

Impact Analysis Statement

Summary IAS

Details

Lead department	Department of Transport and Main Roads
Name of the proposal	Introduction of training requirements for new and existing Approved Inspection Station (AIS) approvals, nominees and approved examiners (AEs).
Submission type <i>(Summary IAS / Consultation IAS / Decision IAS)</i>	Summary IAS
Title of related legislative or regulatory instrument	<i>Transport Operations (Road Use Management-Accreditation and Other Provisions) Regulation 2015</i>
Date of issue	September 2024

What is the nature, size and scope of the problem? What are the objectives of government action?

Brief overview of proposal

The Department of Transport and Main Roads (TMR) administers the Approved Inspection Station (AIS) scheme, with accredited persons under this scheme performing vehicle safety inspections mandated by TMR. The aim of these inspections is to ensure vehicles being used on Queensland roads meet minimum safety requirements and are free of defects. Defective vehicles may not operate as the manufacturer intended and could result in unsafe situations for the vehicle occupants and other road users. The AIS scheme is therefore a critical element of Queensland's road safety framework.

TMR proposes to introduce mandatory training and assessment for both new and existing AIS and nominee approval holders and approved examiners (AEs). AIS and nominee approval holders and AEs will be collectively referred to in this document as AIS scheme members. AIS scheme members are accredited by TMR to operate under the AIS scheme.

The introduction of mandatory training and assessment is a proactive and preventative approach where both new and existing AIS scheme members will be formally trained and assessed to a consistent high standard in their role and responsibilities under the scheme. It is intended that the introduction of mandatory training will uplift the standard of vehicle inspections through increased compliance with AIS scheme requirements and, by doing so, mitigate the road safety risk associated with defective vehicles being used on the road network.

The *Transport Operations (Road Use Management – Accreditation and Other Provisions) Regulation 2015* (the AOP Regulation) enables the chief executive to approve assessments, experience, and training courses for new applicants for an AE accreditation. However, there are no such legislative provisions that apply to applicants for an AIS or nominee approval, or for existing AIS scheme members. As such, legislative amendments are proposed to support training introduction.

In the absence of a regulatory obligation to complete training and assessment, new and existing AIS scheme members must voluntarily access information about their role and responsibilities published on TMR's website. However, based on the high rate of non-compliance being identified through TMR's audit program, and ongoing customer complaints, this non-regulatory approach to AIS scheme member education is not achieving its intended purpose of ensuring AIS scheme members provide robust vehicle inspection services.

The proposed mandatory training package is designed to educate and inform new and existing AIS scheme members about their responsibilities and operating requirements under the AIS scheme. The training also aims to educate AIS scheme members about where to find information that they will need to have ongoing access to, so that they can refer to it when required. For example, information about how to access relevant legislation and other important resources, how to use the Inspection Certificates Online (ICO) system, or how to access and use the relevant inspection manuals when conducting vehicle inspections.

Identification of the problem

AIS Scheme Overview

The AIS scheme plays a key role in reducing road safety risks by keeping defective vehicles off Queensland roads. TMR requires vehicles to be inspected to ensure they meet minimum safety standards in the following situations:

- transferring registration to a new owner,
- transferring registration to Queensland from another state or territory,
- re-registering an unregistered vehicle, and
- periodically for some heavy vehicles and light passenger transport vehicles.

Under the AIS scheme, accredited persons undertake these inspections on behalf of TMR and provide an inspection certificate if the vehicle is free of defects. Specifically, TMR accredits individual AEs to conduct vehicle inspections at an AIS.

TMR approves AISs and their nominees to:

- supervise AEs and the operations of the AIS, and
- approve inspection certificates completed by AEs.

An AIS approval holder must have a nominee if the approval holder:

- is a corporation,
- is a partnership,
- holds an AIS approval for other premises and has not appointed a nominee for the other premises,
- is a nominee for the holder of another AIS approval, or
- will not be present at the fixed AIS to supervise the work on a daily basis.

An AIS approval holder can choose to have multiple nominees at their AIS. An AIS approval issued to an individual is not required to have a nominee.

An AIS approval is issued for a one-year period. AIS approval holders are required to renew their approval if they wish to continue to operate as an AIS.

A nominee approval doesn't have an expiry date. Therefore, they are not required to renew their nominee approval. Their approval remains current while they are associated with the AIS.

If an AE was accredited before 2010, their accreditation doesn't have an expiry date. Therefore, they are not required to renew their AE accreditation. These AEs will be referred to as non-renewable AEs.

An AE accredited after 2010 is issued with an accreditation for a three-year period. These AEs are required to renew their accreditation if they wish to continue to conduct vehicle inspections. These AEs will be referred to as renewable AEs. AEs can maintain their accreditation when not associated with an AIS but can only conduct vehicle inspections if they are associated with an AIS.

Compliance arrangements

TMR undertakes an initial compliance audit within six months of an AIS being approved. Scheduled audits are then conducted periodically. TMR will also undertake unscheduled audits and investigations in response to complaints from members of the public or other forms of intelligence becoming available.

Before a compliance audit, TMR transport inspectors may undertake a pre-audit check of the AIS's activity on the ICO system. The pre-audit checks are used to identify any behaviours that require further investigation during the compliance audit, such as an unusually high number of inspections being conducted each day, unusual inspection pass/fail rates or a failure to upload evidence of brake test results for each inspection.

During a compliance audit, TMR transport inspectors may conduct interviews with the AIS or nominee approval holder and any AEs employed at the AIS. The transport inspectors may observe the AIS's operations and take photographs.

The transport inspectors will confirm that all required equipment is kept and maintained and may ask an AE to demonstrate how to operate equipment that is used as part of a vehicle inspection. An AE may also be asked to demonstrate how to access current versions of the *Business Rules for Approved Inspection Stations* (Business Rules), *Queensland Light Vehicle Inspection Manual* (QLVIM) and/or the *National Heavy Vehicle Inspection Manual* (NHVIM).

The AIS or nominee approval holder may be required to present evidence of their compliance with the conditions of their approval. For example:

- AIS approval document,
- inspection certificate books,
- maintenance records for all required equipment,
- copies of records that are required to be kept by the AIS, including inspection certificates, inspection reports, brake test results and, for multi-listed AIS, records of when AEs and nominees work at which premises,
- AE accreditation documents,
- copies of the Business Rules, QLVIM and/or the NHVIM, and/or
- copies of invoices issued to customers.

