



**AUSTRALIAN  
AUTOMOBILE  
ASSOCIATION**

**Constituent Members**



# Australian Automobile Association

## Submission to: CCAAC Sharing of Repair Information in the Automotive Industry: Issues Paper

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WORLD WIDE AFFILIATION THROUGH THE AIT AND FIA



The Australian Automobile Association (AAA) welcomes the opportunity to make a submission to the Commonwealth Consumer Affairs Advisory Council (CCAAC) Sharing of Repair Information in the Automotive Industry: Issues Paper

The Australian Automobile Association (AAA) advocates the interests of Australian motorists nationally and internationally. The AAA's members include all of Australia's state and territory motoring clubs:

- National Roads and Motorists' Association (NRMA) Motoring and Services
- Royal Automobile Club of Victoria (RACV)
- The Royal Automobile Club of Queensland (RACQ)
- Royal Automobile Association of South Australia (RAA)
- Royal Automobile Club of Western Australia (RACWA)
- Royal Automobile Club of Tasmania (RACT)
- Automobile Association of the Northern Territory (AANT)
- Royal Automobile Club of Australia (RACA)

Through these organisations, the AAA represents the interests of almost 7 million motorists and, indirectly, all Australian motorists at the national and international levels.

The Australian Automobile Association believes that:

- Australian motorists should have the right to choose where they have their vehicle serviced, maintained and repaired;
- Restrictions on availability of information and diagnostic tools, including the codes necessary to access and navigate vehicle computer systems should be removed;
- There should be strong competition in the motor vehicle repair industry to ensure the consumer has ample choice and can derive the maximum benefit; and
- Australian motorists should have aftermarket services supplied at a competitive standard and at competitive prices.

To achieve these outcomes, legislative solutions should be pursued through the *Competition and Consumer Act 2010* in order to ensure that there is strong competition in the vehicle repair and service market.

## Foreword

In the view of the AAA, the issue of right to repair encompasses an independent operator's access to the following items in order to complete servicing and/or repairs to a satisfactory level:

- All relevant vehicle specifications and information;
- All relevant specialised tools and equipment; and
- All relevant training related to the above.

While the right to repair issue generally focuses on repair information, access to equipment and training cannot be overlooked. For example, an independent repairer may have access to all the necessary repair information for a particular vehicle, but if they cannot obtain the specialised tools and equipment needed to service or repair that vehicle, they cannot adequately perform repairs and maintenance.

Similarly, if an independent operator has access to all necessary information, tools and equipment but cannot obtain necessary training, this could jeopardise service repair quality and the safety of motorists and repairers. In addition, this impact on the quality of repairs will affect not only motorists but potentially the manufacturer through damage to its brand.

Modern vehicles are becoming more technologically advanced and being considered 'computers on wheels'. As a result, it is increasingly challenging to service and repair a vehicle. It is the AAA's view that independent repairers will become more specialised in the type of services they offer. As Australia's vehicle fleet continues to become more technologically advanced, independent operators may not be able to service 'all comers' but instead may need to make a conscious decision regarding the make/model/type of repair they specialise in undertaking. Obviously it would be essential for independent operators specialising in servicing a particular brand(s) of vehicle to have unrestricted access to all information, tools and training.

Vehicle dealers do not have sufficient capacity to be able to service, repair and maintain all of the vehicles in the Australian fleet. As a consequence, independent repairers are an essential provider of these services. If independent repairers cannot service their share of the passenger vehicle fleet due to their inability to access the necessary information and equipment from manufacturers, then this is likely to have a detrimental effect on motoring affordability and safety.

The AAA believes there should be strong competition in the motor vehicle repair industry to ensure the consumer has ample choice in the aftermarket sector.

## Overview of Issue

With increases in the technological complexity of modern vehicles, only repairers with the manufacturer's information can access a vehicle's technical system to perform diagnosis, service, maintenance and repairs. The areas of vehicle repair that are particularly affected by information restrictions are crash repair, safety systems, engine and emission control systems, general repairs and servicing as well as security and locking systems.

