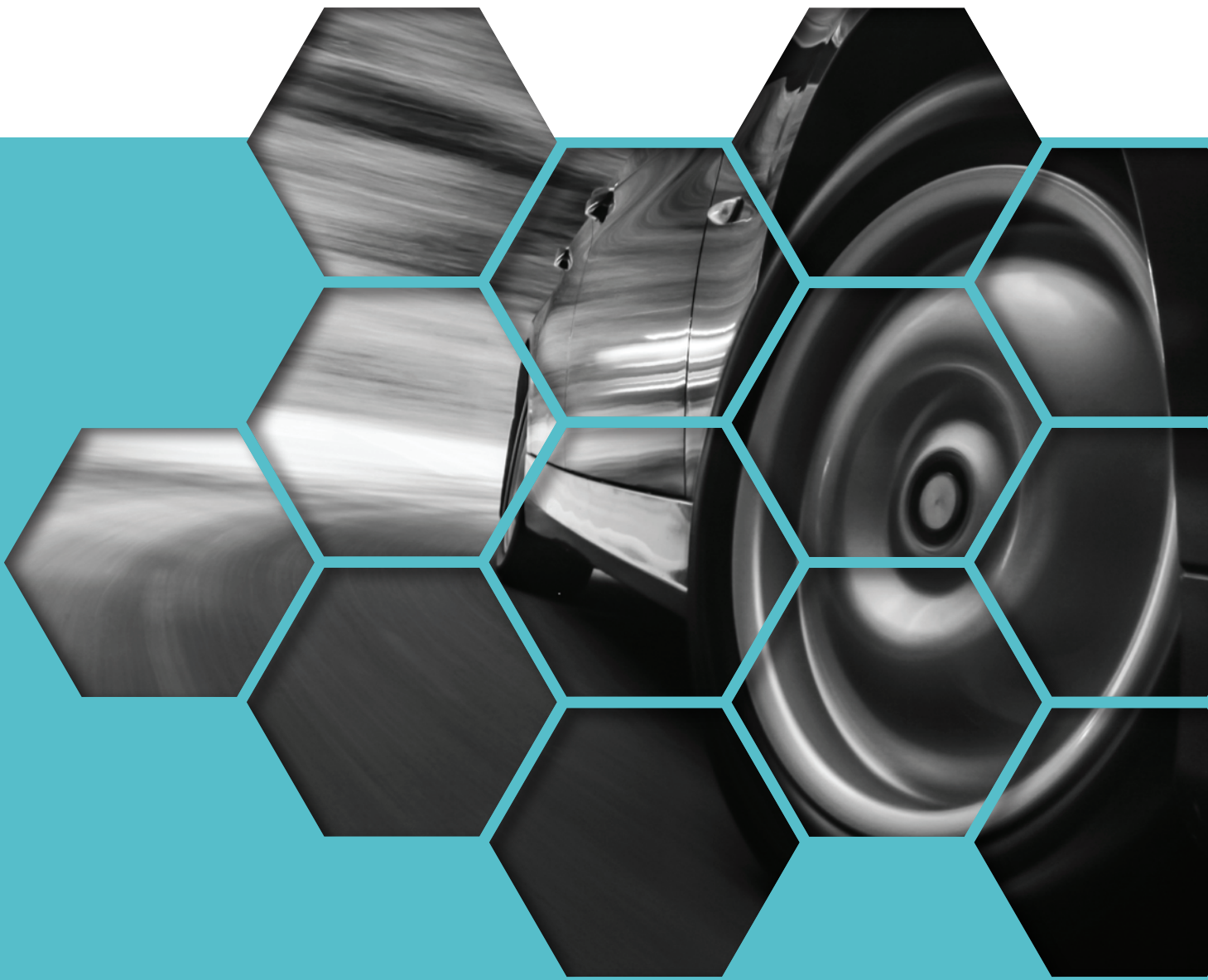


REvolution

The automotive industry's
policy priorities for the next
Australian Government

2022





Contents

1	Skills and training	11
2	COVID-19 recovery	12
3	Future proofing automotive	13
4	Tax reform	16
5	Red-tape reduction	18
6	The environment	18
7	Workplace relations	19
8	Fair competition	22

About VACC

The Victorian Automotive Chamber of Commerce (VACC) is Victoria's and Tasmania's peak automotive industry employer association, representing the interests of 5,000 members in over 20 retail automotive sectors that employ more than 56,000 people.

VACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycle, recreational and farm machinery); repairers (mechanical, electrical, body, and repair specialists, i.e. radiators and engines); vehicle services (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.

VACC is also an active member of the Motor Trades Association of Australia (MTAA) and contributes significantly to the national policy debate through Australia's peak national automotive association.

Contact us

Lead, Strategy and Policy

Dr Imogen Reid

P: 03 9829 1145

E: ireid@vacc.com.au

Head of Marketing, Media,
Communications and Publications

David Dowsey

P: 03 9829 1247

E: ddowsey@vacc.com.au

Introduction

Australia's automotive industry encompasses a range of business activities across 20 different sectors. The industry is a major employer, employing approximately 380,000 people nationally within 72,521 businesses, most of which are small and family-owned businesses. In aggregate, the industry contributed \$39.4 billion towards Australia's gross domestic product in 2020, making it a critical component of Australia's economy.

