



Australian Government

Department of Infrastructure and Regional Development

2016-2017 Regulator Performance Framework

Vehicle Safety Standards – Self-Assessment Report

December 2017



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Introduction

The Australian Government has committed to reducing the cost of unnecessary or inefficient regulation imposed on individuals, business and community organisations. The Regulator Performance Framework (the Framework) has been developed to support Australian Government regulators to measure and improve their performance, particularly in adopting consistent, risk-based approaches to administered regulation.

The Framework consists of six outcomes-based key performance indicators (KPIs) covering reducing regulatory burden, communications, risk-based and proportionate approaches, efficient and coordinated monitoring, transparency, and continuous improvement.

Measures for each KPI were developed for the Vehicle Safety Standards Branch (VSS) in 2015. Following consultation with key stakeholders, the KPIs and measures were published on the department's website at <https://infrastructure.gov.au/department/deregulation>.

The Framework requires regulators to publish an annual self-assessment of their performance against the agreed KPIs and to have these self-assessments validated by external stakeholders.

This report has been produced to meet this requirement for the 2016-2017 financial year.

About the Vehicle Safety Standards Regulator

VSS administers the *Motor Vehicle Standards Act 1989* (MVSA), which sets vehicle standards for all new vehicles entering the Australian market and regulates the supply to the market of used vehicles.

It is responsible for international engagement in the development of vehicle regulations and the department's involvement in the Australasian New Car Assessment Program (ANCAP). VSS also assesses alleged vehicle safety defects and monitors manufacturers' voluntary recall campaigns on behalf of the Australian Competition and Consumer Commission (ACCC).

A MVSA reform program is currently being progressed to strengthen and modernise the legislative framework for vehicles entering the Australian market for the first time - and to reduce regulatory compliance costs to business. This reform draws on the 2014 review of the MVSA, and stakeholder consultation and engagement on aspects of the proposed reforms continued throughout 2016-2017.



VSS reviewed its business processes in early 2017 to identify improvement opportunities. A number of structural and process changes are being undertaken by VSS as a result of this activity, and are expected to deliver improved regulatory outcomes for regulated entities and the department.

The impact of these and other process improvements will be tested with regulated entities as part of the self-assessment for the next financial year.

To undertake the self-assessment for 2016-2017, VSS used evidence compiled from branch IT systems, official records of stakeholder interactions and received feedback.

For the 2015-2016 self-assessment, VSS undertook an industry survey to gather industry views on our performance. The response rate to the survey was low – and this coupled with the level of stakeholder engagement and interaction undertaken as part of the MVSA reform, it was decided to not undertake an industry survey in 2016-2017. A refined survey will be considered for the 2017-2018 financial year self-assessment.

External validation

VSS provided its self-assessment to external stakeholders for comment and validation with one response received within the timeframe.

The respondent highlighted the need for improvements to certain business processes, communication with industry and consistency of administration and advice. The respondent's feedback has been incorporated into the 2016-2017 assessment results.

Additionally, the respondent noted their ongoing concern with some of the evidence measures used for the self-assessment. This feedback will be considered by VSS for the 2017-2018 self-assessment process.

Given the limited responses through the external validation process, no overall conclusion can be drawn as to the whether the self-assessment results accord with stakeholders' views of VSS's performance against the KPIs over the assessment period.

Vehicle Safety Standards: Regulator Performance Framework – self-assessment against agreed KPIs for 2016-2017

Key Performance Indicator 1 – Regulator does not unnecessarily impede the efficient operation of regulated entities

