

# The Australian Automotive Aftermarket Association (AAAA) Response to the ADR Harmonisation Review

24 January 2025

The Australian Automotive Aftermarket Association (AAAA) appreciates the opportunity to provide input into the ADR Harmonisation Review. While we strongly support aligning Australian Design Rules with international standards, ensuring this alignment reflects and accommodates Australia's unique requirements remains a priority.

In addition to governing the initial design and manufacture of vehicles, Australian Design Rules (ADRs) also play a critical role throughout the life cycle of a vehicle, particularly in the aftermarket industry through vital modifications and upgrades to deal with Australia's unique climate. While many view ADRs primarily as "type-approval" regulations for new vehicles for our industry ADRs govern what we can do, how we do it and, and where we can do it.

The aftermarket sector has been forced to adapt, but change is urgently needed to prevent further disruptions to trade and innovation. While this change is needed, we urge you to not entrench Australia's ADRs exclusively within the European framework, advocating instead for regulations that reflect the country's evolving vehicle demographics, which now closely align with the United States.

AAAA recommends that to keep our ADR and harmonisation efforts current, that the Federal government establish an **ADR Harmonisation Review Board** comprised of industry members, government regulators and National industry associations that can make determinations on a case-by-case basis to allow further innovation and progress.

## The role of ADRs in the Aftermarket Industry

While ADRs are commonly seen as having the primary function of "type-approval" regulations for new vehicles, their influence extends throughout the vehicle's lifecycle, significantly impacting the aftermarket industry. Modifications and upgrades, especially for 4WD vehicles are a common and vital feature. These vehicles are essential to address Australia's diverse terrains and climatic conditions. In many cases, these vehicles need to be modified to ensure that they are fit for purpose. Right across Australia key sectors that are critical to protecting Australia's national interest include Mining, Emergency Service vehicles and Defence.

In 2024, 4WDs represented over 16% of all new car sales in Australia, with the Ford Ranger leading as the country's most popular vehicle, selling over 62,000 units that year. Despite its popularity, aftermarket parts and modifications are necessary to match the performance of its North American counterpart, ensuring it is fit for purpose for the many workers who depend on its reliability to navigate Australia's challenging terrain.

While full harmonisation with UNECE standards might benefit European SUV manufacturers, it would fail to resolve the existing challenges in the aftermarket sector that are causing frustration and significant productivity losses. Although many current ADRs already have UNECE equivalents, key issues persist. It is crucial to consider vehicle demographics when evaluating the harmonisation of standards. A practical next step would be to gradually incorporate FMVSS as an alternative compliance standard for testing.

## Current state of ADR Harmonisation with International Standards

Since 2000, when Australia acceded to the 1958 Agreement (WP.29), ADRs have been harmonised with vehicle regulations of the United Nations Economic Commission for Europe (UNECE). This alignment ensures vehicles meet UNECE standards for safety, anti-theft measures, and emissions. However, challenges arise in aligning regulations with those from non-UNECE markets, particularly for Australian manufacturers and suppliers seeking to compete globally.

Many Australian manufacturers and those conducting tests for ADR compliance have faced significant hurdles in meeting ADR compliance during the testing of vehicles. With some stock OEM vehicles struggling to meet ADR testing requirements. This is despite the fact that the vehicles and all modifications meet FMVSS standards. These barriers result in increased costs to both the manufacturer and consumer and delayed market entry, highlighting the need for ADRs to recognise FMVSS as an alternative standard where equivalency can be demonstrated.

## Impact of solely aligning with UNECE

We are already witnessing the effects of aligning many standards with UNECE, and AAAA believes these challenges will only intensify with full alignment unless alternative testing standards are provided. Australia's terrain and business usage differ significantly from those of the European Union, as reflected in comparative new car sales data. Australian consumers already face a premium when purchasing their preferred vehicles, a cost that extends to aftermarket parts and upgrades. While there is an economic benefit for Australian automotive manufacturers in sourcing UNECE-compliant vehicles, it is important to recognize that non-UNECE-compliant vehicles

undergo rigorous testing to meet the safety and performance standards of their home countries.

AAAA believes that harmonisation can be a valuable means to reduce costs and boost productivity. However, this can only be achieved by avoiding the entrenchment of current UNECE standards, which already disincentivise manufacturers from sourcing vehicles outside UNECE markets.

## Case Study of ADR 88 & 98

Both ADR 88 & ADR 98 set a clear example of why harmonising solely with the UNECE can cause issues for Australian manufacturers and consumers. These two ADRs are applicable to nearly all new vehicles currently on Australian Roads. However, issues have been common throughout the industry because the testing requirements for these ADRs must exclusively follow with the UNECE without any alternative.

Both ADRs currently require compliance with UNECE Regulation 10 without providing alternative compliance pathways. Many new vehicles originating from key markets such as Asia and the USA are designed to meet different EMC standards. As a result, these vehicles must undergo additional testing to meet ADR requirements, leading to significant cost implications for manufacturers and consumers.

Similar bureaucratic issues exist with seatbelt regulations where there is a discrepancy in the performance requirements between the USA and Europe. With almost full alignment in supplementary restraint systems between global vehicle platforms, the seatbelt performance requirements of one established nation on the highest selling volume production vehicle in the world not being accepted because it does not align with UNECE regulations is another clear example of unnecessary bureaucracy.

