



Australian Automotive Aftermarket Association

Vehicle Registration Initiatives Submission to Transport for NSW

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About AAAA

The Australian Automotive Aftermarket Association (AAAA) is the national industry association representing manufacturers, distributors, wholesalers, importers, mechanical repair & modification services and retailers of automotive parts and accessories, tools and equipment in Australia.

The Association has over 1700 member companies in all categories of the Australian automotive aftermarket and includes major national and multi-national corporations as well as a large number of Australian owned small and medium size businesses.

AAAA members manufacture and distribute motor vehicle components, including products used to modify, maintain or enhance the performance of vehicles, including modifications for rough terrain, speciality products, safety, comfort, appearance, functional performance and body components.

Many AAAA member companies that manufacture in Australia also supply locally manufactured Original Equipment components to car manufacturers as replacement parts and accessories for fitment to locally built and imported vehicles, as well as to the independent aftermarket.

Summary

The Australian Automotive Aftermarket Association has a number of concerns regarding Transport for NSW's discussion paper on Vehicle Registration Initiatives.

In addition to our comments regarding the specific proposals, we are very disappointed that that AAAA has not been consulted as part of the drafting process. Our NSW State Manager, Grahame McCraw, has been involved in working parties and advisory groups with Transport for NSW for 12 years, and so we are particularly disappointed that Transport for NSW did not think to consult with us on this matter given the extensive consultation that occurred prior to the discussion paper being drafted.

Many AAAA members are responsible for manufacturing and fitting aftermarket components that modify the vehicle for increased safety, environment and performance. After purchasing a car the owner will modify that vehicle to ensure optimum performance and that it is fit for its intended end use. None of the organisations that were consulted are involved in this component of the supply chain and as a result some of the proposals are not well thought out.

Our relationship with Transport for NSW has been built up over many years, and has included providing technical advice and submissions built from our extensive policy and technical expertise. We have always been constructive in our feedback, offering solutions to problems rather than simply opposing proposed reforms. Despite our constructive and long-term relationship, it was only through chance that we found the discussion paper two days prior to the close of submissions, when one of the members of our 4WD Industry Council committee mentioned the discussion paper during a national phone hook up and alerted us to the content of the paper and the suggested reforms.

In the very short window that we have had to review the discussion paper, we have identified a number of concerns that are expressed below. Given the short timeline, we are responding as best

we can, but would appreciate the opportunity to discuss the issues identified in depth with representatives of Transport for NSW in the near future.

Reforms to Passenger Vehicle Registration Charges

Vehicle Safety

We would appreciate clarification by Transport for NSW around the application of the vehicle safety component to modified vehicles.

For some time, we have been concerned with the inflexibility in ANCAP's variant policy and its implications for the fitment of aftermarket parts and accessories that improve the safety of vehicles given Australia's unique driving conditions. It is ANCAP policy not to test or recognise vehicles that have been modified in any way from their original specification. ANCAP has made clear to AAAA that in order for modified vehicles to receive a rating from the body, each individual aftermarket product would have to be crash tested on every make and model of vehicle, at a prohibitive cost to the aftermarket manufacturer.

We believe that professional aftermarket installation of modifications by qualified technicians and using quality parts enhances the performance and safety of vehicles produced for a global market, and better equips them for operation in the harsh conditions of rural NSW. This is particularly important for additional load bearing capacity, ground clearance, and protection from animal strikes. At present the installation of a bull bar or a suspension upgrade would disqualify a vehicle's ANCAP rating.

To ensure that a vehicle is suited to its intended end use, aftermarket modification is a common occurrence in Australia. Whilst the AAAA appreciates the intention of Transport for NSW to encourage consumers to purchase safer vehicles, further consideration and clarification is required around how the owners of modified vehicles, made safer for their intended use through modification, will be charged under a reformed vehicle registration policy.

The discussion paper does not make clear how new registration charges will apply to vehicles that are legally modified after purchase, other than stating that vehicles with no ANCAP rating will be charged at the higher rate. This could result in an anomalous situation where consumers who drive modified vehicles, arguably made safer for use in rural and remote areas by the addition of bull bars or upgraded suspension, could (as outlined in *Figure 15 – Example safety charges*) potentially pay a safety charge six times higher than would otherwise apply if the vehicle were not modified.

Under the suggested reforms in the discussion paper, presumably a vehicle owner would register their ANCAP 5 star rated vehicle and then modify the vehicle after they have received their discounted registration. Further investigation however would tell you that the vehicle is no longer 5 star rated by ANCAP. Whilst we are aware that vehicles maintain their ANCAP rating for the life of the vehicle (provided there are no modifications) it is unclear from the content of the paper whether Transport for NSW intends to monitor whether vehicles are modified and how that affects their ANCAP rating. Separately, it is worth noting that the Federal Government has recently floated a discussion about what the future of ANCAP should be.

