

# Victorian State Government Pre-Election Submission

2014



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WHO IS  
VACC?

The Victorian Automobile Chamber of Commerce (VACC) is the peak body for the repair, service and retail sector of the automotive industry in Victoria (and Tasmania). VACC represents over 5,000 members, primarily small businesses, which employ over 50,000 people and have an annual turnover of around \$50 billion.

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# BIG VERSUS SMALL

Competition is a cornerstone of the capitalist system. But unfair competition, where big businesses leverage their power over small businesses, has created monopolies and duopolies that have actually decreased consumer choice with little evidence of reduced prices.

Small business is a large employer of Victorians, so when big businesses supplant small ones it effectively reduces employment opportunities. Protecting small business reduces the risk of creating and/or promoting monopolies and giving away the competition dynamic, while enhancing employment opportunities for Victorians.

It is the State Government's responsibility to support job creation and sustainability in Victoria, and therefore, it is incumbent on government to advance policy and legislative settings that support small business.

# 1.1 Micro and small business definitions

Small businesses are generally categorised by staff employment numbers, annual turnover, and other measures. Micro businesses, which employ fewer staff and would typically have lower turnover, have different needs to larger businesses and are not always well covered in small business policy.

Considerable confusion results from the lack of harmonised understandings of what constitutes micro and/or small business.

**In order to serve and support these important sectors it is vital that all stakeholders understand exactly what they constitute. A definite demarcation, offered by a standard definition of these terms, is required to protect employment in the 'micro' business sector.**

1.1

**The next Victorian State Government must lead the COAG conversation on harmonising industry-specific definitions for micro and small business.**

Recommendation

# 1.2 Increase Victorian Small Business Commissioner funding and powers

Victoria led the way with the appointment of a Small Business Commissioner over 10 years ago. In that time, the Victorian Small Business Commissioner has assisted in the resolution of over 10,000 disputes. The appointment proved so successful that the model was adopted nationally and in several other Australian states.

There is anecdotal evidence to suggest that the Small Business Commissioner is not fully resourced. There are over 500,000 Victorian small business owners employing 1.5 million Victorians whose jobs may be at risk if the Victorian Small Business Commissioner's powers are not strengthened.

**Further advice and outreach to Victorian small business owners could be achieved by expanding the Victorian Small Business Commissioner's available resources.**

# 1.2

**The next Victorian State Government must increase funding for the Victorian Small Business Commissioner. Greater resources will allow the Commissioner to carry out its statutory role of assisting Victoria's 500,000 small businesses.**

Recommendation

2

CONSUMER

**PROTECTION**

Consumers are not always fully aware of their rights when dealing with businesses and are vulnerable, at times, to exploitation.

It is everyone's responsibility therefore, including government, to protect the rights of consumers so they are not exploited and can enjoy full confidence in the business community.

## 2.1 Prosecute fuel theft

It is estimated that \$12 million worth of fuel is stolen from Victorian fuel stations annually. This loss of revenue is, ultimately, passed onto motorists through higher fuel costs.

**A Victoria Police-operated web-based database dedicated to this crime could help track recidivist offenders and make prosecution easier, while at the same time, deter others from undertaking this illegal activity.**

# 2.1

**The next Victorian State Government must direct Victoria Police to develop a 'Fuel Theft Offenders Database'.**

Recommendation

## 2.2 Maintain roadworthy certificates

The current roadworthy certificate system has served Victorian motorists very well for over 50 years. Victorians value it so much that in a recent survey conducted by Newspoll it was reported that 86 per cent of Victorian motorists would not purchase a used vehicle without the assurance of a roadworthy certificate<sup>1</sup>.

Purchasing a used vehicle with a roadworthy certificate affords motorists greater consumer protection and plays an important role in motorists' safety.

**The roadworthy certification scheme is a valuable mechanism for protecting unsuspecting consumers from potential danger and unexpected further expense. This is a core consumer issue and the current system should be retained by current and successive governments.**

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<sup>1</sup> Newspoll, August 2013

# 2.2

**The next Victorian State Government, and successive governments, must retain the current Victorian roadworthy certificate scheme.**

Recommendation

## 2.3 Non-OEM parts disclosure and certification

A clear and blatant breach of trust occurs when crash-damaged vehicles are repaired using non-OEM (Original Equipment Manufacturer) parts without owner consent or notification, despite motor vehicle insurance policies claiming that, in the event of an accident, policyholders' vehicles will be returned to 'as was' condition<sup>2</sup>.

