Australian Government
Department of Infrastructure and Regional Development

Recall of vehicles in Australia fitted with Takata airbags

Report on progress and status of the recalls

July 2017

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Chapter 1: Executive Summary

The Department of Infrastructure and Regional Development (Department) is responsible for the regulation of vehicles when first supplied to the market and monitors voluntary recalls of motor vehicles. The Australian Competition and Consumer Commission (ACCC) has broad responsibilities for consumer product safety including managing the publication of recalls on the Product Safety Australia website. The Department and the ACCC are overseeing the manufacturer-led safety recalls of affected vehicles in the Australian market.

This report is provided in response to a direction to the Department from the Hon Paul Fletcher MP, Minister for Urban Infrastructure on 24 July 2017 for a report on the progress and current status of the recall of vehicles with defective airbags produced by Takata Corporation (Takata airbag recall).

The Takata airbag recall is a global recall of unprecedented scale with reports of up to 100 million affected vehicles worldwide.

In Australia, the recall started in 2009 with approximately 2000 vehicles. Vehicle manufacturers have recalled approximately 2.2 million of the total 2.35 million[1] in the past two years with approximately 850,000 vehicles rectified.

The airbags have defective inflators which may cause the airbag to deploy incorrectly, and for metal fragments to strike the occupant of the affected seating position, causing injury or death.

While research into the defect continues, the mis-deployment has been attributed to the ingress of moisture into the airbag inflator causing the propellant that inflates the airbag to deteriorate over time.

Since the recall campaigns have been announced, the Department and the ACCC have been meeting with the vehicle manufacturers and receiving updates on how they are providing timely information to affected vehicle owners and rectifying affected vehicles.

The Department has maintained regular contact with affected vehicle manufacturers to monitor the progress of the recall and ensure that the risks of the potential defect have been adequately explained, particularly since early 2015 when the number of vehicles recalled began to significantly increase. Engagement has also been undertaken internationally and with state and territory registration authorities. The Department is also progressing a range of other actions, which are currently in progress, to assist in resolving challenges that have been encountered during this recall.

Affected vehicle manufacturers report they are taking action, beyond normal procedures, to replace airbags as soon as possible. Due to the size of the recall, challenges have been faced by affected vehicle manufacturers.

[1] As at 13 July 2017

There are further opportunities to progress the recall, including measures to enhance the information available to vehicle owners and give greater transparency of the actions being taken by vehicle manufacturers. Further engagement with affected vehicle manufacturers, together with monitoring of overseas developments is necessary to continue to progress rectification rates and to implement strategies to increase progress of the recall.

There may be delays between the publication of a recall on the Product Safety Australia website, affected vehicle owners being first notified that their vehicle is subject to the recall and owners being further notified that replacement parts are available. This staged approach enables some vehicle manufacturers to manage parts supply and dealership capacity. The timing of recall publication and notification is an area of ongoing discussion with vehicle manufacturers.

On 24 July 2017, Minister Fletcher and Minister McCormack jointly wrote to affected vehicle manufacturers seeking a comprehensive status update on the progress of their recall program and their communications with owners of vehicles potentially affected. The Department and the ACCC will assess this information when received and provide further advice to the Australian Government.

Chapter 2: Introduction

2.1 Purpose

The purpose of this report is to detail:

a) the nature of the defect in certain airbags produced by Takata Corporation (Takata)

b) the actions taken to progress the recall that has been voluntarily undertaken by affected vehicle manufacturers in Australia to address defective Takata airbags, and

c) the current status of recall campaigns.

2.2 Motor vehicle recalls in Australia

2.2.1 Roles and responsibilities

The Australian Government administers the *Motor Vehicle Standards Act 1989* (the Act), which requires all new road vehicles, either newly manufactured in Australia, or, imported as new or second hand vehicles, to comply with the national vehicle standards – the Australian Design Rules (ADRs), before they can be supplied to the market for use in transport.

The Department, as the national vehicle safety standards regulator, has a compliance and enforcement role with regard to compliance with the Australian Design Rules (ADRs) of vehicles newly manufactured in Australia or imported as new or used vehicles and supplied to the Australian market. The ADRs are national standards that relate to:

a) motor vehicle safety

b) motor vehicle emissions control

c) motor vehicle theft protection, and

d) promotion of the saving of energy.

Once a vehicle is supplied to the market, regulation passes to the relevant state or territory government for administration of in-service requirements such as registration, road-worthiness and vehicle modifications.

Under section 41 of the Act, national standards relating to motor vehicle safety, motor vehicle emissions control and motor vehicle theft protection are safety standards within the meaning of the Australian Consumer Law (ACL).

The Australian Competition and Consumer Commission (ACCC) is an independent Commonwealth statutory authority whose role is to enforce the *Competition and Consumer Act 2010* (CCA), including the ACL, and a range of additional legislation, promoting competition, fair trading and regulating national infrastructure for the benefit of all Australians.

Compliance obligations under the ACL apply to persons in trade or commerce who supply consumer goods and include:

a) notification of voluntary recalls

b) mandatory reporting of death or serious injuries associated with the use or foreseeable misuse of consumer goods

c) mandatory reporting of death or serious injuries associated with product related services, and

d) compliance with safety standards.

The ACL is applied as Commonwealth, State and Territory law, administered by the ACCC and State and Territory fair trading agencies respectively (ACL regulators).

The Department and the ACCC have entered into a Memorandum of Understanding (MoU) that establishes a framework for cooperation with regard to the regulation of consumer products and motor vehicles.

