ROAD SAFETY COMMITTEE

Inquiry into vehicle safety

Melbourne—19 November 2007

Members

Mr J. Eren	Mr D. Koch
Mr S. Leane	Mr P. Weller

Chair: Mr J. Eren
Deputy Chair: Mr D. Koch

Staff

Executive Officer: Ms A. Douglas
Research Officer: Mr D. Baker

Witnesses

Mr W. Watson, Engineering and Compliance Manager, Mazda Australia; and

Ms J. Stringer, Company Secretary and General Counsel, Mazda Australia.

The CHAIR—Thank you very much for attending. I will introduce you to the current members that are here: Sean Leane, myself John Eren, David Koch, the deputy chair, Paul Weller, our executive officer Alex Douglas, and our research officer David Baker. Welcome to these hearings. Obviously you know that we inquiring into vehicle safety. All evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975 and further, subject to the provisions of the Parliamentary Committees Act 2003. Having said that, any comments you make outside the hearing may not be afforded such privilege. As you know, we are recording the evidence today and we will provide a proof version of *Hansard* transcript at the earliest opportunity so you can correct it if need be. If you could state your name and the organisation that you belong to, and then through your presentation, if that is okay, we will ask questions.

Ms STRINGER—That is fine. My name is Jasmine Stringer, I am from Mazda Australia and I am the company secretary and general counsel at Mazda.

Mr WATSON—Wayne Watson from Mazda Australia, engineering and compliance manager.

The CHAIR—Good.

Mr WATSON—I have your brief of what you are after and we have made some notes here. I was going to send these to David before the meeting, and I apologise I have not, but if we need a copy of these after this then we will send them on to you later this afternoon.

The CHAIR—Thank you.

Ms STRINGER—We have each of the areas, we have made some notes underneath it, but fairly brief in the thought that you would probably ask us questions and we would have more of a dialogue rather than a presentation, if that suits.

The CHAIR—Yes, that is fine.

Mr WATSON—To identify and prioritise vehicle safety technologies, without going too much into ancient history of standard seat belts, we would like to split them up into passive and active vehicle safety technologies. In the passive systems we have reduced the seriousness of the accident, and in the active systems we have potentially reduced the number of accidents. If we were looking at reducing the number of accidents we would say technologies like ABS brakes, which would include electronic brake assist, whatever initial impact you can give to a brake pedal is sustained throughout the braking event, even though the occupant may not have the physical strength to maintain that strength. Technology would override that inability and create the same amount of braking force throughout a braking event. Dynamic stability control is the next system above an ABS or an electronic brake assist which is the ability to correct a vehicle by applying individual brakes or monitoring steering input and reducing power to the drive wheels.

Passive systems that reduce the seriousness of an accident would include front airbags, seat belt pre-tensioners and load limiters. Do I need to go into detail of each one of these systems?

Mr WELLER—No, we have heard it all.

Mr WATSON—Side and curtain airbags and knee and leg airbags to help reduce the seriousness of accidents.

Ms STRINGER—Wayne, do you want to spend a second perhaps talking about the seat belt pre-tensioners and load limiters because I think airbags; everybody understands airbags and the concept, but why we certainly at Mazda think that that is pretty important and we go to some effort to make sure that we have them in all of our vehicles.

Mr WATSON—Yes. A pre-tensioner, as you know or you may not know, upon the systems in the vehicle detecting a crash event will pull the occupant back into the seat. It minimises any forward movement or acceleration of the body. That stops any initial movement and controls the body as best as it can. What that load limiters then do is that, although you have constrained this body, if we are going to continue in to an accident event where a car is going to stop in a short amount of time, the load limiter then allows the occupant to move forward in the vehicle a prescribed amount so that you have all this space between a dashboard or a steering wheel that can be used; why not use it rather than stop someone in their seat? The pre-tensioner then limits the amount of force that is put on the seat belt so the passenger can still stop over a great amount of distance even if the car cannot. It massively reduces the force put on the chest.

Mr KOCH—Wayne, generally how far is the extension of that from the pre-tension to the maximum restraint?

Mr WATSON—It would depend on the car. What we calibrate is the optimum for the person to be able to still go forward and be caught by the frontal airbag system.

Mr KOCH—Are you talking 20 centimetres, 30, 40?

Mr WATSON—You could be talking up to probably certainly mid 30 centimetres. You have a controlled movement rather than either no movement or a movement and then a sudden stop.

Ms STRINGER—Wayne has been participating in the crash testing for ANCAP rating of one of our vehicles. You were surprised, weren't you, to watch that certainly in slow motion after the fact, to watch the crash dummies how far forward they were able to move, but in such a controlled way that there was minimal harm done.

Mr WATSON—It should come up again when we start to recommend strategies, but certainly showing the public how a pre-tensioner pulls the person back into the seat and then allows them to be controlled forward, it is—

Ms STRINGER—Something that is a little understood.

