Suncorp Announces Joint Venture with International Automotive Parts Company LKQ

The Suncorp Group has formed a joint venture with international automotive parts company LKQ to establish an Australian parts supply and recycling business, it was announced recently.

LKQ is a North American-based global leader in the provision of high-quality green, aftermarket and reconditioned automotive parts. LKQ Corporation is the largest American provider of alternative collision replacement parts and a leading provider of recycled engines and transmission and remanufactured engines, all in connection with the repair of automobiles and other vehicles. LKQ also has operations in the United Kingdom, the Benelux, France, Canada, Mexico and Central America, operates more than 500 facilities, and offers its customers a range of replacement systems, components and parts to repair automobiles and light, medium and heavy-duty trucks.

The new joint-venture business will supply cost-effective, high-quality parts to the collision/mechanical repair industries and consumer market. Where necessary, aftermarket parts sold by the business will be independently certified to demonstrate 'fit, form and function' equivalence to OEM parts. The business plans to supply parts to the smash repair industry by 2014, and then progressively expand the programme into the wider market.

Parts-supply issues account for regular delays to returning cars to the road and parts make up approximately half the cost of Suncorp's repairs, with the company spending approximately AUD$450 million on replacement parts each year.

As part of Suncorp's commitment to customer service and quality, the joint venture will seek to reduce long and expensive time delays for consumers by offering a more efficient alternative parts service to the repair industry, said Suncorp executive general manager Sean Dempsey.

Independent research conducted by forensic engineering company Delta-V Experts found the total cost of parts in Australia for a AUD$21,000 medium-sized hatch can be AUD$114,081 – or 543 per cent of the car's purchase price.

Dempsey said the business would take time to build and any expansion will be reliant on creating genuine value for repairers.

"The objective is to offer repairers an easier and more cost-effective alternative in terms of ordering, delivery and billing," said Dempsey.

"The business will only be a success if it provides a superior service for both repairers and customers – there is no intention of requiring aligned repairers to purchase parts from the business," he added.

The business will build on the outcomes of a successful national green parts trial, which saw Suncorp act as a recycled parts broker and increase the efficient use of quality alternative parts.

"In Australia, around 600,000 vehicles reach the end of their life each year; we see a great opportunity to respond to recent regulatory changes in the market and reduce waste for the community by increasing the use of green parts in Australia," Dempsey explained.

Stephen Bell, Suncorp senior corporate affairs advisor, when asked to clarify whether the intention of not requiring aligned repairers to purchase parts from the business would change, added: "I don't think this will change at all – the key thing here is that the business will need to provide real value to smash repairers for it to be a success. It's also important to remember that this is just a joint-venture partnership announcement, and the business will take time to build. We've tried to be open and proactive in raising these issues ... as no doubt they will be key questions for the repair industry."

There is no confirmed name as of yet for the new company, BodyShop News understands.