FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

FCAI submission in response to:

Australian Design Rule Harmonisation Review 2024-25

24 JANUARY 2025

1. EXECUTIVE SUMMARY

The Federal Chamber of Automotive Industries (FCAI) welcomes the opportunity to provide this submission to the Australian Design Rule (ADR) Harmonisation Review 2024-25 being undertaken by Dr Warren Mundy on behalf of the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA).

The FCAI is the peak industry body for Australian importers and distributors of light duty passenger vehicles, light commercial vehicles, motorcycles and off highway vehicles. FCAI members supply about 97% of the 1.2 million new vehicles sold into the Australian market each year. FCAI members are listed at https://www.fcai.com.au/about/members.

The FCAI is pleased to provide a number of recommendations in relation to the following issues associated with the harmonisation of domestic and international technical standards:

- the 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 the 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; and
- the opportunities for improving ADR processes to support the transition to net zero.

In considering the matters raised in the review, the FCAI has applied a number of principles, including the need to improve effectiveness, equity, transparency and credibility in the harmonisation process. A list of FCAI recommended actions is listed in section 6, FCAI Recommendations, of this submission.

2. WAYS IN WHICH THE ADR PROCESS MAY BE IMPROVED TO REDUCE COST AND IMPROVE TIMELINESS

The FCAI believes that a number of measures could be implemented to improve the ADR process in terms of reducing cost and improving timeliness. Such measures include:

- requesting that the Department of Foreign Affairs and Trade (DFAT) immediately notify the UN of Australia's intention to apply those UN Regulations (UNRs) that have been assessed and are considered suitable for adoption by DITRDCA;
- establish Australia as an Approval Authority and a competent Designated Technical Service under the provisions of WP.29;
- require that DITRDCA automatically approve full volume Vehicle Type Approval (VTA) applications on receipt of such applications; and
- in the case of full volume VTA applications, require that DITRDCA accept vehicle models that have been granted International Whole VTA (or substantially equivalent Whole VTA).

DFAT notification to the UN

As a signatory to the 1958 and 1998 UNECE Agreements on Harmonised Technical Regulations, Australia has a longstanding policy of harmonisation of ADRs with regulation developed under the UN World Forum for the Harmonisation of Vehicle Regulations – WP.29. Similarly, new United Nations Regulations (UNRs) developed through the WP.29 process are generally (but not universally) adopted and then applied within Australia.

FCAI agrees and endorses this practice as a sensible and logical approach.

However, the FCAI understands that there are a number of existing UNRs that have not yet been applied within Australia. Some of the UNRs have already been considered and reviewed by DITRDCA, who in turn have requested DFAT to notify the UN of Australia's intention to adopt and apply the relevant UNR. The FCAI has not been informed by DITRDCA of which ADRs fall within this category.

The FCAI supports the immediate notification by DFAT to the UN of Australia's intention to apply the above-referenced UNRs. This would mean that Australia, as a contracting party, is obligated to accept an approval to that UNR issued by another contracting party. This would have the benefit of allowing later versions of the relevant UNRs to be automatically relied on to certify to related ADRs, thereby reducing administrative burden, time and effort. Appendix E to this submission provides an example of an ADR which is misaligned with the latest version of its referenced UNR. Such misalignment currently requires the VTA applicant to justify why the later UNR is no less stringent than the referenced version, adding administrative burden, time and effort for no demonstrable benefit.

The FCAI notes that Australia (as a contracting party) has increased its participation in work undertaken by the UN through WP.29 to ensure that Australian requirements are considered within the UNRs as they are developed and prior to their initial publication. This has been beneficial as it reduces the need for unique Australian modifications to UNRs to be effected through ADRs. ADRs that differ from equivalent UNRs run counter to the objective of harmonisation and require considerable additional work outside of the WP.29 analysis.

Establish Australia as an Approval Authority

The FCAI notes that Australia is not an Approval Authority or a Designated Technical Service recognised under WP.29 processes. As a contracting party (and an increasingly active participant within WP.29) the FCAI believes it is appropriate for Australia to establish itself as an Approval Authority and Designated Technical Service. This would make Australia more attractive for investment in vehicle and component design, testing, certification, distribution and export.