Mr WATSON—Bits of the car are flying off everywhere in quite a violent act where this passenger is almost in slow motion being moved forward and backwards.

Mr KOCH—Does that following restraint only get picked up by the airbag coming the other way? If the airbag failed to deploy, what happens then? Obviously those two synchronise somewhere.

Mr WATSON—Yes. An airbag failing to deploy is a real hypothetical. I do not know whether—

Mr KOCH—It does happen.

Mr WATSON—Yes. Eventually the calibration of the load limiter is calibrated to stop so that the airbag takes over.

Mr KOCH—Yes.

Mr WATSON—If you have failed to have an airbag deployment, you are not getting the maximum out of a pre-tensioner for sure because eventually that has to stop.

Mr KOCH—Where does it stop is all I was interested in.

Ms STRINGER—It stops well before the dashboard.

Mr KOCH—Or the steering wheel.

Ms STRINGER—What you are going to end up with is an injury from the fact that the seat belt stopped and it is calibrated in that way.

The CHAIR—Yes.

Mr WATSON—Somewhere in the airbag deployment zone is where it is going to stop, not at a hard point down the track. The one thing that is almost a real hidden part of a passive system is the vehicle structure. Certainly Mazda now have an occupant protection zone that is a—call it what you like, a safety cell, that we would try not to have any intrusion into. Then we have a controlled crumple zone in front of that. That is a big part of a passive safety system.

Ms STRINGER—Perhaps not often thought about as being vehicle safety technologies because it is not some portable thing you can put in a safety pack and sell for extra money. That is what the car is; it is designed that way and it is part of its core engineering as opposed to a safety add-on. We thought it was important to mention.

Mr WATSON—In terms of where these technologies fit into Australian Design Rules, the way I see Australian Design Rules is that they specify an outcome rather than specify a specific technology; brakes must stop you in a certain time, they do not tell you that you must use these brakes. That way it allows for a continued improvement from a manufacturer that they can change different aspects of a vehicle system, to continue to use brakes, as an example, rather than specify that you must use these particular brakes and that will give you the performance you require. It allows the manufacturers to be innovative to create better and better systems all the time. A topical part of Australian Design Rules at the moment is DSC and how you would mandate a vehicle dynamic control, or ESC. Mazda call ESC of another word, DSC, which is dynamic stability control; ESC, electronic stability control. There is probably 20 other acronyms for it. If you are happy for me to continue to use DSC, that is what Mazda market the thing as.

Mr KOCH—We would prefer ESC. The industry probably understands that more than everyone's own acronym.

Ms STRINGER—Yes, we will call it ESC. We have written that in our notes because we were aware of that.

Mr WATSON—You say to mandate ESC, I caution whether—certainly I would suggest a lot of liaison with Federal Chamber of Automotive Industries to ensure that all manufacturers technologies were incorporated in that discussion. I would also argue that not all DSC, ESC systems are created equal. To mandate ESC must be fitted to a vehicle is a little bit of—it is trying to mandate a specific technology rather than an outcome.

The CHAIR—You realise electronic stability control, America is going down the path of making it mandatory by 2011, as is the EU by 2012. Obviously ESC is the buzz word in terms of technology and it is one that has been proven that if every car was fitted with ESC that it would save many lives and indeed many injuries. In terms of manufacturers trying to somehow deny that fact or reality and by prolonging to a certain extent, or making governments to a certain extent make it mandatory before market forces take its course. Mazda need to appreciate that many manufacturers are clicking on to this. Obviously they are doing it without it being mandatory by a certain date.

Ms STRINGER—Perhaps if I can add to that. Our view is the opposite: Mazda has had ESC for a long time. It was one of the first manufacturers to bring it in, certainly into this market and New Zealand. We have it across all but one of our vehicles as standard, or accessory on the lower model vehicles. From February it will be available on all vehicles. It is certainly not something that we—

Mr KOCH—Optional on all.

Ms STRINGER—Yes.

Mr KOCH—Not standard.

Ms STRINGER—Sorry, standard or optional on the lower level vehicles, but standard in every range of vehicles depending on the level, and optional across any where it is not standard. Yes, we absolutely agree that it is crucial. Our head of marketing is passionate about this and drove globally Mazda's ESC policy and development program. We completely agree it is very important. The thing that we are vaguely concerned about, and I do not know that that is quite the right word, but wary of is how it is mandated; have no problem that it is mandated because I agree it will save thousands of lives and it is a fantastic technology. But we would not want to be limited in further development in our ability to make it even better. That is where ADRs work quite well because they have a base line that you must meet but they do not limit you in terms of developing something even better or more effective. That is what Wayne was talking about: we do not want to not be able to innovate and save even more lives.

