

AAA Submission on ADR Harmonisation Review 2024-25

The Australian Automobile Association (AAA) is pleased to provide feedback on the *ADR Harmonisation Review 2024-25*.

The AAA is the peak organisation for Australia's motoring clubs and their 9.3 million members. The AAA's constituent clubs are the NRMA, RACV, RACQ, RAA, RAC, RACT and the AANT. The AAA regularly commissions research and develops in-depth analyses of issues affecting transport systems, including safety, equity and sustainability.

While the consultation considers all vehicles that must comply with the Australian Design Rules (ADRs), this submission will focus on the light vehicle market driven by motorists.

Key Points

The AAA believes mandatory uniform national standards for motor vehicles supplied to the Australian market are essential in providing a minimum level of vehicle safety, emissions reduction and theft protection.

The AAA also believes sufficient resourcing is required to support the ongoing maintenance, timely development, and enforcement of mandatory national vehicle standards to ensure that they remain effective and efficient.

The AAA supports the harmonisation of ADRs with UN Regulation¹ and supports initiatives to reduce administrative burden, but the way/s in which this is done must not result in a degradation in safety.

AAA supports the harmonisation of the ADRs

The AAA understands that vehicle brands are seeking government support to reduce the regulatory burden that they believe ADRs represent, and to streamline regulatory compliance processes to facilitate the faster introduction of new low-emissions vehicles for compliance with the New Vehicle Efficiency Standard (NVES). This is both in terms of unique Australian vehicle standards and the process and time taken for administration of vehicle type-approval under the *Road Vehicle Standards Act 2018*. This type-approval from the Australian Government is required to permit the supply of a vehicle to the Australian market.

The AAA supports the harmonisation of ADRs with UN Regulation and supports initiatives to reduce administrative burden, but the way/s in which this is done must not result in a degradation in safety.

The AAA supports improvements to the ADRs and vehicle certification processes to support vehicle brands in meeting their targets under the NVES. The NVES was implemented to improve the business case for low-emissions vehicles, providing an incentive to bring these vehicles to the Australian market.

Australia's light vehicle fleet is undergoing a technology transition to alternative energy sources and to zero and low-emission vehicles. This transition needs to be supported and managed to ensure it is safety-orientated, sustainable, and delivered at the least cost to motorists. The AAA and its member

¹ In this document UN Regulation refers to the Addenda developed by the contracting parties of the 1958 Agreement (*Agreement concerning the Adoption of Harmonized Technical United Nations Regulations for Wheeled Vehicles, Equipment and Parts which can be Fitted and/or be Used on Wheeled Vehicles and the Conditions for Reciprocal Recognition of Approvals Granted on the Basis of these United Nations Regulations (Revision 3)*) and the 1998 Agreement (*1998 Agreement on UN Global Technical Regulations (UN GTRs)*)

clubs want Australians in the best possible position to adopt new technologies and choose the transport technology options that best suit their lifestyle, household budget, and commuting needs.

The AAA notes that changes to streamline the administrative process of type approvals may lead to an increased workload on the updating of vehicle standards regulation and legislation if the latest international standards are to be readily accepted when granting an approval.

A critical consideration in any change to the regulatory environment for the supply of new vehicles to the Australian market is Departmental resourcing. Regulatory authorities at Federal and State/Territory level must be sufficiently resourced to ensure the ongoing maintenance, development and enforcement of vehicle standards.

Harmonisation principles and trusted markets

UN Regulation balanced with Australian autonomy

The AAA supports the harmonisation of Australian vehicle standards with the international vehicle regulations of the United Nations. Recognising that Australia is a technology-taker and no longer has a domestic car manufacturing industry, the AAA wants Australian consumers to have access to vehicles with the latest technology. The alignment of Australian vehicle standards with international standards leverages economies of scale for vehicle manufacturing, offering the regulated level of safety at the most affordable price. As a signatory to the treaty under which UN Regulations are developed, Australia has the opportunity to provide input into the development of UN Regulations and has voting rights on the adoption of draft rules into UN Regulation. However, safety is the paramount consideration in any changes to mandatory vehicle standards, and there should be no situation where road safety is compromised. To achieve this, the AAA believes that Australia must retain its autonomy in rulemaking to ensure new vehicles supplied to the Australian market meet the minimum levels of vehicle safety, security and emissions control.

The Australian regulatory framework should always be able to incorporate new mandates to address specific issues that arise due to new developments in technology and road safety research. Wherever possible, these changes should align with the requirements of other major markets that have comparable or superior safety standards to Australia to avoid the additional regulatory burden of unique Australian vehicle standards.

Unless addressing a specific local issue, Australia's vehicle standards should remain harmonised with UN Regulation. Emerging vehicle safety and emissions issues that are not unique to Australia should be dealt with in UN Regulation – this includes consideration of new mobility technologies such as e-scooters and other micro-mobility devices. If the Australian domestic market requires regulations that differ from the UN, suitable regulations from other major international markets should be considered in order to maximise international consistency across jurisdictions.

The AAA notes that the Department has increased its engagement in UN regulatory development processes, and Australia's participation in these forums will only lead to better, internationally uniform, vehicle regulation. However, the AAA recognises that significant resourcing would be required to participate in the development of all UN vehicle regulations.

