



## BETTER REGULATION OFFICE AND THE ROADS AND TRAFFIC AUTHORITY

### ISSUES PAPER

#### TARGETED REVIEW OF REGISTRATION LABELS FOR LIGHT VEHICLES

September 2011

Written submissions due by Friday, 7 October 2011

## HOW TO MAKE A SUBMISSION

Interested persons are invited to provide written submissions on this Issues Paper.

Please send submissions by email to: [registrationlabels@dpc.nsw.gov.au](mailto:registrationlabels@dpc.nsw.gov.au)

If you do not have access to email, please send submissions to:

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Phone: 02 9228 5414  
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Submissions must be received by Friday, 7 October 2011.

All submissions will be made publicly available in due course. If you do not want your personal details or any part of submission released, please indicate this clearly in your submission together with reasons. You should be aware, however, that even if you state that you do not wish certain information to be published, there may be circumstances in which the Government is required by law to release that information (for example, in accordance with the requirements of the *Government Information (Public Access) Act 2009*).

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## 1. Introduction

The Better Regulation Office and the Roads and Traffic Authority (RTA) are undertaking a targeted review of the regulatory arrangements concerning the issuing and display of registration labels for NSW registered light vehicles.

The registration of vehicles in NSW is governed by the *Road Transport (Vehicle Registration) Act 1997* and the *Road Transport (Vehicle Registration) Regulation 2007*. This legislation sets out requirements for vehicles to be registered, and requires that registration labels be provided by the RTA and displayed on a vehicle. In the 2010/11 financial year, approximately 6.1 million vehicles were recorded by the RTA as registered in NSW.

### 1.1 Need for review

Until 2010, all States and Territories required most vehicles to be fitted with a registration label. However, labels for light vehicles have now been abolished in Western Australia (from 1 January 2010) and in South Australia (from 1 July 2011). The NSW Business Chamber has also called on the NSW Government to abolish registration labels in NSW.

The NSW Government has approved this review to examine whether there is a continuing need to require registration labels in NSW and provide recommendations for reform, consistent with the Government's commitment to cut red tape.

### 1.2 Scope of review

The review is concerned with registration label regulatory requirements for light vehicles with a Gross Vehicle Mass (GVM) up to 4.5 tonnes. These vehicles represent more than 97 per cent of the 6.1 million vehicles registered in NSW in the 2010-11 financial year. Vehicles covered by this review include, but are not limited to, passenger vehicles, motorcycles, and some trucks, buses and trailers.

Registration of heavy vehicles and trailers with a GVM of greater than 4.5 tonnes is not included in this review. These vehicles are covered by current and proposed national model law. This is consistent with the approach taken in Western Australia and South Australia, which both continue to issue registration labels for heavy vehicles and trailers.

Also excluded from this review are:

- vehicles that can be operated on roads and road-related areas but are not required to be registered in NSW. Such vehicles include bicycles and horse-drawn carriages;
- conditionally registered vehicles – due to operational necessity, existing registration label requirements for conditionally registered vehicles must continue. Therefore these vehicles will not be affected by this review; and
- unregistered vehicle permits – vehicles that are issued an unregistered vehicle permit, to enable access to the road network for a specific journey or purpose, will continue to be issued a label. In this case number plates are not issued to the vehicle, and instead the label provides a unique identifier.

## 2. Background

### 2.1 Purpose of registration labels

The primary purpose of registration labels is to act as a compliance and enforcement tool to help ensure that vehicles are registered. In turn, the goal of registration is to ensure that risks to the public are managed, including that:

- vehicles are safe to operate;
- people are deterred from driving unsafely and are accountable if they cause harm or break the law (the vehicle and registered operator are identifiable); and
- a minimum level of financial compensation is available where some harm is caused (compulsory third party insurance).

Registration can also help manage wider risks of unlawful conduct, by providing a means to identify and monitor the movement of vehicles and persons.

Registration labels provide a means of vehicle identification. A registration label contains information regarding the vehicle's make, model, registration plate number, Vehicle Identification Number, and registration expiry date. For heavy vehicles, it also contains the GVM, Gross Combination Mass, and nominated configuration. Where a registration is completed at a motor registry, the label also includes the receipt number and date of payment.

