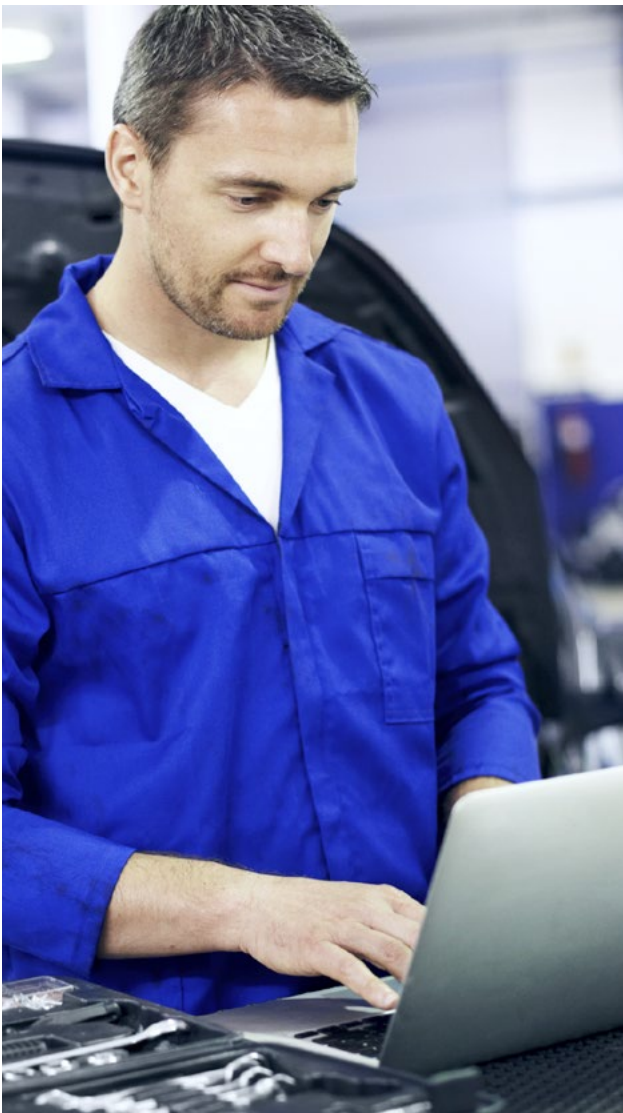




AUSTRALIAN COMPETITION
& CONSUMER COMMISSION

New Car Retailing Industry market study: independent repairers' factsheet

December 2017



The ACCC has looked into competition and consumer issues in the new car retailing industry.

We considered a number of issues which affect independent repairers in the repair and servicing of new cars. **We're recommending that a mandatory scheme be introduced to give independent repairers access to the technical information they need to repair and service new cars.**

What we found

Independent repairers are experiencing issues gaining access to technical information needed to repair and service new cars

Access to technical information held by car manufacturers is becoming increasingly important as repairing and servicing new cars relies on access to electronic information and data produced by car manufacturers.

Car manufacturers have previously committed to providing independent repairers with the same access to technical information as the manufacturers' authorised dealers, on commercially fair and reasonable terms. However, we discovered problems with the detail and timeliness of the technical information given. These problems can impact on competition in the repair and service market, which ultimately hurts consumers.

As well, of those car manufacturers that do share technical information, some restrict independent repairers' access to environmental, safety or security-related technical information due to perceived risks of increased car thefts or unauthorised modifications. In other countries, appropriate safeguards have been developed to securely share these types of information with vetted independent repairers.

It's not clear to independent repairers' why access to certain parts is restricted

We found that car manufacturers and dealers sometimes restrict access to certain parts for legitimate reasons that may benefit consumers. This includes parts that can compromise car security and encourage theft.

However, the lack of transparency and consistency across manufacturers about what are security-related parts means that access restrictions can be arbitrary, increasing uncertainty and costs for independent repairers. This can reduce competition for repair or servicing work and raise prices.

Consumers are not receiving adequate information about their rights

We found that some consumers are confused about warranty and servicing requirements. If information provided to consumers is not clear, this can result in consumers choosing not to use independent repairers to repair and service new cars. They might worry that they risk voiding either their consumer guarantee rights under the Australian Consumer Law (ACL) or their rights under the manufacturers' warranty.

Manufacturer warranties in Australia for new cars, in most if not all cases, do not require that a new car must be serviced by authorised dealers during the warranty period to maintain the warranty. Generally therefore, consumers may choose who carries out repairs and service on their cars under the manufacturer's warranty, subject to the work being performed in accordance with the manufacturer's standards.

We found a number of statements in logbooks and in service manuals prepared by car manufacturers that contribute to consumers' confusion about using their choice of repairer, and which are likely to mislead consumers about their statutory rights.

Recommendations and ACCC actions

In our final report, we recommend:

- a new mandatory scheme be introduced setting out the rules for car manufacturers to share technical information with independent repairers. This should:
 - cover all car manufacturers who sell their cars in Australia
 - include real time access for independent repairers to the same technical information car manufacturers make available to dealers
 - provide a process for independent repairers to access environmental, safety and security-related technical information, including the vetting of those seeking to access such information and tracing its use
 - be available on commercially fair and reasonable terms

- car manufacturers should develop publicly available policies which clearly outline any parts subject to restricted access on security-related grounds, and that the industry should consider agreeing on a standard definition of 'security-related' parts to provide certainty to parts customers.

We're also going to:

- work with car manufacturers and dealers to develop a concise and simple explanation of consumer guarantee rights under the ACL, and their interaction with warranties, which should be provided to consumers when they buy a new car
- update the *Motor vehicle sales and repairs—an industry guide to the Australian Consumer Law*, to ensure this publication provides additional guidance to consumers about consumer guarantees under the ACL. Guidance may also be designed for use by business, including dealers, regarding their rights and obligations under the ACL.

Enforcement

We'll continue to enforce the law including to target claims or conduct that may mislead or deceive consumers about their consumer guarantee rights.

More information

For more information on the study and to read the final report, visit www.accc.gov.au/newcars.