Approval of full volume VTA applications

The FCAI recommends that DITRDCA should automatically approve full volume VTA applications on receipt of a valid application.

Implementing a scheme of automatic approvals in such circumstances would not prevent scrutiny of vehicles considered for VTAs by DITRDCA's VTA assessment team, but would allow OEMs to commence production, build-up of stock, and implement logistics and distribution processes in parallel with VTA assessment. This would assist in bringing vehicles into the Australian market in a more timely manner.

The FCAI has previously provided detailed submissions to DITRDCA in regard to this matter (refer Appendix A).

The FCAI also recommends that when considering full volume VTA applications DITRDCA should accept vehicle models which have been granted International Whole VTAs (or a substantially equivalent Whole VTAs), effectively eliminating the additional burden of re-examing the compliance status of a vehicle that has already been Type Approved in a developed, mature market.

3. THE EXTENT TO WHICH THE CURRENT ADR PROCESSES INHIBIT PRODUCTIVITY AND INNOVATION

The FCAI contends that current Australian-specific ADRs that do not harmonise with UNRs inhibit productivity and innovation in the Australian automotive industry. The FCAI believes the most effective default position is that (in the absence of a compelling rationale to the contrary) ADRs should always harmonise with UNRs developed through the WP.29 processes.

The FCAI submits it is difficult to rationalise the benefit to Australian consumers of having specific ADRs which add cost and complexity to vehicle development processes. Any additional development costs must inevitably be recouped by OEMs, and in the Australian context must be recovered from a relatively small volume market.

The FCAI notes that DITRDCA does not currently have the ability to declare 'interpretations' of ADRs under the *Road Vehicle Standards Act 2018* (Cth) (RVSA). In practice this means that a design concept cannot be determined to be compliant with an ADR until a VTA application is made. A VTA application is typically made potentially two or more years after the design concept is established, and long after investment in design, development, tooling, manufacturing preparation is complete.

This lack of objective advanced consideration of a design concept is not in keeping with international precedent and is inconsistent with the practices of Approval Authorities and their Designated Technical Services in other contracting parties who able to provide this service.

This stifles innovation and limits product availability to the Australian market to proven technologies (rather than more advanced vehicle development seen in other vehicle markets).

The FCAI recommends that the RVSA be amended to allow VTA Assessment Teams to be able to provide interpretations for design concepts.

4. THE EXTENT TO WHICH THE CURRENT ADR PROCESSES INHIBIT CHOICE AND PRICE OUTCOMES

Australia is generally a sophisticated, advanced automotive market. However, new vehicle sales volume in 2024 was approximately 1.2 million, representing only approximately one percent of global sales. Any unique regulatory requirements for the Australian market add to design, development and manufacturing cost which must ultimately be borne by the consumer or absorbed by the supplier.

5. OPPORTUNITIES FOR IMPROVING ADR PROCESSES

The FCAI has previously provided submissions to DITRDCA in regard to opportunities for improving ADR processes (refer Appendix B). As noted earlier in this submission, it is not clear to the FCAI why differences between ADRs and UNRs persist. The most effective default position is that (in the absence of a compelling rationale to the contrary) ADRs should always harmonise with UNRs developed through the WP.29 processes.

The FCAI recommends that DITRDCA should withdraw all unique ADRs for light passenger and light commercial vehicles and replace them with fully harmonised regulations developed under WP.29 processes. The ADRs that should be withdrawn and replaced with UNRs include:

- ADR 34 - Child Restraint Anchorages and Child Restraint Anchor Fittings;
- ADR 69 - Full Frontal Impact Occupant Protection;
- ADR 73 - Offset Frontal Impact Occupant Protection; and
- ADR 81 - Fuel Consumption Labelling for Light Vehicles;

Similarly, the ADRs that contain some unique requirements that should be harmonised with relevant UNRs include:

- ADR 42 - General Safety Requirements;
- ADR 43 - Vehicle Configuration and Dimensions; and
- ADR 61 - Vehicle Marking.

The impact of better aligning the Australian market with globally accepted standards through the adoption of the UNRs would include reducing the substantial resources, cost and time associated with re-engineering vehicles specifically for the (small) Australian market. This is increasingly important in a highly competitive global automotive market, where development costs associated with specific market requirements can have a significant adverse impact on consumers.

