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Dear Mr Probyn

Takata Airbags - Proposed Recall Notice: Submission of Ford Motor Company of Australia Limited

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Takata Airbags - Proposed Recall Notice: Submission of Ford Motor Company of Australia Limited

1. We refer to the correspondence received by Ford Motor Company of Australia Limited (**Ford Australia**) from Neville Matthew, General Manager, Consumer Product Safety Branch, regarding the Proposed Recall Notice for Motor Vehicles with Specified Takata Airbag Inflators and Specified Salvaged Takata Airbag Inflators issued on 21 September by the Minister for Small Business, the Honourable Michael McCormack MP. Ford Australia makes these submissions in response to that Proposed Recall Notice.

A. Summary

2. The Proposed Recall Notice issued by the Minister covers all Takata manufactured airbags that use either Phase Stabilised Ammonium Nitrate (**PSAN**) without desiccant (including an Alpha inflator) or PSAN with calcium sulphate desiccant. Ford Australia understands that the Minister is considering issuing a compulsory recall notice in relation to those goods on the bases that it appears to the Minister that:

2.1. the goods will, or their reasonably foreseeable use (or misuse) will, or may cause injury to any person; and

2.2. one or more suppliers of such goods have not taken satisfactory action to prevent those goods causing injury to any person.

3. The statutory product safety and recall scheme balances competing considerations, including the protection of consumers of goods from risk of injury, the nature and extent of the risk of injury, the reputational and financial damage that may be suffered by suppliers and the utility of the product to the community. The regime provides opportunities for the supplier to take voluntary action to address any risk, including by voluntarily recalling the goods, or to present a case as to why a proposed compulsory recall should not be issued, having regard to the breadth of factors that may influence the Minister's decision.¹

4. For the reasons set out in this submission, Ford Australia considers that it is not appropriate for the Minister to exercise his discretion to issue a compulsory recall of the goods that are supplied by Ford Australia and that fall within the scope of the Proposed Recall Notice.

A.1 The available data does not establish that the goods supplied by Ford Australia will or may cause injury

5. Ford Australia has not previously commenced a voluntary recall of the goods supplied by Ford Australia that are within the scope of the Proposed Recall Notice because Ford Australia considers that the available technical data does not indicate that those goods will, or their reasonably foreseeable use (or misuse) will, or may, cause injury to any person.

6. The inflators fitted to Ford vehicles in Australia are Takata SDI-160 and SDI-230 inflators. SDI-160 and SDI-230 model inflators have been used in nearly 110,000 Ford vehicles in Australia since 2004. Ford Australia is not aware of any reported ruptures or consumer injuries or deaths arising from these models of Takata inflator either in Australia, or in Ford Motor Company's global markets.

7. [REDACTED]

¹ See *Pro Teeth Whitening (Aust) Pty Ltd v Parliamentary Secretary to the Treasurer, David Bradbury MP* [2013] FCA 1376.



8. Existing expert reports relied upon by the United States of America National Highway Traffic Safety Administration (*NHTSA*) and referred to by the ACCC in the Proposed Recall Notice do not directly consider the SDI-160 and SDI-230 inflators, Australian climatic conditions or Ford Australia vehicle design. Ford Australia submits that those reports do not establish a timeframe in which any degradation of the inflators used in Ford Australia vehicles might occur.
9. For these reasons, Ford Australia currently considers that the available technical data does not indicate that the inflators used in Ford Australia vehicles will, or their reasonably foreseeable use (or misuse) will, or may, cause injury to any person.

A.2 The Proposed Recall Notice presents significant challenges for Ford Australia

10. The Proposed Recall Notice presents significant challenges for Ford Australia and Ford Australia considers that the timetable set out in Schedule 1 to the Proposed Recall Notice is not necessary or appropriate having regard to the available technical data. Ford Australia is not in a position to comply with the Proposed Recall Notice in the form currently drafted. In particular, the key challenge for Ford Australia is parts availability.
11. Ford Australia considers that, having regard to the available technical data for the inflators used in Ford Australia vehicles, which does not indicate that those present a safety risk to consumers at this time, it would not be reasonable or appropriate to replace those inflators with Takata inflators that are themselves subject to a product safety recall. The inflators should only be replaced with appropriate and validated replacement goods that are not subject to any product safety recall. Ford Australia is currently working with third party suppliers but will not have sufficient appropriate replacement parts to comply with the timelines set in the Proposed Recall Notice. In particular, Ford Australia will not be able to comply with the requirement to replace Takata Inflators using PSAN with no desiccant where five years have passed since manufacture within one month of being contacted by the consumer.
12. Cost is not a driving factor behind Ford Australia's decision whether or not to conduct a product safety recall. However, as outlined further in this submission, the Proposed Recall Notice as currently drafted would have significant cost implications for Ford Australia, particularly due to the requirement of providing loan vehicles.

