



Submission 81 – RVS Legislation Consultation

Submission by  
**Australian Imported Motor Vehicle  
Industry Association** to the  
**Road Vehicle Standards Bill Exposure  
Draft  
Consultation Process**

**February 2018**

## About AIMVIA

The Australian Imported Motor Vehicle Industry Association (AIMVIA) represents businesses associated with the importation, preparation, and sale of used vehicles; founding members include international logistics, shipping and inspection companies, as well as importers, compliance specialists and vehicle retailers.

Our position is that Australian consumers and motorists should be entitled and enabled to access the widest possible choice of quality used vehicles that comply with Australia's safety and environmental standards. Such choice would ensure competition and the best possible pricing of vehicles.

The creation and expansion of a used vehicle importation industry would create opportunity not only for consumers, but Australian entrepreneurs; mitigating the loss of employment and other damages caused by the withdrawal of the vehicle manufacturing companies.

March 2014: The Productivity Commission released its Inquiry Report into Australia's Automotive Manufacturing Industry, and concluded that *"Provided relaxing the import restrictions were undertaken within an appropriate regulatory standards and compliance framework, net benefits would arise through lower prices and/or improved product specification (vehicle features) as well as increased product choice and availability for vehicle buyers."*

July 2014: Department of Infrastructure and Regional Development commissioned a Cost Benefit Analysis of Reduced Import Vehicle restrictions (Castalia I), which concluded that *"Deregulating the used import trade has the potential to unlock considerable economic net benefits. The economic analysis shows that the benefits outweigh the costs of deregulating the used import trade by between \$805 million and \$1,943 million."* Also, *"As the price of used vehicles decline the purchasing power of vehicle buyers will increase resulting in accelerated retirements of older vehicles – now priced out of the market. This will have the effect of reducing the age of the vehicle fleet."*

March 2015: Department of Infrastructure and Regional Development commissioned a second Cost Benefit Analysis of Reduced Import Vehicle restrictions (Castalia II), that found that *"There is unlikely to be any significant net loss in employment in dealerships from personal imports"* and that *"On balance we do not find that this research provides any compelling reasons to use a different safety risk for new cars imported under the proposed schemes."*

March 2015: The Competition Policy Review (also known as the Harper Review) concluded: *"Consistent with the recommendations of recent Productivity Commission reviews, parallel import restrictions on...second-hand cars should be removed, subject to transitional arrangements as recommended by the Productivity Commission."*

April 2016: ACCC Commissioner Roger Featherston stated in a speech that the *"The ACCC sees these reforms as good for competition and for consumer choice."*

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*"To support a fair and competitive vehicle import industry"*



## Preamble

On 13 December 2017, the Government released exposure drafts of the Bills, which have since been introduced into Parliament. At that time, the Government also released an exposure draft of the Road Vehicle Standards Rules (which will be made as regulations under the Road Vehicles Standards Act).

Paul Fletcher MP, the Minister for Urban Infrastructure and Cities, along with the Department of Infrastructure and Regional Development's MVSA Review team, invited stakeholders and other interested parties to provide feedback on the exposure draft of the Bills and Rules, as well as the draft of the Cost Recovery Implementation Statement (CRIS).

Despite extensive consultation with and reassurances from both the MVSA Review team and Minister Fletcher, AIMVIA continues to hold grave concerns for the future of the used imported vehicle industry if the exposure draft of the Rules is implemented unchanged. Quite simply, the proposed legislation and regulations will not even restore vehicle numbers to current levels, let alone allow the industry to flourish and create automotive jobs at a time when they are so desperately needed.

Nevertheless, AIMVIA appreciates the Minister's willingness to continue engaging with our association at this critical juncture, and we remain confident that, with some minor revisions, the RVS Bills and Rules can restore stakeholder and investor confidence in the industry.

Likewise, AIMVIA, as the imported vehicle industry's premier representative body, is committed to assisting and supporting the work of the Department of Infrastructure and Regional Development throughout the transitional implementation process once the Bill and Rules pass through parliament.

### Issue 1:

Section 117 from the Rules

(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;

**AIMVIA Response:** AIMVIA has long maintained that there is no reason for vehicles to be restricted from assessment against the SEVs Register once they cease being sold new in Australia. Changing the highlighted text to "is not currently provided in Australia" would increase the range of vehicles considered SEVs eligible without diluting the more-focused

“specialist and enthusiast” intent of the revised scheme. Section 118(4)(c) and Section 118(5)(c) would likewise need revision.

**Issue 2:**

Section 124 of the Rules

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.

**AIMVIA response:** AIMVIA seeks clarification on the definition of 124(1)(a)(iv) surrounding the definition of “different propulsion system”, as it appears to rule out the first and second models both having petrol engines, for example. While AIMVIA understands the intent of clause (2) to clearly delineate between variants, the highlighted text is potentially contradictory to clause (1). For example, a vehicle may be simultaneously eligible in clause (1) and ineligible in clause (2). Editing the text to read “but the engine of one model ONLY has tuning or software changes;” may help to remove this ambiguity. This change notwithstanding, this wording of this Section will likely need to be revised if Section 117 is revised as requested.

**Issue 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.**

**AIMVIA Response:** AIMVIA believes that the proposed cost to enter a vehicle on the SEVs Register is exorbitantly expensive, in light of the fact that (a) it is currently free to do so, (b) vehicles will only remain on the Register for two years before another application must be submitted and another fee paid and (c) puts businesses in a position where they need to pay an expensive application fee (with no guarantee of success) that, once approved, is available to everyone else for free. While AIMVIA accepts that the Department must recover the costs of administering the Scheme, this fee will place an unduly heavy financial burden on small businesses. AIMVIA recommends the fee be set at \$50.

