

ROAD SAFETY COMMITTEE

Inquiry into vehicle safety

Melbourne — 4 February 2008

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Mr J. Hurnall, director, technical services, Australian Automobile Association.

The CHAIR — Welcome to the public hearings of the Road Safety Committee's inquiry into road safety. All evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975 and is further subject to the provisions of the Parliamentary Committees Act 2003. Having said that, any comments you make outside of the hearing may not be afforded such privilege. As you can see, the evidence is being recorded; you will be provided with a proof version of the transcript at the earliest opportunity for you to correct as appropriate. Could you state your full name and the organisation you belong to, and we will ask questions as we go?

Mr HURNALL — I am James Hurnall; I am the director, technical services, at the Australian Automobile Association. You have a copy of our submission?

The CHAIR — Yes.

Mr HURNALL — I do not intend to go through it in detail but to highlight a couple of points we made in there and then to answer questions for clarification or to give additional information as you require.

For a bit more background, as we outlined in the submission, the Australian Automobile Association is the national body for the state and territory motoring clubs, such as the RACV here in Victoria. We represent all our motoring clubs, member clubs, and their members at a national and international level on various aspects, including road safety. We are heavily involved in road safety, as outlined in the submission.

Really the vehicle safety area, which is really the main one, is with ANCAP. AAA is one of the founding members of ANCAP; we have a position on the ANCAP board and for the past 12 months also I have been the AAA member on the ANCAP board.

We think the important safety issues, in our submission, are electronic stability control — and I heard you talk to Ross earlier about electronic stability control and the importance there — and ANCAP and the need to continue to support and extend ANCAP's activities. I would like to talk to you about the possibility of Victoria undertaking another SafeCar project, which I thought was a very good project that was conducted, and also talk a bit about fleet purchasing and how fleet purchasing can improve the uptake of new safety technology in vehicles.

The CHAIR — How is your organisation funded?

Mr HURNALL — Our organisation is funded by all our constituent members, the state and territory auto clubs, who provide a contribution every year.

Mr KOCH — What sort of budget are you running with now?

Mr HURNALL — The AAA?

Mr KOCH — Yes, what is your total operating budget?

Mr HURNALL — Can I just ask why you are wondering that?

Mr KOCH — I am just interested — no more than that.

Mr HURNALL — We have a small budget. We have a small team at AAA of eight staff and a couple of contractors, and there is a very small budget on top of that for operational aspects. We normally then undertake project-specific budgets based upon an as-need basis, as it arises. So it is not hundreds of millions of dollars; it would be in the range of \$4 million or \$5 million a year.

Mr KOCH — That is all I wanted to know.

Mr LANGDON — Have you grown much over the years?

Mr HURNALL — AAA?

Mr LANGDON — Yes.

Mr HURNALL — No, we have actually decreased over the years. I have been with AAA for five years and there has been no real change in staff numbers in that time. Prior to that there were some changes in the way

that the activities conducted at AAA were changed around. We stopped doing some things. The motoring clubs set up another company to do some of their business activities, and AAA had more of a government relations, coordination, national secretariat function.

Mr WELLER — What is AAA's role in making cars safer? Do you work as an intermediary between the government and the companies, the builders? Or do you go straight to the companies?

Mr HURNALL — We represent the auto clubs and the auto club members — the car owners, the car buyers and the consumers. We represent their views to both the government and the car makers. So I will deal with the federal government on things like the technical standards groups and also talk directly to the car companies; our board members and our chief executive would also talk to the chief executive and board members of car companies to put forward our views on vehicle safety.

Mr WELLER — A while ago you talked about ESC on all cars by 2012; how will you work with the government and the companies to achieve that?

Mr HURNALL — We put out a press release last week supporting the calls in Europe by Max Mosley, president of the FIA, AAA being an FIA member. They should have ESC on them by 2012, I think. That is the date which lines up with the US regulatory standard. So we are talking to the car companies and saying, 'This is what we want. How can we work with you to achieve this?'. One of the things to do is to encourage fleet purchasing and talk to fleets about how they should be putting in ESC, and telling them about the health and safety benefits of doing that.

