ROAD SAFETY COMMITTEE

Inquiry into vehicle safety

Melbourne — 13 August 2007

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Mr M. Case, chief engineer, vehicles, Royal Automobile Club of Victoria.

The CHAIR — Thank you for attending this public hearing today. As you know, our reference is in relation to vehicle safety. All evidence taken at this hearing is protected by parliamentary privilege under the Constitution Act 1975. Any comments you make outside the hearing may not be afforded such privilege. If you could just state your name and the organisation you belong to and continue.

Mr CASE — My name is Michael Case, and I work for the Royal Automobile Club of Victoria. RACV has made a submission to this inquiry and the presentation that I propose to give today is based on that submission. I think you all have a handout of a copy of some slides that I am planning to talk to and these very much relate to the submission already provided. I am happy to take questions at any time. I have allowed for that in the presentation.

Slides shown.

Mr CASE — Just some introductory comments: RACV believes that a continued effort to raise vehicle safety levels is an issue of key importance to road users and is pleased to present to the parliamentary Road Safety Committee in an inquiry into vehicle safety.

Just moving on to the next slide, 'Presentation structure', this presentation is structured to address what RACV has considered to be the major issues relevant to the terms of reference of this inquiry and will be presented as follows: an introduction, a brief summary of RACV's role in vehicle safety; an overview of the issue, a broad summary and discussion of vehicle safety in Australia; vehicle safety specification levels, an analysis and discussion of trends and practices for fitment of safety technologies in vehicles sold in Australia; vehicle safety technologies, a discussion of a number of effective technologies; the increased rate of adoption, a proposed strategy implementing recommendations by RACV and other bodies to achieve increased fitment of effective safety technologies; and a summary of the recommendations already provided in the submission.

Moving on to the next slide, 'RACV's role in vehicle safety', RACV exists to deliver valued benefits to our 1.9 million members. A core benefit is representation of their interests, particularly in the fields of mobility and motoring. RACV therefore aims to provide an influential, effective and collective voice on behalf of the Victorian motoring community. Vehicle safety forms an important part of RACV's role in representing its members' motoring interests.

Some specific activities and programs that RACV conducts, sponsors or participates in include the Australian new car assessment program, or ANCAP as it is more commonly referred to, that provides useful information to consumers about the occupant protection performance of new vehicles; and the used car safety ratings program, which reports on occupant protection levels of over 300 models based on actual crash statistics and police reports and also conducts research on a range of relevant vehicle safety topics. So we have ANCAP for new cars and used car safety ratings for vehicles already on the road. We are also involved in the Australian crash in-depth study, or ANCIS, as it is referred to, which aims to establish the causes and mechanisms of injuries in real-world crashes through in-depth crash investigation; and in commissioning vehicle safety research through the RACV road safety research foundation, which addresses important road and vehicle safety topics from a motorist's perspective.

RACV advocates to government and industry on our members' behalf for improved vehicle safety levels, such as increased fitment rate and availability of safety features, improved occupant protection levels and stronger design regulations. RACV conducts public awareness campaigns, such as the current programs with the objectives of raising consumer awareness and demand for electronic stability control as well as increased awareness in tyre safety. These are examples of some current public awareness and advocacy programs. RACV informs our members of key vehicle safety messages, including how to consider vehicle safety when purchasing a car, through articles published in *RoyalAuto* and the RACV website as well as through other media coverage, which hopefully you are aware of. RACV's activities also include publication and provision of information on vehicle safety issues for older drivers and advocating for car makers to make relevant design improvements, where possible. RACV participates in the development of Australian vehicle standards and regulations.

Moving on to 'Key vehicle safety technologies', vehicle safety technology innovations have collectively formed a significant contribution to the steady rate of improvement in Australian road safety levels over the past decade. Some key vehicle safety improvements have resulted from the fitment of seatbelts into vehicles, along with the introduction of the Australia design rules, or ADRs as they are commonly referred to, mandating their fitment to the front seats of new cars in 1969. This was a major step forward in improving vehicle safety. Another

improvement was the adoption by vehicle body designers of structural crashworthiness as a key design criterion, in response to consumer crash-testing programs such as ANCAP, raised consumer awareness and demand for vehicle safety, and the introduction of ADRs requiring minimum levels of occupant protection in new cars. This has contributed to significant improvements since the early 1990s in vehicle crashworthy levels.

There has also been the introduction and later widespread fitment of airbags, including driver and passenger frontal as well as side head-protecting airbags. Frontal airbag fitment rates increased significantly from the early to mid-1990s and side curtain airbags from the late 1990s. There has been the development of advanced braking systems, including anti-lock braking systems, or ABS as most people know them, brake assist, a more recent initiative, electronic brake distribution, and in particular electronic stability control, or ESC as it is commonly known. ABS began appearing on volume production models in the 1980s and ESC was introduced in the late 1990s.