Where ADRs are administrative, or where there is no evidence to demonstrate an inferior performance in applying the UNRs, the focus should remain on harmonisation of technical standards in order to deliver Australian consumers access to the best technology at the most efficient cost. Appendix F is an example of administrative processes related to the ADRs which add cost and administrative burden for industry and regulators alike.

The FCAI recommends that DITRDCA should immediately undertake a comprehensive review of all ADRs and where possible look to implement globally recognised standards from developed markets (such as Japan, the UK USA, China and Europe) which can be demonstrated to be technically equivalent or more stringent than the relevant ADR. These should be specified as allowable alternative standards in individual ADR alternative standards clauses.

The FCAI would be pleased to assist DITRDCA in identifying the alternative standards which would be appropriate for this recommendation.

FCAI RECOMMENDATIONS

The FCAI makes the following recommendations to the Review:

- DFAT should be requested to act on DITRDCA's advice and immediately notify the UN of Australia's intention to apply specific UNRs developed under WP.29 which are not currently in place in Australia;
- Australia continue to increase its participation in the UN World Forum for the Harmonisation of Vehicle Regulations (WP.29), and as a contracting party establish itself as an Approval Authority and a competent Designated Technical Service;
- DITRDCA establish a practice of automatically approving full volume VTA applications for light passenger vehicles and light commercial vehicles upon receipt of a valid application;
- in the case of full volume VTA applications, require that DITRDCA accept vehicle models that have been granted International Whole VTA (or substantially equivalent Whole VTA);
- the RVSA be amended to allow for VTA Assessment Teams to be able to provide interpretations for design concepts;
- DITRDCA withdraw all ADRs for light passenger vehicles and light commercial vehicles that are unique to Australia and replace them with fully harmonised UNRs developed under the WP.29 process; and
- DITRDCA undertake a comprehensive review of all ADRs with a view to implementing globally recognised standards from developed markets that are technically equivalent or more stringent that the relevant ADR.

APPENDIX A:
AUTOMATIC APPROVAL OF FULL VOLUME VTA APPLICATION

FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

VTA Approval Efficiency Improvement Proposal

Date: 13th September 2024

Distribution: VEHICLE SAFETY POLICY AND PARTNERSHIPS/ VEHICLE STANDARDS

Affected Stakeholders:

Vehicle Type Approval (VTA) holders, Vehicle Original Equipment Manufacturers (OEMs), DITRDCA Policy makers and Assessment team, Border Force

What is the issue?

The introduction of the Road Vehicle Standards Act (RVSA) increased the regulatory burden on OEMs and VTA holders with longer standard examination timeframes and greater regulatory powers. At the same time, the RVSA eased the concessional pathway volume limits and time based market availability requirements. The VTA has the additional function of also being the Vehicle Import Approval.

On the other hand, the introduction of the New Vehicle Efficiency Standard from 2025 necessitates brands being able to introduce new products to the Australian market more quickly and with less regulatory impediment.

The Road Vehicle Standards Act is increasingly being administered using a risk-based approach, recognising efficiency gains over time as a result. Following the latest ROVER release, much of the VTA application is declaration based and supported by UN Regulation approvals with the onus on the applicant to hold evidence of compliance within their own quality management process.

For vehicles provided under the RVSA's Type Approval Pathway,*1 OEMs global production planning and scheduling are long-lead time issues which are conservatively based relying on certainty. OEMs will not approve Start of Production until VTA approval is obtained. The Road Vehicle Standards Rules 2019 requires the Secretary to decide an application within 60 business days after receiving the application. The sequential nature of this process is inefficient.

What are the options?

Option 1 – Do nothing and ignore the potential efficiency improvement for Government and industry.

Option 2 –
Enable OEMs to authorise Start of Production concurrent with Vehicle Type Approval assessment effectively removing 3 months from the schedule to bring new models to market, refer attachment for timing schedule detail.

This to be achieved by issuing Vehicle Type Approval automatically on submission. This authorises the OEM to commence volume production, shipping/logistics and import activities while concurrently, rather than sequentially, the assessment of the application can take place in the same way as it is currently undertaken. Any queries or concerns that the Assessor has with the application is raised with the VTA applicant via Requests for Information (RFIs) in line with current processes.

