ADR HARMONISATION REVIEW 2024-25

A PENSKE PERSPECTIVE

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Australia & New Zealand

Preface

In accordance with the recent review announced by the Department of Infrastructure and Transport and as per the information and terms of reference provided below:

> *The Australian Government has engaged Dr Warren Mundy to conduct an independent review of how we align Australian Design Rules (ADRs) with international standards.*
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> *The ADRs are our national standards for road vehicle safety, anti-theft measures and emissions control that apply to all new and used vehicles being provided to the Australian market for the first time. This review aims to assess the current processes for harmonising ADRs with international vehicle standards and identify opportunities to improve these practices.*
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> *We seek to understand how harmonisation practices influence timing and decisions about providing vehicles to the Australian market, including any expected impacts on the implementation of the New Vehicle Efficiency Standard Act 2024 and other relevant policies of the Australian Government based on the following terms of reference.*
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> *The review will:*
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> 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 ADRs 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.*

Penske Australia & New Zealand would like to take this opportunity to thank the Department and the Australian Government for the opportunity to respond to this vital review and we would like to offer the following information in response to the Terms of reference described above.

1.0 Who is Penske?

Penske Australia and New Zealand is a multi-faceted organisation and is a 100% subsidiary of Penske Automotive Group, a Fortune 500 company, which is listed on the New York Stock Exchange, and forms part of Penske Corporation.

Penske distributes Western Star Trucks, MAN Truck & Bus, Dennis Eagle, MTU, Detroit, and Allison Transmission brands, and we operate across the most dynamic markets including on-highway and various off-highway industries such as mining, power generation, construction and industrial, rail, marine, oil and gas, agriculture, and defence. Penske Australia also represents aftermarket products from leading oil, coolant, and filter brands.

In addition to distributing Western Star Trucks, MAN Truck & Bus, and Dennis Eagle, Penske Australia is also the appointed retail dealer of these brands across select locations, providing full retail sales, service and parts functions. With over 1,200 employees, we are committed to providing the most comprehensive 24/7 after sales support through a network of strategically located branches and field locations, and more than 100 dealers.

2.0 The current Process

As at today, the current Harmonisation practices for the Australian Design Rules are predominately based on reciprocation with UN-ECE regulations with very minimal acceptance of Standards/Regulations from other well established and mature markets that potentially offer equivalent or greater safety, emissions or anti-theft regulation; the premise upon which the ADR is based.

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2.1 Harmonisation with the UN-ECE regulations

One pertinent issue with the current process is the "Australianising" of the UN-ECE regulation that is being harmonised to the ADR. It is Penske's belief that when an ECE regulation is adopted, it should be adopted in full, as this will allow for the seamless use of the intended regulation and the certificates that have been issued. Unless there is a thoroughly documented and well proven necessity, there is no need to add an additional burden on the manufacture to obtain revised certificates or conduct further testing as this only further increases the time to bring a safety/emissions initiative to the market. This is further compounded by the additional costs involved [which are ultimately passed to the consumer as a cost recovery] to homologate the vehicle for a low-volume market like Australia, which for all intents and purposes is a Technology Taker rather than an innovator in the global Automative landscape.

A recent example of this, is the introduction of ADR 97/00, which when introduced varied the testing requirements. This resulted in further time and effort to re-conduct testing that had already been finalised as per UN-ECE R131. Furthermore, the rapid change to the implementation resulted in quite a considerable cost to industry, with manufacturers having to spend upward and over of $ 100,000.00 to achieve the very tight timeframes imposed by the new implementation date for all vehicles.

Another issue that needs to be critically addressed is where certain ADR's [e.g. ADR 65/00] are not harmonised with their reciprocal UN-ECE regulations due to very minor and inconsequential differences between the testing method and the equivalent ECE Regulation. These anomalies need to be addressed as they will reduce the Homologation cost and burden on the manufacturer.

2.2 Potential Improvements

From a Penske Perspective, whilst we welcome the continuance of harmonisation of the ADRs with the UN-ECE regulations, it is our strong belief that by doing so we are hindering innovation and our pathway to Net-Zero. By only having 1 set of standards/regulations to harmonise with, this limits the vehicles available to the Australian market; by all accounts this is a low volume market and the cost to Homologate a vehicle range to a unique set of standards/regulations, in many cases, it does not make economic sense to introduce the vehicle to the market as the business case yields a negative ROI.

To rectify this issue, we are strongly of the opinion that the ADRs need to broaden the scope of acceptable alternative standards/regulations sourced from established and mature markets in a similar Homologation/Certification model that is adopted in New Zealand where regulations are accepted from various other countries.

To allow for innovation to enter the Australian market faster without impedance and to reduce the cost and Homologation Burden on the supplier/manufacturer, Penske is of the firm belief that reciprocation to the following known and established standards or regulations or directives be addressed and included in the applicable ADR.

I. European Union Directives – EEC

By potentially harmonising with appropriate and applicable EU Directives that form part of the European Union (EU), framework for Whole vehicle Type approval governed by directive EU 2018/858 and previously directive 2007/46, vehicles can be offered to the Australian market at a faster rate and at considerably less cost as the Homologation burden will be greatly reduced. Vehicles that are sourced from the EU and are covered by an appropriate 2007/46 or 2018/858 WVTA are predominantly compliant [except for unique ADRs – e.g. 42/05, 43/04, 61/03 etc] with all the applicable ADR's. The issue faced with these type approvals and a potential improvement to the ADR Harmonisation process, is that most of the testing is based on the EU directive rather than the equivalent UN-ECE regulation. If these directives can be introduced as part of the applicable ADR, this will negate the issue and considerable cost of having the EU directive certificates re-issued as their UN-ECE equivalent.

II. FMVSS

The US Federal Motor Vehicle Safety Standards which our original Australian Design Rules were based upon have the potential to once again expedite the introduction of Innovation and Net-Zero technology to the market. Whilst several discussions have been had over the years in relation the "Self-Certification Nature" of the FMVSS, it needs to be clearly understood that in the US, a Manufacturer **MUST** still comply with **ALL** applicable standards and hold all the necessary evidence if an audit is conducted. This is not dissimilar to our current ROVER system, whereby an applicant submits a Test report number and date. If a robust local audit regime and FMVSS test facility registration can be established, the impedance to market of US sourced vehicles will be reduced and the potential benefits to the Australian consumer will see reduced costs, as once again the Homologation burden will be reduced.

III. Japanese – JIS

In a comparable manner to the ADR's, the Japanese certification system is also heavily reliant on the reciprocation of the UN-ECE regulations with additional Japanese specific requirements. If as part of this review process, a further review can be conducted to determine if these additional Japanese requirements can be viewed as providing the same or better safety/emissions outcomes as required by the ADR, once again the potential benefits to the Australian consumer will see reduced costs as the Homologation burden will be reduced.

3.0 Conclusion

The Australian vehicle market is low volume in the global sense and being a technology taker rather than an innovator in the global Automotive landscape, we need to ensure that we are prepared to be able to accept technologies from other markets with little or no impedance.

Harmonisation of the Australian Design Rules with standards and regulations sourced from established and mature markets like the EU, USA or Japan, will allow ready acceptance of safe and low/zero emission vehicles into the Australian market.

The process for homologation to these standards will require that a Manufacturer must still comply with ALL applicable standards and hold all the necessary evidence if an audit is conducted, thus ensuring that vehicles are tested prior to launch in Australia. This is no different to the current requirements for vehicle type approval.