



The Parliament of the Commonwealth of Australia

REPORT ON

**THE ADMINISTRATION BY THE DEPARTMENT OF
TRANSPORT AND REGIONAL SERVICES OF
AUSTRALIAN MOTOR VEHICLE STANDARDS UNDER
THE *MOTOR VEHICLE STANDARDS ACT 1989* AND
REGULATIONS**

**Report by the Senate Rural and Regional Affairs and
Transport Legislation Committee**

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ABBREVIATIONS

AADA	Australian Automotive Dealers Association
AAIMA	Australian Auto Importers and Manufacturers Association
ADRs	Australian Design Rules
AVCA	Australian Vehicle Compliance Association
CPA	Compliance Plate Approval
DISR	Department of Industry, Science and Resources
DOTRS	Department of Transport and Regional Services
FCAI	Federal Chamber of Automotive Industries
FORS	Federal Office of Road Safety
LVS	Low Volume Scheme
MTAA	Motor Trades Association of Australia
MVSA	<i>Motor Vehicle Standards Act 1989</i>
RAWS	Registered Automotive Workshop Scheme
SEVS	Specialist and Enthusiast Vehicle Scheme
VICAA	Vehicle Importers and Converters Association
VIN	Vehicle Identification Number
VSS	Vehicle Safety Standards

CHAPTER ONE

INTRODUCTION

Origin of Inquiry

1.1 The Committee's Inquiry into the Administration by the Department of Transport and Regional Services of Australian Motor Vehicle Standards under the *Motor Vehicle Standards Act 1989* and Regulations follows on from the Committee's Inquiry into the Motor Vehicle Standards Amendment Bill 2001.

1.2 The Rural and Regional Affairs and Transport Legislation Committee reported on 25 September 2001 on the Motor Vehicle Standards Amendment Bill 2001. The Committee was asked to inquire into and report on:

- a) The draft regulations; and
- b) The impact of the bill on small business and local manufacturing industry¹.

Purpose of the Motor Vehicle Standards Amendment Act 2001 and Regulations

1.3 The *Motor Vehicle Standards Amendment Act 2001* and Regulations establish a legislative framework for new arrangements for the importation and supply to the Australian market of low volume used motor vehicles and motor cycles, categorised as specialist and enthusiast vehicles.

The Committee's inquiry

1.4 During its Inquiry into the Bill the Committee received numerous representations from the automotive industry, particularly in relation to its impact on small business. The Committee held two public hearings on the Bill during September 2001 during which the Committee heard evidence from organisations such as the Motor Trades Association of Australia (MTAA), the Federal Chamber of Automotive Industries (FCAI) and the Ford Motor Company of Australia. The Committee also heard from representatives of industry organisations such as the Australian Auto Importers and Converters Association (AAIMA), the Vehicle Importers and Converters Association of Australia (VICAA) as well as individual owners of small vehicle import businesses.

Conclusions and recommendations

1.5 The Committee recommended that the following matters be addressed through amendment to the Regulations:

1 Selection of Bills Committee Report, No 13, 2001, 29 August 2001

- a) Revised eligibility criteria for the Specialist and Enthusiast Vehicle Scheme, to incorporate a default category, whereby a vehicle which does not fall into a Full Volume import scheme and for which there is no comparable option within Australia, is able to be imported; and
- b) Revised and simplified criteria for the Registered Automotive Workshop Scheme.

1.6 The Committee also expressed concerns about:

- a) the current processes for the determination and review of eligibility criteria; and
- b) transitional arrangements provided for under the Regulations.

1.7 As a result of its Inquiry, the Committee recommended to the Senate that the Motor Vehicle Standards Amendment Bill 2001 be enacted without amendment; but also advised that it intended to consider the Regulations further and make supplementary comment to the Senate.²

Inquiry into the Administration of Australian Motor Vehicle Standards

1.8 The *Motor Vehicle Standards Amendment Act 2001* was passed in September 2001 and obtained royal assent on 1 October 2001. The Regulations 2001 (No 1) were gazetted on 21 December 2001 and were tabled in the Parliament on 12 February 2002. The Regulations commenced on 1 April 2002. The date of commencement for related Determinations and Guidelines was also set as 1 April 2002. A number of Determinations were made on and gazetted on 6 February 2002.

1.9 In line with its decision to give further consideration to the Regulations, the Committee resolved on 19 March 2002 to inquire into the following:

Administration by the Department of Transport and Regional Services of Australian Motor Vehicle Standards under the *Motor Vehicle Standards Act 1989* and Regulations.³

The Committee's inquiry

1.10 The Committee held a public hearing in Canberra on Thursday, 21 March 2002 to further examine certain aspects of the Regulations. Industry representatives in attendance at the hearing included AAIMA, VICAA and the Australian Vehicle Compliance Association (AVCA). Officers from the Department of Transport and Regional Services also provided evidence to the Committee. A list of witnesses is provided at Appendix 2.

2 Senate Rural and Regional Affairs and Transport Legislation Committee, *Report on the Provisions of the Motor Vehicle Standards Amendment Bill 2001*, September 2001, p 21

3 Pursuant to Standing Order 25(2) (b)

1.11 The Committee received 9 written submissions on the Inquiry as well as 5 supplementary submissions. The submissions are listed at Appendix 1.

1.12 Published submissions and the *Hansard* of the Committee's 21 March 2002 hearing are tabled with this report, together with supplementary material provided to it following the Committee's hearing. The *Hansard* of the hearing is available at the Hansard site on the Parliament House homepage on the Internet (www.aph.gov.au).

Consideration of the Committee's report

1.13 The Committee met on 6 June, 13 June and 17 June 2002 to consider its report.

Acknowledgments

1.14 The Committee acknowledges the assistance and contribution made to its Inquiry by all those who prepared written submissions and supplementary information on this issue. The Committee also acknowledges the assistance provided at its 21 March 2002 public hearing by all witnesses.

1.15 The Committee also acknowledges the assistance provided to it in its examination of the Bill by reference to the analysis provided by the Law and Bills Digest Group of the Parliamentary Library.

CHAPTER TWO

THE AMENDMENT ACT AND REGULATIONS

The Legislation

2.1 The *Motor Vehicle Standards Amendment Act 2001* was passed on 1 October 2001 and the Motor Vehicle Standards Amendment Regulations 2001 (No 1) were gazetted on 21 December 2001. The Amendment Act and Regulations commenced on 1 April 2002.

2.2 The Amendment Act also provides for the Minister to make Determinations dealing with:

- a) Procedures and arrangements for compliance with the guidelines for approval to place used import plates;
- b) Procedures and arrangements relating to the placement of used import plates on used imported vehicles;
- c) The form and content of a report on a used imported vehicle (for the purposes of placement of a used import plate); and
- d) Guidelines under subsection 13D(3) that apply to the making of decisions under subsection 13D(1) relating to the placing of a plate on a used imported vehicle.

2.3 The following Determinations were gazetted on 6 February 2002:

- a) Approval to Place Used import Plates;
- b) Placement of Used Import Plates;
- c) Used Import Vehicle Report;
- d) Procedures for Inspecting and Testing used Imported Vehicles, and
- e) Registered Automotive Workshops - Fit and Proper Persons.

Transitional approvals

2.4 From 1 April 2002 all Compliance Plate Approvals (CPAs) for imported used vehicles became Transitional Approvals. The Department publishes two lists of approvals:

- a) **List 1**, which contains all transitional approvals for non-SEVS eligible models of imported used vehicles. These approvals terminated on 7 May

2002. Vehicles covered by approvals on List 1 cannot be fitted with a Low Volume Compliance Plate after midnight on 7 May 2002.

b) **List 2**, which contains all transitional approvals for SEVS eligible models of imported used vehicles and all full volume imported used motorcycles. These approvals will terminate on 7 May 2003. Vehicles covered by approvals on List 2 cannot be fitted with a Low Volume Compliance Plate after midnight on 7 May 2003. (These vehicles will, however, be able to be fitted with used import plates from 7 May 2002 under the RAWS).

The Low Volume Scheme¹

2.5 Prior to the introduction of the new arrangements, vehicles being supplied to the Australian market were required to comply with a series of Australian Design Rules (ADRs), which set the design and performance requirements for vehicle safety and emission standards. The *Motor Vehicle Standards Act 1989* (MVSA) is the main legislative instrument for achieving Australian uniform standards through the ADRs. Before introduction into the Australian market, each model was tested for compliance with the relevant ADRs. The system was the bulk 'type' approval system. Once a model was certified as complying, identification plates could be fixed to all vehicles of that model.

2.6 The Low Volume Scheme (LVS) provided concessional treatment in complying with ADRs. The original idea behind the introduction of the LVS in 1970 was to service the specialist and enthusiast vehicle market. It was recognised that for this market, the costs of complying with ADRs in the normal manner was prohibitive, as these costs could only be recouped from a relatively small pool of buyers. In recent years, the LVS provided three major concessions compared with the 'normal' procedures of the Full Vehicle Scheme:

- a) alternative certification procedures which allowed for lower levels of assurance of compliance with some ADRs;
- b) applicability of ADRs for used vehicles which were current when the vehicle was originally manufactured, and
- c) exemption from the \$12 000 special duty on imported used passenger motor vehicles.

2.7 Under the LVS, if an imported vehicle was deemed eligible, it was inspected by Government inspectors for compliance with relevant ADRs. If it met the required standard, a compliance plate approval (CPA) was given, allowing compliance identification plates to be fitted, which enabled the vehicle to be registered and sold. CPAs were granted to the importer and not the vehicle. A person wishing to import

1 Paragraphs 2.5 to 2.22 have been drawn from Bills Digest No 25 of 2001

the same type of vehicle for which another person already held a CPA would still have to go through an inspection process before getting a CPA.

2.8 While the LVS was originally designed to assist low volume manufacturers of new vehicles, it became an avenue by which used vehicles were able to be imported. The number of used vehicles imported under the LVS grew from approximately 1000 in 1993 to 16,825 in 2000. Many of these were imported from Japan and required little work to comply with ADRs. Because of the \$12 000 exemption from import duty, they could be sold in Australia at considerable profit.

The 1997-99 review of the Motor Vehicle Standards Act 1989 and the Government response

2.9 In December 1997, the Minister for Transport and Regional Development commissioned an interdepartmental review of the Act, including related regulatory and administrative matters such as the LVS. The review was also required to have regard to national competition policy. The final report was delivered to the Government in August 1999 and the Government response was released on 8 May 2000.