### **1 Crash repair**

Crash repair information is primarily concerned with repair processes, techniques and parts for structural repairs to vehicles. This is particularly important with the increasing use of "exotic" materials (such as high strength steels, alloys, carbon fibre, composite materials) in various parts of the vehicle body, which require special procedures for attachment to other structural members. The repairs may also necessitate replacement of interior components, including restraint systems (sensors, airbags, seatbelts, etc), and the need to reprogram associated control units in the vehicle. Insurance companies have a vested interest in the quality of crash repairs as they have an obligation to return the vehicle to the pre-crash condition.

Crash repair information is not particularly sensitive for vehicle manufacturers and dealers as they are generally not involved in the crash repair industry. Hence, vehicle manufacturers would not be releasing crash repair information to direct competitors. However, there is a need for control on the quality of replacement parts and repairs because of the consequences for vehicle safety.

### **2 General repairs and servicing**

Detailed repair and servicing information for new vehicle models is generally not made publicly available by the vehicle manufacturer. However, there are a number of organisations specialising in providing detailed workshop manuals that are readily available from bookshops. These workshop manuals are not usually available for new vehicle models as it takes some time for third parties to develop and prepare the content of the manual.

Aftermarket and independent repairers are able to carry out basic servicing and replacement of mechanical parts. Information relating to electronic systems and requiring access to information on fault codes and reprogramming of control modules are sometimes carried out by independent workshops with the use of third party (aftermarket) information and equipment. However, this information is only developed by third parties on models which achieve a critical mass of sales within the Australian market. From a commercial sense, this allows them to commit to the research and investment required to collect the data. The consequence of this is that some low volume models will never be covered by the aftermarket companies.

Repairs carried out under the terms of the new vehicle warranty are carried out by authorised dealers.

The AAA does not believe that independent repairers should be compelled to rely on information from a third party. Information should also be available from the manufacturer as an authoritative source.

### **3 Safety systems**

The increasingly complex safety systems, both active and passive, in modern vehicles will require proper maintenance to ensure that these systems function correctly when required in order to protect vehicle occupants and other road users. Restrictions in the availability of technical information can affect the maintenance of vehicle safety systems. Electronic Stability Control (ESC) systems and advanced restraint systems using mechanical and pyrotechnic technology, often triggered by microprocessors evaluating signals from sensors around the vehicle, are common on new vehicle models.

### **4 Engine and emissions control systems**

The current focus on environmental issues is likely to increase the need for the release of engine and emissions control system information, so that vehicle emission systems can be properly maintained. Availability of On Board Diagnostics (OBD) codes and information only partially addresses this issue.

According to the Australian Bureau of Statistics, the average age of the Australian vehicle fleet is 10.0 years (9.8 years for passenger vehicles) as at 31 January 2011. The less sophisticated engine and emissions control systems of older vehicles can be more easily maintained by non-dealer repair workshops. As the proportion of vehicles with complex emission control systems increases over time, the lack of availability of technical information, equipment and tools to maintain these vehicles is likely to become more of an issue.

In regards to engine and emissions control systems, Australian motoring clubs have received reports of consumer issues. However, at the present time there are no quantitative data regarding the problems in the Australian vehicle repair market regarding availability of information to service and maintain these systems.

### **5 Security and locking systems**

Repair and technical information regarding a vehicle's security and locking systems is highly sensitive. The replacement of keys, requiring reprogramming of control units and immobilisers, is generally carried out only by authorised dealers. The AAA is aware of consumer difficulties with this process, including delays in availability of replacement keys, particularly those shipped from overseas and high costs charged by some dealers. To maintain security of vehicles and prevent theft, availability of security and locking system information would need to be carefully controlled.

## **Australian Situation**

### **Accessibility of Information and Equipment**

The AAA believes there is evidence that currently some manufacturers restrict access to technical information and parts which could prevent independent repairers from servicing certain types of vehicles.

The content on some manufacturer's websites suggests that independent repairers would not be able to adequately perform maintenance and repairs on certain vehicles due to a lack of access to information and equipment.

For example, several manufacturers highlight that only dealer service centres have access to specialised diagnostic equipment capable of reading engine management computers.