At the end of the compliance audit, the transport inspectors will discuss the results with the AIS or nominee approval holder. If the result of the audit is a pass, a compliant audit report will be sent to the AIS or nominee approval holder. If non-compliance with legislative responsibilities, the AIS Business Rules, or conditions of approval, is found during a compliance audit, the transport inspectors will issue a corrective action and send a non-compliant audit report to the AIS or nominee approval holder. The corrective action will detail the non-compliance and notify the date by which the AIS or nominee approval holder must complete the corrective action, usually within 14 days.

Ongoing non-compliance may result in further action being taken such as the issue of a penalty infringement notice, or action being taken to amend, suspend or cancel the AIS or nominee approval.

TMR is aware of instances of deliberate non-compliance, including both accredited and non-accredited persons offering 'sight unseen roadworthies' and providing fraudulent safety certificates. TMR undertakes compliance investigations in relation to these activities, as well as referring cases to other agencies where appropriate. The proposed training and assessment is not intended to address deliberate non-compliance within the scheme or non-accredited persons fraudulently conducting the functions of an accredited scheme member. However, the training and assessment will ensure AIS scheme members are aware of their responsibilities and the consequences of non-compliance when working within the AIS scheme. TMR will continue to conduct investigations independently and in collaboration with other agencies to address these issues.

Training requirements

Under the AOP Regulation, the chief executive of TMR can approve assessments, experience, and training courses for applicants for an AE accreditation (i.e. initial application), and renewal of an AE accreditation. Currently, qualification requirements are applied to applicants for an AE accreditation, which are published on the TMR website. Applicants must have the required qualification for the vehicle inspection type being applied for. For example, an applicant for the light vehicle inspection type must have completed one of the following:

- apprenticeship as a motor mechanic,
- Certificate III in Light Vehicle Mechanical Technology issued under the AQF or equivalent trade certificate,

- trade certificate as a motor mechanic issued by the Motor Vehicle Repair Industry Council (New South Wales), or
- interstate motor mechanic certificate equivalent to any of the above.

If applicants for an AE accreditation do not hold a qualification for the vehicle inspection type being applied for, TMR applies experience requirements. For example, an applicant may apply for the light vehicle inspection type, but they have completed a heavy vehicle motor mechanic trade qualification. To bridge the gap between heavy and light vehicle motor mechanic trade qualifications, the applicant is required to have 12 months continuous work experience repairing and maintaining light motor vehicles. There are no qualification or experience requirements applied to applicants renewing their AE accreditation as these are satisfied at the initial application for an AE accreditation.

The above qualifications and experience requirements for applicants for an AE accreditation relate to the general maintenance and repair of motor vehicles. While these qualifications are essential to ensure AEs have appropriate mechanical knowledge, they do not provide for conducting a safety inspection on a vehicle in accordance with legislative requirements. Inspections must be conducted in accordance with the QLVIM, the NHVIM or the *Vehicle Standards Information Bulletins for Approved Examiners*.

There are no legislative provisions which allow the chief executive to approve training and assessment for applicants for an AIS or nominee approval, applicants renewing their AIS approval or non-renewable AEs. As a result, mandatory training and assessment in relation to AIS responsibilities and operational requirements under the AIS scheme can't be applied to new or existing AIS or nominee approval holders or non-renewable AEs.

Problem

TMR audit and compliance data reveals that many AIS scheme members are failing to perform their role in accordance with scheme requirements. Between January 2015 and June 2023, 40.5 per cent of AISs failed their initial compliance audit, 36 per cent failed their scheduled audit and 43 per cent failed a non-scheduled audit. The average audit fail rate across all audits conducted was 40 per cent.

There are several common reasons for audit failure. One of the most common reasons is failure to keep and maintain the required equipment at the AIS. For example, an AIS must have a light transmittance device to ensure the tint on the windows and windscreen are in a condition to provide the driver with a clear field of vision, brake testing equipment to ensure brake performance meets minimum performance standards, and equipment to lift the vehicle to facilitate inspection. The absence of such equipment raises concerns about the thoroughness of vehicle inspections at the AIS. If an AE does not have access to the necessary equipment to thoroughly inspect the vehicle, the AE cannot be satisfied that the vehicle is free from defects. This means that a vehicle that may not meet minimum safety standards could be driven on the road.

Another common reason for audit failure is non-compliance with AIS approval holder responsibilities. These responsibilities relate to issuing inspection certificates, managing the day-to-day operations of the AIS and supervising AEs employed at the AIS. The requirements that an AIS approval holder must comply with aim to ensure that inspection certificates are only issued to vehicles that have been thoroughly inspected by an accredited AE and that they meet minimum safety standards. Failure to understand and comply with these responsibilities may result in a vehicle that does not meet minimum safety standards being issued with an inspection certificate and being driven on the road.

One of the most common areas of concern noted during pre-audit checks is brake test results being recorded that do not meet minimum brake deceleration values as per the QLVIM. This indicates that there is a risk that vehicles are being driven on Queensland roads that do not have safe brakes.

If AIS scheme members do not comply with the responsibilities of their role, vehicles that do not meet minimum safety standards could be driven on Queensland roads, creating a road safety risk. Examples of road safety risks related to defective vehicles include failure of brakes, failure of seatbelts, or a loss of traction due to unsafe tyres. These road safety risks can result in injury, permanent disability or death.

In all reported road traffic crashes on Queensland roads from 1 January 2001 to 31 December 2021, 8,492 crashes involved a defective vehicle, and 7,677 involved no other causal factor.¹ These crashes resulted in a total of 7898 casualties, including:

- 137 fatalities,
- 3,235 hospitalisations,
- 2,994 people requiring medical treatment, and
- 1,532 people who sustained minor injuries.

In addition to the human suffering related to crashes involving defective vehicles, the economic cost is significant. Using the Willingness to Pay (WTP) standardised casualty cost, casualties from crashes involving defective vehicles have an estimated cost of \$3.43 billion over the period from 1 January 2001 to 31 December 2021. This is an annual cost of \$163.5 million. **Table 1** shows the WTP standardised casualty cost of crashes involving defective vehicles for the period from 1 January 2001 to 31 December 2021.

