

AUTO PARTS RECYCLERS ASSOCIATION OF AUSTRALIA INC.

ABN 27 380 995 445 Incorporation A36554 (Inc in SA)

Level 3/464 St Kilda Road, Melbourne VIC 3004. Tel: (03) 9866 6933 Fax: (03) 9866 5322

Executive Officer: Alan Marshall

Email: info@apraa.com Internet: www.apraa.com
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7 October 2004

Ms Jill Irvine,
Smash Repair Inquiry,
Australian Government Productivity Commission,
PO Box 80,
Belconnen ACT 2616.

Fax: 02 6240 3311

Email: smash_repair@pc.ctov.au

Dear Sir,

APRAA's Submission - Productivity Inquiry into the Smash Repair

Industry Introduction:

The Auto Parts Recyclers Association of Australia Inc (APRAA) is the peak, national association for the auto parts recyclers/dismantlers. APRAA has regular discussions with State and Federal Government Departments and Regulatory Authorities on key matters such as reducing auto theft, improving environmental practices - and generally promoting the importance of recycled parts usage and the legitimate industry.

Our industry members are closely aligned to and interact daily with smash repairers and insurance assessors throughout Australia. Accordingly, APRAA has been following the industry and public debate on insurance sector practices and their impact on the Smash Repair Industry and related sectors.

Following recent public comments reported in the media, APRAA wrote to The Hon. Joe Hockey, MP, Minister for Small Business and Tourism, along with The Hon. Ian Campbell, MP, Federal Minister for the Environment and Heritage, and The Hon. Peter Costello, MP, Federal Treasurer. A copy of this letter dated 27 August is attached. I've also attached some background material on APRAA. For more information refer to our website www.apraa.com . Many of our comments are repeated below to assist you.

APRAA Comments:

APRAA believes that it is vital that this inquiry understands the important role that quality recycled parts and quality auto recyclers play in the smash repair and insurance process, the overall automotive industry and the broader community. Our industry comprises thousands of recyclers all small/family businesses, employing many thousands of employees.

The following comments and material are provided to assist you:

Servin' the auto ~ arts rec^{clip.}, indus since 1982!
'Quality Auto Parts Recyclin Drives Our Future!'

- quality, cleaned, tested, genuine recycled parts, with supplier guarantees, play a constant and vital role in the commercial smash repair process and with motor vehicle insurance claims, where appropriate
- the automotive and insurance industries are well aware of the benefits of using quality recycled genuine parts, including: the significant reduction in costs compared to new parts; where new parts cannot be sourced; plus the environmental benefits
- quality recycled parts (e.g. panel, electronic, mechanical, interior etc) are also an important viable, affordable, low-cost alternative to trade and public customers
- Based on many of our member comments, APRAA is concerned about insurance sector practices which impact on small business suppliers, limiting the freedom of choice for trade or public customers to source quality products and services, whether suppliers be in the smash repair or auto parts recycling industry.
- APRAA members are required to meet minimum quality standards, plus many of them have progressed their businesses with a commitment to quality parts and service, including voluntarily adopting the APRAA Accreditation scheme higher standards (1-5 stars) and fees. Many APRAA members pride themselves on achieving environmental best-practice in regard to their business premises, image and processes, including the treatment of waste pollutants and materials.
- The re-use/recycling of automotive parts is a very sound international environmental practice, saving energy and money.
- The auto parts recycling/dismantling industry plays a vital role in the processing of End-of-Life Vehicles (ELVs) such as: depolluting the vehicles of waste fluids and gases; salvaging the reusable parts; passing on the vehicle shells to metal recyclers for compacting and shredding for further materials recycling.
- The Federal Government's Department of Environment and Heritage (DEH) has been in discussion with APRAA and our industry sector for several years. A major report was produced by the DEH with the full support of APRAA, in 2001, titled "Environmental Impacts of End-of-Life Vehicles: An Information Paper". The Executive Summary of this paper is enclosed, while the full report can be viewed/downloaded via their website www.deh.gov.au. While Australia doesn't have the same urgent problems as Europe and Japan (which have introduced ELV laws), there is still a great need to promote effective automotive recycling and a national ELV system. Over 500,000 ELVs are retired from our roads each year, the bulk of which are handled by our sector. APRAA has recently produced 'Waste Oil' brochures working with the DEH for our industry, under their Waste Oil grants program.
- APRAA supports and works with various environmental bodies such as Planet Ark, Greenfleet and the Government's Greenhouse Challenge program, along with national and state authorities including state Environmental Protection Authorities. APRAA is an ongoing supporter of key initiatives such as World Environment Day and National Recycling Week, and has worked with Holden and Greenfleet to produce "Auto Parts Recycling - A Guide to the Future".
- APRAA has been a long-term supporter of activities to reduce auto theft in Australia and is an active stakeholder supporting the strategies of the National Motor Vehicle Theft Reduction Council (NMVTRC), which is funded jointly by the insurance sector and the state governments.