| Measure | Evidence | 2016-2017 Assessment |
|--|---|---|
| <p>Assessments are made in a timely fashion.</p> | <p>95% of applications for new type approvals are decided within 25 working days.</p> <p>95% of applications for import approval are decided within 20 working days.</p> <p>95% of applications for used import plate approval are decided within 5 working days of the submission of a vehicle inspection certificate.</p> | <p>An average of 92% of new type approvals were decided within the service charter timeframes. The reduced percentage is attributable to a backlog of desktop audits over the period, with the Road Vehicle Certification System (RVCS) not allowing for the separation of applications from desktop audits.</p> <p>95% or more of import approval applications were decided within the service charter timeframes.</p> <p>VSS achieved an average of 82% of used import plate approvals decided within five business days, a marked improvement from last year's figure of 35%.</p> <p>A number of complaints were received about the timeliness of Identification Plate Approval (IPA) applications processing (particularly non-standard applications) and the delays in the scheduling of Single Uniform Type Inspections. The inflexibility of the RVCS system was also raised as a concern in terms of the efficient processing of applications – particularly in relation to the management of the application queue.</p> <p>Some stakeholders provided a number of suggestions to expedite assessments. This feedback is currently being considered by VSS in conjunction with the implementation of a number of other process improvements.</p> <p>Compliments were also received by VSS during 2016-2017 on the cooperative and efficient processing of new approval applications and import applications. Comments were also received from some regulated entities that whilst there have been concerns with the timeliness of assessments of certification documentation, there have been improvements in this area more recently.</p> <p>Some applicants expressed frustrations with the Vehicle Imports System (VIS) – with issues raised including applications disappearing from client portals, accounts expiring and error messages. These issues are being documented and escalated to be addressed in subsequent system upgrades.</p> |

| Measure | Evidence | 2016-2017 Assessment |
|--|---|---|
| <p>Service level standards are reviewed annually to identify opportunities to improve past performance targets.</p> | <p>Develop a Customer Service Charter and undertake an annual review of service level standards.</p> | <p>Service targets relating to the various approvals issued by VSS are publically available.</p> <p>Monthly performance reporting is undertaken to track the branch's progress against these service targets in order to monitor performance and to address emerging issues and trends in relation to the timeliness of service delivery.</p> <p>VSS will not be developing a separate Customer Service Charter but refers regulated entities to the department's Client Service Charter. Service targets will continue to be provided alongside the relevant information relating to specific approval processes and VSS will be consolidating references to timeframes and service targets in the one location on the department's website to allow for ease of reference for stakeholders. This is expected to be completed in the 2017-2018 financial year.</p> <p>Service targets and timeframes will be reviewed as part of the MVSA reform.</p> |
| <p>Maintain an understanding of the operating environment of the industry or organisation, or the circumstances of individuals and the current and emerging issues that affect the sector.</p> | <p>Regular stakeholder consultation through established stakeholder forums (*), the <i>Motor Vehicle Standards Act Review</i>, annual stakeholder survey and informal feedback from applicants via phone, email and face-to-face meetings. Key issues identified and changes reported back to stakeholders.</p> | <p>VSS met with established stakeholder forums throughout the self-assessment period to discuss regulatory and operational matters, including the MVSA reform.</p> <p>VSS has sought to utilise insights from this ongoing engagement to inform our understanding of industry practices and the development of draft legislation.</p> <p>Examples of engagement include:</p> <ul style="list-style-type: none"> • Regular engagement with manufacturers to discuss certification issues, recalls and other safety compliance matters • Meeting with Bus Industry Confederation regarding emergency exit requirements for double decker buses • Meeting with Heavy Vehicle Industry Australia on trailer certification matters • Engagement with the Caravan Industry Association Australia and caravan industry, including attendance at caravan shows • Registered Automotive Workshop Scheme (RAWS) Association • Australian Automotive Aftermarket Association |

* Established stakeholder forums include VSS's Australian Design Rule (ADR) and vehicle safety forums: the Strategic Vehicle Safety and Environment Group, the Australian Motor Vehicle Certification Board and the Technical Liaison Group; and the Austroads Safety Task Force, the two Registered Automotive Workshop associations and various sectoral groups.

