13 June 2024

NSW Fair Trading
4 Parramatta Square
12 Darcy Street
Parramatta

by email: motordealersandrepairersact@customerservice.nsw.gov.au

To whom it may concern,

Re: Proposed changes to repair classes and qualifications under the Motor Dealers and Repairers Regulation 2014 (NSW)

Thank you for the opportunity to provide feedback on the proposed changes to repair classes and qualifications under the Motor Dealers and Repairers Regulation 2014 (NSW). We appreciate the opportunity to comment on the proposed Introduction of Light Electric Vehicle Mechanic and Heavy Electric Vehicle Mechanic Repair Classes in NSW; the proposed removal of all licensing classes for motor repairs from the regulation; and to provide the Department with further insights on labour shortages and the role of skilled migrants in addressing these shortages.

By way of summary:

- view the safety and integrity of motor repair work paramount. While we do not fundamentally oppose occupational licensing, we do not believe the Department has made a compelling policy case for specialised licensing requirements for the repair of electric vehicles (EV).
- More broadly, would strongly support the removal of licensing for motor repair and maintenance altogether as we believe the very minimal risk of poor quality or unsafe repairs already appropriately managed within existing regulatory frameworks.
- The general insurance industry, which authorises the repair of over 1.5 million motor vehicles each year, is critically dependent on motor trades to deliver its services. Labour shortages across various motor trades are contributing to increased repair times and repair costs, which in turn are placing upward pressure on the cost motor insurance for consumers. considers that the use of skilled migrants is critical in alleviating the trade shortages, which would in turn support more timely motor vehicle repairs and better experience for customers having their vehicles repaired under an insurance policy.

Proposed introduction of Light Electric Vehicle Mechanic and Heavy Electric Vehicle Mechanic Repair Classes in NSW

Recommendation: Separate repair classes for light and heavy electric vehicle mechanics should not be introduced. Instead, consideration should be given to providing subsidies for electric vehicle repair courses as a means to promoting upskilling of the workforce.

Page 6 of the discussion paper proposes that a currently qualified motor mechanic must complete the 'AURSS00063 - Battery Electric Vehicle Diagnose and Repair Skill Set' and the 'AURSS00064 - Battery Electric Vehicle Inspection and Servicing Skill Set' to perform work on an EV. Additionally, Page 8 suggests that other motor repair tradespeople must complete the 'AURETH101 Depower and Reinitialise Battery Electric Vehicle' course before working on an EV. We consider these requirements excessively burdensome and believe they are likely to exacerbate issues with EV repairs by preventing experienced technicians from working on EVs unless they obtain a new license.

While there are some differences between EVs/hybrids and ICE vehicles, the general principles of motor vehicle repair remain the same. The primary risk with EVs and hybrids is their high-voltage systems, which can pose an electrocution risk. However, once a high-voltage system is depowered, these vehicles can be safely worked on like any other. In our members' experience, the majority of EV and hybrid repairs are minor—such as part replacements and minor dent and scratch repairs—which, based on Original Equipment Manufacturer (OEM) repair guidelines, do not require battery depowering. Only about 5%-15% of repairs involve interaction with high-voltage systems that might require depowering, and this can be readily done by competent technicians, following OEM guidelines.

It's worth noting that the repair industry has been repairing hybrid vehicles, which also feature high-voltage batteries, for nearly a quarter of a century now, and is not aware of any evidence suggesting these vehicles are being repaired poorly or unsafely. Moreover, EVs are already being repaired in NSW and other jurisdictions, without specialised licensing classes, with no evidence of poor repairs. Indeed, members authorise the repair of thousands of EVs and hybrids each year, and there is no evidence to suggest that the level of repair is so poor or unsafe a special license is required.

Furthermore, mandating additional training through a licensing regime will not necessarily encourage upskilling in EVs due to the significant time and cost associated with completing the required training courses. For instance, the AURSS00063 'Battery Electric Vehicle Diagnose and Repair Skill Set,' which existing qualified mechanics must complete to work on EVs under the proposed licensing regime, costs $4,980.[1] Similarly, the AURETH101 'Depower and Reinitialise' course, which all motor repair technicians must complete before working on EVs, costs upwards of $850.[2] These are substantial expenses for motor repair businesses, most of which are small businesses facing rising overhead costs.

Given these costs and the time off work required to complete the training courses, a more likely outcome of mandatory licensing to repair EVs is that repair shops would opt to forgo EV and hybrid repair and servicing. This is due to the fact EVs and hybrids account for only a small proportion of repair work—around 0.35% to 0.7% of insurance repairs, according to our members. Consequently, investing in additional courses to obtain a special license for such a minor part of their business is not economically viable for many repair shops.

Overall, we see little value in imposing additional costs and administrative burdens through complicated and confusing licensing requirements on a motor trade workforce that generally performs high-quality repairs.

Instead, we believe that the objective of upskilling the existing workforce would be more effectively served by allocating funds intended for setting up and monitoring a burdensome licensing regime towards subsidies for relevant training courses. This would support the upskilling of existing technicians and training of new ones by reducing the costs barriers for completing these courses. For example, we note that the 'Battery Electric Vehicle Inspection and Servicing Skill Set (AURSS00064) is offered free of charge under the Queensland Governments,[3] and would encourage NSW to consider the adoption of a similar initiative.

