REVIEW OF VEHICLE INSPECTION ARRANGEMENTS

DISCUSSION PAPER

Prepared by: Vehicle Safety
Driver, Vehicle & Parking Policy
Road Transport
January 2004
FOREWORD

This paper discusses recommendations arising from a review of ACT motor vehicle registration arrangements.

The review was undertaken by the Department of Urban Services in response to a Government election commitment to review light vehicle inspection arrangements in the ACT. The review was to include:

- the exploration of the option of mandatory periodic inspections for vehicles five years of age and then every second year after that;
- investigating re-opening a public vehicle inspection station to service South Canberra; and
- reviewing the efficacy of random on-road and car park inspections.

The review does not include heavy vehicle inspection arrangements, processes for inspecting vehicle modifications, dealer inspections, and inspection processes for LPG systems. These issues will be the subject of a separate review.

The key recommendation of this paper is to maintain current inspection arrangements. Light vehicles would continue to be inspected on original registration and on transfer of registration once the vehicle is over six years of age. Vehicles would continue to be subject to random inspections in car parks and on-road, and inspected if issued with a defect notice.

The intention of this paper is to promote discussion and invite comment on this proposed approach. At the end of the consultation period, Road Transport, Urban Services, will review all comments received. The results of the consultation will be taken into account in finalising recommendations to the ACT Government on vehicle inspection arrangements.

Comments on this paper close on 30 April 2004 and can be provided:

- electronically to vehicle.inspection@act.gov.au or

- in hard copy to

    Vehicle Inspection Review
    PO Box 151
    Civic Square  ACT  2608
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forward</td>
<td>2</td>
</tr>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>1. Background</td>
<td>5</td>
</tr>
<tr>
<td>2. History</td>
<td>5</td>
</tr>
<tr>
<td>3. Current ACT Inspection Arrangements</td>
<td>7</td>
</tr>
<tr>
<td>4. Other States and the Northern Territory</td>
<td>9</td>
</tr>
<tr>
<td>5. Reviews Conducted in Australia &amp; Overseas</td>
<td>10</td>
</tr>
<tr>
<td>6. Inspection Options</td>
<td>12</td>
</tr>
<tr>
<td>7. Conclusion</td>
<td>17</td>
</tr>
<tr>
<td>Glossary</td>
<td>18</td>
</tr>
<tr>
<td>Appendix A - State and Territory Inspection Requirements</td>
<td>19</td>
</tr>
</tbody>
</table>
INTRODUCTION

The intent of this paper is to provide draft recommendations relating to light vehicle inspection procedures in the ACT, and an opportunity for public discussion of and comment on those recommendations. It will provide the major consultation focus in the process of completing the review of ACT vehicle inspection arrangements. The paper will be circulated to industry stakeholders and other interested parties for comment. Submissions received will be used to refine recommendations to Government on options for future vehicle inspection arrangements and related policies and processes in the Territory.

Vehicle inspections serve a number of objectives: road safety, vehicle identification and theft reduction. The current arrangements for vehicle inspections in the ACT are designed to meet these different objectives. The ACT currently requires light vehicles to be inspected prior to first registration in the ACT, and then on transfer of registration once the vehicle has reached 6 years of age or if the vehicle is issued a defect notice. Heavy vehicles are required to be inspected prior to first registration and then when the vehicle reaches 3 years of age and every second year thereafter. All vehicles are subject to random on-road and car park inspections conducted by vehicle inspectors or the Australian Federal Police (AFP). Light vehicle inspections to obtain or transfer registration may be conducted by an authorised examiner working in private sector premises or by an inspector at the Government inspection station at Dickson. Where required, higher level inspections to establish the identity of a vehicle which may be suspected stolen are conducted by specially trained government inspectors at Dickson in conjunction, where appropriate, with the AFP motor team or forensic unit.

The paper will address the key issue of whether a change to the current light vehicle inspection arrangements will provide benefits that exceed the cost of these changes.

This paper will examine inspection arrangements in other jurisdictions and overseas. In 1999/2001, the Victorian Parliament’s Road Safety Committee investigated the effectiveness of that state’s vehicle inspection system, and whether unsafe vehicles contribute significantly to crashes. This has been the main Australian study into vehicle inspections in recent years. Studies in Norway, New Zealand and USA are also investigated.

