



Submission 73 – RVS Legislation Consultation

Submission by
Auto Services Group
to the
**Road Vehicle Standards Bill Exposure Draft
Consultation Process**

February 2018

About Auto Services Group

Auto Services Group (ASG) is a small business based in Adelaide, South Australia. ASG provides a range of services to clients across Australia and around the world under the following banners:

Iron Chef Imports sources and imports quality vehicles from Japan for clients in Australia and around the globe.

Iron Lady Imports provides a specialised vehicle importing service for those migrating to Australia, or Australian ex-pats returning home.

Iron Block Imports sources vehicles from the USA for Australian clients.

AutoValuation undertakes accurate assessment of used vehicles, specialising in appraisals of imported vehicles for Customs purposes and Australian market value.

AutoShipping assists both private and corporate clients with global vehicle logistics, specialising in importing vehicles to Australia.

Preamble

After four years of "consultation" with stakeholders, Auto Services Group finds it astounding that the Government would consider that the exposure draft Road Vehicle Standards Bill and Rules, in their current form, approach anything resembling a fair go for small businesses in Australia. It is vital that a number of fundamental changes are made to the Rules and to the Cost Recovery Implementation Statement to prevent the collapse of an industry that, directly or indirectly, employs thousands of people.

It is also our view that the review process has been fundamentally flawed, with no supporting data or research into the impact the proposed changes will have on imported vehicle numbers, and therefore on viability of the used imported vehicle industry. What little data that has been sourced has been supplied by industry bodies with a vested interest in restricting imported vehicle regulations, in what represents a clear conflict of interest. Reports commissioned by the Department of Infrastructure in 2014 and 2015, highlighting the significant benefits of relaxing imported vehicle regulations were buried, and not publicly released until 2017, when requested in parliament.

To end up at a point where importers must now fight over small Rule changes in the hope of tapping one or two extra tiny market niches is a far cry from a time when the government once considered allowing the importation of any used vehicle under five years of age. Auto Services Group hopes that common sense will prevail the next time the Bill is reviewed in the

distant future, but until then, those whose livelihoods depend on the current proposed Bill and Rules must fight to ensure the used imported vehicle industry's survival.

Problem 1:

Rules, 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;

Why it is a problem: It is ludicrous that new car dealers and the Government should consider any used imported vehicle to be a potential threat to new car sales once the model has been withdrawn from sale in Australia (particularly when the government's own research has indicated that even parallel importing new cars would have little effect on new car sales). It is equally ludicrous that, as a result, importers are currently required to check the chassis numbers and build dates of Nissan Skylines sold in 1991 and 1992 to ensure they don't overlap with the 12-month period when Nissan officially sold the Skyline GT-R in Australia.

How it can be fixed: (i) ~~has~~ is not ~~been~~ currently provided in Australia, ~~at any time~~. This change would allow variants to be assessed against SEV criteria once they cease being sold new in Australia in full volume. Aside from widening the number of eligible model variants to provide much-needed volume for used vehicle importers, this change also preserves the original intent of the scheme, rather than providing criteria exemptions in other areas.

Problem 2:

Rules, 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.

Why it is a problem: Clause (2) smacks of a last-minute inclusion at the behest of someone intent on squeezing down the number of vehicles eligible for concessional import. Theoretically, a vehicle could be deemed simultaneously eligible in 124(1) and ineligible in 124(2)(a)(i).

How it can be fixed: Remove 124(2).

Problem 3:

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.

Why this is a problem: It's bad enough that importers will have a significant increase in administration time and costs now that applications must be re-submitted every two years. For small businesses already on very tight budgets, having to pay a significant fee just for the application with no guarantee of success is a huge additional burden that will mean that very few will be able to trade effectively under the new scheme, while the rest have to sit around and wait for others to pay the money so they can get access for free.

Recommended change: reduce the proposed application fee to \$50-100.