



National Motor Vehicle
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Inquiry into Vehicle Safety, Standards and Technology, including Engine Immobiliser Technology

Submission by the National Motor Vehicle Theft Reduction Council (NMVTRC)

Introduction

This document is a formal submission by the National Motor Vehicle Theft Reduction Council (NMVTRC) to the Inquiry into Vehicle Safety, Standards and Technology, including Engine Immobiliser Technology.

The NMVTRC is Australia's expert body on vehicle crime. A joint initiative of Australian state and territory governments and the insurance industry, its purpose is to develop and facilitate the implementation of strategic national responses to combat vehicle crime.

The NMVTRC maintains world-leading analysis systems on vehicle crime which integrate theft incident and vehicle data sourced from more than 40 organisations nationally including every police service, registration agency and the nation's major insurers. From those combined sources we can compile more than 140 bits of information about every reported theft, including circumstances of the theft and the standard of an individual vehicle's security features.

This submission concentrates on the current vehicle crime issues facing Queensland (and Australia) and includes views on remote engine immobilisation, the safety of repairable write-offs, scrap metal reform and export risks.

Vehicle Crime in Australia

Motor vehicle theft in Australia has decreased significantly over the past two decades since its peak in 2001. However, the theft landscape continues to change and presents significant new challenges that simply were not present as recently as five years ago. Increasingly, vehicle theft is not just a single crime; it is now often at the centre of a more complex mix of high-harm, high-impact offending that may involve significant road safety risks, other crimes against a person, subsequent property crimes and a wide variety of fraudulent activity in respect of personal identity, finance, and staged collisions.

In 2020 a total of 49,438 vehicles were stolen across Australia—the lowest annualised volume since the establishment of the NMVTRC in 1999. In Queensland, the overall theft volume reduced 6 per cent from the previous year (from 14,230 to 13,348).

However, we believe this represents a temporary distortion in the trend of the nation's theft trajectory. There is no question that the nation's COVID-19 related social and work restrictions helped to contain theft levels. However, with the established correlation between the performance of the economy and crime generally, there is a significant risk that volumes will grow in the next several quarters as social conditions normalise, and temporary income support programs wind up. We anticipate a challenging theft outlook for 2021-22.

Security of the Australian Fleet and Modes of Theft

The increasing penetration of electronic immobilisers across the Australian fleet has made a major contribution to improving the nation's theft performance. Nationally 9 in 10 vehicles are protected by an engine immobiliser.

By law all new vehicles sold in Australia since 2001 are fitted with a factory fitted immobiliser that complies with regulated Australian and European security standards. The introduction of the mandatory fitting of engine immobilisers has rendered modern cars almost impossible to steal today without the thief gaining access to the keys.



The relative security of immobiliser technology has seen a distinct shift in offenders' tactics, with residential burglaries to access the keys of secure vehicles now recognised as the most common mode of theft. Offenders will often enter the home and steal keys from obvious places such as on a hook or in a bowl near the door without the homeowner even knowing. Our research suggests that in almost all cases (95 per cent) there will be no confrontation with the homeowner.¹ The NMVTRC maintains a range of print, social media, and other materials to help homeowners understand the problem and mitigate related risks.

Remote Engine Immobilisation

Remote engine immobiliser (REI) technology has been proposed as an additional anti-theft and safety measure to combat vehicle crime and the subsequent harm caused by this type of offending. For the purposes of this submission the NMVTRC defines REI as technologies installed in a vehicle that enable a vehicle to receive remote commands to slow down, stop and/or immobilise a vehicle.

The NMVTRC understands that a detailed reference report by Australia New Zealand Policing Advisory Agency (ANZPAA) found that use of REI technology is not feasible in the medium term in Australia based on a number of both technical and environmental considerations that limit the practical application of the technology at this time.

It is our understanding that the use of REI by police to intercept a stolen vehicle is predicated on being able to remotely (and safely) restrict the operation of a vehicle. This requires both in-vehicle systems that are capable of receiving remote commands through a communications network and an enabling infrastructure.

While some vehicles have some of the necessary on-board technology, presently there is no capacity for police to directly connect to a target vehicle's system. Current limitations in the environment would mean the onus would be on operational police to maintain line of sight of a stolen vehicle to-

- Liaise with vehicle manufacturers (or through a central call centre) to activate REI;
- Verify the identity of the stolen vehicle to ensure the correct vehicle is being targeted (this is rendered even more difficult by the common practice of offenders using stolen or cloned number plates); and
- Ensure the vehicle could be slowed down or stopped without causing safety issues for the driver and other road users.

This is considered unlikely to significantly mitigate the risks in a police pursuit.

The NMVTRC's own consultation with industry stakeholders confirms ANZPAA's assessment.

It is also worth noting that with the advent of automated and connected vehicles, the associated technology and capacity may supersede that of REI with a stolen vehicle being able to be tracked until stationary and safe to be intercepted.

Management of Written-off Vehicles

Safety of repairable write-offs

We understand that the Queensland Government is considering a ban on the re-registration of all light vehicles assessed by insurers to be a total loss. The NMVTRC does not advocate that position on the grounds that it imposes an unreasonable impost on insurance costs.

In January 2011, the New South Wales (NSW) Government introduced a ban on the re-registration of virtually all vehicles assessed by insurers to be a total loss. The ban was introduced to remove the capacity of criminal networks to use the identity of a total loss vehicle to re-identify a stolen equivalent and on-sell the stolen vehicle.