The paper does not address:

- Heavy Vehicle Inspection Arrangements
- Veteran, Vintage and Historic Vehicles
- Dealer Arrangements
- Identity (Compliance) Plates & Vehicle Modifications
- LPG (and CNG) Vehicles
- The Authorised Examiners Scheme

These issues will be the subject of a separate review at a later date.
1. BACKGROUND

The ACT Government made an election commitment to review light vehicle inspection arrangements in the ACT. The review was to include:

- exploration of the option of mandatory periodic inspections for vehicles five years of age and then every second year after that;
- investigating re-opening a public vehicle inspection station to service South Canberra; and
- reviewing the efficacy of random on-road and car park inspections.

The Australian Capital Territory is a party to the *Competition Principles Agreement* (CPA) which was signed in 1995 by the Council of Australian Governments. The CPA sets out a (non-exhaustive) list of ‘public interest’ factors that governments should consider when assessing the costs and benefits of a particular policy or course of action.

These factors are:

- Social welfare and equity considerations;
- Economic and regional development, including employment and investment growth;
- The interests of consumers generally or of a class of consumers;
- Competitiveness of Australian Businesses; and
- The efficient allocation of resources.

Clause 1 of the CPA calls for ‘the benefits of a particular policy or course of action be balanced against the costs of the policy or course of action’\(^1\). In undertaking this review of vehicle inspection arrangements the Department of Urban Services will adopt the guiding principle that the benefits of any arrangements recommended for adoption must outweigh the costs to the community as a whole.

2. HISTORY

Vehicle inspections were first conducted in the ACT in 1936 when all vehicles were required to be inspected annually with taxis and hire cars being inspected every six months. These first inspections were conducted outdoors on an open circuit track on a block adjacent to the Royal Canberra Hospital on Acton Peninsula.

In 1962 inspection activities were transferred to a two-lane inspection station in Mort Street Braddon.

The current Dickson inspection station was opened in 1968 and all vehicle inspections were conducted there until 1975 when a three-lane (extended to four lanes in 1980) inspection station off Parramatta Street Phillip was opened.

\(^1\) *Competition Principles Agreement* Clause 1 (3)
At this time all vehicles required an inspection annually, with public vehicles (buses, taxis, and hire cars) subject to six monthly inspections. Mobile “Public Vehicle Inspectors” also inspected taxis, buses, and hire cars at various locations around Canberra.

Through the early part of 1980, queues at the Government inspection stations were often 2 or 3 hours long. As a result, incremental changes were made to reduce the number of inspections that were required and to involve the private sector in providing vehicle inspection services. The alternative was for the Government to build a third test station to cater for the increasing demand from the growing vehicle fleet.

From 15 October 1980, vehicles that were one year old were not required to be presented for inspection. Through subsequent years changes were made which required fewer vehicles to be presented for periodic inspection. This was continued until the end of 1995 at which time only vehicles over ten years of age were required to be presented for inspection and, after a preliminary check those could also be exempted from a full inspection.

The Authorised Inspectors Scheme (AIS) was set up through the 1980s to allow vehicles which had failed an inspection conducted by Government inspectors to have the required repairs inspected and confirmed to be adequate by a number of private sector inspection stations. When these arrangements ceased in 1997 there were approximately 750 inspectors in 300 stations stretching from Moss Vale to Cooma and from Yass to Jervis Bay.

In 1992, the Department was approached by the Australian Federal Police (AFP) for assistance with resolving some specific on-road vehicle issues. As a result the Department began performing a number of on-road inspections from May in that year.

In 1993 Shane Solomon and Associates were commissioned to review the operations of Transport Regulation (ACT Motor Vehicle Registry). The final report of the Transport Regulation Review was provided in May 1994 and made a number of recommendations regarding inspection arrangements. Most of the recommendations of the review team were accepted by the government of the day, and major changes to inspection arrangements were implemented at the beginning of 1996. These changes included the closure of the Phillip inspection station and the introduction of inspections on transfer of registration once a light vehicle reached six years of age. Random on-road inspection functions were increased and car park inspections were introduced.

The AIS continued to operate through this period, certifying repairs that had been carried out on vehicles which had failed an inspection by a government inspector.

In November 1997, competition into vehicle inspection services was introduced whereby any private sector provider meeting specified requirements could perform inspections for registration purposes on light
vehicles. Approximately 80 private sector providers now service this sector in competition with the government inspection station at Dickson.