The Department engages with suppliers of consumer goods that are vehicles covered by the ADRs to negotiate recalls of those consumer goods.

The Department maintains contact with the ACCC on motor vehicle recalls. The Department also maintains contact with all affected vehicle manufacturers to monitor the progress of motor vehicle recalls, to ensure that vehicles are rectified quickly.

2.2.2 Federal Chamber of Automotive Industries Code of Practice

Recalls and rectifications by Federal Chamber of Automotive Industries (FCAI) member brands[2] of potentially unsafe or ADR non-compliant vehicles are undertaken in Australia voluntarily in accordance with the voluntary FCAI Code of Practice for the Conduct of an Automotive Safety Recall. The FCAI Code of Practice describes the procedures to be followed when an FCAI Member is advised (or becomes aware) that a Member's Product may have a safety defect.[3] The FCAI Code of Practice requires each Member (unless otherwise agreed with the Department) to provide to the Department periodic progress reports on the number of vehicles rectified under a recall.

Suppliers are not prevented from undertaking more than is documented under the FCAI Code of Practice. However, where the supplier is unwilling to undertake voluntary action to rectify an unsafe vehicle, the ACCC together with the Department will initiate a response. Under the ACL, the Minister with responsibility for the administration of the CCA (currently the Minister for Small Business), can issue a recall notice for the compulsory recall of consumer goods in certain circumstances.

[2] The FCAI member brands supply the majority of new light vehicles and motorcycles into Australia. There are some brands supplying new light vehicles and motorcycles that are not FCAI members and therefore are not required to comply with the FCAI Code of Practice. Also suppliers of vehicles imported under any of the concessional schemes are not FCAI members.
[3] Federal Chamber of Automotive Industries, Code of Practice for the Conduct of an Automotive Safety Recall, February 2017, https://www.fcai.com.au/library/publication/fcai_recall_code_february_2017_ver_1_1.pdf

2.2.3 Safety standards relating to airbags

The ADRs are generally performance based and cover issues such as occupant protection, braking, lighting, exhaust emissions, anti-theft and a range of other safety related items.

In relation to occupant protection, a new vehicle currently needs to meet performance requirements of three occupant crash ADRs (ADR 69- Full frontal, ADR 72 – Side impact and ADR 73 – Offset frontal). A new standard, ADR 85 – Pole side impact will also come into force beginning November 2017.

These standards limit the maximum occupant injury criteria in a test crash, as measured by instrumented dummies. The requirements are outcome based, and so do not specify the measures to be used to meet the relevant standard.

One measure typically used to help meet the requirements is airbags. Airbags are designed to protect occupants by inflating rapidly during a collision. Along with seatbelts, this reduces the forces on the occupants as part of the overall restraint system. Takata was one of the largest manufacturer of airbags internationally[4].

[4] https://blogs.thomsonreuters.com/answerson/takatas-air-bag-market-share/

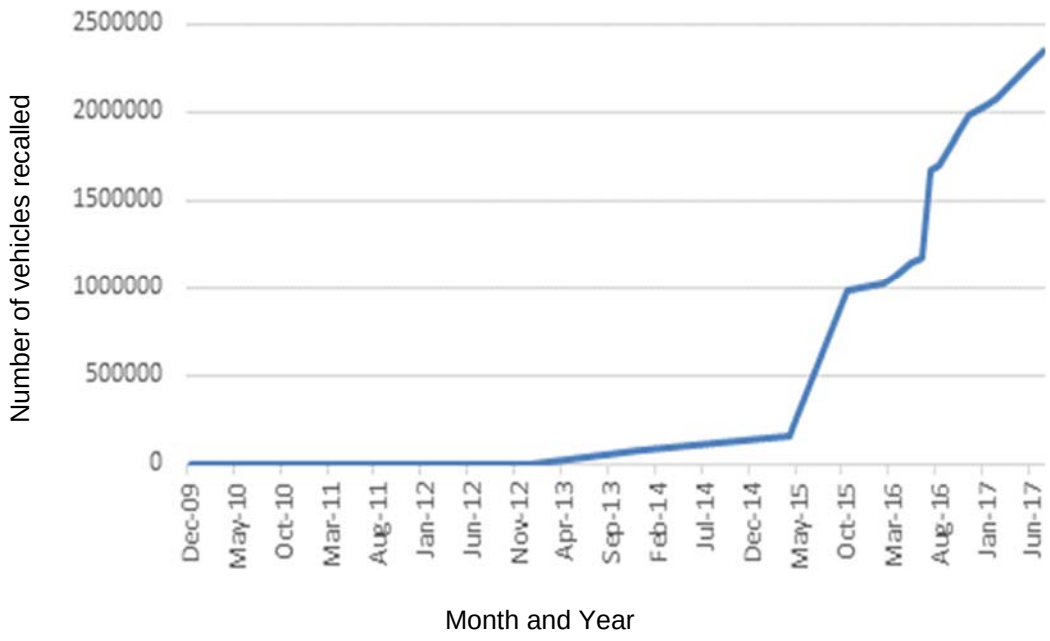
2.3 Recall of Takata airbags in Australia

The recall of Takata airbags with defective airbag inflators is a global recall of unprecedented scale with reports of up to 100 million affected vehicles worldwide.

In Australia, the recall started in 2009 with approximately 2000 vehicles. This recall concerned 2001-2002 Honda Accord and CRV models.

Since that time, approximately 2.35 million vehicles have been recalled in total in Australia. Figure 2.1 below shows the number of vehicles recalled between December 2009 and June 2017. Vehicle manufacturers have recalled approximately 2.2 million of the total 2.35 million vehicles in the last two years.

