

15 February 2021

Yvette Goss
Right to Repair
Productivity Commission
Locked Bag 2
Collins St East
Melbourne VIC 8003

By email: repair@pc.gov.au

Dear Ms Goss

Productivity Commission: Right to Repair Issues Paper

The Insurance Council of Australia¹ (ICA) welcomes the opportunity to comment on the *Right to Repair Issues Paper* and appreciate the Productivity Commission's engagement with us.

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

ICA member companies authorise over 1.4 million repairs for vehicles annually, the vast majority these repairs are undertaken by independent repairers.

It is the ICA's long standing position that, to ensure vehicle repairs are carried out safely and to the required standard, technical and diagnostic repair information must be available to all repairers and not restricted to those repairers operating within authorised manufacturer and dealer networks.

To ensure service and repair information is available to all repairers, the ICA supports the introduction of a mandatory vehicle information sharing scheme. The ICA recently provided a submission to the Commonwealth Treasury on the proposed mandatory scheme for sharing motor vehicle service information. We enclose a copy of this submission which you may find of interest (appendix A).

Access to repair information

¹ The Insurance Council of Australia is the representative body of the general insurance industry in Australia. Our members represent approximately 95 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.

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).

As discussed in our submission to Treasury, to ensure vehicle repairs are carried out safely, upholding the highest standards of safety and quality and at a competitive price, technical and diagnostic repair information must be available and easily accessible to all repairers.

The ACCC's 2017 *New Car Retailing Market Study Final Report*² highlighted that a mandatory information sharing scheme will also provide multiple benefits to consumers, through increased competition in the motor vehicle service and repair sector, in terms of pricing and reducing delays in having vehicles serviced and repaired.

A single portal/interface to access information

As well as ensuring repair information is available to repairers, it is equally important that repair information can be easily and efficiently accessed by repairers and at a fair and reasonable price.

The ICA considers that simple and efficient access to repair information may best be achieved through the use of a single standard interface system or portal as is used in the United States and Europe. This will also help to create a more competitive repair market, with all repairers obtaining access to complete repair information consistently and without delay. It will also avoid the need for repairers to negotiate multiple data provider platforms and purchase multiple subscription options.

Written-off vehicles

We note the Productivity Commission's interest in identifying any unnecessary barriers to repair.

One legislative barrier to the repair of motor vehicles in NSW is the state's written-off vehicle regime. In all states and territories other than NSW, when an insurer determines that a vehicle is a 'total loss' (uneconomical for the insurer to repair) a nationally adopted damage criteria³ is then applied to the vehicle to determine whether it is either:

- (a) a repairable write-off, whereby it may be purchased by a third party to be repaired and returned to use, or
- (b) a statutory write-off, whereby the damage to the vehicle is of the type that renders the vehicle unable to be safely repaired and it can only be purchased for scrap metal or spare parts.

² ACCC (Australian Competition and Consumer Commission) 2017, new care retailing market study final report available at https://www.accc.gov.au/system/files/New%20car%20retailing%20industry%20final%20report_0.pdf

³ Damage Criteria for Classification of Statutory Write-Offs available at https://www.sa.gov.au/_data/assets/pdf_file/0003/8922/MR1466.pdf

This was also the process in NSW until 2011. In January 2011, NSW passed laws⁴ that any vehicle deemed to be a total loss by an insurer must then automatically be classified as a 'statutory write-off' thereby banning these vehicles from re-registration regardless of whether they were capable of being safely repaired. This results in vehicles that have been damaged in a motor vehicle accident but could be safely repaired being either scrapped or used only for parts.

The objective behind this decision of the NSW Government was to reduce vehicle theft, re-birthing of stolen vehicles and to improve vehicle safety.

Notably however, we are advised Australia's expert body on vehicle crime, the National Motor Vehicle Theft Reduction Council, does not support the NSW written-off vehicle model being adopted by other states and territories. Nor is the ICA aware of any substantive evidence showing that these changes introduced in 2011 have improved vehicle safety in NSW above that of other states and territories.

Therefore, it is the view of the ICA that NSW should remove this barrier to repair. This would help create a nationally consistent approach to managing written-off vehicles as well as reduce any unnecessary scrapping of vehicles, which also contributes to unnecessary landfill.

The ICA would be pleased to discuss this submission and the matters raised. Please contact Tom Lunn, Senior Policy Manager or by email if you have any questions or would like further information.

Yours sincerely

Andrew Hall
Executive Director and CEO
Encl.

⁴ *Road Transport (Vehicle Registration) Amendment (Written-off Vehicles) Regulation 2011* under the *Road Transport (Vehicle Registration) Act 1997*