If you move to the next slide, it actually shows you a chart which you may already have seen previously. It was produced by the Monash University Accident Research Centre as part of our work on used car safety ratings. This chart shows the progressive improvements in Australian vehicle occupant protection levels since the 1960s, which are to the left of the slide. Since that time the risk of serious injury in a crash has more than halved, when compared with the results for models manufactured today. So we have seen a significant improvement in the occupant protection performance of vehicles since the 1960s.

That commenced in the 1970s with the ADRs relating to seatbelts and the improvement in occupant protection performance and more recently, as can be seen on the right-hand side of that graph, the effect of consumer programs such as ANCAP.

The next chart in the copy of the overheads shows the influence of vehicle design on driver deaths. This trend has been the result of improvements in vehicle structural design, along with the development and fitment of secondary safety features, such as seatbelts, airbags and energy absorbing vehicle interior surfaces. However, there remains scope for further improvements in occupant protection, particularly in the field of side impacts.

Developments in structural design, as well as increased fitment of side head-protecting airbags are two means by which occupant protection can be improved in this area. Of particular importance is the recent identification of the great potential for vehicle crash avoidance — or active safety. We were looking at passive safety and now active safety, and with active safety, technologies to contribute to continued reduction in the rate of road crashes and resulting injuries and fatalities.

Moving to the copy of the slide headed ‘Occupant protection’, since its commencement in 1993 ANCAP has measured significant gains in occupant protection levels for new vehicles. It is now common for new vehicles today to score at least four if not five stars for occupant protection, a level well beyond the best performing vehicles in the early 1990s. However, there are still models tested by ANCAP that continue to score considerably below the maximum 5-star level, including recent results of 3 stars, 2 stars or even 1 star. So while most vehicles have improved significantly towards the maximum level in this program, there are still some vehicles that are not performing at levels that we know are possible.

The CHAIR — Are they categorised into small, medium and large vehicles?

Mr CASE — Yes.

The CHAIR — So are the smaller vehicles rated the safest?

Mr CASE — In general larger vehicles provide greater occupant protection than smaller vehicles, simply by virtue of their size. The laws of physics really help larger vehicles protect their occupants better in a crash than a smaller vehicle. But in each category there are vehicles that do perform to the maximum level. So even small cars can perform very well in crash tests and provide good occupant protection.

What we see in each case, each market segment, is some variation in the performance. Some vehicles are clearly better than others, and most are performing at high levels now, but there are still some in different market segments that are not performing to levels we know are possible.

The CHAIR — Because obviously the market trend is going towards the smaller car.

Mr CASE — Yes.

The CHAIR — That is the case for various reasons, including the cost, petrol prices and so forth. So potentially there would be a lot cars out there that are smaller. Is that a concern?

Mr CASE — Yes. It does create another safety issue, which is generally referred to as compatibility, and that is the occupant protection performance in vehicles that are quite different in size and weight and height off the ground. Even though you can improve occupant protection performance in a small car to quite a high level, it will always be at a disadvantage when it is in a collision with a larger, heavier vehicle. That is often due to the size of the vehicle, not necessarily just the weight. So, yes, it is an issue in Australia, and it has been for some time, and it is particularly in the US and to a lesser extent in Europe. We are looking at improving performance within each vehicle category, but there are issues between the vehicle categories as well.

Comparing general safety levels across model categories is important, as we have just been discussing, but the difference in occupant protection between smaller and larger cars is quite significant. Light car occupants are about twice as likely to suffer a serious injury in a crash compared to occupants in large cars. As a result it is important that vehicles offering inherently lower relative protection in a crash are fitted with safety technologies that reduce these risks. As we have just been discussing, that is really small cars.

The importance in trends in safety levels in light cars and small cars is further emphasised by their increasing sales numbers. In 2006 light cars represented 12 per cent of new passenger car sales, and small cars almost 23 per cent. It is definitely a growing segment of the market.

Debate has occurred in recent years over the potential for reduction of what is known as crash compatibility for the vehicle fleet. Specifically, compatibility refers to the relative protection offered to occupants of different-sized vehicles when they collide. You can quite easily have a difference of mass of up to two between a small car and a large car, and it could be even more than that.

The most effective means of addressing crash compatibility is maximising self-protection. It is most important for the smaller vehicle to be equipped with the maximum level of occupant protection safety features and technology. What is concerning is a trend for the very opposite. Light, and to a lesser extent small, cars typically priced at the lower end of the market in a very price-sensitive market segment often provide lower levels of occupant protection and are less likely to be fitted with safety features than many other vehicle categories.

I am just moving to the copy of the slide headed ‘Vehicle safety specification levels’. Past experience has shown that safety equipment — —

Mr KOCH — Michael, before we get away from the last slide, from the point of view of your own membership, what are they telling you in relation to smaller vehicles? I assume that out of this 35 per cent, being 12 per cent and 23 per cent for smaller and lighter cars, your membership will be owners or users across that pretty well. Regarding safety technology, what is coming back to yourselves in relation to that? You have talked in your submission about public awareness. What is your research in actual fact telling you? What particular areas should be looked at?

