



14 April 2021

Committee Secretary
Transport and Resources Committee
Parliament House
George St
Brisbane QLD 4000

By email: trc@parliament.qld.gov.au

Dear Committee Secretary

Inquiry into Vehicle Safety, Standards and Technology, including Engine Immobiliser Technology

The Insurance Council of Australia (ICA) welcomes the opportunity to provide a submission to the Transport and Resources Committee's Inquiry into Vehicle Safety Standards and Technology.

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.

The standard of motor vehicle repair work and vehicle safety in Australia

Vehicle repair work in Australia is generally of a very high standard. The high quality of repair work is evidenced by the findings of successive government inquiries. The most significant of these being the Productivity Commission Inquiry in 2005, which found there was no evidence of systematic issues with safety and quality of repairs undertaken. More recently the 2018 WA Parliamentary (Economics and Standing Committee) Smash Repair Inquiry found no issues regarding repair quality or safety. It is the experience of the ICA and our members that this is the case nationally, including in Queensland, and we are not aware of any substantive evidence that would indicate otherwise.

Therefore, from a vehicle repair perspective, the ICA does not hold any concerns with the current level of vehicle safety in Queensland, nor do we believe, in relation to light vehicles, there a case for any significant changes to the present regulatory framework for vehicle repairs in Queensland.

Management of written-off vehicles in Queensland

The ICA notes the recent announcement of the Queensland Transport Minister that Queensland will be introducing new written-off vehicle rules in 2022.¹ These changes include

¹ Media Statement of Minister for Transport and Main Roads, 19 March 2021 located at [qld.gov.au/statements](https://www.qld.gov.au/statements)



the introduction of a written-off heavy vehicle register in Queensland. The Minister also announced there would be new laws in Queensland banning the re-registration of light vehicles determined to be uneconomical to repair.

This took motor insurers and the ICA by surprise, as there has been little to no consultation by the Queensland Government or the Department of Transport and Main Roads with the insurance industry prior to this announcement.

Prior to proceeding with any changes to the written-off vehicle arrangements in Queensland there should be government consultation with key stakeholders, including insurers. Similarly, the outcomes of this inquiry should also be considered prior to the progression of the proposed changes.

The ICA does not support applying the NSW written-off vehicle register model in Queensland

The announcement that Queensland will be implementing a ban on registration of all light vehicles determined to be uneconomical to repair (as occurs in NSW) is not supported by motor vehicle insurers or the ICA.

The proposed change will also be a further step away from achieving national consistency in how written-off light vehicles are managed across jurisdictions, as it would take Queensland out of line with all other states and territories except NSW.

Based on insurers' experience, this proposed change will not provide any meaningful benefit to vehicle safety in Queensland, nor does the ICA believe is it an efficient or optimal way to address vehicle re-birthing. Conversely, the proposed change will lead to more vehicles which are perfectly capable of being safely repaired, being unnecessary scrapped.

The light vehicle written-off vehicle register (WOVR) landscape

In all states and territories other than NSW, when an insurer determines that a light vehicle is an economic 'total loss' (uneconomical for the insurer to repair) a nationally adopted damage criteria 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 re-registered subject to the vehicle passing specific safety and identification inspections, 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.

An insurer will determine a vehicle to be an economic 'total loss' and uneconomical to repair where the higher of the vehicle's market or agreed value, less its salvage value is less than the estimated cost of repairing the vehicle. It should be stressed that a decision by an insurer to determine a vehicle to be an economic 'total loss' is not an assessment that the vehicle is not repairable or unsafe to repair, it is simply that the insurer has decided not to effect a repair.



The process above was also the process applied in NSW up until 2011.

In 2010 the NSW Government decided it would no longer allow repairable written-off vehicles to be sold for repair. In January 2011 it passed laws 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.

The main objective behind this decision of the NSW Government to render all vehicles statutory write-offs was to reduce vehicle theft, re-birthing of stolen vehicles.²

At the time no analysis was reported on the broader effects of this decision to ban repairable write-offs nor was a regulatory impact statement ever published.³ These effects include unnecessary scrapping of repairable vehicles, greater landfill and a significant reduction in vehicle salvage prices in NSW, the cost of which is ultimately borne by motor insurers and their customers.

Notably, Australia's expert body on vehicle crime, the National Motor Vehicle Theft Reduction Council (NMVTRC), has advised it does not support the NSW written-off vehicle model being adopted by other states and territories on the grounds that it imposes an unreasonable impost on insurance costs.