Heavy vehicles have always been treated differently to light vehicles, due largely to concerns about the the higher risk presented by these vehicles, and as such have historically been subjected to annual inspections. However, following a review of registration and inspection of heavy vehicles in 1998, from 2001 heavy vehicles registered in the ACT have been required to have an inspection at three years of age and every second year thereafter.

Privately owned and operated buses over 4.5 tonnes GVM (e.g. those converted into mobile homes) fall within this arrangement. The recommendations of the ACT Heavy Vehicle Working Party did not distinguish between buses over 4.5 tonnes GVM that provide public passenger services or operate as private vehicles. Light public vehicles (taxis and hire cars) continue to be inspected annually.

3. CURRENT ACT INSPECTION ARRANGEMENTS

Vehicle inspections serve a number of objectives. The program of ACT vehicle inspections is designed to achieve these different objectives. A key objective is to ensure that vehicles using the road system are roadworthy and meet vehicle standards requirements. In addition, the ACT Road Transport Authority uses the inspection process to ensure that vehicle details, including vehicle identification numbers, are correctly recorded on the vehicle registration computer system. Correct vehicle identification is important in addressing vehicle theft and rebirthing problems. Finally, vehicle inspection on transfer of registration, while not being a consumer protection measure, does assist with early intervention should the inspection identify a stolen vehicle.

Currently ACT vehicle inspection arrangements provide a program of approximately 42,000 random on-road and car park inspections and 55,500 full inspections a year. Currently about 4% of vehicles inspected are issued with a defect notice, compared to between 12% and 15% when on-road inspections commenced. This provides some indication that the community has moved towards year round maintenance of their vehicles rather than just in the lead up to inspections.

The Authorised Examiner Stations (AES) examine approximately 44,000 vehicles per year, including clearance of defect notices. The Vehicle Inspection Station at Dickson examines approximately 3,500 “tied vehicles” i.e. taxis, trucks and buses, as well as 8,000 “non tied” vehicles, i.e. customers who have a choice between government inspection or private inspection.

Random Vehicle Inspections

Any vehicle on a road or road related area in the ACT may be subject to a random inspection. This includes vehicles, whether occupied or not, in car
parks and other road related areas. The inspection takes only a few minutes. Should any faults be identified, a major or minor defect notice, or a warning notice may be issued.

Inspections are carried out by Police Officers and Vehicle Inspectors (Authorised Persons) who are authorised for this purpose under section 19 of the *Road Transport (General) Act 1999*.

**Figures for Roadside Inspections**

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Total Vehicles</th>
<th>Total Warnings</th>
<th>Total Unregistered</th>
<th>Total Defects</th>
<th>% of Vehicles issued with Defects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999/00</td>
<td>20266</td>
<td>3280</td>
<td>339</td>
<td>1420</td>
<td>7.0%</td>
</tr>
<tr>
<td>2000/01</td>
<td>20332</td>
<td>2634</td>
<td>293</td>
<td>1297</td>
<td>6.4%</td>
</tr>
<tr>
<td>2001/02</td>
<td>18340</td>
<td>2150</td>
<td>217</td>
<td>1133</td>
<td>6.0%</td>
</tr>
<tr>
<td>2002/03</td>
<td>21593</td>
<td>2310</td>
<td>334</td>
<td>1382</td>
<td>6.4%</td>
</tr>
</tbody>
</table>

**Figures for Car Park Inspections**

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Total Vehicles</th>
<th>Total Warnings</th>
<th>Total Unregistered</th>
<th>Total Defects</th>
<th>% of Vehicles issued with Defects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999/00</td>
<td>29411</td>
<td>2456</td>
<td>426</td>
<td>1307</td>
<td>4.4%</td>
</tr>
<tr>
<td>2000/01</td>
<td>29171</td>
<td>1738</td>
<td>284</td>
<td>933</td>
<td>3.2%</td>
</tr>
<tr>
<td>2001/02</td>
<td>32263</td>
<td>1334</td>
<td>262</td>
<td>784</td>
<td>2.4%</td>
</tr>
<tr>
<td>2002/03</td>
<td>30673</td>
<td>1098</td>
<td>206</td>
<td>645</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

**Full Inspections**

As mentioned above, inspections of Light Vehicles are required when first seeking ACT registration, transferring registration (when the vehicle is over six years of age), or to ensure that a defect has been addressed. Inspections are also required when changing vehicle details (e.g. modified vehicles) or if the registration has been expired for more than 12 months.