Effect of LVS imports on the Australian car industry

2.10 Given the rapid increase in the numbers of vehicles being imported under the LVS in the late 1990s, the review task force obtained advice from the Department of Industry Science and Resources (DISR) in relation to car industry policy, which stated in part:

Imports of used vehicles could threaten the viability of automotive manufacturing in Australia if they enter in volumes and as models which could generate significant substitution for locally manufactured vehicles, whether sold as new or used. This risk is particularly acute if the imported used vehicles have been depreciated in their country of export at a more rapid rate than have vehicles sold new for the first time in Australia...On balance, therefore, it may not be possible to continue the concessional treatment currently afforded imports of used vehicles under the LVS without compromising the Government's commitment to a local automotive manufacturing industry...

2.11 The Review Report noted the advice, but commented:

...the rapid increase in the numbers of imported used motor vehicles over the last three years are small compared with new vehicle sales. It has not been possible to quantify the impact of these vehicles on safety or the environment, however, the Task Force appreciates that at some number there would necessarily be a shift in the balance and safety/environment risks would increase. If the Scheme is to continue, [the Federal Office or Road Safety] should closely monitor the numbers of vehicles and continually assess whether the Scheme is compromising the objectives of the Act. Other areas of government (such as DISR) have the responsibility

of ensuring that industry policy is not suffering as a consequence of the numbers of used vehicles being imported into Australia.

2.12 The Task Force also commented:

It is clear to the Task Force that industry policy is more sensitive to increasing numbers of imported used vehicles rather than the safety and emissions aims of the MVSA. Early in the review the Task Force formed the view that the intertwining of industry policy and uniform vehicle standards in the operation of the Low Volume Scheme under the MVSA was the major cause for the administrative problems engendered by the Scheme. The Task Force would like to see industry policy addressed elsewhere and the legislation return to its safety, emissions and anti-theft objectives.

2.13 The Task Force suggested that the Government re-visit the concessional duty treatment afforded to imported used vehicles under the Low Volume Scheme, specifically by scrapping the \$12 000 special duty concession for the scheme or its replacement with a protective/concessionary treatment which would reflect the Government's industry policy by containing numbers at appropriate levels.

The number of vehicles imported under LVS

2.14 There have been two main regulatory influences on the number on vehicles imported under the LVS:

- a) the eligibility criteria under which a vehicle can be imported; and
- b) the number of CPAs issued and the cap on the number of vehicles that can be imported under each CPA.

Low Volume Scheme Approvals [replaced by SEVS]

2.15 In relation to eligibility criteria, the review report noted that submissions to the review suggested that the various changes to the eligibility criteria over the years had led to a situation whereby the LVS had departed from its 'original intent'. However, it also noted that there were many different conceptions of what the original intent actually was. It did find that the LVS criteria were overly subjective, with the result that decision-making regarding eligibility was very time consuming.

2.16 The Review considered three options in recommending revisions to the criteria:

- a) Option 1 - limit the number of models by tightening up current eligibility criteria to ensure only "specialist and enthusiast" vehicles are eligible;
- b) Option 2 - retain the current criteria with clearer working guidelines,
or

- c) Option 3 - expand the scope of the scheme through having the single criterion that the vehicle models not be already in the Australian market in full volume.

2.17 The review report recommended option 2, provided the amendments or guidelines were developed to make the criteria less subjective. Option 1 was rejected on the basis that it would have an adverse impact on the viability of small business and would reduce consumer choice.

2.18 However, in releasing its response to the review in a policy announcement on 8 May 2000, the Government decided on Option 1. To reflect the tightened criteria, the LVS was renamed the Specialist and Enthusiast Vehicle Scheme (SEVS).

Type Approval [replaced by RAWS]

2.19 In relation to CPAs, each holder of a CPA under the LVS was limited to supplying 25 vehicles per year per approval for passenger cars and either 25 or 100 for other types. However, the number of CPA holders was not controlled and an individual or company could operate several businesses each holding separate CPAs for the same type of vehicle.

2.20 Two options were considered by the review Report:

- a) Option 1 - retain the current type approval system, or
- b) Option 2 - registered workshop scheme for used vehicles.

2.21 The Review Report found the existing 'type' approval system to be inappropriate for used vehicles because of the lack of uniformity between cars. This factor raised issues of whether safety and emission standards could be properly regulated. The report recommended that the system should be replaced by vehicle-by-vehicle approval undertaken through a system of registered workshops.

2.22 Option 2 was favoured as it was seen to have the following advantages:

- a) the potential for development of co-regulation with industry;
- b) a higher level of assurance by the workshop that the vehicles comply with the ADRs;
- c) provision by the workshops of a network of service and spare parts;
- d) the workshops could be held responsible to conduct vehicle safety recalls, and
- e) restricting the Scheme to legitimate vehicle converters.

2.23 This recommendation was accepted by the Government in its announcement of 8 May 2000 and new arrangements were foreshadowed. The following reasons were cited for the change:

- a) The new SEVS eligibility criteria would restore the original purpose of the scheme by ensuring that access is limited to vehicles that are genuinely specialist and enthusiast in nature under concessional arrangements.
- b) Vehicle-by-vehicle approval through RAWs would provide better assurance that vehicles meet road safety and emission standards.
- c) The ISO9001 quality management system accreditation of the RAW would ensure a high standard is maintained by the workshop, provide greater assurance of compliance with State and Territory laws and would reduce malpractices in the trade.²

The Committee's Consideration of the Bill and Regulations

2.24 The Motor Vehicle Standards Amendment Bill and draft Regulations were considered by the Committee in 2001. The Bill amended the *Motor Vehicle Standards Act 1989* to:

- a) allow for a register of specialist and enthusiast vehicles to be established which will be used to restrict the importation of used vehicles (except used motorcycles) to those assessed to be specialist and enthusiast and prevent the importation of what are, effectively, standard vehicles;
- b) introduce a scheme to regulate registered automotive workshops;
- c) require imported used vehicles to be modified and inspected by registered automotive workshops, on a vehicle by vehicle basis, to ensure each vehicle's compliance with the appropriate national standards – provides for vehicles to be modified and inspected and approved for plating on a vehicle by vehicle basis rather than on the basis of vehicle type;
- d) introduce a charging regime for registered automotive workshops that aims to recover the costs of administration of the scheme;
- e) limit the number of vehicles a registered automotive workshop may supply during a specified period;
- f) replace the existing approvals to modify imported used vehicles with transitional approvals; and

2 Department of Transport and Regional Services, *Information Bulletin No 1*, May 2000

g) provide for the transitional approvals to be in force, for a period to be set out in the regulations. The period of the transitional approvals will aim to achieve a smooth transition to the new arrangements.³

2.25 The major issues of concern to importers/converters expressed to the Committee were:

- a) Clauses governing eligibility criteria for approval to include vehicles on the SEVS register;
- b) Clauses governing eligibility criteria for RAW approval; and
- c) The transitional arrangements.

Committee Findings

2.26 The Committee expressed its concern regarding the impact of some of the provisions in the draft Regulations and noted that it would like to see the following matters addressed through amendment to the Regulations:

- a) Revised eligibility criteria for the Specialist and Enthusiast Vehicle Scheme (SEVS), to incorporate a default category, whereby a vehicle which does not fall into a Full Volume import scheme and for which there is no comparable option available within Australia, is able to be imported; and
- b) Revised and simplified criteria for the Registered Automotive Workshop Scheme (RAWS).

2.27 Neither of these suggestions was accepted by the Government.

2.28 The Committee also raised concerns about:

- a) the current processes for the determination and review of eligibility criteria; and
- b) transitional arrangements provided for under the Regulations.

Committee Consideration of the Regulations

2.29 While the Committee recommended that the Motor Vehicle Standards Bill 2001 be enacted without amendment, it noted that further consideration of aspects of the Regulations was required. The Committee advised its intention to make supplementary comment to the Senate on the Regulations and adopted the reference as set out in Chapter One.

3 Explanatory Memorandum, *Motor Vehicle Standards Amendment Bill 2001*

Motor Vehicle Standards Amendment Regulations 2001 (No 1)

2.30 The Motor Vehicle Standards Amendment Regulations 2001 were gazetted on 21 December 2001 and tabled in the Parliament on 12 February 2002. The Regulations commenced on 1 April 2002. Determinations and Guidelines made pursuant to the Regulations also commenced on 1 April 2002.

2.31 Under Section 48 of the *Acts Interpretation Act 1901*, the disallowance period in relation to the Regulations ends on 19 June 2002. If a notice of intention to disallow is notified, the disallowance period will cease on 17 September 2002.

Delegated Legislation

2.32 There appears to be some confusion on the part of stakeholders about the regulation making process and when regulations take effect. The Regulations made under the *Motor Vehicle Amendment Act 2001* are delegated legislation and as such, once signed by the Governor-General and gazetted, have immediate effect. The regulations were signed on 20 December 2001, tabled in the Senate on 12 February and are subject to a disallowance period of 15 sitting days, that period being completed on 19 June. The regulations will cease to have effect only if and when they are disallowed.

2.33 Regulations generally provide for the finer details of administration, particularly those details which are subject to frequent change. In this case, the detail of the SEV and RAW schemes is contained in the regulations and also in determinations made under the Act.

2.34 A single regulation can only be disallowed in its entirety and may not be disallowed in part. Regulations may be disallowed but not substituted. The Minister can remake regulations, which then repeal the existing regulations. However, the Minister is not able to re-make regulations which have been disallowed, which are the same in substance as those disallowed. The expression "the same in substance" has been judicially construed to refer to a regulation which is substantially the same as the disallowed regulation in the sense that it produces substantially the same effect.⁴

4 *Victorian Chamber of Manufactures v the Commonwealth* [1943] 67 CLR 347 at 364

CHAPTER THREE

ADMINISTRATION OF MOTOR VEHICLE STANDARDS

3.1 The Committee had two opposing views presented to it on the revised arrangements:

a) The views of the peak bodies, Motor Trades Association of Australia [MTAA] and the Federal Chamber of Automotive Industries [FCAI]; and the Department of Transport and Regional Services, who support the revised scheme;

b) The views of those small businesses in the industry, who are directly involved in the importation and/or modification of motor vehicles and who are concerned that the revised regulatory arrangements will have the effect of making their businesses unworkable.

The Specialist and Enthusiast Vehicle Scheme (SEVS)

3.2 The Low Volume Scheme has been replaced by the Specialist and Enthusiast Vehicle Scheme. This new scheme is designed to operate in conjunction with Registered Automotive Workshop (RAW) arrangements.¹

3.3 The following reasons were cited for the introduction of the SEVS and RAW arrangements:

a) to restore the original purpose of the low volume scheme;

b) to ensure that import access is limited to vehicles that are genuinely specialist and enthusiast in nature (under concessional arrangements);

c) to better ensure that vehicles meet road safety and emission standards; and

d) to provide increased assurance of compliance with State and Territory laws and reduce malpractice in the trade.²

3.4 Under SEVS, new approvals for the importation and supply of used motor vehicles to the market are restricted to those vehicles assessed to be 'specialist and enthusiast' vehicles. The eligibility criteria for SEVS are set out in Part 4 of the Regulations.

