

24 February 2017

Mr Mark Bernhard  
Chairman and Managing Director  
GM Holden Ltd  
GPO Box 1714  
Melbourne 3001

Dear Mr Bernhard

### **Holden Retail Parts Price List**

The Insurance Council of Australia (ICA) is the representative body for the general insurance industry in Australia.<sup>1</sup> ICA members provide a range of general insurance products including motor vehicle insurance.

The ICA and our member companies are concerned about the impact of Holden's decision to no longer publish a retail price parts list for Holden-branded parts. We request that Holden recommence publication of this list.

Retail price parts lists play a vital role in ensuring price transparency in the parts industry for all market participants.

Of particular concern are the potential for reduced competition in the automotive parts market, increased red tape and the time it will take for repairers to obtain accurate costings. This may ultimately lead to higher repair costs for Holden vehicles and upward pressure on insurance premiums.

As outlined in the ICA's recent submission to the ACCC's new car retailing market study, the cost of replacement parts on average comprises 45-50% of the total cost of repairing a vehicle. Therefore the parts market has an extremely significant impact on the cost of repairs and, in relation to insurance, the cost of insurance premiums for consumers.

In the absence of a retail price list, the automotive industry no longer has a transparent reference point for what is a fair and reasonable price for Holden replacement parts – a concern for smaller-scale independent repairers and other parts suppliers who may be impeded by this action. Without the price list, the ability of repairers and consumers to quickly assess the reasonableness of the price of a particular part is significantly diminished.

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<sup>1</sup> Our members represent more than 90 percent of total premium income written by private sector general insurers. 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).

Given these implications, we urge Holden to recommence publication of their retail parts price list as soon as possible to ensure full price transparency and competition in the parts market, and to minimise red tape for repairers.

The ICA will also raise this issue with the ACCC as part of its ongoing new car retailing market study.

The ICA would be happy to discuss this issue with you further. Please contact Sarah Phillips, Acting General Manager, Consumer Relations and Market Development on (02) 9253 5100 if you have any queries.

Yours sincerely



Robert Whelan  
Executive Director and CEO