A.3 Ford Australia will propose a voluntary recall plan which it considers is satisfactory action to prevent the good causing injury to any person

13. Given there has not been a single reported rupture globally in the SDI-160 or SDI-230 inflators fitted to the vehicles supplied by Ford Australia, Ford Australia submits that no recall of the goods is necessary. Despite Ford Australia forming the view that no voluntary recall of the goods supplied by Ford Australia that fall within the scope of the Proposed Recall Notice is required based on the evidence available at this time, Ford Australia understands the Minister's and the ACCC's concerns in relation to the goods and is prepared to undertake a voluntary product safety recall of the goods. The implementation of that voluntary product safety recall is complex and relies on, in particular, the availability of appropriate replacement parts (which are sourced by Ford Australia from third party suppliers) and appropriately qualified personnel to undertake the part replacement work. Ford Australia considers that its proposed voluntary recall plan is an appropriate timetable for the voluntary recall of affected vehicles supplied by Ford Australia and constitutes satisfactory action within the meaning of section 122(1)(c) of the Australian Consumer Law such that no compulsory recall should be issued in respect of Ford Australia's vehicles.
14. Ford Australia will write separately to the ACCC shortly outlining its proposed voluntary recall plan. Ford Australia looks forward to the opportunity to discuss this proposed voluntary recall plan with the ACCC and to working with the ACCC on the recall.



B. Takata airbag inflators used in Ford Australia vehicles (the Affected Goods)

- 15. Ford Australia has not supplied in Australia any vehicles that use a Takata Alpha inflator or any vehicles that use a Takata PSAN inflator with calcium sulphate desiccant. The only goods that have been supplied in Australia by Ford Australia and that are the subject of the Proposed Recall Notice are Ford Australia vehicles that use a Takata manufactured PSAN inflators without desiccant. Those inflators all use a tablet design and do not use a batwing PSAN configuration.
- 16. There are a number of models of Takata PSAN inflators without desiccant. Each model has a different design. The only models used in Ford Australia vehicles are the Takata manufactured SDI-160 and SDI-230 PSAN inflators without desiccant (the *Affected Goods*).
- 17. Ford Australia used the Affected Goods in the vehicles and model years set out below. [REDACTED]

Table 1: Ford Australia vehicles using Affected Goods including approximate sales volumes

Vehicle and Description				
Vehicles	MY	Approx. Vol.	Assembly Plant	Build Date Range
CD345 Mondeo	2007 – 2009	9,890	Genk	13-JUL-2007 – 31-JUL-2009
CD391 Mondeo	2015 – 2017	6,785	Valencia	06-OCT-2014 – 29-MAR-2017
J97T Courier	2004 – 2006	4,506	Silverton	05-JUL-2004 – 21-SEP-2006
J97T Courier	2004 – 2006	17,289	Rayong	02-FEB-2004 – 04-SEP-2006
J97U Ranger	2006 – 2011	69,635	Rayong	08-SEP-2006 – 01-AUG-2011
J46 Econovan	2004 – 2005	1,300	Hiroshima	02-FEB-2004 – 31-OCT-2005

- 18. Ford Australia no longer manufactures or supplies vehicles that include the Affected Goods:
 - 18.1. Ford Australia no longer manufactures or supplies the J97 Ranger / Courier or J46 Econovan vehicles.
 - 18.2. From July 2009, the airbag in the CD345 Mondeo was replaced with a TRW airbag which does not use an ammonium nitrate inflator.
 - 18.3. From March 2017, the airbag inflator in the CD391 Mondeo was replaced with an Autoliv inflator which does not use an ammonium nitrate inflator.

C. Safety data relating to Takata PSA non-desiccated inflators

- 19. For the reasons set out in this section, Ford Australia considers that it is inappropriate for all Takata PSA non-desiccated airbag inflators to be treated identically, having regard to the



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variances in design of those models and having regard to the available technical data, which indicates that different models of Takata inflators have different risk profiles.