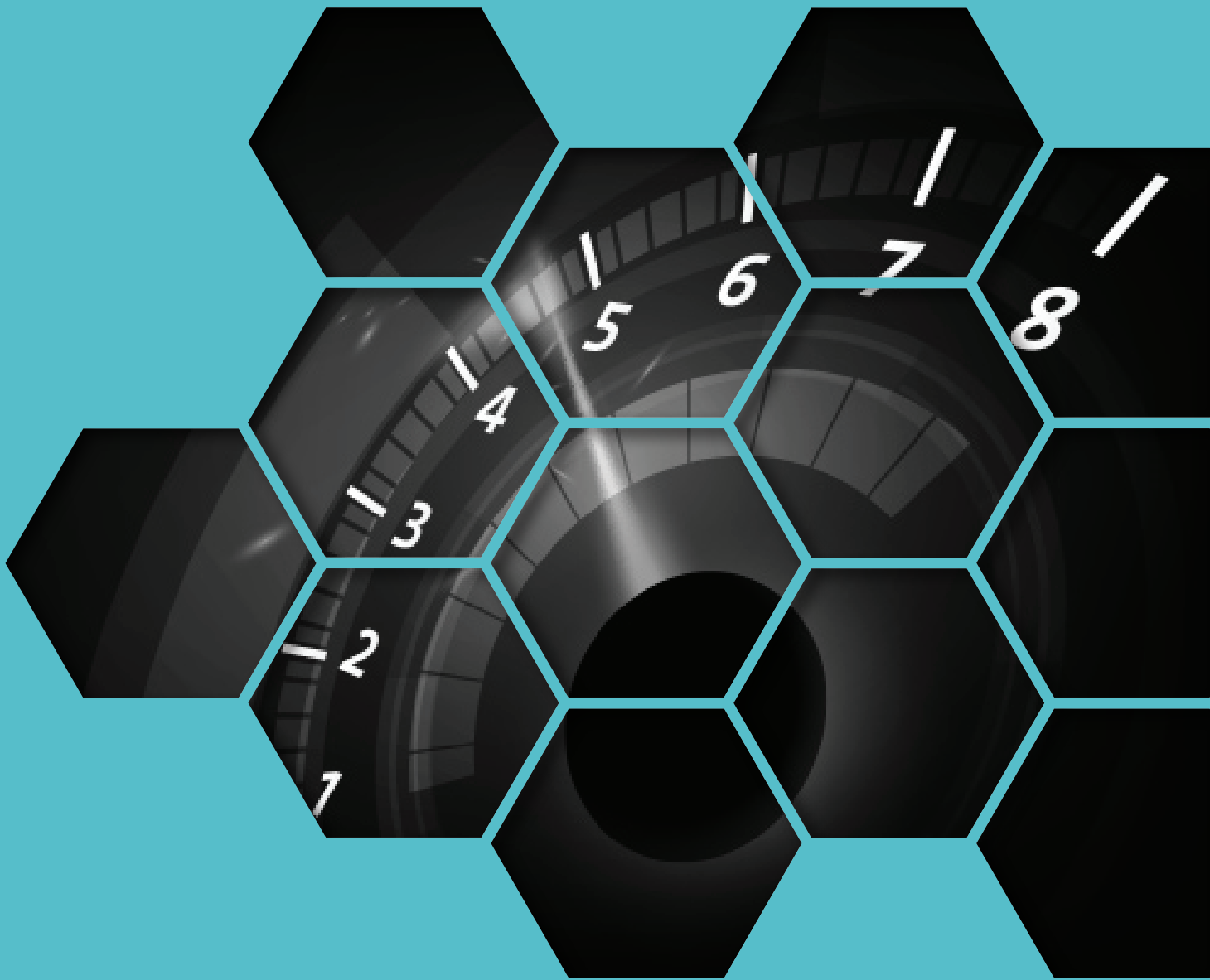
The automotive industry also has extensive connections with over 90 percent of Australian industries, including strong linkages to road transport, construction, and mining, who are dependent on automotive goods and services to sustain operations. In short, the automotive industry is a fundamental component of a well-functioning economy.

The automotive industry is at a critical juncture. With the emergence of Zero and Low Emission Vehicles (ZLEVs) and evolving fuel cell technologies, industry and government should work together to ensure the predicted transition is seamless and limits disruption. This means adequate consideration for future skills requirements, infrastructure needs and replacing lost revenue from fuel excise over the coming years.

While it is important to look to the future, current issues facing the automotive industry should not be overlooked. Skills and training top VACC's policy priorities, with our call for immediate action to address the severe skills shortages – exacerbated by the COVID-19 pandemic – affecting the entire automotive industry. A review of business assistance for industry as we move through the next phase of COVID-19 related recovery is also imperative. Tax reform and due consideration for a harmonised road user charging framework are identified as essential for the next Australian Government to provide business certainty and confidence. Other priorities include a commitment to meaningful red-tape reduction, an efficient and sustainable End-of-Life Vehicle (ELV) program, workplace relations reform and support to create

“...the industry contributed \$39.4 billion towards Australia's gross domestic product in 2020, making it a critical component of Australia's economy.”

a more level playing field for state and territory-based Approved Vehicle Examiners schemes, along with introducing a mandated Motor Vehicle Insurance and Repair Industry Code. VACC also calls for more support from the Federal Government to improve diversity across the automotive industry. Industry is doing its part, but more can be achieved when government and industry work together.



