

My family business – Southern Special Vehicles P/L (SSV) – has been an accredited importer-Registered Automotive Workshop(RAW) - under the Specialist and Enthusiast Vehicle Scheme (SEVS) for the past 10 years. SSV employs 5 people. Australia wide there are some 130+ RAWs. In the current market, a large percentage of RAWs import and comply very few vehicles. SSV imports used Japanese vehicles only, and my submission is largely from this perspective. Other RAWs are involved with importing vehicles sourced from American and the UK. Approx 30% of RAWs imports are now motor cycles. Some RAWs will face other challenges and issues that we may not face, or be familiar with. Unlike many other RAWs who only comply vehicles, SSV is also a Licensed Motor Car Trader (LMCT)who retails used Japanese vehicles.

A RAW operates within a highly regulated Govt framework, introduced in the MVS Amendment Bill 2001. All RAWs are incorporated, and individually owned businesses, have a quality assured management system in place, and key personnel are subject to police checks to satisfy fit and proper person requirements. The new legislation provided a higher level of compliance with the ADR requirements by restricting the scheme to legitimate vehicle converters. Additionally, it provided consumers with a network of service and spare parts, and a responsible entity to conduct any necessary vehicle recalls.

The Australian Motor Vehicle Industry landscape has changed markedly since 2001 when the Govt's overriding commitment was to the local automotive manufacturing industry, full volume importers, and franchised motor vehicle dealers. This is abundantly clear from reading the Hansard Papers of the Senate Review at the time. RAWs holders were only allowed an annual cap of only 100 units per vehicle category under this new SEVS scheme. Vehicles covered by the scheme had to be manufactured after 1 January 1989. Additionally, the vehicle had to meet very strict SEVS eligibility criteria. Two out of four of the following criteria MUST be met:

1. APPEARANCE – Significant differences in appearance to popular class of vehicle in that category;
2. UNUSUAL DESIGN FEATURES – Significant differences in sub-assemblies to popular class of vehicle in that category;
3. PERFORMANCE – Significant differences in level of performance to popular class of vehicle in that category;
4. Featured in SPECIALIST MOTORING MAGAZINES in “ AS MANUFACTURED” condition

Between 2002 and say 2008, the traditional used Japanese turbo charged vehicle that many RAWs deemed to be economically viable to import, could normally be approved as they could be shown to satisfy Criteria 3 & 4. Any reader will realise that finding viable vehicles that could satisfy either or both of Criteria 1 & 2 “ significant differences” requirements would be difficult. In recent years, changes in the market and consumer preferences has seen the demise of most of the traditional, mainly turbo performance, used Japanese vehicles. Quality “aging” vehicles are also much more difficult to source in Japan. In addition, local full volume distributors have introduce their own range of “ hot hatches” which, in many cases are similarly priced, but are cheaper to insure and finance than the traditional used Japanese turbo vehicles. Currently, it has become increasingly difficult/almost impossible, to find “new” financially viable vehicles to import, that satisfy

the required 2 out of 4 SEVS criteria. In 2013, I believe most RAWS would agree that the SEVS criteria is strangling our industry! It is anti competitive in nature and greatly restricts consumer choice! I believe it is contrary to The COAG Competition Principles Agreement 1995, Amended 2007 "The Australian community also expects to have access to a wide range of road vehicles to pursue their individual work related needs and recreational interests and to be able to purchase that vehicle at the lowest cost".....and....."It is a long standing government policy that regulation should not restrict competition (choice) unless it can be demonstrated that the benefits to the community outweigh the costs and the objective of the legislation can only be achieved through placing restrictions on choice". (Page 8 of Consultation Paper). Additionally, COAG's commitment is to reducing the regulatory burden on business, particularly small business, and enhancing productivity.

WE NEED A NEW SYSTEM.....I believe that there is ample and compelling evidence that a review is URGENTLY needed, and that key stakeholders must be involved in a full, open, and frank assessment of the challenges facing RAWS, and the changes need to ensure our long term sustainability.

SOME DESIRABLE KEY FEATURES OF A NEW SYSTEM

With respect to the used Japanese vehicles with which I am familiar, I believe the following changes are essential:

1. The ONLY eligibility criteria to satisfy should be " If the vehicle model is not released full volume, it meets the eligibility criteria".