Table 1

WTP Standardised Casualty Cost - crashes involving defective vehicles (1 January 2001 – 31 December 2021)				
Casualty Severity	Number of casualties	WTP Standardised casualty cost (per casualty)	Total Cost	Annual Cost
Fatal	137	\$9,212,070	\$1,262,053,590	\$60,097,790
Hospitalisation	3,235	\$549,906	\$1,778,945,910	\$84,711,710
Medical treatment	2,994	\$110,212	\$329,974,728	\$15,713,082
Minor injury	1,532	\$41,279	\$63,239,428	\$3,011,401
Total	7,898	\$9,913,467	\$3,434,213,656	\$163,533,983

In addition, there were 2,797 crashes involving defective vehicles on Queensland roads from 1 January 2001 to 31 December 2010 that resulted in property damage only (no casualties). Using WTP standardised crash cost, the annual cost for crashes resulting in property damage only is estimated to be \$3.2 million.

There has also been a significant increase in complaints about AISs over the years 2017 to 2022 (see **Table 2**), with the peak being in 2020. Due to system report constraints, a customer complaint cannot identify whether it is a new AIS (for example, approved within the last six months) or an existing AIS. Furthermore, there is no way of linking customer complaints about AIS to a particular vehicle inspection. However, the recurrent themes for complaints are inspection certificates being issued to defective vehicles that don't meet minimum safety standards, AISs overcharging customers for inspections (fees are regulated by TMR) and poor understanding by AEs about how to conduct a thorough inspection of a vehicle.

Table 2

Year	Number of complaints
2017	211
2018	518
2019	741
2020	953
2021	884
2022	627
2023 (at 15 June 2023)	273

¹ Queensland Government Open Data Portal, [Factors in Queensland road crashes](#)

This customer complaint data, combined with the crash data and the information obtained through TMR compliance activities, indicates that AIS scheme members may not be undertaking vehicle inspections to the required standard. While the direct causal correlation between the quality of inspections and crashes involving defective vehicles cannot be established due to data gaps, it is hypothesised that the quality of inspections is a contributing factor. It is clear from the compliance data and customer complaints that many AIS scheme members do not have a good understanding of their roles and responsibilities.

To manage non-compliance and complaints, TMR currently applies an escalating compliance model whereby education and support is provided in the first instance, if appropriate. Action then escalates to infringement notices being issued, or action being taken against the relevant accreditation, such as amending, suspending, or cancelling the accreditation. However, TMR's compliance effort is constrained by the geographical spread of AISs across Queensland combined with the labour-intensive nature of investigations and audits and any follow-up action.

In addition to the targeted compliance that is undertaken, TMR publishes information on its webpage to support AIS scheme members to conduct their activities in a manner that is compliant with scheme requirements. This information seeks to educate and inform new applicants about their legislative responsibilities and operating requirements within the AIS scheme. The information also aims to provide existing AIS scheme members with refresher information that they can refer to. TMR further provides an electronic industry newsletter approximately every quarter. The newsletter is sent to scheme members by email as well as being published on the TMR website. The purpose of the industry newsletter is to inform AIS scheme members about changes to legislative responsibilities, Business Rules, and vehicle inspection requirements. The industry newsletter is also used as an education tool to address recurrent questions TMR receives from scheme members. TMR also emails direct communications to AIS scheme members on emergent issues and updates as required. However, the compliance data indicates that the approach of distributing information to AIS scheme members to allow them to self-educate about the responsibilities of their role is not entirely effective.

Furthermore, there are no formal training and assessment arrangements currently in place for AIS scheme members. This creates a gap in understanding of their roles and responsibilities including:

- approval and accreditation conditions,
- fixed AIS and mobile AIS operating requirements,
- conducting vehicle safety inspections in accordance with the vehicle inspection manuals,
- understanding where and how to access the required information and resources, and
- inspection certificate requirements including using the ICO system.

As a result, compliance audit results are showing a high rate of non-compliance in relation to:

- AIS approval holder responsibilities,
- operational requirements, for example keeping and maintaining the required equipment, and
- inspections being conducted that do not comply with the QLVIM or NHVIM, for example recording brake test results that do not meet minimum deceleration values.

Non-compliance with these requirements has the potential to impact on vehicles not meeting minimum safety standards.

Proposed training and assessment

Given the compliance issues identified within the AIS scheme and the gaps in training and assessment, it is proposed that mandatory training and assessment be introduced to ensure AIS scheme members provide robust vehicle inspection services. The intended outcome of this training and assessment is to uplift the standard of AIS vehicle inspections through increased compliance with scheme requirements and, by doing so, mitigate the road safety risk associated with defective vehicles being driven on the road network.

The proposed training and assessment for AIS scheme members will comprise of a core module, which all new and existing AIS scheme members will be required to complete. The content of the core module will include:

- an overview of the AIS scheme, including the roles within the scheme, eligibility requirements and suitability requirements,
- legislation relevant to the AIS scheme,
- statutory conditions and key documents (e.g., Business Rules, QLVIM and NHVIM),
- legislative responsibilities and operational requirements under the Business Rules for each role within the AIS scheme,
- compliance audits and enforcement actions, and
- understanding and using the ICO system.

AEs will also be required to complete the inspection modules relevant to the vehicle inspection type/s they are applying to be accredited for, or wish to maintain their accreditation for. There are five vehicle inspection types:

- light vehicle,
- light trailer,
- motorbike,
- heavy vehicle, and
- heavy trailer.

The content of each inspection module will include:

- an overview of the relevant vehicle inspection manual (QLVIM and/or NHVIM),
- the purpose of the vehicle safety inspection being conducted,
- an overview of Australian Design Rules (ADRs) and vehicle modifications,
- properly identifying the vehicle, and
- conducting the inspection and reasons for rejection.

TMR consulted with existing AIS scheme members and one of the main concerns with the implementation of training and assessment was the cost to individuals. To alleviate any financial burden on existing AIS scheme members TMR will fully fund the cost of their training and assessment.

However, new AIS scheme applicants will be responsible for the cost of their training and assessment. This is because they are not already financially invested in the scheme like existing AIS scheme members, many of which have a significant investment. New AIS scheme members can decide whether they want to incur the costs associated with entering the scheme.

