

## **SUBMISSION TO THE SENATE STANDING COMMITTEE ON ENVIRONMENT AND COMMUNICATIONS**

**SUBJECT:** THE MOTOR VEHICLE (CHEAPER TRANSPORT) BILL 2015

26 October, 2015.

Dear Honorable Senators,

It is with great pleasure that I seek to make a contribution to the Senate Standing Committee's deliberations on the above subject.

Overall, the rationale of the proposed legislation is a good one, having regard to our greenhouse gas emissions reduction commitment. The recent saga involving Volkswagen also brings home the need to address such an important issue through legislation.

In spite of the basis for justifying such a measure as outlined above, there are a number of considerations that ought to be taken into account in the Senate's deliberations on the matter. They include:

1): whether such legislation if enacted would be in breach of our treaty commitments – the Chinese Free Trade Agreement, in this particular instance.

John Murphy in *The New Daily*, 19 October 2015, recently published an article titled: "We're about to be swamped by Chinese vehicles"-

[http://thenewdaily.com.au/life/2015/10/19/chery-great-wall-chinese-car-brands-fail/?utm\\_source=SilverpopMailing&utm\\_medium=email&utm\\_campaign=20151020%20The%20New%20Daily%20\(1\)&utm\\_content=&spMailingID=23780416&spUserID=MTEwNjk0MTE5Nzk0S0&spJobID=661931410&spReportId=NjYxOTMxNDEwS0](http://thenewdaily.com.au/life/2015/10/19/chery-great-wall-chinese-car-brands-fail/?utm_source=SilverpopMailing&utm_medium=email&utm_campaign=20151020%20The%20New%20Daily%20(1)&utm_content=&spMailingID=23780416&spUserID=MTEwNjk0MTE5Nzk0S0&spJobID=661931410&spReportId=NjYxOTMxNDEwS0)

That article raised a number of issues about the reliability of Chinese car brands such as the Great Wall and Chery and the consumer experience.

The questions such legislation would raise include:

- Would it be in breach of our commitments under say, the China FTA?
- With investor-state dispute settlement clauses being increasingly being made part of our free trade agreements, the question that arises is whether such a law (if passed), could provide the basis for a protracted and expensive litigation through international forums as we have experienced with the tobacco multinationals?

2): The Government already has an undertaking with the Australian motor vehicle manufacturers – (Ford, and Toyota) - to freeze existing vehicle emissions

standards until 2017. The government has also agreed that its vehicle procurement arrangements during that period would not be based on newer emissions standards.

- Would the introduction of such a law, prompt the vehicle manufacturers to bring forward the shutting down of their operations prior to 2017, on the grounds that the prospective operative date of this measure would undercut their sales in the lead up to 2017? – The consequent employment impacts – (particularly in states such as Victoria and South Australia) - need to be weighed very carefully before introducing such a law.
- In what I would describe as ‘preaching to the converted’, I would like to reiterate the point that the law does not look favourably on parties who pursue unilateral actions that undermine the integrity of contractual commitments that they have entered into.

3): Vehicle emissions regulations are currently administered through the state EPA’s and their RTA’s? Would such a measure amount to an encroachment of Federal taxing authority into an area that has traditionally been the preserve of the State governments?

4): What phasing out measures would be put in place for owners of pre-2017 vehicles?

Such legislation is bound to have a negative impact on the resale values for vehicle owners in this category – (particularly, those who purchased their vehicles with the intention of re-selling them/trading them in within 3 to 4 years).

- What would be the wider impacts on businesses (and their employees) in the motor vehicle industry (particularly the second hand car dealerships) – as we approach the end of the first half of 2016?

Laudable as the intent of the proposed bill may be, there are unintended impacts that the Senate Committee ought to factor into their deliberations in deciding whether to pass it into law.

Yours faithfully,

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