In the highly unlikely event that VTA submission is ultimately rejected, the VTA applicant would still be subject to the full force of the existing regulatory remedies including recall and other Compliance and Enforcement activities already undertaken by the Department.

What are the desired outcomes or next steps?

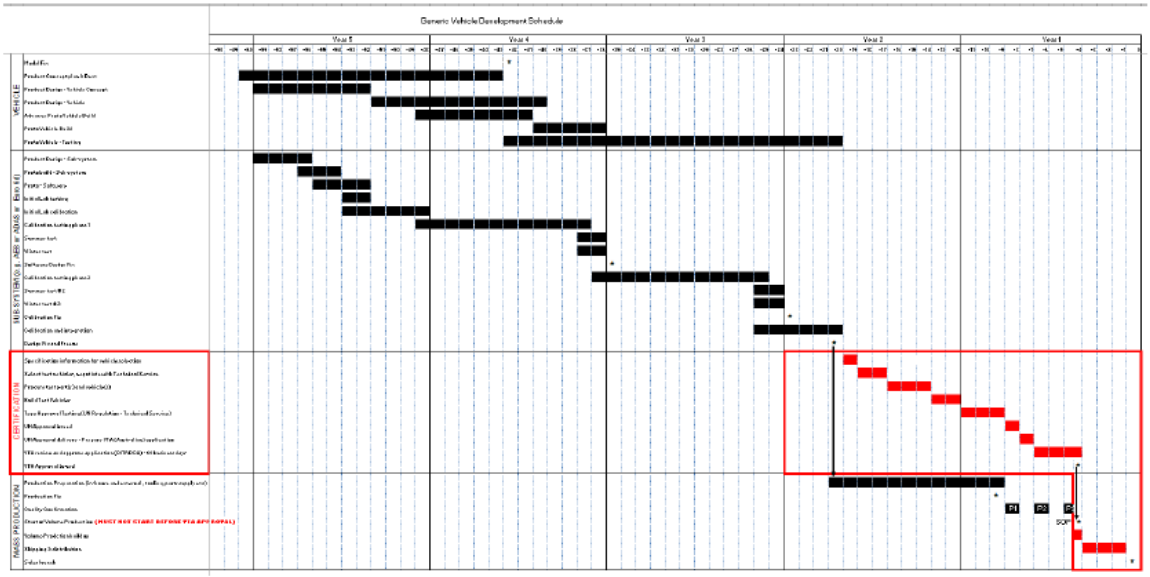
DITRDCA to apply a new policy to automatically issue VTA approval on submission of a full and complete VTA application made under the Type Approval Pathway by an FCAI member.

1

*1 Road Vehicle Standards Rules 2019 made under the Road Vehicle Standards Act 2018, Division 2, Subdivision A, cl 15 Type Approval pathway https://www.legislation.gov.au/F2019L00198/latest/text

Attachments:

CURRENT CONDITION – Full Vehicle Development Schedule



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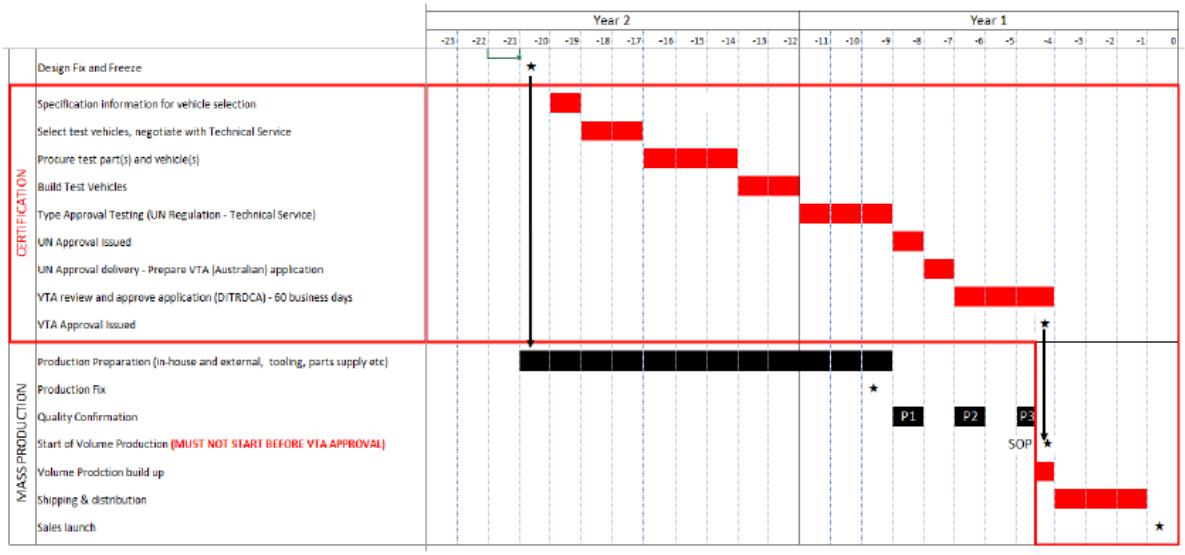
CURRENT CONDITION – Certification section of Development Schedule