Some manufacturers also note that servicing a vehicle outside the approved repairer network could jeopardise warranties and the vehicle itself. The screen shots (see attachment section), taken from manufacturer's websites, highlight this issue.

The AAA believes as Australia's vehicle fleet continues to modernise with motorists changing over their vehicles, the lack of access to information and equipment will become an increasingly pertinent issue in the years to come.

### **Affordability of Servicing**

The AAA has conducted analysis to investigate the affordability of service and repairs over the last ten years. Average service and repair costs were obtained from the Royal Automobile Club of Victoria (RACV), which compiles statistics regarding annual vehicle running costs for its members.

The figures are based on two sets of costs, the cost associated with regular servicing as well as unscheduled servicing and repairs. Regular servicing cost was based on standard service parts and labour times that follow the manufacturer's handbook schedule. Intervals between services were based on time or distance (whichever occurs first) as per the recommendations outlined by the manufacturer. Labour rates are averaged from surveying metropolitan service centres. The average labour rate varies for each manufacturer. The analysis covers servicing up to 5 years or 75,000kms.

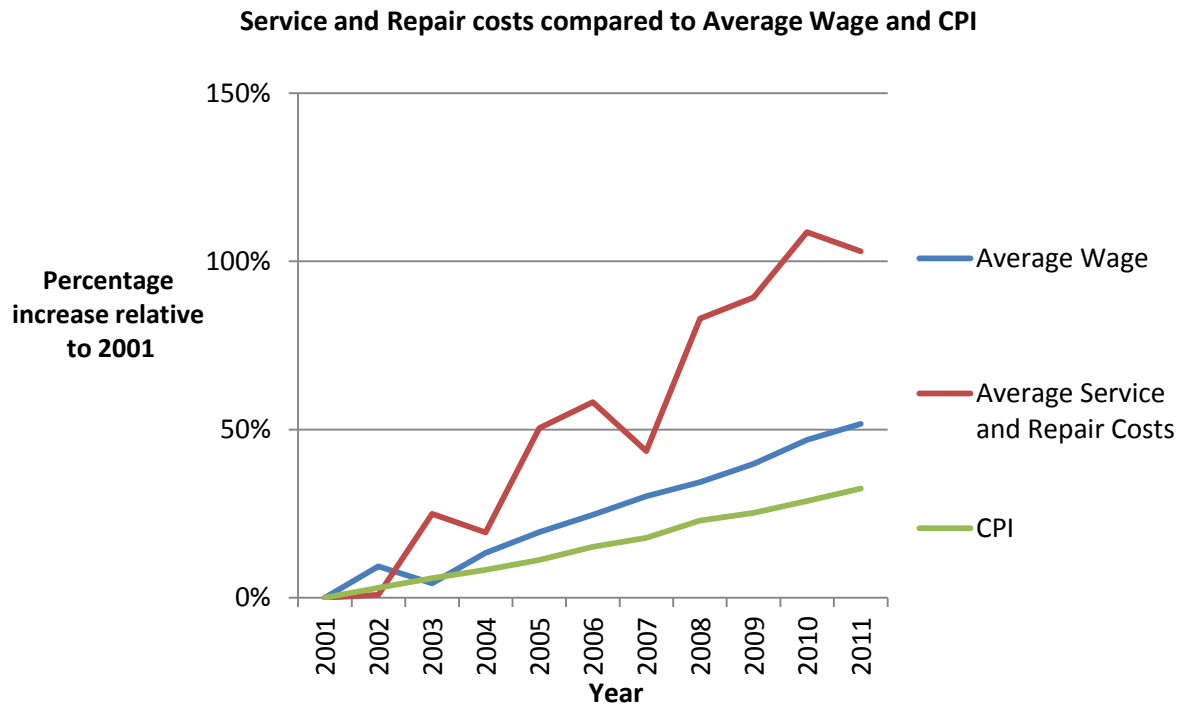
Unscheduled servicing and repairs incorporated a number of common replacement parts (e.g. batteries, brake pads and windscreen wipers). The manufacturer specified fitting times were used where applicable.

All these factors were considered when calculating an overall cents-per-kilometre figure for each major vehicle category in each year.