Mr TREZISE — You do not feel we should go down the path of the United States and regulate to have it introduced by 2012?

Mr HURNALL — I didn't say that. That would always be the backstop, if you like. The regulatory effort is really the last point. What you should be doing is encouraging people to buy cars and want new technology fitted, and that will get the manufacturers doing it quicker.

It was highlighted to me at a vehicle safety conference — the Enhanced Safety of Vehicles Conference — in Washington in 2005, I believe. It had a panel of representatives from the car companies — predominantly General Motors, Chrysler and Ford, because it was in the USA — and one of the people in the room stood up and asked what was the single thing the government could do to make cars safer. The answer from the car companies was, 'Get your fleets to buy them'. If fleets buy safer cars and specify they want a safer car — put a fleet purchasing policy out, put their money on the table — the car companies will respond.

That was also confirmed to me locally. I presented to the public sector fleet managers conference a couple of years ago, and I spoke before lunch. After lunch the people from General-Motors Holden were speaking, and during the lunch break I was sitting down and talking with people from General-Motors Holden and they asked me what I had said to the conference before lunch, and I said, "Tell the fleets to buy cars with at least 4 stars from ANCAP, have side curtain airbags and have electronic stability control".

The Holden guys said that people do not want to pay for it and I said, 'Yes, that's fine, but if some public sector fleet buyers who collectively buy a large number of cars all came to you and said they wanted a 4-star ANCAP car with side curtain air bags and electronic stability control, would you tell them to go away?'. They said, 'No, we would tell the engineers to put them on the cars'.

That is the message that ANCAP cap is trying to put across with Stars on Cars as well. It is promoting Stars on Cars to new car buyers — fleets and private buyers — so that when they walk into a showroom they say, 'What is the ANCAP star rating on this car?' and when enough people are waling into the showrooms doing that, car companies will produce 4-star cars. They will not sell 2-star cars because they cannot sell 2-star cars.

The CHAIR — What manufacturers do, though, James, is that they cleverly bundle in some of those safety features with luxury items which make it very unaffordable.

Mr HURNALL — It makes it more difficult, yes, especially in the smaller cars which are at really sensitive price points. They are trying to get down to \$15 000 or less in some of those cars. Yes, I do recognise that. We also have the struggle then with people buying those cars. They want to buy the cheapest car possible. Hyundai

produced the Getz version a couple of years ago where they made a safety pack and they put it in, but it cost a little more money. It had curtain air bags, full air bags, stability control, but they couldn't sell the cars because of the extra \$1000 or \$2000 they were charging. They ended up basically, that they had them there, ready to go, but people would not buy them because they cost extra money.

The other example is where somebody goes into a car yard to buy a car and says to the dealer, 'I want this car with curtain air bags, stability control, and whatever else' and the dealer says, 'Yes, righto. There is a six-week delay because I have to order it from Japan'.

The buyer says, 'I set my heart on this car'. Then the car salesman says, 'Well, I can sell you that one over there; it is the same colour, it has everything else but just not those things and it is a little bit cheaper and you can have it tomorrow'.

That is the other struggle. I would recommend a way to help solve that is fleets specifying. Fleets are only going to buy cars that meet those standards. It gets to the price point, the cost of building the car or bringing it into the country, whereas that is what you do because it is cheaper to do that or it is no more costly. Now you get a cigarette lighter in every car; you get a radio in every car. All these things were luxury items once. Now you get air bags in every car, but it wasn't that long ago that you had to specify them. They were options.

Mr WELLER — This committee has identified de-specifying as a problem, as has indeed the AAA, and you have actually supplied us with some information there. What have you got to back up that information? How do you identify that?

Mr HURNALL — That was straight off the car companies' websites. And they complained that it was incorrect.