Figure 2.1 Number of vehicles recalled in Australia for potentially defective airbag inflators between December 2009 and June 2017.



The recall (as at 31 July 2017) includes vehicles supplied by BMW, Chrysler, Dodge, Honda, Ferrari, Jeep, Lexus, Mazda, Mitsubishi, Nissan, Performax, Subaru, Toyota, and Vehicle Development Corporation (for certain converted Ford Mustang vehicles) and involves model runs for various periods from 2000 to 2015.

Vehicles subject to the Takata airbag recall are set out in table 2.1.

Table 2.1 Vehicles subject to the Takata airbag recall[5]

Make & model[6]	Year Range	ACCC reference number
BMW 3 Series E46	1999-2006	2013/13576
BMW 5 Series E39, 3 Series E46, X5 E53	2002-2005	2016/15581
BMW 5 series E39, 3 Series E46, X5 E53		2017/15881
Chrysler 300(LE/LX)	2005-2012	2016/15516
Chrysler 300C	2005-2010	2015/14742
Dodge RAM	2004-2010	2016/15516
Ferrari 458, California T, FF, F12 berlinetta & LaFerrari		2015/14919
Ferrari 458, California, FF	2008-2011	2016/15430
Ford Mustang	2006-2014	2015/14924
Honda Accord/CRV	2001-2002	2009/10969
Honda Civic	2001	2010/11785
Honda Accord	2001-2002	2011/12633
Honda Civic, CR-V, Jazz	2001-2003	2013/13549
Honda Jazz	2004	2014/14438

[5] https://www.productsafety.gov.au/news/takata-airbag-recalls-affecting-australian-consumers
[6] Recalls of American Honda Motor GL 1800 motorcycles, 2012-2015 year range Honda GL 1800 Goldwing motorcycles and 2011-2016 Volvo UD Trucks are also being undertaken.

Make & model[6]	Year Range	ACCC reference number
Honda Accord, CR-V, Civic, Jazz	2003-2004	2014/14498
Honda Accord Euro, CR-V, Civic, Jazz	2002-2009	2015/14703
Honda Jazz, CR-V	2005-2007	2015/14702
Honda MDX, Accord	2001-2006	2015/14737
Honda City, CR-V, Insight, Jazz	2006-2012	2015/14819
Honda City, CR-V, Insight, Jazz	2011-2014	2016/15197
Honda Civic, Legend, Jazz	2006-2012	2016/15198
Honda Accord Euro, City, CR-V, Jazz, Insight	2007-2011	2016/15496
Honda Legend, Odyssey, Accord, MDX	2003-2011	2016/15495
Honda Civic, Accord	2006-2011	2016/15494
Honda Accord Euro, City, Jazz & Insight	2012	2017/15856
Honda Legend	2012	2017/15857
Honda Accord	2012	2017/15859
Honda Civic	2001	2017/15860
Jeep Wrangler JK	2007-2012	2016/15516
Lexus SC430	2000-2003	2013/13545
Lexus IS 250, IS 250C, 350, IS F	2005-2011	2016/15425

Make & model[6]	Year Range	ACCC reference number
Lexus IS 250, IS 350, IS 250C, IS-F, LFA	2011-2012	2017/15846
Mazda 2 (DE)	2010	2016/15522
Mazda 2, RX-8	2007-2014	2016/15521
Mazda 6	2002-2003	2013/13570
Mazda 6, RX-8	2002-2004	2014/14172
Mazda 6, RX-8, BT-50 & B2500	2005-2007	2015/14761
Mazda 6	2006-2009	2015/14762
Mazda B2500 & B2600	2002-2011	2015/14760
Mitsubishi GA & GB i-MiEV	2010-2011	2017/15990
Mitsubishi Lancer	2003-2008	2015/14936
Mitsubishi ML & MN Triton	2007-2014	2016/15523
Mitsubishi Pajero NS, NT, NW, NX	2007-2016	2016/15617
Mitsubishi Pajero NS & NT	2006-2009	2017/15991
Mitsubishi Pajero NT & NW	2010-2012	2017/16025
Nissan N16 Pulsar, Y61 Patrol	2001	2010/11761
Nissan N16 Pulsar, Y61 Patrol		2017/15940
Nissan N16 Pulsar, Y61 Patrol, D22 Navara, T30 X-Trail	2000-2004	2013/13542
Nissan N16 Pulsar, D22 Navara, Y61 Patrol, T30 X-Trail, A33 maxima	2001-2003	2014/14182

Make & model[6]	Year Range	ACCC reference number
Nissan N16 Pulsar, D22 Navara, Y61 Patrol, T30 X-Trail, J31 maxima	2003	2015/14751
Nissan N16 Pulsar, D22 Navara, Y61 Patrol, T30 X-Trail, J31 maxima	2004-2007	2015/14752
Nissan D22 Navara, T30 X-Trail, J31 Maxima, Y61 Patrol	2007-2008	2015/14821
Nissan D22 Navara, Y61 Patrol	2009-2012	2016/15769
Nissan D40 Navara	2008-2014	2016/15228
Nissan Tiida	2006-2012	2016/15383
Peformax Silverado, Sierra, Mustang	2007-2008	2015/14789
Subaru Impreza	2004-2007	2015/14715
Subaru Tribeca, Liberty, Outback	2004-2009	2016/15507
Subaru Impreza, Forester	2008-2009	2016/15766
Subaru Exiga	2010-2014	2017/16012
Subaru Liberty & Outback	2010-2014	2017/16013
Toyota Corolla, Avensis Verso	2000-2004	2013/13544
Toyota Echo, Rav 4	2002-2003	2014/14456
Toyota Echo, Rav 4	2003-2005	2015/14700
Toyota Corolla, Avensis Verso, Yaris	2003-2007	2015/14701
Toyota Avensis Verso, Yaris	2007-2008	2015/14794
Toyota Corolla, Yaris, Avensis Verso	2006-2011	2016/15709
Toyota Corolla	2003-2005	2017/15950
Toyota Corolla, Yaris & Rukus	2010-2012	2017/16010
Toyota Echo, Rav 4	2002-2003	2017/16014

