



19th February, 2016

The Hon. Teresa Gambaro MP
Federal Member for Brisbane
Electorate Office
Level 4, 5 Kyabra Street
Newstead QLD 4006

Dear Teresa,

Thank you for meeting with Marvin and I yesterday to discuss the proposed changes to Motor vehicle importation laws.

Our businesses, Brisbane BMW, Brisbane Ferrari and Westside BMW generate a turnover of around \$270 mio and employs over 250 people.

Our business has a strong tradition in delivering customers with outstanding service, in investing in staff and training, investing in state of the art facilities and of course playing a significant role in the community. Our involvement in fund raising and support of numerous charitable organizations is also extensive.

Moreover, we would be one of the largest collectors of Luxury Car Tax in QLD and our Tax contributions are significant:

- GST	\$29.2 mio
- LCT	\$10.3 mio
- PAYG withheld	\$4.0 mio
- FBT	\$0.4 mio
- Company Tax	\$3.8 mio

Total \$47.7 mio

Similarly for the State Government we generate a significant amount of Tax and Duties;

- Stamp Duty/Registration	\$7.3 mio
- Payroll Tax	\$0.7 mio
- Land Tax	\$0.6 mio

Total \$8.6 mio

Having said that, we as a business are very concerned at the proposed Government reforms to Motor Vehicle Laws that MP, Paul Fletcher announced on February 10th 2016.

LMM Holdings Pty Ltd
A.C.N. 089 545 853

800 Ann Street
Fortitude Valley
Qld 4006

Postal Address
PO Box 1404
Fortitude Valley
Qld 4006

Telephone
(07) 3853 0068

Facsimile
(07) 3853 0048

As mentioned in our discussion the total Imported Luxury Car market in Australia just exceeded 100,000 vehicles in 2015 – a record for the Australian market. And these vehicles retail from \$40,000 and above. The announcement that MP Paul Fletcher has made, has suggested that the changes to import laws will generate an estimated 30,000 vehicles to be personally imported into Australia.

In our view, this won't grow the market in Australia nor give car buyers more choice, but will just replace sales made by traditional authorized car dealers, like ourselves.

As a point, how did Mr Fletcher arrive at such a calculation in the first instance? Can we see this modelling?



We totally reject the Governments point of view on this topic and believe that, any 'perceived benefits' to consumers (and the Government) will be outweighed by a host of potential 'risks and exposures' to Australian motorists, the local Car Industry at both a manufacturer / importer and dealer level.

In our opinion, the proposed changes will;

A. Create Risks for the Consumer

- No Warranty support or coverage will be provided on these cars
- Vehicles will fall outside the safety recall net
- Lesser technical support for these "private vehicles". What happens when there is a major failure to a vehicle? Who stands behind the customer? Who will fix these problems?

B. Not reduce red tape as Mr Fletcher has indicated

In fact, we think it would do the opposite. Who will check the vehicles for compliance? Who will ensure that the current level of GST / Luxury Car Tax has been collected? And who will keep a register of these vehicles to ensure that if there were product safety recalls that the owners of the vehicles be contacted for timely repairs?

Needless to say, there will also be a significant increase in the amount of consumer complaints by customers who simply can't get assistance from a Dealer or Manufacturer to fix a technical or product associated complaint. In my experience, I can assure you this will create a lot of unnecessary consumer 'issues' that will keep the ACCC and other Consumer Regulators very busy.

C. Significantly impact the viability of dealers like ourselves who deal in top end prestige cars.

Without doubt, the focus of "private buyers" will be on importing top end vehicles like BMW, Ferrari, Porsche, Audi, Lamborghini, Mercedes Benz, Lexus, Aston Martin etc. and not on lower priced brands like Mazda, Holden, Toyota, Kia, Ford etc.

Therefore, Mr Fletchers' estimate of 30,000 vehicles is significant as there are only 100,000 Imported Luxury Vehicles in total sold in Australia and a lot of these are sold between \$40-\$60,000. In our view of the consumer focus will be on cars priced above \$100,000. In fact, less than 30,000 cars were sold in 2015 that were priced over \$100,000.

So in principle, the impact of these changes could be significant and therefore jeopardize the viability of our business, the employment of our staff and the amount of contributions that we make to the Government.

In Australia, 28 brands sell fewer than 30,000 vehicles p.a. It is therefore not inconceivable that these brands could withdraw from the Australia market as a result of this policy – hence reducing customer choice as opposed to increasing it. And how will customers feel if their Brand of car is no longer represented in Australia?

D. Impact the Governments financial position

We believe that this proposed policy change could have the very real impact of creating a "buyers strike" up to 12 months before the proposal introduction date in January 2018.

This would have a significant impact on GST / LCT takings in 2017 as well as an impact on State Government revenue take with reduced Stamp Duty and CTP/ Registration collections. This could be worth hundreds of millions of lost Government revenue.



Moreover, this would result in many dealers and importers reducing employment numbers with many of these people then turning to Government (Federal / State) for welfare payments. Surely a “lose-lose” situation for not only the car industry, but the Government and the buying public.

And when the proposed policy changes have come into effect in 2018, has the Government considered how it will control or manage the many potential loopholes that will exist for ‘consumers’ or opportunistic organizations purporting to be private Consumers in getting around the limitations of how many vehicles they can import? And, has the Government thought through how it will handle the amount of “private buyers” who have registered ‘dealer licenses’ who then plan to avoid paying Luxury Car Tax?

Our view is that the Government Tax revenue will go down as a result of these changes and the amount of red tape in policing ‘rogue’ operators will increase dramatically.

E. Risk the environment and the safety of Australian Motorists

We understood that the Government did not want to allow ‘used cars’ to be covered under this scheme. However, given the definition announced in Mr Fletchers media release, who will police and verify the age and kms of the vehicle given the prevalence of ‘mileage correction’ services that exist in the UK? And, given that many brands don’t have “build dates” on cars (or just on a sticker that could be removed easily) how can the Government ensure that only ‘allowable’ cars are privately imported? We see this as a loophole that will lead to a ‘burgeoning grey’ market for used cars entering the Australian Market and creating huge distortions in the Market place. And moreover, this could provide safety risks for motorists and go against stated Government objectives of reducing the emissions levels of motor vehicles.

And who will be the “independent third party” who will inspect cars when the vehicle arrives in Australia? And, what will happen if the vehicle is found to have faults? And, what obligations are there under Australian Law on these issues?

Teresa, these are just some of the concerns that we have and to be blunt we just can’t see why the LNP Government has such an appetite for these changes. If the Government are so focused on lowering car prices and increasing choice then there are a myriad of Government controlled measures that could be looked at that would not only reduce prices but increase the amount of car sales hence increasing the overall tax revenue system in Australia.

As Mr Fletchers’ announcement is currently structured, these measures will largely impact the ‘top end of town’ for people wanting to buy a vehicle priced at \$100,000 or more and not the bulk of Australian Motorists that buy vehicles at price levels well below that. Now that sounds like a great story for the anti-liberal media channels.

So, to you and other Government MP’s we strongly urge you to shelve this nonsensical policy proposal and to place your focus and agenda onto more important policies that will stimulate the economy and create jobs.

Thanks again for your time.

A handwritten signature in blue ink, appearing to read 'Martin Roller', with a horizontal line extending to the right.

Martin Roller
Managing Director
Brisbane BMW

LMM Holdings Pty Ltd
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