Mr CASE — We have a lot of feedback from members who often ask us for advice about car buying. Our advice is not to buy an unnecessarily large or heavy vehicle, to buy a vehicle that is appropriate to their needs. So we do not discourage them from buying smaller or lighter cars, but we want them to be informed about issues related to small cars and their safety.

We very much encourage them to purchase a vehicle that is appropriate for their motoring needs and to source important safety information such as ANCAP and use it in their purchasing decisions. If they only need a small car, then what they need to be aware of is that some perform much better in safety terms than others. So we very much provide them with the information and encourage them to use that in their purchasing decisions and to buy a small car, if that is all they need, that is one of the best performing from a safety point of view. That means its crash test performance — and you can get 5-star ANCAP performance in a small car. In terms of safety features we strongly encourage them to look for dual frontal airbags, side curtain airbags, which are increasingly available and so on.

Mr KOCH — So how cost conscious is your membership in relation to car purchase when we come to retrofitting or despecification?

Mr CASE — They are very cost conscious. We know that they are, but we believe this kind of important safety technology does not have to cost a lot, and it is often a matter of priority with car buyers. Even if they are not looking at spending a lot of money, they do have some discretion when it comes to features on cars, and often it is very tempting to purchase vehicles on the basis of comfort and convenience items and overlook safety features. So we are trying to draw our members' attention to important safety features and to look for vehicles that have these features fitted as standard or available as an accessible and affordable option, and often that does not cost a lot of money.

Mr KOCH — Whereas the industry is on the other side with the commercial argument saying, 'Have all the perks'. We would see stability control as terribly important, but it can come at the price of leather seats, sunroofs and whatever else may be saleable that month or hanging over from last month.

Mr CASE — Yes. We are very much trying to educate consumers towards the importance of safety equipment and choosing cars that have that equipment and making that our priority versus some other things, which is difficult. The manufacturers will likely argue that there is not a strong demand for some of these things and therefore they do not make it available as standard equipment — and sometimes not as an option. Our response is that if they are able to fit it as standard equipment, they could significantly reduce the per unit cost and make it more accessible to consumers.

Mr KOCH — Is there a correlation between what you are recommending to your members and what is actually happening in the marketplace, or are you hitting your head against a brick wall?

Mr CASE — We are finding it a matter of trying to educate consumers because, if you take the example of electronic stability control, there is still not a lot of understanding about what it is and its potential benefits. That is confused somewhat by manufacturers all having the technology and applying it to their models, but giving it different names. That is very much confusing consumers about what it is and what its benefits are. We are trying to, I think, inform and educate consumers as part of the process to influence them about the importance of this equipment. So there is a strong education component, and I think that is what we have to do first before people will fully understand the benefits and ask for it.

Mr MULDER — Can I just ask you a question in relation to this, Michael? Your slide refers to selling a new model in Australia with a lower level of safety technology or equipment fitted to the same or similar models in other countries. A lot of the packages that are offered over here with vehicles are upgraded packages that include the safety equipment. I know we have had these discussions about Australian design rules and how long it takes to implement the rules and changes and get manufacturers on board, but would it be a simpler approach to say to manufacturers who are exporting to Australia that, if safety equipment is available, vehicles that come here must come as a single stand-alone option and exclude them from these very expensive packages that include leather seats, sunroofs, plus airbags, plus, plus. Do you think that would work?

Mr CASE — It an option, but it is very difficult to regulate those kinds of things. Our approach has been very much to use market forces — —

Mr MULDER — Consumer demand?

Mr CASE — Through consumer demand. But in this case we have found that in order to create consumer demand we have to educate consumers first. To us that is likely to be a faster path to the implementation of safety equipment, because if consumers can be informed and they understand the benefit and they ask for it, manufacturers will supply it. They may argue that they do not supply it until the demand is sufficient, but we believe that if it is available and importantly, accessible, so that these features are part of safety packages and not lumped with other unrelated items, then people will purchase them. As the demand increases the price will decrease, and therefore the cost to the manufacturer will also decrease. But it is very difficult because there are many examples of vehicles being sold in Australia that have a lesser specification than a model of the same name sold from Europe or the United States of America, wherever the vehicle comes from.

Mr MULDER — In some of the packages that we have looked at it might be a $4000 or $5000 package but the actual safety components may only be $500.

Mr CASE — Yes.

Mr MULDER — But the person is locked into a significant upgrade.

Mr CASE — We would encourage consumers to look for models that have those things unbundled, and you can identify whether the safety features you are looking for, if it is a stand-alone option that does not come with other unrelated things, is also affordable. Some manufacturers clearly do that, and the response from consumers is higher in those cases than when they cannot unbundle the safety equipment — it comes with other things and is therefore often more expensive than they can afford, particularly in a smaller car.