C.1 Available safety data in relation to the Affected Goods

20. Ford Australia has not received any reports of consumer injury or death involving SDI-160 or SDI-230 airbags in its vehicles. Further, Ford Australia is not aware of any injuries or fatalities caused by the SDI-160 or SDI-230 Takata inflators in any of Ford Motor Company's global markets.

21. [Redacted]

On the basis of this data, Ford Australia submits that the requirements of section 122(1)(b) of the ACL are not satisfied.

22. Takata also manufactures a similar design inflator to the SDI-160 and SDI-230 inflators, the SDI-185. [Redacted]

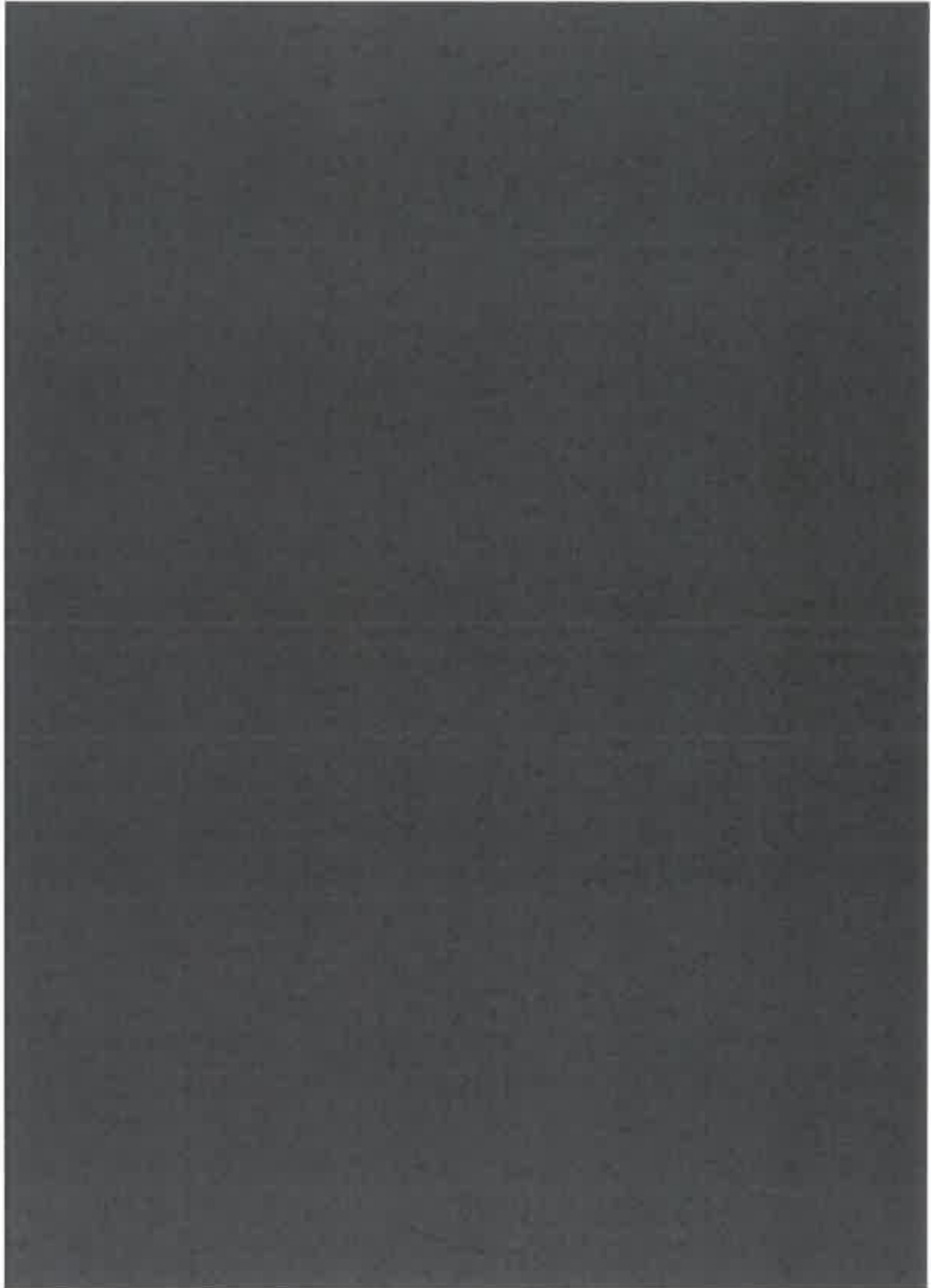
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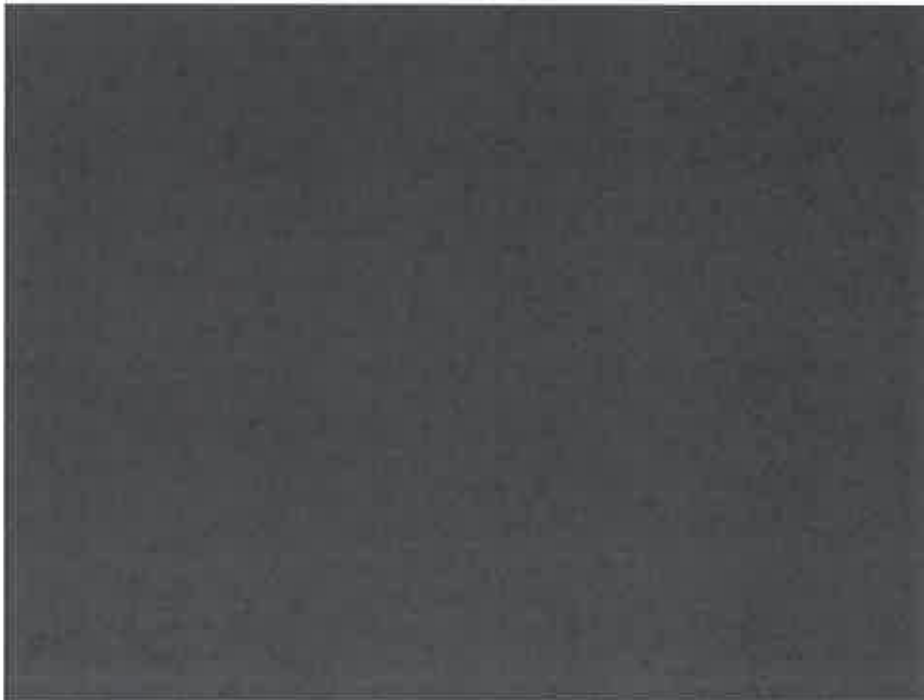


