Quality standards, Free Trade Agreements and replacement parts

Australia is ill prepared for free trade agreements that might increase the flow of manufactured goods, as it lacks the 'regulatory infrastructure' necessary to promote acceptable quality parts being supplied to the market.

While Australia has the talent to manufacture anything that our market demands, the reality is that parts and equipment that are used in high volume are increasingly being supplied from overseas.

My comments are not motivated by any racist considerations – the problem of poor regulation of part and equipment quality in Australia is a long-standing one. Freer trade should increase the number and range of parts offered for sale in Australia and it might reduce prices, but these gains should not be at the expense of quality.

Australian consumers should know what quality standards that safety relevant parts are manufactured to comply with. Australia currently does not insist on this most basic quality requirement.

I have investigated some quality issues in the past and been surprised to learn that some parts have been manufactured overseas without any engineering drawing or performance specification.

We are in this quality standards pickle for three reasons: Firstly, the Federal Government does not regulate for part quality, at least in the vehicle domain. There is no national approach.

Secondly, the state and territory governments have jurisdiction over replacement part quality but have given it no priority.

And finally, regulators tend to regard quality standard requirements as further regulation, which should be avoided.

Mechanics and engineers tend to see quality standards as common sense. I need to explain these three points.

By agreement between the Australian governments, the Federal Government regulates the new vehicle domain and it controls vehicle imports. The state and territory governments regulate the in-service vehicle domain, which includes roadworthiness and should include replacement part quality, but in practice does not.

These responsibilities swap over on the day that a new vehicle is first used in road transport for its intended purpose.

Consequently, the Australian Design Rules, which are 'the national vehicle standards', were never intended to and do not regulate replacement part quality.

They do regulate headlights, signal lights and mechanical couplings when used on new vehicles.

More broadly, the Federal consumer protection legislation gives the Federal Minister the power to identify specific standards for particular types of parts. This has been done for vehicle jacks but not for any other vehicle-related parts. There is no design rule that sets standards for vehicle jacks. The national consumer law does require parts to be 'fit-for-purpose', but defining what this means for a particular type of part leads to a lawyers picnic.

Some may argue that the marketplace will sort out part quality. In other words, if a part has poor quality then it will get a bad reputation and buyers will reject it. This argument is acceptable for low risk parts but it is an irresponsible approach for safety relevant parts. An operator who experiences a truck crash because a no-name suspension sway bar is made of bubble gum may have to justify the purchase of the part to a coroner.

Further, suppliers of replacement parts sometimes exploit the confusion that exists about regulations to argue that there is no need to comply with any technical standard. I do not advocate that regulations (or codes of practice) that set minimum quality standards be applied to every vehicle replacement part. A risk approach should be taken, and ARTSA has a sensible proposal. Parts and sub-systems should be classified into four categories:

LEVEL 1: Safety-critical or certification-critical parts, such as steering arms and components, brake linings, suspension sway bars, steer tyres, tow couplings, headlights, suspension seats with integrated seatbelts etc.

LEVEL 2: Moderate safety or certification relevenace, such as brake drums, brake actuators, suspension airbags, headlights, mirrors, new tyres, recap tyres, rims and wheel nuts, seatbelts etc.

LEVEL 3: Minor safety or certification relevance, such as speedometers, fuel tanks, air brake tubing, driver side floor mats, etc.

LEVEL 4: No safety or certification relevance, such as cosmetic parts.

Further suggestions from ARTSA:

(1) For Level 1, 2 and 3 parts, suppliers should affix a durable label that identifies the manufacturer's name, part number, batch number, date of manufacture and pertinent ratings.

(2) Level 1, 2 and 3 parts should be manufactured to dimensioned and toleranced engineering drawings with material specifications.

(3) For Level 1 and 2 parts, suppliers should make a written and public declaration that the part complies with a nominated technical standard(s).

(4) For Level 1 and 2 parts, manufacturers should obtain a justifiable test report that supports the claim of compliance with a technical standard(s).

(5) For Level 1 and 2 parts, suppliers should conduct quality checks periodically to ensure that the product continues to meet the conformity of production levels. (These are minimum performance levels that any supplied part must meet based upon the tested performance).

(6) For Level 1 parts, suppliers should keep batch records that would allow a recall to be conducted, should it become necessary.

Point 4 is motivated by the European Union's 'CE system'. The CE system has Directives (machinery, low voltage, medical) that specify relevant standards and good-practice requirements that equipment, machines and sub-parts of equipment must comply with. Suppliers are required to make a legally binding declaration of compliance with the nominated standard.

Government need not check the claims unless the equipment is of a prescribed kind. This approach should be used as a model for an Australian regulatory framework. We should adopt the technical standards that are specified in the European Directives and add a few more of our own.

An Australian compliance mark requirement that is modelled on the European system would help Australian manufacturers of equipment to compete in Europe and it would clarify for overseas suppliers what the quality standards are in Australia. Note that there may be no applicable Australian Standard for a type of replacement part and that Australian Standards are not mandatory unless they are called out in a regulation.

Both Europe and America have a solution for the replacement brake friction material problem. Europe has adopted UN ECE Regulation 90, which provides a certification path for replacement brake linings by comparison tests against the OEM parts. The US rule FMVSS 121 includes dynamometer testing that can be equally applied to new and replacement parts. Australia urgently needs to introduce quality standards for replacement brake linings because many replacement brake parts offered in the marketplace are not legal. It is the vehicle operators who are vulnerable in this situation because suppliers do not have to meet any standard.

ARTSA hopes to convince the NTC and the NHVR that its 'quality proposal' would be useful. The NHVR is working on improvements to roadworthiness assessments for heavy-vehicles. This will probably result in the National Heavy Vehicle Inspection Manual being recognised in regulations, which should clarify inspection requirements. Unless the replacement part standards issue is also tackled, 'roadworthy' need not mean 'safe'.

Australian vehicle operators are vulnerable to poor replacement part quality being supplied. This problem has been too difficult for state and territory governments to tackle. It may also prove too difficult or distracting for the NHVR to tackle. ARTSA has a well-developed code of practice proposal that provides a path for suppliers to voluntarily comply with the seven points listed above. I commend this approach to the road transport logistics industry.

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