1 Department of Transport and Regional Services, *Land Transport Information Bulletin 1*, p 1

2 Department of Transport and Regional Services, *Land Transport Information Bulletin 1*, p 1

3.5 Under the new Regulations, the Minister is responsible for keeping a 'Register of Specialist and Enthusiast Vehicles', and to specify the conditions for the form of the Register. However, entry on the Register does not guarantee automatic approval of the vehicle for supply to the Australian market. Registered Automotive Workshops are still required to submit an application for approval for individual vehicles.

3.6 Industry representatives expressed concern about a number of aspects of the new Specialist and Enthusiast Vehicle Scheme. Major criticisms were:

- a) The limited range of vehicles on the register which would be commercially viable;
- b) The subjectivity of the requirements for entry on the register;
- c) The 100 vehicle quota limit;
- d) The expense of the evidence package required;
- e) Omission of recognition of life of model; and
- f) Ministerial approval for entry on the register and review procedures.

Limited range of models available for import

3.7 A major criticism of SEVS made by many of the importers was the restricted range of models available to be imported. Under the new Regulations, diesel turbo powered vehicles do not meet the criteria for inclusion on the Register of Specialist and Enthusiast Vehicles and are no longer eligible for importation.

3.8 AAIMA argued that the range of vehicles still eligible for importation, which was announced in May 2000, is too restrictive and there are only a limited number of vehicles which remain commercially viable:

Essentially, all that is left to import, economically, is a very limited range of sports cars, all in MA category. There are no viable volume selling vehicles in any other category, limiting RAWS to a maximum of 100 MA vehicles only. Only seven vehicles are, realistically, commercially viable and some of these have a very limited import span. For example the Nissan S15 Silvia has approximately one year of import life remaining.³

Eligibility criteria for Register of Specialist and Enthusiast Vehicles

3.9 Submissions also argued that some of the criteria in Clause 13, the section of the regulations which deals with eligibility of vehicles for inclusion on the SEVS Register, are highly subjective.⁴ AAIMA argued that the subjectivity of the eligibility

3 *Submission 5*, Australian Auto Importers and Manufacturers Association (AAIMA), p 1

4 See for example *Submission 1*, J Hartwig and *Submission 5*, AAIMA

criteria will lead to uncertainty for the industry and administrative difficulty for departmental officers. The examples cited by AAIMA include:

- a) *Significantly different in appearance* - this raises questions in relation to specific elements of the vehicle and whether it relates to the total shape, the grill, the lights, the body panels or the colour.
- b) *Unusual design features* - this criteria requires that a vehicle be significantly different in sub-assemblies. It does not recognise the diversification and variety of other design features, which are recognised by the low volume consumer.
- c) *Performance* - this criteria requires that a vehicle be significantly different in the level of performance to the popular class of vehicle in that category. This raises questions regarding what constitutes significant and what elements are to be included in assessing performance differences. For example, a power to weight ratio might be acceptable for a passenger vehicle category but totally unrealistic for another category, such as a 4WD.⁵

3.10 AAIMA stressed the importance of simplifying the eligibility process, and recommended the inclusion of a default category, where any vehicle not offered to the Australian market in Full Volume for the previous two years would be eligible.⁶

3.11 AVCA also made note of the subjectivity of the SEVS eligibility criteria and argued that:

There is a problem with the wording 'no comparable option available'. Based on previous experiences, this is too subjective and leaves too many decisions in the hands of VSS.⁷

3.12 AVCA agreed with AAIMA's recommended revision of the 'eligibility criteria' and also suggested the criteria incorporate a 'default category'. The default category would allow vehicles which do not fall into the full volume import scheme and for which there is no comparable option available within Australia, to be imported (with only three exceptions). AVCA also argued that models which have been withdrawn from the full volume market for at least 12 months should become eligible from the date of original manufacture, rather than the date of withdrawal.⁸

Increased quota limit

3.13 The Committee heard conflicting evidence regarding the benefits to the industry of the increased quota limit. A representative of the Department of Transport

5 *Submission 5, AAIMA, pp 1-2*

6 *Submission 5, AAIMA, pp 1-2*

7 *Evidence, AVCA, p 34*

8 *Evidence, AVCA, p 34*

and Regional Services indicated that some sections of the low volume industry were eager to take advantage of the increased quota:

...We were also very conscious that a number of elements within the industry are very keen to see the registered workshops start as quickly as possible, because they wanted to get access to the 100 vehicles quota limit per category as quickly as they could, bearing in mind that the intention had been that the workshop scheme would be starting up last year and even when we suggested it might be as late as November or December, there was a lot of discontent.⁹

3.14 AAIMA argued that there was no evidence to support the Department's view that the industry is keen to move to the 100 vehicle quota. AAIMA also stated that the new quota system is contrary to submissions provided to the original Review Task Force by the low volume industry and contrary to the Review Task Force's preferred option.¹⁰

3.15 Mr Gary Blogg, National Vice President, AAIMA, told the Committee that:

Yes, 100 looks good on paper, but doing 100 of one car, like a Nissan Skyline, in a concentrated market will not happen. You really need to have a range of models. The problem is, as we have demonstrated in our attachment, that adding models to your register does not stack up financially, with the cost of getting the evidence. It would cost between \$25,000 and \$30,000 to generate the evidence under the new system for one model. If you want to have four models - 25 of each to get your limit of 100 - you are talking about hundreds of thousands of dollars. There is no financial viability in it.¹¹

Expenses associated with evidence package

3.16 A number of witnesses expressed concern about the expense associated with providing the Australian Design Rules evidence package required under SEVS. The new scheme requires extensive evidence in relation to the make and model of the vehicle proposed for importation. AAIMA's submission estimated that it will cost between \$25,000 and \$45,000 per model and argued that:

Given that the individual CPA is limited to 100 cars, inclusive of all the different models, a potential investment of 7 vehicles x \$25,000-\$45,000 for an individual importer, is a possibility.¹²

3.17 VICAA also commented on the costs associated with providing the new evidence package, and made the following comparison:

9 *Evidence*, Department of Transport and Regional Services, p 41

10 *Submission 5B*, AAIMA Supplementary Submission, p 2

11 *Evidence*, AAIMA, p 17

12 *Submission 5*, AAIMA, p 2

To develop a new evidence package in the old scheme was between \$5,000 and \$15,000. To develop that same evidence package in RAWS - which we have already paid for - will cost us \$15,000 to \$50,000 depending on the vehicle. To pay for the application fee to put this vehicle on our register - which we have already paid for - we have to pay \$1,500 a vehicle.¹³

3.18 In addition to the issue of expense, AAIMA also argued that the detail required in the evidence package is also unnecessary:

These vehicles comply with world best practices and Australia is moving quickly towards acknowledging world accepted standards. Thus, such detailed submissions, given the substantial detail available from the original manufacturers, are not required. Proposed ISO accreditation would be more than sufficient to maintain standards.¹⁴

3.19 Following the Committee's hearing on 21 March 2002, the Committee posed the following additional questions to the Department of Transport and Regional Services:

Q: What does the Department estimate to be the cost to small business for each car which is imported, given that it is now a car by car assessment process, as well as a workshop assessment process?

Q: The Australian Vehicle Compliance Association tabled a document which suggests that it will cost approximately \$24,000 to ensure compliance of a vehicle - that document is attached. What are your comments on that figure and its component parts?

Q: Mr Jack Vanstone suggested that it would cost between \$15,000 and \$50,000 for the compliance approval process depending on the vehicle model. AAIMA estimated a cost of between \$25,000 and \$45,000 to develop the evidence package:

Q: In your view are these assessments accurate and if not why not?

Q: Please provide a full costing for at least five different models under both the new scheme and the old.¹⁵

3.20 In response to the questions posed by the Committee, the Department of Transport and Regional Services provided a series of figures which were supplied to the Department by "a member of the low volume industry who has already compiled

13 *Evidence*, VICAA, p 20

14 *Submission 5*, AAIMA, p 2

15 *Submission 9*, Department of Transport and Regional Services (Response to Supplementary Questions) p 6

an evidence package to meet the requirements of the new scheme".¹⁶ The figures provided by the Department are included at Appendix 3.

3.21 The Department also provided the Committee with supplementary information which uses the figures contained in Appendix 4 to compare the costs of an evidence package under the old scheme with the costs under the new scheme.

3.22 In addition to the costs associated with providing an evidence package, the Department has also set a series of administrative fees in relation to the new RAW arrangements. The Department estimated that the additional administrative expenses for a typical RAW are expected to be:

Renewal fee	\$2,000
Import fee 100 x \$50	\$5,000
Plate Fee 100 x \$115	\$11,500
Fee to add new models 2 x \$1,500	\$3,000 ¹⁷

3.23 The Department noted that the annual charges quoted are based on a RAW plating 100 vehicles per year and adding two new models to the schedule of approved vehicles each year. Based on this assumption, the total fees equate to "an average of \$215.00 per vehicle".¹⁸

3.24 In providing the supplementary cost estimate, the Department also placed some caveats on the analysis, including¹⁹:

- a) The cost of an evidence package can vary significantly, depending on the type of vehicle, the model year range, the number of variants etc (for example, later model vehicles will be unlikely to require light tests);
- b) The costs can vary depending on how the evidence is obtained (the costs involved for a business owner to organise the testing themselves would be less than employing a consultant);
- c) Under the old scheme, it is common practice for the costs of the evidence package to be borne up front by a consultant, who then charges a fee for arranging an approval, using the evidence package that has been accumulated. The same information is then used in support of several

16 *Submission 9*, Department of Transport and Regional Services (Response to Supplementary Questions) p 6

17 *Submission 9*, Department of Transport and Regional Services (Response to Supplementary Questions) p 6

18 *Submission 9*, Department of Transport and Regional Services (Response to Supplementary Questions) p 7

19 *Submission 9A*, Department of Transport and Regional Services, Supplementary Submission, p 1

applicants, and the consultant is able to recover their costs. (This had had the effect of depressing the cost to the CPA applicant, and prices for an evidence package have stabilised to between \$3, 500 to \$10,000, but on average around \$5,500, which accords with the figure included in the AAIMA submission); and

d) The Department has made an 'educated estimate on costs' in some cases (particularly in relation to ADR 5, which requires a load test on seatbelt anchorages).

3.25 The Department also stated that cost sharing concepts are starting to emerge in relation to the collection of RAW evidence:

We are aware of one RAWS applicant who is well advanced in the process, and who paid a premium for light test evidence to obtain several certified test reports from the testing facility. These can then be sold, so that the applicant will not only recover the costs of his own light testing (most likely make a reasonable profit) but will lower the costs for other applicants. This is perfectly acceptable as the extra test reports are all certified true copies which are traceable to the test facility.²⁰

3.26 The Committee is concerned that the estimate of costs provided by the Department may not be accurate, given the estimates already provided to the Committee by the industry. The Committee suspects that the real costs may lie somewhere between the two sets of figures. The Committee is also concerned that the assumptions on which the Department's figures are based may not be fully valid, particularly given the argument put forward by some sections of the industry regarding the viability of the 100 vehicle quota and the limited range of models currently on the SEVS Register.