Recommendations

Skills and training

1. Remove the applicability criteria for employer sponsored permanent and temporary migration from the short and medium/long-term skill shortage lists.
2. Continue the Boosting Apprenticeship Commencements wage subsidy and the Completing Apprenticeship Commencements wage subsidy programs for a further two years.
3. Reintroduce the Federal Government's apprentice mentoring program.
4. Support innovative, industry-led initiatives to increase commencement and completion rates of automotive apprenticeships across a range of cohorts.
5. Introduce improved support measures and incentives for employers to hire and retain automotive apprentices, including those from diverse and non-traditional backgrounds.
6. Ensure equal representation for automotive on newly established skills councils.

COVID-19 recovery

7. Exempt automotive dealer franchises and large automotive retailers from any future staffing and turnover thresholds associated with pandemic or state of emergency business relief payments.
8. Ensure all automotive retailers are eligible for any future Federal Government subsidies related to pandemic or state of emergency relief payments, regardless of their Australian and New Zealand Standard Industrial Classification (ANZSIC) code.

Future proofing automotive

9. Take a leadership role in implementing a national Zero and Low Emission Vehicle (ZLEV) policy in collaboration with the automotive retail industry.
10. Establish a ZLEV Commission (in partnership with industry), with oversight of industry transition and its regulatory impact on business.
11. Incentivise training delivery for ZLEV courses for registered training providers nationally.
12. Provide mature aged training incentives to help build Australia's emerging workforce on ZLEVs and assist existing technicians to upskill to maintain a zero-emissions vehicle fleet.
13. Include nationally accredited ZLEV courses as part of the Job Trainer Fund and MySkills initiative.
14. Boost the promotion and funding of ZLEV apprenticeships via Australian Apprenticeships' financial assistance package.

15. Add the Certificate III Electric Vehicle Technology and ZLEV technicians to the Additional Identified Skills Shortage Payment Scheme.
16. Introduce national minimum training requirements for technicians working on ZLEVs, to reduce the risk of injury or death of technicians working on high voltage systems.
17. Allocate appropriate funding to centralise the collection of monthly new motor vehicle sales data through the ABS, including funding to reinstate the annual Survey of Motor Vehicle Use and the annual Motor Vehicle Census.
18. Investigate why the Victorian automotive supply chain has been so severely disrupted, compared with other Australian states and territories during, and after, pandemic lockdowns.
19. Revitalise Australian manufacturing capability to ensure guaranteed supply chain security.
20. Support the re-establishment of manufacturing plants, which includes incentives for the repurposing, recycling and reconditioning of parts.
21. Support innovative policy measures to incentivise the recruitment of a diverse automotive workforce that will alleviate skills shortages into the future.

Tax reform

22. Reform the GST to allow for the removal of unproductive state-levied taxes to help boost Australia's post-pandemic recovery.
23. Abolish Luxury Car Tax.
24. Foster a nationally consistent and coherent approach to road-user charging and road related investment and alleviate the potential for double-taxation between the Commonwealth and states and territories.

Red-tape reduction

25. Eliminate areas of legislative conflict across jurisdictions.
26. Provide red-tape reduction taskforces with the authority to address cross-jurisdictional inconsistencies in a measurable way – with annual reporting of achievements tabled at Parliament.

The environment

27. Increase investment and research in an industry-led and federally funded national program aimed at proper disposal of End-of-Life Vehicles.
28. Provide a genuine commitment to addressing climate change with due consideration to existing industries from an economic, social and sustainability perspective.

Workplace relations

- 29. Ensure anti-discrimination, sexual harassment and workplace bullying laws are practical and easy to follow.
- 30. Reduce the burden of responsibility on small business for societal issues.
- 31. Oppose the introduction of penalties for breaches of workplace relations laws that are disproportionate and unfairly punitive against employers – and review the current penalty regime to reflect the capacity and resources of small businesses.
- 32. Amend termination of employment laws to discourage speculative claims through providing primacy to whether there was a valid reason for termination, with an effective exemption for small businesses through compliance with the Small Business Fair Dismissal Code.
- 33. Remove red-tape and policies that make working arrangements costlier, less flexible and less productive – including attempts to restrict employment, independent contracting and labour hire arrangements.

Fair competition

- 34. Ensure the National Heavy Vehicle Regulator (NHVR) undertakes a comprehensive review of state and territory Approved Vehicle Examiners (AVE) schemes with a view to creating a national AVE scheme.
- 35. Establish a national review of the Motor Vehicle Insurance and Repair Industry (MVIRI) Code of Conduct, with a national framework to mandate and regulate the industry.



1. Skills and training

The automotive industry is facing the most serious skills shortage in its history. There is a skilled labour deficit of 31,143 positions across the industry that is forecast to rise to 38,700 positions during 2022/23.