Key Performance Indicator 2 – Communication with regulated entities is clear, targeted and effective

| Measure | Evidence | 2016-2017 Assessment |
|--|---|--|
| <p>Publish guidance and information that is up to date, clear, accessible and concise through media appropriate to the target audience</p> | <p>Published information complies with the Government’s accessibility standards.</p> <p>Feedback from stakeholders, including through the annual stakeholder survey.</p> <p>Guidance and information is reviewed and updated as necessary following changes to legislation/legislative instruments, and outcomes of external reviews such as audit reports and court decisions.</p> | <p>Published information complies with the Government’s accessibility standards.</p> <p>VSS has published new and updated guidance material to assist regulated entities – both through the website and other systems such as the RVCS. This information is generally easily locatable - for example the RVCS system includes a ‘What’s New’ page.</p> <p>Examples include:</p> <ul style="list-style-type: none"> • new guidance material on Building Trailers over 4.5 tonnes ATM to provide guidance material for industry on the certification of trailers • Updates to New Low Volume Vehicle Scheme Evidence Examination Procedures for ADR 31/03 and ADR 79/04 • Revised Administrative Circular 0-2-13 Certification of New Low Production Passenger Cars (MA Category) • New Administrative Circular 0-4-31 ADR Harmonisation – Acceptable recent versions of UN Regulations <p>VSS has updated the public website in relation to the various concessional imports options and information on the VIS. These changes were implemented to assist the public in understanding the requirements and criteria attached to these import options under the regulations.</p> <p>Improvements have been made to the non-road import option to provide clearer guidance as to what is permitted to be imported under that option. VSS is currently in the process of adding pictures to the website to further illustrate what can and cannot be imported.</p> <p>Feedback was received that there is insufficient communication or notification when new information is published. The use of simple web communication tools, such as a ‘newsfeed’ was suggested to address this issue.</p> |

| Measure | Evidence | 2016-2017 Assessment |
|---|--|---|
| | | <p>A comprehensive review and updating of all guidance and resource material will be completed as part of the MVSA reform.</p> <p>Consultation was also undertaken on aspects of the proposed legislation, with papers published including:</p> <ul style="list-style-type: none"> • Consultation Paper on Eligibility Criteria Thresholds – The Register of Specialist and Enthusiast Vehicles • Consultation paper on Certification of Light Trailers • Consultation paper on Register of Approved Vehicles, Submission of Data <p>Suggestions were received on providing more updates on issues VSS is seeing in certain areas – to enable industry to be more proactive in addressing requirements. These suggestions are currently being incorporated into a communication and engagement plan, which is expected to be rolled out later in 2017-2018.</p> |
| <p>Engagement with industry before changing legislation, policies or practices.</p> | <p>All changes to legislation, policies or practices are appropriately discussed at established stakeholder forums (*) with broader community consultation undertaken where appropriate.</p> <p>Annual stakeholder survey undertaken and any key issues identified and changes reported back to stakeholders (<i>new evidence</i>). This is in addition to informal feedback received from stakeholders via phone, email and face to face meetings being</p> | <p>From feedback received VSS acknowledges an area for improvement is improved communications with our stakeholders on changes in policy and practice.</p> <p>Consultation with various industry sector groups and associations on proposed reforms to the legislation was undertaken in 2016-2017, with stakeholder engagement expected to increase in 2017-2018 in this area.</p> <p>This consultation was undertaken to discuss proposed changes to legislation, understand industry's views on the reforms and consider feedback. Specific issues consulted on included:</p> <ul style="list-style-type: none"> • Light trailers • Authorised Vehicle Verifiers • Vehicle Identification Number (VIN) and Register of Approved Vehicles (RAV) • RAV processes, testing and charges <p>Feedback was received that more consistent and transparent engagement on business reform was required. The level of engagement in relation to technical standards was noted positively.</p> |

