

Department of Infrastructure and Transport

MVSAreview@infrastructure.gov.au

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Re: Public consultation process on the Motor Vehicle Standards Act 1989 (the Act) and its Regulations

For the last 15 years Prestige Motorsport Pty Ltd has offered a service to source vehicles from Japan, the US and UK for import to Australia. Over this time we have seen many changes to the regulations and also the type and number of vehicles being imported. We believe this experience allows us to have a broad overview of the regulations, how these have affected related businesses and the public over the years, and opportunities for improvement. We hope our views and suggestions will be taken into account in the current review as we see this as a great opportunity to make long-lasting changes that will result in a number of significant and measurable benefits for all Australians.

The global cost of vehicles is a fundamental consideration to the review.

Australia has one of the most aging vehicle fleets of any developed nation. This is a direct result of limited competition and choice, which keeps prices high and consumer options low.

Competition drives down second-hand vehicle prices and makes better cars more affordable.

Newer, safer, more secure and more environmentally friendly vehicles could be imported from other countries for significantly lower prices.

Access to these would remove inferior vehicles from Australian roads.

Newer and safer vehicles means fewer accidents, injuries and fatalities on our roads, and less impact on the environment through lower emissions and reduced fuel use.

Drivers in the 17 to 25 year old age group are most at risk of accidents involving death or serious injury, and would benefit most from access to better vehicles at lower prices. The result would be an immediate and measurable improvement in road safety as well as saving many young lives and the associated trauma to their family and the significant cost to society as a whole.

While road deaths have decreased in the 25 years since the introduction of the Act, much of this could be attributed to significant improvements in vehicle safety in that time including airbags and ABS brakes, and serious injury crashes have not decreased in real terms during the same period.

Considerable improvements in both areas would be possible with access to safer and cheaper vehicles.

Amendments should be made to progressively remove the restrictions on imported second hand vehicles while still maintaining the quality of vehicles imported through a monitored scheme.

These changes could be made relatively simply by modifying the existing import scheme framework. Streamlining and automation of some aspects would provide a faster and more consistent service, and free up Govt. personnel to more actively monitor implementation.

The Current Act and Regulations

The purpose for the MVSA Act and Regulations is *to improve the safety, environmental performance and security of road vehicles in Australia.*

This is not being achieved effectively by the current application of the regulations **which blocks the import of vehicles that would better achieve these goals.**

The Act and Regulations are also a barrier to free trade as they do not allow the free import of vehicles. Amendments are needed to be consistent with the recent Japan Australia Free Trade Agreement (JAEPA) signed on July 8 this year.

Protection of the Local Market

It is well known that the large car manufacturers charge a considerable premium for new vehicles sold in Australia, far above the additional cost that might be justified for transport, exchange rates, or compliance with ADR's alone. In some cases this means Australians are paying more than double the new price for the same vehicle when compared to other countries, and this is also reflected in second hand prices. This situation has been to the great detriment of the Australian public and has only been made possible by the vehicle import restrictions which have prevented competition, coupled with the billions of dollars of Govt. aid provided over the years to these otherwise financially unsustainable businesses.

The benefits have been only to a handful of large foreign-owned multinational companies and their employees which is not in the best interests of the majority of Australians, local business, road safety, or the environment, as it has contributed to an aging vehicle fleet. With the exodus of the large car manufacturers from Australia due to high and unsustainable costs, there is no longer any reason to restrict vehicle imports for political reasons.

If international market pricing were allowed to operate freely, vehicles overall would be considerably cheaper. It stands to reason that with the same money Australians would then be able to buy vehicles that are, on average, newer, safer, more secure and more environmentally friendly. This outcome clearly aligns with the goals of the MVSA and Regulations. Protection is counterproductive to these goals.

SEVS and RAWS – History and Present

Over the years we have watched many compliance workshops go out of business, starting with the introduction of SEVS and the transition to the new scheme in 2002. No compensation was offered to those who had set up to comply with the previous import regulations and many left the industry at that time having lost their business along with a considerable amount of money they had invested. Those that continued on as a RAW have faced high costs in a very uncertain world, and many operate right on the limit of profitability. This inevitably has a direct impact on the quality of compliance.

Workshops have suffered since the first introduction of SEVS, with financial pressures on the industry coming from the high cost of applying for new models and maintaining RAW licenses and certified management systems. Lengthy delays with the issuing of import approvals and approval of compliance plates are common due to the limited number of Govt. staff administering the system. This makes it difficult for workshops to offer a consistent and reliable service to customers and compromises cash flow.

The number of SEVS eligible models is restricted and the public is always demanding the latest models. Prices on older enthusiast vehicles in the originating country increase over time due to decreasing availability of suitable vehicles in good condition, and prices on already imported vehicles fall to a point where the best examples of what were once popular models are generally no longer economically viable to import. Examples from Japan include the Soarer, 180SX, R32 to R34 Skyline, 300ZX, S15, EVO 5 to 6, Supra and Pulsar GTiR.

