

Submission 66 – RVS Legislation Consultation

TOP SECRET

Prepared 16th February 2018

Top Secret Import Submission – 2018
Response to the MVSA Review

Introduction

Thank you for the opportunity to provide this submission. We make this statement in response to the invitation for submissions from interested parties.

Public Release Disclosure

Top Secret Imports has no objection to the release of any part of this statement.

Privacy Disclosure

Top Secret Imports has no objection to being identified as the submitter.

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Executive Summary

The leaders in the industry wish to use this MVSA review as a clean slate, we would like to start fresh with a scheme that is true to the intentions of the government and in the spirit of Specialists and Enthusiasts Scheme. The only way forward is to maintain transparency and clear lines of communication with the government. We welcome every opportunity to work with the government and help deliver this legislation and continue to work together in the future to ensure its success.

We submit that the importation of quality used specialist and enthusiast vehicles will increase improve the vehicle market for consumers as well as providing choice.

Specifically, TSI welcomes changes that will allow a greater variety of Specialist and Enthusiast vehicles into the market. Our main concern is the diminishing numbers of vehicles that are currently being imported into the country as opposed to the increase of new vehicles arriving every year. We request the government live up to its word and ensure this industry is viable for the future and accept the proposed recommendations.

Point 1:

Future sustainability of the Specialist and Enthusiast Industry due to restrictive criteria.

Based on our work and our access to industry modelling we feel there will a significant reduction of importation numbers reducing the current units by 75%. As we are all aware there has been no proof of modelling to counter this argument. Put simply a low volume of cars will kill this industry.

Recommendation:

We strongly request the government to review the rules within a 12 or 24 month period to ensure this is not the case. This also signals to the industry the government is serious about ensuring the viability of this small sector.

Point 2:

Level playing field via offshore inspections.

Recommendation:

We strongly recommend that the government makes offshore vehicle checking mandatory. This will ensure:

- A strong message abroad that the Australian government is serious on the standard of vehicles that are deemed allowable into the country.
- Structurally unsound vehicles will never leave an overseas port, this will significantly reduce our exposure.
- Puts the pressure back on overseas suppliers to ensure they supply quality vehicles.
- Odometer checking is also included in this inspection.
- This initial check will act as filter and remove a large percentage of problems.
- This also clearly signals to the Australian consumer or hobbyist (backyard dealer) standards will be enforced regardless of means of importation.

Point 3:

Section 117

- (1) The Secretary may enter a variant of a model of a road vehicle on the SEVs Register if:
- (a) the variant of the model of road vehicle:
- (i) has not been provided in Australia, at any time, under a road vehicle type approval or because of an approval held under subsection 10A(1) or (2) of the Motor Vehicle Standards Act 1989; or (ii) has been provided in Australia under an approval granted under this Act or the Motor Vehicle Standards Act 1989, other than an approval of a kind mentioned in subparagraph (i); or (iii) has been provided in Australia and subsection (3), (4) or (5) applies;

Recommendation:

We recommend a vehicle be assessed against the new SEVS criteria to ensure eligibility.

We request the following instead of the above, (i) is not currently provided in Australia, at any time.

If we are implementing a true Specialist Enthusiast scheme there is no reason to exclude a vehicle that is no longer being sold by the new dealers. The best example is the Nissan R32 Skyline GT-R. Importers are still counting chassis numbers so that build dates do not overlap with locally sold cars.

We are requesting that this be updated and allow the true Specialists vehicles be allowed to put through the SEVS criteria to see if they pass, especially if these vehicles are not being sold new.

Point 4:

Section 124 Variant of a model of a road vehicle

(1) A model of a road vehicle (the first model) is a variant of another model of a road vehicle (the second model):

(a) if:

(i) the first model has a different body to the second model; or (ii) the first model has a different transmission to the second model; or (iii) the first model has a different drivetrain to the second model; or (iv) the first model has a different propulsion system to the second model; or (v) the first model is in another vehicle category to the second model; or (b) in other circumstances determined by the Minister under section 125.

(2) However, a model of a road vehicle (the first model) is not a variant of another model of a road vehicle (the second model):

(a) if:

- (i) the first model and second model have the same kind of engine, but the engine of one model has tuning or software changes; or
- (ii) the first model is only cosmetically different to the second model; or
- (b) in other circumstances determined by the Minister under section 125.