Mr WELLER — I suppose there might be some manufacturers who are more prone to that others?

Mr CASE — Yes. You will see later in the presentation, and in fact in the submission, a table that goes through a number of examples, and yes, some manufacturers are more prone to that than others. It is very confusing for consumers, because often they will look at a website and they might see a promotion about the European vehicle and feel that the same version is available here, but while it has the same name often, as we have found, the specification levels can be lower. It is very hard to decipher the specification information and establish the difference. It is hard for us, so it must be much more difficult for consumers.

Mr WELLER — You said before that the car should be designed to self-protect. At the conference that we both attended in Lyon a lot of work was being done on secondary absorption systems for bigger vehicles.

Mr CASE — Yes.

Mr WELLER — What is the RACV's — —

Mr CASE — We support the existing work on improving occupant protection and passive safety systems, which are really those that relate to when a vehicle is involved in a crash. The considerations can be a little bit different between larger and smaller cars. We also strongly support active safety systems that help prevent a vehicle from being involved in a crash in the first place. I guess we support everything that improves self-protection when a vehicle is involved in a crash, but also increasingly the technology that helps avoid being in a crash in the first place. We see work continuing in both areas, because we will always have crashes. We want to reduce their number and the effect on occupants when they do occur, but we strongly support crash avoidance technology as well.

Talking about new technology, past experience has shown that safety equipment may take 10 years or even up to 20 years to reach widespread adoption in new cars. An example is the driver airbag, which was introduced in the late 1980s but which did not achieve 100 per cent adoption until the early 2000 period. The earlier these things are introduced, the sooner they will be available to all consumers. The major factors influencing the rate of fitment of vehicle safety technology are things like fitment availability and demand.

There are two means by which vehicle safety technologies and equipment may be physically implemented into the vehicle fleet: as original equipment in new vehicles, and that typically occurs with higher end luxury versions of vehicles where new safety technology is introduced as standard equipment. It could be retrofitted to vehicles already in service, although you cannot do that with some technologies. In the case of light cars, implementation is almost purely by fitment of safety technologies and equipment by car makers into new vehicles. This places vehicle manufacturers, along with their parts suppliers, in a unique and powerful position to influence the pace of vehicle safety improvements. It also highlights the importance of the Australian design rules that govern minimum standards for new vehicle safety as well as the level of demand amongst new car buyers for vehicle safety levels and equipment.

Just looking at availability, new models sold in Australia are typically offered to buyers as a range of variants that form part of the same model family. Higher cost variants are fitted with higher equipment specifications including safety equipment. A given safety feature may be available to the buyer of a given model in one of the following forms: either as standard equipment on all variants, at least as an optional feature at additional cost — as we have been discussing — or fitted only on higher specification cost variants, or not at all if the feature is not fitted to any variant. This practice has important implications for the availability and proliferation of specific vehicle safety features. In most cases the base model — lowest price — is usually the highest selling variant of a given model. This means that, unless the safety technology is offered on the base variant, its sales are low as a proportion of the models sold.

Mr KOCH — Michael, in relation to retrofitting in smaller vehicles we know that it has been demonstrated with front-wheel-drive smaller vehicles that retrofitting is certainly not as effective as factory fitting. What is the RACV doing in its endeavours, both with its membership and with industry, to try to correct this position and to try to get a dollar back for the dollar down?

Mr CASE — The RACV has long been lobbying vehicle manufacturers to introduce important new vehicle safety technology as soon as possible as standard equipment, because we know how long it takes to flow through to all of the models in their range. We also know that nearly all of this technology has to be designed into the vehicle; it is not something new that you can add on to the vehicle afterwards. The sooner they make it a priority to introduce the technology, the sooner they will design it into the vehicle and then produce it and make it available. Often we find that the opportunity for a real step forward is a new version of the model. While you can improve an existing model by designing these features in as part of an update, you do not really get the true benefits until you introduce a new version of that model.

Mr KOCH — So through your member surveys, in that knowledge over the last period of time, how effective have you been in encouraging your members to not have these things retrofitted but to buy them as a standard option when they purchase the vehicle, and from the industry's point of view to discourage them to retrofit rather than making it a standard option?

Mr CASE — We have been encouraging members as much as we can through informing them, educating them — —

Mr KOCH — How effective — —

Mr CASE — We have not really got a measure on that, other than member feedback, because we get a lot of people asking us. I cannot give you numbers. Anecdotally at least people are now informed enough to be asking the questions looking for vehicles of a certain level of performance. They are sourcing ANCAP-type information from RACV to use in their purchasing decision.

Mr KOCH — In the survey, are they prepared to stump up the extra dollars to have that as a standard option?

Mr CASE — I guess there is a bind there, because we do encourage members to purchase the latest possible version of whatever model they have decided meets their needs, but it always has to be affordable too, so there is a balance between buying the latest version and not overspending on a vehicle. We do not want to encourage people to spend more than they can really afford on a vehicle, but whatever amount they have decided to spend on a vehicle, we encourage them to buy the latest version and use the information available to buy the safest version.

