



New Car Retailing Industry market study: independent repairers' guide to the draft report

August 2017



What we've been doing

Over the last year, we've been looking into competition and consumer issues in the new car retailing industry.

As part of the market study, we've been considering a number of issues which affect independent repairers in the aftermarkets for the repair and servicing of new cars.

On 10 August 2017, we released a draft report about our findings and recommendations. We'll take into account further submissions and comments from industry participants when preparing our final report, which we expect to release in late 2017.

This guide provides a summary of the key findings and recommendations of our draft report that are relevant to independent repairers.

What we've found

Our investigation, consultation and research has identified the following issues.

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've 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.

Independent repairers' access to certain parts is restricted

We've 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 vehicle security and encourage theft.

However, a further motive for restricting access may be to steer more repair and service work back to authorised dealers and preferred repairer networks. 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. For example, some consumers have the mistaken belief that the car manufacturer's warranty requires them to only use an authorised dealer.

This misconception appears to be partly because of inadequate or in some cases misleading information being provided to consumers when they're buying a new car. We've found a number of statements provided in logbooks and 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 draft report, we're recommending:

- a new mandatory scheme be introduced that sets out the rules for car manufacturers to share technical information with independent repairers. We suggest this should:
 - cover all car manufacturers operating 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 security-related technical information
- that 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 committed to:

- working with manufacturers and dealers to develop a concise and simple explanation of consumer guarantee rights under the Australian Consumer Law (ACL), and their interaction with warranties, which should be provided to consumers when they buy a new car
- updating 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 businesses, including dealers, regarding their rights and obligations under the ACL.

Enforcement

We're committed to monitoring and addressing refusals by car manufacturers to supply security-related parts for repair and service, including through enforcement action where appropriate.

We'll also target claims or conduct that may mislead or deceive consumers about their consumer guarantee rights, including statements that authorised dealers must carry out services and repairs, through enforcement and other actions, where appropriate.

More information

For more information on the study, including to read the draft report and to find out how to make a submission, you can visit www.accc.gov.au/newcars.