The NMVTRC's analysis is that while vehicle crime rates in NSW are below 2010 levels, a range of other factors, such as the reform of criminal offences for related crime, better police responses and better regulation of the scrap metal and parts market, have made a significant contribution to this vehicle theft reduction rate. The NMVTRC's most recent theft data for the 12 months to 31 December 2020 indicates that NSW still has the second highest volume of vehicles stolen but not recovered in Australia (only Victoria has more).⁴

No evidence of poor repairs of written-off vehicles

Similarly, the ICA is not aware of any substantive evidence showing that these changes introduced in NSW in 2011 have improved vehicle safety in NSW above that of other states and territories.

In 2011, a new, more stringent national light vehicle damage assessment criteria for the classification of statutory written-off light vehicles was developed and introduced. The new revised criteria is designed to consistently and appropriately identify those written-off light vehicles that should not be repaired on safety grounds and are only suitable for dismantling

² *Damaged Vehicle Criteria for Statutory Written-off Vehicles*, Regulatory Impact Statement, National Motor Vehicle Theft Reduction Council, August 2011, p .9 located at carsafe.com.au

³ *ibid.*

⁴ National Motor Vehicle Theft Reduction Council comprehensive auto-theft research system issue 77, March 2021 at [Theft Watch Data](#)



for parts or scrap metal (ie. a statutory write-off).⁵ This revised criteria replaced the previous 'volume and area' based criteria that was too simple and inadequate when applied to modern light vehicles.⁶

The revised criteria was developed by forensic engineering experts in consultation with an expert reference group comprising transport agencies, police, insurers and motor traders.⁷ The fundamental premise which underpins the revised criteria is that the classification decision requires greater application of engineering principles to ensure that vehicles which should not be repaired on safety grounds are appropriately identified and classified.⁸

Further, a 2018 NMVTRC commissioned expert audit inspection of over 400 'total loss' but repairable written-off vehicles (repairable write-offs) found that the revised criteria to assess whether a vehicle is capable of being safely repaired (ie. to determine if a vehicle is a repairable 'write-off') is being applied appropriately. The NMVTRC has advised that all vehicles inspected in the audit were found to be correctly classified and capable of being safely repaired by a competent repairer.

Notwithstanding the lack of evidence of poor repairs or there being a safety risk associated with allowing repairable written-off vehicles to be repaired, the ICA submits that if the Queensland government wishes to address any perceived risks associated with the repair and re-registration of these vehicles this should continue to be managed through the registration, certification and post-repair inspection process, not through a blanket ban on re-registration of these vehicles.

In relation to measures for improving road safety for motorists and the community more broadly, the focus should be on measures that tackle the established, fundamental road safety risks and causes of road trauma which are excessive speed, driver distraction, fatigue and drink and drug driving.⁹

Engine Immobilisers

We note the review terms of reference and the Committee briefing of 22 March 2021 make reference to the use of remote engine immobilisers in the context of addressing vehicle crime and road safety in Queensland.

⁵ *Damage Assessment for the Classification of Statutory Write-offs*, July 2011. at carsafe.com.au

⁶ *New Damage Assessment Criteria for Classification of Statutory Write-offs*; National Motor Vehicle Theft Reduction Council, May 2015, p. 2 at carsafe.com.au

⁷ *Damage Assessment Criteria for the Classification of Light Vehicle Statutory Write-Off – Frequently Asked Questions*, National Motor Vehicle Theft Reduction Council, October 2020, p. 1 at carsafe.com.au

⁸ *ibid.*

⁹ *The most common causes of car accidents in Australia*, 17 March, 2017 at [causes of car accidents](https://causesofcaraccidents.com.au); Car Accident Statistics 2020 at [car accident statistics](https://caraccidentstatistics.com.au)



The use and access to remote engine immobiliser technology by police to help them manage vehicle related crime and public safety is ultimately a law enforcement and policy area for the Queensland Government to consider.

However, regarding mandating immobiliser technology into existing vehicles, the ICA would not support the cost and responsibility for implementing any legislative changes or compliance requirements being assigned to insurers.

Management of written-off vehicles – the use of the Application Programming Interfaces (APIs)

In relation to technology that can be used to manage the administration of written-off vehicles in Queensland, the ICA believes there may be opportunities to better utilise Application Programming Interfaces (APIs).

More specifically, there may be opportunities for making APIs open to direct communication by insurers into the Department of Transport and Main Roads' portal. This could help streamline the current WOVF updating process and allow for more accurate data and information to be shared.

Thank you again for the opportunity to provide a submission to this inquiry. We trust the information we have provided is of assistance. The ICA would be pleased to discuss this submission and the matters raised in it with the Transport and Resources Committee.

Please contact Tom Lunn, Senior Policy Manager on [REDACTED] or by email [REDACTED] if you have any questions or would like further information.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Andrew Hall".

Andrew Hall
Executive Director and CEO