

25 May 2017

Mr David Salisbury
General Manager
Consumer & Small Business Strategies Branch
Australian Competition and Consumer Commission
GPO Box 520
Melbourne 3001

By email: newcars@accc.gov.au

Dear Mr Salisbury

ACCC New Car Retailing Market Study – Parts price transparency

The Insurance Council of Australia¹ (ICA) is the representative body for the general insurance industry in Australia. Our members provide a range of insurance products including motor vehicle insurance.

We refer to our letter of 24 February 2017 in response to your request for further information as part of the ACCC's New Car Retailing Market Study.

In this letter we identified the important role publication by manufacturers of retail parts price lists play in maintaining price transparency and competition in the automotive parts aftermarket.

We also noted our concern that some manufacturers do not provide or have recently ceased providing a retail parts price list.

We now provide you some further additional information and request the ACCC examine this issue further.

Holden retail parts price lists

One manufacturer that recently ceased publication of a retail parts price list is Holden.

¹ The Insurance Council of Australia is the representative body of the general insurance industry in Australia. Our members represent more than 90 percent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system. December 2016 Australian Prudential Regulation Authority statistics show that the private sector insurance industry generates gross written premium of \$44.6 billion per annum and has total assets of \$121.1 billion. The industry employs approximately 60,000 people and on average pays out about \$124.2 million in claims each working day.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance).

In February, in line with our concerns on the price transparency and competition impacts this decision may have on independent repairers, the ICA wrote to Holden requesting it recommences publication of this list (see letter attached).

In response the ICA has now received the attached letter from Holden.

In its response Holden states that publication of recommended retail parts pricing may distort the process of quoting collision repairs.

Holden also states that this change (to no longer publish a retail parts price list) provides repairers with the best conditions to quote for genuine Holden parts and not be disadvantaged by a competitor using copy or used parts.

The ICA disagrees with these statements. Further, Holden's response does not appear to be made on any reasonable basis, particularly the statement that its decision to no longer publish a retail parts price list will increase (price) transparency in the process of quoting collision repairs.

The ICA remains of the view that, in the absence of a retail parts price, the automotive and repair industry, in particular small independent repairers, will no longer have a transparent reference point as to what is a fair and reasonable price for Holden parts.

This decision by Holden is a backward step in relation to maintaining competition in the parts and repair industries and one which the ACCC should examine.

The ICA would welcome the opportunity to discuss this matter with your further.

If you have any questions please contact Tom Lunn, Senior Policy Advisor, Consumer Relations and Market Development Directorate via email tlunn@insurancecouncil.com.au or phone (02) 9253 5122.

Yours sincerely



Sarah Phillips
Acting General Manager
Consumer Relations & Market Development

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