### 2.2 Current regulatory framework

The registration of vehicles in NSW is governed by the *Road Transport (Vehicle Registration) Act 1997* and the *Road Transport (Vehicle Registration) Regulation 2007*. The legislation sets out requirements for vehicles to be registered and requires that the RTA must issue a registration label when a vehicle is registered and that the label must be displayed on the vehicle. In the 2010-11 financial year, approximately 6.1 million vehicles were recorded by the RTA as registered in NSW.

The legislation requires that registration labels must be displayed on a vehicle and prescribes where on the vehicle the label must be fitted. Namely:

- for a vehicle with a windshield or fixed windows – to the lower left (or near side) portion of the front windscreen, or to any fixed window on the left (or near) side of the vehicle;
- for a caravan or other trailer – on or adjacent to the vehicle's number-plate in such a manner that the characters on the number plate are not obscured, or if the vehicle has a fixed rear window or a hinged rear window that is to be closed when the caravan or other trailer is being towed—to that window, in a location as close as possible to the vehicle's number plate; or
- in any other case (e.g. a motorcycle) – on or adjacent to the vehicle's rear number plate in such a manner that the characters on the number-plate are not obscured.

In addition to these requirements, the registration label must be affixed so that the information on the label is readable from the outside of the vehicle.

Under the legislation, it is an offence for a person to use an unregistered vehicle on a road or road-related area in most circumstances (except some vehicles that are not required to be registered). Even if a vehicle has been registered, it is an offence to use a registered vehicle without displaying a registration label, with an obscured or defaced label, with an expired registration label, or with a label showing the incorrect registration term. Where the vehicle's driver is not the person in whose name the vehicle is registered, penalties can also apply to the registered operator in some circumstances if a label is not correctly displayed.

If a person drives a vehicle with a registration label fitted in a manner that does not comply with any of these requirements, they have committed an offence and are liable for a maximum court imposed fine of 20 penalty units (currently \$2,200).

State Debt Recovery Office data indicates that more than 13,000 label offence penalty notices were issued in the 2010-11 financial year. The penalty notice fine amount is currently \$88 for a light vehicle, and \$530 for a heavy vehicle.

### **2.3 Vehicle registration processes in NSW**

In order for a vehicle to be established for registration in NSW, it must have been certified as satisfying prescribed design rules and standards, and to be renewed it must be annually inspected to ensure it meets basic safety requirements (annual safety check inspection requirements apply to most light motor vehicles greater than five years old from the date of manufacture). The vehicle must also have valid third party insurance for the term of registration requested.

#### **New registrations**

The normal duration for which a light vehicle can be first registered is 12 months. However, the duration for a renewal is six months or one year, and light trailers also have a three month option.

#### **Renewals**

Registration renewal notices, with an attached label, are sent to operators about six weeks before the registration expiry date. The renewal notice becomes the new 'Certificate of Registration' after the renewal is processed and a receipt number is issued by the RTA. At this point the attached registration label becomes effective and must be displayed on the vehicle. The old label must also be removed from the vehicle and destroyed.

#### **Fleet vehicles**

Large fleet operators in particular face logistical problems with ensuring new labels are distributed to their vehicle drivers after registration renewals are processed.

#### **Public transport vehicles (buses and taxis)**

Public bus operators usually face the same logistical problems as other fleet operators with distributing new registration labels at renewal. It should be noted however, that most public buses are heavy vehicles which are not affected by this review.

Light public bus and taxi operators are subject to the normal registration label requirements, and will be affected by this review. Registration renewals for light public buses can be six months or one year. Taxis can only renew registration for a 12 month period to allow timing of special vehicle inspection requirements.

## 2.4 Benefits and costs of registration labels

The RTA, the NSW Police Force, local government rangers and other enforcement officers use registration labels as part of general vehicle identification and related enforcement activities, including:

- the detection of potentially unregistered vehicles that are being used unlawfully on roads and road-related areas, or in other circumstances where a vehicle is required to be registered (for example, under the *National Parks and Wildlife Regulation 2009* it is an offence to park or drive an unregistered vehicle on certain lands managed by the Office of Environment and Heritage);
- to determine whether a vehicle has been abandoned; and
- to check if the registration label and number plate match if a vehicle is suspected to be fitted with stolen or altered number plates.

Registration labels can also serve as a visual reminder to vehicle operators of the registration expiry date. However, the RTA currently sends registered operators a renewal notice about six weeks prior to the registration expiring, and a reminder notice two weeks after registration expiry.

