

## **MVSA Review Submission – June 21<sup>st</sup> 2013**

The Motor Vehicle Standards Act has been successful in creating uniform standards and delivering on the Government's commitment to road safety. However intended or not, there has been an impact on the competition in the supply of motor vehicles in Australia. The two areas of impact have been:

- 1. Inter-market Pricing Variation.**

Pricing variation of models in Australia when compared with other markets and adjusted for local taxes/duties/tariffs.

- 2. Special interest vehicles**

Despite provisions for specialist & enthusiast vehicles to be entered onto the SEVS register, in many cases no provisions exist that make it possible to supply very low production and specialist vehicles to the Australian market. Models that Australian consumers are seeking but cannot obtain for use on Australian roads yet can be used on roads in other markets.

### **1. Inter-market Pricing variation**

There would be no argument against the existence of competition between manufacturers within a specific segment. In the higher volume selling a model segment, it is more likely that Australian's are paying closer to global pricing. However in the more specialised segments (lower volume), the margin (even when adjusted for local taxes/duties/tariffs) that Australian consumers are paying over their counterparts in other countries becomes very high.

The current legislation prevents the importation of a specific model of motor vehicle by anyone other than the Manufacturer or their appointed representative – if that Manufacturer is supplying that model or variant of that model to the Australian market.

The reason that more specialised (and therefore lower volume) segments such as sports cars and luxury cars are more expensive in Australia is less to do with inter-segment competition – it is due more specifically to supply and demand pricing. In other words, if demand for a specific model from Australian consumers exceeds the volume supplied to the market, prices can be sustained at higher levels. As consumers can't shop for vehicles in other markets due to the restriction created by the current legislation, there is no price competition on a specific model from other markets.

Markets with more open importation laws such as Europe, North America and New Zealand, see prices from the manufacturers more in line with global pricing, in most cases little to no variation in price once adjusted for tax/duties/tariffs.

Ultimately there is no reason why Australian consumers should pay more for vehicles than those in markets overseas. The global harmonisation of vehicle standards and international distribution costs in line with other global markets, there is no valid argument that it would cost more to supply the Australian market with vehicles when compared to any other RHD market of similar or higher volume.

## 2. Special interest vehicles

The MVSA created essentially a type approval system for new vehicles with a single vehicle approval system that only catered for a restricted range of used vehicles and used vehicles that have been owned and used overseas for more than 12 months by returning Australian residents. The framework for approval of an ultra low production vehicle or specialised one-off vehicles does not sufficiently cater for the supply of special interest vehicles due to the rigid nature of the framework. Very limited run of production models such as the Ferrari LaFerrari, Ferrari Enzo, Porsche Carrera GT, Bugatti Veyron, Mercedes McLaren SLR are models that are only manufactured in LHD and yet are supplied to RHD markets such as United Kingdom and even New Zealand where they are able to be registered and used on the road. In Australia, there are no provisions for these vehicles to be allowed road registration. As such Australian consumers miss-out on their supply both as new or used vehicles.

### Recommendations

- A. The Government should review the impact of the Motor Vehicle Standards Act on pricing of vehicles in the Australian market.
  - B. The Government should review the impact on the Motor vehicle Standards act on the supply of specialised vehicles and consider a change to the single vehicle approval system to make it possible for the supply to the market of ultra-low production models.
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GT COMPLIANCE PTY LTD is an engineering business based in Sydney, Australia, specialising in certification of low-volume new and used vehicles. Expertise includes evidence collection and testing to Australian Design Rules (ADRs) and we can design solutions for vehicles with deficiencies in meeting ADRs. GT Compliance is ISO 9001 accredited and hold a number of approvals to import vehicles into the Australian market.

"We enjoy the opportunities to work on and ultimately supply vehicles to the Australian market that would otherwise not be generally available to our fellow Australians. Just like our customers, we too are enthusiasts," Ross Pendergast.

Ross has 15 years business and engineering experience in low-volume certification. His first business in the imported vehicle industry was established in 1998 and established GT Compliance in 2004.