

VACC Submission to the

**Senate Committee Inquiry into the Workplace
Relations Amendment (Work Choices) Bill 2005**



VICTORIAN AUTOMOBILE CHAMBER OF COMMERCE
Level 7 464 St Kilda Road Melbourne 3004
Tel 9829 1111
Fax 9866 1168
www.vacc.com.au

November 2005

1. The Retail Motor Industry

The Retail Motor Industry is predominantly composed of businesses in the retail, service and repair sectors of the automotive industry, with a smaller number of businesses engaged in manufacturing or wholesaling activities.

VACC, MTA NSW and MTA SA with its sister Motor Trade Associations, represent 15,500 businesses and 155,000 industry employees nationally.

The vast majority of members of Motor Trade Associations are small businesses (90% of members employ less than 20 staff) and 43% of members are located in rural and regional Australia.

The Retail Motor Industry is a significant part of the small business community in Australia, accounting for at least 5.9% of the small business sector, and provider of at least 8.7% of employment.

According to the most recent ABS data, there are 66,214 Retail Motor Industry businesses that employ 285,850 workers, with an average of four employees per business (June 2001 Australian Business Register, ABS unpublished data).

Some 85% of Retail Motor Industry employees are employed on a full-time basis, with just 6% employed part-time and the remaining 9% engaged as casuals.

Trend Labour Force data from the ABS, shows that around 72% of all employed persons in Australia are full-time employees. Therefore the Retail Motor Industry has a comparatively high concentration of full-time employees as a proportion of its entire workforce.

There is a relatively high concentration of Retail Motor Industry businesses in rural and regional Australia. Some 57.2% of businesses are located in metropolitan areas, with the remaining 42.8% located in rural or regional areas. This is an important fact to note, as rural businesses face many unique challenges including declining local

economies, the damaging impact of drought, staff retention problems, and higher business operating costs such as telecommunications and fuel.

Profit margins in the Industry sit at 1.9% compared to 6.1% for the retail service industry generally, according to 2000-01 ABS data.

The Retail Motor Industry has a small take up of registered agreements whether EBAs or AWAs and is still heavily award reliant whilst also adopting informal over award agreements directly with employees.

Union membership in the industry is low.

2. Work Choices and the Retail Motor Industry

The Victorian Automobile Chamber of Commerce was established 1918 and has been federally registered since 1940. Historically VACC has maintained an interest in the state industrial relations systems in the former Victorian and current Tasmanian system. Similarly our sister organisations, the MTA SA and MTA NSW have a presence in the state and federal systems, whilst MTAQ and MTA WA are state registered.

The organisations representing the retail motor industry provide the core industrial relations and OHS suite of services, as well as significant technical, training and other support services. Our services have evolved over the years due to the changes confronting the industry directly (technological and business competition) and related training, industrial relations, and OHS developments.

The retail motor industry whilst predominantly made up of small business, it is not an homogenous group. The diversification has presented challenges to the organisation in terms of providing timely and relevant services. The introduction of the changes resulting from the Work Choices Bill will impact on the organisations representing the industry and the industry directly. Most simply the industry for various reasons does comprise of a large portion of unincorporated businesses. Whilst there is a transition period in the Bill, our members will need to contemplate whether they should consider incorporation.

The industry faces tough competition even with big business and this will be balanced against their other priority areas such as investment in training and technology, provision of attractive salaries and benefits and at the same time contain relevant minimum standards to ensure industry is not forced to undercut prices and services.

The introduction of Work Choices will present some challenges and opportunities for the industry. Through the changes in unfair dismissal laws, the changed role in the Australian Industrial Relations Commission (AIRC) and the further simplification of awards, industry may be relieved of some of the inflexibilities that constrain the demands of a changing industry and balance the interests of employers and employees. Whilst on the other hand some other provisions in Work Choices such as the simplification of classifications and rates of pay and the encouragement to enter agreements may present some challenges in terms of accepted current accepted industry standards.

For organisations in this industry there may be resulting changes from the registration of organisations provisions. Organisations will be required to review whether their services actually meet the needs of the members and whether they will continue to be relevant with the impact of Work Choices.

VACC like many employer organisations has expressed frustration with unfair dismissal laws, decisions of the AIRC, the difficulty arising from multiple industrial relations systems and the interference of agents and bodies purporting to represent segments of the industry. VACC is of the view that Work Choices will present challenges and , opportunities to provide more proactive services to assist members rather than respond to claims which rarely support the growth of the industry and its resultant employment opportunities. The challenge for the organisations will be the capacity to service members on a more individualistic basis rather than as a collective group.

3. Awards

For the reasons expressed in this submission members in the retail motor industry have benefited from forming a strong collective and hence have relied on a federal industry award system. The federal industry award has been a tool to maintain a level playing field for fair competition but has also at times made the industry vulnerable to claims and decisions that do not benefit the industry. VACC would be concerned if awards will cease to have the effect of providing a relevant level playing field. VACC recommends that awards be maintained to avoid opportunities for cost cutting, but equally not be a disincentive for agreements between employers and employees.

4. Fair Pay Conditions Standard

In terms of the Fair Pay and Conditions Standard (FPCS) which will include:

- Maximum ordinary hours of 38
- Classifications and rates of pay (minimum rates, junior rates, apprentice rates, trainee rates, rates for workers with disabilities, piece work and casual loadings)
- Annual leave
- Ten days paid personal/ carer's leave (2 unpaid emergency leave), 2 paid days for compassionate leave per occasion (to visit a seriously ill or dying relative or to attend a funeral)
- Parental leave,

will require detailed submissions from VACC and its sister organisations to ensure that the Award Review Taskforce understands and considers the benefits that have been achieved by the industry in terms of the classification structure which supports training in the industry.

VACC also notes that the provisions of Work Choices allows for casual rates at a loaded percentage rate. VACC recommends that the provisions do not restrict casual rates which are historically based on a flat rate (calculated via a formula rather than a straight percentage of a classification).

VACC is concerned with the complex drafting in the Bill of the ordinary hours provisions as the provisions in our view do not sufficiently take into account the structure of certain classifications which are not regulated by strict hours of work.

Whilst VACC understands the reason for restricting the capacity to encash annual leave, employees of members will lose a current flexibility that is often sought by those that have accumulated large amounts of leave over the years.

5. Concluding Remarks

Whilst this submission is brief, it does not reflect the level of interest of VACC in ensuring that any new legislation that is introduced meets the need of employers and employees. The Work Choices Bill is complex and there has been a short time frame to effectively provide the Senate with more substantial comment on the Bill. VACC is hopeful that during the Senate hearing, a firmer and considered motor industry view can be provided on key aspects of the Bill.