While UNECE regulations can provide a framework for vehicle safety and performance, exclusive reliance on these standards will cause major issues for the entire Automotive aftermarket. Australia's unique market conditions, including diverse vehicle usage patterns and geographical challenges, require a more adaptable regulatory approach. Full harmonisation to UNECE standards without equivalent international alternatives limits innovation, increases costs, and reduces consumer choice.

## Assisting the Transition to NetZero

Many of AAAA's members are already implementing ways to work towards net zero, with members already creating aftermarket parts to make EV's fit for purpose. In order to complete this task, the regulations themselves must be fit for purpose and adaptable in order to keep up with new and emerging technology. AAAA believes that regulations that impact new technologies to assist in the net zero transition should be monitored and

adjusted as needed. This must start with industry consulting identifying issues and ways to address them.

## Enhancing Collaboration Between Government and Industry

Collaboration between regulatory authorities including both state and federal regulators and the automotive aftermarket industry is essential to developing practical, effective regulatory frameworks. Currently, limited engagement exists regarding expanding harmonisation, leading to a disconnect between industry needs and regulatory expectations. We firmly believe that this review should be the beginning of greater harmonisation and not the end.

AAAA recommends the establishment of regular industry-government roundtables to facilitate dialogue on ADR impacts and necessary updates. Encouraging collaboration with international regulatory bodies may also elevate Australia's influence in global automotive standards and ensure a balanced regulatory approach.

## Implementation of any proposed changes

If as a result of this review, any changes are made to harmonise current ADRs with international standards, AAAA believes that the timeline for implementation must allow adequate time for the industry to adjust.

## Conclusion

The AAAA supports the harmonisation of ADRs with international standards to benefit the Australian automotive industry and consumers alike. However, this process must be undertaken with industry consultation and careful planning to ensure that safety is not compromised, and businesses are not burdened with unnecessary compliance costs. We believe that this needs to be addressed on a case-by-case basis.

The first step to forward this goal is the recognition of FMVSS on a case-by-case basis. We believe that a feasible way to undertake this is the establishment of a **Harmonisation Review Council**. This will not only allow regulators to address issues as they arise but also ensure that we are ahead of the curve with new and emerging technology. AAAA does not believe that the EU has a monopoly on what should be classified as a gold standard. An open mentality is needed to ensure that consumers, industry and regulators have a system that ensures that Australia remains competitive, safe, and aligned with evolving global automotive trends.

If any changes are made because of this review AAAA also encourages a phased implementation to ensure that the industry has enough time to adjust and adapt to any changes made.

## **Recommendations**

AAAA firmly believes that consultation and discussion with industry around ADR harmonisation will provide the safest and most efficient standards for all Australians.

AAAA is supportive of the creation of a Harmonisation Review Council, the creation of this council will ensure that ADRs can be harmonised in an efficient way and industry will not need to wait for government reviews to find gaps in the current ADR's.

We believe that this council should be made up of members of the Australian automotive manufacturing community, government agencies, testing facilities & national industry associations.

AAAA welcomes any further opportunity to participate in the consultation process of this important review. For any questions relating to this submission, please contact the AAAA Director of Government Relations and Advocacy, Ms Lesley Yates



## **Who we are**

The Australian Automotive Aftermarket Association (AAAA) is the peak national industry body representing the Australian supply chain for automotive products, vehicle maintenance, repair, and modification.

Our industry supports car owners after the purchase of the car, keeping vehicles safe and providing products for modification to make vehicles fit for purpose, including trade, defence and emergency vehicles – in essence, everything that happens to the car after the initial purchase is part of the Australian automotive aftermarket sector. Our members design and manufacture automotive components; distribute replacement and service parts in real-time; wholesale, import and export automotive parts and accessories, retail tools and equipment; and provide vehicle service, repair, and modification services in every community in Australia.

AAAA is also a nominating organisation on numerous Standards Australia committees covering a wide range of parts and accessories, tools, and equipment; and our member representatives are actively involved in the development of product quality standards.

## Review Terms

The review will:

1. Examine current processes for harmonising local and international road vehicle standards, and identify opportunities to improve harmonisation practices.
2. Have primary regard to the following issues:
  1. The current extent of ADR harmonisation with international standards;
  2. opportunities for further ADR harmonisation with international standards along with principles to prioritise further work and outline any risks presented;
  3. factors relevant to determining appropriate ADR implementation timeframes;
  4. the implications of, as well as the risks and opportunities presented by, streamlining the process of ADR harmonisation, that is, the 'conversion' of United Nations regulations into ADRs.
3. Seek to identify practical changes to current harmonisation practices that that will reduce the regulatory and administrative burden of providing road vehicles to the Australian market and remove any unnecessary productivity barriers, without compromising road safety objectives.

### Your views

Dr Mundy is particularly interested in stakeholders' feedback on:

- Ways in which the ADR process may be improved to reduce cost and improve timeliness
- The extent to which the current ADR processes support or inhibit productivity and innovation in vehicle and component manufacturing, road transport and other relevant industry sectors
- The extent to which the current ADR processes support or inhibit choice and price outcomes for consumers
- Opportunities for improving ADR processes to support the transition to net zero.
- Whilst stakeholders may illustrate their views with examples of current or proposed ADRs, it is not the function of this review to reconsider the content of individual ADRs.