



Insurance Council of Australia Limited ABN 50 005 617 318 Level 3 56 Pitt Street Sydney NSW 2000 Australia
Telephone: 61 2 9253 5100 or 1300 728 228 Facsimile: 61 2 9253 5111

30 April 2003

The Secretary
Senate Economics Legislation Committee
Room SG:64
Parliament House
CANBERRA ACT 2600

Bay Fax: 02 6277 5719

Dear Dr Dermody

Inquiry into the Designs Bill 2002 and the Designs (Consequential Amendments) Bill 2002

The Insurance Council of Australia (ICA) has recently learned of the Committee's deliberations regarding the Designs Bill 2002 and the Designs (Consequential Amendments) Bill 2002.

The Insurance Council of Australia (ICA) is the representative body of the general insurance industry in Australia. ICA members account for over 90 per cent of total premium income written by private sector general insurers.

ICA members, both insurance and reinsurance companies, are a significant part of the financial services system. Recently published statistics from the Australian Prudential Regulation Authority (APRA) show that the private sector insurance industry generates direct premium revenue of \$17.8 billion per annum and has assets of \$63.5 billion. The industry employs about 25,000 people.

ICA members issue some 37.7 million insurance policies annually and deal with 4 million claims each year. Many of our members underwrite motor vehicle insurance.

Of particular interest to the ICA is the exclusion of spare parts from protection under the new designs system. The ICA supports the view contained in the legislation and recognises the complexity of this issue and the extensive consultations that have taken place.

Effective competition in the spare parts market is in the best interests of customers, especially motorists. For example, a competitive market for automotive spare parts.

ICA believes the "right of repair" exemption is a fair and reasonable outcome, making permissible the design registration of component parts of a complex product but that the use of design registered parts for repair purposes will provide a suitable defence against allegations of infringement of registered design rights.

In supporting the legislation the ICA is aware of the views expressed by the Australian Consumers Association (ACA) and the Australian Consumer and Competition Commission (ACCC). Each gives support to the treatment of spare parts and the "right of repair" exemption contained in the legislation.

ICA supports the view of the ACCC "that the 'right of repair' option contained in the *Designs Bill 2002* is the most appropriate way to balance the need to provide incentives for innovation against the interests of consumers in greater competition in the spare parts market".

ICA also supports the inclusion of a formal review of the operation of the 'right of repair' exemption, to be conducted before the end of 2005. This should be seen by all interested parties as a sensible and fair means to monitor the operation of the exemption.

If there are any queries arising from this submission please do not hesitate to contact the ICA on 02 9253 5100.

Yours faithfully



Robert Drummond
General Manager