The CHAIR—When do you think Mazda might make it available in all of their range as standard?

Ms STRINGER—That is an interesting question. We have written some notes and we will give them to you, as Wayne said, later on. This is the thinking about this, and I am personally in two minds about it: we would love to have it and we could do it standard across the range, there is no reason that we could not.

Mr WATSON—Of passenger cars.

Ms STRINGER—Of passenger cars, yes.

Mr WATSON—Commercial vehicles are different.

Ms STRINGER—A different thing, yes.

Mr KOCH—Sure, with respect to passenger.

Ms STRINGER—Yes. We would love to be able to do that and we are in a position to do that right now if we wanted to. The trouble is what tends to happen, and I do not know

whether this is an urban myth or whether there has been some research done on this, but my understanding is that if you make new vehicles with all these technologies and all the bells and whistles too expensive, people will buy a vehicle that is five years older and perhaps has not some of these things because you have priced yourself out of the market. These technologies take extra time.

The CHAIR—It would make it expensive if you bundled it in with leather seats and 10-stacker CDs and other luxury equipment.

Ms STRINGER—Yes. No, we do not do that. We have something called a safety pack which includes—

Mr WATSON—Depending on the model, it might be side airbags and DSC or—

Ms STRINGER—Yes, it is only safety.

Mr KOCH—Can you buy safety individually or is it always packaged?

Ms STRINGER—No, you can buy safety individually.

Mr LEANE—With the Mazda2 and the Mazda3, how much would that package be?

Mr WATSON—I would like to give you an official answer.

Mr LEANE—Yes, even a ballpark.

Mr WATSON—In ballpark it is about $1,200 which is your side airbags and your DSC.

Mr LEANE—What would the standard Mazda2 cost at the moment?

Ms STRINGER—16½ grand.

Mr LEANE—16½. You would go up to—

Ms STRINGER—Over 17½.

Mr LEANE—About 17½.

Ms STRINGER—Across our passenger vehicle range, we generally have three grades of each vehicle, Mazda2, 3, 6. At the moment, there is only 2 and 6 but that is because a new Mazda6 will be released early next year; we would usually have a 3. The top of the range one will come with all the bells and whistles including the leather seats and the safety pack and all those things. The next one down would generally come—you stop me if I am saying things that are incorrect, but will generally come with the safety stuff standard and six-stacker CDs and those sort of things. Then the lower level in the range is the one that really is base model, that is the 16,500 base model for a Mazda2 and then you can add in a number of different packs: there is a safety pack which has the safety stuff; there is an electronics pack that has power windows and other stuff that you might like. We do separate them out so that people can have safety if that is what they want.

The CHAIR—I know you will not have it at the top of your head, but would you have statistics of how many people have taken up the safety option?

Ms STRINGER—Yes. We could easily get those numbers.

The CHAIR—Cheers.

Mr WATSON—We have supplied them to the FCI for the month of October. It is quite a relevant topical conversation.

Ms STRINGER—Yes, we could certainly do that. Back to the point—sorry, Wayne.

Mr WATSON—No, I was going to make the points: DSC is not a free technology. By mandating it there is extra hardware components of DSC so you are always—you are not paying for the development that was done in inventing the thing or anything like that. There is certainly extra hardware and software that is required to make DSC operational. It is never going to be a free technology. There are definitely costs associated with it. The other problem, to regulate it—America is looking like using the 126 regulation. To regulate that you will drive even more costs into the costs of DSC because there are tests that you then must meet to prove that you—

Ms STRINGER—A rule of compliance cost.

Mr WATSON—There are ongoing costs that you would drive in to DSC by making that regulation. I would caution that. There are also costs—

The CHAIR—You have to agree that the cost of losing a life is—as governments and indeed the corporate sector need to make considerations. From what we have heard, this piece of technology is widely accepted throughout the world. In terms of the competitive market, you are not going to be less competitive by having this in the vehicle because every other vehicle will have it.

Ms STRINGER—Yes.

Mr KOCH—It is important that we establish that no outcome has been determined yet.

Ms STRINGER—Yes. No, we agree.

Mr WATSON—No, that is right.

Mr KOCH—That is an issue that we want to be very aware of.

Ms STRINGER—We should be clear: we completely agree and completely understand. We would be competitive because we are ready to do it this second. It is not about Mazda not feeling like perhaps people are going to run over the top of us or we are not going to be able to compete. It is not to do with that at all. My personal concern is, if we price base model new vehicles out of a first car buyer's range, then perhaps they will go down and they will be buying a five or six-year-old vehicle that does not have any of the safety technologies which you are getting for free in a new car. That is our only point.

Mr WELLER—I hear what you are saying on price. But I attended the ESCB conference in Lyon back in June and it was stated there and accepted by everybody that this technology, if you already have ABS braking on your car, only costs $US110. To say that it is going to jack the car price—all right, a $14,000 car, $120 may be factored in. But for safety, $120 on a $14,000 car is—

Ms STRINGER—Yes.