In this instance, while the vehicle in question may be repaired to look 'as new', under the surface, this vehicle's safety systems may no longer work as they were designed. This is a serious vehicle and road safety issue that could put motorists' lives at risk.

**There is continuous doubt about the fitness for purpose of non-OEM parts. Instigating a National Parts Certification Scheme that rigorously tests these parts, and mandating that any use thereof be disclosed when used in crash repairs, can achieve market surety.**

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<sup>2</sup> Motor Vehicle and Repair Industry Code of Conduct

### 9. DISCLOSURE OBLIGATIONS

9.2 Insurers will disclose in their Product Disclosure Statements their policy relating to the use of new, non-genuine and recycled parts, sub-let repairs and guarantees and warranties.

## 2.3

**The next Victorian State Government must work with the Ministerial Council of Consumer Affairs to protect the consumer's right to know whether genuine or non-genuine parts have been used in the repair of their motor vehicles via meaningful disclosure. The next Victorian State Government must also establish a parts certification scheme to ensure that the parts used in the repair of motor vehicles are fit for purpose.**

Recommendation

## 2.4 Choice of repairer

Having a motor vehicle maintained or repaired by a business of an individual's choosing is a fundamental consumer right. Therefore, consumers should be clearly advised by motor vehicle insurers, by all communications means, including Product Disclosure Statements (PDS), if an insurance product allows for unfettered choice of repairer. All communications should also include limitations on lifetime warranties and any use of non-OEM parts<sup>3</sup>.

**It is unreasonable for vehicle insurance companies to disguise important choice of repairer information, and any restrictions that apply in relation thereof, in PDS fine print.**

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<sup>3</sup> Motor Vehicle and Repair Industry Code of Conduct

### 9. DISCLOSURE OBLIGATIONS

9.1 Insurers will clearly state, in unambiguous and plain language, upfront in their Product Disclosure Statements, their policy in relation to choice of Repairer.

# 2.4

**The next Victorian State Government must work with the Ministerial Council of Consumer Affairs to protect the consumer's right to know whether they have a choice of repairer under their motor vehicle insurance policy via meaningful disclosure.**

Recommendation

# 2.5 Flexible consumer vehicle registration payments

Victoria is currently the only Australian state or territory that does not allow for some flexibility when paying vehicle registration and TAC charges.

**Victorian motorists could better budget for what is a considerable cost if they were allowed to pay by six-monthly installments by arrangement. A small fee could be charged to offset any administrative expenses occurred.**

# 2.5

**The next Victorian State Government must introduce a flexible vehicle registration and TAC charges payment option for consumers, with a minimum of two annual payments (six months instead of 12) for Victorian motorists.**

Recommendation

3

# AUTO INDUSTRY

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SKILLS  
& JOBS

By the end of 2017, up to 28,000<sup>4</sup> Victorian automotive manufacturing and allied jobs will be lost when Toyota, GM Holden and Ford cease operations.

This displaced skilled labour needs to be reassigned.

It is essential that government notes that the automotive industry (repair, service, retail and aftermarket vehicle and parts/component manufacture) continues to employ more than 300,000 people nationally and the sector invests heavily in jobs and training.

Government needs to recognise the complexity and challenges facing business, which makes employing and training staff difficult, and it needs to consult with industry to inform training package design and delivery.

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<sup>4</sup> *A Report for Australian Workplace Innovation and Social Research Centre, National Institute of Economic and Industry Research, March 2014*

# 3.1 Reinstate employer incentives funding for Certificate II

Apprentices 21 years old and over cost more to employ, and these job seekers face challenges in transitioning back into formal training. The Certificate II Automotive semi-skilled qualifications (Traineeships), which lead to genuine employment outcomes, are also an excellent pathway for these candidates to articulate into trade level qualifications at the appropriate time.

Unfortunately, employer incentives funding for Certificate II has been withdrawn.

**Reinstating employer incentives funding for Certificate II (Traineeships) will create more jobs and help address the current skills shortage in the automotive industry.**

# 3.1

**The next Victorian State Government must reinstate employer incentives funding for Certificate II-level automotive qualifications (Traineeships) to combat skills shortages in the automotive industry.**

Recommendation

## 3.2 Government funding for training providers

Due to their heavy reliance on using the latest technology and equipment, automotive training packages are very expensive to deliver for Registered Training Organisations (RTOs).

In comparison, many training packages in other business sectors can be simply and inexpensively delivered and, yet, all training packages receive the same funding levels. This is unfair and nonsensical.

