

J&F Motors Pty Ltd
160 Church St
Richmond, VIC, 3121

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Public Submission

Consumer & Small Business Strategies
Australian Competition & Consumer Commission

Dear Strategy Committee Members,

Thank you for the invitation to make this submission in reference to the ACCC market study into the new car retailing industry.

I currently manage J&F Motors in Richmond Victoria, a family owned and run independent vehicle repair workshop established for over 50 years. Having worked within the automotive repair industry for approximately 20 years in various roles both within dealerships (multiple franchises) and for the past 9 years at an independent level, I have had the experience of dealing with the day to day aspects of maintaining modern vehicles and the requirements associated with carrying out such procedures.

As vehicle technology has increased at such a vast rate, so too has the need to access specific data, parts, software, tooling and information essential to the safe and effective maintenance of all modern motor vehicles. Having experienced first hand the ability at a dealership level access to these items in comparison to the reducing ability to access these items from an independent level, the disparity is startling and as a result I am increasingly being forced into a position where I have to inform my customers that I cannot undertake a particular repair or service due to the inability of access to one or more of these items.

This purposeful blocking of access to required data, parts, software, tooling and information to perform routine repairs, reduces the ability of the independent workshops to compete on a level playing field and subsequently leads to less competition, fewer service providers, less consumer choice and in turn higher prices.

In reference to specific topics and questions addressed in the market study I would like to provide the following information in a question and answer format, as outlined below:

Q1) What are the types of repair/service information and car parts with barriers which cause the most issues/greatest harm for your business and your customers?

On a day to day basis we are confronted with a repair to a vehicle often requiring replacement or updating of electronic components such as Engine Control Modules, Transmission Control Modules, Steering Locks, even down to simple items such as heater control units. In nearly all cases vehicles produced within the last 10 years will require software programming as most of these components are supplied in a virgin state from the dealer (Manufacturer), devoid of all required software for the item to function. Despite the fact that our workshop has purchased all required diagnostic tools and J234 pass through devices which enable us to program the device, the

Manufacturer will not provide the software files required (in this region) to upload onto the purchased components to allow the component to function. In most cases this requires booking the vehicle in (often at the dealerships convenience), transporting the vehicle to a dealership following the fitting of the part in our workshop and payment of required costs to upload the required software prior to the vehicle being rendered drivable. This long winded process is detrimental to the consumer in terms of financial (added costs) and often the vehicle is off the road for longer than acceptable times due to the extended procedure required.

Access to electronic log books and manufacturers withholding service information on cloud based networks is also now becoming a daily problem that we face in our workshop. In the case of XXXX and certain XXXX vehicles all service history and future service requirements of a customers vehicle is held on a cloud based network. At this moment we as an independent repairer do not have access to this system, therefore we cannot ensure the service requirements of a customers vehicle nor can we update the system to ensure that all work performed by our workshop is noted against the vehicle for future reference or re-sale terms. This forms a problem as we as a business cannot compete on the same terms as a dealer based on the fact that there is no possibility of performing a complete service on these vehicles due to the restricted access to something as simple as a vehicle service record. The option of a paper based booklet for service history is not offered to owners upon purchase as an option therefore this reduces the ability of an owner to have any service provider outside of the dealer network to perform a simple service on a vehicle and comply with manufacturer requirements. This problem also has further far reaching impacts in regards to warranty compliance and reduction of vehicle re-sale value due to unrecorded service histories.

Manufacturer's reluctance to release TSB's (Technical Service Bulletins) and other non-recall based bulletins to the independent workshops is also causing problems on a day to day basis. Often manufacturers will release bulletins containing important information regarding known faults and problems (safety and/or technical) associated with their vehicles released to the market. These bulletins often refer to updated parts kits and repair procedures altered from when the vehicle was initially released to address these known problems. Carrying out repairs without knowledge or access to information regarding these common faults often results in multiple repairs and or replacement of parts without using updated available components. This again disadvantages the consumer and in some circumstances may pose a safety risk.

Q2) What are the barriers to accessing repair/service information and car parts?

Currently due to the lack of requirements in place, we are finding that manufacturers are limiting availability of data and information electronic methods specifically based on our region. This is often carried out through means of limiting access to information banks and websites based upon Australian IP addresses registered when accessing Manufacturer websites and also by requiring specific VIN numbers to be entered before access to information is granted. Vehicles with Australian VIN numbers have limited data and software availability in comparison to USA and EU VIN numbers which have full data access.

