



Submission

to the

Better Regulation Office

Department of Premier and Cabinet

New South Wales Government

Inquiry into

Licensing of Selected Occupations

“Motor Vehicle Repairer”

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Executive Summary

The Australian Automotive Aftermarket Association Ltd (AAAA) is the national industry association representing manufacturers, distributors, wholesalers, importers and retailers of automotive parts and accessories, tools and equipment in Australia.

The association has over 1200 member companies in all categories of the Australian automotive aftermarket and includes major national and multi-national corporations as well as a large number of small and medium size businesses. In New South Wales, the AAAA represents more than 360 member businesses, trading through over 500 locations, located in metropolitan, regional and rural areas.

Retailers within the Industry in New South Wales make up approximately 72% of our membership and of these about 90% would provide some level of accessory fitting as a service to customers. The majority offering this service would undertake simple tasks such as assisting with the fitting of seat covers, wiper blades or replacement of a light globe – without the aid of a formal workshop facility. A minority would have a dedicated fitment area primarily for the fitment of accessories sold in the retail showroom.

The AAAA expresses concern on behalf of the Aftermarket accessory industry sector that the Motor Vehicle Repair Act 1980 (MVR Act) when applied to accessory fitting businesses and fitters unnecessarily penalises such businesses and cannot be justified in the light of the purposes of the licensing regime.

Our submission will address:

- * The stated purpose of this review of the MVR Act
- * The purpose of the MVR Act
- * The definitive wording in the MVR Act
- * The context of references to accessories/accessory fitting in the MVR Act and supporting documents available from Office of Fair Trading
- * The Qualifications available through the National Training Packages
- * Retailing and accessory fitting as a customer service
- * Information asymmetry in the aftermarket accessory marketplace
- * Accessory fitting and vehicle rebirthing
- * The historical invoking of the MVR Act in regard to accessory fitting

The AAAA submits that the license requirements for automotive aftermarket accessory fitting is an excessive burden on industry which provides minimal if any benefit, to the customer or supports the rationale for the Motor Vehicle Repair Act 1980.

Accordingly we recommend that the MVR Act be reworded to clarify that accessory fitting is not included or alternatively, the accessory fitting sector be granted exemption from licensing requirements.

The AAAA on behalf of the automotive aftermarket industry, is appreciative of this opportunity to submit to this review of the Motor Vehicle Repair Act (1980)

1) Review of the Motor Vehicle Repair Act (1980)

The purpose of this review in respect of the Occupation of Motor Vehicle Repairer is to assess the ongoing need for licensing of Motor Vehicle Repairers. This submission from the Australian Automotive Aftermarket (AAAA) is made as a stakeholder in the Automotive Aftermarket Industry, and in response to the invitation of the Director of the Better Regulation Office.

The purpose of occupational licensing has been stated as “to provide customers with a level of protection by assuring that work is performed by suitably qualified service providers” and “to strengthen law enforcement activities” where this is appropriate. These measures, it is advised allow better targeting of efforts relative to identified problems in specific industries.

The occupational licensing regime provides that only licensed tradespersons may perform the occupation and only within licensed businesses. The licensing regime often specifies educational and professional qualification requirements, and may impose conditions on service providers, specify the tasks that a licensed provider can undertake, prescribe forms of conduct and provide sanctions for breaches of the requirements.

The 2004 Report¹ on the Review of the MVR Act identified the main types of business providing repair services, all of which focus on the repair of motor vehicles in the process of maintenance or restoration after component failure. The report also highlighted the matters of information asymmetry and vehicle rebirthing as important when considering the rationale for the MVR Act.

2) Submission by the Australian Automotive Aftermarket Association

The AAAA submission does not provide comment on the relevance of the MVR Act for the Classes of Work specified under the MVR Act, but is restricted to the relevance of accessory fitting being included under the Act, when it is not identified within the Act or supporting Regulations.

Of particular concern to the AAAA is the historical interpretation of the Motor Vehicle Repair Act (1980) (MVR Act) by Field Officers of the Office of Fair Trading / Motor Vehicle Repair Authority in their approach to those retail businesses that fit automotive aftermarket accessories, principally as a service to their retail customers.

The AAAA does not support the ongoing extension of the Motor Vehicle Repair Licensing regime to businesses providing this as an additional service for their customers, and not as their primary commercial operation.

¹ Motor Vehicle Repairs Act 1980, Review Report by NSW Office of Fair Trading, November 2004

3) Background

Retailers provide a Fitting Service for customers

Within the NSW membership, over 260 outlets would provide some level of accessory fitting service as a customer convenience. This fitting service is in almost all outlets, only available on products sold by the business and is not the primary purpose of the enterprise. The overwhelming majority of products fitted by the accessory fitters would be purchased with fitting instructions and packaged as retail products suitable for DIY (do it yourself) fitting. Less than 7% provide vehicle servicing and business activities normally associated with motor vehicle repair and those businesses employ Licensed Tradespersons and operate Licensed Premises under the MVR Act.