This skills deficit demands urgent government action on two fronts: a) a reinstatement of permanent and temporary skilled migration at a heightened level, and b) greater training incentives and support for automotive apprentices and employers. This includes training incentives to help build Australia's emerging workforce on Zero and Low Emissions Vehicles and assist existing technicians to upskill to maintain a zero-emissions vehicle fleet.

VACC recommends the Federal Government removes the applicability criteria for employer sponsored permanent and temporary migration from the short and medium/long-term skill shortage lists. This would enable migrants holding any skilled occupation to be sponsored by employers. This would also mean all temporary skilled migrants would have a pathway to permanency, adding to the permanent skill base of the economy.

“Federal Government apprentice mentoring programs in the past have proved enormously successful in raising apprentice retention and completion rates.”

The Boosting Apprenticeship Commencements (BAC) wage subsidy and the Completing Apprenticeship Commencements (CAC) wage subsidy programs have also 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 early success of these programs, it is essential the government continues with the BAC and CAC programs for a further two years. This will help drive industry gains into the future.

Further, statistics show approximately half of all apprentices withdraw over the course of their training. Research shows mentoring and coaching apprentices through the early stages of their apprenticeship has a significant impact on retention and completion rates. Federal Government apprentice mentoring programs in the past have proved enormously successful in raising apprentice retention and completion rates. There is a strong case for reinstating a federal apprentice mentoring program to improve training and skills outcomes for employers and apprentices.

The next Australian Government should:

1. Remove the applicability criteria for employer sponsored permanent and temporary migration from the short and medium/long-term skill shortage lists.
2. Continue the Boosting Apprenticeship Commencements wage subsidy and the Completing Apprenticeship Commencements wage subsidy programs for a further two years.
3. Reintroduce the Federal Government's apprentice mentoring program.
4. Support innovative, industry-led initiatives to increase the commencement and completion rates of automotive apprenticeships across a range of cohorts.
5. Introduce improved support measures and incentives for employers to hire and retain automotive apprentices, including those from diverse and non-traditional backgrounds.
6. Ensure equal representation for automotive on newly established skills councils.

2. COVID-19 recovery

Business assistance

VACC cannot understate the importance of exemptions for automotive dealer franchisees (dealers) and other large automotive retailers from turnover and employee level thresholds that apply to many government COVID-19 relief and stimulus packages.

Research conducted by VACC at the height of the 2020 Victorian lockdown estimated approximately 70 percent of dealers nationally did not qualify for three of the key relief packages (e.g. Boosting Cash Flow for Employers, protections mandated under the National Cabinet Mandatory Code of Conduct for SME Commercial Leasing Principles during COVID-19, and apprentice wage subsidies) announced by the Federal Government due to aggregated turnover, insufficient loss of business turnover (required in some instances to be more than 70 percent) or high staff levels. VACC observed many in the Victorian automotive retail sector were unable to qualify for assistance as a result of poorly identified Australian and New Zealand Standard Industrial Classification (ANZSIC) codes.

It is VACC's firm view that the intricacies of the threshold criteria, such as applying an aggregated turnover of an entity, as opposed to the turnover of an individual dealership, to qualify for support is not reasonable, especially when applied to new car dealerships or large automotive retail outlets whose products have high retail value. The \$50 million turnover threshold to access support further exacerbated the problem, especially where multi-franchised annual turnovers were combined. A similar example relates to the \$1 billion threshold and requiring a demonstrated downturn of 50 percent to qualify for JobKeeper.

VACC calls for exemptions to be included in any future criteria for pandemic or state of emergency related business support to ensure a more equitable division of federally funded business assistance.

“ Research conducted by VACC at the height of the 2020 Victorian lockdown estimated approximately 70 percent of dealers nationally did not qualify for three of the key relief packages... ”

The next Australian Government should:

- 7.** *Exempt automotive dealer franchises and large automotive retailers from any future staffing and turnover thresholds associated with pandemic or state of emergency business relief payments.*
- 8.** *Ensure all automotive retailers are eligible for any future Federal Government subsidies related to pandemic or state of emergency relief payments, regardless of their Australian and New Zealand Standard Industrial Classification (ANZSIC) code.*

3. Future proofing automotive

Taking a leadership role on ZLEV policy

The automotive industry has a key role to play in the sustainability of our environment. The transport sector contributes to approximately 18 percent of Australia's greenhouse gas emissions and has a significant opportunity to contribute to reducing Australia's emissions through the promotion of Zero and Low Emission Vehicles (ZLEVs). Government has a responsibility to recognise the contribution ZLEVs can make towards achieving a net zero emission target for Australia, with policies that support greater uptake of ZLEVs by businesses and the community.

“ The automotive retail industry is best placed to provide expert advice to government on their transition policy, as opposed to power or energy suppliers who are significantly removed from the automotive industry frontline. ”

The transition to ZLEVs, however, is challenging. For an industry steeped in traditional petrol and diesel technology, the move to ZLEVs represents a major shift for Australia's automotive industry, a transition many automotive businesses are ill-equipped to make. Battery electric vehicles require major capital investments by automotive businesses in new

tooling, charging infrastructure and skills training. For many automotive businesses, these transitional costs will be prohibitive. It is therefore critical the next Australian Government takes a leadership role, in partnership with industry, to ensure the transition to ZLEVs is seamless and mitigates any major industry disruption (i.e. job losses and business closures). The automotive retail industry is best placed to provide expert advice to government on its transition policy, as opposed to power or energy suppliers who are significantly removed from the automotive industry frontline.