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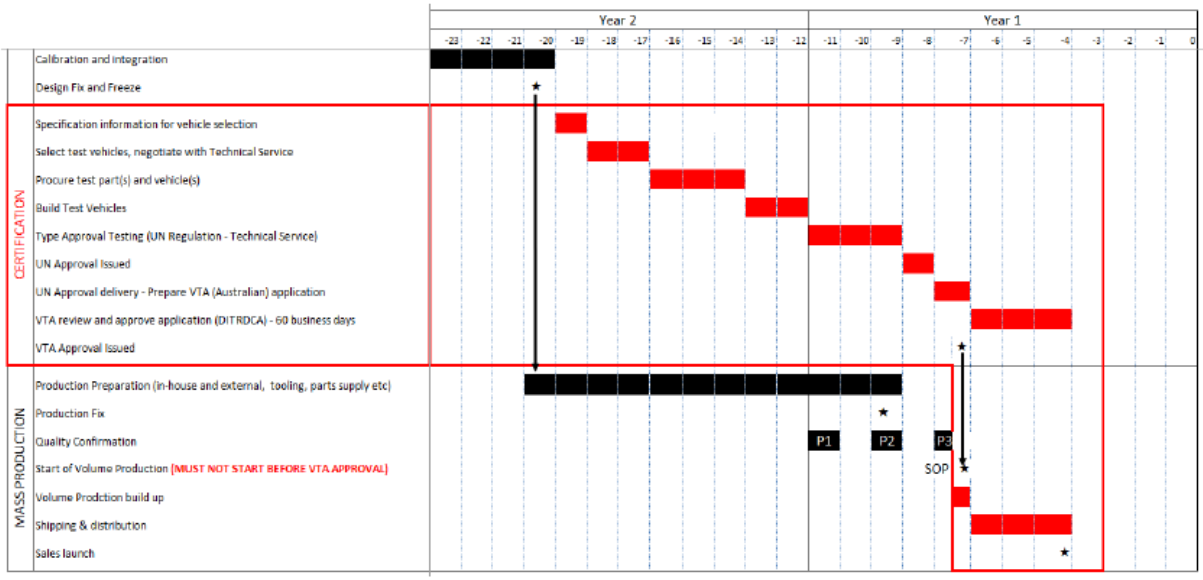
PROPOSED CONDITION – Certification section of Development Schedule



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APPENDIX B:
REMOVING UNIQUE ADRs PROPOSAL

FEDERAL CHAMBER OF AUTOMOTIVE INDUSTRIES

Unique Australian Design Rules (ADR) Proposal

Date: 13th September 2024

Distribution: VEHICLE SAFETY POLICY AND PARTNERSHIPS/ VEHICLE STANDARDS

Affected Stakeholders:

Vehicle Type Approval (VTA) holders, Vehicle Original Equipment Manufacturers (OEMs), DITRDCA Policy makers and Assessment team

What is the issue?

The introduction of the New Vehicle Efficiency Standard from 2025 necessitates brands being able to introduce new products to the Australian market more quickly and with less regulatory impediment. On the other hand, the Road Vehicle Standards Act 2018 (RVSA) imposes a number of unique Australian Design Rules (ADRs) which add to the regulatory burden and timeframe to introduce new models to market.