The role of Govt should be to provide an effective structure and environment in which legitimate private enterprise business can operate and flourish. The 130+RAWs form part of the small business sector which is the life blood of the economy.

* RAWS create employment both directly, and indirectly, with their compliancing activities eg new tyres fitment, servicing, external auditing etc. Compare this with the much reduced economic contribution of any given new imported vehicle.

* Most RAWS have invested heavily in their business.....many have mortgaged their homes to finance their operations. Their legitimate small business operations now require urgent changes to ensure their long term viability.

* RAWs don't seek any of the hundreds of millions of taxpayer dollars that have been given to the local manufacturers in recent years. We just want a more level playing field!

* RAWs imports were never the threat to local manufacturers and franchised dealers that Parliament thought they might become when they framed current regulations back in 2001. Hansard Reports reveal just how hysterical and unfounded some of the Senators claims were when debating the likely impact of the proposed new system.

* There is now little local vehicle manufacturing, and within 10 years probably none. Imported new vehicles have been increasing rapidly as a share of the Australian market and currently account for around 85% of new vehicle sales.

* RAWs import numbers have always been LOW, and in absolute numbers, and as a percentage of total vehicle imports, they will always be low. In 2011 there were around

1,300,000 vehicles imported into Australia. Of these RAWs contributed only 7,280 vehicles and 2,007 motor cycles.

* RAWs receive some concessional demonstration of compliance with ADRs. So do other vehicle import schemes! It is not unusual, or infrequent, for new vehicles to also receive concessions in terms of non compliance with the ADRs. With respect to ADRs, is there any compelling reason why ALL of them are not in harmony with international standards?

* RAWs have provided the consumer with an wider choice of safe, quality, well optioned, and cheap vehicles.

2. Under a “new” system, I believe the vehicle age should date from 1 January 2000.

* RAWs currently cover vehicles built from 1989. Younger/ newer (1 Jan2000 +) vehicles will be SAFER and have BETTER EMISSION STANDARDS than older vehicle imports.

* The average age of the Australian vehicle fleet was 6.1 years in 1971. This rose steadily to reach a peak of 10.7 years in 1997 and is currently stands at 10 years. Excluding the current Japanese imports built between 1989 and 2000 will have the effect of reducing the average age of the Australian vehicle fleet.

- Age change should not be applied to vehicles currently on SEV's Register.....time will eventually “age” them out of the system.

3. The artificial cap of a maximum of 100 vehicles per category be removed.

* Removal of the 100 vehicle cap would benefit progressive, innovative, and hard working businesses like SSV. We sell 200+ vehicles annually. Why should we have to get other RAWs to comply some of our vehicles when we have both the desire and capacity to do so ourselves. This would be at considerable savings, which could be passed on to consumers. Viewed in the light of the LARGELY SLUGGISH 2013 Australian economy, I believe this artificial restriction on our business growth is a nonsense!

4. Seek ways to reduce the high cost of compliancing eg. Abolish requirement to change catalytic converters if the vehicle's on board diagnostic system indicates the engine management system to be functioning correctly. Replacement of components should be limited to general servicing and wear and tear items for roadworthy purposes. This would be consistent with ALL Australian road worthy requirements for used motor vehicle sales.

5. Review whether the current (expensive – \$2,500+) annual external auditing requirement would be compromised by undertaking it at say 3 or 4 year intervals. Current 6 monthly internal audit requirements could become 12 monthly intervals.

6. Determine the costs /benefits of the relative new, and very costly A/C gas system is to RAWs. The carbon component has now added around \$5,000 of additional costs each year to my business, most of which has to be passed on to the consumer.

7. Review the costs/benefits of the bi annual multiple choice “ test “ covering knowledge of RAWs requirements and ADR’s. Likewise the bi annual Police Check requirements. As an LMCT we are not faced with this additional Police Check financial impost.....we merely provide a suitable annual declaration as to relevant “fit and proper” behaviour.

8 Identify ways of reducing “discussion Items”.....including their treatment by the Dept.

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I believe the above changes would provide the CONSUMER access to a broader, and cheaper range of vehicles, albeit in relatively small numbers. It would improve the viability and sustainability of RAWs, while supporting the Governments’ Competition Principles agreement to not unduly restrict competition in achieving legislative policy objectives.

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