

24 February 2017

Mr David Salisbury  
General Manager  
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Australian Competition and Consumer Commission  
GPO Box 520  
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By email: [newcars@accc.gov.au](mailto:newcars@accc.gov.au)

Dear Mr Salisbury

### **ACCC New Car Retailing Market Study**

Thank you for your letter of 7 February 2017 requesting further information as part of the ACCC's market study.

#### **Impact of barriers to accessing repair information and parts**

We note the ACCC is seeking information on the impact of barriers to accessing repair information and vehicle parts.

We understand some of our member companies will also be providing additional feedback to the ACCC on this topic.

As a general comment, barriers that restrict access to repair information and parts have broader impacts on the level of competition in the automotive repair industry.

The car insurance industry and consumers rely on a having a diverse, independent smash repair sector in order for vehicles to be repaired in a timely and safe manner and at an affordable price. Therefore, it is essential that all repairers have easy and affordable access to the technical and diagnostic repair information they need to repair vehicles safely and to the required standard. Repair information must not be restricted to repairers operating within authorised manufacturer and dealer networks.

#### **Access to repair information in other jurisdictions**

We note your request for information regarding access to repair information in other jurisdictions.

In Europe, EU law requires that vehicle manufacturers provide easy, restriction-free and standardised access to vehicle repair and maintenance information. This requirement sits outside and is in addition to vehicle manufacturers' obligations under the general EU competition law framework.

This additional industry-specific regulatory obligation is in recognition of the fact that, as is the case in Australia, independent repairers constitute the major competitive force in the European motor repair and maintenance markets. Subsequently, it is EU policy that, in order

to truly achieve effective competition in the motor vehicle aftermarkets, all vehicle repairers must be able to obtain the necessary technical information they require to carry out repairs and maintenance of increasingly sophisticated vehicles<sup>1</sup>.

### **Transparency of parts pricing**

As well as access to vehicle repair information, price transparency in automotive parts is also essential for ensuring ongoing competition in the parts and smash repair sectors.

As outlined in the ICA's initial submission, given the cost of replacement parts on average comprises 45-55% of the total cost of repairing a vehicle, the level of competition in this sector has a significant impact on the cost of repairs for consumers.

To ensure competition in the parts market there must be a high level of price transparency whereby repairers and consumers are able to easily assess what is a fair and reasonable price to pay for particular parts.

The publication by manufacturers of retail parts price lists plays an important role in maintaining price transparency in the automotive parts aftermarket. These price lists provide a reference point from which smaller independent repairers can source parts at a reasonable price, thereby helping to maintain a level of competition in the parts market.

Unfortunately some manufacturers do not provide or have recently ceased providing a retail parts price list. This is a backward step for competition in the parts market with potential implications on the level of competition in the broader smash repair industry.

### **Conclusion**

We trust this feedback is of assistance.

If you have any questions please contact Tom Lunn, Senior Policy Advisor, Consumer Relations and Market Development Directorate via email [tlunn@insurancecouncil.com.au](mailto:tlunn@insurancecouncil.com.au) or phone (02) 9253 5122.

Yours sincerely



Robert Whelan  
Executive Director and CEO

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<sup>1</sup> Directorate General for Internal Policies, Policy Department A: Economic and Scientific Policy, Internal Market and Consumer Protection, European Parliament, *Access to repair and maintenance information*, European Parliament, August 2011, page 15.