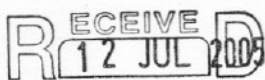


7 July 2005



Mr Alan Marshall
Executive Officer
APRAA Inc
Level 3-464 St Kilda Road
Melbourne Vic 3004



PO Box 4255
Doncaster Heights
Victoria 3109
Telephone (03) 9840 1002
Facsimile (03) 9348 9988
info@partscode.com.au
www.partscode.com.au

Dear Alan

Re: \$300m reference to stolen parts concern by APRAA

I refer to your correspondence dated the 29th of June in regards to the concern by the APRAA Board regarding the promotion of the \$300 Mill in stolen parts.

The \$300 Mill figure was determined in collaboration with the National Motor Vehicle Theft Reduction Council. It is a qualified estimate based on quantitative data gathered through research over a period of time. This includes:

- (1) The average insurance value of a non-recovered vehicle theft is \$15,000 up to last year the number of never recovered stolen motor vehicles averages around 25,000 per annum. The quantum minimum value of these vehicles is in the order of \$375 Million per annum, this does not include the number of vehicles recovered but have been surgically stripped. The NMVTRC places a conservative estimate of this activity to be about \$125 Million.
- (2) The NMVTRC has taken into consideration the maximum volume of whole vehicle re birthing as being 5,000 to 7,000 vehicles and the number of vehicles that are either dumped in bushland or waterways to be in the vicinity of 5,000 vehicles a total value combined of \$180 Million and this is subtracted from the pool.
- (3) The balance between \$320 and \$350 Million the NMVTRC attributes to theft for parts, where vehicles parts are stolen from vehicles, but the vehicles are not deemed to be stolen motor vehicles. The NMVTRC considers this to be a growing trend.

Alan, I am aware of the members who have raised this concern, and it is my understanding this had been addressed on numerous occasions. I am surprised it is now an APRAA Board issue.

For those members who challenge the quoted figure, if there are more current or accurate references of information which can be sourced we would be more than happy to use those revised figures. However, any figure must be based on facts or data, not hearsay or gut-feeling.

It is extremely disappointing that there is a perception that the National Parts Code promotion of the Code of Practice endangers the good reputation of APRAA members. It is in my view that the Code of Practice is in existence because of the common belief stolen motor vehicle parts are being distributed throughout the Industry. Promoting the Code of Practice is about promoting those businesses who are "good guys" to the consumer, by the nature of the Code of Practice itself we have to make reference to stolen motor vehicle parts and the difference between Code participants and the rest.

I firmly believe there is a particular perception of the industry held by the public, which in most cases unjustified. Both organisations have to work together to change this perception and a solid Code of Practice supported by the Industry is one of the main national vehicles for achieving that result. I acknowledge the support of APRAA in achieving this outcome, but I note there are a few established APRAA members who have not joined the Code of Practice. It would be very helpful if they were to provide their support now – this Code of Practice will not work unless they show leadership by joining and not waiting to see what evolves.

It is critical that there is a close relationship between APRAA and the NPC. To maintain constructive feedback and open communication, the NPC encourages the voice of APRAA to be presented via your APRAA Board representative. This allows the Board to follow good governance and guide the NPC effectively.

I hope this letter addresses your Board's concerns so we can progress to the more important issue- making sure this Code of Practice removes the bad element and promotes the professional auto parts recyclers.

Regards



Nick Koerbin
Director Code of Practice
National Parts Code Inc