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Submission on the Competition Policy Review Draft Report

Auto Services Group

Auto Services group is a small company with 7 staff, servicing the Australian car enthusiast market through the purchase of vehicles overseas on behalf of clients, as well as transportation to and registration in Australia. Auto Services Group also holds a 50% share in an online shipping booking service, AutoShipping, which provides buyers with the ability to transport their vehicles to Australia conveniently and cheaply.

Overview

Auto Services Group supports the recommendations of the Review Panel in the Draft Report, particularly as it relates to the Parallel Imports section of priority areas of reform.

Traditionally, the Australian passenger vehicle market has been afforded significant protection by successive governments in the form of tariffs on imported vehicles. The original purpose of these tariffs was to help support the local vehicle manufacturers, battling with additional costs associated with lower production outputs relative to their overseas competitors, among other factors. Likewise, the parallel importation of passenger vehicles, both new and used, has been heavily restricted to avoid placing undue competitive pressure on local manufacturers.

As of 2017, manufacturing of passenger vehicles will cease in Australia, which will, in turn, mean that all new vehicles sold in Australia will be imported from overseas. The original purpose for the restriction of parallel importing of passenger vehicles will no longer apply.

In recent times, the government's Productivity Commission Inquiry, upon the suggestion that the time has come to begin reducing restrictions on the parallel importation of vehicles, has been subjected to heavy lobbying by a number of industry bodies, such as the Federal Chamber of Automotive Industries, the National Automotive Leasing and Salary Packaging Association, and the Australian Automotive Dealer Association in an effort to prevent these changes occurring.

Their reasoning is simple – the Australian passenger vehicle marketplace is a very profitable one, and the international companies that make these profits are very keen to ensure the money keeps rolling in. Without competition from parallel imports, new vehicle prices have remained artificially high for a number of decades, especially in recent years despite the strength of the Australian

dollar. Ultimately, it's the Australian public that pays, both in the form of addition taxes on the vehicles as they enter the country, and on the value of the vehicle itself, whether it be a direct transaction or through salary-sacrificing or other financing arrangements.

Like most small business owners, my goal is to continue expanding my company to the point at which I can employ more staff. When competing against the might of the aforementioned government lobby groups, I stand little chance of preventing such anti-competitive actions being supported at a legislative level. And so, like the many thousands of other independent small business owners employing tens of thousands of people across Australia, my fear is that my company's ability to expand and grow will be stymied, not by my much larger competitors, but by the legislation that prevents me from operating on a level playing field.

Recommendation

Auto Services Group believes it is vital that any changes to the Competition Policy be reviewed in light of proposed changes (or lack thereof) to the parallel importation of passenger vehicles, both new and used. Anti-competitive behaviour is rife amongst large new car manufacturers, their distributors and associated industry bodies, and both small business and the Australian car-buying public are suffering as a result.

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