



## **PRODUCTIVITY COMMISSION RESEARCH STUDY INTO STANDARDS AND ACCREDITATION**

### **FCAI SUBMISSION**

#### **INTRODUCTION**

The Federal Chamber of Automotive Industries (FCAI - [www.fcai.com.au](http://www.fcai.com.au) ) is the peak industry body that represents the majority of Australia's manufacturers and importers of passenger and light commercial vehicles, and motorcycles. The FCAI welcomes the opportunity to provide input into the Productivity Commission's research study.

All vehicles marketed in Australia must comply with the Australia Design Rules (ADRs) that set out performance requirements for motor vehicle safety, noise, emissions and anti-theft. Most of the ADRs are harmonised with United Nations Economic Commission for Europe (UN-ECE) Regulations. However, a small number of ADRs either mandate certain Australian Standards (eg Towbars) or allow certain Australian Standards as alternatives to UN-ECE Regulations (eg seat belts and glazing).

The federal Department of Transport and Regional Services (DoTARS - <http://www.dotars.gov.au/> ) maintains an audit regime that inspects test laboratories for their fitness to test to the ADRs as part of the ADR certification system. NATA accredited laboratories are exempt from this audit regime.

In addition to the Australian Standards that are called up in the ADRs, the automotive industry is also affected by certain Australian Standards that are mandated under the Trade Practices Act as Consumer Product Safety Standards (eg car jacks and child restraints).

#### **STANDARDS SETTING**

The FCAI and its members provide representation on a large number of Standards Australia committees such as seatbelts, child restraints, glazing, car jacks, towbars, etc. This representation is provided on a *pro bono* basis. Therefore the contribution by industry to the standards setting process and subsequently to the public interest is significant.

Internationally, any attendance at ISO meetings is self funded unless funding approval is obtained from Standards Australia from the limited funds provided by the Australian government. This is an area that could be improved with additional funding to ensure that the Australia experience is shared worldwide and to avoid potential conflicts between ISO and Australian Standards.

Given the Automotive Industry's need to align itself in a global market the same is true for the standards it finds itself compelled to apply locally. Any difference between a unique "local" Australia requirement and that of our trading partners can have a significant disadvantage in an export market. Although the trend over the past 10 years has seen a reduction in unique local standards under the ADR regime we still have the last remnants that need to be removed to give automotive exporters the same footing

as their competitors. Although this process is not under the Standards Australia umbrella some of the original standards originated from the Standards forum.

Current ADRs are the product of the Australia Government attending the United Nations Economic Commission for Europe and more significantly the Working Party 29. (UNECE WP29). DoTARS has been the representative on behalf of the Australian Government at this forum and to date has signed the UNECE 1958 Agreement. To date Australia has yet to apply (*sign up to*) any UNECE regulations. The ECE regulations and the appending “Mutual Recognition of Approvals” are the international norm outside of the United States and Canada. Neither the USA nor Canada can accede to the UNECE 1958 Agreement where the legal framework can not recognise such Mutual Recognition of Approvals between Governments.

It is assumed that this forum will be the source of any future regulations/standards for the Automotive Industry in Australia along with the adoption of the necessary ECE regulations that are already in place under the current ADR environment.

**It is imperative that any new standards proposed for the automotive sector emanate from such international forums like UNECE WP29 to ensure our products are not given cost penalties and diminish our export readiness. Australian built vehicle must have the same competitiveness as that of our imports and trading partners.**

## **ACCREDITATION**

Australia has a limited number of Mutual Recognition Agreements (MRAs) with other countries and with the European Union (EU) for which there exists an automotive chapter. The EU MRA has not been accessed by many of our members due to the differences between the EU and Australian ADR technical requirement levels. These MRA's are also being replaced by some Free Trade Agreements (FTAs). The Thailand and Australia FTA is a case in point. The MRA between the Thai Industrial Standards Institute (TISI) and DoTARS has largely been replaced by the FTA. However the MRA specifically dealt with automotive requirements unlike the FTA that uses APEC regulatory speak and has the potential to undermine the automotive MRA.

Currently NATA accredited laboratories are exempt from the DOTARS “Test Facility” audit regime. The issue of a “Test Facility Number” (TFI) is essential when making use of the Test Report submission to DoTARS under the Australian Vehicle Certification process. It is not essential to have a NATA Accreditation to access a TFI number as the process is excessive when weighted against the requirements of the TFI process.

It is in the export arena that NATA has a very important role to play. This has been demonstrated in recent years with the growth of vehicle exports.

Like Australia most countries and regions have a vehicle “Homologation” or Type Approval process where the importation of vehicles and their registration for use on the road is subjected to a process showing some level of compliance to specific standards.

The applicable standard is the subject covered earlier under “**Standards Setting**”. The Test Facility (Laboratory) accreditation is an issue that has played and will continue to play an important role in vehicle exports.