Mr WELLER — So they are saying their website is incorrect?

Mr HURNALL — That was my interpretation of it.

Mr WELLER — In that case they had better sack their website operator.

Mr HURNALL — We had some discussions with a couple of car companies who said, 'Your information is wrong'. We said, 'It is off your website'. We printed it out and faxed it to them and they said, 'Okay'. This is one of the issues with information. The web is a great tool, people sit at home and surf the web and get all that information. I was doing it yesterday, trying to find a landscaper. I gave up because there are 25 of them. But that is what people do and ANCAP is the same thing.

One of the serious issues for ANCAP is what tests it conducts. I heard your discussion with Ross earlier. What people do is they jump on the website, and they find out what ratings we give a car, what rating Australian ANCAP gives a car, what rating that car gets from the European ANCAP and the Japanese ANCAP, and in the US, and they send us an email, saying, 'What is the difference in these cars? Why are they different ratings?'.

The CHAIR — In the next five years what vehicle safety technologies does AAA see reaching the local vehicle market?

Mr HURNALL — Do you mean reaching or should reach?

The CHAIR — Both.

Mr HURNALL — I would say that the big one is ESC. It is very encouraging that some car companies are doing a lot to put ESC on cars. I would be very surprised, for example, if the new Falcon did not come out with ESC across the range. It is standard. I would expect the 380 to have it on this year sometime as well, and that would be a good thing.

We would then have all five cars, if you count the Camry and the Orion, with it. All cars built in Australia will have ESC, which will be a great thing, and the thing that would help that as well is that all governments would come out and have no excuse not to say, 'We are buying cars that have 4 stars, curtain airbags and ESC' — or maybe not curtain airbags, but, 'They will all be available'. There will be no excuse not to do it and that would be a major statement the governments could make and show leadership. So that is the big one there.

Another that would be really interesting is the sort of results that came out of the SafeCar project, which was following distance warning and intelligent speed adaptation (ISA). Those two technologies together out of that project showed that there were also benefits. In the submission I have the figures show that when ISA was active, drivers spent 57 per cent less time driving 10 kilometres or more above the speed limit.

It was estimated that intelligent speed adaptation could reduce fatal injury crashes by up to 9 per cent and serious injury crashes by up to 7 per cent. That was a long-term study that proved those technologies actually worked. I think that is the sort of technology we should be specifying in fleet cars now — and buying. It is available. It is not rocket science any more. It is pretty simple stuff to do. They are the sorts of technologies that I think should be able to be brought into cars that are purchased and on the road any day.

Mr KOCH — James, how much of your time is spent on encouraging governments and insurance companies to have some initiatives instead of corralling the car producers? Australia, at the minute, obviously would be nowhere without General Motors and ESC across their Commodore range. That is what brought Ford, Toyota and Mitsubishi to the forefront. I do not think they would have gone down this trail if, for instance, sales figures were not telling them so. But I think there are probably further initiatives away from regulation that both government and other industries can probably offer. How much of your time is spent in relation to promoting those opportunities, along with promoting the opportunities through manufacturing? Do you think it is all up to the manufacturer is what I am coming to?

Mr HURNALL — No, no, it is not all up to the manufacturer. It is up to everyone.

Mr KOCH — If insurance are still taking premiums and the cars are not getting wrecked — —

Mr HURNALL — I will answer that more broadly, if you like. The car clubs, our members, we work together on these sorts of things, but in their magazines, on their websites and in their public policy promotion they promote vehicle safety issues, and they promote these new technologies. For example, in the Australia's Best Cars program, which is the annual car awards we do, we have just recently included in the magazine a report on vehicle safety issues, and the report on each car has the ANCAP star rating and also the *Green Vehicle Guide* star rating, because environment as well as safety is a very important issue for motorists. The car clubs are promoting it to members and encouraging people when they are buying a car to consider these things.