Receipted registration labels may also provide an indicator that a vehicle has passed basic safety inspection requirements and that it is covered for compulsory third party insurance. For example:

- where a person drives or rides in a vehicle for which they are not the registered operator (e.g. a rental car or fleet vehicle); or
- where a person is considering purchasing a second hand vehicle.

The requirement for the RTA to issue and for registered operators to correctly display registration labels also has costs, including:

- Each time a new registration is established, renewed, or a registration label otherwise needs to be replaced, a new registration label must be produced and issued to the registered operator by the RTA. Each time a new registration label is issued, the person with custody of the vehicle (this may not be the registered operator; e.g. where it is a fleet vehicle and the new label is on-forwarded to the user of the vehicle) must take the time to remove the old registration label and fit the new label, taking care that the label is fitted consistent with the requirements of the legislation.
- The cost of enforcing the penalties on individuals who have properly registered their vehicle (the intent of the label) but have failed to correctly display the label include the financial cost and time spent dealing with the penalty for the person (including any court appearance), and the time and resources spent by the justice system issuing and processing penalties.
- There is an environmental cost of producing millions of registration labels every year and disposing of labels in landfill.

**Questions for consideration:**

*Are there any other purposes for which you consider that registration labels provide benefits?*

*Are you aware of any other costs associated with requiring vehicles to have registration labels?*

### 3. Are mandatory registration labels still worthwhile?

In NSW, labels have traditionally been used as a visual indicator of registration status. However, although by law they must still be displayed, the reliability of labels as a means to verify that a vehicle is registered has diminished over time.

In the past, registration renewals had to be completed at motor registries and labels were printed with a date of payment and receipt number once the registration renewal was complete (that is, registered operators received the label with their registration renewal notice, which they would take to the motor registry when they went to pay the renewal fee). If a person instead took the registration label from their renewal notice and attached it to their vehicle without properly completing these registration processes, this could be checked by visual inspection of the label which would be missing the printed verification details.

Since the introduction of phone and internet-based registration renewals, it is no longer possible to verify by inspecting the label that a registration has been renewed. This is because registrations renewed over the phone or online are displayed on vehicles without receipt numbers and are indistinguishable from labels that have been affixed to a vehicle without completing the registration process (registration labels are attached to all renewal notices issued to registered operators and can be affixed to a vehicle without the customer having actually renewed their registration). RTA data indicates that about 46 per cent of NSW registration renewals are now processed by internet or phone. Forecasts based on past take up rates indicate that more than half of all renewals will be processed online by 2015.

However, if a vehicle's registration is not renewed by the expiry date, the RTA will not issue any further labels to the registered operator while their vehicle remains unregistered. Accordingly, a person could only attempt to avoid renewing their registration in this fashion for up to a year, and would risk detection by other means available to enforcement authorities if the vehicle was used on a road or road-related area during that time.

There are now a range of technologies available for identifying unregistered vehicles based on number plates compared to when registration labels were first introduced. There are currently 77 automatic number plate recognition cameras used by the NSW Police Force which can detect if a vehicle is unregistered. Since 30 August 2010, vehicles caught committing an offence by an RTA enforcement camera, such as a speed or red light camera, are also checked for valid registration and compulsory third party insurance. Wireless computing equipment can also be used by enforcement officers, such as that fitted in NSW Police vehicles, to quickly validate the registration details of a vehicle based on its number plate.

Registration labels may continue to be seen as useful for the benefits that they provide aside from registration compliance. For example, labels may still be useful for reminding people of their registration expiry date. However, there are alternatives to government-issued mandatory labels to achieve this objective. In Western Australia and South Australia, where registration labels have been abolished, commercially-produced registration reminder labels can be bought by people who find this form of reminder useful. Additionally, the RTA currently offers an online Free Registration Check service which enables customers to confirm any NSW registered vehicle's registration status including expiry date. Customers without online access are able to obtain these details via the RTA Contact Centre or at any motor registry.

## 4. Implications of abolishing registration labels

Abolishing registration labels for light vehicles would simplify the vehicle registration process, reduce red tape, and save time and money for the community and the NSW Government.

Discontinuing registration labels for light vehicles would remove the inconvenience inherent in the current requirement that a vehicle may not be lawfully used until a replacement label is received by mail or issued through personal attendance at a motor registry. This situation can occur whenever a label has expired, has been damaged or destroyed, when any vehicle or registration details are changed, or when a registered operator is required to or chooses to replace existing number plates with plates displaying a new registration number (as is common with Special Number Plates). This may be of particular benefit in regional and remote locations where it can be more inconvenient to attend a motor registry, mail may take longer to be delivered, and there may be no practical transport alternatives available to using a private motor vehicle.

