



**BOSCH**

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Development

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## **2014 Review of the Motor Vehicle Standards Act 1989**

Ladies and gentlemen,

Robert Bosch Australia (RBAU) is the regional subsidiary of the Bosch Group, a leading global supplier of technology and services.

RBAU has had an Australian presence in automotive component supply dating back to 1907, and continues to be active in the engineering and manufacture of automotive components and systems for domestic and international automotive markets.

Bosch automotive products contribute to clean and economical driving (injection systems, drive systems, sensors), as well as safe and comfortable driving (active and passive safety systems, driver assistance systems, semiconductors and sensors).

It is from this position that we make the following contribution to the Australian Motor Vehicle Standards Act 1989 review.

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***Q. 5.1 Have the problems with the current situation been reflected accurately and are there other problems that need to be addressed.***

Additional considerations not covered in the review document include:

- **Increased costs of replacement components and servicing for low volume imports.** A potentially greater number of variants of relatively low volume will increase the average cost of replacement parts and servicing as component suppliers would require a wider variety and slower moving stock profile over which fixed costs are allocated. These increased costs would be reflected in increased insurance premiums for repairs.
- **Variations in UN-ECE interpretations between countries of manufacture.** Variations between countries with UN-ECE compliant regulations opens the potential for a non-homogeneous array of safety critical interpretations. Example: Brake light & indicator variations between US and AU.

***Q. 7-2 What arguments support little or no change to the legislation?***

None – Strengthening of the Act should be considered to achieve improved safety conditions and thus reduced risk for all road users in priority to short-term and unsupported gains to an un-governed, second-hand import market.

***Q. 7-3 Does a case still exist for Australian Government intervention in vehicle standards?***

Yes. Government intervention ensures protection of consumer interests by setting a minimum standard of emissions and safety performance for new cars and by ensuring availability of replacement parts & service capability.

The latter applies particularly for sophisticated advanced safety systems where variants of existing vehicles may require components and software configurations designed specifically for those vehicles.



Fitment of 'close' or similar parts that may appear mechanically and electrically compatible can have different software and configuration settings such that system performance is compromised. A vehicle could function normally in all other aspects and its driver could be completely unaware of the latent problem until such time as the system is activated in an emergency driving situation. Examples include ESP systems, airbags, seatbelt pretensioners, Automated Emergency Braking systems, and others.

Absence of a national government intervention may result in conflicting requirements as each state implements its own standards and regulations, or potential for complete absence of regulation that would allow potentially very low safety and emissions performing vehicles to enter the Australian market.

Government regulation has been and remains to be, a key driver of development of vehicle safety and emissions standards world-wide, to the benefit of drivers, other road users and the wider community. Advanced safety systems and emissions control technologies generally cost more to produce than lower safety and lower emissions performing solutions. While consumers in some market demographics value such technology and are prepared to pay a premium for it, others will make lower priced choices if available and manufacturers and dealers will support that demand.

***Q. 7-5 Are there non-regulatory ways of achieving the same policy objectives of road safety, environment, security, and adequate consumer choice?***

Generally no – some level of regulation is required. In a simple example, consumer's willingness to adopt advanced safety equipment can vary widely depending on the market segment. Buyers have demonstrated a propensity to be slow to take up safety options as a trade-off for comfort options due to the general perception at purchase that accidents are an unlikely risk.

This leads to an elongated, penetration lead-time for equipment that can have substantial & immediate benefits for the community and economy.

Market-based mechanisms such as preferential taxation could provide benefit but again this requires some level assessment and administration.



***Q. 7-8 In what areas do you consider the Act's compliance processes and enforcement powers could be better targeted to the risks? And what additional or alternative enforcement or compliance activities would you consider as effective and efficient?***

Whilst the Review correctly recognises that risks increase with the age of vehicles, risk exposure relating to safety is identified through National Safety testing bodies such as NCAP & ANCAP star ratings.

These dynamic measures move with the introduction of new vehicles & new technologies and should form part of the Act's compliance consideration.

The opportunity exists to include these direct measures as part of the overall methodology in assessing community risk. This could include protecting for automated vehicles that at the same time are behaving like mobile communication devices which requires harmonising different regulations.