Light vehicles can be inspected at an AES or the government inspection station at Dickson. Heavy vehicles are currently tied to the government inspection station at Dickson.

**Identity Inspections**

The ACT has also introduced a regime of “third tier” (identity) inspections to help prevent the registration of stolen vehicles (rebirthing). Rebirthing involves acquiring a legitimate VIN (Vehicle Identification Number), usually
Identity inspections are conducted by specially trained government inspectors and can only be done at the Vehicle Inspection Station at Dickson. Officers of the AFP attend these inspections as and when required.

**Defect Notices**

A defect notice is a notice issued in respect of a vehicle, which has minor or major faults. If a defect notice has been issued, the vehicle must be inspected at the Dickson Vehicle Inspection Station, or by an authorised examiner, in accordance with the instructions in the notice. Payment of an inspection fee is required when the vehicle is presented for inspection. Depending on the severity of the fault(s), the use of the vehicle may be restricted until the notice has been complied with. In some instances, vehicles may not be driven at all and must be towed or carried to be repaired or inspected. Defect notices must be complied with within 14 days of the date of issue. Failure to do so may result in suspension, and ultimately cancellation, of the vehicle’s registration.

The *Road Transport (Vehicle Registration) Regulations 2000* provide for a subsequent defect notice to be issued where a vehicle that is not roadworthy is presented for inspection as a result of the issue of an earlier defect notice.

Some industry representatives have argued for private sector examiners to be able to issue defect notices for vehicles that happen to be in their premises for work other than inspections. To date this authority has not been provided, as this type of enforcement function has been seen as the role of government. There is also potentially a conflict of interest issue with a service provider performing a regulatory function in a competitive market.

**4. OTHER STATES AND THE NORTHERN TERRITORY**

Historically other Australian jurisdictions have had quite different inspection arrangements to the ACT. Some of these differences have arisen due to geographical considerations. Some ACT arrangements have been as a result of being administered by the Commonwealth until 1989, when the ACT became a self-governing Territory of the Commonwealth.

All other jurisdictions, with the exception of NSW and NT, do not have a system of periodic inspections for privately registered light vehicles. In NSW, vehicles are required to be inspected annually once the vehicle is in its fourth
year. The Northern Territory requires vehicles to be inspected in their fourth year, then every second year until year ten after which the vehicles are subject to annual inspections.

There are significantly different arrangements throughout Australia for other classes of vehicles. Tables providing details of inspection requirements using information compiled by the National Road Transport Commission and the Austroads Registration and Licensing Reference Group, is provided at Appendix A.

5. REVIEWS CONDUCTED IN AUSTRALIA & OVERSEAS

Victoria requires light and heavy vehicles to be inspected at the time of first registration and on transfer of registration, by private sector inspectors who set their own fees. Only heavy buses and FIRS vehicles are required to be inspected annually.

In 1999/2001, the Victorian Parliament’s Road Safety Committee investigated the effectiveness of the vehicle inspection system, and whether unsafe vehicles contribute significantly to crashes\(^2\). This has been the main Australian study into vehicle inspections in recent years. The Committee investigated jurisdictions in Australia and New Zealand which have compulsory vehicle inspections. It found that:

- Australian States which have annual testing schemes have similar defect-related crash rates to Victoria and Queensland, which do not have annual inspections;

- New Zealand, which has a high level of testing, experiences higher rates of vehicle defects in fatal and serious injury crashes than does Victoria.

The Committee could find no compelling evidence based on crash statistics to support the introduction of annual testing schemes into Victoria. No conclusive evidence was found that vehicle defects constitute a major issue in fatal or serious injury crashes that would justify, on those grounds alone, a radical change to the Victorian roadworthiness system.

However, the Committee stressed that the onus for driving a safe vehicle rests squarely on the owners and drivers of the vehicle fleet. The role for government is to provide a system which positively encourages people to drive motor vehicles that are in a sound condition. The Committee found that periodic inspections only check vehicle safety standards at one point in time. The aim should be to encourage a culture among vehicle owners to regularly inspect their vehicles and have defects repaired as they occur.

The central finding of the Victorian study was that the existing roadworthiness system should be retained, but with improvements. A key recommendation was that there be a substantial increase in the number of on-road vehicle inspections.