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27. [REDACTED] Inflators used in the Ford CD345 and CD391 Mondeo vehicles sold in Australia were manufactured at the Takata Freiberg assembly plant. [REDACTED]





C.2 Data referred to in the Proposed Recall Notice

28. In its Proposed Recall Notice, the ACCC refers to three reports relied upon by NHTSA in relation to the United States recall of certain Takata airbags: (i) Exponent report dated July 2016 on behalf of American Honda Motor Company; (ii) Orbital ATK report dated September 2016 on behalf of the Independent Testing Coalition (including Ford Motor Company); and (iii) report of Dr Harold Blomquist dated May 2016 on behalf of NHTSA, which considered the results of the Exponent and Orbital ATK investigations and Takata's own investigations. Those reports do not directly consider the Affected Goods.
29. The Orbital ATK and Exponent reports address root cause analyses for observed ruptures of specific designs of Takata airbag inflators. As noted above, Ford Australia is not aware of any reports of ruptured SDI-160 or SDI-230 inflators and Takata has provided feedback that it has not been notified of any cases of rupture with those models. Neither the Orbital ATK report nor the Exponent report specifically addresses the Affected Goods.
30. The Exponent, Orbital ATK and Blomquist reports found, in summary, that 'non-desiccated Takata frontal driver and passenger inflators contain a propellant that degrades over time' under certain conditions (Dr Blomquist report at p4). The Orbital ATK report does not address the time period over which propellant degradation may occur. As recently as 4 October 2017, Ford Motor Company in the United States has confirmed that Orbital ATK is continuing to work on a model which will predict the degradation rate in different climatic and geographical conditions and this model (when finalised) could be used to predict whether any particular inflator is likely to become a risk to safety during the service life of the vehicle. Ford Australia will consider the results of that further Orbital ATK study once available, including whether that study provides any further data points relevant to the risk profile of the Affected Goods.
31. The Exponent report was a root cause analysis of observed ruptures of Takata airbag inflators, but also included a model of propellant degradation in passenger side inflators at particular geographic sites in the United States. Those model results were stated by Exponent to be location specific. They took into account, for example, temperature data (including local weather and solar conditions) from over 600 weather stations across different regions in the United States. Exponent's modelling indicated that the length of time until the inflators investigated in that analysis presented a risk of rupture ranged from six to 25 years. Those findings were stated to be conservative estimates for the geographic locations analysed assuming continuous exposure of the vehicle to outdoor environmental conditions, and took into account field ruptures and ruptures in laboratory testing of returned inflators of the models considered. Dr Blomquist concurred with Exponent's analysis of the length of time for propellant degradation sufficient to create a risk of inflator rupture. Dr Blomquist noted the significant geographical and vehicle platform biases identified in the testing of Takata inflators. The Exponent report did not consider Australian conditions, the particular models of inflator used in Ford Australia vehicles or the design of Ford Australia vehicles. Ford Australia does not consider that the modelling in this report could be applied to quantify accurately the rate of propellant degradation of driver's side SDI inflators fitted to vehicles supplied by Ford Australia in Australia.