Chapter 3: The problem

3.1 The defect in some Takata airbag inflators

An airbag contains a propellant, that burns at a controlled rate, generating gas. The gas is channelled into the bag, inflating it. This happens over approximately five milliseconds. The airbag inflator is the metal container that contains the propellant, and directs the pressurised gas up into the bag.

Airbags are designed to deploy and deflate at a precise rate to catch the occupant and absorb some of their momentum. This slows the occupant, reducing or preventing harm caused by the occupant impacting on a part of the vehicle (generally the steering wheel or dashboard).

Over a period of years, the container housing the propellant in **some** Takata airbags has ruptured during deployment sending shards of metal around the vehicle.

The general consensus from Takata and automotive regulators (in particular the United States (US) National Highway Traffic Safety Administration (NHTSA)) is that the defect in these inflators comes from using an ammonium nitrate propellant. Ammonium nitrate has been found to be sensitive to temperature changes and moisture. The ingress of moisture causes the propellant that inflates the airbag to deteriorate over time, resulting in the propellant burning more rapidly than intended.

When the ammonium nitrate burns in that manner, it results in excessive pressure, shattering the inflator housing, projecting fragments rather than properly inflating the airbag. Besides the potential for the projected fragments directly injuring the occupant, if the airbag deploys incorrectly, it may injure or kill the person (if the person connects with the airbag at the wrong time), or fail to provide any protection, and the occupant may impact on the steering wheel or dashboard.

Depending on the vehicle model, the defect may affect the driver or passenger frontal protection airbags.

3.2 Research undertaken

It is generally agreed that the ingress of moisture causing the propellant to deteriorate over time is the fundamental issue.

Research has initially focussed on airbags produced by Takata that have used non-desiccated ammonium nitrate in the airbag inflator.

NHTSA claims that there are two sorts of defective airbags:

a) Alpha bags, which were incorrectly manufactured in a number of factories in North America in the early years of inflator production by Takata; and

b) Beta bags, which benefit from an improved manufacturing process.

NHTSA is of the view that over time, the propellant in all such airbags will deteriorate to the extent that they will present a risk of rupture. The time taken for this deterioration to occur may vary between six and 25 years depending on climatic conditions, particularly humidity and ambient temperature ranges.[7]

A number of manufacturers dispute NHTSA's findings in relation to beta bags.

Research[8] undertaken internationally has also indicated other factors which contribute to a mis-deployment. These factors include:

a) age of the vehicle, with older vehicles at higher risk

b) the density of the propellant at the time of manufacture

c) the design of the inflator housing

d) humidity of the location where the vehicle was used, and

e) temperature cycling in the location where the vehicle was used.

Affected vehicle manufacturers have also arranged for testing of a number of airbags that have been removed from vehicles brought in for rectification. These tests may provide further understanding of the problem.

Recent research has focused on the long term performance of desiccated ammonium nitrate airbags.[9] The desiccant absorbs moisture and is intended to reduce the risk of deterioration of the ammonium nitrate over time. In July 2017, NHTSA published information which noted that testing of airbag inflators using ammonium nitrate with calcium sulphate as a drying agent did not result in a mis-deployment, however, in a certain type of inflator, a pattern of propellant deterioration was still observed, pointing to a future risk of rupture. Takata has indicated that this type of desiccant was used only in older airbags (2005-2012). Newer versions use the desiccant zeolite, which does not appear to present the same problem. Given these findings, there may be further research on the performance of desiccated ammonium nitrate airbags.

In addition, test data on a particular subset of defective Takata airbag inflators has shown a very high risk of mis-deployment.[10]

In relation to the Australian vehicle fleet, higher risk inflators were fitted to certain models of Honda, BMW, Nissan and Toyota vehicles between 1999-2006. Around two-thirds of these vehicles have been rectified. The remaining 51,136[11] vehicles are a priority to be rectified.

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[7] United States Department of Transportation National Highway Traffic Safety Administration, Expert Report of Harold R. Blomquist, PH.D, May 2016, https://www.nhtsa.gov/sites/nhtsa.dot.gov/files/documents/expert_report-hrblomquist.pdf

[8] Orbital ATK, Takata Inflator Rupture Root Cause Summary Report, September 2016, https://www.nhtsa.gov/sites/nhtsa.dot.gov/files/documents/orbital_atk_research_summary.pdf; Exponent, Investigation of Takata Inflator Ruptures, July 2016, https://www.nhtsa.gov/sites/nhtsa.dot.gov/files/documents/exponent_research_summary.pdf

[9] US National Highway Traffic Safety Administration, Part 573 Safety Recall Report, 10 July 2017, https://static.nhtsa.gov/odi/rcl/2017/RCLRPT-17E034-3982.PDF

[10] US National Highway Traffic Safety Administration, NHTSA: New test data on particular subset of Takata airbag inflators shows substantially higher risk, 30 June 2016, https://www.nhtsa.gov/press-releases/nhtsa-new-test-data-particular-subset-takata-air-bag-inflators-shows-substantially

[11] As at 13 July 2017.

