

## Second Reading

**The Hon. ERIC ROOZENDAAL** (Minister for Roads, and Minister for Commerce) [2.43 p.m.]: I move:

That this bill be now read a second time.

I seek leave to incorporate the second reading speech in *Hansard*.

### Leave granted.

The purpose of this bill is to strengthen the management of written-off vehicles in New South Wales to reduce professional vehicle theft. The bill offers additional protection for the community from the activities of car thieves, and will bring into effect a number of nationally agreed best practice principles for the management of written-off vehicles.

The bill complements other initiatives by the New South Wales Government to combat vehicle theft, and supports the agreement of all Premiers to harmonise registration processes across Australia.

The bill includes more rigorous requirements and definitions for the notification of written-off vehicles to the New South Wales and the national written-off vehicle register, and offers additional consumer protection when purchasing written-off vehicles.

This bill is a result of extensive consultation between all states, territories and relevant industry groups. Consultation was coordinated by the National Motor Vehicle Theft Reduction Council, and "Austrroads", which is the Association of Australian and New Zealand Road Transport and Traffic Authorities.

The principles and definitions in this bill have been agreed to by all jurisdictions for inclusion in their relevant legislation. Associations representing insurers, auto-dismantlers and dealers also support the proposed amendments.

The amendments in the bill will ensure that New South Wales achieves national consistency in notifying, registering and managing written-off vehicles to further reduce vehicle theft in New South Wales, and across Australia.

I am pleased to note that New South Wales is actively involved in national vehicle theft reduction forums and will continue to play a leading role.

Stolen vehicle activity is a major problem in New South Wales and across Australia. Motor vehicle theft costs the Australian community approximately \$500 million every year in higher insurance premium costs and demands on the justice system.

Although the number of vehicle thefts has steadily reduced in recent years, Australia still records more than 70,000 vehicle thefts per year. This equals a vehicle being stolen every 7 minutes. More than 20,000 of these vehicles are not recovered, and it is estimated that as many as 3,000 of these vehicles are illegally re-birthed.

Before I detail the contents of the proposed bill, let me briefly explain to the House how written-off vehicles have been used illegally by car thieves. I will also explain how written-off vehicle registers help to reduce vehicle theft.

Car thieves have typically used the identities of written-off vehicles in the process of disguising and on-selling stolen vehicles. A thief purchases an unregistered written-off vehicle from an insurance company auction, an auction house, or from an auto-dismantler, at a cheap price. The thief then steals a similar make and model vehicle and substitutes the vehicle identifiers from the written-off vehicle onto the stolen vehicle. This process is known as "re-birthing".

The re-birthed vehicle is then presented to the Roads and Traffic Authority or its counterpart in another jurisdiction for re-registration. If the vehicle is re-registered, the stolen vehicle is on-sold privately to an unsuspecting, innocent buyer, at a high profit.

I note that a more recent criminal trend involves purchasing a repairable written-off vehicle from an auction or auto-dismantler and then stealing an identical vehicle to use for parts in re-building and on-selling the repairable written-off vehicle. In a complimentary theft reduction initiative, the RTA will be empowered from 1 November 2007 to suspend or cancel the registration of a vehicle if there are reasonable grounds to believe that components of the vehicle have been stolen.

Historically, professional thieves have relied on the inability of registration authorities and prospective purchasers to trace the identity history of the vehicle used to re-birth the stolen vehicle.

Car theft and vehicle rebirthing has also been linked to larger-scale organised crime, including drug distribution.

In response to the criminal activity of vehicle rebirthing, a New South Wales written-off vehicle register—which I will refer to as "the register"—was initiated in 1996 with the support of the insurance industry to help track and detect written-off and re-birthing vehicles before they could be registered.

I am pleased to note that the New South Wales written-off vehicle register was subsequently used as the model register for other states and territories to adopt. Approximately 36,000 vehicles are now recorded on the New South Wales register each year. The register has also proven to be a strong intelligence tool for Police when investigating vehicle crime.

It has been mandatory since 1998 for insurers, motor dealers and auto-dismantlers to provide notification of "high risk" written-off vehicles to the register. "High risk" motor vehicles are those that are less than 15 years old, which have relatively high resale value and are therefore likely targets for motor vehicle theft and rebirthing.

The information sent to the register "flags" the RTA's registration database to refer high risk vehicles for a detailed written-off vehicle inspection before they are considered for registration.

The use of the register, together with other theft reduction measures, has been effective in reducing vehicle rebirthing. Vehicle theft in New South Wales reduced by 11% in 2005, with a further 3% reduction in 2006.

Each state and territory now operates a written-off vehicle register. Each jurisdiction is also connected to the national written-off vehicle database, called the National Exchange of Vehicle and Driver Information System, or "NEVDIS". By sharing written-off vehicle information via the NEVDIS database, all jurisdictions are able to track and detect high-risk and re-birthing vehicles that are moved interstate.

The use of local and national written-off vehicle registers has been one of the main reasons for the 8% reduction in vehicle thefts nationally in 2005, and a further 6% reduction in 2006.