| Measure | Evidence | 2016-2017 Assessment |
|---|---|---|
| | recorded and incorporated into review processes. | |
| Advice is consistent and supports outcomes. | <p>Internal guidance material (guidelines and checklists) is made available to staff that ensures that decisions take into account precedent and are consistent.</p> <p>Feedback from stakeholders, including through the annual stakeholder survey, indicates that the decision process is, and is perceived to be, fair and consistent.</p> <p>Compliment/complaint process available to all applicants with information on how to access appeal/review options.</p> <p>Compliments/complaints are managed in accordance with the department's Customer Services Charter.</p> | <p>To support the provision of consistent advice, staff are provided with internal guidance and training for their roles. Examples for 2016-2017 include:</p> <ul style="list-style-type: none"> • RVCS training and forms training were provided to staff to improve evidence examination • Internal procedures for Single Uniform Type Inspections were developed to ensure greater consistency • A competency framework for inspectors was developed to improve the quality and consistency of field work undertaken by inspectors <p>Advice on the compliment/complaint process and how to access review options is available on the department's website – with all formally lodged compliments and complaints managed in accordance with the department's Client Service Charter. In the first instance, if an applicant has a concern about a decision, VSS endeavours to assist the applicant to resolve the matter.</p> <p>Some regulated entities and their representative industry associations have flagged concerns with the inconsistent approaches, advice and interpretation by officers. The need for detailed procedures, improved client management processes, an avenue for 'pre-submission' discussions and improved training for staff were raised as suggestions to address these issues.</p> <p>Certification processes and procedures are currently being reviewed and updated in line with other process improvements to provide greater consistency for regulated entities.</p> <p>As part of ongoing reform VSS is also progressing work to ensure external communications are more targeted and effective in addressing regulated entities' needs and providing greater transparency and clarity to stakeholders.</p> |

** Established stakeholder forums include VSS's Australian Design Rule (ADR) and vehicle safety forums: the Strategic Vehicle Safety and Environment Group, the Australian Motor Vehicle Certification Board and the Technical Liaison Group; and the Austroads Safety Task Force, the two Registered Automotive Workshop associations and various sectoral groups.*

Key Performance Indicator 3 – Actions undertaken by the regulator are proportionate to the regulatory risk being managed

| Measure | Evidence | 2016-2017 Assessment |
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| <p>An annual compliance plan, based on risk assessment, is agreed by the Executive and implemented by VSS, with flexibility to address new circumstances (changes to be agreed at Executive Director level).</p> | <p>Audits, inspections, information seminars and other compliance activities are conducted effectively, with identified issues addressed satisfactorily.</p> <p>Systemic safety issues identified by VSS are addressed appropriately (including liaison with the ACCC and relevant companies to ensure recalls are announced in the most efficient way).</p> <p>Compliance related policy documents are published and reviewed regularly. Compliance policy reflects risk-based, proportionate and voluntary compliance principles.</p> | <p>VSS developed the Vehicle Safety Standards Risk Framework during 2016-2017, with the Framework endorsed in July 2017.</p> <p>The Framework and an annual compliance plan are being implemented during 2017-2018, and will be complemented by the publication of a Compliance and Enforcement Strategy outlining VSS's approach to compliance and enforcement activities.</p> <p>The Framework guides the implementation of a practical risk-based approach to the monitoring and management of compliance with regulatory requirements under the MVSA. This approach aims to deliver better regulatory outcomes, whilst minimising the regulatory burden on low risk regulated entities.</p> <p>The refinement of VSS' approach to risk assessment and planning has been complemented with organisational changes, including the creation of a dedicated section to undertake operational planning and review activities in accordance with prioritised regulatory risks and an endorsed compliance plan.</p> <p>In 2016-2017, VSS continued a program of risk-based audit and inspection activities, with 56 audits of vehicle production and test facilities undertaken. In addition, 90 RAWs audits were also conducted that identified a number of workshops that had breached approval conditions.</p> <p>Issues identified through the audit process were raised with the regulated entity so rectification action could be undertaken.</p> <p>VSS continued to work closely with regulated entities and ACCC to ensure safety issues were rectified and recalls were managed effectively.</p> <p>In 2016-2017 the recall of Takata airbags continued. VSS and the ACCC have been meeting with the vehicle manufacturers and receiving updates on how they are providing timely information to affected vehicle owners and rectifying affected vehicles. VSS has maintained regular contact with affected vehicle manufacturers to monitor the progress of the recall and ensure that the risks of the potential defect have been adequately explained. Engagement has also been undertaken internationally and with state and</p> |

| Measure | Evidence | 2016-2017 Assessment |
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| | | territory registration authorities. VSS is progressing a range of other actions to assist in resolving challenges that have been encountered during this recall. |

