

## Information note—

### Vehicle Award and COVID-19

***This is a background document only and does not purport to be a comprehensive discussion of the issues involved. It does not represent the view of the Commission on any issue.***

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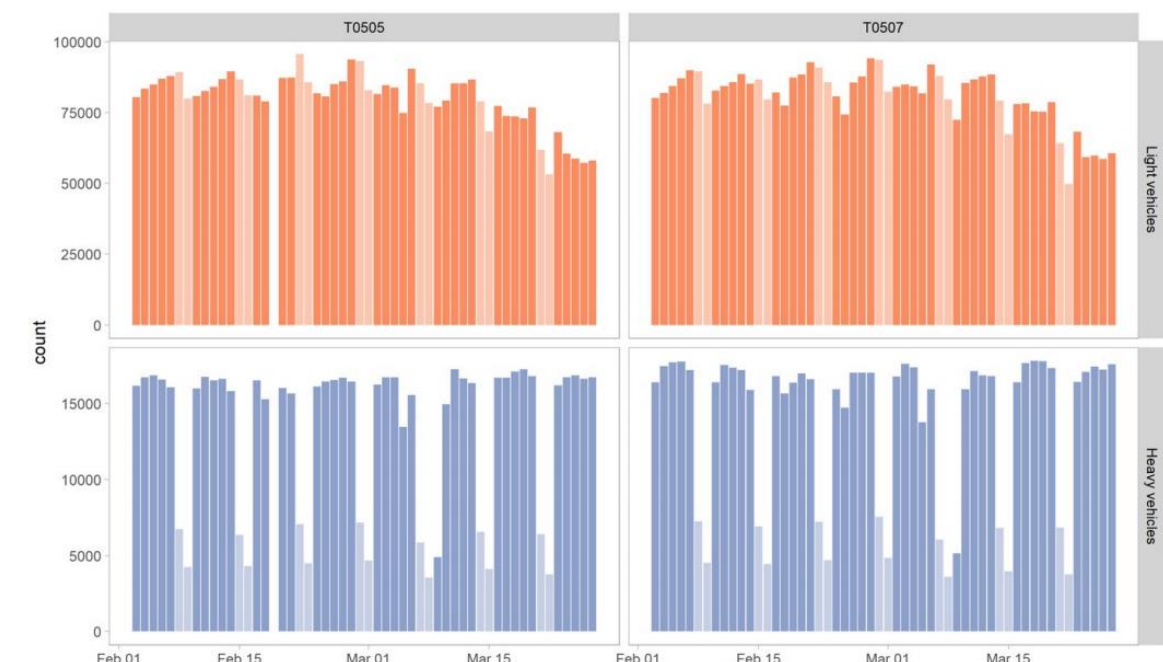
#### Introduction

1. This note provides information on the characteristics of employees likely to be covered by the *Vehicle Repair, Services and Retail Award 2020* (Vehicle Award). It also provides a snapshot of the recent effects of the COVID-19 pandemic on vehicle sales.
2. Road traffic volumes have been significantly impacted by COVID-19 social distancing restrictions, with more people working from home and fewer options for social gatherings. This has impacts on the amount and number of cars driven by households.
3. Analysing traffic count data along the Monash Freeway in Melbourne between February and March 2020, the Australian Road Research Board (ARRB) found that, while there was no effective change in heavy vehicle use, there was ‘a substantial decrease in light vehicle traffic’ in mid-late March (Chart 1).<sup>1</sup>

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<sup>1</sup> ARRB (2020), [What are the impacts of the COVID-19 Pandemic on our Transport Systems](#), 31 March, p. 2.

**Chart 1: Traffic volume, Monash Freeway**



Note: T0505 refers to traffic Stanley Ave - Inbound site and T0507 refers to traffic on Stephensons Rd – Outbound site.

Source: ARRB (2020), [What are the impacts of the COVID-19 Pandemic on our Transport Systems](#), 31 March, p. 3.

4. This is likely to have had an impact on businesses and employees under the Vehicle Award as households are spending less on items such as fuel or vehicle repairs/servicing.

## Employee characteristics

5. There are 4 levels within the Australian and New Zealand Standard Industrial Classification (ANZSIC) structure: division, subdivision, group and class. The most readily available data are at the division level (or 1-digit level) and much of the data are presented at this level. In this instance, the relevant division of ANZSIC is Division G: Retail trade. A general profile of the Retail trade industry including the impact of COVID-19 on Retail trade is provided in the Fair Work Commission's *Information note: Retail trade – Characteristics of employees and businesses*.
6. However, this information note presents an employee profile of the Vehicle Award using the ABS 2016 Census, which provides detailed data at the 4-digit level.

