

MOTOR VEHICLE REPAIR INDUSTRY

Organisation: Federal Chamber of Automotive Industries
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The Committee Manager
Select Committee on the Motor Vehicle
Repair Industry
Parliament House
Macquarie Street
SYDNEY NSW 2000

FEDERAL CHAMBER
OF AUTOMOTIVE
INDUSTRIES

Dear Sir

The Federal Chamber of Automotive Industries (FCAI) would ask that you take into account this submission in relation to the inquiry into motor vehicle repairer and insurer relationships currently underway within the NSW Parliament. The FCAI is the peak industry body for Australia's manufacturers and importers of passenger motor vehicles, four wheel drives, light commercials and motor cycles. A list of our member companies can be found on our website at [REDACTED]

FCAI contends that it is essential that smash repair work is carried out with reference to the original design specifications and manufacturers recommended procedures to ensure that any vehicle is safe when repaired and still compliant with the applicable Australian Design Rules and manufacturers specifications. In addition, applying these principles to repair work will ensure that the interests of the consumer in the motor vehicle are protected. While there are extreme examples of sub-standard repair work to panels, such repairs to the structural components are not necessarily immediately apparent and have a more direct impact on the safety and performance of the vehicle. While important, it is not necessarily the cosmetic appearance of the vehicle that is the most critical aspect of smash repair work.

The FCAI is of the view that the consumer must be made well aware prior to any repair work in instances where the repairer does not intend to follow manufacturers specifications and repair procedures or to use only genuine or equivalent parts and accessories. Such disclosure provides significant consumer awareness. FCAI is of the view that to return the vehicle to the appropriate condition both manufacturer specifications and repair procedures and genuine parts should be used. Clearly appropriate skill levels and investment in equipment must be demonstrable by the repairer for any particular repair.

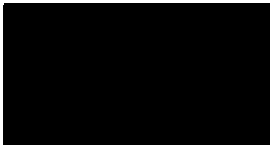
In terms of the current Motor Vehicle Insurance and Repair Industry Code of Conduct the FCAI has attached a short list of areas where further consideration would improve outcomes for consumers. We would recommend the adoption of these suggestions in the Code.

The FCAI would also ask the Committee to consider the issue of identification of genuine parts supplied to the Australian market. This is particularly problematic in the smash repair industry. Currently there are a range of options for sourcing parts for repairs. There are genuine parts supplied through the original equipment manufacturers (OEM) distribution system, there are parallel imports of genuine parts and there are counterfeit and aftermarket parts. One vertically integrated major insurer has announced that they will begin to import parallel parts for their vehicle repairers. The FCAI is aware of the growth of parallel imports of parts however it is apparent that not all these parts are genuine.

Where parts are not sourced through the OEM distribution channel in Australia there should be disclosure to the customer that this is the case. There have been a range of instances where parts which were allegedly parallel imports of genuine parts have been found to be in fact counterfeit product of sub-standard quality. This occurs when the local OEM distribution system is not the source of supply.

In summary, the FCAI interest in the inquiry is linked directly to the most important elements of the terms of reference, the safety and quality of repairs. Please contact me on 02 6229 8217 if you have any questions or would like more details.

Regards



Tony McDonald
Director
Industry Operations



Comment on the Motor Vehicle Insurance and Repair Industry Code of Conduct

Clause	Comment
1.2 (a)	The link between point i) and ii) within this point should be an “and” not an “or”
1.2 (b)	Amend the clause to “(b) use methods <u>and/or parts (such as non-genuine)</u> that may compromise the vehicle warranty conditions; or”
1.2 (c)	There is a reference to the “accepted industry standards and practice”. FCAI suggests that the standard and point of reference should be the OEM recommended approach. If this is not the case, the industry practice that is most common, whether appropriate or not, is entrenched as the standard.
1.3 (a)	The clause refers to “utility of the motor vehicle”. FCAI is not clear on what this actually means and notes there is no reference within the definitions.
1.4 (c)	Should be amended to state “(b) use methods <u>and genuine parts sourced from the OEM recognised Australian supply source.</u> ”
1.2 and 1.4	Each of these clauses ends with a statement that says “while having regard to the age and condition of the motor vehicle”. We are of the view that this clause does not necessarily add any clarity and should be deleted.
4.1 (a)	The concluding words of the paragraph “by the insurer” do not support the overall theme of the code that repairs are carried out to ensure that the vehicle remains in the condition specified by the manufacturers and the applicable motor vehicle standards. It may be appropriate to exclude the words “by the insurer” and include “by this code”.
6.3	If the vehicle is under new car warranty then the clause should be amended to state that “parts or materials must be sourced from the OEM recognised supply network in Australia” or words to that effect. We also suggest adding, for clarification, that the use of non-genuine may impact warranty.
7.3	Again this clause should have a reference to the use of genuine parts sourced from the OEM recognised supply network in Australia. The repairer needs to be confident in warranting that the repair will perform no less than the manufacturers OE design and the applicable laws. At some point the Code should also make a reference to the interaction of the repaired element of the vehicle with the complete vehicle. Use of non-genuine parts or non-recommended process may impact on other vehicle operational or maintenance aspects.
7.4	The insurance company should be obliged to provide the insured with written advice that they have authorised or directed that their vehicle be repaired using other than genuine parts sourced from the Australian OEM recognised supplier, and that this may impact the vehicles warranty. This is in addition to the advice to the repairer however a copy of the advice to the insured (including the vehicle VIN) should also be provided to the OEM.
9.2	The PDS should be amended to include a reference to vehicles which are still under or within six months (or agreed period) of the new car warranty period expiring that only genuine parts will be used. If the insurer intends to use parallel imported parts the PDS must explain to the insurer how the insurance company ensures that such parts are genuine parts.