For the purpose of the analysis, the average cents-per-kilometre cost across every vehicle category was calculated. The percentage increase of the average cost of servicing was determined by comparing costs in each year, to the cost in 2001.

The same analysis was performed on the average weekly wage and the consumer price index (CPI) published by the Australian Bureau of Statistics over the same period.

The results of this analysis are presented in the graph below.



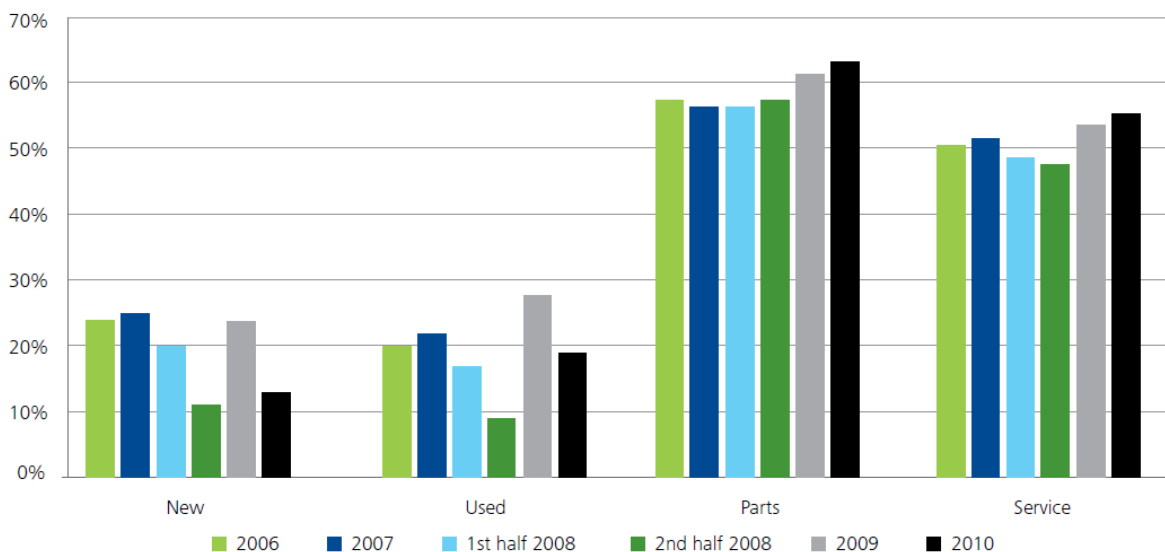
Source: RACV Average Running and Repair costs, Australian Bureau Statistics-Average Weekly Wage and Consumer Price Index

The graph shows that repair and service costs have increased significantly more than the average wage and CPI over the past decade. The AAA does not offer specific factors that have influenced this decline in affordability. However the AAA is concerned over a decline in the affordability of servicing and repair, which impacts the overall affordability of motoring.

The AAA's own analysis of servicing and repair affordability is comparable with the findings in an Australian Industry Overview report conducted by Deloitte Motoring Industry Services in 2011. The report provides an economic outlook of the Australian motor vehicle industry and presents key findings such as vehicle sales and profitability.

A key section of the report focuses on the profitability of parts and servicing in the dealership network in comparison to new and used vehicle sales. The findings are shown in the graph on the following page.

### Selling gross by department



Source: Deloitte Motoring Services – Australian Industry Overview 2011, 43

The graph shows that the margins for parts and servicing are considerably higher than for new and used vehicles. The graph also shows that the margins for parts and servicing have steadily increased over the past 5 years. This is in contrast to the margins for new and used vehicles which have fluctuated considerably and are now at lower levels in 2011 than they were in 2006.

The findings in the graph are described in the report:

*Fixed operations importantly plays a vital role in helping to offset the profitability drain component commonly experienced in the vehicle departments. Vehicle operations are historically volatile, going up and down through product and economic cycles while parts and service provide relatively stable income.<sup>1</sup>*

The AAA believes these findings indicate that the dealership network has a strong financial interest in protecting their share of the aftermarket sector due to the ability to obtain higher and more consistent selling gross margins in parts and servicing.

