



AUSTRALIAN  
AUTOMOTIVE  
DEALER  
ASSOCIATION

# ROAD VEHICLE STANDARDS BILL SUBMISSION

23 FEBRUARY 2018



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## FORWARD

The Australian Automotive Dealer Association (AADA) welcomes the opportunity to provide input into this submission to the Road Vehicle Standards package of legislation, including five draft bills and the associated rules.

The AADA appreciates the consultative approach undertaken by the Government throughout the term of this review. As franchised new car dealers, our members are recipients of vehicles which meet Australia's vehicle standards, and which have obtained a type approval through an original equipment manufacturer.

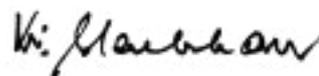
Throughout the course of this review process the reform package has evolved through various consultation processes. We believe the draft legislation has taken account of the concerns of industry and we support the fact that the framework is adaptable, allowing it to accommodate technology advances as emerging issues such as cyber security require regulatory responses in the future.

The AADA offers broad support for the draft legislation and rules. Our comments in this submission will relate to two specific elements of the reform package:

1. The Specialist and Enthusiast Vehicle scheme (SEVs). Franchised new car dealers make significant investments in obtaining the right to exclusively supply new vehicles to the Australian market. While the AADA supports a scheme, which allows for the import of new and used specialist and enthusiast vehicles, we believe the current system has

allowed for the import of mainstream second-hand vehicles. To that end the AADA offers in principle support for the new proposed SEVs arrangements which represents a balanced package that truly reflects the intent of the scheme.

2. The inclusion of vehicle recall powers. Franchised new car dealers play a very important role in completing vehicle recalls in Australia. We support the legislation incorporating enhanced powers for the voluntary and compulsory recall of road vehicles. The Department of Infrastructure, Regional Development and Cities regulates the safety, environmental and anti-theft performance of all new vehicles, and is thus well placed to investigate and work with industry on recall campaigns. It is appropriate that the legislation includes this power.



**David Blackhall**  
Chief Executive Officer



# ABOUT THE AADA

AADA is the peak industry advocacy body exclusively representing franchised new car dealers in Australia. There are around 1500 new car dealers in Australia that operate about 3500 new vehicle outlets. Dealerships range from family-owned small businesses to larger businesses including three public companies operating in regional Australia and capital cities across all States and Territories.

The economic impact of the new vehicle retailing sector to Australia is also significant. The industries total turnover/ sales amounts to over \$54 billion and the estimated total economic contribution is over \$12 billion. The industry also generates over \$9 billion in wages and \$3 billion in tax revenue.

## SPECIALIST AND ENTHUSIAST VEHICLE SCHEME (SEVS)

The reformed specialist and enthusiast scheme as presented in the legislative package represents a well-balanced reform, which is consistent with the Government's commitment in its response to the Harper Review of Australian's competition law; in its response the Government committed to not expand the import of second-hand vehicles into Australia citing consumer protection and community safety concerns.

In this regard, the proposed SEVs scheme has closed some of the loopholes which essentially allowed for the import of mainstream second-hand vehicles. The new scheme now truly reflects a scheme in which the vehicles being brought in are specialist and enthusiast in nature.

However, as the reforms have evolved it has come to include a number of benefits for the portions of the industry making use of this scheme. Most significant are the initial criteria for listing on the SEVs list. Under this system, the OEMs will only have 3 months to obtain a type approval and supply a vehicle to the Australian market. Previously OEMs had a period of 18 months. The new scheme will also allow for vehicle variants not supplied in Australia to be brought in.

The AADA also believes that the six identified categories proposed under the new SEVs provide some objective criteria that clearly define vehicles which are truly specialist or enthusiast in nature.

The AADA looks forward to seeing the finalisation of the rules (regulations) in relation to the SEVs, particularly any further clarity on what constitutes a vehicle variant and further detail on the eligibility criteria for the SEVs

## VEHICLE RECALL POWERS

The AADA also maintains a strong interest in the reforms to vehicle recall powers. Franchise new car dealers are at the coalface of all vehicle recalls and are responsible for dealing with affected owners and carrying out the rectification work.

The new legislation includes the power to conduct voluntary or compulsory recalls of road vehicles for safety issues or standards non-compliance. This mirrors the safety recall provisions of the Australian Consumer Law (ACL), but also extends it to include non-compliance with technical standards and commercial vehicles which are not covered by the ACL.

Many of our members are currently dedicating significant resources to the Takata airbag recall and are closely monitoring the situation in relation to the draft compulsory recall notice which has been issued by the ACCC.

Under that particular draft, new franchised car dealers would be required to meet strict turnaround times for rectification of vehicles and also need to potentially provide loan vehicles to affected customers.

While we are confident that we are able to work with our OEM partners in completing this recall, we believe that moving forward the most appropriate regulators should be involved with the business of vehicle recalls.

The Department of Infrastructure, Regional Development and Cities regulates the safety, environmental and anti-theft performance of all new vehicles, and is thus well placed to investigate and work with the ACCC and industry in conducting recalls.

We are cognisant of the fact that the ACCC and the Department will need to work together in the area of vehicle recalls as they already do. We are also aware that under the new arrangements there will be two Ministers with the power to issue compulsory recalls.

We are confident that the various departments and agencies involved can develop administrative arrangements which will allow for an efficient process which engages in thorough consultation with industry.

## CONCLUSION

Thank you for the opportunity to respond to the proposed legislative reforms. The AADA will continue to follow the progress of the legislation and associated rules. We will work with Government as it seeks to finalise and implement the reforms. We would be pleased to expand further on any of the issues raised.



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