

Mitsubishi Motors Australia - Proposed 10yr warranty on new vehicles conditional to it being serviced by a Mitsubishi Dealership.

There is a lot wrong with this idea and if approved, will permanently change automotive servicing and maintenance in Australia.

As I see it this proposal, if approved, will result in:

- **Confusion in the new vehicle market.** Buying a new car is not something consumers do a lot and are therefore not always sufficiently prepared to digest and understand all the offerings in the market. The proposed 10 year warranty will appear like an irresistible offering and not much attention will be given to the conditions attached to it. Mitsubishi's advertising and marketing will try to gain advantage on the length of the warranty and try to obscure or downplay the conditions attached. This proposed 10 year warranty is a potential trap for many unsuspecting vehicle buyers.
- **Potential exploitation by dealerships.** New vehicle dealerships are under enormous pressure to sell as many new vehicles as possible and will try to get buyers to sign contracts whether the buyers understand the conditions or not.
- **Confusion in the used vehicle market.** Identical vehicles from the same year and model will potentially have a huge difference in remaining warranty as it will vary based on where the scheduled services were performed. Potential buyers and dealers of used vehicles will have to do much more work in order to verify the true manufacturer warranty left on the effected vehicles.
- **Uncompetitive behaviour by vehicle dealerships.** It is safe to assume that under the proposed warranty vehicle owners will where possible try to maintain the 10 year warranty even when they are not planning on keeping the vehicle that long. The expectation will be that the vehicle will be worth more at the time of sale or trade-in if it was exclusively serviced at a Mitsubishi dealership. It is very likely that the dealerships will use this as a way to hike service costs based on the idea that most consumers will absorb the increase hoping it will result in a gain in the resell value of the vehicle if sold while still covered by the 10 year warranty.
- **Regional and rural vehicle owners will be at a disadvantage.** Many if not most of the vehicles in regional and rural Australia are serviced by independent service centres. Mitsubishi vehicles are popular among farmers and others in these areas where there are often no Mitsubishi dealerships. This will make compliance with the conditions of the 10 year warranty expensive, time consuming and for many potential owners not practical. This is essentially discrimination, thus treating rural people like second class citizens. Like all warranties, a part of the purchase price of the vehicle is for the warranty. Will Mitsubishi offer a reduced purchase price for those buyers who cannot comply with compulsory servicing at a Mitsubishi dealership?
- **The certainty that other vehicle brands will follow if this proposal gets approval.** The Mitsubishi Motors application is a test case for the whole new vehicle industry. This will be the end of the independent vehicle service industry and the 3rd party vehicle parts industry. Consumers will effectively be left with no options in relation to service costs and after market spare parts. Although there will be some

vehicle buyers who will still be willing to forgo the 10 year warranty by utilising independent service centres, the numbers will not be sufficient to keep the independents going. Modern vehicles are complex and independent service centres must have huge amounts invested equipment and skills to enable a professional service across all the mainstream of vehicles on Australian roads. New vehicle dealerships will charge more for services and parts but compared to the independents have lower overall cost and less complexity they only deal with a single brand. On top of that new vehicle dealership have the full technical support of the vehicle manufacturer and the manufacturer's spare parts supply . This is not an even playing field.

- **Effect on regional and rural Australia.** In regional and rural Australia independent service centres are vital to keep the wheels of agriculture, business and mining rolling. They are often the only employer in a town with apprenticeship opportunities for local young people. We cannot for the sake of pleasing a large corporation like Mitsubishi Motors start a cascade of events which will have an adverse effect on the lives of already struggling people in regional and remote parts of Australia.

In summary. The proposed 10 year new vehicle warranty should not be approved as it will be the start a process that will strip the consumer from choosing where to have a new vehicle serviced and the ability to compare service costs.