The term total loss is an insurance expression to describe a vehicle that has been subject to collision or other damage and is assessed as uneconomical to repair. Whilst the precise form of words used for calculation purposes may vary slightly between insurers and/or jurisdictional law, in plain English it refers to a scenario where the vehicle's market value, less its salvage value is less than its estimated cost of repair. It should be stressed that the total loss decision is not an assessment that the vehicle is not repairable, but simply that the insurer has decided that it will not effect a repair.

In all other states and territories, a vehicle assessed to be a Repairable Write Off may be repaired and re-registered subject to the vehicle passing specific safety and identification inspections.

¹ Based on a 2013 NMVTRC study of a sample of motor vehicle theft incidents in WA.



The NMVTRC's analysis is that while vehicle crime rates in NSW are below 2010 levels, a range of other factors such as the reform of criminal offences for related crime, better police responses and better regulation of the scrap metal and parts markets have made a significant contribution. The matched reduction in the theft of vehicles more than 15 years old (and therefore outside the operation of the re-registration ban) is evidence that there are a broad range of factors that have contributed to the improved position in the State. The NMVTRC's latest theft data for 2020 indicates that some 2,150 vehicles stolen in NSW remain unrecovered, which is still the second highest volume nationally, behind Victoria (2,770).

In our assessment, repairable write-offs do not pose a safety risk. A 2018 expert audit of a pool of more than 400 RWOs commissioned by the NMVTRC to determine if any posed a structural repair risk found that all could be completely and safely repaired provided that—

- all work is undertaken by a competent, qualified repairer using appropriate equipment;
- the vehicle manufacturer's specified method of repair is strictly observed; and
- appropriate quality recycled or OEM replacement parts are used.

Additionally, with many vehicles now having advanced driver aid systems which if even sustaining minor damage can result in a total loss, a general ban is likely to result in vehicles with minimal damage being classified as non-registerable and pose a significantly negative environmental impact.

Rebirthing and scrap metal/recycling reform

Vehicle rebirthing has been substantially curtailed by a significant tightening of the processes for managing of written-off vehicles, with theft for scrap now the preferred choice for profit-motivated thieves converting whole vehicles into cash. Industry sources continue to report that demand for vehicles for metal recycling and the export of whole and partial vehicles continues to grow and that legitimate industry participants are finding it increasingly difficult to compete against rogue operators who have no outward appearance of compliance with regulatory requirements and established industry standards.

In 2016 the NSW Government introduced the *Scrap Metal Industry Act 2016* which requires persons dealing in scrap metal to register with NSW Police, bans cash transactions and imposes a range of obligations on participants to maintain certain records and report suspicious activity. Following this, in 2018 the Victorian Government amended its second-hand dealing laws to adopt key elements of the NSW approach including banning cash payments and trading in de-identified vehicles.

While the NSW and Victorian reforms represented a major step forward, similar vulnerabilities exist in all the remaining states and territories, including Queensland.

In our view, like reform is necessary in Queensland to close off gaps that allow some activity to go unregulated and equip regulators with a better 'tool-kit' to deal with serial non-compliance. The NMVTRC is proposing to work with Queensland stakeholders to this end.

Exports

The NMVTRC estimates that the export of stolen vehicles as separated parts or scrap could account for four in 10 profit-motivated thefts with a proliferation of new entrants in 'cash for cars' sector focussed on scrap metal exports, making it a major source of loss and a crucial area of vehicle crime reform.

Since September 2020, the NMVTRC has been working with Victoria Police (together with the Commonwealth Department of Home Affairs, Australian Border Force, the Australian Federal Police, Australian Criminal Intelligence Commission, Austrac, and the Australian Taxation Office) on an all-agency intelligence exercise to undertake an extensive analysis of export risks. The project is expected to deliver a new set of countermeasures to assist in early detection and intervention and propose options for legislative change. We are currently in discussions with NSW Police to replicate the process.

In the NMVTRC's assessment, banning repairable write-offs does not address the 'end uses' of vehicles stolen for profit. We contend that scrap metal reform and strategies to combat the export of whole vehicles and separated parts are the two current pressing issues likely to have the greatest impact on motor vehicle theft rates and subsequent harm caused by stolen vehicles in Queensland.

Summary

The NMVTRC welcomes the QLD Government's interest in technological advances and reform to address vehicle crime. With key theft via residential burglary now being the most common method of stealing cars in Australia and the potential harm caused by stolen cars being used in the commission of other crimes, it is crucial that broader assessments are made to address the changing nature of the crime.



We agree with ANZPAA s assessment that REI technology is not technically nor economically feasible in the medium term and may in fact be counterproductive to safety objectives it is intended to address.

The NMVTRC does not support a ban on the re-registration of vehicles assessed by insurers to be a total loss on the grounds that it imposes an unreasonable impost on insurance costs and a lack of empirical, published evidence that a properly repaired RWO poses any significant safety risk.

A ban on repairable write-offs will also not have any impact on profit-motivated vehicle crime, which is currently being driven largely by scrap metal values and export of whole vehicles and separated parts.

We therefore recommend a focus on reform of the scrap metal industry and consideration of legislative reform to curtail the export of stolen vehicles. The NMVTRC is proposing to work with impacted stakeholders in Queensland on both issues.

For any issues of clarification in respect of these matters, please contact the NMVTRC s Chief Executive, Mr Geoff Hughes.

Geoff Hughes | Chief Executive