3.27 The Committee's major concerns relate to the Department being responsible for major amendments to a regulatory scheme and not having an accurate idea of the financial impact of those regulatory amendments on the stakeholders.

Loss of 'life of model' importation rights

3.28 The Committee was told that the loss of 'life of model' importation rights would have a severe impact on the low volume industry. It was argued that small business owners had made substantial financial investment in obtaining accreditation for specific vehicles, expecting to be able to recoup their investment over an extended period of time. Under the new Regulations 'life of model' importation rights were being abolished, without compensation.²¹

3.29 AAIMA made two recommendations regarding 'life of model' rights:

20 *Submission 9A*, Department of Transport and Regional Services, Supplementary Submission, p 1

21 *Submission 5*, AAIMA, p 3

- a) That an extension of time be granted prior to 'life of model' rights being abolished. (It was argued that an extension of time would provide current CPA holders, who have made significant investment, with the opportunity to recoup their costs); or
- b) Maintain 'life of model' importation rights for those CPA's who participate in RAWS.

3.30 The Australian Vehicle Compliance Association (AVCA) agreed that maintaining 'life of model' importation rights was absolutely critical to the continuing viability of a large number of small businesses. AVCA argued:

A lot of the people who are in fact CPA holders, to be kind, are in the unemployable category. They are at an age where it would be very difficult to get a new job. If this legislation is allowed to continue in its present form, they will finish up on the unemployment scrap heap. The immediate financial losses will be followed by loss of employment and its eventual social consequences.²²

Minister as Keeper of the Register of Specialist and Enthusiast Vehicles

3.31 Under the new Regulations, the Minister is required to keep a Register of Specialist and Enthusiast vehicles and has the power to:

- a) Consider individual applications and decide whether a vehicle of particular make and model is eligible for entry to the Register;
- b) Enter a vehicle make or model on the Register on his/her own initiative (if the vehicle is eligible);
- c) Determine that a road vehicle is of a particular make or model or is in a particular vehicle category based on the vehicle's originally manufactured specification;
- d) Make amendments to the Register;
- e) Remove vehicle models from the Register once they reach 15 years of age; and
- f) Refer an application for entry to the Register to a review panel comprised of industry and government members (and must take account of the panel's recommendations).²³

22 *Evidence*, Australian Vehicle Compliance Association (AVCA), p 33

23 Department of Transport and Regional Services, *Explanatory Statement, Statutory Rules 2001*, No 350, p 8

3.32 Under Regulation 13F, the Minister must provide notice of a decision to an applicant regarding entering a road vehicle on the Register and include reasons for a refusal.

3.33 The Regulations [13G-13P] also provide for an applicant to apply for review of a Minister's decision to refuse to enter a vehicle on the Register. The Minister may also refer a decision to a review panel, which it is proposed will comprise:

- a) The administrator of Vehicle Safety Standards;
- b) A person nominated by the Department of Industry, Tourism and Resources;
- c) A person nominated by the Federal Chamber of Automotive Industries;
- d) A person nominated by the Australian Automobile Association; and
- e) At least one person nominated by an industry association whose members are registered automotive workshops.²⁴

3.34 Whilst AVCA did not argue against the need for a review panel, it was critical of the composition of the panel. In evidence, Mr Trevor Kassulke, Committee Chairman, AVCA stated:

Whilst we are on the subject of eligibility, one of the things that comes in there is the review panel. ... We are not saying that there is no need for a monitoring panel, but it seems to me to be rather strange that, with the department of industry and the department of transport, we would also want a representative from the FCAI, which, let us face it, is our enemy.²⁵

3.35 AAIMA was critical of what it describes as 'ministerial autocratic control over the register of vehicles'²⁶. AAIMA argued that, whilst the Regulations do allow for review of a ministerial decision and the Minister may refer the decision to a review panel, the Minister is essentially reviewing his/her own decision.

3.36 AAIMA also argued that whilst the Regulations provide a mechanism for the Minister to review his/her own decision:

...13G (6) merely provides that, despite the relatively elaborate provisions for a Review Panel (13H to 13P), such a Panel's views must only be taken "into account" by the Minister.²⁷

24 Department of Transport and Regional Services, *Circular 0-2-12*, Issue 3, April 2002, p 5

25 *Evidence*, AVCA, p 34

26 *Submission 5*, AAIMA, p 3

27 *Submission 5*, AAIMA, p 7

3.37 AAIMA further stated:

The Review panel faces the possibility of being a total waste of time. As such, there would be no established and permanently available opportunity to effectively present an industry point of view.²⁸

3.38 AAIMA recommended that any review panel should have the power to assess historical information "that may be supplied, by any party, and to have communication with the primary sources of such information"²⁹. It also argued that the Minister should accept any determination or assessment of the review panel as final.

3.39 In response to AAIMA's concerns about the review procedures, the Department of Transport and Regional Services indicated that there was no reason, under the current provisions, why the review panel could not have access to historical information and have communication with the primary sources of any information.

3.40 The Department responded to the AAIMA recommendation that the Minister should accept the decisions of the review panel as final by saying:

.... the rationale for not giving the review panel decision making powers is that it would be difficult to balance the interests of the panel members to achieve an unbiased decision.

Even where the Minister makes a decision, the power to appeal to the Administrative Appeals Tribunal is preserved.³⁰

The Registered Automotive Workshop Scheme

3.41 The RAWS scheme represents a change from the 'type' approval system to a 'vehicle by vehicle' approval system for importing used motor vehicles. Under the 'type' approval system, approval was granted on the basis of one test and evaluation vehicle. Following the granting of an approval, it was then up to the approval holder to prove that subsequent imported vehicles were the 'same' as the test vehicle. Under RAWS vehicles are approved on an individual basis.

3.42 Requirements for registration as a Registered Automotive Workshop are set out in Part 5 of the Regulations. The Regulations set out criteria for applications for approval and renewal [Part 5.2], which in turn set out the requirements for:

- a) Application for approval as a RAW [13R];
- b) Application signatories [13RA];

28 *Submission 5*, AAIMA, p 7

29 *Submission 5*, AAIMA, p 7

30 *Submission 9*, Department of Transport and Regional Services, (Response to Comments Included in AAIMA Briefing Note Dated 21 March 2002), p 4

- c) Additional criteria for approval [13S];
- d) Who is associated with a RAW [13SA];
- e) Nominated delegates [13V];
- f) Modification facilities [13W];
- g) Quality management system [13X];
- h) Vehicle inspection signatories [13Y]; and
- i) Conditions of approval and further conditions [13ZA and 13ZF].

The RAW Scheme

3.43 Only Registered Automotive Workshops are able to import and plate used vehicles. Inspection and approval is on a vehicle by vehicle basis as opposed to the previous approval by type with Australian Design Rules (ADRs) compliance. The RAW is responsible for signing off all vehicles imported and modified by the workshop. Each RAW is limited to 100 vehicles per category per annum and owners are allowed an interest in only one RAW.

RAW criteria

3.44 RAW approval, valid for two years, requires the following:

- a) ISO 9001-2000 Quality Management System certification;
- b) The applicant must be a corporation, which is the legal entity responsible for the activities of the workshop;
- c) Any corporation can only have an interest in one RAW;
- d) A used vehicle can only be imported and plated by a RAW;
- e) Inspection and approval is on a vehicle by vehicle basis;
- f) The RAW is responsible for signing off all vehicles imported and modified by the workshop;
- g) The directors, company secretary, major shareholders and key personnel of the workshop corporation must not be under 18 years of age, or an undischarged bankrupt. (Key personnel is defined as a person with responsibility for the work performed by workshop personnel);
- h) The 'fit and proper' status of all directors, major shareholders, company secretary, directors etc. will also be relevant in assessing whether the workshop corporation is a fit and proper person to be a RAW; and

- i) The results of Australian Federal Police and Australian Securities and Investment Commission records checks may be required.³¹

3.45 The criteria are required to be complied with throughout the duration of a RAW approval. Evidence of incorporation as a company is required – this includes ABN, details of directors, company secretary, major shareholders and corporate structure. The directors, company secretary, major shareholders and key personnel³² must not be under 18 years of age or undischarged bankrupts.

3.46 Further conditions of a RAW approval are outlined in Regulation 13ZF and include:

- a) Providing the Administrator access to the workshop premises for the purpose of audit, inspection and testing of vehicles;
- b) Access to main office premises at any reasonable time and on reasonable notice for the purposes of an audit relating to RAW approval; and
- c) That persons and organisations providing goods and services to the RAW for the purposes of vehicle modification allow access on their premises for the purposes of audit, inspection and testing of vehicles in relation to the activities of the RAW.

Fit and proper person

3.47 The workshop corporation must be a fit and proper person³³ to be a RAW – relevant considerations as to whether the workshop corporation is a fit and proper person include the fit and proper status of all directors and major shareholders, the company secretary, the status of any major shareholders of any company that has an interest in the workshop and any partnership or natural person that have an interest in the workshop. The Guide to RAWS defines 'fit and proper persons' as follows:

Without limiting the matters that may be considered, one or more of the following criteria may be used to decide whether:

- (a) an applicant corporation is a fit and proper person; and
- (b) each of the directors and each officer or shareholder who is in a position to influence the management of the applicant corporation, is a fit and proper person.