For new AIS scheme members, it is anticipated that the cost of the core module will be \$370. The cost of the inspection modules will be \$95 per inspection type. The cost of the training and assessment was determined by the course developer and reflects the cost of developing and administering it. There is no fee subsidisation available to new scheme members as the training and assessment will not be an accredited course. The cost of the training and assessment will be paid directly to the course provider by the participant.

The training provider has indicated that they will provide a discount where multiple modules are enrolled in as follows:

- 3 inspection modules – 5% discount
- 4 inspection modules – 7.5% discount
- 5 inspection modules – 15% discount.

To provide maximum flexibility for AIS scheme members and access to the training regardless of geographical location, the training and assessment will be self-paced and delivered online using the provider's learning management system. The core module will take two to three hours and each inspection module will take one to two hours to complete.

While new applicants will need to complete the applicable training and assessment before they are granted accreditation, existing AIS scheme members will have at least three months from when a training course is approved and notified to complete the training and assessment. The AOP Regulation currently provides for the chief executive to require training and assessment to be completed by applicants for an AE accreditation at initial application and at renewal. However, the same doesn't apply to existing non-renewable AEs or to new and renewing AISs and new nominees who are responsible for the operation of the AIS.

This creates an inequity where the chief executive can only require one of the three roles within the AIS scheme (i.e., AEs, AISs and nominees) to complete the training and assessment. This is despite all three roles having the potential to impact on vehicles not meeting minimum safety standards being driven on roads. A further inequity will be created between new/renewable AEs and non-renewable AEs where the chief executive can't require non-renewable AEs (accredited pre-2010) to complete training and assessment, only new and renewable AEs (accredited after 2010). As a result, legislation changes will be required to address these inequities to mandate training assessment for all new, renewable, and non-renewable AIS scheme members. **Table 4** shows the estimated number of new and existing (renewable and non-renewable) individual AIS scheme members. Deficits in training may mean that vehicles that do not meet minimum safety standards are being driven on Queensland roads.

Table 4

Role Type	Estimated number of individuals
AEs	
Existing AEs	14,444
New AE applicants	530 per year (2022-2023 financial year)
AIS Approval Holders (not also AEs)	
Existing individual AIS approval holders	222
New individual AIS approval holders	6 per year (2022-2023)
Nominee Approval Holders (not also AEs)	
Existing nominee approval holders	998
New nominee approval holders	111 (2022-2023)
Total	15,664 individual scheme members 647 new individual scheme members per year

All scheme members will be required to complete the training under the proposed regulatory obligations if they wish to continue working in the AIS scheme. However, of the 14,444 existing AEs, 8,777 of them are not currently associated with an AIS. AEs who are not associated with an AIS are not currently working in the AIS scheme and may have no intention of working in the scheme again. Therefore, not all of these 8,777 individuals will be impacted by the proposed change. In total, it is estimated that 9,155 existing approval holders will be impacted.

Objectives of government action

The objectives of the AIS scheme are to improve road safety by ensuring vehicles meet minimum safety standards before being driven on Queensland roads. It also provides the vehicle owner or potential new owner with a level of confidence that the vehicle meets minimum safety standards and is free of defects.

For these important objectives to be met, the people conducting vehicle inspections and issuing inspection certificates need to have the necessary knowledge and skills to do so. However, while information is published on the web, in industry newsletters and through direct communications to assist scheme members to acquire the necessary knowledge and skills, that knowledge and skill is not being demonstrated by all AIS scheme members.

Introducing mandatory training and assessment for new and existing scheme members will ensure everyone is trained to a consistent high standard in performing the functions of their role. The successful completion of the training and assessment aims to increase AIS scheme member compliance with AIS scheme requirements, resulting in more robust vehicle inspections being conducted. This will prevent unsafe vehicles from being used on the road.

To measure the success of the training and assessment for AIS scheme members, there will be a review of compliance audit and customer complaint data to determine whether there is a decrease in audit failures and customer complaints. This is likely to occur 12 months after the training and assessment has been implemented.

It is intended that the training provider will report to TMR monthly on participant feedback about the training and assessment. TMR will review these reports to measure participant satisfaction and, if required, undertake improvements to the training and assessment.

What options were considered?

Consideration of options

Option 1 – Status Quo (Non-Regulatory)

Option 1 would see the maintenance of industry information arrangements to support compliance with AIS scheme requirements. No mandatory training or assessment would be introduced.

Prior to 2014, TMR administered a test for new applicants for an AIS or nominee approval, and an AE accreditation. In 2014, TMR removed the test as it was resource intensive to administer and was not achieving the desired outcome to educate AIS scheme members. The test was replaced with information published on TMR's website. This information aims to educate and inform new applicants about operating requirements within the AIS scheme. The information also aims to provide existing AIS scheme members with refresher information that they can refer to when required.

TMR also engages with AIS scheme members through direct mail communications as required and industry newsletters (approximately every quarter) to communicate scheme changes, provide advice and guidance on frequently asked questions, educate, and inform about pertinent compliance issues. A TMR help desk is also provided for AIS scheme members to seek technical advice in relation to vehicle inspection matters. Statistics are not currently kept to indicate the level of usage, however, two full-time positions are used to provide this support.

TMR's current compliance approach will continue to be utilised to educate and support AIS scheme members, as well as to undertake compliance audits and enforcement actions.

Option 2 – Mandatory training and assessment (Regulatory)

Under Option 2, the AOP Regulation will be amended to require new and existing AIS scheme members to complete training and assessment as follows:

- existing AEs (renewable and non-renewable) to complete training and assessment by a stated date, at least three months from the date a training course is approved and notified by the chief executive,
- new applicants for an AIS or nominee approval to complete training and assessment prior to their application being approved, and
- existing AIS and nominees to complete training and assessment by a stated date, at least three months from the date a training course is approved and notified by the chief executive.

These amendments will build on the existing arrangements under section 20 of the AOP Regulation which already provides for the TMR chief executive to approve training and assessment for new applicants for an AE accreditation.

Under the proposed provisions, existing AIS scheme members will have a period of at least three months to complete the training and assessment from the date a training course is approved and notified by the chief executive. Failure to complete the training and assessment within this period will be a ground for the approval or accreditation being suspended or cancelled. This is a reviewable decision.

