

Audit Outcome Report: Motor Trader Audit 2024

Consumer, Building and Occupational Services (CBOS)

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Proactive Compliance Team Summary Report

Summary

- 1.1 As part of its consumer protection role, CBOS monitors the performance of various occupations and industries to encourage compliance with relevant Acts, Regulations, Codes of Practice, Standards and Determinations.
- 1.2 One purpose of this audit was to increase the industry's awareness of CBOS as a regulator. CBOS wishes to build positive working relationships with industry members and stakeholders by delivering education where necessary, raising awareness, providing information and advice to motor traders and persons employed by them.
- 1.3 This audit obtained data which established a baseline of motor trader businesses within the Hobart, Launceston and North-West regions, and will assist CBOS to prioritise future compliance activity and assess the performance of the regulatory system.
- 1.4 The subjects of this audit have been de-identified in this report due to confidentiality requirements surrounding the publication of this audit outcome.

Background

- 2.1 Consumer, Building and Occupational Services (CBOS) is a business unit within the Tasmanian Department of Justice.
- 2.2 CBOS incorporates areas of Consumer Services and Building and Occupational Services, including; the Office of Consumer Affairs and Fair Trading (CAFT), Building, Electricity, Plumbing and Gas Standards, and Occupational Licensing.
- 2.3 The Compliance and Dispute Resolution (CDR) unit within CBOS provides advice and assistance with topics including renting and accommodation, building, shopping and trading. CBOS also license or register and regulate a range of occupations in the building and construction industry, motor vehicle traders, conveyancers, security employees and people working with children or vulnerable adults.



- 2.4 The Proactive Compliance Team (PACT) undertakes remote and on-site audits to assist and provide support to the CDR and Technical Regulation units, to enhance the compliance functions of CBOS in the consumer space using proactive audits as one regulatory tool.

Jurisdiction

- 3.1 CBOS is an output of the Department of Justice, which has functions and powers under a suite of legislation. CBOS generally undertakes monitoring through a number of compliance activities including onsite inspections, audits and desktop reviews.
- 3.2 This audit was undertaken in accordance with the authorities granted under the *Motor Traders Act 2011* (the Act) and the *Consumer Affairs Act 1988*.

Use of Compliance Powers

- 4.1 All CBOS officers undertaking the audit were authorised persons appointed by the Director under section 13(2) of the *Consumer Affairs Act 1988*.

Audit Particulars

- 5.1 This audit was conducted in Hobart, Launceston and North-West Licensed Motor Vehicle Traders (LMVT) as interpreted by the Act.
- 5.2 CBOS inspected a total of 65 LMVT premises statewide to ensure compliance of new and used vehicle sales.

Key Findings/Trends

- 6.1 The audit identified 21 premises with instances of non-compliance in the Southern region.
- 6.2 The audit identified 7 premises with instances of non-compliance in the Northern and North-Western regions.
- 6.3 Some licence holders were identified as having a current licence but were not actively trading.



- 6.4 The 28 premises identified as being non-compliant related to traders failing to display their LMVT licence number on advertisements, and also failing to display pre-sale disclosure statements on vehicles for sale. A total of 41 examples of non-compliance were identified across the state.
- 6.5 The audit identified one MTV with a high rate of non-compliance, and this trader will be part of the focus of the next audit.
- 6.6 CBOS followed up each instance of non-compliance by writing to the trader advising them of the obligations placed on them by the Act.

Conclusions

Compliant/Positive audit outcomes:

- 7.1 Increased CBOS' visibility in the motor trader sector.
- 7.2 CBOS demonstrated to retailers and consumers that industry is being actively monitored to ensure obligations are being met.
- 7.3 CBOS provided an avenue to provide feedback about the audit or other industry concerns.
- 7.4 CBOS engaged positively with stakeholders and regulated parties, raising awareness and developing relationships.
- 7.5 As a result of the audit, contact was made with Carsales.com.au, Autotrader.com.au and Gumtree.com.au at a national level to get the online platforms to assist motor traders in Tasmania to comply with the Act by ensuring mandatory information is displayed in online advertisements.

Non-Compliance/Negative outcomes:

- 8.1 CBOS identified 41 minor offences for failing to display pre-sales disclosures on used vehicles, as well as failing to show the LMVT licence number on documentation relating to the sale of a motor vehicle. The relevant LMVTs were issued formal written cautions.



8.2 The audit identified a significant number of persons who were potentially trading unlicensed. This included those selling vehicles privately on platforms such as Gumtree and Facebook Marketplace. CBOS intends to undertake a follow-up audit to further identify those who may be trading unlawfully.

