future. In NSW alone, there are 49,500 licensed technicians that will need to be upskilled in the safe depowering and re-energising of electric vehicle batteries at a minimum.

MTAA therefore makes the following recommendations:

Recommendation 19:

That a national review be conducted into the disparate funding arrangements for the delivery of automotive qualifications across jurisdictions and training providers, with a view towards an improved harmonisation of training costs.

Recommendation 20:

That additional funding and incentives be made available for mature-age automotive apprentices, to encourage their entry and upskilling to service the expanding zero and low-emissions vehicle fleet.

[2] Zero and low-emission vehicles: Insights from Europe, MTAA Electric Vehicle Delegation, September 2022.

5. End of Life Vehicle Strategy

Each year, over 750,000 vehicles reach the end of their economic life, creating more than one million tonnes of waste. The number of internal combustion engine vehicles that will be removed from Australia's roads is expected to grow exponentially in the coming years. The support of federal and state governments for a cleaner, more environmentally friendly ZLEV vehicle car parc will require further investment and action from the Australian Government.

MTAA, and its dismantling and recycling member businesses, have dedicated substantial resources and are currently collaborating with government to identify options for government to introduce an End-of-Life Vehicle (ELV) program to Australia. The level of investment, however, must be increased. There is an emerging global movement towards Product Stewardship, where manufacturers take a major responsibility for the ultimate disposal of a product. Australia has taken a first step through the Product Stewardship Act, however, while batteries, oils and tyres are covered, complete motor vehicles remain excluded.

The importance of better ELV management has only increased and will continue to do so in line with government policy related to the increased uptake of ZLEVs. This, coupled with increasing community expectations relating to sustainability and the environment make this an area for urgent reform.

Recommendation 21:

Increase investment and research in an industry-led and federally funded national program aimed at the proper disposal of end-of-life vehicles

6. Supply Chain Vulnerability

Being heavily reliant on internationally manufactured vehicles and parts, Australia's automotive industry continues to face significant delays, vulnerabilities, and shocks to its supply chain. This has been of considerable detriment to consumers and businesses, both during periods of COVID lockdowns and beyond. There is also a need to ensure that Australia is globally competitive and attractive to both logistics providers as well as manufacturers.

Whilst many global shipping issues remain out of Australia's control, there is still much that can be done in ensuring supply chain security and reducing our internally applied costs – both those imposed by government and other businesses along the supply chain. There is considerable room for improvement in modernising and improving the efficacy and efficiency of our border crossing processes to make Australia an attractive destination for international shipping lines and reduce the cost of imported goods for Australian businesses and consumers.

Recommendation 22:

That Budget funding is allocated toward the investigation of automotive supply chain disruptions, including improvements in the efficacy and efficiency of our border crossing processes.