



Australian Competition and Consumer Commission

Via email: newcars@acc.gov.au

11 September 2017

Dear Sir/Madam

Submission in response to the ACCC New Car Retailing Industry market study draft report

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to provide a brief submission in response to the above draft report.

The BCCM represents the diverse member-owned sector of the Australian economy. Our members include NRMA, RAA, RACQ, RACV, RAC WA, the five largest motoring clubs in Australia with more than seven million members, and Capricorn Society, a purchasing co-operative of more than 18,000 independent automotive sector businesses.

The BCCM agrees with the ACCC that independent repairers provide important competitive discipline in aftermarkets. Furthermore, the BCCM agrees with the ACCC's recommendation that the sharing of technical information with independent repairers on commercial fair and reasonable terms be mandated through regulation.

The BCCM shares the view of our members that Australia should form an equivalent body to that of the United States' *National Automotive Service Task Force* (NASTF), which should be funded by industry.

A number of our members are also concerned that vehicle manufacturers may use their dealers as a façade between the consumer and the manufacturer. The BCCM understands that there several instances where a dealer may be acting as the "go between" between the consumer and the manufacturer, when it is, in fact, the manufacturer which makes a final decision or is in a position to supply information.

For example, a manufacturer may have the final say on a warranty approval, however it is the dealer which has to explain any delay to its customer. Similarly, independent mechanics may be referred by a vehicle's log book to "refer to dealer" for information such as the correct blend of oil to use. This information is held by the manufacturer, not the dealer, and creates an additional level of frustration in the process.

Ultimately, these are services which a manufacturer should be providing the consumer, whether via an independent provider or a dealer.

We have included information about the BCCM and about co-operative and mutuals enterprises as short appendices.

The BCCM is happy to provide further information or comment on any aspect of this submission.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Melina Morrison', is positioned above the typed name.

Melina Morrison

CEO

Business Council of Co-operatives and Mutuals

Appendix A: About the BCCM

The BCCM is the peak body for Australian co-operatives, mutuals and member-owned enterprises. The BCCM represents a diverse range of enterprises operating in sectors including agriculture, finance and banking, insurance, motoring services, health services, aged care, disability employment, education, indigenous services, social housing and retail.

The BCCM advocates for recognition of the sector and for measures that create a level playing field between co-operatives and other businesses, including implementation of the recommendations of the Senate Economics References Committee report into Cooperative, mutual and member-owned firms.¹

Appendix B: About Co-operatives and Mutual Enterprises

Co-operative and mutual enterprises (CMEs) are a significant contributor to the Australian economy: 8 in 10 Australians are members of at least one CME and annual turnover of the top 100 CMEs (excluding member-owned superannuation funds) reached \$30.5 billion in FY2014/2015.² Together with mutual superfunds, it is estimated that the CME sector contributes 5 per cent of GDP.

The distinguishing feature of all CMEs, regardless of what legal form they use, is that they are owned by their members and operate for member benefit. Member benefit can mean a wider range of social or non-financial benefits compared with the financial returns enjoyed by a shareholder. Membership is tied to contributing to or making use of the CME; this ensures the CME is made up of people who share its common purpose.

The vast majority of CMEs are incorporated and regulated under one of two legislative regimes: the State/Territory-based Co-operatives National Law (the CNL)³ or the Commonwealth Corporations Act. Whether a company under the Corporations Act is a co-operative or mutual will depend on its constitution.

¹http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Cooperatives/Report

² Business Council of Co-operatives and Mutuals, National Mutual Economy Report 2016, 17.
<http://bccm.coop/wp/wp-content/uploads/2016/11/BCCM-NME-Report-2016.pdf>

³ The Co-operatives National Law has been adopted in all States and Territories except Queensland. Western Australia has adopted consistent legislation.