The Victorian Government agreed in full or in part with most of the recommendations of the committee. In summary, the Government supported recommendations to clarify and simplify documentation, to provide and transfer that documentation electronically, to focus inspections on primary vehicle safety items, to increase the number of on-road inspections being performed on all types of vehicles under common procedures, to review existing penalties for driving a defective vehicle and to develop a new penalty structure for these offences.

In April 1999 the Federal Office of Road Safety (FORS) published a report by Keatsdale Pty Ltd on the cost effectiveness of periodic motor vehicle inspections. Keatsdale noted that the objectives set for these programs are primarily road safety related, that is, to reduce the number of vehicle crashes through a reduction of the number of defective vehicles in the fleet. He addressed two questions: firstly, do periodic motor vehicle inspections lead to an improved condition of the fleet and, secondly, is there any correlation between these inspections and a reduction in motor accidents? Based on a review of worldwide research, Keatsdale concluded that:

- Periodic motor vehicle inspections do not result in an improvement of the mechanical condition of vehicle fleets.
- The most comprehensive and methodologically robust studies have been unable to demonstrate a link between vehicle inspection and crash rates.

Using data from the FORS Fatal File, Keatsdale was also unable to demonstrate an association between periodic motor vehicle inspections and reduced fatal crash rates in Australian jurisdictions.

It is acknowledged that overseas studies can be found to support a variety of views concerning vehicle inspection. However, overseas studies do not always reflect the conditions applicable in Australia or the ACT. A sample of major overseas studies concerning periodic motor vehicle inspections is briefly described below.

A study was conducted in Norway (Fosser 1992) using a group of 204,000 vehicles. Three groups of cars were randomly assigned: the first 46,000 vehicles were inspected annually for three years, the second 46,000 were inspected once in the three years and the remaining 112,000 vehicles were not inspected. Random roadside tests were already in place in Norway. After

---

4 Fosser S (1992). An experimental evaluation of the effects if periodic motor vehicle inspection on accident rates. Accident Analysis and Prevention, 24(6), 599-612
recording the number of crashes for four years the study found: “No differences in accident rates were found between the groups. It was concluded that periodic motor vehicle inspection has no preventive effect on the technical condition of cars where roadside inspections also exist.”

The White Study performed in New Zealand (1986)\(^5\) found that the probability of having an accident is lowest immediately following an inspection, and then increases until the next inspection (10 - 15% if inspections are bi-annual).

The Crain Report conducted in the United States (1981)\(^6\) recorded that states with periodic motor vehicle inspections experienced higher accident rates than those without, although this was not statistically significant. States with random inspections experienced the lowest accident rates.

An earlier report from the United States by Schroer & Peyton (1979)\(^6\) found that inspected cars had 9.1% fewer accidents than un-inspected cars for the first year after inspection. It returned a finding similar to the White Study that the probability of having an accident decreases immediately after an inspection, then increases until the next inspection.

**Conclusion**

Crash evidence suggests that vehicle defects play only a small role in casualty crashes. Evaluation studies have produced inconsistent findings and have failed to establish a clear link between vehicle inspections and crash rates. While it remains arguable that inspection programs do return modest safety gains, there are no empirical grounds for concluding that periodic inspection regimes deliver greater benefits than random roadside inspections.

**6. INSPECTION OPTIONS**

As discussed in section 2, vehicle inspection arrangements in the ACT have undergone nearly continuous change over the past 20 years. Any further changes should be made on the basis of improved efficiency, accountability, and road safety outcomes.

The options considered are:

1. Maintenance of the current arrangements for light vehicles, using a mix of “regular” and random inspections.

2. Replacement of current arrangements with a periodic inspection regime (vehicles five years of age and then every second year after that) for light vehicles. These inspections could be performed under current arrangements (a choice between the government inspection station

---


and the AES) or fully returned to the Government sector requiring establishment of at least one new inspection station of a similar size to Dickson.

3. Replacement of current arrangements with an annual inspection regime for light vehicles. These inspections could be performed under current arrangements (a choice between the government inspection station and the AES) or fully returned to the Government sector, requiring establishment of at least one new inspection station of a similar size to Dickson.