As a point of background information, FCAI is also a member of Organisation Internationale des Constructeurs d'Automobiles (OICA), the International Organisation of Motor Vehicle Manufacturers. The OICA Technical Committee is the only Vehicle Manufacturers' representative accredited to attend the UNECE WP29 meetings. OICA

has a policy position of “Test Once – Certify Everywhere” for all vehicle markets. Current legal aspects in various countries and regions make this endeavour difficult across the board but the application of ECE regulations or regulations based on ECE can achieve this goal.

As most of Australia’s ADRs are ECE based or fully over-written ECE regulations, the application of “Test Once – Certify Everywhere” could be achieved in some markets. It is also important to note that current trends in the automotive regulatory environment outside of the Americas, ECE regulations and its MRA environment is being actively proposed by a number of international bodies. JASIC (Japan Automobile Standards Internationalization Centre) is actively pursuing the application of the UNECE WP29 and ECE regulations within ASEAN. The future for the automotive regulatory environment is largely based on an ECE Regulatory environment outside of the USA & Canada.

Given the above, Australia is known to have one of the more flexible & pragmatic vehicle certification protocols which operate outside of the ECE MRA environment. This is based on the fact that Australia embraces a “**self testing**” environment. The UNECE regulatory environment is based on “**third party testing**”. This can be a test by the third party agency or witnessed by a third party agency at an accredited<sup>1</sup> test facility.

With the majority of our trading partners outside of the EU and Middle East, an ECE based regulatory environment offers a significant opportunity to Australian automobile manufacturers. However the fact that the Australian testing environment is a self testing one does not transpire that it is not equal to that of the third party test environment. This has been demonstrated by the success in exports to markets like UK in small volume for some of our vehicle manufacturers.

The role of NATA in the vehicle export environment is based on the accreditation of test facilities for vehicle and component testing. The underlining premise that a vehicle or a component tested for approval under current ADR requirement and in a NATA accredited facility is on par with a given market requirement is central to this submission.

Apart from EU members some UNECE Contracting parties have the mechanism to accept test reports based on merit. It is the measurement of that “merit” that NATA accreditation plays its part.

The interrogation of this “merit” can be based on a number of different criteria based on the requirements of the export market. They are:-

1. Current NATA peer review process being accepted at face value based on current Australian market knowledge by export market.
2. Region or country specific Mutual Recognition Agreement (MRA) of which NATA currently has an extensive listing on paper.
3. General acceptance of a specific market that has an MRA based on membership of the International Laboratory Accreditation Cooperation (ILAC).

All the above have their place depending on the export target market.

It is FCAI’s view that points 2 & 3 hold the best solution for future exports. Point 1 above is up for discussion internally (within Australia between FCAI, NATA and DoTARS) with respect to facilities for criteria for “Technical Agency/Facility” under Australia’s adoption of UNECE regulations leading to the issuance of an ECE Type Approval by Australia. This is not the subject under discussion with this submission but

it is an item that is in need of identification as Australia eventually adopts such ECE Regulations.

### **Point 1 – Mutual Recognition Agreements (MRAs)**

NATA maintains a comprehensive list of sister organisations in a number of countries and regions. However the value of this listing is based on the acceptance of that organisation in the specific market. NATA is widely known within Australia but the relevant sister organisations may not be as well known but still occupy the same role in that country or region.

Our members have found that although an MRA exists, its worth depended on the actual knowledge and the role of the other contracting party in that market. This varies from market to market.

### **Point 2 – ILAC**

The same opinion as 1 above could be applied for the MRA under the ILAC process. ILAC is a well known organisation among the equivalent NATA type organisations around the world. FCAI is of the belief that ILAC and its extensive MRA could be a vehicle to deliver a more efficient form of MRA dissemination.

### **FCAI's position**

#### **NATA's ability to run its business effectively as demanded by a global trading environment has trade facilitation impacts for our members.**

FCAI's position on NATA is based on the fact that NATA is an essential organisation for our manufacturing base through its general accreditation of laboratories for manufactured goods and services. This is demonstrated within the supply chain of the automotive manufacturing environment. ISO 17025 is an essential part of this process and the current NATA environment achieves a level of service and acceptance that is comparable to any around the world. It is essential that is maintained to meet the demands of a global manufacturing environment.

It is also essential that NATA maintain its expertise in the in the various fields currently covered. Currently NATA has obtained a connection with a leading UK automotive test and certification body in the UK. The Vehicle Certification Agency (VCA) has been used in Australia by some vehicle exporters. This export activity has driven a need for some facilities to be assessed and upgraded. Interaction between NATA and VCA has seen NATA become involved in the potential accreditation of test facilities that are required for vehicle exports into more regulatory mature markets and requiring an ECE/EEC Technical Agency buy-off that is acceptable to VCA.

FCAI also would like to see a more active leadership by NATA in the ILAC process and the upgrading and higher profiling of its MRA's. An involvement within this arena would also have the benefit in securing a better and higher profile of its own MRAs.

A strong outward looking NATA seeking more international leadership roles and strategically placed roles within ILAC would be a substantial asset to Australian vehicle manufacturers and exporters.

<sup>1</sup> = Accredited by an ECE Contracting Party "Technical Agency" under the UNECE 1958 Agreement.

**END OF FCAI SUBMISSION**