
FCAI Submission to the Parliament of Victoria, Road Safety Committee Inquiry into ADRs

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INTRODUCTION

The Federal Chamber of Automotive Industries (FCAI) is the peak industry organisation representing manufacturers and importers of passenger vehicles, light commercial vehicles and motorcycles in Australia. The FCAI welcomes the opportunity to provide this submission to the Parliament of Victoria, Road Safety Committee inquiry into Australian Design Rules (ADRs).

This submission outlines the FCAI's position in relation to ADRs and technical regulation;

- The automotive sector is a globally integrated industry and technical regulations in Australia must be nationally consistent and harmonised with international regulations.
- Regulations must be based on sound science and economics and governments must balance the social and economic benefits from regulation with the cost of the resulting improvement in safety and environmental performance.
- The Australian Government's *Motor Vehicle Standards Act* and policy of harmonising ADRs with UN-ECE Regulation and Global Technical Regulations achieves these two basic principles.
- Modern vehicle technical regulations are very complex due to the nature of the issue to be addressed and the complexity of the vehicle technology and take a significant period of time to develop.

TERMS OF REFERENCE

The Terms of Reference for the Victorian Parliament Road Safety Committee enquiry is to -

"Consider and report no later than 30 November 2009 on the process of development, adoption and implementation of Australian Design Rules and to consider other worldwide practices with a focus on improving vehicle safety."

OVERVIEW OF THE AUTOMOTIVE INDUSTRY

The automotive sector is a globally integrated industry with many product lines sharing platforms and major components to achieve productivity gains from economies of scale. While more than one million new vehicles were sold in Australia in 2008, this still represents less than one and a half per cent (1.5%) of the global market. With growth expected to continue in the emerging economic markets of India, China, Russia and Brazil, Australia's share of the world market will decline. With the expected fall in Australian new vehicle sales of up to twelve per cent (12%) in 2009, Australia's share of the world market could decline even further.

Australia is one of the most open and competitive automotive markets in the world with more than 50 brands, 350 models and 20 source countries. Less than seventeen per cent (17%) of new passenger vehicles sold in 2008 were manufactured locally with the remaining eighty three per

cent (83%) of new vehicles imported from various countries and regions of the world including Asia, Europe and Africa. All new motorcycles and scooters are imported.

Australia is also an exporter of vehicles with half of all Australian made vehicles exported.

The vehicle is increasingly a global product and one of the most comprehensively regulated products. In considering regulations, the government's role is to balance social and economic benefits with the cost of improved safety and environmental performance.

The FCAI considers that governments should base regulations on sound science and economics and that regulation is justified only when there is demonstrated need for government intervention because the market or vehicle manufacturers are not responding to a demonstrated need or new technology. Additionally, vehicle regulations in Australia should be both nationally consistent and harmonised with international regulatory standards.

As economies of scale are critical in the automotive industry all manufacturers have tended to limit the number of locations any one model is produced and that model is then cross-shipped to markets where there is demand. This approach benefits the manufacturer, initially through reduced costs and ultimately the consumer by improving affordability and increasing product choice.

The introduction of individual or unique standards and regulatory requirements, at a national or state level, can seriously affect this approach through increasing development, compliance and production cost, which must be passed along to the consumer, without necessarily improving safety or environmental performance.

MOTOR VEHICLES STANDARDS ACT

The automotive industry is a global industry and nationally consistent regulations that are harmonised with international regulations are required to minimise any administrative regulatory burden and provide avenues for supply of a broad range of automotive products to the Australian consumers.

The FCAI considers that the federal *Motor Vehicle Standards Act* fulfils this function as one of its objectives is;

"to achieve uniform vehicle standards to apply to new vehicles when they begin to be used in transport in Australia."

The *Motor Vehicle Standards Act* achieves this through providing for the federal Minister for Transport to make national vehicle standards for road vehicles, (i.e. ADRs).

In its *Inquiry into Vehicle Safety*, the Committee noted the benefits of harmonization with international regulations and stated;

"To ensure that Australia keeps pace with safety developments the Committee recommends that Australia adopt United Nations Economic Commission for Europe vehicle regulations."

Over the last ten or so years the Australian Government has been progressively harmonising the ADRs with the UN-ECE Regulations and are at a point where the majority are harmonised. The

FCAI supports the Australian Government's approach to harmonising with the UN-ECE Regulations and that the Australian Government is a signatory to the two international agreements for the development and implementation of international vehicle technical regulation, i.e. the UN-ECE Regulations and Global Technical Regulations.