The next Australian Government should:

9. Take a leadership role in implementing a national Zero and Low Emission Vehicle (ZLEV) policy in collaboration with the automotive retail industry.
10. Establish a ZLEV Commission (in partnership with industry), with oversight of industry transition and its regulatory impact on business.

Future skills funding

Heightened demand for skills and training associated with service and repair of battery electric vehicles has resulted in a nationwide industry consultation. Led by PricewaterhouseCoopers' Skills for Australia, the consultation identified a skills gap involving the diagnosis and maintenance of electric vehicle powertrains in passenger, light commercial and heavy vehicle categories.

A Certificate III in Electric Vehicle Technology (AUR32721) has been developed to provide future technicians an accredited training and apprenticeship pathway. This qualification reflects the role of individuals who service, diagnose, and repair battery electric vehicles and components in the automotive service and repair sector.

Currently, the automotive service and repair sector lacks the necessary skills needed to service and repair zero emission vehicles. Only 359 automotive technicians have completed basic ZLEV training in Australia¹.

¹ Source: NGVER data

Adding to the problem is accredited ZLEV training is only available in South Australia, Queensland and Western Australia. This makes it difficult and costly for employers in other jurisdictions to access this training and upskill their staff. The next Federal Government must provide appropriate funding and support to incentivise the delivery of accredited ZLEV training by registered training providers in all jurisdictions, and reduce the costs associated with upskilling existing technicians and new apprentices in ZLEV training.

The next Australian Government should:

11. *Incentivise training delivery for ZLEV courses for registered training providers nationally.*
12. *Provide mature aged training incentives to help build Australia's emerging workforce on ZLEVs and assist existing technicians to upskill to maintain a zero-emissions vehicle fleet.*
13. *Include nationally accredited ZLEV courses as part of the Job Trainer Fund and MySkills initiative.*
14. *Boost the promotion and funding of ZLEV apprenticeships via Australian Apprenticeships' financial assistance package.*
15. *Add the Certificate III Electric Vehicle Technology and ZLEV technicians to the Additional Identified Skills Shortage Payment Scheme.*

National ZLEV licensing scheme for technicians

The growth in ZLEV sales presents significant challenges for technicians working on high voltage systems. Electric vehicles comprise large capacity batteries and electric motor(s) to drive the vehicle. These batteries comprise hundreds of small individual cells arranged in a series/parallel configuration to achieve the desired voltage and capacity in the battery pack.

Injury or death can also result from not having the correct personal protective equipment, testing equipment, appropriate training or access to the OEM recommended service and repair procedures and warning information.

The next Australian Government should:

16. *Introduce national minimum training requirements for technicians working on ZLEVs, to reduce the risk of injury or death of technicians working on high voltage systems.*

Centralised automotive data

VACC has observed a significant decline in the availability and quality of data pertaining to Australia's automotive industry. Statistics once collected by reputable authorities, such as the Australian Bureau of Statistics (ABS), have either ceased or are now collected by private entities or other government agencies in the form of lesser quality, administrative by-product data. Key examples include:

“ VACC has observed a significant decline in the availability and quality of data pertaining to Australia's automotive industry. ”

- The collection of new motor vehicle sales data, which understates the size of the electric vehicle market in Australia by excluding sales from dominant manufacturers such as Tesla
- The cessation of key motor vehicle data collections including the annual *Survey of Motor Vehicle Use*, and the *Motor Vehicle Census* by the ABS.

The next Australian Government should:

17. *Allocate appropriate funding to centralise the collection of monthly new motor vehicle sales data through the ABS, including funding to reinstate the annual Survey of Motor Vehicle Use and the annual Motor Vehicle Census.*

Supply chains

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 during periods of COVID-19 lockdowns and beyond. The industry would welcome discussions and initiatives from government that would help reduce future supply shocks.

A recent VACC survey that included new car dealers and repairers confirmed the Victorian automotive retail market was, and continues to be, severely disrupted by local and global supply chain issues. It further revealed stock has been diverted from Victoria to other states, leaving Victorian industry participants at a disadvantage.

COVID-19 has also highlighted the local dependence on the support of international manufacturers in being able to access the right level of inventory and deliver it to the right location. A more nimble and agile approach is needed to achieve a better outcome for both consumers and industry.

The next Australian Government should:

18. *Investigate why the Victorian automotive supply chain has been so severely disrupted, compared with other Australian states and territories during, and after, pandemic lockdowns.*
19. *Revitalise Australian manufacturing capability to ensure guaranteed supply chain security.*
20. *Support the re-establishment of manufacturing plants, which includes incentives for the repurposing, recycling and reconditioning of parts.*

Diversity: expanding the talent pool

Female participation in the Australian automotive industry has remained largely unchanged for the past 20 years. At around 20 percent of the workforce, women over represent their male counterparts in administration and sales related roles and are under-represented in trades and senior-level executive positions. Attrition rates for women working in the industry are also high².