Manufacturers are also increasingly creating parts supply barriers by limiting the availability of certain components based on the loose term of security. Items internally housed in transmissions such as valve bodies and control units along with other electronic and simple mechanical items are now no longer available to the independent workshops from manufacturers such as XXXX based on the declaration that the component makes up part of the security system of the vehicle.

Restrictions by vehicle manufacturers in regards to International parts sourcing and supply chains is also becoming a major concern for independent businesses. Often parts sourced locally from a

manufacturer as an original equipment component are excessively inflated (in comparison to international markets) due to the limited access and restrictions imposed by manufacturers. Previously many original equipment components could be sourced from international arms of manufacturers at far reduced costs, local arms of certain manufacturers are known to inflate prices of items 300% to 400% above the identical component purchased from a different region although the component has been sourced initially from the same origin in both cases. Recently manufacturers such as XXXX have required the VIN number to be supplied when ordering components, not for security reasons but to ensure the part being purchased is not for an international market or a vehicle from another region, despite the component being identical in all cases. This has caused a shut down of all ability to source identical components from any other source than the local arm of a manufacturer in this country, enabling the manufacturer to charge an exorbitant amount for such components and leaving the customer or end consumer with no other option other than to pay that asking price.

Q3) What justifications are given by manufacturers/dealers for these barriers, and why do you think these reasons are/are not valid? What are the impacts of these barriers on consumers/your business?

Despite numerous attempts in requesting justification as to the non supply of required data, software, parts in written form from a manufacturer or dealer I have yet to be provided with such. In most cases the verbal term of 'security' is used as a justification when asked, however when challenged as to the verification of a non supplied components impact on the security of a vehicle no explanation can be given.

The impact on restriction of access to these required components, data etc on the consumer is financial (added costs) and often the vehicle is off the road for longer than acceptable times due to the extended procedure required. In terms of rural/regional repairs often vehicles have to be towed hundreds or thousands of klms to the closest dealership for repairs when simply the supply of a dealer restricted small component or required data could repair the vehicle within hours.

Q4) What work arounds to the barriers do you use? What is the effect on your business, independent repairers generally and consumers of these work arounds?

To allow access to required data, software and parts that we require to enable the day to day operation of our business we have been forced to create relationships with other independent workshops in overseas markets, using the resources available to these markets we can in some cases perform the required repairs and servicing. Often this comes at a price both financially for the consumer and our business but also at a price time wise as this work around requires communication with business in other time zones and freight costs etc. In all cases the effect on the end consumer is always negative and unfortunately this does not allow us to compete on a level playing field with the dealer as a result.

Q5) To what extent are these issues different/worse for regional repairers/consumers?

Regional repairers suffer from this lack of information more so than repairers located in close proximity to manufacturers and dealers. In some instances regional repairers are forced to tow non operational vehicles hundreds to thousands of klms to the closest dealership for minor repairs or software updates/coding which in this day and age with current technology (internet etc) could be performed within minutes had the repairer been able to access the required files and information.

Overall the consumer suffers more than anybody in regional areas as restricted access to a growing number of items will reduce the choice in vehicle purchasing and servicing requirements down to only the manufacturers that are locally accessible.

Q6) What has the effect of the heads of agreement had on your ability to access repair and service information? Are you aware of any examples of where the heads of agreement and its dispute mechanisms are not working well?

In reference to the supply of information and data we have found that since the heads of agreement has been introduced the access to manufacturer provided websites has become easier however the specific data available internally once subscribed to the websites has if anything been reduced in comparison with available data prior to the heads of agreement. Manufacturers are specifically withholding most information to Australian customers despite allowing access for other regions (USA & EU), this is evident when entering VIN numbers of Australian vehicle in comparison with USA & EU VIN's.

Manufacturers appear now to be more evident of their legal obligations to data sharing in this country and with those legal obligations in mind the heads of agreement appears to have had no impact on increasing the availability of repair and service information.

In closing I believe this market study has come at a pivotal time in our industry. Items now being developed by manufacturers such as telematics and connectivity of vehicles to electronic dealer owned networks further enhances the ability to control all choices once taken for granted of the consumer. Based on this emerging technology and the ability of manufacturers to include levels of technology which restricts to ability to repair or maintain these vehicles using providers other than their own dealer networks, action is required to protect both the industry and in particular the end consumers from the inevitable effects.

Regards,

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