Mr WELLER—If I was buying it for my daughter, I would have it.

Ms STRINGER—Yes. No, I agree. I do not know that we can make comment about those figures because we are not in a position to judge. But I agree. You will see when we get to the end, public awareness is one of the big things because if people such as yourself understand how valuable these are you are right; people will pay that or whatever it costs because it is such an amazing technology.

Mr WATSON—On the costs, if you are going to regulate it in Australia, and I appreciate that there has been no decision made, but certainly I would caution a unique Australian requirement because that will drive a unique Australian test. That $110 for a global market, you can divide that by a billion cars a year or something. If you divide the cost of doing that test by only the—

Ms STRINGER—Australian market.

Mr WATSON—Yes, 10,000 cars because you would have to do a test for a specific model, depending on what your regulation was, all of a sudden that test that only costs $30,000 to run divided by a billion cars is your 120 or a small amount over your amount of money, but if you regulate a unique Australian requirement then you are going to drive that price up substantial.

Mr WELLER—But even at 30,000 as you say, the cost—

Mr WATSON—Across every model.

Mr WELLER—Your 30,000 over 10,000 cars, as you said, that is only $3 a car.

Mr WATSON—That is on the—you have to do that every model. Some models might only be—

Ms STRINGER—And you are making it up—

Mr WATSON—I am making up a number, but an RX8 or an MX5 that we would sell, and I use Mazda2 cars as an example, you sell 30 of them a month but you have to do the same regulatory test if you were to regulate a test. I do not know the cost—

Ms STRINGER—It is a consideration.

Mr WATSON—Certainly in regulation I really caution what certification needs to be done because if you drive unique Australian testing—

Mr WELLER—I accept your point before where you made the point that this is the base and leave it open so it could be improved.

Ms STRINGER—Yes.

Mr WELLER—I think you are on the right track there definitely.

Mr KOCH—The other situation; Paul has indicated on that one. The other situation that really concerns the committee is the bundling of these options to get the safety which you want is so expensive. I was interested, Jasmine, in relation to you saying these things are not

bundled, they have been available for quite some time on the lesser model for what we would see the lower model or whatever, although they are a fine car.

Ms STRINGER—Yes.

Mr KOCH—If we look at Mazda2 for instance, it is only very recently if at all that airbags and ESC are split. You cannot have one without the other.

Ms STRINGER—Okay. I cannot—

Mr WATSON—Mazda2, the safety pack as we call it, you buy side airbags and DSC for the price.

Mr KOCH—But you cannot have—

Mr WATSON—Just DSC, no.

Mr KOCH—That is right, it is bundled.

Mr WATSON—Only on the model—

Mr WELLER—With the airbags.

Mr WATSON—Only on the top spec model that comes down with the side airbags.

Ms STRINGER—Yes. When I was saying 'unbundled' before, I meant—and I am sorry. John mentioned it. It does not come bundled with leather seats and six-stacker CDs and those sort of things; it is safety related.

The CHAIR—Can I then ask, the Mazda2 and the 3, when they come over from Japan—they are made in Japan. Is that right?

Mr WATSON—Yes.

The CHAIR—Do you despecify it and then make it an option?

Ms STRINGER—No.

Mr WATSON—No, we do not do that.

The CHAIR—You order it and it is made there?

Mr WATSON—If the technology is available elsewhere for our spec of vehicle, we will make it available, is Mazda's position.

Ms STRINGER—We do not despecify any vehicles.

Mr WATSON—No. If DSC is available on our model—

Mr KOCH—Is this an Australian specification or the international specification?

Mr WATSON—The Australian specification.

Ms STRINGER—ADR vehicle.

Mr WATSON—If it is possible for an ADR vehicle to have DSC or ABS or any safety tech, side airbags, whatever the case may be, we will definitely make it an option. In some cases we will make it standard, and in every other case down the grades of that particular model that we use—

Ms STRINGER—But they come like that. We do not despecify them.

The CHAIR—It is made to order. If I say I wanted—this was an option you send over the—

Ms STRINGER—Yes.

The CHAIR—They make it according to that. It does not automatically get put on at the manufacturer's base.

Ms STRINGER—No. That is exactly right.

Mr WATSON—There are limitations to that through production. Every car cannot be unique. If you chose to have—

Ms STRINGER—It would be; the order time would be longer.

Mr WATSON—There are limitations in production. I am trying to—you cannot have yellow beaded seats and DSC. There are limitations with every production line and production—

Ms STRINGER—What you are saying is correct. We put in our orders and they come out of the factory. If we want extras as Japan might—add-ons, then they get added on at time of production. We do not despecify and then add them as options later or bring them in as base models and add bits ourselves.