With the growing body of evidence on the benefits of diversity and inclusion, as well as a changing automotive industry landscape, it is imperative a broader pool of talent is attracted, encouraged and supported into the industry.

VACC's Women in Automotive network goes some way to addressing the issue by providing leadership training, resources and networking opportunities. However, there is more that can be done between government and industry to ensure more talented, capable and diverse people are attracted and retained in the automotive industry.

“ At around 20 percent of the workforce, women over represent their male counterparts in administration and sales related roles and are under-represented in trades and senior-level executive positions. ”

The next Australian Government should:

- 21.** *Support innovative policy measures to incentivise the recruitment of a more diverse automotive workforce that will alleviate skills shortages into the future.*

4. Tax reform

Goods and Services Tax

The Goods and Services Tax (GST) is Australia's consumption, or value-added tax, that levies a 10 percent tax on a range of domestic goods and services. To date, GST has been missing as a key area for reform in the post COVID-19 tax reform debate. VACC advocates for a discussion on GST reform to replace outdated and unproductive taxes through a broadened base on which GST is applied, and, potentially, an increase in the rate at which it is levied.

Australia has the third-lowest rate of value-added tax across OECD countries equal with Korea and Japan, with the average rate of the 38 member countries being 19.3 percent (as of December 2020). An increase of just 2.5 percent to a rate of 12.5 percent would have a significant impact on revenue streams of the states and territories given it is their single highest income stream, payroll tax a distant second³. GST reform would assist in addressing systemic inequalities in the Australian tax system including over-reliance on personal and corporate taxes, as well as distortionary and inefficient taxes such as vehicle and land stamp duty, and Luxury Car Tax (LCT).

At the introduction of the GST in 2000, it was made clear states and territories would be able to review their taxes and remove those deemed inefficient or inequitable. This has occurred to some extent, but not to the degree expected when the GST commenced. The GST is still viewed as a modern and efficient tax that could replace archaic and out of date taxes that the states currently implement. Having identified problems with payroll taxes and stamp duties, the funding of the removal of such inefficient taxes could be provided by a broadening of the tax base of the GST and/or an increase in the rate of such tax.

There are many goods and services that do not attract GST. The reasoning for these exclusions should be carefully considered in the debate for any GST reform, particularly to ensure equitable taxing across various household income groups. GST can be seen as a regressive tax, in that lower-income households spend a greater portion of their income on GST levied goods than higher income households (i.e. in meeting day-to-day needs). Any reform must ensure equity is improved, not worsened, particularly with

³ Treasury Budget Statements, 2020-21

intergenerational inequality amplified by the younger generation holding a proportionately higher cost of the COVID-19 pandemic.

Through its Tax Benchmarks and Variations statement, Treasury has identified six large areas of forgone GST revenue: food, education, childcare, health, water/drainage and financial services. There is continuing merit as to why these items do not attract GST, however with Australian spending habits changing over the past decade, and a shift to families spending higher amounts of their income on GST-exempt goods and services such as housing, healthcare and education, there remains a debate to be had in what should remain as exempt.

Further, LCT is a tariff on new vehicles less than two years old with sale values above a threshold set annually by the Australian Taxation Office. LCT was introduced on 1 July 2001 to deter Australians buying luxury imported vehicles, favouring those produced under local production at the time. With each of these brands phasing out Australian manufacturing, the time has come for the Federal Government to seek an alternate, more progressive revenue stream in replacement of this outdated and unproductive tax. A higher rate of GST for a broader base of luxury goods (acknowledging the administrative challenges of moving away from a single-rate GST system) would be one such option to consider as a replacement.

VACC posits GST is a prime candidate for reform.

Removal of unproductive state levied taxes will help boost Australia's productivity in its post-pandemic recovery, support economic growth and investment, and position Australia as an attractive economy in the global marketplace.

“ At the introduction of the GST in 2000, it was made clear states and territories would be able to review their taxes and remove those deemed inefficient or inequitable. ”

The next Australian Government should:

- 22. *Reform the GST to allow for the removal of unproductive state-levied taxes to help boost Australia's post-pandemic recovery.*
- 23. *Abolish Luxury Car Tax.*

Road-user charging

As the number of ZLEVs increases rapidly within the Australian vehicle fleet over the coming years, revenues from fuel excise will decline, affecting the capacity of the Federal Government to maintain adequate levels of investment in road infrastructure. In response to this scenario, VACC observes the emergence of various distance-based road-user charging regimes for ZLEVs in some states.

While VACC acknowledges the economic rationale of road-user charging, the current situation of inconsistent road-user charging regimes being implemented across jurisdictions is concerning. There is also a lack of clarity as to the Commonwealth's role in road-user charging moving into the future. A system of federal road-user taxes on top of existing state-based road user charges would be an undesirable outcome for motorists and likely act as a disincentive to future uptake.

The next Australian Government should:

- 24. *Foster a nationally consistent and coherent approach to road-user charging and road related investment and alleviate the potential for double-taxation between the Commonwealth and states and territories.*

5. Red-tape reduction

The retail sale, registration and repair of motor vehicles in Australia are made difficult by complex and inconsistent state-based legislation and regulation. Industry and consumers face confusing and varied red-tape requirements when acquiring, transferring or repairing a vehicle in different jurisdictions. Victorian-based automotive retailers are placed at a competitive disadvantage due to discordant interaction between federal and state-based legislative obligations.