The NMVTRC is currently funding the 1st year implementation of a 'National Code of Practice for Dealing In Second-Hand Parts' (refer the NMVTRC website www.carsafe.com.au) .

- APRAA has been issuing monthly Media Releases to help educate authorities, the trade and the general community on the benefits of using quality recycled parts. Details are available on our website www.apraa.com , under Media Releases).

Summary:

In closing, APRAA wishes to emphasise the following key points:

- the legitimate auto parts recycling industry plays an important role in the smash repair and motor vehicle insurance repair process
- negative impacts on the smash repair industry have a flow-on effect to our industry
- our member-expressed concerns re those insurance sector practices which are generally viewed as limiting customer freedom of choice and hurting small business suppliers.

Please contact the APRAA National Office if you have any queries. APRAA looks forward to being kept informed of the Inquiry progress and outcomes.

Yours sincerely,



Alan Marshall
Executive Officer

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27 August 2004

The Honourable Joe Hockey, MP, Minister for Small Business and Tourism, House of Representatives, Parliament House, Canberra ACT 2600.

Dear Mr. Hockey,

The Importance of Recycled Parts in the Automotive Industry

I am writing to you on behalf of the Auto Parts Recyclers Association of Australia (APRAA) National Board, our State Committees and our members throughout Australia. APRAA is the peak, national association for the auto parts recycling/dismantling industry. You may recall several APRAA representatives met with you in Sydney last month, along with other automotive industry officials including the Australian Automotive Repairers' association and state Motor Trade Associations, to discuss various issues related to a better deal for small business.

I refer to the recent print media items (e.g. The Sunday Age item 22/8/04) reporting on statements made by you regarding the Federal Government's decision to hold an independent inquiry into the smash repair industry and related insurance practices; in particular supporting a Code of Practice for the smash repair industry.

Our Association applauds the Government's stance on protecting small business and its support for the Motor Trade Associations' proposal for a Code for the Smash Repair Industry.

However APRAA officials and our many members were dismayed to read your reported comments on the use of second-hand parts (recycled parts is a better term). I hope that these comments were an inadvertent remark, not intended to denigrate recycled parts. I have contacted your office this week and I am advised this is the case. Mr. Hockey, it is imperative that your office fully understands the important role that quality recycled parts and quality auto recyclers play in the automotive industry and the broader community. Our industry comprises thousands of recyclers all small/family businesses, employing many thousands of employees, who look to your office and the Government for representation, support and understanding.

The following comments and material are provided to assist you:

- quality, cleaned, tested, genuine recycled parts, with supplier guarantees, play a constant and vital role in the commercial smash repair process and with motor vehicle insurance claims, where appropriate
- the automotive and insurance industries are well aware of the benefits of using quality recycled genuine parts, including: the significant reduction in costs compared to new parts; where new parts cannot be sourced; plus the environmental benefits
- quality recycled parts (e.g. panel, electronic, mechanical, interior etc) are also an important viable, affordable, low-cost alternative to trade and public customers
- APRAA members are required to meet minimum quality standards, plus many of them have progressed their businesses with a commitment to quality parts and service, including voluntarily adopting the APRAA Accreditation scheme higher standards (1-5 stars) and fees. Many APRAA members pride themselves on achieving environmental best-practice in regard to their business premises, image and processes, including the treatment of waste pollutants and materials.