Mr KOCH—They are despecified at the manufacturing end; they are not despecified here. That is where John is coming to, is there are two production lines running in Japan; one is for Australia, do not put the ESC on them; one is for the country of Japan, totally ESC, otherwise you cannot register them over there. They are made higgledy-piggledy: this one might, that one will not.

Ms STRINGER—Yes, higgledy-piggledy.

Mr WATSON—They are down the same line and there is a build sheet that tells the guy that is putting them together. Do not get me wrong: if we do not have ESC or ABS or something on our vehicle, it is because it is not available or it cannot be built on that vehicle. If it can be built on our vehicle, we will make it at least available if not standard.

Mr MULDER—Those decisions are made by your marketing people, are they not?

Ms STRINGER—Yes.

Mr MULDER—Looking four or five years in advance, trying to slot you in against other models that are on the market.

Ms STRINGER—That is right. Yes. We have probably covered (a) and (b) and perhaps covered some of (c) too. That was interesting, somebody was saying, maybe it was

you, David, that in Japan DSC is on all vehicles.

Mr KOCH—On all of them.

Ms STRINGER—That is not our information from Japan.

Mr WATSON—No.

Ms STRINGER—Ours is that ESC is optional on most passenger car models.

Mr KOCH—We found recently—

Ms STRINGER—Yes. We can check.

Mr WATSON—JAMA have regulated DSC.

Mr KOCH—My understanding is that your cars had stability control as a standard fitting.

Ms STRINGER—We will double check that.

Mr KOCH—As does Toyota, as does Nissan.

Mr WATSON—Let me put that in our notes that we will send after today.

Mr KOCH—Yes, sure.

Ms STRINGER—We will query that. It is not our—

Mr KOCH—If it not, Jasmine, we would certainly like to hear about it.

Ms STRINGER—Yes.

Mr KOCH—That is the understanding we have come away from.

Ms STRINGER—Yes.

Mr KOCH—It does not fascinate me; it annoys me a little bit to think that we have a drafting game because where you are running a production line like that with a number of cars going through, it would be nearly more expensive to not put it in than to put it in; disrupt an assembly line.

Ms STRINGER—It is quite—

Mr KOCH—We are not talking about a lot of technology; we are talking about a box. The basis of the technology is on every car you produce in your ABS brakes and computerisation.

Mr WATSON—There is certainly—in Mazda ESCs there are extra sensors. You have your yaw sensor and your steering input sensor. As I say, there is extra hardware in DSC.

Mr KOCH—Sure. That means we do not get away from it.

Mr WATSON—You do not get it for free. It is not a matter of putting a box on that somebody has turned the switch on.

Mr KOCH—It is adding to the existing.

Mr WATSON—Yes.

Mr KOCH—It is not a whole new event.

Mr WATSON—To describe a production line, a Mazda2 could come down the line that goes to Europe or the Middle East or somewhere else, and then a Mazda3 could come down—

Ms STRINGER—Yes, and then an RX8. It is quite phenomenal to watch.

Mr WATSON—It is certainly not a case of pumping out the same vehicle.

Ms STRINGER—Tuesdays is all base model Mazda2s; no.

Mr WATSON—It does not work like that, unfortunately, because that would be nice.

Mr KOCH—With respect, we did not go to Mazda but we did go to the other factories.

Ms STRINGER—Do they do the same?

Mr KOCH—Sorry, did not go to the other factories, went to the other companies for briefings.

Ms STRINGER—Yes. Our understanding, this is for Mazda UK; we speak of Mazda only, not country wide. ABS is standard on all passenger car models; DSC is standard on some and optional on remaining. We have discussed that here. We are up to (d). We have probably discussed (d); this is the desecifying question. Unless you have any other questions about despecifying we have probably covered that.

The CHAIR—Do you despecify anything in the vehicles that come in? Nothing.

Ms STRINGER—No. In fact the opposite happens: sometimes, I am not necessarily talking just about safety equipment, but sometimes we will find out that something we have been asking for for some time has become available or standard on another market's vehicles and then we kick and shout and jump up and down until we find out why the hell we have not it and have it added in. Usually in program that happens on occasions and we will get something as an in-program change rather than having to wait for a facelift or a new model. No, we certainly do not despecify.

Mr WATSON—We would be talking more about chrome door handles there.

Ms STRINGER—Yes, and things like that.

Mr WATSON—Something as large as a safety item would—

Ms STRINGER—Yes, that would be offered.

Mr WATSON—Yes. It has certainly been Mazda's stance.

The CHAIR—Have you been monitoring your uptake of ESC, which leads me to my next question of whether you train your dealers in terms of promoting certain safety features on a vehicle and how you do that.

Ms STRINGER—Yes, that is a good question. We train in a number of different ways. We have a—do you mind me talking to this one?