The ability to make these changes without obtaining a new registration label is likely to lead to an increase in the use of online and telephone registration renewal services by customers, and consequently will result in further administrative savings and improved customer satisfaction through reduced waiting times at motor registries.

Removing the requirement for customers to display a registration label on their vehicle will also eliminate the inconvenience of removing an expired label and affixing the new label.

Abolishing registration labels would remove the costs associated with manufacturing and distributing labels, although registration renewal notices should still be sent to registered operators.

Discontinuing registration labels would also provide environmental benefits from reduced wastage of label stocks, reduced material consumption from manufacture, and avoiding the disposal of millions of registration labels annually.

Risks associated with abolishing registration labels include:

- Risks to the effectiveness of law enforcement activities including vehicle identification and registration verification. This risk can be mitigated to the extent that alternative compliance and enforcement tools (technology) are available for these purposes.
- Risks that there may be an increase in vehicle operators failing to renew their registration and compulsory third party insurance, whether accidentally because they no longer have a mandatory label as a reminder or deliberately if the vehicle's registered operator believes they may be able to avoid detection. This risk can be mitigated to the extent that reminders are already issued by the RTA, by voluntary reminder labels becoming available to consumers, and by raising public awareness that alternative means are available to law enforcement officers to detect unregistered and uninsured vehicles.
- Ensuring that operators of NSW registered vehicles that travel outside of NSW do not experience problems in other States and Territories where registration labels are still mandatory. This risk can be mitigated by making any necessary arrangements with other State and Territory law enforcement

authorities as part of implementing label abolition. In this regard, both the Western Australian and South Australian Governments advise operators of vehicles registered in those States that they are able to lawfully drive without a registration label in other States and Territories.

The experience in Western Australia is that there has been no decline in the total number of vehicles registered following the abolition of registration labels for light vehicles in that State. According to the Australian Bureau of Statistics' Motor Vehicle Census data, between 2009 prior to registration label abolition and 2010 when abolition took effect, total vehicle registrations in Western Australia increased by 2.3 per cent and increased by a further 2.7 per cent between 2010 and 2011. This is in line with increases in the total number of vehicle registrations in NSW, where labels are still mandatory, which increased by 2.5 per cent in both periods.

With respect to enforcement, on 24 February 2011, the Western Australian Minister for Transport stated that in 2009, the owners of 2,680 vehicles were fined for being unregistered in Western Australia, while in 2010 that figure increased by 90 per cent to 5,137. The Minister attributed the rise in fines to an increase between 2009 and 2010 in the number of technological devices available to Police in Western Australia to detect unlicensed vehicles.

**Questions for consideration:**

*Do you support the abolition of registration labels? Please advise your reasons.*

*Should registration labels be abolished for all light vehicles covered by this review, or are there some circumstances in which you consider they should continue to be mandatory? Please provide details.*

*Do you instead support the retention of registration labels? Please advise your reasons.*

## 5. Implementation of the abolition of registration labels

Abolishing registration labels would require the amendment or repeal of the relevant provisions of the *Road Transport (Vehicle Registration) Regulation 2007* that require labels to be issued by the RTA and displayed on light vehicles. It would also require the amendment or repeal of any other legislation that refers to registration labels on light vehicles, such as the provisions of the *National Parks and Wildlife Regulation 2009* that make it unlawful for a vehicle not displaying a valid registration label to drive within certain lands managed by the Office of Environment and Heritage.

The abolition of registration labels would also require changes to the RTA's systems for issuing registration notices, changes to policy, procedures and training for government employees (such as motor registry staff, NSW Police and local government rangers), and changes to systems involved in compliance and enforcement of the relevant offence provisions (such as penalty processing and recovery).

It would further be necessary for the Government to ensure sufficient notification of businesses (such as motor dealers and fleet operators), motorists and the community generally of the changes to vehicle registrations.

### Questions for consideration:

*Are there any other laws or policies that you think would need to change if the Government abolished registration labels for light vehicles?*

*Are there other transitional matters that the Government would need to address as part of the abolition of registration labels?*

*Do you have any other concerns with vehicle registration processes in relation to the issuing of registration labels in NSW?*