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Better
Business.
Better
Victoria.



VACC Recommendations

About VACC

The Victorian Automobile Chamber of Commerce (VACC) is Victoria's peak automotive industry association, representing the interests of more than 5,000 members in more than 20 retail automotive sectors that employ 50,000+ Victorians.

VACC members range from 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), and automotive dismantlers and recyclers.

In addition to VACC, its sister organisations – the Motor Trade Associations – represent the automotive industry for their respective states.

1. Recognition of the skills shortages within the Automotive Retail, Service and Repair sectors
2. Promote the value of automotive apprenticeships to employers, job seekers, parents and students
3. Introduce improved support measures and incentives to employers to hire and retain automotive apprentices, including female apprentices
4. Increase skills training funding for automotive apprenticeships and VET programs in schools
5. Allow discounted vehicle registration for automotive apprentices, as per other trades
6. Victoria's payroll tax threshold should be lifted to \$850,000 per annum, aligning itself more closely with comparable states and territories to encourage capital investment and jobs growth
7. The Victorian Government refrains from introducing industrial manslaughter laws
8. The Victorian Government classifies fuel theft as a criminal matter, punishable by law
9. Fuel retailers have access to stolen vehicle number plate data to assist with the prevention of fuel theft incidents
10. Undertake reform of the Victorian Duties Act 2000, with the intention of modernising Chapter 9 'Motor Vehicle Duty' so that it is in line with contemporary motor vehicle dealerships and other states
11. The Victorian Government supports regulation of the Motor Vehicle Insurance and Repair Industry Code of Conduct (the Code)
12. The Victorian Government supports the development of a federal program aimed at the proper disposal of end of life vehicles (ELV)
13. The Victorian Government takes a leadership role on ELV policy by conducting trials of a self-regulated ELV program. This would work to ensure the disposal of ELVs has minimal environmental impact
14. The Victorian Government supports a fairer trading environment for small business through a refined regulatory model
15. The implementation of an electronic roadworthy system for Victoria that incorporates the electronic storage of vehicle odometer readings

Introduction

The Victorian economy has remained resilient in the face of many obstacles. The closure of local car manufacturing, rising energy costs and declining levels of private investment and productivity have all contributed to a challenging business environment.

In recent years Victoria's growth has been underpinned by government spending on public infrastructure, such as new and upgraded roads and rail networks. Private sector investment, by contrast, has weakened considerably.

While government investment is welcome, it is also unsustainable and fraught with risk. The Victorian Automobile Chamber of Commerce (VACC) believes that stimulation of private sector investment and productivity should be the cornerstone of economic growth on all sides of politics.

With more than 590,000 businesses in Victoria employing 90 per cent of the workforce, Victoria's businesses are the real engine room of our state's economy. Only by supporting businesses through sound policies and meaningful reform can future jobs growth and prosperity be truly delivered.

Better Business, Better Victoria outlines key areas for reform, as identified by more than 5,200 businesses represented by VACC, the peak automotive industry association in Victoria.

VACC's Better Business, Better Victoria advocates for the following priority reforms for the next Victorian Government:

- + Apprenticeships and Skill Shortages
- + Payroll Tax
- + Industrial Manslaughter
- + Fuel Theft
- + Modernisation of the Duties Act 2000
- + Regulation of Motor Vehicle Insurance & Repair Industry Code of Conduct
- + Fair Trading
- + Electronic Roadworthy Certificates
- + End of Life Vehicle Disposal.

Apprenticeships and Skill Shortages

Recommendations:

1. Recognition of the skills shortages within the Automotive Retail, Service and Repair sectors
2. Promote the value of automotive apprenticeships to employers, job seekers, parents and students
3. Introduce improved support measures and incentives to employers to hire and retain automotive apprentices, including female apprentices
4. Increase skills training funding for automotive apprenticeships and VET programs in schools
5. Allow discounted vehicle registration for automotive apprentices as per other trades

Recognition of skill shortages within the automotive retail, service and repair sectors

There is a major skill shortage of around 6,900 people within the retail, service and repair sectors of Victoria's automotive industry.

VACC argues that this skill shortage limits the capacity of automotive businesses to expand and generate greater productivity, profits and employment growth.

Recognition of these skill shortages and their impacts, along with a focus to reduce the severity of skills shortages within the automotive industry, should be a policy imperative for Victoria as it will generate tangible benefits for businesses and the broader community.

Promote the value of automotive apprenticeships to employers, job seekers, parents and students

VACC argues that raising the profile of automotive apprenticeships has flow-on benefits in improved commencement and completion rates for automotive apprenticeships. This is essential in closing the skills shortages experienced across the automotive industry.

Job seekers and school leavers need quality careers advice, with a focus on the viability and respectability of an automotive trade career. This advice includes informing parents, teachers, and other youth leaders who are the primary influence in a student's career choice.