Mr WATSON—No.

Ms STRINGER—We have an online induction module which goes through things like the company's history of course and our range of vehicles. There is also a new module attached to that called Our Technologies which covers things—Mazda is pretty passionate about this ESC and our head of marketing has been very vocal about that. We have a whole module about that and that is for all dealer staff. Whenever we have new vehicle launches we add in some safety technology training as part of the new model training again to keep it in the sales people's minds about how these work. We are in the process of putting together some video clips that will be available again on our intranet system. Those clips show how the technologies work and they will allow sales people to show customers how they work as well as for them to understand themselves. Yes, we are quite proactive. It has been for us a bit of an edge we have had because we have had it available on more models than any of our competitors, especially for example Corolla and Mazda3. Mazda3 has had it available for a long time; Corolla, my understanding is, still does not have it.

Mr KOCH—That is right.

Ms STRINGER—Mazda3 is our biggest seller; Corolla is our bigger competitor. It is pretty crucial for us as a business, from a commercial perspective aside from saving lives, for our dealers to understand the importance of that technology.

Mr KOCH—Are all sales monitored across all your sales personnel? It can be easily reflected— bearing in mind that sales is probably on a commission basis with Mazda like it is with everyone else. What happens in a situation where you see myself selling 10 per cent more cars than John who is on the safety issues and moving a lot of safety stuff; I am getting the units sold on a commission gain and I am not a long way in front of John because he is selling a dearer product.

Ms STRINGER—Yes.

Mr KOCH—Is there a recognition by Mazda that that sales person be taken aside and reiterating the importance of safety, or does that pattern continue?

Ms STRINGER—That is an interesting point. Mazda Australia does not own any dealerships at all. We have no employee/employer relationship with any of the sales people; they are all franchise dealers. Those reports are certainly available. We have a system that shows all that information. I know those reports would all be available to the dealer principal. Whether they are using them in that way; some I imagine would be, others perhaps not, but it is not something Mazda Australia seeks to control.

The CHAIR—Do you have an incentive for dealerships that push and promote any safety features or are you thinking about something like that?

Ms STRINGER—We have our master dealer award, which is on the whole of

dealers' business and that does include elements of all sorts of things including training, including sale of accessories and add-ons like safety equipment. We do not have a competition for safety rated products in particular, but it does build into our master dealer ratings.

Mr KOCH—It is not monitored.

Ms STRINGER—No. Alistair Doak, I think I have mentioned him but not by name, is our head of marketing. He used to be head of PR. He is a well known motoring journalist, and then joined Mazda. He is passionate about this. We talk about it a lot. We are pretty comfortable that it is front of mind, but can you ever convince a car dealer on the ground in a suburban dealership that—

Mr KOCH—Commission agent.

Ms STRINGER—Exactly—that they should be only selling this or only selling that. That would be difficult to mandate, but we monitor how many of these are being sold. If it was low or we were disappointed then we would have something to say about it.

Mr KOCH—If it is monitored and you have access to this—and Jasmine you might know—what percentage of the marketplace are seeking safety and see it as affordable versus a person coming to buy a motor car for a private fleet?

Ms STRINGER—Yes.

Mr KOCH—Let's say with a fleet of five cars. Does safety play a part in his purchasing pattern or is particularly the private purchaser?

Ms STRINGER—I am pretty sure we can get that information.

Mr WATSON—Certainly what we have done through the [FCAI] is supplied a VSC list of vehicles sold in October 2006—

Ms STRINGER—A fitment rate.

Mr WATSON—versus 2007. That would be a good indicator of what the difference in 12 months has been for people taking on—

Mr KOCH—I only raise it from the point of view we have had other manufacturers speak to their submissions where they have in actual fact said theirs is a private market and they can tell what is going on there. They are not in the fleet market sales.

Ms STRINGER—We are the same, we do not have fleet sales.

Mr KOCH—Knowing that 60 per cent of motor vehicles produced in Australia end up in fleet sales, the opportunity to bring safety to the front is far greater in the fleet sale area than it is in the private market, and it was interesting to hear other manufacturers. I would be happy to look at your results if you can forward those to us at a later date.

Ms STRINGER—Yes, all right. As an aside, but something interesting that has just happened, Mazda Australia has decided to mandate ESC across all of our company fleet. In the past you might have had a company car—a person down lower—and it might have been a base model and you did not have those technologies. Nobody had ever thought about it before but only a month or so ago, our managing director and Alistair and myself were discussing

the fact that this is something we push, something we talk to the dealers about, we should really be putting our money where our mouth is. All company vehicles now have this safety pack added with the technology already standard on the vehicle.