31 Department of Transport and Regional Services, *Information Bulletin No 3*, April 2001

32 Key personnel means a person with responsibility for the work performed by workshop personnel. Department of Transport and Regional Services, *Information Bulletin No 3*, April 2001, p 2

33 Subsection 21B(2) of the Act

(a) whether a director or officer of the applicant corporation meets the statutory, and other obligations of directors and office holders under the *Corporations Act 2001*;

(b) whether, in the 10 years immediately preceding the application; the applicant corporation, director, officer or shareholder has been convicted of an offence, or served part of a term of imprisonment (including a suspended sentence), for an offence against the Commonwealth, a States or Territory, or another country; involving fraud or dishonesty;

(c) whether the applicant corporation, director, officer or shareholder has a charge pending for an offence involving fraud or dishonesty at the time the application for approval as a registered automotive workshop is made;

(d) whether the applicant corporation; director, officer or shareholder has been convicted of an offence under the *Motor Vehicle Standards Act 1989*, Australian customs law, corporations law, trade practices legislation, or the fair trading legislation of a State or Territory;

(e) whether the applicant corporation; director, officer or shareholder has evidence of technical and management experience in the motor, vehicle industry;

(f) whether the applicant corporation, director, officer or, shareholder has been barred from, or refused membership to the Institution of Engineers Australia, the Society of Automotive Engineers, or any other similar body;

(g) the reputation of key personnel engaged by the applicant corporation.³⁴

3.48 Further, the fit and proper person provisions enable the Minister to request from the applicant corporation, director, officer or shareholder who is in a position to influence the management of the corporation, the following:

- a) records from the Australian Securities and Investment Commission in respect of the corporation;
- b) the results of a criminal history character check from the Australian Federal Police in respect of the director, officer or shareholder; and
- c) evidence about the technical and management experience of the corporation, director, officer or shareholder, and reputation in the motor vehicle industry.³⁵

34 Department of Transport and Regional Services, *Guide to RAWS*, January 2002, p 10

35 Department of Transport and Regional Services, *Guide to RAWS*, January 2002, p 10

Signatories (Regulation 13Y)

3.49 A RAW applicant is required to identify the signatories that will sign the Vehicle Inspection Certificate (VIC) on behalf of the workshop. The vehicle inspection signatory must be an officer or employee of the applicant or engaged on contract, and have the following knowledge and qualifications.

- i. ...a thorough understanding of the requirements of the MVSA and the Regulations and Determinations made under the MVSA, and the administrative guidelines issued by the Department in connection with the operation of RAWs; and
- ii. ... an appropriate level of knowledge of the ADRs; and
- iii. ... a Certificate III in Automotive, or a Certificate IV in Automotive, or a Diploma of Automotive according to the Automotive Industry National Training Package endorsed by the Australian National Training Authority, or equivalent qualifications; or
- iv. be a member of the Institution of Engineers Australia in either the Professional Engineer or Engineering Technologist Category; or
- v. be a member of the Society of Automotive Engineers Australasia at the Technician, Advanced Technician; Associate Member, Member or Fellow grades.³⁶

Major Criticisms

3.50 Major criticisms of the scheme include:

- a) The administrative requirements for attaining RAW approval, including:
 - i) record keeping requirements;
 - ii) the accreditation process generally;
 - iii) labour restrictions;
- b) The costs of obtaining RAW approval; and
- c) The 100 vehicle per category limit, given the costs and administrative requirements of obtaining RAW approval.

The administrative requirements under the RAW Scheme

3.51 Many operators argue for a simpler scheme, which would be less costly and administratively more efficient. A general criticism of the impact of the scheme was stated by Mr Smiles from AAIMA:

So you have this fundamental contradiction of regulations trying, it would appear, on the face of it, to tidy up a segment of the motor vehicle industry and, on the other hand, imposing such conditions that it makes it close to impossible, certainly for most existing operators, to abide by and continue to participate.³⁷

3.52 It is argued that requiring the RAW to be the importer is unreasonable in that it imposes additional transfer paperwork and charges onto that body. The low volume industry proposed that anyone should be able to import³⁸, but that the RAW should ensure compliance with safety standards.

3.53 The two year limitation period for which RAW approval will be valid has also been criticised, given the cost of obtaining RAW approval and the costs of establishing and maintaining a workshop.³⁹ The concern in the industry is that there is no guarantee that the ground rules will not change during or before the end of the two year period.

Record keeping requirements

3.54 The period for which records are required to be kept, ie 10 years [under 13ZF (f) of the Regulations] is considered to be excessive. AAIMA argued that the records required are very extensive and would impose a substantial burden on the workshop. It is suggested that the relevant Commonwealth and State Departments keep records that are easily obtainable and suggests a time period more in line with that of the Australian Taxation Office.

3.55 The Department of Transport and Regional Services stated that the requirement to keep records for 10 years is linked to the *Trade Practices Act 1974*. The Department argued that under Section 75AO, the time for commencing recall action is 10 years and argued that:

It could be misleading if the requirements for record keeping under the MVSA were for a lesser period and a RAW was caught without records to defend or comply with a direction arising from an action under the Trade Practices Act.⁴⁰

37 *Evidence*, AAIMA, p 10

38 *Submission 1*, J Hartwig, p 4

39 *Submission 1*, J Hartwig, p 15

40 *Submission 9*, Department of Transport and Regional Services, (Response to Comments Included in AAIMA Briefing Note Dated 21 March 2002), p 4

Accreditation requirements

3.56 The ISO 9001 accreditation requirements for a RAW have been severely criticised, given that "there is no requirement for any component factory or for the major manufacturers in the motor vehicle manufacturing industry to have ISO accreditation"⁴¹. AAIMA state:

There is an argument for ISO 9000 only. The double dipping with paperwork associated with both RAWS and ISO is an overkill. Paperwork and records for each ADR could be specified similarly to ADR test requirements.⁴²

3.57 In response to a question regarding problems associated with the additional accreditation requirements, Mr Robert Moore, the operator of a small business in Western Australia, made the following comment:

...You have ISO9001-2000 which is a quality management system which, as we all know is worldwide, but we have ISO9001-2000 on top of RAW. It is the RAW part that we have a problem with. To me it is double dipping; it is two accreditation systems - one by departments making us do the ISO. I cannot see a problem with that, because I am halfway through and I see my business improving greatly. But it is the RAW part that I have a problem with. The hurdles in the area are just too high for me - for the small, average person. They are just too high. For some of the stuff they overlap the RAW into the ISO part.⁴³

Costs of the RAW scheme

3.58 Opponents of the Scheme argue that the costs of the RAW Scheme are prohibitive. These include:

- a) Cost of ISO accreditation;
- b) Costs of establishing a RAW workshop.

3.59 A further difficulty for importers/modifiers is the necessity for approvals to be renewed every two years. Affected stakeholders argue that this period of time is not a sufficient length of time on which to base the significant investment required to set up and run a RAW.

3.60 Ms Jenny Hartwig, a small business operator, argued that the requirement for approvals to be renewed every two years means that the RAWS system provides no security and stated that:

41 *Submission 1*, J Hartwig, p 5

42 *Submission 5B*, AAIMA Supplementary Submission, p 4; see also *Submission 3*, Sapid Pty Ltd, p 2

43 *Evidence*, Mr Robert Moore, p 8

If the vehicle becomes ineligible (as foreshadowed in the VSS bulletins/press releases), we could be out of business overnight. Renewals should be every 5 years (not 2 years) at least and written confirmation that approvals will always be renewed irrespective of that particular vehicle's eligibility is required.⁴⁴

The Agreement on Technical Barriers to Trade

3.61 Australia is a signatory to the Agreement on Technical Barriers to Trade. This agreement attempts to ensure firstly that regulations, standards, testing and certification procedures do not create unnecessary obstacles to producers and exporters, and secondly that such regulations are not unnecessarily protectionist in their application.

3.62 The WTO describes the objectives of the TBT Agreement:

The agreement recognizes countries' rights to adopt the standards they consider appropriate — for example, for human, animal or plant life or health, for the protection of the environment or to meet other consumer interests. Moreover, members are not prevented from taking measures necessary to ensure their standards are met. In order to prevent too much diversity, the agreement encourages countries to use international standards where these are appropriate, but it does not require them to change their levels of protection as a result.⁴⁵

3.63 Article 2 of the Agreement sets out standards for the preparation, adoption and application of technical regulations:

2.1 Members shall ensure that in respect of technical regulations, products imported from the territory of any Member shall be accorded treatment no less favourable than that accorded to like products of national origin and to like products originating in any other country;

2.2 Members shall ensure that technical regulations are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade.⁴⁶

3.64 The Agreement further provides for the following in relation to import licensing:

...import licensing systems are subject to disciplines in the WTO. The Agreement on Import Licensing Procedures says import licensing should be simple, transparent and predictable....the agreement tries to minimise the

44 *Submission I*, J Hartwig, p. 9

45 World Trade Organisation, Webpage, 6 June 2002

46 Agreement on Technical Barriers to Trade, Article 2

importers' burden in applying for licences, so that the administrative work does not in itself restrict or distort imports.⁴⁷

3.65 As a RAW is essentially a licensed importer as well as a vehicle modification facility, the current regulations need to be considered in the light of what is necessary in technical terms for the regulation of safety and import requirements and Australia's obligations under the TBT Agreement.

Support for the New Arrangements

3.66 The MTAA has issued a statement strongly supporting the amendments⁴⁸. The reasons for its support include:

- a) The current imported used vehicle regulatory scheme required reform as it was clearly failing to stem the flood of imported used cars into Australia.
- b) The small businesses which have entered this sector in recent years have largely done so because they have exploited lax administration of the current scheme by the Department of Transport. This laxity is now to be corrected.
- c) Many of the vehicles currently able to be imported did not fit into the category of specialist or enthusiast vehicles, otherwise unavailable to the public, for which the scheme was originally intended. This is particularly so in relation to diesel powered vehicles.
- d) The new scheme will allow specialist and enthusiast new and used vehicles to be imported into Australia. This was the intent of the original legislation, which has since been abused.
- e) Both the automotive manufacturers and importers and franchised motor vehicle dealers support the Government's proposed changes to the rules governing the importing of used vehicles.
- f) Each imported used vehicle will now be subject to individual inspection to ensure compliance with standards. Previously, imported used cars, like new vehicles, were assessed through type approval. While type approval is adequate for new cars, the quality of used cars will obviously vary depending on individual use. Type approval for used vehicles allows abuses such as odometer fiddling to flourish. The new system provides reassurance to purchasers of imported used vehicles that they have met standards.

47 World Trade Organisation, Webpage, 6 June 2002

48 *Submission 4*, MTAA, Attachment titled: *Reasons for Support of Revised Regulatory Arrangements for Used Motor Vehicles*

g) Genuine importers of specialist and enthusiast vehicles will not suffer from the new scheme – the new compliance requirements will be offset by increased volume of imports. Those adversely affected will be the ones who took advantage of the loopholes in previous legislation and the failure to rigorously administer the scheme.

h) Manufacturers are now permitted to import new models of specialist and enthusiast vehicles not normally sold here without compliance with ADRs (although they must meet international safety standards). They were previously only available as used car imports. “Dealers of grey imports were profiteering and piggy-backing on the strength and branding of the major makers without offering the same level of parts and service back-up as the major makers.” (Peter Sturrock, Executive Director, Federal Chamber of Automotive Industries, SMH Drive p3 12/05/00). Importers of used vehicles have had major concessions enabling them to bypass the expensive and time-consuming process of testing for compatibility with ADRs, thus putting them at an advantage compared to importers of new cars.

i) Car enthusiasts will have access to a greater number and variety of vehicles through: the increase in volume available to importers; the new opportunities for manufacturers to import new models of such vehicles; and the crackdown on abuse of the categories.

j) Japan’s policy on vehicle re-registration is aimed not at ensuring safety, but at forcing the purchase of new cars by the Japanese population every couple of years, thus artificially inflating sales for Japan’s motor industry. This policy makes it very expensive to re-register vehicles over four years old. The policy is intended to make it uneconomic to own older vehicles. It is therefore nonsense to suggest that the government was brainwashed by Japanese car manufacturers in bringing down this legislation. It was the Australian employees and franchisees of the major auto companies who stood to lose under the previous system, not their parent companies.

k) The real risk to Australian businesses (and jobs) is in the vehicle and component manufacturing sector if the current scheme continues. The new scheme will allow importers to import specialist and enthusiast vehicles. Without this desirable regulation the Australian market would inevitably be flooded with second-hand Japanese cars which would destroy Australian manufacturing operations and scare off future investment in automotive manufacturing (as has occurred in New Zealand).

l) The flood of used Japanese cars would cause rapid depreciation of used cars in general, thus greatly reducing the value of trade-ins and making it harder for consumers to afford new cars.

m) Finally, allowing the current scheme to continue and current licence holders to maintain their activity, would force new car dealers to compete by

themselves commencing to import used vehicles in order to survive. If Australia's 1500 franchised vehicle dealers each only imported a quota of 25 cars the numbers imported would treble in one year.