What are the impacts?

Impact analysis of the options

Option 1 – Status Quo (Non-Regulatory)

AIS scheme audit fail rates are high (on average 40 per cent across all audit types) and there has been a significant increase in public complaints about AIS services over the years 2017 to 2022 (see **Table 2**). This data indicates that many AIS scheme members have an inadequate understanding of their role and responsibilities under the scheme. From consultation with AIS scheme members, the vast majority feel they are above the average or outstanding providers who do not need to be educated or trained. However, the data indicates this is not the case.

While TMR will continue to provide new and existing AIS scheme members with information about their obligations under the scheme, the evidence suggests that this is ineffective in ensuring AIS scheme members understand and fulfil their responsibilities. As such, continued reliance solely on AIS scheme members proactively reading and using the available materials is highly unlikely to be effective in improving the compliance rate and reducing customer concerns. Consequently, the road safety risk of defective vehicles being used on the road network can be expected to remain unchanged. While the causal connection is not established, it is hypothesised that the quality of vehicle safety inspections is a contributing factor to crashes involving defective vehicles. There are currently 376 casualties per year because of crashes involving defective vehicles. Aside from the human suffering, the economic cost of these casualties is estimated to be \$163.5 million per year. In addition, crashes involving property damage only (no casualties) have an estimated cost of \$3.2 million per year.

TMR will continue to perform AIS compliance activities, however in the absence of mandatory training and assessment, it is anticipated that the current rate of non-compliance being identified through these activities will be maintained.

Option 2 – Mandatory training and assessment (Regulatory)

Number of people impacted

The introduction of mandatory training and assessment for AIS scheme members will apply to existing and new members. **Table 4** above shows the estimated number of new and existing individual AIS scheme members. However, the number of scheme members who will actually be impacted by the change is anticipated to be approximately 9,155. Although all 15,664 AIS scheme members will be required to complete the training if they wish to continue working in the AIS scheme, 8,777 existing AEs are not currently associated with an AIS. AEs who are not associated with an AIS are not currently working in the AIS scheme and may have no intention of working in the scheme again. For that reason, it is anticipated that many of these 8,777 individuals will not complete the training and assessment and therefore will not be impacted by the proposed change.

Costs

There will be no financial burden on existing AIS scheme members as TMR will fully fund the cost of their training and assessment. New AIS scheme members will pay the cost of the training and assessment directly to the provider. Based on advice from the provider, the cost of the training and assessment reflects the cost of course development and administration. To ensure new AIS scheme members are not detrimentally

affected by uncontrolled course fee increases, the commercial agreement TMR has in place with the provider includes cost protection elements. TMR must approve any price increases not related to the Consumer Price Index (CPI). The course fees may increase in accordance with CPI each year.

The training and assessment will only be required to be completed once. Any changes to the AIS scheme or inspection requirements (e.g., electric vehicles) will be managed through direct communications, changes to the vehicle inspection manual and industry information sessions. This means it is a one-off cost and not ongoing. **Table 5** shows the direct and indirect costs of the proposed training and assessment.

Table 5

	Direct cost (new AIS scheme members only)	Labour cost for time to complete training	Time to complete
AIS and nominee approval holders	\$370 once only	\$137.50 once only	2.5 hours
AEs	\$522.50 (weighted average) once only	\$229.50 once only	5 hours (weighted average)

The provider will provide new AIS scheme members with a discount where multiple modules are enrolled in as follows:

- 3 inspection modules – 5% discount
- 4 inspection modules – 7.5% discount
- 5 inspection modules – 15% discount.

The direct cost of the training and assessment for new AIS scheme members is \$370 for AISs/nominees. Including the discounts for completing multiple modules, the weighted average cost is \$522.50. This weighted average shows the average cost that an AE will pay for the training and assessment. As the training and assessment cost varies depending on how many inspection modules the AE completes, the weighting is based on the percentage of AEs who hold one, two, three, four and five inspection types.

The indirect costs are the time and cost to complete the training and assessment. For AIS and nominees (core module), it will take approximately 2.5 hours to complete the training and assessment. The estimated cost, measured in labour costs for the time taken to complete the training and assessment is \$137.50 per AIS/nominee. For AEs, the weighted average training and assessment time per AE is 5 hours. This weighted average shows the average time in hours that an AE will take to complete the training and assessment. As the duration of the training and assessment varies depending on how many inspection modules the AE completes, the weighting is based on the percentage of AEs who hold one, two, three, four and five inspection types. The cost of completing the training and assessment, measured in labour costs for the time taken to complete it, is estimated to be \$229.50 per AE.

The time it will take to complete the modules is not considered onerous, as existing AIS scheme members will have a period of at least three months to complete it and new applicants will be able to complete it any time before they submit their application. Existing and new AIS scheme members will have flexibility in when they undertake the training and assessment as it is self-paced. It is unknown whether AISs will allow time for their nominees and AEs to complete the training and assessment during work hours or whether they will be required to complete it in their own time. The time imposition could be considered greater if the training and assessment is to be completed in the individual’s own time, on top of their existing work hours. However, an average of 2.5 hours (for nominees) or 5 hours (for AEs) over a period of at least three months is not considered significant.

Additionally, the labour cost is not considered significant, particularly as this is a cost to the business and not the individual. It should be noted that this labour cost assumes that participants will complete the training and assessment during work hours.

Overall, the compliance cost for the first year is estimated to be \$7.5 million (consisting of a \$4.8 million cost to government and a \$2.7 million cost to industry) and over the first 10 years is estimated to be \$10.5 million (consisting of a \$4.8 million cost to government and a \$5.7 million cost to industry). This is not significant

compared to the economic cost of casualties due to crashes involving defective vehicles on Queensland roads, which is estimated at \$163.5 million per year, or \$1.64 billion over 10 years.

Queensland is the only Australian jurisdiction with an AIS scheme or equivalent where training is not mandated for new AIS scheme members. **Table 6** shows the training and assessment costs in other jurisdictions, which range from approximately \$350 to \$2,260 depending on the number of modules required to be completed. On this basis, the proposed cost of the training and assessment set by the provider is less than or comparable with other jurisdictions that mandate training.