“ In the era of the digital marketplace, regulation related to the retail automotive industry should be simplified. ”

In the era of the digital marketplace, regulation related to the retail automotive industry should be simplified. This would create a level playing field across states and territories and reduce costs for consumers and automotive businesses.

The next Australian Government should:

25. *Eliminate areas of legislative conflict across jurisdictions.*
26. *Provide red-tape reduction taskforces with the authority to address cross-jurisdictional inconsistencies in a measurable way – with annual reporting of achievements tabled at Parliament.*

6. The environment

Accelerate a national 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. The support of federal and state governments for a cleaner, more environmentally-friendly ZLEV car parc will require further investment and action from the new Australian Government.

VACC, and its dismantling and recycling business constituents, 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 must be increased.

There is an emerging global movement towards Product Stewardship, where manufacturers take a major responsibility for the ultimate disposal of products. 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 imperative for reform has been discussed with government for many years – and now is the time for action. 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, is an area for urgent reform.

The next Australian Government should:

- 27.** *Increase investment and research in an industry-led and federally funded national program aimed at proper disposal of End-of-Life Vehicles.*
- 28.** *Provide a genuine commitment to addressing climate change with due consideration to existing industries from an economic, social and sustainability perspective.*

7. Workplace relations

Australia has become a costly place for small businesses to hire, retain and manage staff. It is also one of the most heavily regulated labour markets in the world, consistently ranking poorly on flexibility and responsiveness when compared internationally.

In order to assist businesses to grow and employ more staff, the automotive industry recommends the following workplace relations reforms.

Anti-discrimination, sexual harassment and workplace bullying laws

The next Australian Government should harmonise discrimination and bullying laws for both applicants and respondents with a common, practical and sensible approach that limits the number of judicial and regulatory bodies that can deal with complaints arising from the same factual scenario. Currently, inconsistent, complex and overlapping laws at state and federal level create additional costs and confusion for small and medium sized businesses – with the same set of facts surrounding an alleged workplace bullying claim in Victoria, enabling legal action at/complaint to the Victorian Equal Opportunity and Human Rights Commission, Victorian Civil Administration Tribunal (VCAT), the Fair Work Commission, Fair Work Ombudsman and WorkSafe Victoria.

A modernised anti-discrimination and bullying prevention legislation would also ensure individual workers who engage in unlawful or inappropriate workplace behaviour are held individually liable proportionately for their own conduct, with employers not penalised for the misconduct of individual workers when they have taken all reasonable steps to discharge their statutory obligations. Any meaningful review of the existing anti-discrimination, harassment and bullying laws must establish clear boundaries of where employers' liabilities for workers' workplace conduct ends, including that the conduct of an individual employee outside of working hours is solely that individual's personal responsibility.

The next Australian Government should:

- 29.** *Ensure anti-discrimination, sexual harassment and workplace bullying laws are practical and easy to follow.*

The impact on small business of responsibility for societal issues

The burden of responsibility for many societal issues falls on businesses – especially small businesses – at a significant financial cost that cannot be passed on to consumers. Employers have a delicate job of balancing the care and wellbeing of staff against financial obligations. Small businesses should not be held responsible for societal issues not directly work-related and therefore outside an employer's control.

The next Australian Government should ensure an employer's responsibility for employees does not extend beyond the workplace, particularly into areas that are primarily societal issues impacting the workplace (rather than vice versa).

Accordingly, in addition to limiting vicarious liability on evolving issues such as sexual/sex-based harassment and psychological health to only those matters reasonably within an employer's control in the workplace, the next Australian Government should also commit to ensuring employers are not required to pay for new statutory entitlements such as family and domestic violence leave – payment for such leave should remain a discretionary matter.

The next Australian Government should:

- 30.** *Reduce the burden of responsibility on small business for societal issues.*

Penalties for breaches of workplace relations laws

Despite years of 'modernisation', the current system underpinning wages and conditions of Australian workers remains inherently complex. The practical effect of this complexity is that both underpayments and overpayments of wages and entitlements are commonplace.

This fact is not recognised under the current legislative framework, which additionally gives no consideration to the size or resources of the business – with the same maximum penalties applicable to a multinational company as to a small business.

The inequity of the current framework has been exacerbated in some state jurisdictions through the passage of so-called 'wage theft' legislation. In addition to no consideration being given to the resources of the employer or the complexity of the current system – such draconian laws seek to criminalise breaches attributed to employers, regardless of the culpability of employees who are not subject to sanction. This is a concerning trend, evidenced also in 'workplace manslaughter' laws. Workplace laws impose obligations on both employers and employees. Penalties should reflect this fact – rather than seeking to hold only employers responsible.

The next Australian Government should oppose the introduction of such disproportionate, unfair and ideologically driven legislation. Additionally, it should amend the current penalty regime to better reflect the obligations of both employers and employees under workplace laws – as well as formally recognise the capacity and disparate resources of large and small businesses, by reducing maximum penalties for small businesses.