## Employee profile

7. The ABS data of direct relevance to the Vehicle Award are limited. A paper<sup>2</sup> by Commission staff provides a framework for 'mapping' modern award coverage to the ANZSIC. Under this framework, the Vehicle Award is 'mapped' to the following ANZSIC industry classes, all of which fall within the Retail trade division:

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<sup>2</sup> Preston M, Pung A, Leung E, Casey C, Dunn A and Richter O (2012) 'Analysing modern award coverage using the Australian and New Zealand Industrial Classification 2006: Phase 1 report', Research Report 2/2012, Fair Work Australia.

- 3911—Car retailing;
  - 3912—Motor cycle retailing;
  - 3913—Trailer and other motor vehicle retailing;
  - 3921—Motor vehicle parts retailing;
  - 3922—Tyre retailing; and
  - 4000—Fuel retailing.
8. The aggregation of these industry classes is referred to as the 'Vehicle industry'.
  9. The Census is the only data source that contains employment characteristics for the Vehicle Award.
  10. The most recent data from the Census, for August 2016, show that there were around 101 600 employees in the Vehicle industry. Table 1 compares certain characteristics of employees in the Vehicle industry with employees across 'all industries'.
  11. The profile of employees in the Vehicle industry differs from the profile of employees across 'all industries' in five aspects:
    - employees in the Vehicle industry are more likely to be male (69.7 per cent compared to 50.0 per cent of employees across all industries);
    - around three quarters (75.5 per cent) of employees in the Vehicle industry are employed on a full-time basis, compared with 65.8 per cent of employees across all industries;
    - a smaller proportion (6.9 per cent) of employees in the Vehicle industry work 1–15 hours per week compared with 11.6 per cent of employees across all industries;
    - around one fifth (18.8 per cent) of employees in the Vehicle industry are aged between 15 and 24 years compared with 16.6 per cent of employees across all industries; and
    - around 1 in 10 (9.8 per cent) employees in the Vehicle industry are students (5.6 per cent are full-time students and 4.2 per cent study part time) compared with 13.7 per cent of employees across all industries.

**Table 1: Employee characteristics of Vehicle industry, 2016**

|   | Vehicle industry |       | All industries |       |
|---|------------------|-------|----------------|-------|
|   | (No.)            | (%)   | (No.)          | (%)   |
| <b>Gender</b>                           |                  |       |                |       |
| Male                                    | 70 845           | 69.7  | 4 438 604      | 50.0  |
| Female                                  | 30 777           | 30.3  | 4 443 125      | 50.0  |
| Total                                   | 101 622          | 100.0 | 8 881 729      | 100.0 |
| <b>Full-time/part-time status</b>       |                  |       |                |       |
| Full-time                               | 74 245           | 75.5  | 5 543 862      | 65.8  |
| Part-time                               | 24 104           | 24.5  | 2 875 457      | 34.2  |
| Total                                   | 98 349           | 100.0 | 8 419 319      | 100.0 |
| <b>Highest year of school completed</b> |                  |       |                |       |
| Year 12 or equivalent                   | 57 724           | 57.4  | 5 985 652      | 68.1  |
| Year 11 or equivalent                   | 13 155           | 13.1  | 856 042        | 9.7   |
| Year 10 or equivalent                   | 24 571           | 24.4  | 1 533 302      | 17.4  |
| Year 9 or equivalent                    | 3 819            | 3.8   | 273 180        | 3.1   |
| Year 8 or below                         | 1 201            | 1.2   | 112 429        | 1.3   |
| Did not go to school                    | 128              | 0.1   | 26 356         | 0.3   |
| Total                                   | 100 598          | 100.0 | 8 786 961      | 100.0 |
| <b>Student status</b>                   |                  |       |                |       |
| Full-time student                       | 5 698            | 5.6   | 715 436        | 8.1   |
| Part-time student                       | 4 257            | 4.2   | 491 098        | 5.6   |
| Not attending                           | 91 037           | 90.1  | 7 618 177      | 86.3  |
| Total                                   | 100 992          | 100.0 | 8 824 711      | 100.0 |
| <b>Age (5 year groups)</b>              |                  |       |                |       |
| 15–19 years                             | 5 257            | 5.2   | 518 263        | 5.8   |
| 20–24 years                             | 13 830           | 13.6  | 952 161        | 10.7  |
| 25–29 years                             | 14 016           | 13.8  | 1 096 276      | 12.3  |
| 30–34 years                             | 12 930           | 12.7  | 1 096 878      | 12.3  |
| 35–39 years                             | 11 052           | 10.9  | 972 092        | 10.9  |
| 40–44 years                             | 10 568           | 10.4  | 968 068        | 10.9  |
| 45–49 years                             | 10 128           | 10.0  | 947 187        | 10.7  |
| 50–54 years                             | 8 945            | 8.8   | 872 485        | 9.8   |
| 55–59 years                             | 7 356            | 7.2   | 740 822        | 8.3   |
| 60–64 years                             | 4 839            | 4.8   | 469 867        | 5.3   |
| 65 years and over                       | 2 705            | 2.7   | 247 628        | 2.8   |
| Total                                   | 101 626          | 100.0 | 8 881 727      | 100.0 |
| <b>Average age</b>                      |                  |       |                |       |
|   | 38.2             |       | 39.3           |       |
| <b>Hours worked</b>                     |                  |       |                |       |
| 1–15 hours                              | 6 825            | 6.9   | 977 997        | 11.6  |
| 16–24 hours                             | 8 008            | 8.1   | 911 318        | 10.8  |
| 25–34 hours                             | 9 269            | 9.4   | 986 138        | 11.7  |
| 35–39 hours                             | 24 195           | 24.6  | 1 881 259      | 22.3  |
| 40 hours                                | 19 165           | 19.5  | 1 683 903      | 20.0  |
| 41–48 hours                             | 13 694           | 13.9  | 858 120        | 10.2  |
| 49 hours and over                       | 17 196           | 17.5  | 1 120 577      | 13.3  |
| Total                                   | 98 352           | 100.0 | 8 419 312      | 100.0 |