3.67 The Federal Chamber of Automotive Industries has also expressed its support for the new arrangements.⁴⁹

Small Business Impacts

3.68 The review report stated that, as at 30 June 1998, there were 527 holders of low volume CPAs. The report also noted that the submission by the Vehicle Importers and Converters Association of Australia estimated that the LVS sector employed 1,800 people directly and 2,500 indirectly and contributed \$350 million annually to the national economy. Other estimates of the value of the sector are that there are 1,500 small businesses importing vehicles under the LVS, employing 5000 people.

3.69 In 2000, the Office of Small Business (OSB), at the request of the Minister for Employment, Workplace Relations and Small Business, prepared a report on the impact on small business of the Government's decision to replace the LVS with the SEVS. The OSB reported on 8 August 2000. The report was prepared in consultation with industry organisations representing low volume importers, but remains confidential and has not been tabled.

3.70 The Explanatory Memorandum made the following comments on possible impact of the proposed changes on businesses involved in the LVS:

Many [businesses] do not solely rely on used import activities and LVS businesses also have the capacity to switch to other vehicle types. Industry representatives estimate there are approximately 400 of these businesses that will be affected by the tightening of the eligibility criteria. In particular, used 4WD importers will be adversely affected in the immediate term. However, smaller businesses involved in the trade will benefit from an increase in the annual cap from 25 to 100 used passenger motor vehicles per approval holder. This would help to improve the viability of firms currently constrained by the 25 car limit. Information is not available on the value of the turnover of LVS businesses, number of people employed, or contribution to the economy.⁵⁰

The average amount of time spent on converting a used import to meet ADR requirements for a LVS compliance plate is eight hours. In 1999 some 5,000 used 4WDs were imported and fitted with a LVS compliance plate. Taking the worst case scenario that all 5,000 vehicles are no longer eligible, the new scheme would reduce the level of vehicle converting activities by 40,000 hours a year or around 20 full time positions across the entire vehicle conversion business. However, this scenario will be alleviated by the

49 Federal Chamber of Automotive Industries, correspondence dated 26 March 2002, p 2

50 Explanatory Memorandum, *Motor Vehicle Standards Amendment Bill 2001*, p 12

capacity businesses have to switch to other vehicle types and the increase in volume limits to 100 per licence holder.⁵¹

3.71 The Committee considers that these assumptions and conclusions in the Explanatory Memorandum may be arguable.

3.72 For example, AAIMA argues that, even with an increase in the number of vehicles which can be imported by each RAW, the estimated six-fold increase in cost together with a significant diminution in the availability of approved models to import removes industry viability.⁵²

3.73 Some submissions argue that "used imported vehicles are more labour intensive than any other section of the automotive industry. This not only creates employment and does not cost industry jobs."⁵³ These jobs do not occur at the expense of those in the multinational car plants – it is argued that because the types of cars which are imported as low volume generally do not compete with the cars produced by the major manufacturers.

3.74 Submissions further argue that the requirement for incorporation will drive out the large number of family businesses in the industry.⁵⁴

3.75 There is also a concern that the interests of the consumer have not been considered or given sufficient weight. The regulations will necessarily restrict the number and type of vehicle to be imported and thereby limit consumer choice. It is also argued that the limitation on numbers will have flow on effects so far as insurance, finance spare parts and vehicle sales are concerned.⁵⁵

Transitional Approvals

3.76 Section 4(3) and 4(4) of the *Motor Vehicle Standards Amendment Act 2001* provide for transitional approvals following the commencement of the new Scheme. All existing Compliance Plate Approvals [CPA's] become transitional approvals from 1 April 2002, the commencement date of the new legislation. Transitional approvals for List 1 vehicles, ie those Section 14A approvals under the old Low Volume Compliance Plate Approval Scheme are governed by Clause 12 of Schedule 3 of the regulations, which provides that the revised arrangements for low volume imports take effect from 8 May 2002 for such vehicles. The clause states:

The holder of a transitional approval must not place more than the number of plates specified in the relevant schedule of the old approval to vehicles in a vehicle category, according to the number of plates allowed for vehicles in

51 Explanatory Memorandum, *Motor Vehicle Standards Amendment Bill 2001*, p 16

52 *Submission 5B*, AAIMA Supplementary Submission, p 4

53 *Submission 3*, Sapid Pty Ltd, p 1

54 *Submission 1*, J Hartwig, p 14

55 *Submission 1*, J Hartwig, p 10

that category, as if the old approval remained in force. This condition applies in respect of the period commencing on the commencement of regulation 18 and ending at the end of 7 May 2002.

3.77 This means that transitional approvals for all non-SEVS eligible models of imported used vehicles will cease after midnight on 7 May 2002 and no vehicles may then be fitted with a Low Volume Compliance Plate after that time. Any vehicles imported and unplatd at the date are required to be either re-exported or destroyed. Transitional approval for SEVS eligible models comprise List 2 – the expiry date of these is 7 May 2003. Such vehicles may be fitted with compliance plates under RAWS from 7 May 2002.

3.78 Prior to being supplied with plates, importers and converters have to submit 0-4-5 inspection certificates. The deadline for submitting such certificates was 30 April 2002 to ensure delivery by the deadline.

3.79 However, a number of CPA holders have contacted the Committee expressing concern that, as a result of factors outside their control, they are in danger of not receiving plates and therefore being able to fix them to the vehicles before the cut-off date. The factors listed include:

- a) Delays in processing 0-4-5 inspection certificates by Niddrie Nameplates and resulting delays in issuing plates to importers;
- b) Some vehicles not having reached Australian shores for reasons beyond the control of the importers; and
- c) The unavailability of components such as seatbelts and catalytic converters, which have in turn delayed the submission of 0-4-5 inspection certificates.

3.80 AVCA advised the Committee that as at 11 April, Niddrie Nameplates had 450 0-4-5's and were able to process these at the rate of 80-90 per day.⁵⁶ It was expected that the numbers would increase dramatically as the 7 May date approached.

3.81 AVCA argued for one of the following courses of action:

- a) The cut off date for import approvals for non SEVS vehicles, ie List 1 vehicles, be 26 April but have no cut off date for the plating of the vehicle; or
- b) Allow 0-4-5 inspection certificates to be received by VSS up until 7 May 2002, and again have no cut off date for the plating of the vehicle.

3.82 The Chairman of the Committee wrote to the Minister⁵⁷ on 30 April expressing his concern at the consequences for importers of the 7 May date and

56 AVCA, correspondence, 12 April 2002

57 See Appendix 5

requesting that the period be extended. The Committee received a reply on 17 May 2002⁵⁸ in which the Minister indicated that the Department had made provision for vehicles with valid 0-4-5 inspection certificates submitted by the cut-off date to be plated after that date.

58 See Appendix 6

CHAPTER FOUR

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

4.1 The Committee acknowledges the concerns which led to amended arrangements for the import of used motor vehicles, ie the increase in numbers of used vehicles being imported and consequential potential threats to the Full Volume imports and domestic car industry; the move away from strictly specialist and enthusiast vehicles to other used vehicles (predominantly diesel 4 wheel drives) and concerns about safety standards of imported used vehicles. However, the Committee considers that the measures taken to address these concerns are excessive, unnecessarily restrictive and administratively burdensome.

4.2 It should be noted that any problem that increases in used vehicle imports might present may have been contributed to through inaction by the Department of Transport's Federal Office of Road Safety (later Vehicle Safety Standards). That organisation appears not to have recognised and monitored an emerging problem which surfaced in the 1990s.

4.3 The Committee is of the view that the Government's use of what is essentially a safety standards scheme as a means to shore up industry policy is inappropriate. The Committee agrees with the comments of the Task Force when it said:

If the Scheme is to continue, [Vehicle Safety Standards] should closely monitor the numbers of vehicles and continually assess whether the Scheme is compromising the objectives of the Act. Other areas of government (such as DISR) have the responsibility of ensuring that industry policy is not suffering as a consequence of the numbers of used vehicles being imported into Australia.¹

...The Task Force would like to see industry policy addressed elsewhere and the legislation return to its safety, emissions and anti-theft objectives.²

4.4 The Task Force commented that the Government should re-visit the concessional duty treatment afforded to imported used vehicles under the Low Volume Scheme. The scrapping of the \$12,000 special duty concession for the Low Volume Scheme or its replacement with a protective/concessionary treatment which reflects the Government's industry policy by containing numbers at appropriate levels should be contemplated.³

1 *Report of the Review of the Motor Vehicle Standards Act 1989*, August 1999, p 89

2 *ibid*, p 95

3 *Report of the Review of the Motor Vehicle Standards Act 1989*, August 1999, p 95

4.5 The Committee considers that this would have been an administratively efficient and appropriate option.

Specific Concerns

4.6 The Committee's specific concerns about the final Motor Vehicle Standards Amendment Regulations remain unchanged from those contained in its report on the draft Bill, ie that:

- a) The eligibility criteria for the inclusion of vehicles on the SEVS Register is too restrictive, and difficult to challenge in that the criteria are vague and subjective;
- b) Similarly the eligibility criteria for approval as a Registered Automotive Workshop Scheme are unnecessarily restrictive; and
- c) The transitional arrangements provided for under the Regulations are inadequate; and
- d) The use of an essentially safety regulatory scheme to curb car import numbers could offend Australia's obligations under the Technical Barriers to Trade Agreement.