Possible removal of repair classes for motor repairs from the regulatory framework

Recommendation: Remove all motor repair classes from the Motor Dealers and Repairers Regulation 2014

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[1] Skill Build 2024. Electric Vehicle Skills Sets – AURSS00063 and AURSS00037.

[2] ibid. Electric Vehicle Training – AURETH101 Depower and reinitialise battery electric vehicles.

[3] Fee-Free TAFE EV skills | TAFE Queensland (tafeqld.edu.au)

We refer to the Department's question 19, which suggests the possible removal of repair classes from the regulatory framework. wholeheartedly support this consideration and fully agree with the Department's rationale. As the analysis on page 20 rightly points out:

- Removal of motor repair license classes would enable repair businesses more flexibility in the staff they can employ, such as those who have gained knowledge through alternative pathways, like training directly from the OEM or through overseas qualifications.
- Work Health and Safety legislation already provides a regulatory framework that places obligations on employers to provide their staff with the necessary training and tools to perform their work safely.
- Australian Consumer Law already offers protections by requiring that services are performed with due care and skill and that goods are of acceptable quality. Furthermore, the Department of Fair Trading Secretary has the authority to order rectification of incomplete and defective repair work.
- NSW is one of only two jurisdictions that require licensing to repair cars, and removing licensing classes would support greater regulatory harmonisation.

We'd also support this analysis by adding that:

- The General Insurance Code of Practice, which is mandatory and enforceable, requires insurers to provide lifetime guarantees on the quality of workmanship for repairs. This means there is a strong incentive for insurers to ensure that their tradespeople engaged in motor repairs are competent and skilled.
- Industry data indicates motor repairs are generally of high quality. For example, a quality inspection of motor repairs conducted by one of our members identified that only 0.1% of motor repairs authorised under an insurance policy had safety issues requiring significant rework due to poor repairs.[4]
- There is no evidence to suggest that cars repaired in other jurisdictions are of poorer quality than those repaired in NSW.

Given all existing regulatory protections, as well as evidence supporting the high quality of motor repairs, we believe that removing motor repair license classes would be a positive step. Moreover, removal of motor repair license classes will also be beneficial for addressing the shortages of skilled tradespeople in NSW by enabling trades from other jurisdictions and from overseas to perform repair and maintenance work in NSW.

Insights regarding labour shortages in motor vehicle repair and the role of skilled migration

Recommendation: given current labour shortages and the crucial role of skilled migrants in the motor repair industry, there should be no restrictions on their ability to perform motor vehicle repair work in NSW

We refer to Question 16 and 17 of the discussion paper which seeks feedback regarding existing skill shortages in the motor vehicle industry and the role that skilled migrants could play in alleviating these shortages.

The ability of insurers to fulfill motor insurance claims and assist motorists in a timely manner after accidents heavily depends on the availability of skilled technicians, including panelbeaters, vehicle painters, motor mechanics, and automotive electricians.

A survey of Motor Trades Association of Australia members, representing over 70,000 motor trades businesses, many of which supply services to the general insurance industry, shows that over the past

[4] IAG Quality Report 2022-23.pdf

year, motor repair businesses managed to fill only 26% of panel beater vacancies, 29% of vehicle painter vacancies, 38% of motor mechanic vacancies, and 33% of automotive electrician vacancies, with shortages being more pronounced in regional areas.[5]

Shortage of labour has been a key factor in the increased repair turnaround times. Data on insurer motor vehicle repair turnaround times—from when a vehicle is authorised for repairs to when repairs are completed—shows a significant increase from 38.75 days in 2019 to 61.25 days in 2024, a staggering 58% rise. [6] This extended repair time leads to a poor customer experience, adding stress and inconvenience.

Labour shortages also drive-up labour costs as demand outstrips supply. Australian Bureau of Statistics data shows that from March 2019 to March 2024, the consumer price index for "Maintenance and Repair of Motor Vehicles" increased by 21.05%, compared to a 17.27% increase in inflation for all services across the economy. This rise in labour costs is reflected in insurers' operating expenses, with the average claim size rising from $3,488 in 2019 to $4,675 in 2023, an annual growth rate of 7.6%. [7]

Skilled migration remains a critical stop gap in the short-term, as has been highlighted in the MTAA's research. In the past 12 months, businesses that managed to fill positions did so through the use of sponsored visas including 49% of panel beater vacancies, 42% of automotive electrician vacancies, 41% of motor mechanic vacancies, and 43% of vehicle painter vacancies.[8]

We trust that this feedback has been helpful to the Department's considerations.

Yours sincerely,

[5] Motor Trades Association of Australia 2024 - Skills shortages in the Australian automotive industry - figure 5, page 12
[6] n.b. analysis of repair waiting times data from five insurers, representing large majority of Australia's motor insurance market. This data explicitly excludes potential delays caused by insurers, counting only the period from when the car was authorised for repairs to the completion of repairs. It should be noted that not all customers are necessarily without their vehicle during the waiting period, as minor damaged vehicles may still be drivable.
[7] Insurance Statistics Australia Data Compendium 2023.Private Motor.
[8] Motor Trades Association of Australia 2024 - Skills shortages in the Australian automotive industry – page 17