Environmental Credentials

Whilst AAAA does not object to the proposed environment component of the new vehicle registration regime, it is our position that Roads and Maritime Services should maintain the current frequency of required vehicle safety checks under the Authorised Inspection Scheme.

All vehicles can have high emissions if they are not maintained and serviced appropriately, regardless of the age of the vehicle or number of kilometres travelled. While newer cars begin with lower emissions due to modern technologies, they can deteriorate rapidly if they are not kept in good condition. Australian and North American emissions reports reveal a concerning fact that cars fitted with catalytic converters show a greater rate of deterioration over time and kilometres travelled than non-catalytic converter equipped cars, and it is important that these vehicles are serviced regularly. Our members produce and fit catalytic converters and have extensive information and research on deterioration of these components. It would be worth a further discussion with us on behalf of aftermarket producers on how these components behave over time. It cannot simply be assumed that newer technology results in reduced emissions: there are other variables.

End of Life Vehicles

We are pleased that Transport for NSW has determined it will not proceed with a cash-back scheme as per the previous Federal Government's proposed *Cleaner Car Rebate* scheme. This proposal attracted widespread criticism from industry experts, economists and media commentators which ultimately led to the policy being abandoned by the Gillard Government in early 2011.

Having said that we remain concerned about any initiative that is designed to incentivise consumers to replace older vehicles with newer ones given these schemes have been discredited around the world and have the strong potential to cause long-term structural damage to the efficient Australian car repair and aftermarket. The discussion paper does not note the potential and actual contribution of the automotive maintenance sector to reducing vehicle emissions through regular servicing and maintenance of older vehicles.

The environmental benefits of crushing older vehicles are highly debatable. The Federal Office of Road Safety has studied emissions from in-service vehicles (National In-Service Vehicle Emission Study) and released comprehensive reports in both 1996 and 2009. The results of extensive testing clearly demonstrate that reductions in pollution levels of up to 25% can be achieved through good maintenance practices such as replacing air and fuel filters, checking and replacing/adjusting spark plugs, plug leads, timing, points and petrol caps.

The 2009 study concludes "on average, passenger vehicle fuel consumption and greenhouse gas emissions have not shown significant change over the period this study has examined (i.e. 1996-2009). The data suggests that, in itself, replacing older vehicles with newer vehicles, without significant changes in the mix of vehicle sizes, engine capacities or fuel types, would not result in significant greenhouse gas emissions benefits." In addition, numerous studies have shown that resources and energy use are significantly multiplied when a vehicle is destroyed and a new one is built to replace it, resulting in a detrimental impact on overall greenhouse emissions.

The notorious and internationally discredited *Cash for Clunkers* scheme that was implemented in the United States, and similar schemes that were adopted throughout Europe all faced the same dismal results: market distortion, fraud, price manipulation, benefits flowing mainly to importers, and final economic costs that far exceeded any intended benefits. This strategy was hastily abandoned wherever it was introduced.

International experience has shown that initiatives to encourage the purchase of new vehicles are easily manipulated and often simply distort car-purchasing patterns rather than increase sales of environmentally friendly vehicles. It is crucially important that Transport for NSW take note of the evidence and informed opinion on this matter whilst considering policy options for end of life vehicles.

Concluding Remarks

We do understand the intent of the discussion paper. In particular it would seem that the intent is to modify vehicle purchasing behaviour; encouraging new car buyers to purchase cars with high safety and lower environmental impact using the incentive of lower registration fees. We agree with these intended outcomes. All of our members' efforts are directed towards the maintenance and enhancement of vehicles to keep drivers and passengers safe and to care for our environment.

We agree with the end point, but we do not agree with some of the proposed means. If the end point is to be realised there should be more discussion with the aftermarket industry; the individuals and the businesses that are responsible for maintaining and modifying the vehicle after purchase. What happens to the car after registration must be factored into its overall safety and the environmental performance. Maintaining their car is one of the most important acts that a car owner can undertake to ensure safety and reduced emissions.

We have had just over 48 hours to respond to this discussion paper and we do have a great deal more to say including the provision of technical data and expertise that could better inform this discussion. We would value an opportunity to discuss this feedback with you and to respond in further detail.

We would also value a discussion and a formal response on why the Australian Automotive Aftermarket Association was excluded from the stakeholder consultation that fed into the recommendations included in this discussion paper and why the process excluded the many NSW aftermarket companies that contribute to this industry.

Yours Sincerely

Stuart Charity
Executive Director