Mr KOCH — But your promotion cannot go as far as to say, 'If you purchase this vehicle with this star rating, which is the most suitable for your own protection' — across the country — 'the government is going to give you a benefit on stamp duty on purchase, and the insurance company is going to give you a premium advantage because these things do not run off the road'. How much of your efforts are going down this line?

Mr HURNALL — We are not really focusing on those financial advantages from insurance companies or governments at this point in time.

Mr KOCH — Is there a reason for that?

Mr HURNALL — No. We have not really considered what we could do — or what we should do there, I suppose, is really what it is. I do not understand enough about the dynamics there, if it is possible and how much it would be, and would it really make an impact. I know some insurance companies are offering a discount for fleet buyers who have purchased cars with ESC. So there are those sorts of things. But we have not actually gone out to governments or insurance companies to say, 'Reduce your premiums or reduce your registration if you do these things'.

Mr KOCH — That is all right. I just think there are areas there that you should be affording yourself. I do not think it is all on the manufacturer; I think it is a joint event.

Mr HURNALL — I think so too, yes.

Mr LANGDON — How proactive are the insurance companies in trying to get all these safety measures, in your opinion?

Mr HURNALL — I do not think they are very proactive at all. I do not understand the method behind setting insurance premiums for insurance companies at all, so I cannot really say what they can do and what they cannot do.

Mr WELLER — It would vary from safety aspect to safety aspect.

Mr HURNALL — I would assume.

Mr WELLER — You have identified ESC as one that they are offering a discount on, because that does lead to less crashes. In some of the cases where air bags go off they are actually more expensive to refit and so it is not an advantage to the insurance company. Where there is an advantage to the insurance company, is your organisation's support in pursuing a more favourable insurance rate?

Mr HURNALL — Yes, we would do that. The other one I suppose is looking at how each of the states have their third party personal insurance and whether there are opportunities there as well to give discounts or reductions in registration charges or whatever it is.

Mr KOCH — The Transport Accident Commission, for instance, if they do not have the injury rate that they are currently suffering, then there may be a great opportunity there. It could be reflected in the price of putting that car on the road every year, for instance. I just think they are areas that you probably should be certainly concentrating on.

Mr HURNALL — That is probably a good one to go next.

Mr KOCH — I have been intrigued in the paper you have put forward that you believe that new vehicle safety technologies have the potential to save 35 lives a year nationally. Then I look a little bit further down and it says safer vehicles have the potential to save 175 lives, being helped through programs like ANCAP. Where is the difference between 35 and 175?

Mr HURNALL — Could you point out which page that is on, please?

Mr KOCH — I have not got a number on the page. There is a wide variation between those two figures, and I just mention that — it is possibly off their website. I think if you are in a position to give some clarification in relation to these sorts of things it would be important to me and possibly to the committee.

Mr HURNALL — Was it 175 lives?

Mr KOCH — Yes, vehicles with the potential to save 175 lives.

Mr HURNALL — I think that is from the National Road Safety Strategy. That would seem to be that number.

Mr LANGDON — Which number? The 35 or 175?

Mr HURNALL — The 175. And what was the 35?

Mr KOCH — The 35 is from your own website, I assume, because the Australian Automobile Association believes that new vehicle safety technology has the potential to save 35 lives a year nationally. Which figure is the correct figure?

Mr HURNALL — I do not know the context of that second figure — 35. I believe the other one is the National Road Safety Strategy 2000–2010. By 2010 the new vehicle safety technology target, if met, would achieve a 40 per cent reduction and would save 175 lives.

Mr KOCH — It is purely website stuff that is inaccurate. It is probably something — —

Mr HURNALL — No, I mean it is probably a particular — —

Mr KOCH — Yes, the AAA website. James might have a look at it.

Mr HURNALL — It might possibly be two different particular press releases, or two different issues.

Mr KOCH — That is okay. We have confusion around the table here as to which figure and how they have been arrived at. James, what is the purchasing public of safer vehicles confronted with?

