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Department of Infrastructure and Transport
Consultation Paper on the Motor Vehicle Standards Act 1989

Submission to Consultation Paper – May 2013

Harley-Davidson Australia is a wholly owned subsidiary of Harley-Davidson Motor Company and represents the interests of Harley-Davidson in the Australian market and has been in full operation as a distributor since August 1st 2006 when it took over market control from the three prior distributors. Harley-Davidson Australia operates with 44 independently owned dealerships throughout the country that carry out sales, service and support for Harley-Davidson motorcycles, parts & accessories and apparel.

This submission primarily relates to section 4a of the Consultation Paper that refers to the RAWS scheme.

We have seen a significant increase in the volume of Harley-Davidson motorcycle imports and certification through the RAWS scheme in recent years and feel that there are several detrimental issues related to the unrestricted certification limits. In most cases these issues can be related back the Objects of the Act which are stated as Safe Vehicles, Environmentally Friendly and Secure Vehicles and Access to Market in the discussion paper.

While we are open to competition from other motorcycle manufacturers, we feel that the RAWS programme does not work on a level playing field of competition as the RAWS are utilising the support infrastructure of the manufacturer to support and maintain the product they sell into the market. Harley-Davidson Australia has invested heavily in staff, plant and facilities as well as inventory to support product it has imported, yet the RAWS are not required to offer this same level of support for the product they have imported providing them with a much lower cost base to operate from and subsequently a significant price advantage.

Beyond this fundamental issue we have listed some more specific issues under the stated objects of the Act as noted in the Consultation Paper.

Safety

ABS Fitment

Harley-Davidson Australia has taken the conscious decision to include ABS as 100% fitment on all vehicles imported to Australia where it is available as an option as we see this feature as a key vehicle safety item. Sportster models are the only vehicles imported by Harley-Davidson Australia that do not have ABS fitted as standard, however our plan is that as soon as it is available this feature will be added as standard. While it is difficult to quantify the percentage of RAWS complied imports that have ABS fitted, based on viewing RAWS import advertisements this feature is not noted in the advertisements so the assumption is that it is rarely fitted on RAWS complied imports. As most RAWS complied imports are from USA, the official uptake of ABS as an option in the USA is 44%, so you could use this as a correlation for the fitment rate for vehicles certified through the RAWS scheme.

Recalls

We have also seen many instances where there are outstanding safety recalls for vehicles that are being offered for sale following RAWS certification. While Harley-Davidson Australia and our dealers have access to check for worldwide recall status, this information is not available to the general public, so we are not sure how the RAWS checks for recall status of imported vehicles.

A further issue related to recalls is that as the importer is responsible for maintaining the recall status of a vehicle, who is not necessarily the complying RAW, once the vehicle is in use on the road, there is no robust method in place to advise the owner of a safety recall being required as there is no process for the importer to be kept advised of any new recalls released following the compliance of the vehicle. While Harley-Davidson Australia would always rectify any Harley-Davidson product that required a recall without knowledge of the vehicle being in the market and the potential owner there is little we can do to support the product.

Safe Conversion

To achieve certification the RAWS workshop is required to make modifications to the vehicle. One specific area of concern with the conversion relates to changes required to vehicle position lamp wiring required to change US specification vehicles to Australian compliant lighting. We have been given advice, although we have no direct evidence, that some RAWS workshops will just cut wires and leave without suitable insulation potentially leaving a safety hazard from electrocution or fire on the vehicle.

We have also seen references in motorcycling magazines that relate to premature wheel bearing and steering head bearing failures that have been traced back to RAWS certified vehicles where all the lubricating grease has been washed out in the cleansing process prior to shipment from overseas and has not been replaced upon entry into Australia. Obviously failure of these components while riding is a serious safety concern for all parties.

We have also seen firsthand at sales facilities and in advertisements in magazines and on the internet RAWS compliant vehicles for sale that are not compliant due to fitment of non-compliant parts such as aftermarket exhaust and air cleaners that

would adversely impact noise levels and non-fitment of reflectors that would lead to non-compliance.

It has also been reported to Harley-Davidson Australia that vehicles have received local compliance through the RAWS scheme without ever visiting the RAWS facilities. While we have no specific evidence of this practice as the volume of RAWS facilities and Harley-Davidson used imports have increased significantly in recent years the ability to monitor and certify compliance would be difficult without significant resources being added to carry out audits and inspections on vehicles.

Another area of concern is the practice of changing the speedometer from MPH to KPH as part of the conversion. We are aware that when the change in speedometer occurs some vehicles have the mileage on the odometer restated to a lower level than that which the vehicle has actually travelled which would be a concern when measuring the service life of components. The false reading could indicate replacement or servicing of a component is not required, when in fact it is.

Harley-Davidson Australia and its dealers invests a significant amount of time and money in providing technical training, including a factory apprenticeship scheme, to ensure that there are highly skilled technicians within dealerships that can maintain vehicles at the highest standard. This training is not available to personnel outside of the authorised network, so our view is that personnel at RAWS workshops may not have appropriate knowledge and skill levels to safely undertake the conversion work required to comply these vehicles safely.

Security

Security Systems

All vehicles imported by Harley-Davidson Australia are fitted with a Vehicle Immobiliser and Security System as standard feature. This feature is not standard on US Domestic specification vehicles and is an optional extra. Like ABS, when view advertisements of RAWS complied vehicles it is rarely stated that a Security System is fitted, so again we must assume that the vehicles do not feature this component. As most RAWS complied imports are from USA, the official uptake of ABS as an option in the USA is 24%, so you could use this as a correlation for the fitment rate for vehicles certified through the RAWS scheme.

Access to Market

As previously stated Harley-Davidson Australia is open to competition and can appreciate that the RAWS Scheme does provide an additional source of Harley-Davidson motorcycles to the general public, however we think this competition actually has a negative impact on consumers.

Vehicle Status

We regularly receive contact from people who have purchased RAWS complied motorcycles that are having issues with the vehicle and when we advise them that they have purchased a grey market import vehicle in most cases they state that they were unaware and that the seller had not advised them that the vehicle was an import. We believe this misrepresentation is carried out by the seller as the import

vehicle does not command the same value as a vehicle imported through official channels.

As mentioned previously there is the opportunity to restate the mileage on a RAWS certified vehicle and we believe the practice is common place. As there is a relationship between the mileage and the value of the vehicle, there is an incentive for the seller to deliberately mislead the purchaser of the vehicle mileage to command a higher price.

Conclusion

In summary, Harley-Davidson Australia believes that changes are required to the RAWS Scheme to ensure that vehicles provided to the market are compliant and that conversion work is carried out in a safe manner and that vehicles are offered for sale in a truly stated manner.

Areas that require attention are:

- Vehicle compliance inspection
- Recall management
- Accuracy of vehicle condition
- Clear consumer advise that vehicle is RAWS compliant

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