Automotive apprenticeships need to be promoted as a respected and credible career path, with vibrant new technologies such as electric and autonomous vehicles on the horizon.

Incentives to hire and retain apprentices, including female apprentices

VACC maintains that the right mix of incentives is needed to encourage the hiring and retention of apprentices.

The current system is based on incentives for businesses to hire specific candidates, usually those facing employment barriers. VACC argues that the system should be broadened to encourage employers to engage all types of candidates. VACC believes this would improve retention rates and levels of employment diversity in the industry.

Incentives should also be structured to encourage employers to retain and invest in their apprentices, as opposed to one-off payments for placement.

VACC recommends the following incentives for the hiring and retention of apprentices:

- + Reward employers who consistently engage in the apprenticeship system
- + Reward is based on the number of apprentices employed versus the employee ratio (small and large businesses are treated equally)
- + Reward for maintaining an apprentice for the duration of the apprenticeship (milestone payments over the apprenticeship, not lump sums)
- + Added rewards and incentives for employers to take on female apprentices
- + Businesses are encouraged to employ school-based trainees/apprentices
- + Rural and regional travel allowances for apprentices who need to travel for their training.

Increased skills funding for VET programs in schools

In Victoria, there has been a steady decline in apprentice commencement and completion rates. These low rates are concerning for the Victorian economy, where there are almost 7,000 jobs that cannot be filled in the automotive industry.

VACC argues that schools play a vital role in the promotion and facilitation of vocational education and training (VET) programs. For this reason, it is recommended that VET funding for schools be increased to ensure adequate commencement and completion rates.

Specifically, VACC suggests:

- + Schools are rewarded when students undertake a school-based traineeship/apprenticeship when completing VCE/VCAL
- + Direct schools to be more flexible in their timetabling for VET subjects
- + All schools to offer VET programs
- + Funding to ensure students and parents are not charged a fee for service for school-based VET programs
- + VET engagement programs expanded to lower year levels
- + Funding directed to maintain the trade training centres across the state
- + The Head Start school based apprenticeships program to be extended to automotive students.

Payroll Tax

Recommendation:

6. Victoria's payroll tax threshold should be lifted to \$850,000 per annum, aligning itself more closely with comparable states and territories to encourage capital investment and jobs growth
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Victoria's payroll tax threshold is the second lowest of all Australian states and territories. Victoria is home to more than 590,000 businesses, of which almost 18,000 relate to the automotive industry. An increase in the threshold would encourage more capital investment and employment opportunities across the state. The current threshold puts Victorian businesses at an economic disadvantage and serves as a disincentive to employing more staff.

VACC recommends the Victorian payroll threshold be competitively aligned with New South Wales (\$750,000), Western Australia (WA) (\$850,000) and Queensland (\$1.1 million). Smaller states and territories such as the Australian Capital Territory (ACT), Tasmania and the Northern Territory have thresholds well in excess of \$1 million.

The ACT, which has a payroll tax threshold of \$2 million, recorded the highest percentage growth in business counts nationally (4.5 per cent) in 2016-17.

VACC recommends the Victorian payroll tax threshold be lifted, at a minimum, to \$850,000 to ensure Victoria remains a competitive place to do business. Having business-friendly policies works in favour of all Victorians.

Industrial Manslaughter

Recommendation:

7. The Victorian Government refrains from introducing industrial manslaughter laws
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VACC opposes the introduction of industrial manslaughter laws.

Industrial manslaughter laws have recently been legislated in Queensland, making it the first Australian state to subject companies to new criminal offences of corporate manslaughter and negligently causing serious harm. Such offences include serious fines and impose criminal liability on individual directors and senior managers.

VACC cautions against Victoria imposing a similar law. VACC argues that such legislation shifts the focus from proactive prevention to reactive retribution.

To date, there is no evidence that increasing the severity of penalties corresponds or correlates with a reduction in workplace deaths and/or injury.

Such a law will see a move towards expensive legal solutions rather than preventive strategies. The resources of the Victorian court system and WorkSafe Victoria will be overburdened as the level of litigation is increased in response to the magnitude of penalties and liability. It will also serve as a serious disincentive to investing in Victoria.

VACC acknowledges that workplace safety is a serious issue, necessitating appropriate safeguards; however, seeking improvements on this issue should not be driven through the mandating of harsher penalties and more legislation. Instead, the focus should be on education and prevention for employees and employers.

“VACC HAS LONG ARGUED THAT THE VICTORIAN GOVERNMENT MUST TAKE THIS ISSUE SERIOUSLY, BY ENHANCING LAWFUL MEASURES TO TACKLE THE PROBLEM.”