The Australian Commonwealth Government has a stated policy of harmonising the ADRs issued under the RVSA, with United Nations regulations published by the World Forum for Harmonization of Vehicle Regulations (WP.29).

Despite this policy being largely successful, there are still a number of ADRs which remain unique to Australia necessitating OEMs to conduct Australian market specific design, development, testing and certification. For vehicles provided under the RVSA's Concessional RAV Entry Approval Pathway,[*1] suppliers are given concession from specific ADRs which are not afforded to full volume suppliers under the Type Approval Pathway.

What are the options?

Option 1
Do nothing and ignore the potential efficiency improvement for Government and industry.

Option 2
Examine potential rationalisation of the ADRs by

- Providing concessions consistently across Type Approval and Concession RAV Entry pathways
- Applying appropriate UN Regulations across the remaining unique ADRs
- Eliminating unique light duty ADR that no longer serve the road safety purpose.

What are the desired outcomes or next steps?

Initially, the Department to work with FCAI to identify unique ADRs that currently require Australian specific design, development, testing and certification and provide the same concessions that are currently available to Concessional RAV Entry Approval pathway approval holders to the Type. This is possible under RVS Rules s19(3)(b)(i) or (ii).

Immediately thereafter, the Department to work jointly with FCAI to identify for those ADRs, with suitable equivalent UN Regulations with which they are able to be either harmonised whilst concurrently identifying those ADRs that can be withdrawn without detrimental effect on Road Safety outcomes. These two actions will effectively eliminate some of the time constraints to bringing safe, fuel-efficient vehicle models to the Australian market allowing Type Approval Pathway approval holders to meet the objectives of the NVES more quickly and efficiently.

1

*1 Road Vehicle Standards Rules 2019 made under the Road Vehicle Standards Act 2018, Division 2, Subdivision A, cl 15 Type Approval pathway
https://www.legislation.gov.au/F2019L00198/latest/text

Attachments:

ADR 34 Child Restraint Anchorages

- Unique ADR 34 requirements
  - DESIGN Top Tether required for 2nd row centre seat, removal of front seat lower ISOFIX points, ADR specific location requirements
  - STRENGTH -> ADR specific strength testing for tether, additional load applied to seat if tether located on seatback
- Concessional RAV Entry pathway vehicles are given concession to ADR 34 requirements allowing SEVS vehicles to be approved and supplied with no top tether in the centre position on the second row of seats.

Suggested Approach

- Immediately apply Minor and Inconsequential Non-Compliance making to make 2nd row centre top tether optional as an interim measure.
- Thereafter apply an amendment to ADR 34 to allow ECE UN-R14 & R16 ISOFIX Restraints as optional alternative standard to ADR 34.

ADR 69/73 Frontal Crash

- Unique ADR requirement due to VSSB position related to passenger airbag switch
  - VSSB require additional frontal crash testing with passenger airbag turned off
  - In the event that vehicle cannot meet ADR with passenger airbag turned off, specific development required to either
    - Remove passenger airbag switch and associated components
    - Re-design restraint system and/or vehicle to meet ADR
- Additional unique ADR 69 Flat Front Crash
  - Test vehicle, test and report required
  - development not required as captured by other regulations

Suggested Approach

- VSSB adopt international policy accepting passenger side airbag switch without need for additional testing with airbag switched off.
- Apply UN R 137 whilst removing the unique ADR 69 regulation

2

ADR 81/02 Fuel Consumption Labelling for Light Vehicles

- Fuel Consumption / Energy Consumption Labels impose unnecessary time and cost for OEM.
- Fuel Consumption / Energy Consumption data is published on the GVG and widely available in the public domain

Suggested Approach

- Make GVG entry of fuel economy data mandatory
- Remove the requirement for Fuel/Energy Consumption Labels to be fitted to vehicles

ADRs with Unique Requirements: ADR 42, 43, 61

- ADR 42/05 General Safety Requirements
- ADR 43/04 Vehicle Configuration & Dimensions
- ADR 61/03 Vehicle Marking

Suggested Approach

- Streamlined approach to confirm required items are present via the RVD rather than needing to seek an approval of a CI form.
- Examine the case for withdrawal of unique requirements for light duty vehicles from ADRs 42, 43 and 61

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APPENDIX C:
IMPLEMENTATION LEAD TIME

It is essential that the Government provide adequate implementation lead time for any regulatory change.