Note: Part-time work is defined as employed persons who worked less than 35 hours in all jobs during the week prior to Census night. Totals may not sum to the same amount due to non-response. For full-time/part-time status and hours worked, data on employees that were currently away from work (that reported working zero hours), were not presented.

Source: ABS, *Census of Population and Housing, 2016*.

## Vehicle sales

12. In their submission to vary the *Vehicle Manufacturing, Repair, Services and Retail Award 2010*, ACCI, VACC and Ai Group submitted the following data for April 2020:

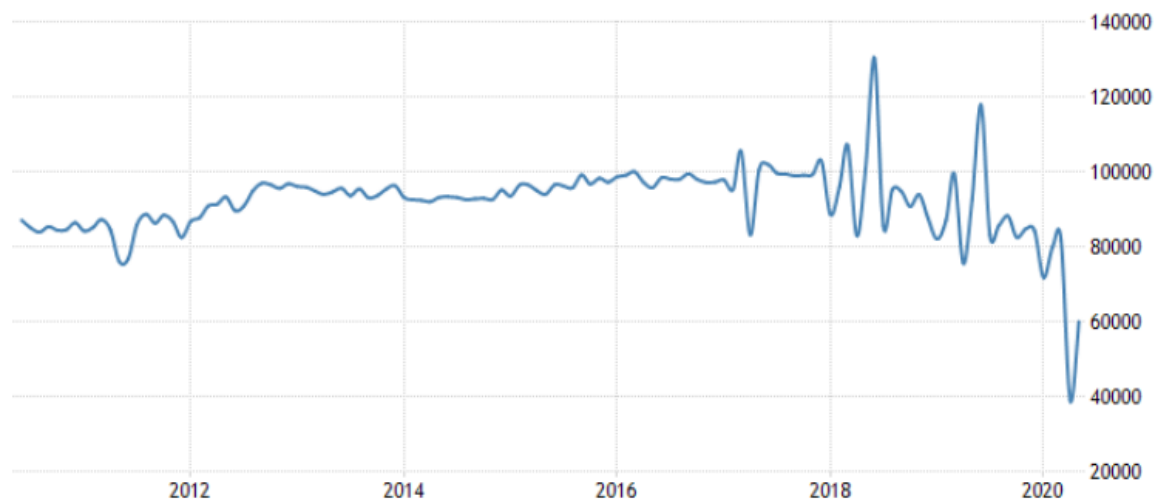
(a) A total of 38,926 new vehicle sales were recorded in Australia for the month of April. This figure represents a fall of 48.5% over the same period last year (April 2019 saw 75,550 sales).

(b) The fall in April 2020 sales represents the largest single decrease in sales in any month since sales data collection was commenced by FCIA in 1991.