Table 6

Jurisdiction	Training	Training Type	Cost of Training
NSW	Y	AIS proprietor	\$370
		Authorised Examiner	\$547 - \$1,467 (Subject to vehicle and inspection type)
VIC	Y	Licensed Vehicle Tester	Compulsory test \$75 - \$143 Training \$548 - \$2,260 (Subject to role and inspection type)
TAS	Y	AIS Proprietor and Vehicle Examiner knowledge quiz	Nil
		Vehicle Examiner	\$480
ACT	Y	Authorised Examiner	\$351.50
NT	Y	Exam	Nil

Social and Environmental Impacts

Requiring both new and existing AIS scheme members to complete training and assessment will ensure all AIS scheme members are trained to a consistent high standard and will ensure that they understand the responsibilities and functions of their role. This will ensure that AEs have the required skills and knowledge to conduct vehicle inspections, which will reduce the instances of inadequate vehicle inspections being conducted. This will deliver road safety benefits by decreasing the risk of vehicles that do not meet the minimum safety standards being driven on the road. Fewer defective vehicles being used on Queensland roads will decrease the 376 casualties per year due to crashes involving defective vehicles. In turn, this will decrease not only the societal and personal impact of such incidents but also the economic cost, which is estimated at \$163.5 million per year. Furthermore, it is also anticipated that the training and assessment will reduce the number of customer complaints about AIS.

This proposal has no environmental or sustainability impacts.

Business Impacts

The proposed training and assessment impacts only a subsection of businesses in the automotive industry. The businesses that are approved as an AIS vary in size from individual operators to large franchises and motor vehicle dealers. Some AISs choose to offer one vehicle inspection type while others offer a few or all vehicle inspection types. In addition, some AISs conduct vehicle inspections as their primary source of income, while others provide inspections as an ancillary service.

The training and assessment will provide skill development for all new and existing AIS scheme members and ensure AIS scheme members are aware of their responsibilities before entering the scheme and before undertaking and approving vehicle inspections. Information about the responsibilities of AIS approval holders is currently available on the TMR website. However, the introduction of training and assessment will ensure that all AIS approval holders are trained in their responsibilities prior to entering the AIS scheme instead of relying on self-education.

The current qualification requirements for AEs ensure they have the mechanical skills to service and maintain vehicles. While these skills ensure they have the required mechanical knowledge to inspect a vehicle, they do not include a suitable level of detail about the process of inspecting a vehicle to confirm it is free of defects. In addition, the vehicle inspection manuals that AEs are required to follow when inspecting a vehicle are not included in their current qualifications. The inspection manuals are detailed technical documents and AEs are expected to educate themselves about the inspection process and the identification of defects. The introduction of training and assessment will ensure that all AEs have a consistent and thorough understanding of their responsibilities when inspecting vehicles.

Mandatory training and assessment is already a requirement in other jurisdictions, Queensland's voluntary education model is out of step with the rest of Australia. This proposal aligns training requirements for AIS businesses in Queensland with other Australian jurisdictions. This will improve the reputation and public perception of the AIS scheme. Improved reputation of the scheme may also incentivise private investment in the industry.

There is no reporting requirement for AIS businesses relating to the training and assessment. The proposal will not create any new operational requirements and will not impact business practices. The proposal will not limit the ability for businesses to adapt to the changing demands of their consumers or affect their access to consumer markets.

While it is acknowledged that there are cost and time imposts to do the training and assessment, they are not considered so significant that they would create barriers to entering or staying in the AIS scheme.

Competition Impacts

The introduction of mandatory training and assessment will increase the quality of services within the industry. It will also ensure the quality of inspections provided are of a consistent standard.

It is expected that inactive AIS scheme members may choose not to complete the training and assessment and, therefore, the total number of scheme members will decrease. However, it is not anticipated that the training and assessment will create a barrier to active scheme members remaining in the scheme.

A small number of businesses may choose to stop offering inspection services as an AIS, particularly if vehicle inspections are offered as an ancillary service and not a core service of the business. However, in most geographical areas there are multiple AISs that customers can choose from. While this proposal is not expected to impact the access to inspection services for consumers, there are alternative options available if this occurs. For example, inspection services can be provided by TMR in some circumstances or by mobile AIS travelling into the area from a fixed AIS located elsewhere.

The price of inspections conducted by AISs is regulated and will not be impacted by this proposal.

Government Impacts

The training and assessment is being developed by the provider at no cost to TMR. However, there will be an impact on government with TMR funding the cost of the training and assessment for existing AIS scheme members.

Training AIS scheme members to a consistent high standard will reduce the resource impact on TMR transport inspectors when conducting audits and investigating complaints and allow them to focus on other priorities.

Additionally, having consistently trained AIS scheme members will reduce the burden on frontline customer service teams who answer enquiries from AIS scheme members, including:

- the Inspection Certificates Online (ICO) helpdesk,
- the Vehicle Standards helpdesk,
- the TMR call centre, and
- transport and motoring service centres.

There will be increased administrative work to monitor existing scheme members' completion of the training and assessment. New scheme members will provide evidence of completing the training and assessment at the time of application. Qualification checks are already undertaken at the time of application, so this will be an additional qualification check. Changes to forms and internal process documents will support this change to ensure there is little to no impact on the efficiency of processing these applications. No system changes are required.

Access to training and assessment

The training and assessment will be self-paced and delivered online via the provider's learning management system. However, an alternative delivery option will be provided for participants that can't access the training online. For example, downloadable or print-based workbooks, which will be manually assessed to ensure learning outcomes are met. The provider will also provide support to participants with low literacy and numeracy and English as a second language as well as support participants to understand technical content where required.

Impacts of not completing the training and assessment

It is proposed that existing AIS/nominee approvals and AE accreditations will be dependent on the training and assessment being completed within a stated time (at least three-months) of the training becoming mandatory. AIS scheme members who do not complete the training and assessment within this timeframe will be subject to suspension or cancellation of their approval or accreditation. This is a reviewable decision.

New applicants to become an AIS/nominee approval holder will have their application refused if they have not completed the training and assessment.

Who was consulted?