Recommendation:

We believe these changes need to be omitted. The variant definitions are a way to control and restrict the number of enthusiast vehicles into the country. This is not in the spirit of a truly specialist and enthusiast scheme. Having said that we understand the intent of the government we do not want 'sticker job' fake variants into the country. We request to work with the government to find an approach which does not comprise the integrity of the scheme, yet allows real variants to pass through the filter.

Point 5:

Cost Recovery Implementation Statement

Applications for entry of a road vehicle on the SEVs Register

Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications.

Once lodged, applications will be checked for completeness and additional information may be requested. Applications will then be assessed and a decision made to grant or refuse approval. The proposed application fee for entry of a road vehicle on the SEVs Register is estimated to be between \$680 and \$800.

Recommended change: reduce the application fee to less than \$100.

- Based on the previous changes, each variant must be reapplied for every 2 years. The applicants will simply not be able to afford \$650-\$800 as a fee to apply for SEVS.
- Other challenges include the willingness of applicants to apply as some applications for models may be ineligible.
- This is substantial amount of money that has been spent to help the competition.
- This fee is also a barrier as it stops a one-off application for an enthusiast vehicle, the additional cost may not be palatable by the customer and cause the RAW to miss out on business. Most importantly this is not in the spirit of the SEVS scheme, the whole point is to allow consumers access to these small pockets of weird and wonderful cars.

The cost recovery document was provided quite late in the consultation process. We request that the department to continue to work with industry to help iron out these details, **we understand costs must be recovered but they can be spread differently**. The document must contain all 'Use-Cases' and 'Workflows' to help ensure the viability of the industry. It is simply unacceptable to rush this process with the hope to adjust pricing later. We are concerned a majority of businesses who are already struggling may not be around for a review of the CRIS.

Point 6:

Cost Recovery Implementation Statement

Applications for variation of an approved model report Applications must be accompanied by payment of the relevant application fee, which will be imposed at the time of application. Applications will not be considered until payment is received. The application fee will recover the pre-approval costs of assessing the applications. Once lodged, applications will be checked for completeness and additional information and/or an inspection of the road vehicle that is the subject of the application and/or an inspection of design and/or manufacturing premises may be requested. Applications will

then be assessed and a decision made to grant or refuse approval. There will be two separate variation of an approved model report application categories: • Variation of all model reports, except those relating to trailers (including road vehicles that have been entered on the SEVs Register, used two-wheeled or used three wheeled vehicles, and road vehicles that have been entered on the RAV via the type approval pathway and have been, or will be, subject to second stage manufacture) – the proposed application fee is estimated to be between \$1,000 and \$1,200.

Recommended change: reduce the application fee to less than \$100.

This is due to the large number of changes and variations that will be required. If this is truly the case it will make minor changes unviable to the industry.

We again urge the government to consult with stakeholders to ensure the CRIS is fleshed out in a manner that suits both industry and government's needs.

Point 6:

We would also like to request vehicles that are no longer currently sold in Australia in full volume to be considered eligible for importation, subject to meeting SEVS criteria. (as determined by RVCS2 full volume type approval status).

For e.g. Japanese car manufacturer brand Daihatsu are no longer sold in Australia. They make hybrid, disability access and Kei cars. Some of these could be considered for importation.

Point 7:

We request the following changes to the KWS criteria.

Vehicle power/weight thresholds to be set at 105kW/T for vehicles built prior to 2018, and 120kW/T for vehicles built from 2018 on.

Again we understand the intention of this criteria but need to work with the government to ensure it is implemented correctly.

Reasons:

- Vehicles are becoming more efficient with power, smaller engines are still able to propel vehicles at greater speeds than ever before.
- We suggest putting in another performance benchmark e.g. 0..100kms in less than 6 seconds? Or Torque to help define these criteria.

Note:

Another reason for a second performance criteria is, for almost two decades, Japanese automakers were engaged in a state of informal, unstated mutual restraint, where no car that they produced would have higher than 280 horsepower. There are a few reasons suggested for this, but sources seem to agree that it was mostly about safety.

By the mid- to late-'90s, though, as safety features like airbags, pretensioner seat belts, and antilock brakes were introduced, road fatalities began to drop, making some wonder whether horsepower really had anything to do with it.

At the time, car manufacturers must have been wondering the same thing. Although vehicles coming in still bore the 280-horsepower tag, many, such as the Skyline GT-R, were already breaking the rule it produced something more like 320 horsepower.

- Putting in kw limits retrospectively is seen an attempt to artificially restrict the market.