- The re-use/recycling of automotive parts is a very sound international environmental practice, saving energy and money.
- The auto parts recycling/dismantling industry plays a vital role in the processing of End-of-Life Vehicles (ELVs) such as: depolluting the vehicles of waste fluids and gases; salvaging the re-usable parts; passing on the vehicle shells to metal recyclers for compacting and shredding for further materials recycling.
- The Federal Government's Department of Environment and Heritage (DEH) has been in discussion with APRAA and our industry sector for several years. A major report was produced by the DEH with the full support of APRAA, in 2001, titled "Environmental Impacts of End-of-Life Vehicles: An Information Paper". The Executive Summary of this paper is enclosed, while the full report can be viewed/downloaded via their website www.deh.gov.au . While Australia doesn't have the same urgent problems as Europe and Japan (which have introduced ELV laws), there is still a great need to reduce waste going to landfill, to promote effective automotive recycling and a national ELV system. Over 500,000 ELVs are retired from our roads each year, the bulk of which are handled by our sector. APRAA has recently produced 'Waste Oil' brochures working with the DEH for our industry, under their Waste Oil grants program. See the samples attached.
- APRAA supports and works with various environmental bodies such as Planet Ark, Greenfleet and the Government's Greenhouse Challenge program, along with national and state authorities including state Environmental Protection Authorities. APRAA is an ongoing supporter of key initiatives such as World Environment Day and National Recycling Week, and has worked with Holden and Greenfleet to produce "Auto Parts Recycling - A Guide to the Future".
- APRAA has been a long-term supporter of activities to reduce auto theft in Australia and is an active stakeholder supporting the strategies of the National Motor Vehicle Theft Reduction Council (NMVTRC), which is funded jointly by the insurance sector and the state governments. The NMVTRC is currently funding the 1st year implementation of a 'National Code of Practice for Dealing In Second-Hand Parts' (refer the NMVTRC website www.carsafe.com.au) .
- APRAA has been issuing monthly Media Releases to help educate authorities, the trade and the general community on the benefits of using quality recycled parts. Please find attached some recent examples. I've also attached other APRAA explanatory material (much of this is also available on our website www.apraa.com).

Mr. Hockey, I hope you can genuinely acknowledge, support and promote the important role recycled auto parts play in the automotive industry and the general community. APRAA welcomes the opportunity to a) contribute to the Smash Repair Industry independent inquiry and

b) work with you and your office to support your activities to achieve a better deal for small business and the auto parts recycling industry.

I look forward to your response.

Alan Marshall
Executive Officer

cc The Hon. Ian Campbell, MP, Federal Minister for the Environment and Heritage, The
Hon. Peter Costello, MP, Federal Treasurer,
David Purchase, VACC (CEO),
Ian Home, MTA SA (CEO),
Jon Dee/Planet Ark,

James McCall, MTA NSW (CEO),
Peter Fitzpatrick, MTA WA (CEO),
APRAA National Board, State Committees.

Tony Selmes, MTAQ (CEO),
Michael Delaney, MTAA (CEO),



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MEDIA RELEASE

6
October
2004

National Recycling Week: 8-14 November

"Reduce, Reuse & Recycle!"

Auto parts recyclers support environmental awareness.

The Auto Parts Recyclers Association of Australia Inc (APRAA) supports the importance of improving recycling activities in the Australian community, and one way is by actively promoting National Recycling Week. "APRAA is pleased to be able to once again support and promote National Recycling Week, organised by Planet Ark, being held 8-14 November," stated Alan Marshall, APRAA's Executive Officer.

"Around 900,000 vehicles are sold annually, while more than 500,000 End-of-Life Vehicles (ELVs) are retired from Australian roads each year, so there is tremendous scope for Australians to minimise the environmental impact of motor vehicles, parts and ELVs," noted Alan. "APRAA has various ongoing programs to promote increased awareness and support for automotive recycling and recycled parts use," said Alan. These include:

1. Recycling of Old Vehicles

APRAA supports the Planet Ark recycling website www.recyclincinearvou.com.au which is designed for the whole community to use to increase the recycling of waste products and materials. "In relation to old cars, anyone who goes to this site can select to recycle an unwanted vehicle. On selecting 'Car Recycling' and entering your postcode, the nearest quality APRAA member's contact details will come up to assist you to dispose of that unwanted old car."