Mr KOCH—We accept that safety does become an expense in fleet purchases. You might have 200 or 300 cars and you want to put ESC in them all or curtain airbags or something. It is a big amount of money that is involved in relation to standardising your fleet with all those safety things in it. We appreciate that some purchasers do have difficulty in that quarter from their own vehicle purchase budget, but it is interesting to hear that Mazda are going forward and that is great that they are. The sooner the industry picks that up across the board the better, in my opinion, because you will be the only manufacturer with all your own car fleet, I understand, who will have that when it is incorporated. How long before you think that will be undertaken, Jasmine?

Ms STRINGER—Immediately, it has already started. The vehicles, of course, get turned over every six or nine months, so it will take that rotation process to get all the cars in, but it is happening straightaway and that is good. Sorry, you probably did not even know that.

Mr WATSON—No, that is fine. That is good news. Before we get on to (f) and the strategies that vehicle manufacturers think we could expose the public's knowledge and demand for these technologies, it is probably prudent to share an experience I have had with ANCAP recently where, without trying to steal any of their thunder, they are looking at—to get a five star crash assessment rating as of next year you must have DSC fitted. That is the kind of regulation, and the challenge there was to come up with a regulation of what is DSC—ESC, sorry—as an overall accepted ESC, and that was a little challenge in itself. This is only for an independent crash assessment. They went initially to the American regulation, and the American regulation again has a test that you must perform as well as specific telltales of when fault-finding, self-diagnosis, alerting the occupant of the vehicle that DSC is working or is not working, as well as a definition of what is the DSC and to all of a sudden regulate that this is a requirement you must meet. The requirement of what is DSC is quite simple. It is a system that is capable of activating any wheel, it monitors the yaw of the car, it monitors the steering sensor, the steering input. It can reduce power to the driving wheels. That is easy. It is these other little axillaries that I caution on—telltales and testing and the like that if you were going to regulate, without doing it in consultation with all the manufacturers, could really prolong the ability for the manufacturers to implement. In the end ANCAP will take the definition of the American regulation and say, 'That is what we will determine as ESC.' That gives you that bottom end and allows you to continue to be in it even at the top end. Something along those lines is important before you went and regulated a really specific ESC requirement.

Ms STRINGER—The last question is talking about strategies for encouraging manufacturers to fit the technology. We have perhaps alluded to this as we have gone through, from Mazda's perspective—and I cannot speak for anybody else—we do not need any convincing. We think the technology is fantastic technology and are happy to fit it. The thing that we find though is public awareness of these technologies that you can sell the buzz words, whether it is DSC or ESC or ABS and, and people know, 'Yes, that's safety stuff,' but I do not think they really understand how that is going to save them or their children or their family in the event of an accident. Mazda Australia has a charity called Mazda Foundation and we give quite a lot of money to the National Trauma Research Institute, we sponsor them quite heavily. I have spent a bit of time with Prof. Kossmann, the director of the institute, and he has done quite a lot of work on the benefits that you derive from these technologies, whether they be crumple zones, the side airbags in particular, as well as front airbags, of course.

Once you are exposed to that sort of stuff you cannot go back. We are about to put my 18-year-old daughter into a vehicle. I would not have her in a vehicle that did not have all of these safety technologies which you were referring to before and I completely agree, but that is because I know. What I would hope in terms of strategies is getting the public—consumers—to understand how beneficial these are in terms of saving the pain, the disability, the financial impact of those accidents. The Victoria government has done a very good job of raising awareness with drowsy drivers, drink drivers, drug drivers more recently. Those campaigns would also work well from a safety technology perspective.

The CHAIR—In America, as you probably know, they have a system of star ratings and as you now go to buy a fridge and you have a look at the energy savings, you can only go by what star rating that is, and if you are environmentally conscious you make your decision on that basis. In terms of ANCAP and the star ratings here, again in America I think it is mandatory that vehicles have these star ratings on it and then the consumer can make a judgment in terms of which car they want. Obviously that corners the manufacturers to a certain extent to make sure they come up with the goods in terms of putting in the proper safety technologies into vehicles so they can get those star ratings. There is a voluntary system in place with ANCAP at the moment. How involved are you with that?

Mr WATSON—You are talking about Stars on Cars.

The CHAIR—Stars on Cars, yes.

Mr WATSON—We have not been supportive of it. We are somewhat reluctant to see it go as a regulatory—

The CHAIR—This one is voluntary, it is not—

Mr WATSON—Yes, I appreciate that. Again if we could make customers aware of the safety of a vehicle and the benefits of that safety, rather than have it on, like, a fridge as you say. We have found that we need more our strategy to sell the car rather than something like a fridge or the airconditioner with the star on car. We have pushed back so far to—

The CHAIR—You have an independent organisation which rates certain vehicles. The public have things to do. They do not want to go to university to learn about what technologies are in vehicles. They want to know that they are purchasing a vehicle that this independent organisation is saying is either a four or a five star and they will trust and believe this organisation to say, 'Look, if they're saying it, they're a reputable organisation that looks into these things. I do not know much about technology but that's the rating this car got.' If you do not participate in that do you think that somehow people might think you are hiding something?