The FCAI recognises that there are still a few outstanding differences between the ADRs and the UN-ECE Regulations and acknowledges that the industry has an important role in assisting the government to update and maintain the ADRs to provide the maximum benefit to new vehicle buyers.

As more than eighty per cent (80%) of new vehicles (including all motorcycles and scooters) sold in Australia are imported the harmonisation of ADRs with UN-ECE Regulations assist with providing a greater range of product choice for Australian new vehicle buyers and provides the platform for allowing vehicle brands to both manufacture locally (for both domestic sale and export) and also import vehicles with world standard safety equipment.

VEHICLE TECHNICAL REGULATIONS

Motor vehicle technology has continued to improve and continues to become more complex providing the opportunity for more sophisticated and improved responses to the communities' safety and environmental concerns.

With the increasing level of technology in modern vehicles, technical regulations also need to be more complex than the relatively simple regulations of the 1960s and 1970s. For example, Australian Design Rule 1 for Reversing Signal Lamps, introduced from 1 January 1972, is self-contained with all technical requirements for reversing signal lamps occupying less than ½ page. The more recently introduced occupant protection standard, ADR 73/00 - Offset Frontal Impact Occupant Protection, is 60 pages long and references other standards.

To continue to improve the safety and environmental performance of vehicles the research and analysis tools needed to become more sophisticated and the resulting technical regulations have also become more complex. For example, the technical regulations for protecting front seat occupants moved from the relatively simple rules for seat belts (ADR 4), seat belt anchorages (ADR 5), seats and seat anchorages (ADR 3) to assessing the level of occupant protection by using highly sophisticated anthropomorphic crash test dummies in three different laboratory crash tests (ADR 69/00 – Full Frontal Occupant Protection, ADR 72/00 - Dynamic Side Impact Occupant Protection and ADR 73/00 - Offset Frontal Impact Occupant Protection).

More recently, the more significant improvements in vehicle safety are due to new crash prevention technology developed by manufacturers such as Electronic Stability Control (ESC) and advanced braking systems. The development of the global technical regulation for ESC [Global Technical Regulation No. 8 (gtr 8)] provides a good example of the complex issues to be addressed with the development of technical regulation and the length of time it may take.

Even though ESC was introduced by vehicle manufacturers in the late 1990s it was not until the early part of this decade (around 2003) that evidence from crash data demonstrated the significant safety benefits of ESC that are now widely acknowledged. Subsequently, many countries began the process to research and develop the necessary technical standards that

could be used as a technical regulation for ESC. It needs to be acknowledged that the vehicle industry actively assisted government's in the United States, Europe and Japan in this process.

Even with significant cooperation from the automotive industry the research took a number of years and it was not until mid-2008 that a sufficiently robust technical standard that could be used as a regulation was finalised. Once the regulation (gtr 8) was agreed, the Australian Government began the administrative process of introducing a new regulation into Australia and had released a Regulatory Impact Statement by the end of 2008. While it took five years to develop the technical standard for a regulation it may take less than one year to undertake the necessary administrative process to implement that regulation into Australia.

The development and implementation of gtr 8 showed that even under the most optimal conditions the majority of the time required to develop and implement any new vehicle technical regulation is the development of the technical component of the regulation, not the implementation time.

CONCLUSION

The FCAI considers that regulations must be based on sound science and economics and should only be introduced when there is a demonstrated need for government intervention. The government's role in developing and implementing regulations is to balance the social and economic benefits from regulation with resulting safety and environmental performance.

The automotive sector is a globally integrated industry and the motor vehicle is a global product and one of the most comprehensively regulated products worldwide. Vehicle regulations in Australia should be both nationally consistent and harmonised with international regulatory standards.

The FCAI considers that the federal *Motor Vehicle Standards Act* fulfills this function along with the current Australian Government policy and practice of harmonizing Australian Design Rules with the United Nations Economic Commission for Europe (UN-ECE) Regulations and Global Technical Regulations.

Vehicle technical regulations are very complex due to the nature of the issue to be addressed and the complexity of the vehicle technology. The majority of the time required to develop and implement any new vehicle technical regulation is the development of the technical component of the regulation, not the implementation time.

The introduction of individual or unique standards and regulatory requirements, at a national or state level, can seriously affect this approach through increasing production cost, which must be passed along to the consumer, without necessarily improving safety or environmental performance.