

18th February, 2014

The Commissioner  
Productivity Commission  
Locked Bag 2  
Collins Street  
**EAST MELBOURNE VIC 8003**

Dear Commissioner

**Re: Fringe Benefits Tax Exemption on "tradies" Utility vehicles**

The Fringe Benefits Tax [FBT] as applied to the buyer of any passenger vehicle sold in Australia, has destroyed the previously achieved high volume of passenger cars sold as "Company Cars" which are supplied by employers for employees with after-hours use. The FBT on a Commodore wagon is \$2,700 per annum which totals \$10,000 over a four year average life of a company car

The Fleet and Government cars once represented 60% of Commodore sales pre the introduction of FBT in mid-1980s.

**This market has gone to fully-imported Thailand manufactured 4-door utilities** which have comfortable room for 5 adults and can carry One Tonne, so the Australian Tax Office decrees these utilities FBT Exempt. In 2013, 300,000 "utilities" were sold in Australia of which 10,000 were Commodore or Falcon 2-seater utilities.

A further 400,000 SUV wagons were sold, all fully imported [except the Ford Territory made in Geelong], added to the above utilities, comprise 70%+ of the total sales of vehicles in Australia

**Recommendations:**

1. Remove the FBT from Australian- made passenger cars, virtually cost neutral
2. As there is still a world-wide market for rear-wheel drive medium to large passenger vehicles, I recommend supporting parties who may wish to buy GMH as a going concern. Jaguar is now owned by TATA of India and Volvo is Chinese-owned, but their manufacturing plants are operating in their original countries
3. I urge the Commission to investigate the pricing of spare parts for European vehicles as they are up to five times the price of the same part acquired through the USA
4. The ongoing cost of European motor vehicles as they age is vastly more expensive than that of the Australian-made product as it becomes a used car

Yours sincerely

Christopher Merridew  
*[five decades in the new car business in Hobart]*