Mr KOCH — Your recommendation might also say to them, 'Stay out of the new car market. Get into the second-hand car market' where that was an option.

Mr CASE — Yes.

Mr KOCH — From a safety point of view, instead of buying your latest model within your dollar range, it overlooks a couple of these important safety technologies as standard equipment?

Mr CASE — That is right, and in fact that is why we are involved in the used car safety ratings as well, because we know that for every new car purchased there are approximately seven used cars purchased, and not everyone can afford or needs a new car, so we provide the information related to used cars and encourage people to look at near-new used vehicles if they cannot afford a new one. Often that means they can buy a higher specification level of a used car that has better safety features and they know how it will perform in a crash based on the used car safety ratings.

The CHAIR — Michael, just on the electronic stability control (ESC), obviously this is a technology which is going to save many lives in the future. Somebody has given a submission saying it could possibly save about 100 lives a year if every vehicle was fitted with ESC. Considering that there is large move in the market towards people buying smaller vehicles, my concern is that obviously this piece of technology that is going to save so many lives is not as effective in front-wheel-drive vehicles. How do we overcome that?

Mr CASE — Electronic stability control has enormous potential safety benefits in general, but it does provide greater benefits for some particular vehicle types rather than others. It is probably really mainly four-wheel-drive-type vehicles that are more prone to run off the road in rollover type crashes, but it does provide benefits to other vehicle groups as well, so I think we will see a significant benefit through the introduction of ESC into all vehicle model groups.

Just on the issue of despecification, this term is used to refer to the practice of selling a model of a new vehicle in Australia with a lower level of safety technology or equipment fitted to the same or similar models sold in other countries. In a general sense safety technologies offered for sale to new car buyers overseas are available to Australian buyers. In practice the limiting factor is the level of availability and whether that technology is fitted as standard to the base variant of a given model. You will see on the next slide — and this is also in the submission — a table that shows a comparison between Australia, UK and US of small cars and the safety technologies available of each model in each country. RACV has identified that Australian car makers and importers are less likely to fit safety technologies as standard equipment, even though in other countries they are standard.

This is a major contributing factor to the relatively low overall equipment rate of these technologies on Australian vehicles. A clear example from the table is the Honda Civic, where ESC and side curtain air bags are available as standard on the UK model, but on the Australian model ESC is not available and side curtain air bags are only available for the front passengers, and even then on the upper specification models, compared with the US, where, while ESC is also not available, the side curtain air bags are offered as standard.

So why the difference? Just looking at demand, there are several reasons why a particular vehicle's safety technology may not be offered as standard equipment across a model range by a vehicle manufacturer or importer. It could be a lack of demand by car buyers for specific vehicle safety technologies using restricted availability of safety equipment to up-sell higher cost model variants or equipment packages or a desire to market the base model variant at as low a price as possible.

There is some evidence to suggest buyers are less inclined to pay for safety technologies when purchasing cars at the less expensive end of the market, as we were discussing earlier. What is concerning is that sale figures show that some of these models are amongst the highest sellers on the market. Hyundai offers a Getz Protectz optional safety pack where buyers of the Getz model could purchase ESC and front side air bags for $1290. It has been reported that less than 1 per cent of buyers purchased this safety option. At the time Getz was reported as being one of only two models to offer ESC to new car buyers for less than $20 000 in total — vehicle purchase price of $20 000 — the ESC-equipped Getz being available for $16 280.

RACV is aware of other safety options being adopted at higher rates than the 1 per cent quoted by Hyundai, including a take-up rate of between 20 and 40 per cent for different variants of the Mazda 2 and Mazda 3 models. It is our understanding that the sales rates of optional packages are typically below the 10 per cent mark. The reason for significant differences in adoption rates of both safety packs discussed to you is unclear, but may be related to difference in supply, marketing strategies or buyer demographics between the two models.

What is clear is that the most effective means of maximising fitment and availability of safety equipment such as ESC is for car makers to fit it as standard across the entire range. The most important challenge in achieving earlier and widespread implementation of vehicle safety technologies in Australia is raising consumer awareness and demand. Three-quarters of Victorians surveyed by ANOP Research Services indicated that safety was an important factor when choosing a vehicle they drove. This is not directly reflected in their purchase pattern. There is some evidence to suggest that car buyers often believe a new vehicle certified to the minimum safety regulations is safe. There appears to be good understanding of established technologies, such as driver air bags and ABS, which have been around for 15 to 20 years. There appears to be a lower degree of awareness and understanding of newer technologies, such as ESC and side curtain air bags. This may be expected as consumers have not yet been exposed to these newer technologies. With more established ones, it is likely this has contributed to a relative lack of demand for newer safety technologies by car buyers.

