

Submission 71 – RVS Legislation Consultation



**HEAVY
VEHICLE
INDUSTRY
AUSTRALIA**

YOUR NATIONAL VOICE

Submission to: Department of Infrastructure
Regional Development and Cities

Title: HVIA Comments on Exposure Drafts
for the Road Vehicle Standards Bills

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1.0 Introduction

In 2014 the Commonwealth Government began the process of reviewing the Motor Vehicle Standards Act (MVSA) to strengthen and modernise the legislation and lower regulatory compliance costs.

In December 2017 it released exposure drafts of the Bills for the new Road Vehicle Standards Act (RVSA) and a number of associated pieces of legislation. At the same time an exposure draft of the proposed rules was released. The rules which contain most of the detail about how the legislation will operate.

Comments were sought from industry associations on the draft legislation and rules.

2.0 HVIA

Heavy Vehicle Industry Australia (HVIA) represents and advances the interests of the entire industry involved in the design, manufacture, importation, distribution, modification, sale service and repair of on-road vehicles with a gross vehicle mass or aggregate trailer mass over 3.5 tonnes as well as their components equipment and technology. The industry directly employs over 36,000 people and provides some of the world's most efficient, safe, innovative and technologically advanced vehicles. HVIA seeks to work with government and industry stakeholders to promote an innovative and prosperous industry that supports a safe and productive heavy vehicle fleet operating for the benefit of all Australians.

3.0 General Comments

HVIA would like to provide the following comments on the Road Vehicle Safety Bill.

HVIA is generally supportive of the changes that have been made to the concessional import arrangements and looks forward to working on the detail of these arrangements during the consultation process on the Rules.

HVIA is concerned that the current draft legislation and rules may result in confusion/ difficulties in the interaction between the Road Vehicle Standards Act and the Heavy Vehicle National Law (HVNL).

HVIA is also concerned about the potential for the proposed arrangements to be administratively burdensome for industry resulting in increases in costs.

HVIA would like to ensure that the transition process from Component Registration Numbers (CRNs) and Sub-Assembly Registration Numbers (SARNs) to Component Type Approvals (CTAs) is streamlined to keep costs and the phase in period under control.

This may be a particular issue given that ADR's 35 and 38 are likely to come into force during the transition period to the new legislation. This will require a large number of components to be assessed for compliance with the new ADRs.

The requirements for all modifications prior to supply to market to be undertaken using the second stage manufacturing process and the lack of information around second stage manufacturing in the rules is also a concern.

More generally the draft rules do not provide sufficient information for the cost to industry of the new processes associated with type approvals and model reports to be calculated.

If insufficient resources are available within industry to prepare the applications or within DIRDC to assess the applications, it may not be possible to meet the proposed phase in timelines.

HVIA has also examined the Draft Cost Recovery Implementation Statement. HVIA understands the rationale for the cost recovery approach being proposed.

However, HVIA's view is that the Cost Recovery Implementation Statement requires considerable additional work.

HVIA understands that many of these issues may be able to be dealt with in the ongoing consultation surrounding the rules. HVIA is committed to participate fully in the consultation on the rules.

HVIA believes that significant further work is required to finalise the rules and determine whether the commencement provisions in the draft Bill are workable.

4.0 Background on Modification of Heavy Vehicle and the Interaction of the MVSA and the HVNL

In order, to meet their operational requirements many heavy vehicles are modified using the provisions of VSB6 (Vehicle Standards Bulletin 6) to allow them to be customised to suit their operational requirements. Under the Motor Vehicle Standards Act, heavy vehicle manufacturers are currently able to provide "Cab Chassis" vehicles (with appropriate lights etc.) to body builders/ modifiers and at that point the jurisdiction of the MVSA finishes.

The subsequent modifications to the "Cab Chassis" are currently carried under the HVNL using VSB6 to provide guidance as to how these modifications should be undertaken. There are a broad range of modifications that are covered by VSB6 ranging from simple activities such as fitting fifth wheel couplings through to body fitments and chassis, engine and brake system modifications. These modifications may occur before the first use of the vehicle to carry loads or may occur later in the life of the vehicle as a result of changes in the operational use of the vehicle over its working life.

VSB6 covers a range of matters which are outside the scope of the ADRs and therefore out of the scope of the Motor Vehicle Standards Act. (or the RVSA).

VSB6 is only relevant to modifications to heavy vehicles.