Fuel Theft

Recommendations:

8. The Victorian Government classifies fuel theft as a criminal matter, punishable by law
9. Fuel retailers have access to stolen vehicle number plate data to assist with the prevention of fuel theft incidents

The theft of fuel from service stations and convenience stores (fuel theft) has reached crisis proportions, affecting hundreds of Victorian businesses, with the cost running into the millions of dollars annually. Victoria Police acknowledges the severity of the issue but is limited in its capacity to respond as it is considered a civil matter, not a criminal offence in Victoria.

VACC has long argued that the Victorian Government must take this issue seriously by enhancing lawful measures to tackle the problem.

VACC recommends that fuel retailers have access to stolen vehicle number plate data to help identify criminal activity. Recent trials in Victoria of the Auror software system have demonstrated that the data captured has considerably assisted Victoria Police. The Victorian Government should also support the use of service station/fuel theft technology and its integration with real-time number plate theft data.

The expansion of this system to common practice among fuel retailers requires that fuel theft be recognised as a criminal activity. Industry is tired of seeking civil resolutions to multiple fuel theft incidents. This is greatly compounded with fuel theft recidivists knowing the penalties for fuel theft are low, as is the likelihood of being caught.

VACC urges the Victorian Government to act immediately to address this costly criminal behaviour by recognising and promoting fuel theft as a criminal offence and acting in accordance with such a law.

Modernisation of the Duties Act 2000

Recommendation:

10. Modernise Chapter 9, 'Motor vehicle duty', of the Duties Act 2000 in accordance with other jurisdictions and contemporary motor vehicle dealership practice

Motor vehicle dealerships contribute significantly to the Victorian economy. There are more than 1,400 dealerships in Victoria employing more than 18,300 people and accounting for approximately \$2 billion of the state's GDP.

The automotive industry, and in particular new car dealerships, are under significant pressure from manufacturers, and this has led to both lower margins and profitability for automotive enterprises. VACC expects this pressure to increase in the coming years and it is possible that many dealerships will succumb to further consolidation or closure.

VACC member dealership businesses seek improved determinations in the application of motor vehicle duty, in accordance with contemporary vehicle dealership practices and other jurisdictions.

In particular, VACC believes that Chapter 9 of the Duties Act 2000, 'Motor vehicle duty', is outdated in regard to new vehicle dealership practice, especially in regard to the following:

- + the collection of motor vehicle duty
- + rates of duty
- + ancillary use of demonstrator vehicles, and
- + dutiable value exemptions for aftermarket fittings at the point of new vehicle sale.

In a digital economy, motor vehicle duty must be reviewed and modernised in collaboration with industry.

Regulation of the Motor Vehicle Insurance and Repair Industry Code of Conduct

Recommendation:

11. The Victorian Government supports regulation of the Motor Vehicle Insurance and Repair Industry Code of Conduct (the Code)

VACC supports effective regulation that fairly protects consumers, businesses and business intermediaries. In the case of the Code, it has been shown that continued and entrenched disputes between vehicle insurers and vehicle body repairers reflect the limitations in this voluntary Code and its lack of statutory enforceability.

The lack of consistency in signatories' conduct, along with minimum Code definitions and the continued use of confusing and ambiguous clauses within the Code, imposes a significant cost to small businesses, especially when it comes to resolving disputes between repair businesses and insurers.

The non-regulatory nature of the Code in Victoria means that the purpose, principles and intent of the Code stand in contrast to the direction and sustainability of vehicle body repair businesses and insurer-repairer relations.

A mandated Code in Victoria would have clear objectives, helping to clarify the purpose and benefits of healthy relations between motor vehicle insurers and vehicle repairers. This would be to the advantage of Victorian motorists and build consumer confidence.

End of Life Vehicle Disposal

Recommendations:

12. The Victorian Government supports the development of a federal program aimed at the proper disposal of end of life vehicles (ELV)
13. The Victorian Government takes a leadership role on ELV policy by conducting trials of a self-regulated ELV program. This would work to ensure the disposal of ELVs has minimal environmental impact

Australia is the only developed country not to have a national policy dealing with end of life Vehicles (ELVs). Such a policy vacuum leaves the system vulnerable to rogue traders and environmental breaches.

The emergence of 'illegal wreckers' who operate outside the current regulatory guidelines is problematic in Victoria and has the capacity to make lawful vehicle recycling operations unviable. Issues include tax evasion and non-compliance with occupational health and safety (OHS) and environmental protection (EP) laws. It is constantly reported to VACC that illegal operators provide components to the black market, supporting the cash economy and underground and illegal industries.

Landfill is also a serious concern for this industry. The variation in quality, quantity and consistency of plastics, along with the extent to which plastic is distributed throughout the vehicle, make it difficult to determine what is worth recycling. The recycling process is costly, and plastic is in direct competition with other, more valuable materials (such as steel and aluminium). As a result, the majority of plastic is disposed of via landfill.