***Q. 7-10 What regulatory services under the Act could be delivered through private sector or other organisations?***

Certification services such as compliance to standards could be provided by local, non-government agencies where demonstrated & detailed knowledge exists. These agencies would require access to OEM's service literature and have uniformly, qualified & certified technicians Australia wide.

***Q. 7-16 Is there benefit in providing for the approval of modules of design/assembly of a vehicle? How could this be done to ensure the certification is valid for a range of later added componentry and bodies?***

There may be benefit for some systems but certainly not all. For example, advanced safety systems such as ESP can be very model specific and not well suited to a modular, multiple-variant certification.



ESP system architecture can be the same for multiple variants but software and tune settings can vary significantly based on ride height, towing requirements, capacity for roof mounted loads, wheel and tyre sizes. Use of an ESP module in the incorrect variant could render the system ineffectual.

***Q. 7-18 What impact would second-hand vehicle imports and personal imports of new vehicles have on the automotive sector in the short, medium and long term?***

The increase in any vehicle imports that are not fully supported by an existing dealer network has the potential to create significant issues around guaranteeing the correct level of ongoing servicing is undertaken to ensure that the vehicle is maintained in a safe condition.

Depending on the volumes and specific vehicles involved, it is possible that an increase in imports could give rise to specialised independent aftermarket service workshops that deal almost exclusively in these vehicles. This could result in a concentration of service knowledge and limit the consumer's access to convenient and cost effective servicing. For personal imports this is less likely to be an issue because the importer may already have an expectation as to the challenges involved. However, for larger volumes where the consumer may be ignorant as to the vehicle's origin (especially on subsequent ownerships) this is likely to create service issues at some point.

Vehicles entering the country that are foreign to the existing market and do not share the same components as vehicles already in the market create the potential risk of service agents replacing components with "close" alternatives that may jeopardise safe vehicle performance. Alternatively, it may also open the need for service agents to import the required components which, at low vehicle volumes, is likely to drive high servicing costs for the consumer.

The complexity of managing and stocking suitable components via local parts distribution agencies will most likely increase which could see a flow on effect by way of higher costs. In the long term this is likely to lead to an ageing fleet.



***Q. 7-19 Could constraints around a vehicle's age and country of origin effectively manage the safety, environmental and theft risk to the community?***

This could be possible where those accepted countries also include crash tests equivalent to ANCAP or NCAP standards but how is this to be monitored and assured?

***Q. 7-20 How can standards be used to affect the average age of the vehicle fleet and the distribution of the age profile?***

As an alternative to creating a maximum vehicle age import restriction, the introduction of a uniform, national vehicle inspection and testing (at import, at registration or on-sell) including visual, mechanical, emissions and diagnostic, could provide a go / no-go to conformity.

Such testing could ensure the suitability of vehicles entering our road system are excluded not because of age (even though this could be a pre-requisite) but safety/mechanical/environmental standard. This would require approved and authorised test equipment, trained technicians and procedures.

***Q. 7-22 What impact would an increase in second hand imports and personally imported new cars have on the insurance industry?***

A potentially greater number of variants of relatively low volume will increase the average cost of repairs. Component suppliers would need to stock a wider variety of replacement parts of a slower moving stock profile over which fixed costs are allocated.

Repair workshops would incur additional costs in obtaining technical information, service tools and in maintaining a knowledge base sufficient to enable quality repairs. These increased costs would be reflected in increased insurance premiums for repairs.



***Q. 7-23 How could the Government facilitate vehicle safety recalls for vehicles not imported by manufacturers?***

The costs attributed to the recall campaign should still be borne by the parent OEM.

In the absence of a regional OEM wishing to facilitate the product recall, the recall can be accommodated by a third party that has a national footprint, trained technicians, OE special tools and equipment to facilitate the recall per the campaign's Technical Service Bulletin. Campaign letters and consumer communication / contacts and regulatory reports, can also be carried out in line with FCAI & RAWS by the third party. Recall/Repair labour time would need to be established by the OEM.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Robert Bosch'.

Robert Bosch (Australia) Pty. Ltd