5.0 HVIA Concerns Relating to the Modification of Heavy Vehicles under the RVSA

It is important to the heavy vehicle industry that control of the heavy vehicle modification process continues to occur via VSB6 and the HVNL. HVIA is aware of situations that have occurred in the past where the inability to apply VSB6 provisions to vehicles imported complete with modifications that would normally be governed by VSB6 has resulted in safety issues.

If the new legislation interferes with the operation of VSB6 and disrupts existing practices with respect to supplying Cab-Chassis vehicles to body builders and vehicle modifiers there could be significant safety problems and widespread disruption to the industry.

It has been brought to HVIA's attention that the wording of Division 7 within the Draft Road Vehicle Standards Act is problematic and that the requirements for all modifications to vehicles prior to the consumer to be conducted under the second manufacturing process outlined in the rules may exacerbate these problems.

HVIA is concerned that Division 7 of the Bill may not be sufficiently flexible to deal with normal practices in the Heavy Vehicle industry and strike the appropriate balance between the RVSA and the HVNL.

HVIA would ask that Division 7 of the Bill be reviewed to determine whether changes are required to address these concerns, either directly through the legislation or indirectly by allowing these issues to be addressed through the rules. HVIA is happy to be involved in ongoing discussion on this issue.

On a related matter HVIA is concerned that the current exposure draft of the Rules does not provide sufficient information on the proposed second stage manufacturing process. HVIA is concerned that if the reach of the second stage manufacturing process is extended it may significantly add to the cost of simple modifications that are currently undertaken without the need to be regulated by the second stage manufacturing process.

In particular, it would appear that under the regime set out in the exposure drafts simple fitments of items like turntables and fitment of the same body to multiple different base truck chassis would be forced to use second stage manufacturing and separate model reports (or variations on model reports) for each combination resulting in a substantial blowout in costs and significant time delays.

6.0 Transition Arrangements for CRNs and SARNs

HVIA is also concerned over the lack of information available on Component Type Approvals and the process for transitioning of the current CRNs and SARNs across to the new arrangements. There is no discussion in the drafts on streamlined arrangements for the transition of existing components and sub-assemblies across to the new arrangements.

There are a large number of CRNs AND SARNs which may need to be transitioned to the new scheme and based on the current exposure drafts it would appear that all of these would need to be reassessed under the new scheme. This will require a significant amount of work from industry to prepare the documentation and also, a large amount of work by DIRDC to assess these applications. It is not clear that sufficient capacity to undertake this work exists in either industry or DIRDC.

This may be a particular issue given that ADRs 35 and 38 are likely to come into force during the transition period to the new legislation. This will require a large number of components to be assessed for compliance with the new ADRs. This is likely to place large demands on industry and DIRDC without the complications of dealing with the transition arrangements.

This may need to be considered in establishing the timings for the transition arrangements.

5.0 Draft Cost Recovery Implementation Statement

HVIA understands the rationale for the cost recovery approach being proposed.

However, the basis for the financial estimates contained in Section 6 is not clear, and in particular, it is not clear whether the assessment load for the transitional arrangements has been adequately catered for.

The methodology that has been used to allocate costs between the RAV costs, "Pre-approval" costs and "Post-approval" costs is not clear. Finally, the indicative charges calculated under the two cost recovery options do not appear to be consistent with the stated methodology underpinning the two options. In particular it is not clear why the pre-approval costs (the application fee) are the same for

some vehicle categories (Non IWVTA and IWVTA approvals) but different for others (Heavy Trailer Type approvals). The amount of the levees for the Heavy Trailers are not stated in the draft statement.

HVIA is happy to work with DIRDC on refining the Cost Recovery Implementation Statement.

7.0 Conclusion.

HVIA appreciates the opportunity to provide comments on the exposure drafts. Due to the limited time available these comments represent preliminary comments designed to meet the requested timetable set out by DIRD.

HVIA is currently conducting a consultation process with its members during the month of February that may uncover additional issues. HVIA will provide supplementary comments once it has completed the initial consultation with its members.

HVIA has already identified a number of significant issues with the exposure drafts that need to be addressed.

HVIA understands that many of the issues identified can be addressed as part of the ongoing development of the rules. However, HVIA has identified a couple of issues which may need to be addressed in the Bills currently before Parliament.

HVIA is aware of the complexity of the work involved in completing the rules and believes that the process of drafting the rules may uncover other major issues.

HVIA is concerned that the time and resources available to develop the rules may impact on the implementation timetable and that the resources required to implement the new legislation cannot be determined until the rules are clear on these issues.

HVIA is committed to working with DIRDC and the Government on addressing the issues outlined in this document.