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NSW

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Auto Inquiry
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Dear Commissioners

RE: THE AUTO INQUIRY- SPECIFICALLY IMPORTED 4WD VEHICLES.

I would like to make a brief submission to the inquiry in relation to the disparity in customs duty on 4WD vehicles imported into this country.

The Customs Tariff Schedule 3, Section 17, Chapter 87/2, Additional Notes- goes to some trouble to describe what is in effect for the purposes of 8702 and 8703 "off-road vehicles".

These specifics refer under 4 (a)(b)(c)(d)(e) certain measurements relating to approach angles; brake over angles; departure angles; running clearance; and front axle, rear axle, and suspension clearance.

I am advised by Peter King MP, Member for Wentworth responding to my submission to him in regard to the disparity in tariff duties on 4WD vehicles, he makes the following statement:

"Finally, in relation to tariffs on four wheel drives. I agree that the proliferation of four wheel drive vehicles in metropolitan areas does mean that the reduced tariff is benefitting other people than those needing such vehicles for commercial purposes. I am not sure how customs officers should determine which vehicles arriving at our ports were destined for commercial uses or otherwise. The administrative difficulties in doing so mean that the system will probably remain a little porous. I would, however, encourage you to make a submission to the Productivity Commission in the manner suggested by the minister, as those with expertise in this area may be able to devise a solution."

A submission to the office of The Hon Ian Macfarlane MP, Minister for Industry, Tourism and Resources, a copy of which is enclosed, in paragraph 2 gives an inadequate response to my submission to that office.

In essence, one can assume that the reason that 4WD vehicles as described in the Customs Tariff Schedule 3 as quoted above and the response of the appropriate minister attracts a lower duty of 5% because they are commercial vehicles with “a relatively high business use”. There is reference to “important items for many businesses and primary producers”.

Let me put it to you simply: If I were a person suffering with a disability that required modification to a motor vehicle and as a consequence of my disability a reduction or waiving of duties for such a vehicle, I would have to prove to the authorities in no uncertain terms that I was disabled. This would require medical certification etc.

No such certification is required for 4WD purchasers to prove that the vehicle is for commercial or primary production usage.

By example, I own a 4WD motor car. Specifically it is an imported Audi TT Quattro Coupe. It is used by me for regular private and minimal business usage and travels regularly to the Southern Highlands. It does not go off-road.

My next door neighbour has a large X5 BMW 4WD vehicle and like most other owners and drivers of similar vehicles he drives around the metropolitan area and occasionally takes a trip on the highway to an out of town region. It never goes off the bitumen.

In the true sense of the word neither vehicle is used off-road, neither vehicle is for commercial purposes principally and neither vehicle is used for primary production.

Assuming that both vehicles are beyond the luxury limit and have similar taxes imposed upon imported vehicles at a price, why should I pay 15% import custom tariff duty on my vehicle and he pays 5%?.

This differential is not equitable, honest or reasonable.

Recently I heard The Hon Ian Macfarlane, Minister for Industry, Tourism and Resources state that decisions he and the government made were “economic decisions, not political”. I fail to see how that a decision consistently maintained by the government in regard to this unreasonable customs tariff disparity can be anything else but political.

I put to the Commission that if a large 4WD vehicle is required for business or primary production purposes, then that purpose should be validated before the privilege of reduced tariff is allowed. This would be simple and would overcome the inequity of the current principle.

This discussion does not enter into the damage done to roadways or other vehicles when parked in parking lots and stations when the line markings are to accommodate cars, not trucks.

Whilst I recognise that a suggestion of the Commission is that all tariffs be reduced over the next 10 years, I see no reason why in the case of large urban 4WD vehicles that the owners thereof should avoid appropriate customs tariff because of a large loop hole in the current laws.

I ask that you give consideration to this submission on the basis of equity for all Australians who wish to own a motor vehicle and are being unfairly taxed against much larger 4WD vehicles, which in many cases are less safe and less ecologically responsive by virtue of their petrol consumption.

Yours faithfully

Garry E. Scarf

Encl.