

Chapter 5

Motorsport and motoring enthusiasts

5.1 This chapter explores the role of motorsport and motoring enthusiasts to the Australian automotive industry and examines specific barriers to the expansion of these activities.

Importance of motorsport and motoring enthusiasts

5.2 Motorsport and motoring enthusiast activities are a significant and growing part of the Australian automotive industry and the economy more broadly. Motorsport is deeply embedded in Australian culture and it adds to community cohesion and development. The Confederation of Australia Motorsport (CAMS) submitted that motorsport is the fourth most watched sport in Australia behind Australian Rules football, horse racing and rugby league.¹

5.3 In 2013, motorsport in Australia generated \$2.7 billion in direct industry output, \$1.2 billion in value add, and over 16,000 jobs. Each participant spends, on average, around \$60,000 on motorsport vehicle purchases and modifications, and a further \$13,000 a year participating.² Motoring enthusiasts are also strong supporters of the automotive aftermarket and the products and services it provides. According to the Motoring Advisory Council (MAC):

Australia continues to create people that possess the passion and enthusiasm for automotive products. It is crucial that the automotive market keeps a foot hold within the Australian economy by building on what we do well now and looking forward to developing technologies of the future.³

5.4 As a significant contributor to the economy, the motorsport and motoring enthusiast activities provides an opportunity for further growth and development. In particular, motorsport is an established platform for innovation, creativity, design and niche manufacturing.⁴

Challenges facing the expansion of this sector

5.5 The issues that affect the motorsport and motoring enthusiast sectors cut across many parts of the automotive industry, including infrastructure, manufacturing, retailing and regulation. There are also considerable linkages between these sectors and the automotive aftermarket which can work together to retain skills and jobs in Australia.

1 *Submission 7*, p. 2.

2 CAMS, *Economic Contribution of the Australian Motor Sport Industry*, 2013, pp. 5, 20 and Mr Eugene Arocca, *Committee Hansard*, 8 October 2015, p. 36.

3 *Submission 35*, p. 2.

4 CAMS, *Submission 7*, pp. 2–3.

Investment in motorsport infrastructure

5.6 In many respects, there is the potential for Australia to become a motorsport leader in the Asia-Pacific region given the experience and talent that exists here.

5.7 One of the major constraints to the expansion of the motorsport industry is access to facilities. The Confederation of Australia Motorsport (CAMS) faces difficulty getting access to tracks as around 95 per cent are owned by private operators and it costs \$10,000 to get a track to do a come-and-try-day.⁵ According to Mr Eugene Arocca, Chief Executive of CAMS:

We really suffer immeasurably from a lack of infrastructure.⁶

5.8 And the flow on benefits from having accessible infrastructure are large:

...if you build more tracks, you get more participation and when you get more participation, you get more economic activity...What we really do need is a knock-your-socks-off track with a fantastic industry park next to it, and you will have everyone from car manufacturers to overseas participants wanting to use that area or use that experience.⁷

5.9 CAMS has proposed a Motorsport Centre of Excellence (the Centre) to develop and train new and emerging driving and engineering talent. The Centre would ideally be based at one of the major existing permanent race track facilities and offer high quality training and development opportunities to expand the number of junior participants. It could also provide courses in the management of motor sport events and training for officials and participants. With an established track record, the Centre could also be used to offer motorsport education, training and innovations to international visitors.⁸

5.10 Mr Arocca highlighted the parallel between this proposal and the Silverstone Park model:

Right next to the Silverstone track in the United Kingdom is a fantastic, innovative engineering and motorsport development park...We invite the committee to look at the opportunities that might exist in Australia in a regional area where we could create a track, build into that an industry element which would be supported by the aftermarket industry, the automotive industry and the motorsport industry.⁹

5.11 The committee recognises the important role that motorsport plays in the broader automotive industry and supports, in principle, the industry's efforts to increase participation by developing more facilities and a Motorsport Centre of Excellence.

5 Mr Eugene Arocca, *Committee Hansard*, 8 October 2015, p. 34.

6 *Committee Hansard*, 8 October 2015, p. 35.

7 Mr Eugene Arocca, *Committee Hansard*, 8 October 2015, pp. 35–36.

8 *Submission 7*, pp. 3–4.

9 *Committee Hansard*, 8 October 2015, p. 33.