2. Waste Oil Recycling

"Funded by a grant from the Australian Government to improve the management of waste oil within our industry sector," said Alan, "APRAA developed and printed best practice guides to waste oil management and recycling, which were distributed to all auto parts recyclers, Australia-wide." Alan added "APRAA welcomed the opportunity to work with the Australian Government to further improve our industry's environmental practices. The majority of auto parts recyclers are environmentally responsible," said Alan, "However, the APRAA Waste Oil booklets provide a valuable resource to help auto parts recycling businesses to re-evaluate their environment practices and safeguards."

3. Benefits of Recycled Parts

Environmentally friendly, recycled (second-hand) parts can be purchased from quality operators, with savings as high as 50% on new prices," said Alan. "Courteous, experienced service with reliable warranty terms can be assured, when dealing with APRAA members".

"To make sourcing a cost-effective, quality part easy, APRAA offers the trade and general public access to a free 'On-Line Parts Locating Service' on our website www.apraa.com," highlighted Alan, "So now you can 'shop-around' at your own leisure. And keep in mind many of our members are a 'One-Stop Shop' offering new and non-genuine parts also".

For more information, contact APRAA or refer to the APRAA website www.apraa.com.

Alan Marshall, APRAA Executive Officer.
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Mob: 0418 822 939

ABOUT APRAA:

APRAA is the peak, national association for the auto parts recycling/dismantling industry (refer www.apraa.com). APRAA is an affiliate chapter of the Automotive Recyclers Association (ARA) based in the USA (www.autorecvc.org).

APRAA was the dream of a small but visionary group of auto recyclers who wanted to make a difference, to progress the auto industry from 'wreckers' to 'recyclers'. This key group set the foundations to harness an active and passionate industry, to achieve a recognised and respected national representation for auto parts recyclers/dismantlers throughout Australia. APRAA is currently working with the National Motor Vehicle Theft Reduction Council to progress a Code of Practice for auto recyclers.

More than 500,000 vehicles are retired from Australian roads each year. Recent reports by both the National Motor Vehicle Theft Reduction Council and the Commonwealth Department of Environment and Heritage found that there are significant levels of pollution and criminal activity resulting from non-existent or inadequate controls on the illegitimate operators in the industry.

Overseas research has shown End-of-Life-Vehicle (ELV) contaminants that enter the environment include fluids such as oil, petrol, brake fluids, coolant etc as well as toxic heavy metals such as lead, hexavalent chromium, mercury, along with PCBs. While the metal fraction of ELVs is generally recovered by metal recyclers, at least 100,000 tonnes of waste from ELVs is generated annually, representing a substantial resource loss.

- For a copy of the Commonwealth Government's *Information Paper on the Environmental Impacts of End-of-Life Vehicles*, refer www.deh.gov.au.
- For a copy of the National Motor Vehicle Theft Reduction Council's Proposal for *a Code of Practice for Dealers in Second Hand Auto Parts*, refer www.carsafe.com.au under the Publications section.
- To dispose of an unwanted ELV, access your nearest APRAA member via the *Planet Ark website* www.recyclingnearyou.com.au
- For details on the *APRAA Accreditation Program and Directory*, or for a copy of the *APRAA Waste Oil Management brochures* - refer the APRAA Website www.apraa.com .

For more information on APRAA, refer APRAA's website www.apraa.com, contact Alan Marshall at the APRAA National Office. Why not take a look at APRAA's On-Line Recycled Parts "free" Locating System at the same time.

On-Line Parts Locating "free service" - refer www.apraa.com

Auto Parts Recyclers Association of Australia Inc. (APRAA).

Level 3, 464 St. Kilda Road, Melbourne VIC 3004. Phone: 61 3 9866 6933, Fax: 61 3 9866 5322.

Established 1982. 'Quality Auto Parts Recycling Drives Our Future!'