While the AAA would express concern with changes that jeopardised the viability of the dealership industry, the dealership network's desire for a stable and secure income should not come at the expense of motorists who are currently facing a decline in motoring affordability. A balance that ensures the viability of the dealership network while addressing affordability issues (specifically through allowing independent repairers greater access to repair information and equipment) must be achieved.

<sup>1</sup> Source: Deloitte Motoring Industry and Services – Australian Industry Overview 2011, 43

The AAA believes an option to improve affordability that should be of primary consideration to CCAAC, is investigating ways of increasing competition in the vehicle after market sector.

The AAA believes granting independent operators access to service and repair information will increase competition in the aftermarket sector and can contribute to addressing the decline in affordability that has occurred in the past decade.

### **Detriment to Consumer and Operators**

As noted, there is evidence to suggest that independent repairers are restricted from accessing service and repair information by some manufacturers.

A large independent repair company Ultratune, states on its website *“A service strictly follows all the procedures recommended by your vehicle’s manufacturer”*<sup>2</sup>

Nevertheless, owing to the increasing technical nature of modern vehicles and the specialised diagnostic tools that are exclusive to dealers, independent repairers may have difficulty adhering to manufacturers’ recommendations due to their inability to access information and diagnostic equipment.

Furthermore, as motorists become increasingly aware of the sophisticated technology in modern vehicles they may be reluctant to disregard the advice presented by the manufacturer in relation to available information and equipment, particularly in relation to diagnostics. This in turn could adversely affect the independent automotive aftermarket sector.

The AAA highlights the decline in affordability of service and repair costs over the past decade. The AAA believes the increasing difficulty for independent repairers in servicing vehicles will have a further impact on affordability moving into the future.

### **Detriment to Consumer and Operators - Crash repairs and Insurance**

In New Zealand, the insurance industry has been strong advocates of greater access to repair information. There is concern that insurance-contracted repairers are unable to access specifications to repair the vehicle to the manufacturer’s standard. This is compounded by the fact that manufacturers and dealers are willing to sell repairers Original Equipment Manufacturer (OEM) parts but not make available the accompanying information regarding specifications and instructions for fitment. This has the potential to have a negative impact on motorists in the form of higher insurance premiums and residual values.

In addition, the inability for repairers to access manufacturer’s specifications or equipment means vehicle repairs may not be able performed to the required standard. This has the potential to compromise, vehicle longevity, safety and owner’s equity.

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<sup>2</sup> [http://ultratune.com.au/manufacturers\\_handbook\\_service.html](http://ultratune.com.au/manufacturers_handbook_service.html)

## AAA Position

As previously stated, the AAA believes that:

- Australian motorists should have the right to choose where they have their vehicle serviced, maintained and repaired;
- Restrictions on availability of information and diagnostic tools, including the codes necessary to access and navigate vehicle computer systems should be removed;
- There should be strong competition in the motor vehicle repair industry to ensure the consumer has ample choice and can derive the maximum benefit; and
- Australian motorists should have aftermarket services supplied at a competitive standard and at competitive prices.

To achieve these outcomes, the AAA advocates that legislative solutions should be pursued in order to ensure that there is strong competition in the vehicle repair and service market.

The AAA believes that the appropriate legislative solution would ensure that:

- Australian motorists would have a choice of repairers capable of undertaking repair work on their vehicle;
- Sufficient information, tools and training would be made available to independent repairers to properly complete diagnosis, service, maintenance and repairs;
- Recipients of the technical information would provide services to a competent standard, increasing competition in the market; and
- Any information supplied that is regarded as commercially sensitive or relates to vehicle security should be appropriately protected.

Specifically, the AAA believes amendments to the *Competition and Consumer Act 2010* is the most certain way of achieving these outcomes.

Amendments should allow for:

- The information and tools that manufacturers would be obligated to provide, must be sufficient to enable repairers to properly complete the diagnosis, service, maintenance and repairs;
- Manufacturers being able to impose reasonable commercial terms on the recipient of all the information and tools, including that the independent repairers providing the service or repair are appropriately qualified and that they undertake to keep information confidential.