C.3 Ford Australia's risk assessment in relation to the Affected Goods

32. Based on the available data summarised above, Ford Australia submits that it is not appropriate for the Proposed Recall Notice (including the proposed recall timing set out in Schedule 1 to that Notice) to treat all Takata inflators, other than the Alpha population, as the same. As noted above,



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there are a wide range of Takata PSAN non-desiccated inflators and the design and known risk profile differs between models.

33. As Ford Australia has previously advised the ACCC, and as confirmed by the existing analysis, the rate of degradation of inflators varies widely and is influenced by:

- 33.1. climatic conditions (such as humidity, temperature and temperature cycles);
- 33.2. inflator model / configuration;
- 33.3. inflator manufacturing factors; and
- 33.4. vehicle make and model.

34. The inflators fitted to Ford vehicles in Australia are SDI-160 and SDI-230 inflators. [REDACTED]

[REDACTED] In summary:

- 34.1. Ford Australia is not aware of any reported ruptures or consumer injuries or deaths arising from the Affected Goods, either in Australia, or in Ford Motor Company's global markets. The Affected Goods have been used in nearly 110,000 Ford vehicles in Australia since 2004.
 - 34.2. [REDACTED]
 - 34.3. Existing expert reports relied upon by NHTSA and referred to by the ACCC in the Proposed Recall Notice do not directly consider the SDI-160 and SDI-230 inflators, Australian climatic conditions or Ford Australia vehicle design. Ford Australia submits that those reports do not establish a timeframe in which any degradation of the inflators in the Affected Goods might occur.
35. For these reasons, Ford Australia considers that the available technical data does not indicate that the Affected Goods will, or their reasonably foreseeable use (or misuse) will, or may, cause injury to any person at this time.
36. Ford Australia will continue to monitor the available data relevant to the risk profile of the Affected Goods, including the further analysis being undertaken by Orbital ATK.

D. Submissions in relation to ACCC's specific questions

37. In its email to suppliers dated 21 September 2017 in relation to the Proposed Recall Notice, the ACCC invited suppliers of goods the subject of the Proposed Recall Notice to provide submissions addressing, in particular:
- 37.1. the estimated costs of compliance with the Notice;
 - 37.2. any difficulty in complying with the timetable for the recall and replacement set out in Schedule 1 of the Notice;
 - 37.3. any barriers to implementation of the recall proposed in the Notice in rural or remote areas;

² Based on total production volumes of SDI-160 and SDI-230 inflators supplied by Takata.



- 37.4. any practical or logistical barriers to implementing the recall proposed in the Notice;
- 37.5. what incentives would best encourage or assist with recovery of recalled goods in salvaged and second-hand supply markets;
- 37.6. any effect(s) of the Notice on the supply of new and used vehicles; and
- 37.7. any special issues for the supplier's particular type or category of supply.

Ford Australia's submissions in relation to these particular matters are set out below.

D.1 Estimated costs of compliance with the Proposed Recall Notice

38. Cost is not a driving factor behind Ford Australia's decision whether or not to undertake a product safety recall. Decisions are made based on Ford Australia's assessment of the product safety risk. However, in light of the ACCC's request for information in relation to the cost of implementing the recall, Ford Australia has undertaken some preliminary analysis of the potential cost of compliance with the Proposed Recall Notice.
39. The costs associated with the Proposed Recall Notice may be broken down into three key elements:
- 39.1. costs of carrying out the repair work;
 - 39.2. costs of providing loan vehicles to consumers if the recall work is not performed within 30 days of request and the recall is required to be launched immediately in accordance with section 5(2)(b) of the Proposed Recall Notice; and
 - 39.3. costs of refunding the purchase price of the Consumer Goods in accordance with section 5(2)(b) of the Proposed Recall Notice.³
40. There would also be very substantial costs associated with undertaking the communication, monitoring, record-keeping, reporting and auditing activities set out in the Proposed Recall Notice. However, Ford Australia has not yet quantified those costs.