**Funding training packages based on delivery method and required equipment levels is the fairest approach and will lead to better training outcomes.**

## 3.2

**The next Victorian State Government must change the funding model for RTOs and, taking into account the complexity and expense of effectively delivering automotive training packages, raise the funding levels for these packages to appropriate levels.**

Recommendation

# 3.3 Consult the automotive industry when designing and delivering skills programs

The automotive industry knows intimately its current and future skills requirements. Therefore, the State Government should consult with the automotive industry when planning for automotive training requirements.

Small business operators look to their industry associations to represent their interests. Therefore, government should genuinely consult with the organisations entrusted to represent them.

**Industry consultation needs to occur. If not, a market-led approach will ensue where some RTOs, more focused on income than quality outcomes for the automotive industry, will predominate.**

# 3.3

**The next Victorian State Government must genuinely consult with the automotive industry to secure automotive industry-led solutions to its training requirements.**

Recommendation

## 3.4 Support for apprentices

The automotive mentoring program, known nationally as the Mentor/Advisor Apprenticeship Program (MAAP), was designed by the automotive industry for the automotive industry, and its success has led to significantly improved retention rates for first year Victorian apprentices.

The future of this program is now in doubt.

If MAAP is not fully supported and funded on an on-going basis the industry will revert to poor apprentice retention rates.

**The Victorian State Government should continue to support an apprenticeship mentoring scheme if MAAP funding is withdrawn by the Federal Government.**

# 3.4

**The next Victorian State Government must continue to support and fully fund industry-based apprenticeship mentoring and support services that achieve tangible employment outcomes and/or redress apprentice drop-out rates, if not supported by the Federal Government.**

Recommendation

# 3.5 LPG Centre of Excellence

The automotive LPG conversion industry in Victoria, consisting of 543 registered businesses<sup>5</sup>, is under threat.

The impending loss of mass automotive manufacturing in Australia, along with the repeal of the Federal Government's LPG Vehicle Rebate Scheme and an incremental increase in fuel excise on LPG, have combined to decimate the industry.

In order to protect Victorian jobs, the State Government must investigate innovative and sustainable approaches to industry support.

Australia has abundant gaseous fuel reserves that could be harnessed to provide Australia with a ready and affordable gas/liquid fuel supply. Despite this, there is a scarcity of market-ready LPG solutions for the most popular new-car market segments.

VACC and Gas Energy Australia have submitted a joint proposal to the State Government with a view to re-energising the Victorian gas industry by utilising the skills of redundant Toyota, Ford and GM Holden workforces, and occupying the Ford Engine Plant in Geelong, to create a world's best practice LPG Centre of Excellence production line for the LPG conversion of new vehicles.

**The Victorian State Government should support the VACC/Gas Energy Australia proposal, which could secure up to 500 jobs for regional Victoria.**

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<sup>5</sup> Automotive Alternative Fuels Registration Board figure, 2014

# 3.5

**The next Victorian State Government must work in partnership with the automotive industry to investigate the merits of establishing manufacturing-scale LPG facilities in Victoria.**

Recommendation

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**BUSINESS  
TAXES+**  

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**CHARGES**

The State Government is charged with the responsibility of assisting Victorian business, through policy, regulation and law, in order to create employment and prosperity. Unfair taxes, inappropriately levied, impede this.

Small businesses are burdened by many taxes and administrative charges that hamper business development and employment growth. It is unfair that a range of State taxes, earmarked for repeal during the GST introduction debate, remain in place, while new taxes and charges have subsequently been added. Land tax, payroll tax, congestion levies, and stamp duties are some of the regressive taxes.

In order to create further employment and prosperity for Victorians, small business should be exempted from State Government tax increases.

# 4.1 Provide a level playing field for micro businesses

In order for businesses to be sustainable, and to create community benefit, the 'playing field' needs to be fair and even for all concerned.

Micro businesses are unfairly burdened by taxes and charges that make conducting business extremely difficult, stunting growth and discouraging entrepreneurs from entering into business.

**If land tax, payroll tax, congestion levies, and stamp duties and charges were reviewed and amended, many more thousands of Victorians may be able to be employed by micro businesses.**

# 4.1

**The next Victorian State Government must review all taxes and charges imposed on micro businesses and formulate new measures for taxing and charging these businesses.**

Recommendation

## 4.2 Phase out payroll tax

Payroll taxes imposed by State Governments are counter intuitive, work against growth and unreasonably burden those Victorians who are prepared to employ staff.

**Payroll tax is a tax against jobs and should be phased out.**

# 4.2

**The next Victorian State Government must take the lead and sponsor a national plan to reduce reliance on payroll tax and phase out payroll tax across Australia over the next 10 years.**

Recommendation



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