Chapter 4: Response to the recall

4.1 Government action

Since the recall campaigns have been announced, the Department and the ACCC have been meeting with the vehicle manufacturers and receiving updates on how they are providing timely information to affected vehicle owners and rectifying affected vehicles.

4.1.1 Monitoring of the recall

The first recall was notified to the Department in 2009 with approximately 2000 vehicles included in the recall. The first recall, and additional recalls in 2010-2012 involved Honda vehicles only. Additional recalls were announced in 2012-2014, including additional vehicle manufacturers. Table 1 at Attachment A sets out the number of vehicles added to the Takata airbag recall, per year and by make (as at 13 July 2017).

In December 2014, NHTSA determined that all non-desiccated airbags produced by Takata would be recalled in the US. Subsequently, the Department commenced monitoring the individual recall campaigns voluntarily announced by the vehicle manufacturers as a thematic recall campaign. Vehicle manufacturers provide monthly reports to the Department on the number of vehicles rectified. Monitoring of the reports as a thematic recall campaign provides greater visibility of the progress across the range of manufacturers involved in the recall. As part of the monitoring of recalls notified, the Department has also reviewed letters from vehicle manufacturers to vehicle owners to ensure the letter adequately explains the risks of the potential defect.

The Department has maintained regular contact with affected vehicle manufacturers, particularly since early 2015. The Department has written to affected vehicle manufacturers to obtain information on the approach to the recall campaign and to support vehicle manufacturers in progressing rectification of affected vehicles as soon as possible.

In August 2015, the Department established the Takata Airbag Working Group, which comprises of representatives from the Department, the FCAI and affected vehicle manufacturers. In June 2016 the ACCC commenced participation in the Working Group. Regular meetings of the Working Group are held on a quarterly basis to ensure that:

a) all parties have a common understanding of the problem

b) higher risk vehicles are given higher priority for rectification, and

c) consumers are notified and vehicles are rectified as soon as possible.

The Working Group has met on seven occasions. The last meeting was held on 19 July 2017.

Engagement has also been undertaken with state and territory registration authorities through the Department's standing consultation forums including the Strategic Vehicle Safety and Environment Group (SVSEG), Australian Motor Vehicle Certification Board (AMVCB) and Technical Liaison

Group (TLG), and industry associations to raise awareness of the problem. Details on these groups are at Attachment B.

The Department is also continuing to seek information from, and meet with, vehicle manufacturers that have supplied vehicles to the Australian market fitted with Takata airbags, but are not yet part of the recall, to assess whether those vehicles should be part of the recall.

4.1.2 International engagement

The Department is actively engaged in international activities including ongoing investigations to establish an exact root cause of the airbag defects and the approach to recalls to address the problem in the US and Japan in particular.

The Department also regularly receives reports from the Australian Embassy, Tokyo on developments in Japan relating to the Takata airbag recall. These reports include information from the Japanese Ministry of Land, Infrastructure, Transport and Tourism (MLIT) on the Takata airbag recall. The Department has also met with representatives from MLIT to discuss:

a) the disabling of airbags
b) the fitting of Takata airbags in new cars
c) the use of Beta bags as replacements in the recall
d) timing for recall notifications
e) the risk factors to identify which vehicles should be recalled
f) timing for ceasing production of airbags using ammonium nitrate as the propellant, and
g) strategies to progress the recall as soon as possible.

International research has been an important element in informing Australia's approach to the recall. Following the findings from NHTSA in May 2016 regarding alpha and beta bags, and the expansion of the US recall to include beta bags, the Department formed the view that vehicles fitted with either type of Takata airbag should no longer be provided to the Australian market and all vehicles fitted with either type of non-desiccated Takata airbag should be recalled. The ACCC supported this view. The number of vehicles recalled, and number of affected vehicle manufacturers, substantially increased following discussion on this issue with vehicle manufacturers. Given some vehicles were rectified under previous recall campaigns using other non-desiccated ammonium nitrate Takata airbags, the position that both alpha and beta bags (non-desiccated) should be recalled has resulted in the outcome that some previously rectified vehicles will be further recalled and rectified again. This is consistent with approaches taken overseas and is informed by research commissioned by NHTSA.

The announcement from NHTSA in July 2017 on the outcomes of testing of desiccated ammonium nitrate airbag inflators is also an important development that will inform Australia's approach to the recall.

4.1.3 Support to progress the recall

The Department is supporting affected vehicle manufacturers in resolving a number of challenges that have been encountered due to the size of this recall. These include:

a) **Vehicle owner contact details** The Department has engaged with Austroads (owner of the National Exchange of Vehicle and Driver Information System (NEVDIS)), to highlight concerns regarding the accuracy of vehicle owner and address data. This data is used by vehicle manufacturers to obtain contact details for owners of vehicles that are subject to a recall. The Department has been advised that an IT system change will be undertaken by NEVDIS which will contribute to addressing concerns raised by affected vehicle manufacturers. In addition, the Department has engaged with state and territory registration authorities to develop an arrangement where affected vehicle manufacturers can obtain contact details for registered vehicle owners in addition to those held by NEVDIS.

b) **Dealer capacity** The Department has also engaged with the NSW Government on qualification requirements applicable in NSW for repair workers to replace airbags. These qualification requirements have led to dealer capacity issues resulting in a delay in the rectification of affected vehicles in NSW. Recently, the NSW Department of Finance, Services and Innovation released a consultation draft of an amendment regulation to introduce a temporary exemption to allow repair workers who do not hold the required qualification to remove and replace Takata airbags under the supervision of a qualified worker.

c) **Rate of rectification** To assist in the rectification of higher risk vehicles (having regard to the age, type and manufacturing history of the airbag), the Department has worked with the FCAI to directly write to affected owners of vehicles with the highest risk airbags that have not yet been rectified.