Costs of carrying out the recall work

41. Attachment 1 is a spreadsheet with two tabs. The first tab contains the calculations of the cost of carrying out the recall work itself. The total parts and labour cost is estimated to be AUD [REDACTED]. The relevant details are found in the first tab of Attachment 1.

Costs of provision of loan vehicles

42. The second tab of Attachment 1 sets out Ford Australia's calculation of possible loan vehicle costs in the event that a compulsory recall was required to be commenced on 1 November 2017 for all vehicles manufactured more than five years ago and a loan vehicle was required to be provided to consumers if the recall repair work is not performed within 30 days of request by the consumer. The loan vehicle cost is assumed to be AUD [REDACTED] per day based on Ford Australia's experience of average loan vehicle expenses. This amount is also used globally by Ford Motor Company to estimate loan vehicle expenses for safety recalls. The amount of time a loan vehicle is required to be provided is based on when parts are currently anticipated to be available for each model line. There are then differing calculations based on what percentage of the consumers who may be entitled to a loan vehicle actually take up that offer.

³ There is no legislative basis for mandating a refund or loan vehicle under section 123 of the ACL. Section 123 of the ACL allows the Supplier to undertake either repair, replacement or refund depending on which the Supplier thinks is appropriate.



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43. It is not possible to make a robust calculation of likely loan vehicle expenses as it is difficult to assess the rate at which consumers will present for repair work following notification of a recall and, therefore, when the 30 day period for the repair work to be performed will start to run. It is also difficult to assess what percentage of consumers who become entitled to a loan vehicle will actually take up that offer. At one extreme, if 100% of consumers were to immediately request repair so that the 30 day replacement period started running and then 100% of those consumers were to request a loan vehicle at the expiry of that 30 day period, based on when parts are currently anticipated to be available, loan vehicle expenses could be in the order of AUD [REDACTED]. Ford Australia does not suggest that this is a realistic scenario; however, a take-up rate of 30-50% could well be realistic and this would result in Ford Australia incurring loan vehicle expenses of between AUD [REDACTED] and AUD [REDACTED], if the compulsory recall was to be issued in its current form.

Cost of refunding the purchase price of vehicles

44. It is not possible to calculate the cost of refunding the purchase price of vehicles as the RedBook values of the affected vehicles are not known.

D.2 Timetable for recall and replacement of the goods

45. Ford Australia considers that the biggest barrier to the logistical implementation of a recall of the vehicles fitted with Affected Goods is the availability of appropriate replacement parts. Ford Australia considers that, having regard to the available technical data for the inflators used in Ford Australia vehicles, which does not indicate that those present a safety risk to consumers at this time, it would not be reasonable or appropriate to replace those inflators with Takata inflators that are themselves subject to a product safety recall. The Affected Goods should only be replaced with appropriate and validated replacement goods that are not subject to any product safety recall.
46. Based on information currently available to Ford Australia in relation to likely parts availability, Ford Australia could not comply with the proposed timetable set out in Schedule 1 to the Proposed Recall Notice. In particular, Ford Australia would not be able to launch a recall immediately for all vehicles manufactured more than five years ago and carry out the replacement part work within 30 days of consumer request.
47. Ford Australia has identified sources of supply of appropriate replacement parts for all affected Ford vehicles that were manufactured more than five years ago (Ranger / Courier and Econovan vehicles and Mondeo CD345 vehicles). Validation testing has been completed on the replacement parts; however, Ford Australia is waiting on information from certain suppliers as to when parts can be supplied.
48. The particular logistical difficulties in sourcing parts for each affected Ford Australia vehicle are summarised below. The information below represents the best information available to Ford Australia at this time. Ford Australia is dependent on information being provided by suppliers of the respective parts required and in some instances, the suppliers have not been able to supply that information at the time of making this submission.
49. Since these vehicles from the manufacturing plants identified in Table 1 above have not been previously recalled by Ford Australia in any market, this information may be subject to change as the plans progress and unexpected obstacles or opportunities arise.

