

24 November 2016

Eti Abdulioglu
Assistant Director
ACCC - Consumer & Small Business Strategies Branch
GPO Box 520
Melbourne 3001

By email: newcars@accc.gov.au

Dear Ms Abdulioglu,

ACCC Market Study – New car retailing industry

Suncorp welcomes the opportunity to provide a submission in response to the ACCC's New Car Retailing Issues Paper, and would appreciate the opportunity to contribute to the ACCC's upcoming stakeholder forum.

Suncorp Group is one of the largest general insurers in Australia, with motor insurance brands including Suncorp Insurance, Apia, AAMI, GIO, Vero and Shannons. We commission the repair of hundreds of thousands of cars each year and spend approximately \$500 million on replacement automotive parts.

We attach a *commercial-in-confidence* research report (attachment A) which we believe will greatly assist the ACCC as it examines the dynamics at play in the post-sales automotive environment.

The research found significant imbalances and a lack of transparency in the parts supply chain in Australia, leading to low non-original equipment (OE) usage, supply chain inefficiencies and higher prices which are ultimately borne by consumers.

A high Australian dollar and multi-layered supply chain led by overseas-based automotive manufacturers has resulted in Australian consumers paying more for parts than they should. Parts supply issues account for regular delays in returning cars to the road, adding cost and frustration for consumers.

For example, the research highlights that the total cost of parts in Australia for a \$21,000 medium-sized hatch may be \$114,081 – or 543 per cent of the car's purchase price. This cost is ultimately reflected in repair costs, and therefore consumers' premiums.

Suncorp has sought to increase competition in the parts market by establishing a parts business, ACM Parts, which is now selling high quality parallel, recycled and certified aftermarket parts to independent repairers and consumers across Australia.

The research also includes information on other markets, such as Europe and the US, which have been driving competition and higher usage of alternative parts for years through legislative, voluntary and regulatory reforms.

With regard to access to repair information and specifications, Suncorp has long held the view that technical and diagnostic repair information must be made available to all repairers and not restricted to repairers operating within authorised manufacturer and dealer networks.

Access to repair information and diagnostics is essential to ensure vehicle repairs now and into the future are carried out safely, to the required standard and at a reasonable price. Given the pace at which new technologies are being incorporated into new vehicles, a more robust and efficient mechanism for accessing up to date repair information is critical to ensure fair competition.

Suncorp would be pleased to provide further information or assistance to ACCC on request. Should you have any further questions regarding our submission, please contact Stephen Bell, Public Policy Manager, on 02 8121 0273 or stephen.bell@suncorp.com.au.

Yours sincerely,



Duncan Bone
Executive Manager, Corporate Affairs – Insurance/Bank & Wealth
Suncorp Group