An alternative option which may be easier to achieve would be to have the executive government (as opposed to the Parliament) pass a regulation under section 51AE of the *Competition and Consumer Act 2010*, prescribing an industry code requiring the above matters.

Section 51ACA of the *Competition and Consumer Act 2010* defines the term 'industry code' for the purposes of Part IVB, as a code regulating the conduct of participants in an industry in their dealings with each other or towards consumers, whether mandatory or not. This section defines 2 types of codes:

1. A mandatory industry code, binding on all industry participants, which is declared by the regulations in section 51AE: and
2. Voluntary codes, under section 51AE, to be voluntary, and therefore only bind those persons or manufacturers who agree to be bound by it.

The AAA expresses doubt that non-regulatory approaches will succeed in resolving this issue. Voluntary arrangements have been able to be implemented for a considerable period of time, but this has not occurred. There does not appear to be any imperatives or changes to the repair market environment that would trigger a successful voluntary solution.

## **Conclusion**

The AAA believes there is currently sufficient evidence regarding restriction of access to information and equipment and consumer detriment regarding declining affordability in vehicle costs, to warrant further investigation in this matter.

The AAA endeavours to continue researching the issue in order to quantify the extent of the problem regarding the lack of access to repair information and equipment in the independent repair sector, and highlight specific areas for further scrutiny. The AAA will also undertake further research and analysis in relation to consumer detriment.

This is a complex issue requiring detailed consideration and it is probably not realistic to expect that the consultation period of the CCAAC review will be sufficient to resolve the matter.

The AAA recommends CCAAC and the Federal Government implement significant reform regarding this matter. The AAA believes affordable motoring is an imperative in Australia as it forms a core component of the land transport network. The AAA welcomes the opportunity to work constructively with CCAAC, the Federal Government and other key stakeholders to develop a resolution that is sustainable in the long term.

## Attachments

The following extracts from vehicle manufacturers' websites illustrate limitations on availability of information, tools and equipment for servicing and repairing motor vehicles. The relevant sections from each website are highlighted in a red border.

# PARTS AND SERVICES

Lexus Dealer Service Centres are located across Australia. Under your Lexus four year/100,000km (whichever occurs first) warranty, you will enjoy the convenience of a Lexus loan car during your vehicle's service, or you can choose to have your Lexus picked up from your home or office and returned to you after servicing is complete.

### Lexus Dealer Service Centres

A Lexus is a precise work of automotive technology that our technicians are specially trained to understand. Only Lexus Dealer Service Centres have the diagnostic equipment capable of fully reading the Lexus engine management computers, and our technicians are always kept up-to-date with the latest advances in Lexus technology.

For these reasons, entrusting your Lexus to anyone else puts both your vehicle and warranty at risk. Only at a Lexus Dealer Service Centre can you be assured that your Lexus will be serviced to the highest standard, using only genuine Lexus parts, protecting your investment and warranty.



### Lexus Genuine Parts

Every element of your Lexus has been specially crafted for your vehicle, utilising advanced automotive technology. Every single Lexus represents the significant investment we have made to create a vehicle that performs at the highest level with safety features to match.

This is why you should always insist that Lexus Genuine Parts, designed and constructed to Lexus' specifications, are used for your vehicle. If non-genuine parts are used in your Lexus which subsequently damage your vehicle, this damage will not be covered by your warranty.



Source: <http://www.lexus.com.au/services/parts-and-services/> -15/09/11

## Genuine Mazda Service - The Benefits

Expert care of your Mazda is vital to maximising its inbuilt Zoom-Zoom. Mazda servicing facilities are set up to provide the best possible protection of your valuable investment in the hands of our highly trained technicians.

### Find a Service Centre



[Click here to find a Service Centre by location](#)

### Factory Trained Technicians:

Not all cars are the same and no one knows your Mazda better than a Mazda service technician. Mazda invests 130,000 Hrs in training every year to ensure Mazda technicians know every Mazda inside out.

Don't risk your Mazda with anyone else.