Mr HURNALL — That is what I am saying. You need to know what context they are in. If they are clips and quotes off websites, they are — —

Mr KOCH — It is something, after your presentation, we might be able to help you with.

Mr HURNALL — Yes, that is fine. I can have a look at that.

The CHAIR — There are no other questions?

Mr HURNALL — Could I expand on another point then with fleet purchasing and probably pick up a discussion point you were having with Ross about the stability control issues? I think one of the things you highlighted was that car companies have said they are going to put it on their passenger cars first and put it down to utilities later, which is related to a number of things including the need to tune the system for the different road surfaces. I would suggest that it is also due to sales volumes. You put it on those cars that are selling most first. You get a bigger return, a quicker return.

With new car buyers, that is the where volume is, and that is where people are expecting these things as opposed to utilities, which have smaller volumes and have always historically and will continue to be less concerned with the safety aspects. I think if you instigated a fleet purchasing policy by putting lines in the sand out for a couple of years, taking into account the time required for car companies to put in this technology — give them a reasonable amount of time — you can actually bring that forward and make certain it happens in a reasonable time.

Mr WELLER — I find it strange. We talk about the number of sales, whereas the biggest impact — it is a 50 per cent impact there, not a 25 or 28. Whatever figure they want to use, compared to 50 it is nearly double both of them.

Mr HURNALL — Yes, it is, but they also have to look at what is happening overseas. I can understand why they are doing it. Apart from the locally manufactured cars, they are all brought in from overseas, so they have to bring it in with those vehicles that are there. Ford have done it with the Focus recently.

One of probably the worst offenders that are not putting in ESC is Toyota, with the Corolla. It is the second-highest selling car in the country and has been for the last couple of years. They brought in the new model without stability control — it is available elsewhere in the world. Then they capped a hammering in the press and sort of said, 'Oh, well, okay, we'll bring it in' — some time in 2008. Then when all the press died down, the date keeps slipping. The car is still selling. They do not need to put on something that is going to cost them another \$500 — take \$500 or \$100 out of their profit — because it is selling.

If large fleet buyers or influential fleet buyers, such as the Victorian government, said, 'We are going to buy only cars that did this by these dates', all the car companies CEOs know that and that is the sort of feedback they need. Their marketing people are saying, 'We don't need this stuff to sell cars', and people have to tell them, 'Yes, you do need this stuff to sell cars'. I would suggest that people like your committee or the Victorian transport minister or Premier or Treasurer or whoever — probably the Treasurer because he holds the purse strings — say, 'We need this thing and we're not going to buy cars that don't have it', and that is the message we are giving to other governments as well, and our own clubs are also doing the same thing.

The other one I will briefly mention is that it would be good if the Victorian government, either by itself or with another group or government, instigated another SafeCar project to control the emerging safety technology, such as lane keeping, lane departure warning, emergency brake assist — such as Ross mentioned, I think — put together a consortium, have a long-term project and actually come out with, 'Yes, this stuff works' or, 'No, it doesn't', such as the SafeCar project was. That would be I think another really positive safety initiative. With following distance warning and intelligence speed application, we now have solid research that was based upon a long-term project — the only one in the world — that actually shows it works and it is a benefit. Therefore, when you go into fleet purchasing or the finance people, you can say, 'Here are the numbers. This is why this stuff works'.

There is an Austroads project that should be finalised very soon that is a cost-benefit analysis on fleets for safer vehicles. So, taking into account your OHS liabilities and your longer-term injury and accident criteria, by saying, 'Here you are. You, as a fleet purchaser or employer, have a financial benefit over a longer term from doing this, as well as your moral obligation to ensure your people are safe, and here is the actual data that shows this stuff works'. So you can put together a good business case for these fleet companies, governments, whoever. Then everyone can

go and tell the car companies that this is what they want and they are willing to pay for it — and you would be surprised at how quickly it happens.

The CHAIR — Thank you very much for participating today.

Witness withdrew.