(c) Year to date new vehicle sales for 2020 have totalled to 272,287 sales, down from 344,088 in 2019. This equates to a 20.9 per cent decline.<sup>3</sup>

13. The Federal Chamber of Automotive Industries (FCAI) have since released vehicle sales data for May 2020, which show that vehicles sales recovered from the low in April to 59 894, an increase of 53.9 per cent, but was still 35.3 per cent lower than in May 2019. The FCAI note, '[t]he May total sales figures also represent the largest drop in May sales since VFACTS statistics began recording in 1991.'<sup>4</sup> Chart 2 presents the number of new vehicle sales over the past 10 years. While total vehicle sales appear to have trended downward since around 2018, there was a significant decline in sales in April 2020 as a result of COVID-19. Despite a small recovery in May 2020, sales remain below pre-COVID levels.

**Chart 2: New vehicle sales, monthly (no.)**



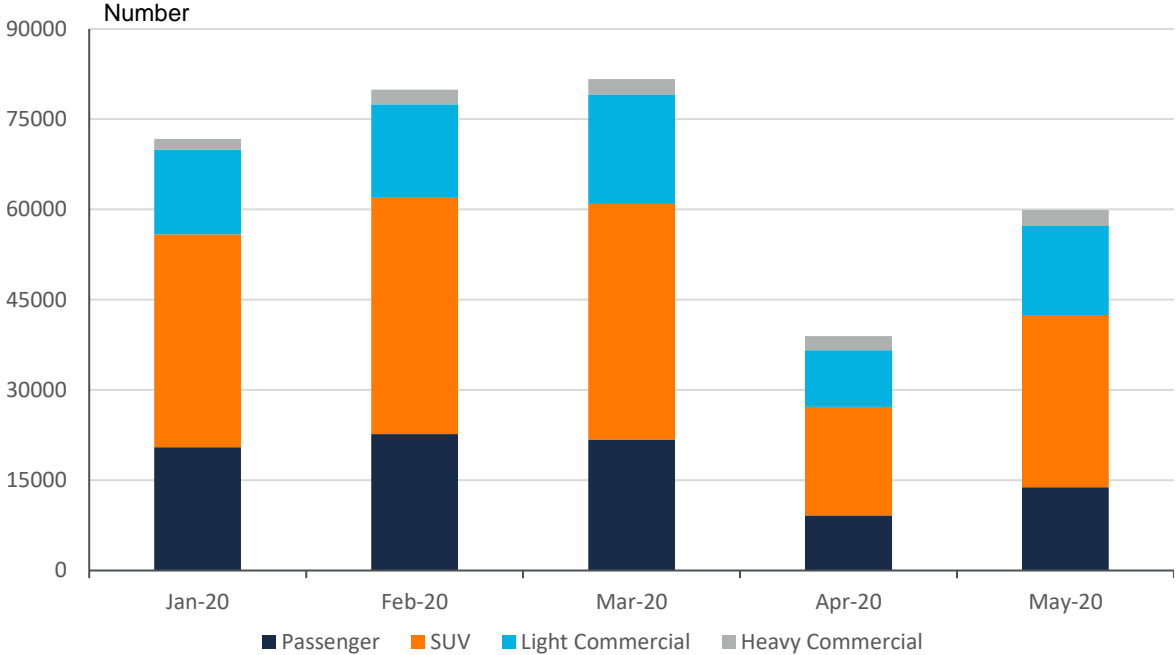
Source: Trading Economics (2020), [Australia New Vehicles Sales](#), June.

14. Chart 3 presents vehicle sales by type for the first five months of 2020. The decline in sales has been relatively broad based across vehicle types, with the exception of heavy commercial vehicles which were relatively unaffected.

<sup>3</sup> ACCI, Ai Group & VACC submission to AM2020/22, 7 May 2020 at para. 2.3.

<sup>4</sup> FCAI (2020), [FCAI releases May 2020 new vehicle sales statistics](#), Media releases, 3 June.

**Chart 3: Vehicle sales, by type**



Source: FCAI (2020), [FCAI releases May 2020 new vehicle sales statistics](#), Media releases, 3 June.

15. The decline in rental car sales (40 per cent) has contributed to the overall decline in vehicle sales, attributable to a sharp drop in demand from tourists and business travellers.<sup>5</sup> Recent research has suggested rental car industry revenue is expected to decline 6.4 per cent as a result of bushfires, and COVID-19.<sup>6</sup> The decline in demand is also evidenced by survey responses from selected Victorian car dealerships who reported a 69 per cent decline in sales as well as a decline car servicing.<sup>7</sup>

<sup>5</sup> Car Advice (2020), [Rental cars hit the brakes during coronavirus crisis](#), June.

<sup>6</sup> Ibid.

<sup>7</sup> Australian Financial Review (2020), [Australia's \\$55b car dealers teeter as sales plummet](#), 20 April.