



07 September 2017

Australian Competition & Consumer Commission
GPO Box 3131
Canberra ACT 2601

To the New Car Retailing Industry Team:

New Car Retailing Industry Market Study – Draft Report

Thank you for the opportunity to provide comment on the *New Car Retailing Industry Market Study – Draft Report*. The NRMA acknowledges the work of the Australian Competition & Consumer Commission (ACCC) and supports the premise that well-informed consumers and competitive new car retailing markets and supply chains will deliver considerable benefits to society.

With 2.6 million Members, the NRMA services or repairs approximately 125,000 vehicles per annum, employing more than 200 mechanics across 22 dedicated service centres.

The past decade has seen significant innovation in automotive technologies, and electronic control systems have been at the heart of this significant evolution. Electronic systems interact with the most fundamental elements of any modern vehicle, including the engine, powertrain, transmission, brakes, body and suspension. In turn, each interface between electronic systems and mechanical systems results in specific data points describing the status of a vehicle at any point in time.

These data points are particularly valuable in the service and repair after-market. In the past, mechanics have relied on a problem description and subsequently used their experience and expertise to perform diagnosis. Today, electronic systems provide real time diagnostic information explaining precisely what is going on in a vehicle at a given point in time.

While vehicle data has proven to be an extremely valuable tool, to be of any use, a service provider, technician or mechanic must have the ability to read and interpret the data generated.

The current exclusivity of vehicle communication channels and the proprietary nature of vehicle data potentially leads consumers to become captive to after-market services and repairs provided by Original Equipment Manufacturers (OEMs) and their affiliates.

The NRMA is advocating for the removal of any current or future restrictions on access to vehicle data in Australia. This policy is based on three guiding principles:

- *Consumer control and protection of data* – Consumers need to be fully informed about what data is being transmitted and for what purpose. Owners should retain ownership of the data their vehicle produces, and control over how it is used for as long as they own the vehicle.
- *Free choice* – Owners should have the right to choose their preferred service provider to meet their needs. Service providers should be able to be changed throughout the lifetime of the vehicle without any additional administrative burden.
- *Fair competition* – A variety of service providers should have the right to develop products and functionalities to ensure fair market competition. An owner's preferred provider should have access to vehicle data and be able to offer associated products and functionalities.

Accessing Technical Information

The NRMA gives in-principle support to *Draft Recommendation 4.1*

Access to electronic systems information is becoming increasingly important for the repair of vehicles due to the growth of electronic systems in new vehicles. One aim of unrestricted data access is to ensure competition in the service and repair industry by granting electronic systems access to all service providers and repairers, regardless of whether they are affiliated to OEMs, dealers, franchise operators or independent workshops. Unrestricted access to data would allow vehicle owners to decide where their vehicle is serviced or repaired.¹

The introduction of a mandatory scheme for manufacturers to share technical information with independent providers is necessary to ensure free choice and fair competition.

A mandatory scheme that affords independent service providers and repairers with access to the same technical information which OEMs make available to their affiliates will allow vehicle owners to decide where their vehicle is serviced or repaired. The NRMA submits that owners should not be bound to OEMs or their affiliates when it comes to the automotive after-market industry.

A robust market framework pertaining to vehicle data access and vehicle telematics may encourage innovation and attract providers to the Australian market. Current frameworks do not address competition or consumer equity and fairness issues.

While the NRMA gives in-principle support to the presented operational matters pertaining to a mandatory data access scheme, the following points are considered imperative:

- *Real time access* – The provision of digital files and codes to independent service providers and repairers must be presented in a clear and understandable fashion, and be able to be accessed without the need for specialised (non-generic) tools.
- *Coverage* – Obligations on sharing technical information should apply to all current and future vehicle providers with products or services for sale or hire in the Australian market.
- *Definitions* – Technical and security-related information should include, but not be limited to, training materials, technical bulletins, logbook service data, firmware and vehicle systems updates, wireless transmissions, keys and necessary security data.

Parts for Repair and Service

The NRMA gives in-principle support to *Draft Recommendation 5.1*

The automotive after-market commonly includes a variety of activities relating to retailing and installation of vehicle parts, chemicals, equipment, and accessories. Commonly understood, this industry includes four main service categories:²

Motor vehicle engine and parts repair and maintenance – Engaged in repairing motor vehicles and regular maintenance and servicing on vehicles.

Motor vehicle electrical services – Engaged in diagnosing, servicing and repairing electrical faults that occur in electrical and electronic vehicle systems.

Motor vehicle body, paint and interior repair – Engaged in repairing, panel beating or spray painting damaged motor vehicles.

Towing services – Engaged in roadside service repairs, and towing of light or heavy vehicles.

¹ Commonwealth Consumer Affairs Advisory Council (2011), *The sharing of repair information in the automotive industry: Issues Paper*

² IBISWorld (2014), *IBISWorld Industry Report S9412: Motor Vehicle Body, Paint and Interior Repair in Australia*

Of these categories, motor vehicle engine and parts repair and maintenance accounts for 62 per cent of the Australian motor vehicle repair industry.³

The NRMA supports all OEM-branded parts and accessories, including any associated or necessary specialised tooling and keys, being made available to independent service providers and repairers on commercially fair and reasonable terms.

The provision of these items is necessary to ensure free choice and fair competition.

Owners should have the right to access their preferred service provider or repairer without the need to involve a third party (the OEM or an affiliate) unless exceptional circumstances present.

Should OEMs or their affiliates wish to restrict access to certain parts on security-related grounds, authorisation from an independent authority should be required. Refusals or delays by OEMs or their affiliates to supply security-related parts for service or repair should be addressed through the ACCC.

Telematics – Data Availability and Use

The NRMA gives in-principle support to *Draft Recommendation 7.1*

- *The NRMA supports consumers' rights to access their data and control its availability and use to third parties.*
- *The NRMA supports the establishment of an industry-wide agreement for the sharing of vehicle telematics data.*
- *The NRMA supports consumer control and protection of data, free choice and fair competition.*

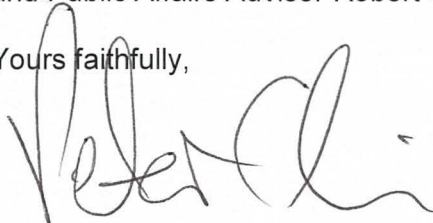
The NRMA supports the Productivity Commission's recommendations in its final report on Data Availability and Use for a comprehensive right for consumers to access digitally held data about themselves, including to direct data custodians to copy that data to a nominated third party which may address some of the concerns that were raised about the impacts of telematics technology on new car purchases.

There is evidence to suggest that proprietary data and data access issues could drive accessibility issues, resulting in challenges for independent service providers and repairers in the future. This may in turn have impacts on some consumers, compared with the situation where there is no restriction to data access.

Thank you again for the opportunity to provide comment on the *New Car Retailing Industry Market Study – Draft Report*.

Should any further information be required, please do not hesitate to contact NRMA Senior Policy and Public Affairs Advisor Robert Giltinan on [REDACTED] or Robert.Giltinan@mynrma.com.au.

Yours faithfully,



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³ Source: IBISWorld (2014) Reports: S9412, SG3911, S9411, OD5416 and S9419