4.7 It is worth noting the Government's stated objectives for the revised arrangements:

The decisions aim to balance the government's commitment to the local automotive manufacturing industry, full volume importers, franchised motor vehicle dealers, importers and converters of used vehicles, and consumers of genuine specialist and enthusiast vehicles. The decisions include revised eligibility criteria for vehicles being imported under the low volume scheme and the establishment of a registered workshop arrangement for the importation and supply of used vehicles to the market. The registered workshop arrangement will operate on a cost recovery basis. It will improve consumer protection for purchasers of used imported vehicles....

...The changes made by this bill are intended to return the low volume scheme to its original intent of catering for the importation of genuine specialist and enthusiast vehicles and to prevent unchecked growth in the importation of used vehicles that are very similar to vehicles already marketed in full volume.⁴

4.8 The Committee is of the view that the primary objectives of catering for the importation of specialist and enthusiast vehicles and consumer protection can be achieved through a simpler regulatory scheme, ie the retention of the SEVS and RAWS components, but with simplified criteria. Such a scheme would be less costly

4 The Hon John Anderson MP, Second Reading Speech, p 1

and administratively complex than that currently being implemented, and fairer to those currently in the industry.

4.9 The Committee is concerned that the impact of the RAW and SEV schemes in their current form will ensure the demise of an entire sector of the industry, with the potential for some thousands of job losses. There is also the issue of consumer interests, given consumer choice will be more limited under the Regulations.

4.10 The Committee notes the submission from the MTAA⁵, which argued strenuously that the revised arrangements were a "reasonable public policy response to a difficult problem". However, opponents of the new legislation argue that the arrangements are too burdensome:

There is the challenge of introducing Registered Workshops, with the additional costs entailed, a much higher burden with mandatory ISO accreditation and the increased level of evidence, which is going to be exacerbated by the new regime's very restricted number of models with any financial viability.⁶

4.11 The Committee also considers that the objective of returning to the original intent of the scheme is disingenuous – the original LVS was established in 1970, admittedly then to cater for specialist and enthusiast vehicles. In the early 1990's a loophole began to be exploited which meant that a number of used vehicles, principally diesel powered four wheel drives, were imported and sold at cheaper prices than those imported under the Full Volume Scheme.

4.12 While the original intent of the scheme may have been to allow the import of specialist and enthusiast vehicles at concessional rates, it seems unrealistic to assume that the original intent can be preserved. Australia is a signatory to a number of free trade agreements and artificial barriers to trade are discouraged internationally.⁷

The Specialist and Enthusiast Vehicle Scheme

4.13 The Committee has concerns about the totality of the Specialist and Enthusiast Vehicle Scheme as it is currently structured, specifically the following:

- a) The limited range of models currently on the SEVS register;
- b) The process and eligibility criteria for obtaining SEVS registration;
and
- c) The review processes.

5 *Submission 4*, Motor Trades Association of Australia, p 1

6 *Submission 5*, AAIMA, p 1

7 For example, the Technical Barriers to Trade Agreement specifically prohibits technical regulations implemented 'with a view to or with the effect of creating unnecessary obstacles to international trade'. [Article 2.2]

Default Category

4.14 It was suggested that the inclusion into the Regulations of a 'default category' be considered. Such a category would cover vehicles which are not currently imported under the Full Volume import scheme or which have not been imported for a defined period. However, on further consideration, the Committee concluded that the provision of such a category would be too far outside the appropriate stated intent of the Act and the Regulations.

4.15 The Committee is of the view that the Government should review the criteria for inclusion of vehicles on the SEVS Register, with a view to assessing options to grant access on a more objective basis for low volume vehicles without jeopardising the intent of the legislation.

Review Panel

4.16 The Committee notes that the Regulations [13G-13P] provide for an applicant to ask for a review of a Minister's decision by application to a Review Panel. The Committee also notes that whilst members of the Low Volume industry are not opposed to the idea of a review panel, they expressed some concerns about the panel's composition.

4.17 The Committee has some concerns about the proposed composition of the Review Panel and considers that the proposed membership has the potential to appear to be unbalanced.

The Registered Automotive Workshop Scheme

4.18 The Committee considers the Registered Automotive Workshop Scheme to be onerous and unworkable in reality. Major difficulties include:

- a) The eligibility criteria for RAW approval; and
- b) Ongoing administrative requirements, which are onerous, time consuming and costly.

4.19 For example, Regulation 13ZF(c) requires the RAW to ensure that the providers of goods or services to the workshop for the purposes of vehicle modification allow the Minister to have access to their premises at any reasonable time and on reasonable notice for the purposes of an audit relating to RAW approval. The Committee considers that such requirements have the potential to impact significantly on third parties and are impracticable.

Recommendations

4.20 The Committee considers that significant but not fundamental amendment to the Scheme is necessary in order to meet the Government's objectives of ensuring that only safe vehicles are supplied to consumers within an appropriate regulatory environment.

4.21 The Committee therefore **recommends** amendments to the revised arrangements along the following lines:

- a) Simplified criteria for the RAW Scheme, and
- b) Continuation of transitional arrangements until the Regulations are amended, ie an extension of the 7 May 2002 cut-off date until revised criteria are operational.

4.22 Simplified administrative criteria for the RAW Scheme must address, but may not be limited to, the following:

- a) The 'fit and proper person' requirements⁸;
- b) Vehicle inspection signatory requirements [Regulation 13Y];
- c) The two year approval period for a RAW, which should be extended to not less than four years; and
- d) Access and inspection requirements [Regulation 13ZF], especially Regulation 13ZF(c).

4.23 The Committee also **recommends** Government review of the criteria for inclusion of low volume vehicle imports on the SEVS Register.

4.24 The Committee further **recommends** that the Review Panel membership be amended to comprise:

- a) An independent chairman;
- b) a representative from the Department of Transport and Regional Services; and
- c) a representative nominated by an industry association (whose members are Registered Automotive Workshops).

Senator Winston Crane
Chairman

18 June 2002

8 See paragraph 3.47

AUSTRALIAN DEMOCRATS SUPPLEMENTARY REPORT

The Australian Democrats support the recommendations and conclusions of the Committee report recommending the revision of the criteria for the SEVS scheme and RAWS registration, and for a more realistic transitional period for operators. These recommendations, in our view, do not go far enough.

As noted in the Committee's report, the Task Force in 1999 cautioned against using a motor vehicle standards law to achieve industry policy objectives such as protecting the interests of Australian car makers and full volume importers. In rejecting the Task force's recommendations, the Government has proceeded to do exactly that. In our September 1999 Minority Report on the Motor Vehicle Standards Amendment Bill 2001, we made it clear that we supported the reform direction laid out by the Taskforce and did not support the government's deviation from it. Indeed, the Act and the Regulations represent a deliberate attempt to protect the interests of big business at the expense of small business, under the auspices of "safety issues". That is not to say that standards needed to be improved – the Taskforce report laid out a comprehensive agenda to achieve that. Rather, the 2001 Act and the Regulations go way beyond safety standards and have, and will continue to put dozens, and possibly hundreds of small automotive businesses out of business.

The Majority Report last September concluded that the draft regulations were too restrictive, and recommended changes to the eligibility criteria for SEVS and RAWS. The Department and the Government have ignored all of these recommendations. Indeed, in the course of hearings, the Committee has been extremely critical of the Department's actions and performance in respect of this scheme.

The Democrats believe that the Regulations need to be amended extensively to address the issues outlined in the Committee's earlier report, and the issues raised in the Democrats' Minority Report. These include:

- revised eligibility criteria for SEVS, with improved access for vehicle not subject to a Full Volume import scheme;
- revised and simplified criteria for the RAWS;
- more generous transitional arrangements, such as a two year extension for CPA holders who apply for RAWS accreditation.

The recommendations made by the Committee in this report are all substantial improvements on the current regulatory regime. The Department needs, as a minimum, to address these issues. The Democrats would like to see them go further. Given the attitude of the Government and the Opposition, this is unlikely to occur.

Senator John Cherry

Senator Aden Ridgeway

APPENDIX ONE
LIST OF SUBMISSIONS

Submission No:	Author
1	Ms Jenny Hartwig
2	Mr Kim Dier
3	Sapid
4	Motor Trades Association of Australia (MTAA)
5, 5A, 5B	Australian Auto Importers and Manufacturers Association Inc (AAIMA)
6, 6A	Vehicle Importers and Converters Association of Australia (Inc) (VICAA)
7, 7A	Australian Vehicle Compliance Association (AVCA)
8	Lamirose Pty Ltd
9, 9A	Department of Transport and Regional Services

APPENDIX TWO
LIST OF WITNESSES

Canberra Thursday, 21 March 2002

Mr Philip Baddock, Private capacity

Mr Robert Moore, Private capacity

Australian Auto Importers and Manufacturers Association

Mr Gary Blogg, National Vice-President

Mr Phillip Smiles, Consultant

Vehicle Importers and Converters Association of Australia

Mr Bruce Gearing, Secretary

Mr Jack Vanstone, National Secretary

Australian Vehicle Compliance Association

Mr William Cuthbert, Director

Mr Trevor Kassulke, Committee Chairman

Department of Transport and Regional Services

Mr Alan Gascoyne, Director, Certification, Vehicle Safety Standards

Mr Peter Robertson, Assistant Secretary, Vehicle Safety Standards

APPENDIX THREE

ESTIMATED EVIDENCE COSTS

ADR	Details	Cost for one engine variant	Cost for four engine variant	Cost for four engine variant under old scheme	Notes
CA	Full Evidence	\$40	\$40	\$40	
RVD	Full Evidence	\$120	\$120	\$120	
ADR 1/00	Alternative Evidence	\$40	\$40	\$40	
ADR 2/00	Alternative Evidence	\$40	\$40	\$40	
ADR 3/02	Rearward Moment Test	\$500	\$500	\$500	
ADR 4	Full test			\$24,500	1
ADR 5	Full test			\$500	2
ADR 6/00	Light Testing				
	1991-2000 Front Indicator	\$400	\$400	\$40	3
	1991-2000 Side Indicator	\$400	\$400	\$40	3
	1991-1993 Rear Indicator	\$400	\$400	\$40	3
	1994-1996 Rear Indicator	\$400	\$400	\$40	3
	1997-2000 Rear Indicator	\$400	\$400	\$40	3
ADR 7/00	Alternative Evidence	\$20	\$20	\$20	
ADR 8/01	Windscreen Transmittance test	\$100	\$100	\$100	
ADR 10/01	Alternative Evidence	\$40	\$40	\$40	
ADR 11/00	Alternative Evidence	\$60	\$60	\$60	
ADR 12/00	Full Evidence	\$20	\$20	\$20	
ADR 13/00	Full Evidence	\$60	\$60	\$60	
ADR 14/02	Check Field of View, and Curvature	\$80	\$80	\$20	4
ADR 15/01	Alternative Evidence	\$20	\$20	\$20	
ADR 16/01	Alternative Evidence	\$60	\$60	\$60	
ADR 18/02	Speedo / Odometer accuracy	\$80	\$80	\$20	5
ADR 20/01	Alternative Evidence	\$20	\$20	\$20	
ADR 21/00	Alternative Evidence	\$40	\$40	\$40	
ADR 22/00	Alternative Evidence	\$40	\$40	\$40	
ADR 23/01	Alternative Evidence	\$20	\$20	\$20	
ADR 24/02	Full Evidence	\$120	\$120	\$120	
ADR 25/02	Alternative Evidence	\$60	\$60	\$60	
ADR 28/01	Full noise testing				
	1 UZ-FE	\$600	\$600	\$600	
	1JZ-GTE twin turbo		\$600	\$600	
	1JZ-GTE i		\$600	\$600	
	2JZ-GE		\$600	\$600	
ADR 29/00	Analysis of Side Intrusion Beam	\$300	\$300	\$300	
ADR 31/00	Alternative Evidence	\$40	\$40	\$40	
ADR 34/01	Design and Testin	\$1,000	\$1,000	\$1,000	
ADR 37/01	Full Evidence				
	1UZ-FE	\$3,000	\$3,000	\$3,000	6
	1JZ-GTE twin turbo		\$3,000	\$3,000	6
	1 JZ-GTE VVTi		\$3,000	\$3,000	6
	2JZ-GE		\$3,000	\$3,000	6
ADR 42/03	Full Evidence	\$40	\$40	\$40	
ADR 43/04	Full Evidence	\$40	\$40	\$40	
ADR 44/02	Full Evidence	\$20	\$20	\$20	