4.2 Vehicle manufacturer action

4.2.1 Vehicle owner notification

Affected vehicle owners are sent letters from vehicle manufacturers providing advice about the recall.[12] Under the FCAI Code of Practice, a minimum of three recall notifications are sent to the last known address of the vehicle owner as provided by NEVDIS. Evidence has been provided to the Department that in a number of cases, more than three recall notifications have been sent to affected vehicle owners and that some vehicle manufacturers have issued multi-lingual notifications. Where possible, some affected vehicle manufacturers have also contacted vehicle owners by phone and email.

[12] However, there may be a delay between when a recall is published and when the notification is received by a vehicle owner as a strategy adopted by some vehicle manufacturers to manage parts supply and dealership capacity.

Affected vehicle manufacturers have also increased customer service call centre capacity and capability to address the increased volume of contact resulting from the recall.

A majority of affected vehicle manufacturers have acknowledged that vehicles are prioritised by age.

4.2.2 Action to progress the recall

Due to the size of this recall, there are a wide range of challenges that vehicle manufacturers have faced, including:

a) sourcing sufficient parts

b) capacity in dealerships to rectify vehicles

c) the identification of airbags that present the highest risk

d) locating owners of older vehicles, and

e) engaging some vehicle owners who have not responded to multiple recall letters.

Affected vehicle manufacturers have negotiated with parent companies based overseas to ensure Australia gets a fair share of replacement parts. Parts availability continues to improve as production of replacement parts has increased. Some companies have implemented particular strategies (eg. longer service centre opening hours) and provided incentives to service centres to prioritise airbag recalls. Affected vehicle manufacturers have been working with the Department to identify the airbags that present the highest risk, sharing research and testing undertaken to inform an assessment of which vehicles should be recalled. Some affected vehicle manufacturers have also implemented strategies to improve locating owners of vehicles and engaging with vehicle owners to improve progress of the recall.

The FCAI has also engaged Austroads (owner of NEVDIS) regarding the support NEVDIS provides to vehicle manufacturers in conducting the Takata airbag recall to identify other strategies for improving data quality.

4.2.3 Impact of consumer behaviour

Affected vehicle manufacturers have provided evidence of circumstances where:

a) vehicle owners have received multiple recall notifications urging the vehicle owner to make arrangements for the vehicle to be rectified, however those arrangements have not been made, or

b) there has been an unwillingness to engage with the vehicle manufacturer or dealership for a range of reasons, including concerns relating to marketing and inconvenience or difficulty associated with making arrangements for the rectification work.

In some cases, responses from vehicle owners have indicated a lack of awareness of the problem concerning their vehicle, or disregard for the seriousness of the problem. Strategies to address these behaviours have been discussed in the Working Group meetings.

4.3 Effectiveness of actions to date

4.3.1 Rectification rates

The size of the recall has substantially grown over time due to developments in the understanding of the risk factors associated with Takata airbags. A summary of the number of vehicles subject to the recall, number of vehicles rectified and key events is provided at Attachment A.

In Australia, the recall started in 2009 with approximately 2000 vehicles.

By April 2015, the number of vehicles affected had risen to 168,000, with about 45,000 vehicles rectified.

Between May and October 2015, the number of vehicles affected began to expand significantly with the addition of 818,000 vehicles recalled and additional makes of vehicles.

By April 2016, the number of affected vehicles had risen to 1.1 million, with about 268,000 vehicles rectified.

In the 12 months to July 2017, approximately 572,800 vehicles were rectified, equating to approximately 8800 vehicles per week.

Vehicle manufacturers have recalled approximately 2.2 million of the total 2.35 million vehicles in the last 2 years. As at 13 July 2017, approximately 850,000 have been rectified.

Chapter 5: Opportunities to improve the progress of the recall

The recall is likely to be subject to further expansion as research is ongoing and new information is becoming available.

Implementation of in-progress actions is expected to further improve the progress of the recall. In particular:

a) arrangements with NEVDIS and state and territory registration authorities to improve access to vehicle owner contact details

b) the proposed draft temporary exception for certain qualification requirements in NSW to remove and replace Takata airbags, and

c) direct contact from the Department to affected vehicle owners.

The Department will continue to convene regular meetings with the FCAI and vehicle manufacturers to:

a) actively monitor domestic rectification rates and overseas developments

b) assist manufacturers with strategies to increase progress of the recall, and

c) identify and address any issues that arise in relation to the recall.

The Department will also enhance the information available to vehicle owners to improve awareness of the problem and to enable greater transparency of the actions being taken on the recall.

As previously mentioned, Minister Fletcher and Minister McCormack jointly wrote to affected vehicle manufacturers seeking further details on the status of the recall process on 24 July 2017. The Department and the ACCC will assess this information when received and provide further advice to the Australian Government.