The costs and benefits of these options can be broadly assessed as follows:

<table>
<thead>
<tr>
<th>Option 1 – Maintain current ACT inspection arrangements for light vehicles – a mixture of &quot;regular&quot; and random inspections (ie regular inspections on original registration and on transfer of registration once the vehicle is over six years of age).</th>
<th>Cost</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost to government for the existing random inspection function is approximately $0.4 million per annum.</td>
<td>Detection of faults and improvement in road safety</td>
<td></td>
</tr>
<tr>
<td>Cost to government for the existing regular inspection function is approximately $0.9 million per annum.</td>
<td>Inspections maintain the accuracy and integrity of ACT vehicle register for regulation of vehicle fleet.</td>
<td></td>
</tr>
<tr>
<td>Direct cost to community for the existing regular inspection function, in inspection fees, is approximately $2.0 million per annum.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect costs for time taken for inspections is a total of $1.5 million.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Option 2 –
Introduce mandatory periodic inspections for vehicles five years of age and then every second year after.
(Replace random inspections and inspection on transfer. Retain inspections on original ACT registration for used vehicles).

- Significant capital cost to government if public sector inspection station required – indicative cost $4.3 million.
- Recurrent costs to government would be higher than current arrangements due to the increase in staff or staff overtime required to undertake periodic inspections.
- It is assumed that the cost of regular inspections would continue to be broadly on a cost recovery basis to government.
- Cost to vehicle owners from inspections $3.0 million annually.
- Cost to public for time taken for inspections is approx $2.1 million annually.
- Detection of faults and improvement in road safety same as Option 1.
- Inspections maintain the accuracy and integrity of ACT vehicle register for regulation of vehicle fleet (same as Option 1).

### Option 3 –
Reintroduce periodic (annual) inspections for light vehicles.
(Replace random inspections and inspection on transfer. Retain inspections on original ACT registration for used vehicles).

- Capital cost as per Option 2
- Cost to vehicle owners for inspections $7.6 million annually.
- Cost to public for time taken for inspections is approx $5.5 million annually.
- Detection of faults and improvement in road safety same as Option 1.
- Inspections maintain the accuracy and integrity of ACT vehicle register for regulation of vehicle fleet (this benefit greater than Options 1 and 2 due to increased number of inspections).

---

**Costing assumptions**

- Currently, the estimated cost to the government for the operation of “regular” inspections is approximately $900,000, and the cost for the operation of random inspections is approximately $400,000 (based on salary and administration costs).

- Direct cost to the community is the total cost of inspection fees based on the number of light vehicle inspections conducted each year. This only takes into account a $36.30 inspection fee and does not include costings for repairs, re-inspections or time spent by vehicle owners.
  - There are currently about 55,500 “regular” inspections per year: the Government Inspection Station at Dickson conducts approximately 11,500 inspections annually; and there are approximately 44,000 vehicles inspected through the AES per year.
o Under Option 2, all light vehicles aged 5 years and over would be inspected every two years: there are currently 126,842 vehicles in this age bracket on the ACT register.

o Under Option 3, all light vehicles would be subjected to annual inspection: there are currently 192,213 vehicles on the ACT register.

o Options 2 and 3 would also involve approximately 18,000 inspections of used vehicles on first ACT registration.

- Indirect cost to the community is an estimate of the non-monetary impact on the public, based on the time taken to undergo inspections.

  o It takes approximately 10 – 15 minutes to complete a full inspection of a light vehicle. The queue procedure would add 10–15 minutes to this. Including travel times to and from the inspection stations, a rough estimate of 1.5 hours total can be made for the time taken for an inspection (within normal daytime working hours). Based on a weekly wage of $700.60\(^7\) the hourly rate of pay is approximately $17.51, providing an estimated cost to the consumer for vehicle testing of $17.51 \times 1.5 = $26.27. This cost does not include any repair costs or registration fees.

- Figures suggested in October 2001 put the estimated cost of opening an inspection station in South Canberra at approximately $4.3 million. The cost is based on a facility of similar proportions to Dickson and includes site, building and fit out costs only.

- The cost of repairs to vehicles that have failed inspection, or that have been issued with a defect notice, is difficult to quantify. The scope of repairs needed, and the costs involved, are variable. However, it can be assumed that under all options vehicle defects will be corrected, and that the costs will be similar in all cases.