ADR 45/01	Full Evidence	\$40	\$40	\$40	
ADR 46/00	Alternative Evidence	\$20	\$20	\$20	7
ADR 47/00	Alternative Evidence	\$20	\$20	\$20	
ADR 48/00	Alternative Evidence	\$20	\$20	\$20	
ADR 49/00	Full Evidence				
	1991-2000 Front Position	\$400	\$400	\$40	8
	1991-1993 Rear Position / Stop	\$650	\$650	\$40	
	1994-1996 Rear Position / Stop	\$650	\$650	\$40	
	1997-2000 Rear Position / Stop	\$650	\$650	\$40	
ADR 50/00	Full Evidence	\$20	\$20	\$20	
ADR 51/00	Alternative Evidence	\$60	\$60	\$60	
ADR 52/00	Alternative Evidence	\$20	\$20	\$20	
ADR 60/00	Alternative Evidence	\$20	\$20	\$20	
ADR 61/02	Full Evidence	\$40	\$40	\$40	
ADR 62/01	Full Evidence	\$20	\$20	\$20	
ADR 69/00	Alternative Evidence	\$40	\$40	\$40	
ADR 71/00	Full Evidence	\$40	\$40	\$40	
ADR 72/00	Alternative Evidence	\$20	\$20	\$20	
	Total	\$11,350	\$22,150	\$43,040	

Notes:

(1) ADR 4 previously required a seatbelt test. The costs are derived from actual quotes from Autoliv for a passenger car with five seating positions (quote at \$4,800 per seating position plus \$500 administration fee). They reflect the costs to a CPA applicant if they were to arrange testing themselves. In practice, the cost would generally be met by a consultant or a CPA holder who would recover the costs through sale of test results, normally as part of the price for arranging a full CPA application. Under the new scheme ADR 4 testing will not be necessary in most cases. In addition to not having to meet testing costs, there is likely to be a saving of around \$1,100 per vehicle under the new scheme (ie potentially over \$110,000 per year) through not having to replace seatbelts.

(2) ADR 5 previously required a seatbelt anchorage load test. A nominal amount of \$500 has been included as an estimate but its accuracy is uncertain. Some consultants have their own testing facilities and would include the ADR 5 tests in the price for managing a CPA application. No testing for this ADR will be required under RAWS.

(3) Direction indicator lamps - a nominal amount of \$40 per light has been estimated. While a full light test was not required under the previous scheme, a consultant would have needed to charge for preparing engineering argument and/or limited testing. If the lights are E-marked, there are no additional costs under the RAWS requirements.

(4) Rear vision mirrors - estimate of time to prepare simple field of view calculations.

(5) Speedometer accuracy - a nominal amount of \$20 reflecting consultant's time to prepare statement of compliance.

(6) There will be some additional costs for each vehicle under RAWS, where some components of the emissions system will need to be replaced. Depending on the vehicle model, costs are estimated to be in the order of \$80-200 per vehicle.

(7) The sample vehicle model from which these costs are derived assumes that headlamps are either E-marked or are marked with the relevant Japanese standard, which is acceptable under the ADR. If testing is required, an allowance of around \$800 per lamp would be applicable.

(8) An allowance of \$40 per lamp has been included on the same basis as for ADR 6 (Note 3).

APPENDIX FOUR
COMPARATIVE SEVS/LVS COSTS

ADR	Details	Cost for one engine variant	Cost for four engine variant
CA	Full Evidence	\$40	\$40
RVD	Full Evidence	\$120	\$120
ADR 1/00	Alternative Evidence	\$40	\$40
ADR 2/00	Alternative Evidence	\$40	\$40
ADR 3/02	Rearward Moment Test	\$500	\$500
ADR 6/00	Light Testing		
	1991-2000 Front Indicator	\$400	\$400
	1991-2000 Side Indicator	\$400	\$400
	1991-1993 Rear Indicator	\$400	\$400
	1994-1996 Rear Indicator	\$400	\$400
	1997-2000 Rear Indicator	\$400	\$400
ADR 7100	Alternative Evidence	\$20	\$20
ADR 8101	Windscreen Transmittance test	\$100	\$100
ADR 10/01	Alternative Evidence	\$40	\$40
ADR 11100	Alternative Evidence	\$60	\$60
ADR 12100	Full Evidence	\$20	\$20
ADR 13100	Full Evidence	\$60	\$60
ADR 14/02	Check Field of View, and Curvature	\$80	\$80
ADR 15/01	Alternative Evidence	\$20	\$20
ADR 16/01	Alternative Evidence	\$60	\$60
ADR 18102	Speedo / Odometer accuracy	\$80	\$80
ADR 20/01	Alternative Evidence	\$20	\$20
ADR 21100	Alternative Evidence	\$40	\$40
ADR 22/00	Alternative Evidence	\$40	\$40
ADR 23/01	Alternative Evidence	\$20	\$20
ADR 24102	Full Evidence	\$120	\$120
ADR 25/02	Alternative Evidence	\$60	\$60
ADR 28/01	Full noise testing		
	1UZ-FE	\$600	\$600
	1JZ-GTE (twin turbo)		\$600
	1JZ-GTE (VVTi)		\$600
	2JZ-GE		\$600
ADR 29/00	Analysis of Side Intrusion Beam	\$300	\$300
ADR 31/00	Alternative Evidence	\$40	\$40
ADR 34/01	Design and Testing	\$1,000	\$1,000
ADR 37101	Full Evidence		
	1UZ-FE	\$3,000	\$3,000
	1JZ-GTE (twin turbo)		\$3,000
	1JZ-GTE (VVTi)		\$3,000
	2JZ-GE		\$3,000
ADR 42/03	Full Evidence	\$40	\$40
ADR 43/04	Full Evidence	\$40	\$40
ADR 44/02	Full Evidence	\$20	\$20
ADR 45/01	Full Evidence	\$40	\$40
ADR 46/00	Alternative Evidence	\$20	\$20
ADR 47/00	Alternative Evidence	\$20	\$20
ADR 48/00	Alternative Evidence	\$20	\$20
ADR 49/00	Full Evidence		
	1991-2000 Front Position	\$400	\$400
	1991-1993 Rear Position / Stop	\$650	\$650
	1994-1996 Rear Position / Stop	\$650	\$650
	1997-2000 Rear Position / Stop	\$650	\$650
ADR 50/00	Full Evidence	\$20	\$20
ADR 51/00	Alternative Evidence	\$60	\$60
ADR 52/00	Alternative Evidence	\$20	\$20
ADR 60/00	Alternative Evidence	\$20	\$20
ADR 61/02	Full Evidence	\$40	\$40
ADR 62101	Full Evidence	\$20	\$20
ADR 69/00	Alternative Evidence	\$40	\$40
ADR 71/00	Full Evidence	\$40	\$40
ADR 72/00	Alternative Evidence	\$20	\$20
	Total	\$11,350	\$22,150

APPENDIX 5

CORRESPONDENCE

The Hon John Anderson, MP
Minister for Transport and Regional Services
Parliament House
CANBERRA ACT 2600

Dear Minister

Motor Vehicle Standards Administration

As a result of the Committee's consideration of the Regulations under the *Motor Vehicle Standards Amendment Act*, it has come to my attention that some Compliance Plate Holders are concerned that, owing to delays due to various causes, it may not be possible to have plates fixed to all vehicles imported under the current Low Volume Scheme before the 7 May cut off date. Should, that happen any unplatd imported vehicles will have to be either destroyed or re-exported at considerable cost to the importer.

Attached are copies of letters outlining the concerns of the affected parties.

It would appear that, for reasons outside the control of the affected parties, there are delays in approving 0-4-5 inspection certificates and therefore in providing the plates. If this is in fact so, I would appreciate some form of concession being granted to the plate holders, such as deferring the final date for fixing plates from the current 7 May to 7 August 2002.

I would appreciate hearing from you on this matter at the earliest opportunity.

Yours sincerely,

Senator Winston Crane
Liberal Senator for Western Australia

30 April, 2002

APPENDIX 6

CORRESPONDENCE



The Hon John Anderson MP
Deputy Prime Minister
Minister for Transport and Regional Services
Leader National Party of Australia



Senator Winston Crane
Senator for Western Australia
Parliament House
CANBERRA ACT 2600

16 MAY 2002

Winston
Dear Senator Crane

Thank you for your letter of 30 April 2002 addressing concerns of some Compliance Plate Authority (CPA) holders over delays in obtaining compliance plates.

Compliance plates for used imported vehicles are supplied by a contractor engaged by the Department of Transport and Regional Services. There had been some delays in obtaining plates through the contractor due to the large number of 0-4-5 inspection certificates that had been submitted in the final few weeks before the 7 May 2002 cut-off date. There were no delays in approving the certificates, but there were some 400 vehicles that were unable to be plated by the cut-off date because plates were unavailable from the contractor.

The Department has made provision for vehicles with valid 0-4-5 inspection certificates submitted by the cut-off date to be plated after that date. This recognises that the necessary certification work had been completed by 7 May 2002 to the point which authorised the fitting of a plate, but that the CPA holder was prevented from doing so through no fault of their own.

Thank you for raising this matter with me.

Yours sincerely

John Anderson
JOHN ANDERSON

Parliament House, Canberra ACT 2600
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john.anderson.mp@aph.gov.au



2001 Year of the Outback