Attachment A

Takata airbag recall in Australia – Key facts and figures

Vehicles subject to recall

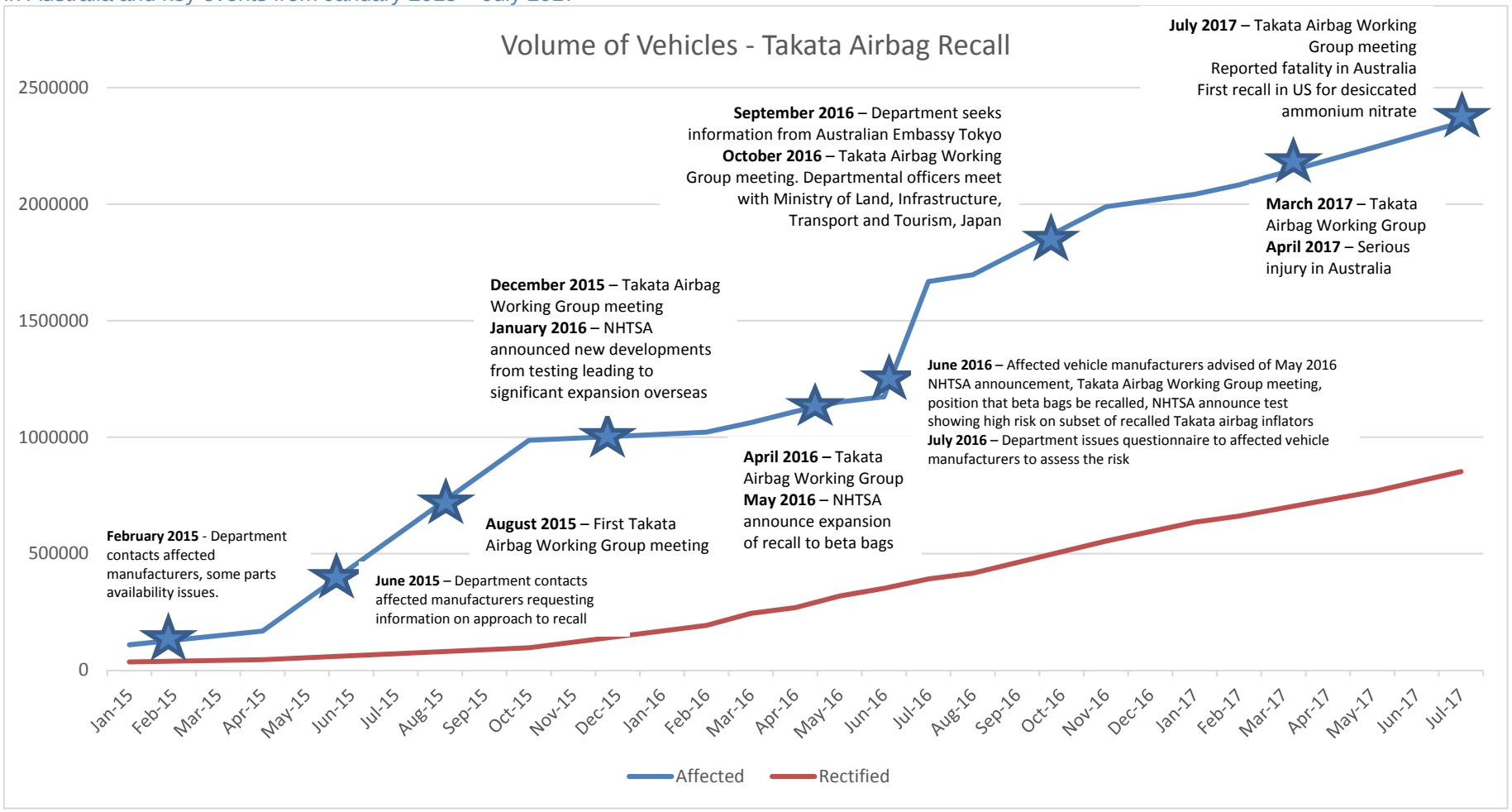
Table 1: Number of vehicles added to the Takata airbag recall, per year and by make (as at 13 July 2017, data held by Department of Infrastructure and Regional Development)

Year	Make of vehicle	Number vehicles added by make	Total annual reported fatalities (all makes of vehicles)[13]
2009	Honda	2021	2 (USA)
2010	Honda	788	0
2011	Honda	789	0
2012	None		0
2013	BMW Honda Mazda Nissan Toyota	3481 43,389 356 4190 18,787	1 (USA)
2014	BMW Honda Mazda Nissan Toyota	40,253 6745 3050 26,935 8223	2 (USA, Malaysia)
2015	Chrysler Honda Mazda Nissan Subaru Toyota	5508 273,198 126,470 143,804 33,556 230,956	5 (USA)
2016	Chrysler BMW Honda Mazda Mitsubishi Nissan Subaru Toyota	22,434 28,576 294,757 197,274 114,153 81,827 178,084 179,710	6 (USA, Malaysia)
2017	BMW Honda Mitsubishi Toyota	16,518 24,690 41,229 135,491	1 (Australia)

[13] Obtained by the Department of Infrastructure and Regional Development from public information sources.

