

## Submission on the Draft Report of the Competition Policy Review

RAWS Association is an industry group representing Registered Automotive Workshops licensed under the Registered Automotive Workshops Scheme (RAWS). The vehicles we import are used vehicles that gain eligibility under the Specialist and Enthusiast Vehicle Scheme (SEVS). Our members consist mainly of small businesses of 1 to 4 people, with a couple of members who employ many more. All of our members provide work for external parties, in the provision of various services – tyres, service parts, exhaust catalyts, and air conditioning being the major areas.

We wish to lodge with you this submission to the Draft.

### In Support of the Draft

RAWS Association supports the conclusions and recommendations of the Review Panel as presented in the Draft Report released on 22 September 2014, i.e. that parallel import restrictions are a form of tariffs, in that they are really only sheltering the multinational new car manufacturers from international competition. This results in an implicit tax on Australian consumers and businesses.

The removal of used vehicle import restrictions will promote competition and potentially lower prices of many vehicles. All concerns (such as health & safety, and impact to the environment) relating to the relaxing of these laws can be easily addressed through regulatory and compliance framework and consumer education campaigns.

Specifically, RAWS Association agrees with the recommendation that restrictions on parallel imports should be removed unless it can be shown to satisfy the ‘Public Interest’ test as below:

- the restrictions are in the public’s best interest, and
- the objective of the restriction can only be achieved by limiting competition.

As per section 3.7 and 16.1 of the Competition Policy Review “Misuse of Market Power” and Section 46 of the Competition and Consumer Act 2010 (CCA), we believe new car dealers represented by Australian Motor Industry Federation and Federal Chamber of Automotive Industries are taking advantage of their monopoly powers for the purpose of eliminating and substantially damaging competitors, preventing the entry of a person into a market, or deterring or preventing a person from engaging in competitive conduct.

### Increasing Competition

New car dealers have thrived in a protected market, which has not been subject to the competition policy. As a result of this, they have had a monopoly with no restraints on pricing, with no competition from parallel imports. The Productivity Commission stated that price discrimination is being practised against some Australian retailers, to the detriment of Australian consumers. The legislative framework should be encouraging innovation, entrepreneurship and the entry of new players, not hindering it.

Restrictions on parallel imports are another example of outdated regulations that distort competition amongst retailers.

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### The Use of Standards

RAWS Association supports the use of standards to protect the consumer and ensure the quality of imported vehicles, new and used.

The Association generally supports harmonisation with international standards and in the interim would recommend the recognition of International Vehicle Safety and Environmental Standards from jurisdictions that equal or exceed the current domestic requirements.

### Exploring Options

RAWS Association recommends a policy of utilising government accredited independent agencies to give final certification approval on imported vehicles and for those agencies to have access to government systems in real time.

We believe this system will reduce the regulatory burden on Government and increase commercial opportunity. In the short-term, this will help mitigate unemployment caused by the loss of the vehicle manufacturing industry by creating jobs requiring similar skill and knowledge sets to those being lost.

### Creating Jobs

An estimated 14,600 to 27,500 jobs will be lost in the manufacturing space over the next three years as a result of the decisions by manufacturers to cease operations in Australia. These estimates reflect current employment figures: 472 businesses employing 14,600 people in the motor vehicle manufacturing sector and 882 businesses employing 13,459 people in the parts and accessories sector.

These manufacturers have been heavily subsidised by federal and state governments (approximately \$30Bn as quoted by the Productivity Commission Report).

By comparison, the motor vehicle dealership sector currently employs 60,000 people (in 4,598 businesses) and the motor vehicle wholesale industry employs 11,000 people (in 1,300 businesses). Dealers and wholesalers together represent a \$100Bn+ industry in Australia that receives NO financial support from governments.

Outside the expected changes to the manufacturing sector in the next three years, there are almost 5,900 (primarily Australian-owned) businesses and 71,000 Australians whose futures rely on a healthy automotive industry. That is 10 times the number of businesses and 5 times the employment currently provided by the manufacturing sector. The addition of government accredited independent agencies used for certification approval of imports would add to opportunities within the automotive industry in terms of employment and businesses.

### Odometers

Any decreased restrictions on the parallel importation of used vehicles require that standards and regulations be developed and implemented that will promote competition while ensuring consumer confidence in the market.



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***For example, we have recently joined other organizations in calling upon the government to immediately pass legislation which prohibits the importation and sale of vehicles whose odometers do not accurately reflect the distance a vehicle has travelled.***

### Summary

The Association wishes to achieve the provision of choice for the consumer in being able to obtain modern, clean (emissions) and safe vehicles, and to promote a competitive marketplace for our members.