



PROPOSAL DETAIL

Reform of the *Motor Vehicle Standards Act 1989* Economic Benefits of the Reforms

The *Motor Vehicle Standards Act 1989* (the Act) provides the regulatory framework to control safety, environmental and anti-theft performance of all vehicles entering the Australian market for the first time – both new and used. The reforms will deliver modernised legislation to increase community safety, provide greater choice and protection for consumers, and remove unnecessary red tape on businesses.

There are currently around 18 million vehicles registered in Australia. More than 1.1 million new vehicles are sold each year and around 4 million vehicles are sold in the used car market each year.

The reforms to the Act are expected to provide over \$70 million per year in regulatory savings to the industry including manufacturers, Registered Automotive Workshops and individuals.

Independent analysis has found that when taxation, tariffs and transaction costs are taken into account, the proposed scheme to permit the personal importation of new vehicles from specified right-hand-drive countries could attract up to 30,000 new vehicle imports annually. Many of these personally imported new vehicles will not be otherwise available in the Australian market.

The analysis estimates that over a period of ten years, the personal importation of new vehicles will provide a benefit to the economy of around \$486 million. In total, new vehicle sales are expected to contribute \$29 billion annually to the Australian economy.

The personal importation of new vehicles is not expected to have a material effect on local automotive dealerships, as the great majority of new vehicles will continue to be imported through the global manufacturers' networks and sold through the established automotive retail sector. Dealers will also continue to have a major role in servicing vehicles and supplying parts.

Similarly, the relatively small impact on the new car market will mean minimal impact on the asset values of the current fleet.

During public stakeholder consultations, businesses in the automotive parts and servicing sectors expressed support for personally imported new vehicles and confirmed their capacity and willingness to meet the ongoing service needs of consumers. These stakeholders indicate they expect the policy to generate new opportunities and avenues of business.

The new personal imports scheme is expected to take effect from 1 January 2018. The lead time is designed to provide the Australian automotive industry and dealers with certainty and sufficient time to adjust business processes to take up new opportunities in the automotive market.