- As discussed in the previous chapter, it is not possible to quantify possible crash, and associated injury and fatality, reductions arising from performing vehicle inspections. However some measurement of the cost of different arrangements, and therefore the efficacy of these alternatives can be made. For the purpose of this analysis, it has been assumed that vehicle inspections will produce a safety benefit, but that periodic inspections (Options 2 and 3) will not result in a greater safety benefit than the current arrangements. This assumption is based partly on the understanding of motorists relying on periodic inspections to ensure roadworthiness all year when it is known that periodic inspections cannot achieve this, and the understanding that random inspections, supported by a strong sanction process, are intended to encourage year round maintenance of a vehicle.

---

\(^7\) Australian Bureau of Statistics, study 6305.0 Employee Earnings and Hours, Australia, Preliminary Report May 2002
Crash reductions directly attributable to vehicle inspections may be small in percentage terms, but non-trivial in total economic terms. The social cost of road crashes in Australia has been conservatively estimated at $1.7 million per crash involving a fatality and $408,000 per crash involving a serious injury\(^8\): over the past three years, the ACT has recorded an average 13 fatal road crashes and 180 serious injury crashes per year.

- All Options have the benefit of maintaining the accuracy and integrity of the ACT vehicle register for the regulation of the vehicle fleet through the inspection process. It is not possible to quantify this in dollar terms, however it is assumed that this benefit would be greater under Option 3, because of the larger number of inspections achieved per year.

Cost benefit analysis under Competition Principles Agreement (CPA) public interest factors.

<table>
<thead>
<tr>
<th>Public Interest Factors</th>
<th>Impact of Option 1</th>
<th>Impact of Option 2</th>
<th>Impact of Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social welfare and equity considerations</td>
<td>Minimise cost of inspections for all vehicle owners</td>
<td>Increased costs (inspection fees and potential lost earnings for time taken for inspections) will fall more heavily on people on lower incomes</td>
<td>Increased costs (inspection fees and potential lost earnings for time taken for inspections) will fall more heavily on people on lower incomes</td>
</tr>
<tr>
<td>Economic and regional development, including employment and investment growth</td>
<td>Will maintain current employment and investment in vehicle inspections</td>
<td>Will increase employment and private sector investment in inspection facilities</td>
<td>Will increase employment and private sector investment in inspection facilities</td>
</tr>
<tr>
<td>The interests of consumers generally or of a class of consumers</td>
<td>No additional cost to public as a result of no additional inconvenience or waiting time through additional inspections</td>
<td>Cost to public through time taken and additional inconvenience as a result of additional inspections</td>
<td>Cost to public through time taken and additional inconvenience as a result of additional inspections</td>
</tr>
<tr>
<td>Competitiveness of Australian Businesses</td>
<td>Will keep ACT vehicle inspection costs lower than NSW</td>
<td>Will increase cost of doing business in ACT</td>
<td>Will increase cost of doing business in ACT</td>
</tr>
<tr>
<td>The efficient allocation of resources</td>
<td>Maintains current inspection resources</td>
<td>Will increase resources allocated with little benefit (i.e. a less efficient allocation of resources)</td>
<td>Will increase resources allocated with little benefit (i.e. a less efficient allocation of resources)</td>
</tr>
</tbody>
</table>

7. **CONCLUSION**

---

It is apparent from the above analysis that Option 1 provides the most cost effective vehicle inspection regime for the ACT. An increase in periodic inspections (Options 2 and 3) will significantly increase the cost to the community with little additional benefit. Studies have concluded that there are no additional road safety benefits under a purely periodic inspection regime.

It is difficult to quantify precisely the costs and benefits from various vehicle inspection options. However, in view of the relatively small number of accidents directly attributable to vehicle condition, and the high cost of periodic vehicle inspection programs, the current arrangements (a combination of regular and random inspections) are considered to be an appropriate solution.

Across a range of other public interest issues and factors, maintenance of the existing inspection regime has been assessed as most beneficial. In particular, a move to periodic or annual inspections will place a greater financial burden on people on low incomes, will increase the cost of conducting business in the ACT and will result in a misallocation of resources. The only benefit of a higher level of inspections will be greater employment and investment in inspection services. This benefit, as proposed under options 2 and 3, would appear to be outweighed by the benefits offered by option 1.

The Government needs to ensure that any vehicle inspection process is cost effective, while also focusing on the main causes of vehicle accidents. Vehicle inspection processes should complement other government regulations that focus on ensuring that drivers are trained (e.g., novice driver programs), fit (e.g., medical guidelines) and not disqualified (e.g., drink driving controls and demerit point programs).