The FCAI has consistently advocated that a minimum of 24 months lead time from the publication of an ADR, its supporting regulations and administrative arrangements is essential to allow suppliers to prepare for the introduction of compliant 'New Model' product to the Australian market. A further 24 months is required to allow for the development, testing, validation, compliance and production preparation for the introduction of 'All models' for any existing product already supplied into the Australian market.

The FCAI has previously provided a detailed account of the actions required to introduce a new model to market as Appendix B of its response to the *Light Vehicle Emissions Standards for Cleaner Air* Regulatory Impact Statement and as Appendix A to the response to the *Euro 6d Exposure Drafts*. For convenience, the detailed account of the required actions is replicated as Appendix D of this submission.

The final year of preparation includes:

- confirm production preparation with system and parts suppliers;
- build certification pre-production vehicles;
- undertake certification testing;
- undertake certification processes and obtain certification approval from authorities;
- obtain Australian VTA through ROVER;
- quality process confirmation;
- authorise start of production;
- production build;
- logistics to bring to market; and
- sales launch.

The process of attaining an Australian domestic VTA is a critical consideration since the introduction of the *Road Vehicle Standards Act 2018* (Cth) (RVSA) and the ROVER IT system.

The RVSA and ROVER have increased the time required to obtain a VTA. In addition, the restrictive nature of the legislation and ROVER does not allow for multiple submissions to exist concurrently, effectively limiting the number of VTA applications that can be made in any calendar year. The implementation of multiple new and revised ADRs in a short time frame forces suppliers to consolidate VTA submissions and incorporate additional lead time into production preparation plans, further restricting design, development and validation time available.

The FCAI reiterates its request that the Government provide a minimum of 24 months lead time from the date of the publication to the implementation of any 'New Models' date, and a further 24 months prior to the implementation of any 'All Models' date for the new or amended mandatory requirement that is implemented.

APPENDIX D:
ACTIONS REQUIRED TO INTRODUCE A NEW MODEL TO MARKET

Time to market	Actions
5 to 7 years	• Design of vehicle structure, architecture. • Work with Tier 1 suppliers to specify, design and develop sub-systems.
4+ years	• Design and development of the major sub-systems that are not part of the vehicle structure, e.g. brake systems. • Build of prototypes and installation of new systems in model prototype. • Initial calibration and laboratory testing.
3 years	• Undertake on-road vehicle calibration. • Undertake initial seasonal variation testing (i.e. summer/winter).
2 years	• Finalise on-road vehicle calibration. • Additional seasonal variation testing. • Supply preparation, contracts, advanced orders. • Commence production preparation including tooling, parts approval including PPAP.
1 year	• Confirm production preparation with system and parts suppliers. • Build certification pre-production vehicles. • Undertake certification testing.[1] • Undertake certification processes and obtain certification approval from authorities. • Quality process confirmation. • Australian domestic certification. • Production build. • Logistics to bring to market. • Sales launch.

A typical sequence for obtaining a UNR approval is as follows:

n - 12 (months):	Compile specification information for selection
n - 11 (months):	Selection of test vehicle (s) from specification Negotiate test program with Technical Service
n - 9 (months):	Procurement of test part(s) and vehicle(s)
n - 6 (months):	Build test vehicle(s)
n - 3 (months):	Type Approval testing
n (months):	Approval issued

APPENDIX E:
ADR MISALIGNMENT WITH REFERENCED UNR

The following provides an example of an ADR which is misaligned with the latest version of its referenced UNR.

The latest and current version of ADR 4 is Vehicle Standard (Australian Design Rule 4/06 – Seatbelts) 2018 (refer https://www.legislation.gov.au/F2019L00026/latest/text).

ADR 4/06 references the 06 series of UNR 16 at its Appendix A and allows the 07 series of amendments of UNR 16 in its 'Alternative Standards' clause 7.

Australia has currently not 'applied' UNR 16 at WP.29.

