



## **Response to Review of the *Motor Vehicle Standards Act 1989* – Options Discussion Paper**

*Q. 7-2 What arguments support little or no change to the legislation?*

None, unless you are an organisation or company that stands to benefit financially from maintaining the status quo.

*Q. 7-3 Does a case still exist for Australian Government intervention in vehicle standards?*

There is still a role for Australian Government intervention, but its role should be commensurate with the changes that have occurred in the marketplace since the last review. With all remaining passenger vehicle manufacturers closing their doors, Australia will soon import its entire vehicle fleet. The need for hyper-vigilance regarding safety and emissions, for example, is no longer required (at a legislative level at least) as our regulations are gradually harmonised with those of other countries.

*Q. 7-4 Could the Australian Vehicle Standards Rules be used as an alternative to the national standards? If so, what would be the necessary approach to minimise the regulatory burden, industry compliance costs and inconsistent application across states and territories?*

Yes, and I agree wholeheartedly with this suggestion. In an ideal world, the most effective way to achieve this would be for the Australian Government to assume responsibility of registration of vehicles, removing the responsibility from state governments, whose transport departments seem hell-bent on protecting their wildly-differing and illogical registration processes. A less-invasive alternative is to have state transport departments meet to agree on how national standards can be harmonised and applied more consistently. From what I understand, this process has already been attempted and has taken more than a decade to make any headway. I'm sure if access to federal road funding was tied to the states reaching an agreement and adopting the changes, progress may accelerate somewhat.

*Q. 7-6 What other legislative 'fixes' to the Act do you consider necessary?*

As it currently stands, the legislation is inadequate in terms of penalties applied to businesses that continue to flout the MVSA regulations. It certainly seems that, at a departmental level, the federal government is incapable of shutting down businesses that have multiple breaches against their name (in the used vehicle import schemes in particular), effectively allowing poor business practices to flourish.

*Q. 7-8 In what areas do you consider the Act's compliance processes and enforcement powers could be better targeted to the risks? And what additional or alternative enforcement or compliance activities would you consider as effective and efficient?*

I much prefer the 'travel lightly but carry a big stick' approach, where there is minimal government involvement on a day-to-day basis, but where breaches occur, the punishments are severe, and permanent. For Registered Automotive Workshops currently, it seems as though inspectors are visiting them once a month, which is costly, both to the taxpayer and to the workshops that must stop work in order to complete the inspections, especially when the worst workshops manage to stay in business despite blatant breaches.

*Q. 7-9 Are the provisions in the Regulatory Powers (Standard Provisions) Act 2014 a suitable alternative? Or are there issues that are unique to the industry that will not be addressed through the use of provisions contained in this Act?*

A cursory read of the Act suggests it might be suitable. Obviously these powers are more far-reaching than the current regulations, so some caution would be advised before proceeding down this route. Penalties would need to be directly related to the industry.

*Q. 7-10 What regulatory services under the Act could be delivered through private sector or other organisations?*

A national system of vehicles being independently inspected prior to registration needs to be implemented, whether it be via private sector, industry organisation or government body is a separate matter. Should the option of late-model used imported vehicles be introduced, independent monitoring services such as [www.japanesehistorycheck.com](http://www.japanesehistorycheck.com) or [www.japaneseodometercheck.com](http://www.japaneseodometercheck.com) would be valuable in fight against odometer tampering.

*Q. 7-13 Are there any specific local requirements for light vehicles that would prevent full harmonisation with UN regulations for light vehicles?*

Cold start has already been mentioned, but there are others. I would prefer to see overseas standards accepted in addition to ADRs so that vehicles can either meet their country of origin standards or relevant ADRs.

*Q. 7-14 How much business compliance cost savings could be made through the above options to harmonise Australian standards with the UN Regulations and the acceptance of evidence of compliance with those standards?*

I suspect there would be significant savings for importers of both new and used vehicles, especially if there is a move towards a type approval system for used cars rather than small workshops having to get emissions evidence (at enormous cost) for each model they want to be able to comply, as is currently the case.

*Q. 7-15 Would there be any increased cost to consumers for a vehicle that complies with UN Regulations not required for Australian conditions (such as cold start) as opposed to the current hybrid compliance arrangement?*

Not if UN regulations are adopted in addition to ADRs rather than instead of them.

*Q. 7-17 What risks would a regulatory framework need to address if barriers were reduced on vehicle imports??*

For used vehicle, the main issues currently centre around ensuring that the vehicle's history is sound. A system for checking odometer readings is vital, as well as accident history and structural issues such as rust.