"AUSTRALIA IS THE ONLY DEVELOPED COUNTRY NOT TO HAVE A NATIONAL POLICY DEALING WITH END OF LIFE VEHICLES "

With approximately 90kgs of plastic in a small car, if only half of this content is recycled, an estimated 36,000 tonnes of plastic would be committed to landfill every year from ELVs in Victoria alone.

Countries such as Germany, South Korea, Japan, the United Kingdom and Norway have instituted regulated ELV policies. They acknowledge that a sound ELV strategy is essential to good environmental and economic management. Such systems also contribute to meeting environmental obligations under international law.

Recognising the environmental and economic concerns related to the disposal of ELVs, VACC recommends that both state and federal governments take this issue seriously and work towards a nationally implemented ELV plan, with Victoria taking a leadership role by trialling a self-regulated ELV program.

Fair Trading

Recommendation:

14. The Victorian Government supports a fairer trading environment for small business through a refined regulatory model

Trading conditions for small business are not as fair as they should be.

VACC regularly receives reports from members of unfair and anti-competitive commercial behaviour by large businesses and franchisors against smaller independent operators and franchisees. Such unfair practices include:

- + A denial of the right of independent vehicle repairers to access critical vehicle repair information from vehicle manufacturers
- + Anti-competitive business practices drafted within franchise agreements by franchisors along with a disregard for the provisions contained within the Franchise Code of Conduct
- + The flouting of anti-competitive provisions contained within the Australian Consumer Law by large companies against small business.

Such behaviours essentially amount to 'corporate bullying' by large firms against small business and limit the ability of small business operators to compete efficiently and on fair terms within respective markets.

To facilitate a fairer trading environment, VACC argues there is a strong need for a refined regulatory model that provides the means of collaboration between state government agencies, which is further enhanced by a federal body whose primary function will be to oversee the process and arbitrate as necessary.

This enhanced regulatory structure would help ensure transparent and consistent decision-making and limit unfair and anti-competitive behaviour against small business and other market participants.

" VACC REGULARLY RECEIVES REPORTS FROM MEMBERS OF UNFAIR AND ANTI-COMPETITIVE COMMERCIAL BEHAVIOUR BY LARGE BUSINESSES AND FRANCHISORS "

Electronic Roadworthy Certificates

Recommendation:

15. The implementation of an electronic roadworthy system for Victoria that incorporates the electronic storage of vehicle odometer readings

VACC members have reported increased levels of frustration through the continuing use of an antiquated, paper-based vehicle roadworthy certificate (RWC) system in Victoria. The paper-based RWC system poses numerous impediments and inefficiencies for automotive businesses and consumers. This includes unnecessary red-tape and productivity losses for automotive repairers, and likely inefficiencies for VicRoads.

New South Wales has successfully adopted an electronic (e-Roadworthy) system and this has streamlined operations for automotive businesses. Furthermore, an e-Roadworthy system has the potential to stamp out odometer fraud, which is detrimental to consumers, automotive businesses and Victoria Police. This can be achieved by the simultaneous electronic database storage of vehicle odometer readings as part of an e-Roadworthy system. This would help alleviate odometer fraud as the database could be checked in real time for odometer reading irregularity and integrity. This means consumers get a history of odometer readings, over a time line, which would significantly reduce the capacity for odometer fraud to occur.

VACC recommends the implementation of an electronic roadworthy system, similar to that of NSW, that allows for electronic storage of vehicle odometer readings to improve consumer protections and business efficiency.

About the Australian Automotive Industry

The automotive industry embodies a wide variety of sectors including: Repair and Maintenance, Car Rental and Hiring, Towing Services, Fuel Retailing, Parts and Tyre Retailing, Motor Vehicle and Motor Vehicle Parts Manufacturing and Wholesaling, Motor Vehicle Retailing, Marine, Bicycle Retailing, Agricultural and Mining Machinery and Outdoor Power Equipment.

The industry contributed \$37.1 billion to the Australian economy (2.2% of GDP) and \$9.6 billion to the Victorian economy (approx. 2.4% SDP) in 2015-16. In light of the passenger vehicle manufacturing closures, this figure is said to fall by 0.1%.

Following the closures in October 2017, Automotive Repair and Maintenance accounts for the largest share of the industry (54%), followed by Motor Vehicle Retailing (8.3%), and Motor Vehicle and Parts Wholesaling (7.6%).

69,365 automotive businesses employ 379,365 people nationally. In Victoria, 17,961 businesses employ 102,810 people.

There were 18.4 million registered vehicles on Australia's roads as of January 2016 and around 5 million vehicles sold.

Source: Directions in Australia's Automotive Industry: An industry Report 2017, Victorian Automobile Chamber of Commerce.

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