Key Performance Indicator 4 – Compliance and monitoring approaches are streamlined and co-ordinated

| Measure | Evidence | 2016-2017 Assessment |
|---|--|---|
| Depending on the compliance activity, VSS will coordinate at an appropriate level with other regulatory authorities such as state and territory vehicle registration authorities, the National Heavy Vehicle Regulator, the ACCC, Immigration and Border Protection, the AFP and state police forces. | Compliance activities are coordinated with other relevant authorities where appropriate (including to maximise the likelihood of success). | VSS continues to work with Commonwealth, state and territory regulators, registration authorities, consumer advocates and enforcement agencies. In 2016-2017, VSS supported other regulators and law enforcement agencies with a number of investigations, prosecutions and federal court actions. VSS regularly liaises with the National Heavy Vehicle Regulator and state transport authorities on complex certification issues and Performance Based Standard Approvals. |

Key Performance Indicator 5 – Regulator is open and transparent in its dealings with regulated entities

| Measure | Evidence | 2016-2017 Assessment |
|---|---|---|
| Information on VSS's performance is publicly available. | Results of stakeholder surveys and self-assessment against Regulator Performance Framework published on department's website (<i>new evidence</i>). | VSS is committed to being an open and transparent regulator and will publish this KPI self-assessment on the department's website when finalised. |

| Measure | Evidence | 2016-2017 Assessment |
|---|--|---|
| Applicants are provided with access to relevant information and reasoning behind decisions. | <p>Correspondence informing stakeholders of decisions includes clear reasons for decisions, especially where a request has not been supported.</p> <p>Compliment/complaint process available to all applicants with information on how to access appeal/review options.</p> <p>Compliments/complaints are managed in accordance with the department's Customer Services Charter.</p> | <p>VSS provides reasons for a negative decision and works with regulated entities to resolve issues for a positive outcome where possible, providing guidance to stakeholders on how to fix errors or where additional information or evidence may be required.</p> <p>Advice on the compliment/complaint process and how to access review options is available on the department's website – with all formally lodged compliments and complaints managed in accordance with the department's Client Service Charter.</p> <p>Complaints received are addressed promptly.</p> <p>Positive feedback was received from applicants, manufacturers and agents on the level of assistance provided.</p> |

Key Performance Indicator 6 – The regulator actively contributes to the continuous improvement of regulatory frameworks

| Measure | Evidence | 2016-2017 Assessment |
|---|---|--|
| Australia's motor vehicle standards are aligned with international standards. | <p>Number of UN Regulations applied.</p> <p>Number of ADRs aligned with UN Regulations.</p> <p>Number of amendments made to ADRs to remove Australian specific content.</p> | <p>Australia applied five United Nations (UN) Regulations on topics for Tyre installation, Tyre pressure monitoring, Electronic Stability Control, Brake Assist Systems and Quiet Road Transport Vehicles.</p> <p>Feedback was received that more resourcing is needed to expedite the alignment of ADRs with international standards.</p> |
| Stakeholders have opportunity | Regular stakeholder consultation through established stakeholder forums (*), <i>Motor</i> | Engagement continued during the financial year on aspects of the MVSA reform with industry feedback and suggestions considered by the appropriate area. |

| Measure | Evidence | 2016-2017 Assessment |
|---|---|---|
| to work with the regulator to improve the regulatory framework. | <i>Vehicle Standards Act</i> Review, annual stakeholder survey and informal feedback from applicants via phone, email and face-to-face meetings. Key issues identified and changes reported back to stakeholders. | <p>Consultation encompassed light trailer consultation, AVV market testing process, Specialist and Enthusiast Vehicles, and VIN and RAV consultation. The high level outcomes of this consultation were published on the MVSA reform page of the department's website.</p> <p>VSS held two meetings each of the Strategic Vehicle Safety and Environment Group, the Australian Motor Vehicle Certification Board and the Technical Liaison Group as well as holding and attending various industry and government forums and meetings on specific topics and to inform development and maintenance of ADRs.</p> |
| Business processes are incrementally improved over time. | Department to demonstrate annual improvements to business processes associated with record keeping, application processes and coordination of administrative functions. | VSS is progressing a program of continuous improvement activities to improve the delivery of its regulatory outcomes in conjunction with the broader reform of the MVSA. VSS reviewed its business processes in early 2017 to inform these activities and identify further process improvements. A number of changes were progressed as a result of this activity (e.g. formation of a single certification team). |

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