*Q. 7-18 What impact would second-hand vehicle imports and personal imports of new vehicles have on the automotive sector in the short, medium and long term?*

I've read media reports from various new car industry bodies that allowing larger numbers of used imported vehicles into Australia would be a devastating blow to the new car industry. Their suggestion that automotive sector jobs will be lost is a laughable, as the market overall will not shrink – the jobs will simply move into the emerging used vehicle market. Of course, the success or failure of the used imported vehicle industry will depend on the retail prices set by the new car manufacturers in the first place. No-one will import a vehicle from overseas if they can buy a cheaper example straight off the showroom floor.

*Q. 7-19 Could constraints around a vehicle's age and country of origin effectively manage the safety, environmental and theft risk to the community?*

Yes, New Zealand has already achieved success with this in the last ten years. They have a list of eligible countries from which vehicles can be imported, and a list of emissions standards that must also be met (which effectively restricts vehicle age). Where there are gaps in the system, a blanket ruling is applied (as a hypothetical example, Japanese imported vehicles built prior to 2009 must have an immobiliser fitted).

*Q. 7-20 How can standards be used to affect the average age of the vehicle fleet and the distribution of the age profile?*

This is fairly logical – by restricting the age of the vehicles being imported.

*Q. 7-21 Could consumer protection for personally imported new vehicles be left to consumer laws, and why/why not?*

Absolutely not, as it has already been proven that consumer protection for imported used vehicles falls into a legislative chasm between federal and state governments. The best way to have some protection would be for those wishing to import

their vehicles to do so via an Australian agent or broker, so that where issues arise, their first port of call is an Australian business rather than an overseas business that could wash their hands of the matter. The other option would be to have the ability to import a vehicle tied to membership in an industry body (such as AIMVIA – the Australian Imported Motor Vehicle Industry Association) that can in turn provide greater protections for those who purchase through its members.

*Q. 7-22 What impact would an increase in second hand imports and personally imported new cars have on the insurance industry?*

One of two things will happen – either the industry will acknowledge the size of the potential market and make changes to accommodate it, or they can opt to ignore it all together. If they choose the latter, I suspect there will be many smaller insurers ready to jump in and fill the massive void in the market.

*Q. 7-23 How could the Government facilitate vehicle safety recalls for vehicles not imported by manufacturers?*

Safety recalls should be carried out by a representative appointed the manufacturer (in most cases, a service department at a dealership), at the expense of the manufacturer. This is already the case in New Zealand.

*Q. 7-24 Do you agree that the concessional options could be grouped into risk categories to allow the possible consolidation of the scheme? If so, do you agree with the model proposed in this review?*

I like the concept of risk categories, although I'd contend that, should a scheme for near-new vehicles be implemented, the vehicles fall under the scheme 1 low risk category. I would prefer to see vehicles built prior to 1989 subject to some kind of compliance process. More on this later.

*Q. 7-25 In the event that barriers to the importation of quality second-hand vehicles are reduced, would there still be a need for the Register of Specialist and Enthusiast Vehicles?*

Yes. There are many makes and models that are enormously popular with enthusiasts that fall outside the suggested criteria for the new scheme that need to continue to be serviced by SEVS (albeit in modified form).

*Q. 7-26 If the Register is still required, how could it be improved to increase standards and reduce regulatory burden?*

The criteria need to be widened to include model variants and body styles of vehicle available in Australia. While this may seem like the floodgates will be opened, bear in mind that, with the current legislation, there are many more vehicles listed on the register that have never been imported because the lack of demand from the market makes them unviable for importation. Rather than having eligibility decided at a departmental level, ask the enthusiasts themselves whether or not a car has sufficient enthusiast appeal to allow it on to the register. This could be done via a panel of industry experts and enthusiast organisations (who would, I suspect, happily do so free of charge). While I'm not a fan of the current '2 out of 4' eligibility criteria system, it would be bearable if only one of the criteria had to be met.

*Q. 7-27 Could the regulation of the Registered Automotive Workshops and the New Low Volume Manufacturers be combined under a new legislative framework (as illustrated in Figure 3)?*

Yes, but only if the number of vehicles allowed to be complied per year is increased.

*Q. 9-1 What transitional arrangements, including length of notice period, should be put in place to assist businesses to adjust to potential changes in the regulatory framework?*

I believe the current suggested introduction date of 2018 is way too long. Smaller businesses working in the imported used vehicle industry will be struggling to stay afloat until that time.

Further comments:

One of the widespread impressions of the current federal government is that it is all about favouring 'big business' at the expense of ordinary people and smaller businesses. Opening up the market to allow parallel importing of current model vehicles will go a long way to dispelling that perception, as it will give consumers wider choice and enable successful small businesses to grow along with the market.

I would very much like the opportunity to be involved in the next phase of the process, when decisions are made as to how to best implement the changes.

Thank you for your time.

Regards

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