There has been a lack of clear communication about the existence and benefits of new vehicle safety technologies to Australian car buyers. An area of concern is the relative lack of vehicle safety information available to car buyers at the point of sale. At present organisations such as ANCAP, state governments and motoring clubs have given priority to the promotion of vehicle safety technologies through media campaigns, publications and technical

research projects, some of which we have already discussed. However, RACV believes that the automotive industry could be more effectively marketing vehicle safety as a selling point for new cars.

Mr KOCH — At what level, Michael?

Mr CASE — In the marketing of the vehicle by the manufacturer — —

Mr KOCH — Point of sale?

Mr CASE — But particularly at the point of sale where — —

Mr KOCH — I would have thought that was our biggest impediment at the minute, where I should imagine most sales are done on a commission basis, and it is about moving a vehicle at any given price versus moving the most safe vehicle in the showroom.

Mr CASE — We would agree with that. There are issues of education of sales people at retail outlets about the availability and the performance of safety equipment. There are also issues of availability of the models with that safety equipment in the showroom and the desire to sell what is available there and then rather than what could be available on order with an optional pack. Certainly we have had feedback from members saying that they are interested in the optional safety packs, but when they go to the showroom, that version is not available there and they are directed to what is in the showroom, which often does not have that safety pack.

Mr KOCH — So in many cases, on the floor plan, a retail outlet should probably be encouraged to put safer vehicles on the floor?

Mr CASE — Yes.

Mr KOCH — In front of the most saleable vehicle from a dollar point of view?

Mr CASE — And encourage consumers to consider that version and promote the benefits of the equipment that is on that vehicle. We are trying to do that directly to consumers so that when they go to the point of sale they are asking for those versions, but what does not help is the response they get at the showrooms. So the point of sale is clearly an issue.

RACV believes car buyers would be able to take safety into account if specific information summarising the vehicles' performance and features was available at the point of sale. That includes ANCAP crash test scores, where the model has been crash tested. Also whether the vehicle is fitted with ESC is something you cannot see on the vehicle, so you really need to know whether it has got that and you either need to be told or you need to know to ask. And similarly, with airbags, the number, location and type of airbags fitted to the vehicle. These are not necessarily obvious when you go to the showroom. You need to either be told or know to ask. This is important with respect to the complex range of model variance and the options offered to car buyers today. These things are typically either standard equipment, available as an option, or in some cases they are not available at all. It may be reasonable for consumers to research vehicle safety levels of a given family model, but it is less reasonable to expect them to be aware of the specification applicable to each variant of that family model.

I will move to our recommendations. Recommendation 1 is:

> That the Victorian state government ask the federal government to investigate the feasibility of legislation requiring summary information about a new vehicle's safety performance and specifications to be made available to consumers at the point of sale.

RACV believes this opportunity is not being explored to its fullest potential. Recommendation 2 is:

> That the Victorian state and federal governments explore options for encouraging closer cooperation between the automotive industry, government itself and motoring organisations to ensure key messages about vehicle safety technologies, identified as being in the common interest of all parties are more effectively communicated to motoring consumers.

VicRoads, the TAC, in conjunction with others, including RACV and Bosch, have played a lead role in promoting and raising public awareness of vehicle safety technologies. RACV believes these activities have been effective in achieving their objectives to date, and they should continue to work towards achieving greater awareness and an adoption of vehicle safety technologies by consumers. So while we have been effective so far, we have a long way

to go before people understand this important new safety technology, such as ESC, and we have the demand up to the level that it needs to be. Recommendation 3 is:

> That the parliamentary Road Safety Committee recognises the important ongoing role played by VicRoads and TAC in successfully raising consumer awareness of and demand for vehicle safety technologies through their various promotional activities, and that ongoing activities are supported by the provision of necessary funds.

There is some commentary there on the Australian design rules. These rules specify the minimum levels of safety and emissions performance of new vehicles. There is a range of ADRs addressing vehicle safety, the major ones being ADRs 69, 72 and 73. It is clear that car makers can and regularly do engineer new vehicles with levels of safety well above the minimum safety standard specified by the ADRs. It is evident that some models continue to provide levels of occupant protection closer to the regulatory minimum industry best practice standard. The ADR specifies a minimum standard, and that needs to be met in order for the vehicle to be on sale. But we know through our crash test programs that the vehicles mostly perform well in excess of that but that some only just meet the standard.

It can be concluded that ADRs are relatively ineffective in encouraging the fitment of most vehicle safety technologies. They set minimum standards; they do not provide consumers with information about actual performance.

A limiting factor in the effectiveness of Australian vehicle design regulations is associated with the extended periods of time taken for their introduction and implementation. Many new ADRs are adopted from existing regulations under the sanction of the United Nations Economic Commission for Europe, UNECE. An important effect of this practice is that Australian regulations lag those in Europe, typically by some years. By the time they are introduced in Australia almost all imported vehicles and many Australian produced vehicles intended for export have already been designed and manufactured to meet the UNECE requirements, for sometime.