The current version of UNR 16 is the 10 series. WP.29 is in the process of separating the requirements of UNR 16/10 into three separate UNRs (with an effective date of June 2025) as follows:

- Seat Belt Component UN-R16/11
- Fitting for Vehicle UN-R1##/00
- Seat Belt Reminder UN-R1##/00

Australia is yet to make its intentions known with respect to aligning ADR 4 with the latest consolidated version of UNR 16 or with the three new UNRs that UNR 16 will be split into.

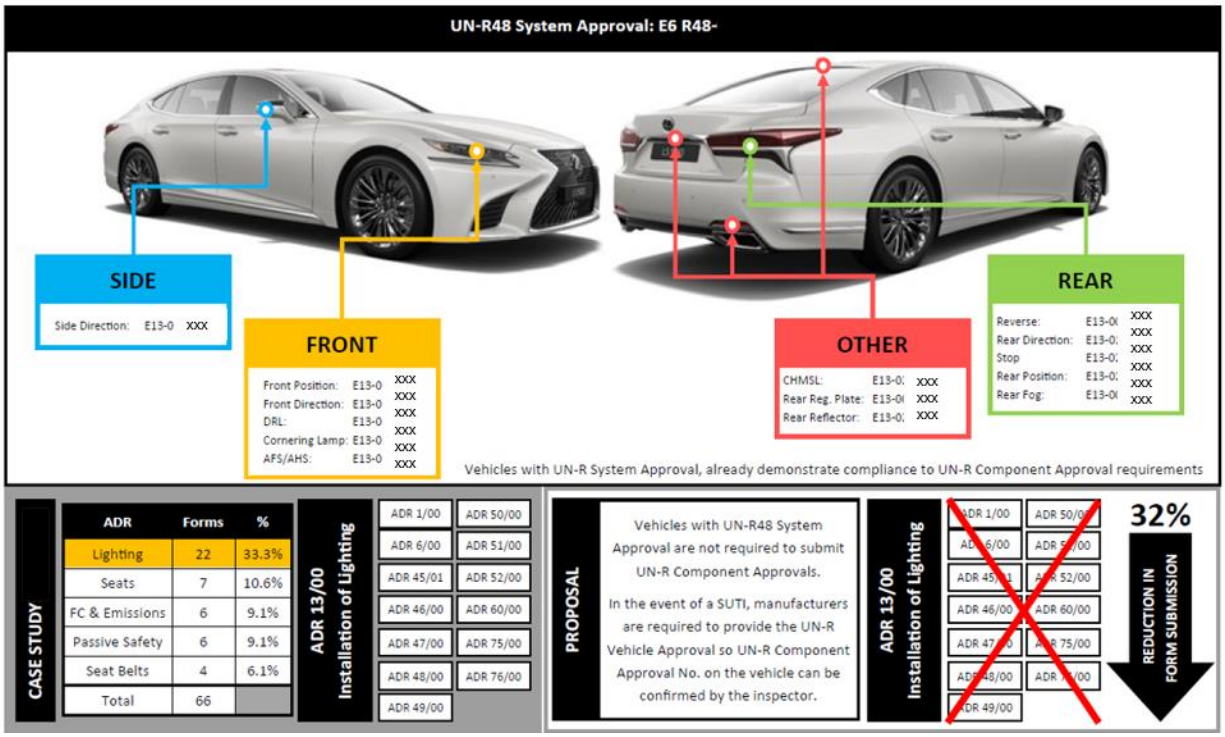
APPENDIX F:
SYSTEM APPROVALS AND COMPONENT APPROVALS

UNR approvals are issued for:

- Component (i.e. Headlamp, Reflectors, Turn Signal Indicators, Seat Belt);
- System (i.e. Installation of Lamps, Fitting of Seat Belts to a Vehicle); and
- Vehicle (i.e. Whole Vehicle Type Approval - IWVTA).

The ADRs currently only have certification pathways for Component UNR Approvals and IWVTA. This means that suppliers must certify to both the system regulation, ADR 13/00 (Installation of Lighting), as well as each and every referenced lighting component ADR - which may include ADRs 1, 6, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 60, 74, 75, 76, 77, 78, 86 and 87.

The UNR equivalent of ADR 13 is UNR 48. Unlike ADR 13, UNR 48 provides a system approval which includes approval of all components with that system.



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