4) Matters addressed by the AAAA

4.1 Accessory fitting as a service

The AAAA has concerns about the historical application of the requirements of the MVR Act to those businesses whose primary business is the retailing of Automotive Parts and Accessories and employ accessory fitters to provide a fitting service for products purchased by retail customers in the retail business.

Automotive accessory products sold through retail businesses, are packaged for retail sale and come with fitting instructions, where these are needed. There is a growing trend among automotive accessory customers to take advantage of a fitting service if it is available. Recent surveys among the AAAA Membership clearly point to a trending away from 'do it yourself (DIY) to 'do it for me' (DIFM). Customers are time poor and often prefer to spend their time on activities other than fitting accessories to their vehicle. Retailers without fitting services have indicated that some customers will make their purchase where a fitting service is also available.

Automotive accessory product ranges include seat covers, wheel trims, additional lamps, mirrors, audio visual and audio entertainment devices, 4WD accessories (bolt-on), electric aerials, and myriad other cosmetic and task oriented additions. Where items such as suspension or engine components are sold, customers are referred to a licensed workshop for fitting – vehicle modifications of that nature are outside the scope of accessory fitters and clearly in the competency of appropriately qualified motor vehicle repair tradespersons.

Retail automotive accessory businesses that provide an accessory fitting service provide that service on products sold by them. The fitting of accessories purchases elsewhere is not encouraged. Charges for the DIFM service are not the primary income source for the business. Businesses, whose primary purpose is the fitting of accessories, do not fall within the AAAA submission.

4.2 Retailers not in the main “Types of Business” within the MVR Act

Consideration of the main types of business identified within 2004 Review² of the MVR Act, will lead to the conclusion that they are primarily involved in vehicle servicing and the repair of vehicles after a fault has developed in one or more mechanical or electrical systems of the vehicle. They are service businesses, not primarily retailers of products. The retail sale of components and service items are part of the service and repair business, not the reason for the business or the primary source of income. Skilled labour is their product.

4.3 Information asymmetry not a problem

Accessory products fitted by the retail accessory fitters have been selected by the customer after carefully considering the product and its ability to meet their requirements. By their very nature, most accessory products are fitted externally to the vehicle and are additional to, or an upgrade to, standard equipment on the vehicle. The choice by the customer to avail themselves of the accessory fitting service is made relevant to their fitting skills and availability of time to do the fit themselves. If they wish to better understand the accessory fitting process, instructions are available to them with the product. The nature of most accessories and their fitting requirements, suggests that information asymmetry is not a significant issue for customers purchasing accessories.

4.4 Accessory fitters and motor vehicle rebirthing

The AAAA is also concerned with incidences of motor vehicle rebirthing and stands behind measures to restrict this illegal activity. In the case of accessory fitting, the vehicle is received from the customer and returned to the customer, usually within a matter of hours and in almost all circumstances, without leaving the premises where the retail sale was made. The licensing of accessory fitters is unlikely to influence any effective reduction in rebirthing of vehicles. The references to accessory/accessories in the MVR Act³ are limited to clauses relating to the identification of parts and accessories on vehicles suspected of being stolen.

4.5 Definition of ‘repair’ within the MVR Act and accessory fitting

The word ‘repair’ is defined within the MVR Act to include activities (most of) which under common definition would be associated with restoring to a sound condition after damage or injury – renewing – revitalizing – to set right, etc. The inclusion of the word ‘alter’ within the definition opens the spectrum of application. Motor vehicles are altered by many businesses. Any change to the motor vehicle from the manufacturers’ specifications would be included under the term ‘alter’; activities involving fitting of seat covers, mudflaps, wiper blades, alternative entertainment system ... the installation of fittings and accessories that are enhancements to the vehicle. These customer selected products personalise the vehicle and better equip it for the customer’s requirements. The fitting activity is not undertaken because a component has failed in operation and must be replaced or maintained. Enhancement of motor vehicles with the addition of aftermarket accessories can fall within the term ‘alter’ but falls outside the common understanding of ‘repair’.

² Motor Vehicle Repairs Act 1980, Review Report by NSW Office of Fair Trading, November 2004, p4

³ Refer Para 75, 75B, 76, 77B, 77C Motor vehicle Repair Act 1980

4.6 Accessory fitting outside the scope of the “Classes of Work”

The MVR Act and Regulations identify repair work under recognised ‘Classes of Work’. There is no identified Class of Work termed “Accessory Fitting”. Additionally, within the MVR Act, there is limited use of the terms ‘accessory’ or ‘accessories’⁴. At the time of previous reviews of the MVR Act, National Training Package qualifications contained reference to accessory fitting within the path to Automotive Electrical qualifications. It is reasonable to conclude that accessory fitting was not identified as coming under the intention of the MVR Act: it is not in the Act or Regulation, is not recommended to be included by the November 2004 Review Report, not included in the Application Form ‘Class of Work’, but identified on the Application Form⁵ as being outside those classes of work.