**Issue 4:**

Section 119 of the Rules

Environmental criteria

A variant of a road vehicle, as originally manufactured, satisfies the environmental criteria if the Secretary is satisfied that:

(a) either:

**(i) the variant of the road vehicle meets or exceeds the national road vehicle standards relating to emissions that are applicable to the variant of the road vehicle at the time the application is made; or**

**(ii) the variant of the road vehicle meets or exceeds emissions standards that are determined under section 125 to be comparable to the**

**standards mentioned in subparagraph (i);**

**AIMVIA Response:** AIMVIA seeks clarification on the intent of the highlighted clauses, as imported vehicles have traditionally only been required to meet the Australian emissions standards in effect at the time of manufacture of the vehicle overseas, not those in effect when the application is made. While, in theory, most fuel-efficient vehicles should pass current emissions standards, AIMVIA remains concerned that this additional 'moving goalpost' provides another layer of complexity to the process that may have a negative impact on investment in this space.

**Issue 5:**

Section 120 of the Rules

(1) A variant of a road vehicle satisfies the mobility criteria if the Secretary is satisfied that:

- (a) the road vehicle was originally manufactured with features specifically designed to assist people with a disability; or
- (b) the applicant has evidence that demonstrates that:
- (i) the variant of the road vehicle was modified, before it was first provided in any market in the world, to include features specifically designed to assist people with a disability; and
  - (ii) the modifications were sponsored or supported by the original manufacturer of the variant of the road vehicle.

**AIMVIA Response:** For many families requiring a disability vehicle, the biggest hurdle is cost. AIMVIA believes that supplying good quality used Japanese vehicles for modification to a mobility vehicle in Australia – in a manner that cannot be reversed – will help create automotive jobs locally and provide cheaper mobility vehicles to the market. Additionally, AIMVIA requests further information on the evidence expected for vehicles to meet this criterion, as in many cases, such evidence may be impossible to provide.

**Issue 6:**

Section 122 of the Rules

Campervans and motorhomes criteria

A variant of a road vehicle satisfies the campervans and motorhomes criteria if the Secretary is satisfied that the variant of the road vehicle was originally manufactured as a campervan or motorhome.

**AIMVIA Response:** Likewise, AIMVIA believes that this criterion should also allow for the provision of donor vehicles to be modified to campervans or motorhomes in Australia to a level that cannot be reversed. AIMVIA requests further information on the evidence expected for vehicles to meet this criterion, as in many cases, evidence may be possible to provide.

**Issue 7:**

Section 118 of the Rules

Performance criteria

(1) A variant of a road vehicle satisfies the performance criteria if the road vehicle, as originally manufactured, is above the power to weight threshold worked out according to the following formula:

**(Year of manufacture-1992) + 110kW/t**

**where:**

**Year of manufacture means the year in which the road vehicle is manufactured.**

**110kW/t means 110 kilowatts per tonne.**

**AIMVIA Response:** AIMVIA maintains that a sliding scale is unnecessary, given that we have provided data to show that average kW outputs among the most popular cars sold in Australia are dropping rather than remaining static or increasing. A sliding scale adds another level of complexity to an already complex process, and ultimately, means that fewer newer models will meet the benchmark. AIMVIA instead recommends a static benchmark of 120kW/tonne, and an alternative benchmark of a torque figure greater than 400Nm. This notwithstanding, the last sentence should be edited to read that kW/tonne figure is determined by the FIRST year in which the road vehicle is manufactured, to avoid a scenario where variants may be eligible in some years, then ineligible in others.

**Issue 8:**

Section 121 of the Rules

Left-hand drive criteria

A variant of a road vehicle satisfies the left-hand drive criteria if the Secretary is satisfied that the variant of the road vehicle:

- (a) was originally manufactured as a left-hand drive vehicle; and
- (b) is not available as a right-hand drive vehicle in any market in the world; and
- (c) **is in one of the following vehicle categories:**
  - (i) Passenger Car (MA);**
  - (ii) Off-road Passenger Vehicle (MC);**
  - (iii) Light Goods Vehicle (NA);**
  - (iv) Medium Goods Vehicle (NB).**

**AIMVIA Response:** AIMVIA maintains the view that, aside from forcing a number of small businesses to close their doors, there is no reason to exclude NC (Large Goods Vehicle) from the category list. There has been no data provided to suggest that NC vehicles imported under the current SEVS are any less safe than an equivalent full-volume vehicle. Given that the number of NC vehicles imported is very small, there is no logical justification for this change when the ramifications for the businesses affected are so severe.

**Issue 9:**

Section 36 of the Rules

Eligibility criteria—older vehicles

- (1) A road vehicle satisfies the eligibility criteria set out in this section if:
  - (a) the vehicle is in one of the following vehicle categories:

- (i) **Passenger Car (MA);**
- (ii) **Forward-control Passenger Vehicle (MB);**
- (iii) **Off-road Passenger Vehicle (MC);**
- (iv) **Moped - 2 wheels (LA);**
- (v) **Moped - 3 wheels (LB);**
- (vi) **Motor cycle (LC);**
- (vii) **Motor cycle and side-car (LD);**
- (viii) **Motor tricycle (LE);**
- (ix) **Light Goods Vehicle (NA); and**

(b) the vehicle has a relevant build date that is at least 25 years before the date of the application for a concessional RAV entry approval in respect of the vehicle.

**AIMVIA Response:** While AIMVIA welcomes the change in criteria threshold for older vehicles, classic large trucks and buses of any age are now unable to be imported. If the intention is to restrict numbers of older heavy vehicles entering the fleet for general purpose use (ie a 25 year old bus being used by a bus company for regular passenger transport), then a higher year threshold (say 35 years) would be more appropriate.