It takes us to recommendation 4. RACV is not in a position to comment specifically on how to design vehicle standards and certification in Australia. However, as recommendation 4 indicates, we recommend:

> That the federal government consider whether Australian design rules and new vehicle certification system should be reformed in a way that would provide car makers with more incentive to equip their models with safety technologies.

The CHAIR — Just going back to that recommendation 4, what can the government do in terms of the incentive for those manufacturers to comply with that?

Mr CASE — We have not got a specific recommendation. I suppose we are really suggesting that that be looked at, but we have not got a specific recommended outcome from that process. We just see it as another possible option for how that technology could be brought to Australia sooner.

Mr KOCH — From that point of view, Michael, it is a hollow recommendation.

Mr CASE — It is something that we think is an option, but we are really looking at driving the consumer information angle as the way to improve the availability and adoption of vehicle safety equipment. But if something could be done in this area, it might help. That is all we can really add to that.

Furthermore, RACV believes that the time taken to introduce new Australian design regulations must be reduced. So our recommendation 5 is:

> That the Victorian government should press the federal government to resolve how the period of time taken to introduce new vehicle design rules —

the ADRs we have been discussing —

> particularly in the case where existing European (ECE) erections are to be adopted, may be reduced.

With vehicle safety technologies, in this part specific vehicle technologies will be prioritised and discussed. They have been categorised in three ways: current technology, which is of highest priority; other current technologies; and emerging technologies. As current technologies of high priority we see electronic stability control, or ESC, as no. 1, side curtain airbags and pedestrian protection systems. I will look at electronic stability control for a moment. This assists drivers in retaining control of the vehicle by automatic electronic manipulation of the vehicle's four

individual brake callipers and engine power. Research has shown ESC to be a remarkably effective technology in preventing crashes resulting from the driver losing control of the vehicle.

Results of a study by the Insurance Institute for Highway Safety, or IIHS, in 2006 found that ESC reduced the risk of fatal multiple-vehicle crashes by 32 per cent, reduced the risk of all single-vehicle crashes by more than 40 per cent and fatal ones by 56 per cent, and reduced the risk of fatal single-vehicle rollovers of SUVs — or four-wheel-drives, as we typically call them — by 80 per cent, 77 per cent for cars. It was found to reduce the risk of all kinds of fatal crashes by 43 per cent.

According to VicRoads, ESC is currently fitted to between 30 and 40 per cent of new passenger cars and four-wheel-drives sold in Victoria. This is significantly lower than in overseas markets, including Europe and the US.

The observation for fitment includes the trend for lower rate of ESC fitment in less expensive models, typically where it is on option in a lower cost vehicle. A particular low fitment rate in all light and small cars under $40 000 and people movers under $55 000; low fitment rates to compact and large SUVs or four-wheel drives. Lack of availability and fitment of ESC in light commercial vehicles.

Mr LEANE — Can I ask, in line with ESC and I suppose ABS, are they that much more or less effective if there is some degree of incorrect tyre pressure? And another question about tyre pressure monitoring systems — which are something I have never seen, to be honest — is that actually a pressure gauge inside each tyre that tells you at your dash if there is a problem?

Mr CASE — There are several questions there. Could you go back to the first part of your question?

Mr LEANE — ESC, and I would imagine ABS, would be less effective if there was some degree of incorrect tyre pressure, and that brings me to my interest in a tyre pressure monitoring system. And also, could you tell us if these systems are expensive?

Mr CASE — Okay. Vehicles, increasingly, do have tyre pressure monitoring systems. They are not available on popular vehicles as yet, but they have got potential future benefit for informing the driver about the pressure in their tyre, and it is an important factor in maintaining the performance of electronic stability control. In fact tyres in general are an important issue, because the electronic stability control has to really be designed for each specific model. It is not a system you can apply to every vehicle, and the tyre design and performance is a crucial part of maintaining the potential benefit of ESC as fitted to that particular vehicle. Does that really answer your question?

Mr LEANE — Yes. I suppose the other question I have is — I would imagine, seeing the monitoring system is just a gauge in each tyre and some sort of electronic or electrical signal inside your dash, it would not be as expensive as other pieces of safety equipment?

Mr CASE — No. The technology exists to monitor tyre pressure on the vehicle while it is being used and to provide that information to the driver. It is not available on a widespread basis yet, but it is something that would be potentially useful for any vehicle, because with reduced service intervals typically people just fill their car up on a regular basis and do not check their tyres at all. We see tyre condition and tyre pressure as a widespread issue for vehicles of all specifications, but also important with ESC.

You mentioned ABS before. We see anti-lock brakes as something that has not proven to have a significant benefit, although we believe intuitively that it is a good thing, but in the end it has been really the basis for the development of electronic stability control which is the real solution in terms of using the car's braking system to control it in a way to avoid run-off-the-road type crashes.