Importation of specialist and enthusiast vehicles

5.12 The Specialist and Enthusiast Vehicle Scheme (SEVS) enables the importation of makes and models, both new and used, into Australia providing they have not already been sold domestically as new cars in full volume. SEVS has been operating for over a decade and, according to the Auto Services Group:

..for the most part, has successfully enabled enthusiasts to access rare and unusual vehicles through networks operating outside the official channels.¹⁰

5.13 Diversity is the cornerstone of the enthusiast community and a well-functioning SEVS is an important mechanism for achieving this diversity.

5.14 Vehicles imported through SEVS must be made compliant with Australian Design Rules relevant to the year of manufacture. This work is completed by a Registered Automotive Workshop (RAW). Due to restrictions on the vehicle eligibility of SEVS as well as limits on the number of vehicles each RAW can comply each year, the total number of vehicles imported through SEVS represents less than one per cent of new vehicle sales.¹¹

5.15 There are concerns about the long term viability of SEVS and the businesses that import vehicles through this scheme. Auto Services Group indicated that:

Of the approximately 800 models currently listed on the SEVS eligibility register, less than 25 per cent of them are being regularly imported for sale in Australia. Lack of supply and the expense and time-consuming testing procedures required to comply new models are the most common complaints from the importing industry. Compounding the problem, new vehicle distributors have become more adept at putting certain models onto the market in a manner that prevents them from becoming eligible for import via SEVS.¹²

5.16 The Motoring Advisory Council (MAC) and the Auto Services Group submitted that SEVS cannot be sustained in its current form.¹³ Auto Services Group proposed a number of actions which could potentially improve the sustainability of the scheme:

- increase the number of vehicles each Registered Automotive Workshop can comply in any 12-month period;
- variants not sold in Australia should be considered for eligibility (providing it meets SEVS criteria), even if the model is already sold here in full volume;
- the current pre-1989 rule is changed to a 25-year rule with a rolling date;

10 Auto Services Group, *Submission 36*, p. 4.

11 *Submission 36*, p. 4.

12 *Submission 36*, p. 4.

13 *Submission 35*, p. 6 and *Submission 36*, p. 4.

- vehicle manufacturers have 6 months, instead of the current 18 months, from overseas release to commence an Australian delivery of new models, or these models become eligible for importation through SEVS;
- testing procedures for eligible models be drastically reduced to cut red tape—compliance requirements to be determined by age and country of first sale rather than model-by-model;
- SEVS criteria revised and refined to reflect current trends and changing societal expectations;
- SEVS eligibility determined by an industry-panel rather than a Minister's delegate having sole authority; and
- all SEVS-complied vehicles inspected by a third-party body (with the cost borne by the importer) prior to registration to ensure the integrity of the system, rather than the current practice of random audits by government inspectors.¹⁴

5.17 A review of SEVS was proposed by the Federal Chamber of Automotive Industries in its response to the *Review of the Motor Vehicle Standards Act 1989* with an aim to develop appropriate entry criteria to meet the intention of SEVS.¹⁵

5.18 Given that the committee does not support the relaxation of parallel vehicle imports, it considers that there is a case for SEVS to be independently reviewed.

Recommendation 19

5.19 The committee recommends that the government undertake an independent review of the Specialist and Enthusiast Vehicle Scheme (SEVS) to ensure that:

- **the scheme is meeting its stated objectives;**
- **the eligibility criteria for importation are appropriate; and,**
- **the compliance and monitoring processes do not undermine the integrity of the scheme.**

National harmonisation of vehicle standards

5.20 A number of stakeholders were concerned that differences between jurisdictions in relation to the regulation and enforcement of vehicle standards were frustrating for motoring enthusiasts and detrimental to parts of the automotive manufacturing industry. For example, the MAC contended that:

With sensible reform, the unrealised potential of the aftermarket and motor sport industries is simply staggering. The full growth potential both

14 *Submission 36*, p. 5.

15 *FCAI Response to the 2014 Review of the Motor Vehicle Standards Act*, 25 November 2014, p. 3.

domestically and internationally within niche markets can be unlocked with sensible nationally consistent regulatory reform.¹⁶

5.21 Regulatory restrictions on the ability of motoring enthusiasts to modify vehicles are limiting the potential of the industry significantly. State based inconsistency and enforcement around modifications creates layers of confusing red tape and paperwork.