Although current strategies to date have been successful, the adoption of nationally agreed and consistent practices and definitions in New South Wales is crucial to continue the reduction in vehicle theft. Historically, the absence of consistent arrangements for the management of written-off vehicles has enabled car thieves to exploit legislative differences between the states and territories.

A properly integrated state, territory, and national grid of written-off vehicle registers can only be created by ensuring that New South Wales applies nationally agreed written-off vehicle definitions and practices.

This bill amends the Road Transport (General) Act 1999 to incorporate the nationally uniform definitions and best practice principles.

The existing definition of "written-off vehicle" will be amended to incorporate the nationally agreed definition. Two categories of written-off vehicles will be created: "repairable write-offs" and "statutory write-offs". All written-off vehicles must be categorised as either a repairable write-off or a statutory write-off before they are notified to the register. Both categories have been agreed nationally. The current Act uses the term "wrecked vehicles"—this term is replaced by the term "statutory write-off".

Statutory write-offs are generally vehicles that are so severely damaged that they are unsuitable for repair on the grounds of road-safety, but that also may have a high pre-damage value, and are therefore prime targets for car thieves and rebirthing. A "repairable write-off" is, as the term suggests, a vehicle that can be repaired and re-registered subject to a satisfactory standard of repair and a detailed inspection.

Before a vehicle is written-off, it is first assessed as being a "total loss", generally by an insurer. "Total loss" is also a nationally agreed definition included in the bill and describes a vehicle that has been damaged to the extent that it is generally uneconomical to repair.

The bill requires that after a vehicle has been assessed as a total loss by an insurer, self-insurer, dealer, or auto-dismantler, the vehicle must be determined as either a statutory write-off or a repairable write-off and notified to the register within 7 days of that determination.

The current definition of "late model motor vehicle" is to be amended to include a nationally agreed principle that notifiable vehicles have complied with the Australian Design Rules. This definition includes vehicles that are unregistered. These vehicles must also be notified to the register if they have been written-off.

These nationally agreed definitions will enable insurers, self-insurers, auto-dismantlers and dealers to accurately classify vehicles into specific, clear categories and to determine what information must be

forwarded to the register. This will, in turn, ensure the accuracy of information on the register regarding vehicles of lesser and higher risk and offer protection to prospective purchasers.

The bill also includes stronger provisions to prevent statutory write-offs being re-registered in New South Wales. The bill provides the RTA with the authority to refuse to register, renew or transfer the registration of statutory written-off vehicles listed on an interstate register that correspond with the statutory written-off category. The RTA is also required to cancel the existing registration of such a vehicle in these circumstances.

The bill provides flexibility for the RTA to correct the register if necessary. This includes changing statutory write-off notifications to repairable write-offs and vice versa, and correcting errors or omissions from notifiers. The RTA can also correct the register on its own initiative if it is satisfied that the correction needs to be made to maintain the register's integrity, or for any other reason it considers necessary.

As an additional protection for vehicle owners, the register can also be corrected in special circumstances if an insurer refuses to pay an insurance claim after notifying the vehicle as written-off. The owner of a repairable written-off vehicle in these circumstances will need to make a written declaration that the vehicle has not been on-sold as a repairable write-off in New South Wales or anywhere else in Australia.

If the owner of a statutory write-off requests that the vehicle's status on the register be changed to repairable write-off, the RTA must be satisfied that the vehicle has not been altered or repaired, and that the owner has retained the vehicle.

A maximum penalty of \$2,200 will apply for a false or misleading statement in requesting a correction on the register or a statutory notification.

The nationally agreed principles require self-insurers to notify the register of each late model vehicle that is written-off in the course of their business.

The bill will require self-insurers to notify a vehicle disposed of to an auto-dismantler. A self-insurer is defined as a person who is responsible for five or more late model motor vehicles for which there is no insurance policy covering loss or damage of each vehicle other than comprehensive third party insurance.

The aim of these provisions is to ensure notifications to the register are made by organisations with uninsured fleets of vehicles. Self-insurers will be able to send paper-based written-off vehicle notifications to the RTA or via the internet.

Notifiers will be allowed to use agents on their behalf to assess and notify a damaged vehicle. However, the prescribed notifiers will remain responsible for the accuracy and timeliness of written-off vehicle information provided to the register.

The bill also introduces the requirement for written-off vehicle warning labels to be attached to statutory write-offs to warn prospective buyers that the vehicle cannot be registered and is suitable only for spare parts and dismantling.

The New South Wales Government is committed to reducing the number of stolen vehicles in New South Wales.

The measures within this bill will facilitate the further reduction of stolen and re-birthed vehicles being re-registered and on-sold to unsuspecting members of the public.

This government has always aimed to safeguard private property and to reduce the cost to the community of stolen vehicle crime. The New South Wales Government's State Plan has set a target of reducing property crimes against households by 15% by 2016. This bill will help the government reach that target.

I commend the bill to the House.