It is concluded that the current inspection arrangements for light vehicles should be maintained. This would mean that light vehicles would continue to be inspected on original registration and on transfer of registration once the vehicle is six years of age, and that vehicles would continue to be subject to random inspections in car parks and on-road.
GLOSSARY

AES: Authorised Examiner Stations, the current ACT private sector vehicle inspection system.

AFP: Australian Federal Police.

AIS: Authorised Inspectors Scheme, which was set up during the 1980s to allow vehicles which had failed a Government inspection to have the required repairs signed off by private sector inspection stations.

CPA: Competition Principles Agreement.

FIRS: Federal Interstate Registration Scheme.


Heavy Vehicle: A motor vehicle or trailer with a GVM of more than 4.5 tonnes.

Light Vehicle: A motor vehicle or trailer with a GVM of up to and including 4.5 tonnes.

NEVDIS: A national computer system linking State and Territory driver licensing and vehicle registration computer databases.

VIN: Vehicle Identification Number.
APPENDIX A

State and Territory Inspection Requirements
## Inspection Procedures in Australian States

### Light Vehicles

<table>
<thead>
<tr>
<th>State</th>
<th>Inspection on Registration *</th>
<th>Periodic Inspection</th>
<th>Transfer of ownership</th>
<th>Private Sector Inspectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>VIC</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>QLD</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>SA</td>
<td>✓</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>WA</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>NT</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>ACT</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>TAS</td>
<td>✓</td>
<td>x</td>
<td>x</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Notes:**

* All jurisdictions in Australia have some form of "dealer inspection scheme" for "factory new" vehicles. As these vehicles are roadworthy and meet Australian Design Rule/s they do not require the usual inspection.

1) Vehicles under 4 years of age exempt.

2) New vehicles undergo a compliance check (vehicle identification check, and cross checking with NEVDIS). Vehicles under 3 years of age are exempt from annual inspections. Vehicles aged between 3 and 10 years of age are subject to an inspection every two years. Vehicles aged over 10 years are subject to an annual inspection. All vehicles transferred from interstate require a roadworthiness certificate and compliance check (as above)

3) Vehicles aged over 6yrs require an inspection; vehicles under 6yrs of age do not. All vehicles transferred to the ACT from interstate require an inspection, regardless of age.

4) In remote areas there are inspectors who have government approval to inspect vehicles but generally all vehicles are Government inspected.

5) Left-hand drive vehicles are inspected annually.

### Heavy Vehicles

<table>
<thead>
<tr>
<th>State</th>
<th>Trucks</th>
<th>Buses</th>
<th>FIRS</th>
<th>B-Doubles</th>
<th>Transfer of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>VIC</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>QLD</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>SA</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>WA</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>NT</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>ACT</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>TAS</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
</tr>
</tbody>
</table>
Notes:

2) Inspection every 2 years if a privately owned bus. Public buses are inspected annually.

3) Vehicles aged over 6 years require an inspection; vehicles under 6 years of age do not. All vehicles transferred to the ACT from interstate require an inspection, regardless of age.

4) Inspected every 6 months.

5) Dangerous goods vehicles are subject to an annual inspection.

### Private Sector Inspectors

<table>
<thead>
<tr>
<th>State</th>
<th>Trucks</th>
<th>Buses</th>
<th>FIRS</th>
<th>B-Doubles</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>VIC</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>QLD</td>
<td>✓&lt;sup&gt;1&lt;/sup&gt;</td>
<td>✓&lt;sup&gt;1&lt;/sup&gt;</td>
<td>✓&lt;sup&gt;1&lt;/sup&gt;</td>
<td>x</td>
</tr>
<tr>
<td>SA</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>WA&lt;sup&gt;4&lt;/sup&gt;</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>NT</td>
<td>✓</td>
<td>x&lt;sup&gt;3&lt;/sup&gt;</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ACT</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>TAS</td>
<td>x</td>
<td>x&lt;sup&gt;2&lt;/sup&gt;</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

Notes:

1) Private Sector Inspectors can issue certificates for commercial vehicles in the 4 – 16 tonne range.

2) Public Passenger Vehicles (more than 4.5 tonnes GVM), either a Public Passenger Vehicle or Hire and Drive Vehicle, subject to the regular inspection scheme must be inspected at a Government inspection station.

3) A Private Sector Inspector can inspect privately owned buses.

4) In remote areas there are inspectors who have government approval to inspect vehicles but generally all vehicles are government inspected.