Tyres are a crucial issue in terms of the specification of the tyre for the vehicle, which will become an issue. As the original set of tyres on ESC-equipped vehicles wear, motorists will have to be careful to make sure they are replaced with tyres that will still realise the potential benefit of the ESC system. Therefore tyre selection as well as tyre pressure are important issues.

The lag in fitment rate of ESC in Australia, combined with its known effectiveness at reducing crash-risk, is of significant concern to RACV. There is little doubt that achieving such an increase is amongst the most

cost-effective means of reducing the Victorian and national road toll. Which leads to recommendation 6, that federal government conduct and publish a regulatory impact statement, considering the practicalities and implications of making fitment of ESC mandatory on all new vehicles sold in Australia.

Mr KOCH — Time is probably going to beat us to the end of your presentation, I think from my point of view. ESC would probably be a first option from the RACV's point of view to be a standard across all our vehicle lines. What would you see as the greatest impediment in relation to safety technologies into new vehicles in Victoria today?

Mr CASE — Information and understanding by motorists about the potential benefit of the safety equipment, followed by the availability, in an accessible and affordable way, of that equipment. We really want consumers to be informed, to understand and have access to the technology in an affordable way.

Mr KOCH — What is the best way of addressing that?

Mr CASE — To work together through road safety agencies, the industry, and anyone else involved, to communicate that message to motorists in a consistent way — that this equipment exists, the potential benefits and that it is available — and to work with industry to make sure that all models have it available at least as an affordable option, and ideally as standard equipment. The ultimate solution is for electronic stability control and side curtain airbags to be standard on all vehicles available to motorists.

Mr KOCH — Where is the chain broken at the minute? I would have believed that that is what industry and all other groups, particularly RACV, would be heading for now. How can that actually be put in place and the talkfest stop?

Mr CASE — I think the issue is — the road safety agencies and RACV are trying to create demand. Vehicle manufacturers will respond that until the demand is at a certain level, they will not increase the availability of the equipment. We would argue that if manufacturers do make it more available, and the demand increases, then it will meet their internal cost and marketing requirements.

Mr KOCH — Carrot and stick?

Mr CASE — Yes. But the solution is not through the regulatory process. While there are recommendations there relating to what the state government and federal government can do, in that sense, we really see it being driven by consumer information and consumer demand, and the vehicle industry being involved by making it more available, more accessible and more affordable, and moving as quickly as possible to standard equipment.

We would like to see that happen in a voluntary way by the industry. Our process has been to try to drive that demand, but it is difficult to inform consumers of this technology, especially when there are so many different names for it. There is a lack of understanding out there about what it is and what the potential benefits are.

That is what we have just been talking about with the statistics. We have not seen technology like this and its potential benefit for a long time. In fact the project that we are involved in with VicRoads and the TAC to try to inform and educate consumers about electronic stability control, we codenamed Project Golden Bullet. In road safety circles it is rare that you see a silver bullet. We regard electronic stability control as a step beyond that and we called it a golden bullet.

There is a lot of evidence from around the world that it has got huge potential safety benefits like we have not seen for a long time. We want to see those benefits realised here in Australia for local motorists. The sooner it is available and people are driving vehicles with the technology fitted, the sooner we are actually going to realise those benefits.

Do you want me to continue with the other recommendations, to summarise?

The CHAIR — I think we can just wrap it up because we are out of time.

Mr CASE — All right. Recommendation 7 is there:

That the federal government conduct and publish a regulatory impact statement considering the practicalities and implications for making fitment of curtain airbags mandatory on all new vehicles sold in Australia

It is a similar recommendation to electronic stability control, which is about avoiding crashes. Curtain airbags are really the safety technology for protecting occupants in a side impact crash when it occurs.

Recommendation 8:

That a regulation requiring new vehicles sold in Australia to provide a minimum level of pedestrian protection is introduced.

This is about protecting other vulnerable road users. We know that vehicles can be designed to improve the protection of pedestrians in that type of collision. Some vehicles are achieving what is possible; most are not.

Recommendation 9:

That government conduct a scoping study considering the potential implications, benefits and costs of implementing an intersection collision warning system in Victoria and Australia.

Recommendation 10:

That the Victorian government, where appropriate working with the federal government, develop and manage a coordinated strategy to monitor and encourage the faster and more widespread fitment of key vehicle safety technologies into new vehicles, with particular attention paid to the influence and role of vehicle manufacturers and importers.

We all have to work together if we are going to achieve the objectives.

Recommendation 11:

That the Victorian and federal governments introduce appropriate incentives that would encourage car makers to increase fitment rates of vehicle safety technologies in their new models.

That brings me to the conclusion of the presentation related to the submission. I am happy to take any further questions.

The CHAIR — Thank you very much. You will receive a copy of today's transcript of proceedings, and you can make corrections to that, if need be. Thanks once again for your contribution.

Mr CASE — Thank you very much for the opportunity to present to the committee.

Witness withdrew.