### Mazda Modular Diagnostic System (M-MDS):

Mazda employs the latest in automotive technology and systems to deliver a range of vehicles that achieve class leading levels of performance, drivability, efficiency and safety. To ensure these complex systems, and your Mazda, are running at optimum levels your Mazda dealer uses the Mazda Modular Diagnostic System (M-MDS). The M-MDS is the only system designed to electronically check all the vital functions of your Mazda under real driving conditions, for the most accurate analysis of its performance.

Each time the M-MDS is connected to your Mazda, it checks the electronic systems, and provides the Mazda Service Technician with an electronic snapshot of your Mazda. Mazda Service Technicians trained with the M-MDS technology use this snapshot to ensure everything is calibrated to the latest factory specifications. We are constantly updating and downloading software from Japan into your vehicle to keep it performing at its peak.

It's a unique advantage of Genuine Mazda Servicing.

Source: <http://www.mazda.com.au/Owners/Servicing-your-Mazda/Benefits.aspx> 15/09/11

# DIAMOND GENUINE SERVICE ADVANTAGE

## Genuine Service

Mitsubishi offers one of Australia's best service intervals of 12 months/15,000km (whichever comes first). More frequent servicing is required on some specialist vehicles and vehicles operated under severe operating conditions.

To keep your vehicle performing efficiently and reliably, a regular Diamond Advantage Genuine Service is a must. Our Diamond Advantage Genuine Service program will ensure the long term safety and reliability of your Mitsubishi, protecting its resale value, and giving you real peace of mind.

We use state of the art manufacturing technology and world class quality control systems to ensure your vehicle gives you many years of motoring pleasure. It is worth protecting your investment by ensuring that your Mitsubishi gets the specialist care that only Diamond Advantage Genuine Service can deliver - including:

### **Mitsubishi-trained technicians**

Our training programs ensure that every one of our Mitsubishi specialist technicians have the skills required to correctly service, maintain and repair our entire range of vehicles.



### **Product information**

Only Mitsubishi Authorised Service Centres have online access to the latest technical and product information direct from Mitsubishi. This guarantees the latest service and repair procedures are used, saving you time and money, and ensuring your vehicle is maintained just as the maker intended.

### **Advanced diagnostic technology**

The Mitsubishi Multi Use Tester (MUT) is a diagnostic scan tool developed by Mitsubishi Motors specifically for Mitsubishi vehicles, and is only available to Mitsubishi Authorised Service Centres. The MUT analyses data from the vehicle ECUs to provide an instantaneous 'health check' of the many electronic systems used in your vehicle, enabling our specialist technicians to confirm that everything is running as it should.

Source: <http://www.mitsubishi-motors.com.au/owners-area/diamond-advantage/genuine-service> -15/09/11

## Suzuki Servicing

Suzuki prides itself on the reliability of its vehicles. Regular servicing will maintain your car's overall performance and optimise fuel consumption. It will also help to keep it running efficiently throughout its life. The most effective way to keep up the reliability of your Suzuki is with scheduled service and maintenance by your local authorised Suzuki Dealership, as recommended by the manufacturer.

Your car is not only maintained by authorised technicians that have undergone the latest factory training from Suzuki, but also diagnosed by the Suzuki Diagnostics Tool, the most sophisticated diagnostics system for Suzuki vehicles, used only by authorised Suzuki Dealerships.

Regular servicing maintains your Suzuki's long-term reliability and safety, which is why we specify a Distance Travelled and/or time interval, whichever comes first. Our expertly trained Dealer technicians not only use the latest Suzuki servicing equipment, but also have access to the latest information and training on Suzuki products, to keep your Suzuki operating in peak condition.

So don't jeopardise the reliability and safety of your investment by allowing it to be serviced by someone who lacks the equipment and training that only your authorised Suzuki Dealer's service department can offer.

If you do use a local servicing centre, please consider that a subsequent failure may not be covered under warranty if the failure is proven to be a direct result of sub-standard parts or inadequate/incorrect servicing or repairs.

Remember, your Suzuki Service Manager is always happy to answer any questions about your car and its specific needs. Make sure you bring it back to the Suzuki experts.

Source: <http://www.suzuki.com.au/owners/servicing/suzuki-servicing> - 16/09/11