

Submission 123 – MVSA Review 2014

Hi,

I would like to make a submission in to the MVSA review. Please see below.

I have observed with interest some of the submissions that have been provided into the review so far.

Based on some of these submissions it appears that the distinctions between wholesale v's retail seems not to be understood.

The current restrictions on the importation of new and second hand cars into Australia basically impacts at the wholesale level. The current arrangements apply barriers to the supply of imported vehicles into the Australian marketplace. Therefore the impact of increased competition through relaxing import restrictions would impact the wholesale market for new cars as manufacturers/distributors would need to reduce prices where these prices are significantly different from overseas markets.

It will be wholesale profit margins, i.e. car manufacturers profit margins that would be impacted, not retail profit margins received by car dealers.

Whilst there may be arguments around competitiveness at the retail level in Australia, due to import restrictions the real competition issue is at the wholesale level which impacts the price at which car manufactureres sell their cars to retailers/ car dealers. This impact at the wholesale level in turn flows through to the final price at which car dealers sell to end consumers.

Therefore unless car manufacturers are also interested in running new car dealer operations, which is extremely unlikley, car dealers retail profit margins for new cars are not the area that will be impacted by reducing restrictions to the importation of new cars in Australia.

In considering submissions and finalising recommendations, I hope that this distinction between the wholesale supply and the retail sale is not lost on policy makers.

Finally, it is time that the regulatory environment be changed/relaxed to allow the personal importation of new and used cars.

Thanks,

Brett Jones.