CD345 Mondeo

50. The population and build range for affected CD345 Mondeo vehicles is:

- 50.1. Population: 9,890
- 50.2. Build Range: 13 July 2007 – 31 July 2009



Proposed Field Solution:

51. The current proposed field service action for these vehicles is replacing the entire Takata airbag module with a new TRW airbag module with a non-PSAN inflator. Also, it will be necessary to replace the steering wheel as the TRW airbag module is not compatible with the current steering wheel fitted to the CD345 Mondeo vehicles supplied by Ford Australia.

Potential Field Solution Availability Risks and Limitations:

52. As this vehicle is out of production, supplier capacity is currently utilised to support service spare parts only.

53. This production capacity is also being utilised to supply parts to the German Government agency KBA (Kraftfahrt-Bundesamt) to support the ongoing study of Takata inflators from the field at a rate of 100 parts per year. It is not presently known when additional capacity can be made available to supply parts for a recall of the CD345 Mondeo vehicles in Australia. [REDACTED]

54. Ford Australia is also investigating the use of an airbag module developed for the China built CD340 S-Max and CD345 Mondeo vehicles. This module utilises an Autoliv inflator. The parts for the China built vehicles would require additional design input and validation testing to confirm their suitability for the European built CD345 Mondeo vehicles supplied in Australia.

CD391 Mondeo

55. The population and build range for affected CD391 Mondeo vehicles is:

- 55.1. Population: 6,785
- 55.2. Build Range: 06 Oct 2014 – 29 Mar 2017

Proposed Field Solution:

56. A replacement airbag module with a new part utilising an Autoliv inflator has been designed and validated for use on this vehicle line. These vehicles are all less than five years old and, therefore, Ford Australia does not anticipate any difficulty complying with the timing in Schedule 1 of the Proposed Recall Notice for this vehicle model.

J97T Courier

57. The population and build range for affected J97T Courier vehicles is:

- 57.1. Population: 21,795
- 57.2. Build Range: 2 February 2004 – 21 September 2006

Proposed Field Solution:

58. The current proposed field solution is to replace the airbag module with a new module containing an Autoliv inflator. The replacement airbag module would be a Takata airbag module but with a non-PSAN inflator manufactured by Autoliv.

59. [REDACTED] Ford Australia is waiting on confirmation of the exact stock levels currently held by Takata. [REDACTED]



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Proposed Field Solution Availability Risks and Limitations:

60. This part is not currently in production and current stock levels are limited. These vehicles are all greater than five years old. [REDACTED]

[REDACTED] Further, the inflators that would be used are the Autoliv inflators, the supply of which is set out in table 6 below.

61. Ford Australia is also investigating adapting the Autoliv inflator base for fitment to the existing Takata airbag module by enlarging a number of mounting holes. The field solution would then be to replace the inflator only (rather than the entire module) using the same Autoliv inflator as would be used for the J97U Ranger (see below). The alternative of adapting the Autoliv inflator for the existing Takata airbag module is not currently a validated solution. The viability of this proposal is still under investigation by Ford Australia with supplier technical teams (including analysis of part drawings, technical and manufacturing impacts of the change). [REDACTED]

[REDACTED] If the investigation reveals that this is a viable solution (there is a question around the viability of the proposal to enlarge the mounting holes), validation of the part itself (i.e. the Autoliv inflator) will be required. Ford Australia currently anticipates this part validation would take six weeks to complete. As per all field service solutions described (except CD345 and CD391 Mondeo), supply of inflators comes from the single Autoliv inflator allocation, shown in table 6 below. [REDACTED]

J97U Ranger and J46 Econovan

62. The population and build range for affected J97T Courier vehicles is:

62.1. Population: 69,635 (J97U Ranger), 1,300 (J46 Econovan)

62.2. Build Range: 8 September 2006 – 1 August 2011 (J97U Ranger), 2 February 2004 – 31 October 2005 (J46 Econovan)

Proposed Field Solution:

63. The current proposed field solutions for these vehicles are:

63.1. J97U Ranger - Replace driver and passenger airbag inflator with Autoliv inflator.

63.2. J46 Econovan - Replace driver airbag inflator with Autoliv inflator.

Proposed Field Solution Availability Risks and Limitations:

64. As per all field service solutions described (except CD345 and CD391 Mondeo), supply of inflators comes from the single Autoliv inflator allocation, shown in table 6 below.