This means that workshops must continually add new models to their schedules to remain viable. This is a significant and ongoing regulatory burden since the restriction of vehicle numbers with the annual quota system means that all RAWS remain small businesses and cannot take advantage of any economies of scale. This keeps the compliance price high which is naturally passed on to the consumer, and constrains the ability of workshops to respond to market forces and to remain competitive.

In short, the current RAWS industry is contracting due to the restrictive nature and high costs of SEVS. Workshop numbers are well down on where they started 12 years ago and the ones left are struggling to survive. With changes to the import regulations now indicated (and looking back to what happened in 2002 when SEVS was introduced) the many workshops we have spoken to are reluctant to spend any money on adding new models or growing their business. With a 3 year time scale indicated, we expect a stagnation of any new investment by RAWS members for that long, or at least until any clear and reliable information is available on what changes might occur.

There is an opportunity to revitalise this industry, generating a wide range of new jobs, businesses and opportunities across Australia, but something needs to happen soon.

A new Imported Vehicle Scheme (IVS)

The basis of SEVS / RAWs itself is a sound and logical system but there is an opportunity to greatly improve several critical areas. We need a nationally uniform system that is clear and fair, giving Australians access to the best possible vehicles from around the world at the lowest prices. The newest, safest and most efficient vehicles should be encouraged and restrictions to competition removed. Market forces should be allowed to determine the most cost effective means of delivering vehicles to fulfil demand, within an efficient and transparent framework that will ensure that quality, safety and environmental considerations are met and that vehicles can be imported without unexpected delays. The allowance for specialist and enthusiast vehicles fulfilling a niche market should be retained, and extended to encompass models that were sold new in Australia.

Online systems should be used to streamline import approvals, compliance, and public access to important information such as odometer checks at time of export from originating country. The latter would eliminate any commercial advantage for importers to adjust km and simply become another essential check before buying a vehicle. These systems could predominantly be automated, reducing the need for Govt resources which could instead be used for regular auditing of compliance work in the field. This ongoing presence together with clear penalties would maintain a high standard of vehicles.

The following changes should be considered:

- Create an **Imported Vehicle Scheme (IVS)** based on the SEVS / RAWs framework.
- Retain existing rules and quotas for Specialist and Enthusiast Vehicles to meet niche demand and extend to include models that were sold new in Australia.
- Allow the import of any vehicle younger than 7 years from recognised “safe” countries such as Japan, USA and UK. Quota of 1,000 vehicles per RAW per year and origin country to be reviewed and increased annually for 3 years for gradual phase-in, before removal.
- Allow the import of enthusiast, classic or historic vehicles over 25 years old. Compliance by RAWs to ensure quality, safety and emissions standards. 100 vehicle quota per RAW per year. Vehicles with safety and emissions enhancements (e.g. brakes, suspension, steering, newer engines etc.) to be allowed with engineer approval / modification.
- Support RAWs to transition to the new arrangements and make it easier and less expensive to add new models to their schedule.
- Adopt uniform UNECE international standards rather than separate ADR's.
- Accept alternative emissions evidence to avoid expensive testing arrangements.

- Allow OEM catalytic convertors and charcoal canisters to be retained, unless faulty.
- Allow HID headlights (conversion reduces quality / safety).
- Maintain a publicly accessible database to eliminate km tampering – odometer checks at the time of export and supporting information such as Japanese Export Certificate to be recorded. Incorrect km vehicles still allowed for import but easily identifiable by prospective buyers through online check.
- Implement automated online processing for import approvals and final compliance documentation with same-day approval.
- More Govt. personnel to regularly audit and monitor compliance and vehicle standards.
- Implement serious penalties to ensure a high standard is maintained and that there is no commercial advantage to importing substandard vehicles / avoiding compliance requirements.
- Manufacturer to be responsible for factory recalls on their product regardless of which country it was first sold in.

These amendments would achieve the aim of the Act and Regulations, save lives, and benefit the environment. Many new businesses would also be created, resulting in a more innovative industry and thousands of new and sustainable jobs across Australia. The poor public perception of “grey imports” would quickly change due to increased quality and monitoring. The niche market for specialist and enthusiast vehicles would still be catered for, and remain a very small proportion of annual vehicle imports. The great majority of vehicles imported would shift to much newer vehicles which would decrease the average age of Australia’s vehicle fleet. Older vehicles imported would tend to be for recreational / infrequent use.

There is always resistance to change. However it is important to recognise this to be a tremendous opportunity to make a real difference to road safety and the impact of Australian vehicles on the environment, as well as creating new business and employment opportunities.

Yours Sincerely

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