Impact analysis of the options

In 2016, TMR conducted 11 AIS information sessions at ten locations around the state, which included Cairns, Townsville, Rockhampton, Mackay, Maryborough, Sunshine Coast, Toowoomba, north/south Brisbane and Gold Coast. A total of 974 AIS scheme members attended the information sessions, which covered a range of topics including the introduction of training and assessment for new applicants.

Following the AIS information sessions, all AIS scheme members were asked to complete a survey seeking feedback on the topics discussed. A total of 202 people completed the survey. Of the 202 responses, 163 supported the introduction of training and assessment for new applicants to the AIS scheme. The question about introducing training and assessment only related to new AIS scheme members and not existing AIS scheme members.

In January 2023, TMR directly consulted with the Motor Trades Association Queensland (MTAQ) on the introduction of training and assessment for both new and existing AIS scheme members. The MTAQ are an industry body for employers in the retail, repair, and service sectors of Queensland's automotive industry. MTAQ were supportive of the introduction of training and assessment for their members.

In April 2023, further consultation was undertaken with existing AIS scheme members. This was done due to the time since the original consultation in 2016 and the change in scope whereby it was proposed that both new and existing AIS scheme members will be required to do the training and assessment. Feedback was also sought on how long existing AIS scheme members should be allowed to complete the training and assessment.

All scheme members who have provided TMR with a current email address were consulted via email. Scheme members with no current email address were mailed a hard copy of the consultation letter and provided with both a postal and email address for their response. The consultation was not provided to the general public, as the proposed change solely impacts AIS scheme members.

The consultation commenced on 30 March 2023. Although feedback was requested to be returned by 21 April 2023, responses were accepted up to and including 16 May 2023. This period of over six weeks was considered adequate time for scheme members and other stakeholders to provide informed and valuable input.

Responses were received as free-text email responses. A small number of scheme members chose to phone TMR to provide their feedback.

Responses from AIS scheme members

Two hundred and fifty responses were received in total. This represents approximately 1.5 per cent of the total consultation letters and emails sent (16,504).

The responses received indicated mixed views about the proposed training and assessment. Although many respondents agreed that there is a problem with non-compliance in the scheme, there was disagreement about the causes of the non-compliance and how it should be addressed. Of the 250 responses received, the key themes were:

- Ninety-three respondents or 37 per cent said the cost of the training and assessment was too high. However, some of these respondents overestimated the cost and/or how often they would need to complete the training.
- Fifty-eight respondents or 23 per cent said they were supportive of the training and assessment being introduced. However, some of these responses also included other concerns such as the cost of the training, the inadequacy of the regulated inspection fees, and that "good operators" need to undertake the training.
- Fifty respondents or 20 per cent said the regulated safety inspection fee needed to be increased. Some of these respondents saw the regulated inspection fees as a contributing factor to poor quality inspections, on the basis that they may be a disincentive for conducting a thorough inspection.
- Thirty-eight respondents or 15 per cent questioned why "good operators" need to undertake the training and assessment.
- Thirteen (or 5 per cent) responded to the question of how long should be allowed for AIS scheme members to complete the training and assessment. Most of these respondents (nine) said it should be a period between 6 and 12 months.

To mitigate the concerns raised about the cost of the training, TMR is funding the cost of the training and assessment for existing AIS scheme members.

As the potential new AIS scheme members are unknown, it was not possible to consult with them. However, TMR has negotiated with the training provider to have discounts provided for new AIS scheme members enrolling in multiple training modules. These discounts will reduce the financial impost on AIS scheme members. The discounts are as follows:

- three inspection modules – 5% discount, resulting in a saving of \$32.75,
- four inspection modules – 7.5% discount, resulting in a saving of \$56.05, and
- five inspection modules – 15% discount, resulting in a saving of \$126.75.

Concerns regarding the adequacy of the regulated inspection fees AIS can charge have been noted by TMR, however consideration of the regulated fee is out of scope for this regulatory proposal.

With respect to industry's comments about good operators needing to undertake training, it is acknowledged that there are a number of high performing AISs. However, given the high number of failed audits there are a number of existing AIS scheme members who are not meeting the required standard. To ensure this standard is consistently achieved across the industry, it is proposed that the training and assessment requirement be applied to all AIS scheme members regardless of their perceived or actual performance. This approach will ensure all AIS scheme members are treated equitably and the motoring community will have greater assurance that AIS providers are operating at a consistently high standard.

Regarding the responses about how long should be provided to do the training, TMR is proposing that existing AIS scheme members will have a period of at least three months to complete the training and assessment. This is due to the significant non-compliance that has been identified in the AIS scheme.

Responses from peak industry bodies

In addition to the responses from AIS scheme members, TMR also received responses from the MTAQ and the Australian Automotive Aftermarket Association (AAAA). AAAA is an industry association representing independent auto service and repair workshops, as well as car component manufacturers, wholesalers and distributors of auto accessories and replacement parts.

MTAQ and AAAA echoed the concerns raised by AIS scheme members about the financial burden on AISs, the inadequacy of vehicle inspection fees and the need for "good operators" to complete the training. These concerns are discussed above. In addition, MTAQ and AAAA provided further feedback, which is outlined below.

MTAQ was generally supportive of training being introduced for both new and existing scheme members. MTAQ noted that there is a degree of misunderstanding within the industry about pass/fail requirements for vehicle inspections, and training would be useful to provide clarity around this. MTAQ noted that the quality of safety inspections may be linked to road safety outcomes and therefore need to be taken seriously. However, MTAQ did raise the concern that TMR's compliance audit activity is not sufficient to identify and resolve compliance issues within the scheme. TMR anticipates that the training and assessment will provide a greater understanding of role responsibilities and compliance processes by AIS scheme members which will reduce the resource impact on TMR transport inspectors when conducting audits and investigating complaints. This will allow TMR to take a risk-based approach targeting problem operators to achieve better compliance outcomes.

AAAA stated that they and their members would support training that benefits the industry. However, their members are concerned that the training is being proposed as the sole solution to resolve the compliance issues within the AIS scheme, and that the training would not achieve this outcome. TMR acknowledges that the training and assessment is not intended to be the sole solution but will be part of a holistic approach to supporting a safe, robust vehicle inspection scheme. TMR will continue to administer compliance audits and undertake enforcement actions. TMR will also continue to provide information online and through direct communications with scheme members and will continue to operate the ICO and Vehicle Standards help desks to provide education and support. Deliberate non-compliance will continue to be addressed through investigations conducted by TMR and in collaboration with other agencies.