The next Australian Government should:

- 31.** *Oppose the introduction of penalties for breaches of workplace relations laws that are disproportionate and unfairly punitive against employers – and review the current penalty regime to reflect the capacity and resources of small businesses.*

Amending termination of employment laws

A valid reason for termination of employment should be the primary factor in determining litigation contesting dismissal. Once a valid reason is found as a threshold matter, procedural defects in carrying out the termination should not invalidate the reason for dismissal, particularly where such defects would not have altered the outcome.

For small businesses, procedural requirements should be limited to providing a valid reason for termination and providing the employee an opportunity to respond. Accordingly, compliance with the Small Business Fair Dismissal Code should result in an unfair dismissal claim being dismissed on the papers. Additionally, lawyers and paid agents (other than those currently listed under section 596(4) of the Fair Work Act 2009) should be barred from participating in all stages of unfair dismissal proceedings involving a small business.

More generally, all unfair dismissal applications should be subject to a triage process undertaken on the papers that results in the dismissal of claims which cannot be brought on jurisdictional grounds. This should be done prior to any initial mediation with the employee applicant, with the Fair Work Commission having the authority to make a preliminary assessment based upon written submissions by the parties with ramifications for the awarding of costs should an applicant proceed and fail in the application. An employee applicant would then have an onus to provide their claim should it proceed to mediation, rather than be dismissed.

The amorphous and complex nature of ‘general protections’ and ‘adverse action’ provisions introduced under the Fair Work Act 2009 are widely misused as a backdoor avenue to contest the fairness of a dismissal that an employee applicant does not otherwise have legal basis to make. They should be removed and replaced with provisions modelled on the long-standing Freedom of Association and Unlawful Termination rules that applied prior to the Fair Work Act 2009.

The next Australian Government should:

- 32.** *Amend termination of employment laws to discourage speculative claims through providing primacy to whether there was a valid reason for termination, with an effective exemption for small businesses through compliance with the Small Business Fair Dismissal Code.*

Addressing red-tape

Australia’s workplace relations system should facilitate the broadest possible range of options for workforce participation to meet the diverse workforce needs of the automotive industry. Accordingly, employers must be able to access full-time, part-time and casual employment options without attempts to impose levels of regulation or costs that would render any form of work inaccessible. Misguided attempts to impose greater job security through increased red-tape and regulation must be opposed, as they don’t work in practice and ultimately result in fewer, less secure job opportunities.

In addition to being able to agree with their employees on how they want to organise and structure their work, businesses should also have confidence in engaging contractors without fear or risk of retrospective claims challenging the status of an independent contractor. Businesses should be free to contract for services, including through contract labour, rather than hiring employees under contracts of service.

Utilisation of labour hire operators should be regulated by one national labour hire licensing scheme with no competing, parallel state or territory regulatory or licensing requirements. Employer association-led apprenticeship programs, and other group training organisations that coordinate an essential link between business and youth in Australia in the automotive industry and other industries suffering from acute skill shortages, should be exempt from coverage under any labour-hire licensing scheme. Group training organisations should continue to be held accountable via national industry standards, with an independent audit process conducted by specific state and territory providers.

The next Australian Government should:

- 33.** *Remove red-tape and policies that make working arrangements costlier, less flexible and less productive – including attempts to restrict employment, independent contracting and labour hire arrangements.*

8. Fair competition

National Approved Examiners Scheme

In order to ensure fair and equitable access to light and heavy vehicle certifications, VACC recommends the National Heavy Vehicle Regulator (NHVR) undertake a comprehensive review of state and territory Approved Vehicle Examiners (AVE) schemes. Differences in qualifications, standards, insurance obligations, barriers to entry and cost mean Victoria is at a competitive disadvantage when compared with neighbouring states. Such a review would identify areas for reform or harmonisation and limit cross-border 'signatory' shopping.

The next Australian Government should:

- 34.** *Ensure the National Heavy Vehicle Regulator (NHVR) undertakes a comprehensive review of state and territory Approved Vehicle Examiners (AVE) scheme with a view to creating a national AVE scheme.*

A mandated Motor Vehicle Insurance and Repair Industry Code

The Motor Vehicle Insurance and Repair Industry (MVIRI) Code of Conduct (the Code) is an agreement between the Insurance Council of Australia (ICA) and the Motor Trades Association of Australia (MTAA).

Recent parliamentary enquiries in Western Australia (2018) and South Australia (2020) have recommended that the Code be mandated. New South Wales and South Australia are the only jurisdictions where the Code is mandatory, with South Australia mandating additional financial penalties for breaches of the Code.

“...a common justification for seeking to mandate a new national Code is to address the lack of binding dispute resolution processes, interpretation issues with the Code and of enforceable penalties in the current voluntary arrangements.”

Given Federal Government’s responsibility over competition issues in Australia and the longstanding issues experienced in the motor and insurer industries, a common justification for seeking to mandate a new national Code is to address the lack of binding dispute resolution processes, interpretation issues with the Code and of enforceable penalties in the current voluntary arrangements.

An enforceable Code provides an important basis of understanding between the parties and their respective rights and obligations, establishing a common ground and bilateral participation across the industry.

The next Australian Government should:

35. Establish a national review of the Motor Vehicle Insurance and Repair Industry (MVIRI) Code of Conduct, with a national framework to mandate and regulate the industry.



VACC
You're in good hands