5.22 Issues also arise with the legality of modifications when enthusiasts travel interstate where there are different regulations. The MAC's view is that:

It is lunacy that an Australian vehicle owner can drive a legally certified vehicle in their home state, but then be deemed defective in another.¹⁷

5.23 These cross border issues are exacerbated when inspections of, and judgements about, vehicles are generally undertaken by people with insufficient training with respect to rules surrounding vehicle modifications.¹⁸ Mr Peter Styles, Chairman of the MAC, described the situation faced by many enthusiasts:

At the moment, the state based inconsistencies and the layers of regulations created in every state are too hard for the community and the industry to bear...you pass from one state into the next, and your control measures and your guidance change. They are the same ADRs but are interpreted differently by the states. How can business deliver products and models that are economically viable when they cannot even sell to the neighbouring state or the person driving the vehicle may not be able to drive it into the next state?¹⁹

5.24 Mr Styles went on to provide an example of a Sydney-based company that manufactures a muffler system that enables the user to vary the noise associated with the exhaust. The technology was subsequently banned by regulators in some states despite similar technology being allowed on certain production vehicles.²⁰

5.25 The MAC offered a regulatory and compliance solution to improve national consistency based on existing frameworks.

5.26 The National Code of Practice for Light Vehicle Construction and Modification (VSB14) is considered by the MAC to be a 'fair, effective, transparent and easy to follow mechanism for determining the requirements of vehicle modification'. As it is only a model law, however, states have chosen to put their own layers of regulation on top or not apply it at all. The MAC believes that if VSB14 was adopted consistently by all states and territories, there would be significant compliance cost savings.²¹

16 *Submission 35*, p. 14.

17 *Submission 35*, p. 15.

18 *Submission 35*, p. 15.

19 *Committee Hansard*, 8 October 2015, p. 19.

20 *Committee Hansard*, 8 October 2015, p. 20.

21 *Submission 35*, pp. 15–16.

5.27 The Vehicle Safety Compliance Certification Scheme (VSCCS) is used in New South Wales and allows a licensed certifier to assess vehicles and modifications in specific licence categories.²² The MAC contended that the VSCCS model reduces the regulatory code from state and territory road authorities and enables governments to reallocate and strengthen compliance operations.²³

5.28 The MAC considered that harmonising regulations through incorporating VSB14 into the National Road Safety Strategy and the Motor Vehicle Standards Act, and adopting a measured approach to certification nationally, based on the VSCCS, would reduce compliance costs and deliver significant efficiencies and effectiveness in the enforcement sphere. In addition, it is proposed that this approach be applied to personal imports with modifications, thus offering further opportunities to cut unnecessary red tape burdens.²⁴

5.29 In summarising the benefits of harmonisation, the MAC contended that:

For state and territory governments, this presents an opportunity to realign resources by implementing better systems that harmonise with personal imports an engineer certified modifications to assure regular checks for vehicle safety occur.²⁵

5.30 More broadly, Mr Robert Bryden outlined how relaxing regulations could benefit the wider industry:

Encouraging the growth of the aftermarket industry in Australia will occur with the removal of ADR [Australian Design Rules] impediments and also through the adoption of inexpensive Certification procedures and National Regulation, removing the anti-industry discretion used by Registration Authorities and Police in some jurisdictions.²⁶

5.31 The committee recognises that there may be potential benefits from harmonising vehicle modification regulations between states and adopting a national approach to compliance and enforcement by people who are appropriately qualified. Recognising that these are predominantly state issues, however, it is probably an issue more appropriately pursued through the Council of Australian Governments.

Recommendation 20

5.32 The committee recommends that the government, through the Council of Australian Governments, pursue reform options to harmonise vehicle modification regulations and adopt a consistent national approach to compliance and enforcement with vehicle regulations. A critical part of this work will be the

22 NSW Roads and Maritime Authority, *Vehicle Safety Compliance Certification Scheme (VSCCS)*, <http://www.rms.nsw.gov.au/business-industry/examiners/vsccs/> (accessed 24 November 2015).

23 *Submission 35*, p. 16.

24 *Submission 35*, pp. 15–16.

25 *Submission 35*, p. 16.

26 *Submission 38*, p. 16.

harmonisation of emerging federal, state and territory legislation and regulations designed to deal with the arrival of autonomous vehicles and driving systems.

Senator Chris Ketter

Chair