Mr WATSON—Part of my problem with that is that independent organisation does a single test which will get you a score and then depending on if you can go and spend another $100,000 on a test you can get some more points.

Ms STRINGER—You can buy points.

Mr WATSON—You almost need your university education to understand the full extent of what a stars on cars would give you. We are now getting to the stage where you have to have DSC on a vehicle to get five stars but in passive safety, the car is as good as a four star car. To me that is almost misleading the customer himself.

Ms STRINGER—That is currently the situation. If you pay more for more tests you

can get more points and I do not know that it should be like that. Maybe we are living in a perfect world that does not exist, but to have people understand at least at a base level of what it is they are buying to us would be better than getting comfort out of stars which may or may not be the full picture of the car. A company might make a decision—this is not a Mazda company by the way, we have paid a fortune to have the next test for our fifth star so we would put money behind that. But I can imagine a world—and at the moment the market is going very well, there is quite a lot of money around to spend on these things but there will be times when the automotive industry is not thriving like it currently is, and I can imagine there will be situations where companies decide, 'We're not going to spend the extra money to get the extra stars,' so the vehicle will come out with a three star rating and it may well have four stars worth of technology or five stars, but they have not paid the money to get them. That is our concern.

The CHAIR—How are you advertising ESC or DSC?

Ms STRINGER—We have brochures on it, we have it in our handbooks.

Mr WATSON—Certainly the sales brochures and the like have your typical line with DSC that a car would take, and without DSC. Jasmine has already alluded to it, I would love to see a generic DSC campaign like your shock drink driving type tests. These NCAP crashes are fantastic to demonstrate the safety technologies, not so much your active ones like your DSC, although I am sure a similar test could be developed to show a with and without DSC test, but to see a car crash and see seat belts pull you back into the seat and then let you go out slowly as this airbag inflates in front of you that cushions your face as you go into it. 30 years ago people questioned the need for a seat belt and then we got to the stage, 'I wouldn't buy a car without a seat belt.' Now, Paul and Jasmine are not buying the kids cars without ABS and DSC and airbags. If you can educate the market you can do a much quicker and better job of getting these technologies into cars than you could through—

Mr WELLER—The question is, Wayne—and I probably agree on a campaign—why would the government spend its money on it when the likes of Mazda and Holden are going to make the money? Holden are already out there advertising ESC. Those ads have been on the last week or so. I have seen them on telly.

Ms STRINGER—With all public safety things, government saves money in the end. Prof. Kossmann talks a lot about this, the money it costs the state every time somebody has an injury or a disability from a car accident.

Mr WELLER—But is it doubling up the money when the manufacturers could be advertising to get a market advantage? Obviously Holden is of that view at the moment with their ESC ads.

Mr WATSON—We all have it, would be the thing. If we were to go out—and it is just off the top of my head—and do an ESC ad that showed exactly what I have been describing, all the safety aspects working, you are promoting all the other cars that have it as well. If a central organisation—call it the government or call it NCAP or call it whoever you like, they get the biggest bang for their buck without Mazda promoting Holden's ESC, because we have done an ESC commercial. We have all got it, why would we do a specific safety one—

Ms STRINGER—Obviously Holden feels differently because they have, but that has been our view.

Mr WATSON—It would be on the bottom of certainly our written literature as

'includes DSC' or 'DSC is optional' or 'ABS is standard' and 'the H frame occupant protection is standard'. There is certainly promotion done on safety. It does sell cars to certain people.

The CHAIR—I am mindful of the time; one question—and obviously safety is going to be the buzz word over the course of the next five to 10 years where people are looking to buy safer cars, and we have spoken a lot about the electronic stability control. In the next five years what does Mazda, apart from ESC, envisage that it might have that will improve the safety in vehicles?

Mr WATSON—Optimising all the current systems that we have, and certainly DSC is a mature technology but there is probably more that can be done to DSC to optimise it. Without looking at our five and 10-year forecast of what technology is available, obviously the next step is collision avoidance systems, lane departure, active cruise control—maybe not even a cruise control, maybe an active collision avoidance.

The CHAIR—What, fitted in the next five years?

Mr WATSON—The technology will become mature enough to start to be implemented in the vehicles in the next five years. Whether it is cost-effective in the next five or 10, it is coming that type of technology. In the next five years, a realistic view is that you would optimise the current technologies.

The CHAIR—Thank you very much for your presentation.

Ms STRINGER—Thank you. We will shoot through our notes to David this afternoon and add some of those things that David and Paul were asking about.

The CHAIR—Thank you very much.

Witnesses withdrew.

Hearing suspended.