Number of vehicles subject to recall and rectified over time

Figure 1: Number of vehicles subject to the Takata airbag recall in Australia, number of vehicles subject to the Takata airbag recall rectified in Australia and key events from January 2015 – July 2017



Attachment B

Roles and responsibilities of the Strategic Vehicle Safety and Environment Group, Australian Motor Vehicle Certification Board and Technical Liaison Group

Strategic Vehicle Safety and Environment Group (SVSEG)

Roles and Responsibilities

1. To provide advice to the Australian, state and territory governments on policy matters relating to the safety and environmental performance of road vehicles.
2. To facilitate information sharing and consultation between governments, industry and road user organisations.
3. To develop and maintain a national position and work program for the Australian Design Rules and other regulatory and non-regulatory initiatives.
4. To drive the vehicle safety component of the National Road Safety Strategy, with consideration of New Zealand's road safety strategy—Safer Journeys.
5. To drive the national work program for regulatory and non-regulatory initiatives.
6. To provide high-level direction and guidance to the Technical Liaison Group (TLG) or other Working Groups (WGs) on the national work program.
7. To provide advice on international developments and on the implications of moves to use international standards.

Membership

Manufacturer Representatives

Australian Road Transport Suppliers Association
Bus Industry Confederation
Commercial Vehicle Industry Association of Australia
Federal Chamber of Automotive Industries
Heavy Vehicle Industry Australia
Truck Industry Council

Consumer Representatives

ANCAP Australasia
Australian Automobile Association
Australian Trucking Association

Government Representatives

Department of Infrastructure and Regional Development, Australian Government
Centre for Road Safety, Transport for NSW, NSW
VicRoads, Victoria
Department of Transport and Main Roads, Queensland
Office of Road Safety, Main Roads Western Australia, WA
Department of Planning, Transport and Infrastructure, SA
Department of State Growth, Tasmania
Office of Regulatory Services, Justice and Community Safety, ACT
Department of Transport, NT
National Heavy Vehicle Regulator
New Zealand Transport Agency

Intergovernmental Agencies

National Transport Commission

Australian Motor Vehicle Certification Board (AMVCB)

Roles and Responsibilities

1. Legislation
    a) To agree on minor amendments to Australian Design Rules (ADRs);
    b) To ensure that the relationship between Commonwealth Legislation, National Model Legislation and the legislation of State and Territory Governments related to Road Vehicles is harmonized to the maximum extent possible.
2. Standard Vehicles
    a) To agree on the methods to be applied to the certification and approval of new standard vehicles against the ADRs;
    b) To agree on the conditions applied to identification plate approvals;
    c) To agree on eligibility arrangements for registration of new standard type approved vehicles.
3. Non Standard Vehicles
    a) To agree on the circumstances under which non-standard vehicles are approved for supply to the market;
    b) To agree on the conditions applied to approvals to supply non-standard vehicles to the market;
    c) To agree on eligibility arrangements for registration of non-standard vehicles.
4. Compliance Program
    a) To agree on the level of participation of each jurisdiction in ensuring that conditions of approvals are complied with for example;
        i. Vehicle Inspections
        ii. Conformity of Production Audits
        iii. Test Facility Inspections
5. In –Service Program
    a) To agree on the eligibility arrangements for maintaining standard vehicle registration;
    b) To agree on the eligibility arrangements for registration of modified vehicles;
        i. Before first registration
        ii. After first registration
    c) To agree on eligibility arrangements for the acceptance of vehicles between jurisdictions.
6. Information Sharing
    a) To agree on arrangements related to the sharing of information or intelligence between jurisdictions for compliance and enforcement purposes.

Membership

Department of Infrastructure and Regional Development

Centre for Road Safety, Transport for NSW, NSW

VicRoads, Victoria

Department of Transport and Main Roads, Queensland

Office of Road Safety, Main Roads Western Australia, WA

Department of Planning, Transport and Infrastructure, SA

Department of State Growth, Tasmania

Office of Regulatory Services, Justice and Community Safety, ACT

Department of Transport, NT

National Transport Commission

National Heavy Vehicle Regulator

New Zealand Transport Agency

Technical Liaison Group (TLG)

Roles and Responsibilities

1. Advise on policy aspects and priorities of proposed new, or amendments to existing, Australian Design Rules (ADRs).
2. Advise on technical aspects of proposed new, or amendments to existing, ADRs.
3. Advise on and provide input to the Regulation Impact Statement (RIS) process used to establish or amend ADRs.
4. Advise on international developments and on the implications of moves to use international standards.
5. Advise on representation on single issue working groups.
6. Provide a forum to allow discussion of new initiatives in vehicle safety.
7. Advise on arrangements relating to the approval of vehicles or vehicle components.
8. Advise on arrangements relating to testing of vehicles or vehicles components and the establishment of worst case criteria.
9. Advise and discuss actions required to identify and rectify non-compliant vehicles or vehicles which may present an unacceptable risk to the community.
10. Advise and discuss arrangements in relation to the registration and operation of vehicles.

Membership

Department of Infrastructure and Regional Development

Centre for Road Safety, Transport for NSW, NSW

Roads and Maritime Service, NSW

VicRoads, Victoria

Department of Transport and Main Roads, Queensland

Office of Road Safety, Main Roads Western Australia, WA

Department of Planning, Transport and Infrastructure, SA

Department of State Growth, Tasmania

Office of Regulatory Services, Justice and Community Safety, ACT

Department of Transport, NT

National Transport Commission

National Heavy Vehicle Regulator

New Zealand Transport Agency

Federal Chamber of Automotive Industries

Toyota Motor Corporation Australia

General Motors Holden

Truck Industry Council

Australian Trucking Association

Commercial Vehicle Industry Association of Australia

Heavy Vehicle Industry Australia

Australian Road Transport Suppliers Association

Bus Industry Confederation

Australian Automotive Aftermarket Association

Australian Automobile Association (AAA)

Australian Road Transport Suppliers Association

Caravan Industry Association of Australia