4.7 Training qualifications for accessory fitting

These classes of work correspond to National Training Package qualifications. Students demonstrate prescribed competencies and are granted specific tradesperson’s qualifications under the National Training Package AUR05 – Automotive industry Retail, Service and Repair. There is a clear link between National Training Package Qualifications and Classes of Work within the Act. The competencies required for a qualification that satisfies the requirements of the MVR Act are at tradesperson level and not achievable while still an apprentice or at pre-apprenticeship level.

The NSW Department of Education and Training website advises that NTIS Course Code AUR 20699 previously identified as Automotive (Electrical - Accessory Fitting), may be used for reference purposes, but has an expired accreditation. With the accreditation currency now expired on AUR 20699 the replacement qualification AUR 20405 (Certificate II in Automotive Electrical Technology) makes no mention of accessory fitting among the Competency units.

Under the AUR05 National Training Package, AUR20205 is a Certificate II in Automotive Aftermarket Manufacturing (Accessory Fitting) and includes competencies in electrical accessory fitting. (*TAFE Course No: 5482*). The North Coast TAFE offering this course advises:

This course is for people working in the automotive aftermarket accessory fitting industry who want a career as an accessory fitter and have entered into a training agreement. In this course you will learn how to install automotive mechanical and electrical accessory components to motor vehicles. It is a pathway to a traineeship in the accessory fitting industry.

From the above information, training in accessory fitting is not at tradesperson level and therefore not included as a Class of Work.

In practice, because of the varied nature of accessory fitting, mentoring has been the most commonly practiced method of training accessory fitters.

⁴ Refer MVR Act Div 1, para 18; Div 2, para 24

⁵ Refer Application for Motor Vehicle Repairers Licence; Part G – Class of Work

5. Protection of public

The protection of the public is important where there might be concern on the amount or type of work required to repair a motor vehicle, or that the workmanship would be to an industry acceptable standard.

The products to be fitted by accessory fitters have been selected by the customer, and the fitting is only a service. The inclusion of fitting instructions provides the customer with the opportunity to assess what will be required in the fitting process, if they wish. The protection of the customer with regard to the quality of workmanship is covered through the 'fit for purpose' requirements of retailing regulation. If the customer has cause for complaint, that matter can be taken up in the first instance with the retail business and failing that, with the Department of Fair Trading.

The AAAA does not see that not licensing accessory fitters would unnecessarily expose customers to substandard workmanship; in fact the installation by experienced fitters will provide safer and superior performance for the customer.

6. Historical application of the MVR Act to Accessory fitting

Historical application of the MVR Act within the aftermarket accessory sector has been very subjective. In cases that have come to the AAAA attention, a field inspection has identified that, in the opinion of the Inspector, the business and fitters require licensing. Accessory fitters generally have no formal qualifications, but substantial 'on the job experience'. The determination by Inspectors that the fitter is competent appears to be based on input from the fitter and their superiors and not on a technical assessment against an established standard.

The Application Form for a business licence to repair motor vehicles identifies only the classes of work specified under the MVR Act. A note advises that if the licence will be for repair work not specified in the 'repair classes', a covering letter must be provided describing the type of work (e.g. mechanical and electrical accessory fitting ...) This is the only acknowledgement that accessory fitting is a recognised business activity.

Advice from AAAA members indicates that accessory fitting businesses and accessory fitters have been granted licences in the following classes: Automotive Electrician, Motor Mechanic, and Panel Beater. The Licence is amended with the term "restricted" added to the Class of Work. External signage identifies that the business has a Motor Vehicle Repair Licence, however there is no requirement to note any restrictions on that sign.

Whilst a number of retail AAAA members have been visited by field inspectors and required to gain licences, there has been no education campaign to explain the requirement to obtain a licence for accessory fitting. This has created a commercial disadvantage for those businesses who have undertaken licensing. The Initial cost (Application Fee \$400, + Licence Fee \$180 + Tradesperson's Certificate/s at \$56ea) and the ongoing annual Licence Fees (\$180) add unfair impost to licensed businesses. This imbalance is in a marketplace where the rationale for the licensing of accessory fitting businesses and tradespersons and the requirement to be licensed ... is not well understood or promoted.

7. Summary

The AAAA submits that:

1. The Motor Vehicle Repair Act 1980 has no direct application to or identification with accessory fitting occupation or accessory fitting business.
2. The historical application of the Motor Vehicle Repair Act 1980 has been subjective and open to variations of interpretation by field inspectors.
3. The definition of the word 'repair' under the Motor Vehicle Repair Act 1980, is vague in interpretation.
3. The license requirements for automotive aftermarket accessory fitting is an excessive burden on industry which provides minimal if any benefit, to the customer or evidence for the rationale for the Motor Vehicle Repair Act 1980.

Therefore, the Australian Automotive Aftermarket Association recommends that the Motor Vehicle Repair Act (1980) be reworded to clarify that accessory fitting is not within the scope of the Act or Regulation, or that the accessory fitting sector be granted exemption from licensing requirements.