65. There is no alternative field solution available for these vehicles which can produce an earlier launch readiness than the field solution described above as the repair involves replacing the inflators only which is already the speediest repair solution achievable. The main constraint is the availability of those inflators.

Autoliv inflator parts availability

66. As stated above, all of the field service solutions described above (except CD345 and CD391 Mondeo) require an Autoliv inflator. [REDACTED]



67. Part production is currently utilised by another car company. This is preventing the supplier from bringing forward production for Ford Australia.

68. Significant effort has gone into the parts availability plan above. Originally, no production was scheduled by Autoliv for Ford Australia vehicles in November 2017.

it is also not known whether the plan is capable of being changed in order to provide additional parts to Ford Australia for the recall of its vehicles.

69. As can be seen from the above, Ford Australia has 109,405 vehicles affected by the Proposed Recall Notice and all vehicles except CD391 Mondeo are older than five years. This means that 102,620 affected Ford Australia vehicles were manufactured more than five years ago. If Ford Australia was compelled to launch a recall immediately for those 102,620 vehicles, it could only repair approximately of those vehicles within a month of presentation by a customer due to the supply constraint on the Autoliv inflators required for 92,000 of those 102,620 vehicles.

70. Given there has not been a single reported rupture globally in the SDI-160 or SDI-230 inflators fitted to the vehicles supplied by Ford Australia, it submits that no recall of the goods is necessary and, in any case, the timetable set out in Schedule 1 to the Proposed Recall Notice is not necessary or appropriate. However, Ford Australia is prepared to undertake a voluntary recall, having regard to the concern expressed by the Minister and the ACCC. Ford Australia will write separately to the ACCC about its proposed voluntary recall plan, which Ford Australia considers is an appropriate timetable for the voluntary recall of vehicles supplied by Ford Australia and constitutes satisfactory action within the meaning of section 122(1)(c) of the Australian Consumer Law such that no compulsory recall should be issued in respect of Ford Australia's vehicles.

D.3 Implementation of the recall for consumers and goods in rural and remote areas

71. In the ordinary course of product safety recalls, Ford Australia considers on a case-by-case basis how best to approach replacement of recalled goods for consumers in remote or rural locations. Ford Australia has a significant network of authorised dealers with a broad geographic spread of dealers able to carry out the required work and Ford Australia does not presently consider special arrangements are required for the work for remote and rural customers. Ford Australia has not needed to adopt special arrangements for previous product safety recalls due to the broad geographic spread of its dealer network. However, Ford Australia is prepared to do so as needed on a case-by-case basis for any recall of the Affected Goods.

D.4 Practical and logistical barriers to implementing the recall

72. See section D.2, above. In addition, even if validated replacement parts were immediately available, Ford Australia considers that, depending on the rate of consumer uptake of the recall, there may not be sufficient appropriately qualified personnel to undertake the part replacement work within the timeline proposed in Schedule 1 to the Proposed Recall Notice.

D.5 Salvaged goods and second-hand supply markets

73. As noted above, Ford Australia no longer manufactures or supplies vehicles that include the Affected Goods. Accordingly, Ford Australia does not expect that the implementation of a recall of the Affected Goods would have any impact on the supply of new vehicles by Ford Australia.



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74. Ford Australia does not have traceability of the total number of Ford vehicles containing Affected Goods that are currently held in the second-hand supply market. However, Ford Australia considers that, given that the vast majority of affected Ford vehicles were manufactured before 2011, there is not likely to be any significant impact on the second-hand supply market arising from the recall.
75. Ford Australia does not authorise the salvage and resale on the second-hand market of airbags used in its vehicles. Ford Australia considers that, as a critical safety component that is susceptible to damage depending on the condition of the vehicle and how it has been stored, airbags should not be salvaged and resold on the second-hand market. Accordingly, Ford Australia considers that it is not appropriate to provide financial incentives for salvagers to return those goods. Further, many of the vehicles in salvage yards may have been involved in an accident during which the airbag may have deployed. This is an additional reason why airbags should not be salvaged and resold on the second-hand market. Ford Australia submits that a stop sale or appropriate ban under the Australian Consumer Law should be issued for salvaged airbags and that they should be safely destroyed.

Yours sincerely

A handwritten signature in blue ink that reads "Michael Sullivan".

Michael Sullivan
Acting General Counsel and Company Secretary
Ford Motor Company of Australia Limited