



Submission by  
**Australian Imported Motor Vehicle  
Industry Association**  
to the  
**Senate Rural and Regional Affairs  
and Transport Legislation Committee**

**April 2018**

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### 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 an independent 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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The Australian Imported Motor Vehicle Industry Association (AIMVIA) would like to thank the Senate Rural and Regional Affairs and Transport Legislation Committee for the opportunity to identify issues in the *Road Vehicle Standards Bill 2018* (and related bills) and Rules, which AIMVIA understands will be introduced to parliament in conjunction with the Bills.

AIMVIA also thanks Minister for Urban Infrastructure and Cities, Paul Fletcher MP, and his policy adviser for their willingness to meet with our Association on a number of occasions. We appreciate the opportunity to engage with the Minister and his staff to highlight aspects of the proposed Bill and Rules that have caused concerns for stakeholders in the independently-imported vehicle industry.

AIMVIA looks forward to assisting the Department of Infrastructure and Regional Development RVS Bill review team throughout the transitional implementation process once the Bill and Rules pass through Australian Parliament. The Association has formed a strong working relationship with DIRD staff, particularly in recent months since the exposure draft of the RVS Bill and Rules were released, and we likewise thank them for regularly engaging with us and considering our feedback and suggestions.

AIMVIA welcomes the arrival of the new legislation, as it will provide independent vehicle importers with the framework and processes necessary to ensure that vehicles entering the Australian market via the concessional import pathway are of the highest quality. This notwithstanding, our members also remain concerned that, without any data to support the proposed number of eligible vehicles under the revised SEV criteria, stakeholders' livelihoods are at stake if potential vehicle numbers are restricted to a point where the industry becomes unviable.

While the Association acknowledges the recent efforts of both the RVS Review team and the Minister to make changes to the Rules to help make more model variants available, AIMVIA believes these changes have been incremental in nature, and will not provide the vehicle volumes necessary to avoid business closures and automotive job losses. Put simply, the Rules should initially err on the side of providing too many cars rather than too few, and then be tightened if the total number of vehicles imported through concessional pathways breaches a set percentage (say 2.5%) of new vehicle sales.

Our recommendations, therefore, centre around simple solutions that can achieve this goal without making wholesale changes to the Rules, and without compromising the intent of the scheme itself. AIMVIA welcomes the Committee's feedback on our recommendations and we are willing to provide further information or clarification should it be required.

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

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**Issue 1:**

**Section 117 of 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 prevented from assessment against the SEV criteria once they cease being sold new in Australia, as they are not being sold in direct competition with new vehicles, and therefore do not represent a “parallel import” arrangement. Changing the highlighted text to “is not currently provided in Australia” would increase the range of vehicles considered potentially SEVs eligible without diluting the more-focused “specialist and enthusiast” intent of the revised scheme. Section 118(4) and Section 118(5) would likewise need revision.

This revision would be particularly beneficial for the Environmental Vehicle category, where a range of hybrid and electric vehicles such as the superseded Camry Hybrid, Nissan Leaf and Mitsubishi i-Miev would become eligible for import now that they are no longer sold new in Australia. The Government has recently investigated ways to encourage Australian car-buyers to buy hybrid and electric cars by making such vehicles cheaper. This proposal would help reduce the initial purchase cost and kickstart the EV industry without the Government having to resort to costly tax concessions.

**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:** While AIMVIA understands the intent of clause (2) to clearly delineate between variants, the highlighted text is potentially contradictory to clause (1). As it currently reads, a vehicle can potentially be simultaneously eligible in clause (1) and ineligible in clause (2). Editing the text to

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read “but the engine of one model ONLY has tuning or software changes;” may help to remove this ambiguity.

### Issue 3:

#### 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:

$(\text{Year of manufacture} - 1992) + 110\text{kW/t}$

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 performance benchmark of a torque figure greater than 400Nm.

### Issue 4:

#### Section 117 of 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:** The Rules contain no definition of what constitutes a vehicle variant being “provided in Australia”. Manufacturers have already demonstrated a propensity to stretch this definition in the past, by importing test vehicles to prevent independent importers from gaining access to certain models. Likewise, in the absence of a definition of “provided in Australia”, manufacturers need only import a single vehicle to satisfy this requirement and block the importation of the same vehicle through a concessional pathway. AIMVIA believes there should be a minimum number of units sold and registered in Australia before a variant of a vehicle is considered to be “provided in Australia”. This would also prevent manufacturers restricting supply of variants in order to artificially inflate prices.