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Takata Taskforce
Consumer Product Safety Branch
Australian Competition and Consumer Commission
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Australian Automotive Dealer Association Ltd (AADA) response to the proposed compulsory recall of motor vehicles containing certain Takata airbag inflators and those inflators used as spare parts.

Introduction

This submission has been prepared by the Australian Automotive Dealer Association Ltd (AADA) in response to the Australian Competition and Consumer Commission's proposed recall notice of motor vehicles containing certain Takata airbag inflators and those inflators used as spare parts.

AADA is the peak advocacy industry body representing franchised new motor vehicle dealers in Australia. There are over 1,500 new motor vehicle dealers in Australia that operate about 2,600 new vehicle outlets.

Australia's new car franchised dealers play a critical role in conducting vehicle recalls and work closely with manufacturers to ensure defects are remedied as soon as possible.

Dealers are at the coalface of all vehicle recalls and are responsible for dealing with affected owners and carrying out the rectification work. The service and repair departments within new car franchise dealerships are more than capable of successfully carrying out the recall of vehicles fitted with Takata airbags, which the reflected in the high rectification achieved by a number of brands.

However, all recalls are dependent on the availability of replacement parts and the willingness of affected vehicle owners to respond to recall notices.

In this instance, the ACCC needs to be cognisant of the global scale of the Takata airbag recall and the associated challenges such as logistical difficulties in securing supply of replacement airbags; the quantum of vehicle owners needing to respond to recall notices; and scheduling difficulties and dilemmas for dealership workshops.

The AADA is supportive in principle of the draft mandatory recall notices' intent to prioritise higher risk categories of airbag. Our affected members will endeavour to work closely with their respective OEMs to conduct this recall in a timely manner.

Actions in the Draft Recall Notice

Most of the actions in the draft notice are not the direct responsibility of automotive dealers and the AADA has limited its comments to those actions which are likely to have repercussions for our members.

The draft recall notice states that:

“There have also been delays encountered by consumers in booking in their vehicles for replacement of airbags, including the higher risk alpha airbag inflators.

The AADA accepts that delays have been encountered by consumers seeking to book their cars in for rectification. The magnitude of this recall led to an abundance of consumer enquiries and supply constraints in the original phase of the recall, however, we believe the supply situation has improved markedly in recent times.

However, it should be noted that the recall continues to grow and the draft notice raises the prospect of a further 877,000 vehicles being added to the recall. This clearly has the potential to affect supply. As such, the ACCC and the Department of Infrastructure and Regional Development should continue to review the growth in the number of affected vehicles and consider the implications of additional vehicles to the future supply situation.

The draft notice has specified the below timetable for rectification based on the safety risk of the particular airbags:

- *Alpha airbags: within one business day of a consumer contacting the supplier or within one business day of such other date as requested by the consumer;*
- *For non-alpha bags that are more than five years old: as soon as practicable and within one month of the supplier being contacted by the consumer;*
- *Other inflators: within 6 years of manufacture – however, this must be completed by 31 December 2020.*

Affected dealers will work with OEMs to meet any requirements placed on them by a mandatory recall, but the AADA will defer to the OEMs on the ability to meet such timelines given their responsibility for communication with consumers and supply of replacement parts.

The draft notice has stated that consumers will be entitled to a refund:

where replacement does not occur within a specified period of time and alternative transportation acceptable to an affected consumer is not provided.

While the “specified period of time” is made clear by the information above, the phrase “alternative transportation acceptable to an affected consumer” is vague and is open to interpretation. This term needs to be well defined or it could result in opportunistic consumers abusing the intent of the proposed action.

The draft notice also requires action for suppliers to prepare:

A salvage plan for the location and disposal of Takata airbag inflators which have been salvaged from vehicles.

AADA members will work with OEMs to prepare such a salvage plan.

Thank you for the opportunity to respond to the draft recall notice. We would be pleased to expand further on any of the issues raised.