As the implementation of the training and assessment is progressed, TMR will adopt a comprehensive communication and engagement approach to ensure AIS scheme members are aware of the requirements.

What is the recommended option and why?

Conclusion and recommended option

It is recommended that the AOP Regulation be amended to require new and existing AIS scheme members to complete training and assessment, as outlined above in option 2.

The main objective of the AIS scheme is to improve road safety by ensuring vehicles meet minimum safety standards before being driven on Queensland roads. For these objectives to be met, AIS scheme members need to have the necessary knowledge and skills. While information is published on the web, in industry

newsletters and through direct communications to assist scheme members to acquire the necessary knowledge and skills, TMR audit data and customer complaint data reveals that many AIS scheme members are failing to perform their role in accordance with scheme requirements.

Additionally, although the direct causal correlation between the quality of vehicle inspections and crashes involving defective vehicles is not established, it is hypothesised that poor quality inspections are a contributing factor. Between 1 January 2001 to 31 December 2021, there were 8492 crashes on Queensland roads that involved a defective vehicle, resulting in a total of 7898 casualties (376 per year). In addition to the human suffering caused, casualties from these crashes had an estimated cost of \$3.43 billion (\$163.5 million per year). In addition, the annual cost for crashes resulting in property damage only (no casualties) is estimated to be \$3.2 million.

Option 1 would see the maintenance of the current arrangements, with no mandatory training and assessment being introduced. TMR would continue to provide AIS scheme members with information online, through industry newsletters and via direct communications about their obligations under the scheme. However, continued reliance on this approach is highly unlikely to improve the compliance rate and reduce customer concerns. Consequently, the road safety risk of defective vehicles being used on the road network would likely remain unchanged. This is considered unacceptable to TMR in the interest of public safety.

Option 2 would see an amendment of the AOP Regulation to require new and existing AIS scheme members to complete training and assessment. The intended outcome of the training and assessment is to uplift the standard of vehicle inspections through increased compliance with AIS scheme requirements, and by doing so, mitigate the road safety risk associated with defective vehicles being used on the road network.

The AOP Regulation currently provides for the chief executive to require training and assessment to be completed by AEs at initial application and renewal. However, this does not apply to existing non-renewable AEs, new/renewing AISs, or new nominees. As a result, legislative changes are required to mandate training and assessment for all new and existing AIS scheme members.

All scheme members will be required to complete the training and assessment to start or continue working in the AIS scheme. The number of new scheme members who will have to complete the training and assessment is approximately 647 per year. New applicants will need to complete the applicable training and assessment before they are granted accreditation. The number of existing scheme members who will be impacted by the change is anticipated to be approximately 6,887. Of the 15,664 existing scheme members, 8,777 are not currently associated with an AIS and may have no intention of working in the scheme again. Therefore, these individuals may not be impacted by the proposed change. Existing AIS scheme members will have a period of at least three months, as determined by the chief executive, to complete training and assessment once it is approved and notified.

The direct cost of the training and assessment is \$370 for new AIS/nominee approval holders. It will take approximately 2.5 hours to complete the training and the estimated cost, measured in labour costs for the time taken to complete the training and assessment, is \$137.50 per AIS/nominee approval holder. The weighted average cost for new AEs is \$522.50 (including the discounts for completing multiple modules). The weighted average time to complete the training is 5 hours and the cost of completing the training and assessment, measured in labour costs for the time taken to complete it, is estimated to be \$229.50 per AE. While it is acknowledged that there are cost (new AIS scheme members only) and time imposts (both new and existing AIS scheme members) to do the training and assessment, they are not considered so significant that they would create barriers to entering or remaining in the AIS scheme.

Overall, the compliance cost is estimated to be \$7.5 million for the first year and \$10.5 million over the first 10 years. This is not significant compared to the economic cost of casualties due to crashes involving defective vehicles on Queensland roads, which is estimated to be \$163.5 million per year and \$1.64 billion over 10 years.

This proposal will deliver road safety benefits by decreasing the number of defective vehicles being used on Queensland roads. This may decrease the 376 casualties per year due to crashes involving defective vehicles

and may also reduce the economic cost of these casualties. Furthermore, it is anticipated that the training and assessment will reduce the number of customer complaints about AIS.

This proposal aligns training requirements for AIS businesses in Queensland with other Australian jurisdictions and the proposed cost is less than or comparable with other jurisdictions. The proposed training and assessment impacts only a subsection of businesses in the automotive industry. The training will provide skill development for all new and existing AIS scheme members and increase the quality of services within the industry. It will also ensure the quality of inspections are of a consistent high standard. This proposal is not expected to impact the access to inspection services for customers.

There is financial burden on government in terms of funding the cost of training and assessment for existing AIS scheme members. Training AIS scheme members to a consistent high standard will reduce the resource impact on TMR transport inspectors and frontline customer service teams who answer enquiries from AIS scheme members. There will be increased administrative work to monitor existing scheme members' completion of the training and assessment after commencement. However, the task of processing applications is not expected to change significantly, and no system changes will be required.

Consultation responses indicate that there are mixed views within the industry about the proposed training and assessment. Many respondents agreed that there is a problem with non-compliance within the AIS scheme, however there were mixed responses to training as a solution. It is acknowledged that most new and existing AIS scheme members would prefer not to incur time impost or the cost (new AIS scheme members only) to complete the training. However, a discount has been negotiated for new AIS scheme members with the provider to help mitigate this burden. MTAQ and some scheme members were generally supportive of training being introduced. However, it is acknowledged that there were some common concerns raised by MTAQ, AAAA and AIS scheme members. Further communications with AIS scheme members are planned to provide further information and clarify the details of the proposed training and assessment.

Impact assessment

	First full year	First 10 years**
Direct costs – <i>Compliance costs*</i>	\$2,720,223	\$5,703,604
Direct costs – <i>Government costs</i>	\$4,783,121	\$4,783,121

Signed/Approved



Sally Stannard
 Director-General
 Department of Transport and Main Roads

21 9 / 2024



Bart Mellish MP
 Minister for Transport and Main Roads
 Minister for Digital Services

9 / 9 / 2024