Trusted Markets

A trusted market approach, similar to that used by the Australian Competition and Consumer Commission (ACCC) *International standards for the safety of consumer products: criteria for acceptance*² could be employed. In this scenario, Australia could allow vehicles to be supplied into this market if they meet the requirements of jurisdictions with comparable or superior safety standards. This may present an opportunity for Australia to reduce regulatory hurdles for vehicle importers.

However, a number of factors would need to be considered before adopting this approach:

- The process by which the ADRs would be kept up-to-date with vehicle standards from other jurisdictions will need to be considered. An approach that automatically accepts any new standards from other trusted markets would compromise Australia's sovereignty to make its own vehicle standards. Conversely, an approach that requires consideration and adoption of individual new standards from trusted markets would create an additional workload for the ADRs to be updated, but retain Australia's rulemaking sovereignty.
- The AAA notes that the existing process of updating the ADRs to maintain currency with new and amended UN Regulations is already a challenging task and this could be exacerbated by the acceptance of additional standards from other trusted markets. Significant additional resourcing may be required to be able to update the ADRs and the supporting administrative processes used for type approval.
- Jurisdictions using a type-approval process, where an independent authority confirms that a vehicle meets the requirements of the standard, are to be preferred over jurisdictions using a self-certification regime where the vehicle brand makes a declaration of compliance when selling the new vehicle that may be checked later by an authority.

Used vehicle imports

The AAA does not support any regulatory changes that would allow an increase in the volume of used vehicles imported into Australia.

Used vehicle imports may present an opportunity for Australians to access cheaper cars. However, unless they are able to meet current ADRs, these vehicles will have older safety technology that is effectively a generation or more behind the new vehicles sold. For this reason, the AAA opposes any concessional arrangements in the ADRs for the purpose of facilitating the increase of used vehicle imports.

It is challenging to determine whether used vehicles comply with ADRs as the service life is unknown and unique to each vehicle, meaning that type-approval cannot be used to assess one vehicle and then assume all other used vehicles will be the same.

There are also consumer issues with imported used vehicles such as how recalls are administered. Under current arrangements, vehicle brands would not be responsible for the conduct of a recall on vehicles in the Australian market that they did not import. This has the potential to leave consumers stranded with a vehicle that is unsafe and unable to be rectified if the responsible party lacks the technical ability or financial capacity to complete the recall.

² Australian Competition and Consumer Commission, *International standards for the safety of consumer products: criteria for acceptance* (Report, 22 July 2015) <<https://www.productsafety.gov.au/about-us/publications/international-standards-for-the-safety-of-consumer-products-criteria-for-acceptance>>

Microcars

The AAA opposes any concessional changes to the ADRs that would allow for the introduction of tiny style cars such as Kei-cars or quadricycles. These vehicles are subject to lower levels of vehicle safety in markets where they are sold and consistently perform poorly in crash testing conducted by Euro NCAP.

These vehicles may present to the consumer as a substitute for a conventional car, but do not provide the same levels of safety. If these vehicles are introduced into the Australian market, they should not be given any safety standard concessions and should be subject to the same safety standards as conventional light vehicles.

Non-regulatory influences on vehicle design

The AAA notes that there are also non-regulatory factors that influence the specification of vehicles supplied to the Australian market. These include:

- consumer information programs that aim to assist consumers in making an informed choice of new vehicle and therefore reduce the uptake of vehicles that perform poorly against safety or emissions criteria
- consumer preference that would minimise the purchase of vehicles that are not fit-for-purpose.

Consumer information programs

The Australasian New Car Assessment Program³ (ANCAP) and the AAA Real World Testing Program⁴ are examples of consumer information programs regarding safety (ANCAP) and vehicle emissions and fuel consumption (Real World Testing).

These programs aim to inform fleet buyers and individual consumers on the performance of vehicles in tests that are beyond the regulatory minimum. Fleet buyers have a large influence on the specification of vehicles due to the significant volume of fleet vehicles purchased. Fleet buyers also have a strong vested interest in vehicle safety (for Work Health and Safety of employees), as well as fuel consumption (direct running cost) and emissions (both greenhouse gas for climate change and noxious emissions for air quality and health).

Programs like ANCAP and the AAA Real World Test program are important elements of the new car buying marketplace that complement the regulatory framework established through the ADRs. They recognise and respond to the inherent gaps that are created through regulatory processes and give consumers independent information from trusted sources. Over time, these programs help to drive informed consumer behaviour and encourage vehicle brands to supply vehicles that exceed the mandatory requirements in safety and emissions performance.

It is important that the regulatory minimum standards are maintained and increase in stringency over time to provide a baseline level of safety and emissions performance, allowing non-regulatory programs to further extend their requirements.

³ <https://www.ancap.com.au>

⁴ <https://realworld.org.au>

Fitness-for-purpose

The AAA recognises that not every aspect of vehicle design is subject to a vehicle standard. While the ADRs set the minimum requirements for safety, security and emissions, vehicle brands still carry an obligation to design vehicles that meet the expectations of consumers and are fit-for-purpose.

Future Australian Vehicle Regulation

The structure and design of the ADRs should not limit the department's ability to implement new regulations on emerging issues. An example is the work currently being undertaken through Working Party 29 on Automated/Autonomous and Connected vehicles. The Australian Design Rules may need to regulate cybersecurity and access to data collected or transmitted by the vehicle.