Response to the ACCC's request for further information on the type and scope of barriers to accessing repair and service information and car parts, and the impacts of those barriers

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About VACC

The Victorian Automobile Chamber of Commerce (VACC) is Victoria's peak automotive industry association, representing the interests of more than 5,000 members in over 20 retail automotive sectors that employ over 50,000 Victorians.

VACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialist, i.e. radiators and engines), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (i.e. specialist vehicle, parts or component modification and/or manufacture), and automotive dismantlers and recyclers.

In addition to VACC, its sister organisations – the Motor Trade Associations, represent the automotive industry for their respective states.

Background of the Automotive Industry

The automotive industry makes up approximately 65,000 businesses nationally, the vast majority of which (95%) are small family-owned and operated businesses.

For the financial year ended June 2016, aggregate employment for the industry was recorded at 360,000 people. In gross domestic product (GDP), the automotive industry as a whole, accounted for approximately $38.3 billion or 2.5% of Australia's annual GDP in current prices in 2014-15.

The industry is very competitive with small profit margins. Consumer behaviour limits capacity of industry to raise prices, and large multi-nationals (insurance companies, the oil industry, supermarkets, and vehicle manufacturers) heavily influence consumer behaviour and/or price. The cost of doing business is high due to rapid vehicle technology advances requiring high-level skills and expensive technology in the repair service process.

Introduction

VACC welcomes the opportunity to respond to the request by the Australian Competition and Consumer Commission (ACCC) for further information into the impact of the type and scope of barriers to accessing repair and service information and car parts.

The Australian auto repair industry consists of over 22,000 businesses, who employ approximately 130,000 people. In Victoria alone, there are 5,700 businesses and 34,000 people respectively. The industry is a substantial provider of services and employment to the Australian public and the national economy.

In the most recent Automotive Industry National Survey 2016-17, access to vehicle repair information was ranked as the most disruptive influence to business by the majority of respondents (57.3%). It was considered to be the most critical issue affecting day-to-day business operations, followed closely by anti-competitive business practices.

A study, conducted in November 2016, surveyed 1,025 automotive businesses, with representation from each state and territory Motor Trades Associations.

The issue of access to service and repair information is an important one. Its effect can be felt by consumers, businesses, and the broader Australian economy. It influences efficiencies, can cause delays and increases costs. It is imperative that all Australian vehicle repairer businesses have access to the most up-to-date service information and parts, ensuring a more level playing field and providing consumers with less costly and expedited repairs.

Submission Overview

The following submission has identified the following key issues:

1. Restricted access to Technical Service Bulletins and service campaigns.
2. Inconsistent access to service repair information provided by manufacturers across different markets.
3. Restricted access to Service Campaigns
4. Inconsistent quality of service information provided by manufacturers.
5. Restricted access to complex electronic software upgrades – with particular reference to electronic control units.
6. Limited access to manufacturers diagnostic and testing procedures.
7. Limited access to manufacturers recommended repair times.
8. Limited access to recommended service schedules, allowing vehicles to retain their optimum performance.
9. Restricted supply of some general parts.

Types of Repair and Service Information and Car Parts that Face Barriers

Technical Service Bulletins (TSB's)

Technical Service Bulletins (TSBs) are the recommended procedures for repairing vehicles. They are issued by a manufacturer when unanticipated problems arise regularly and in many cases, these procedures have been identified to prevent major failures on vehicles. It is therefore in the best interests of consumers to have access to this information in order to avoid future problems. To date, TSBs are only available for the authorised repair network in Australia.

As a result of legislation in international jurisdictions, the same manufacturers are required to provide TSB information more widely than the authorised repair network in Europe, the UK and USA. As yet, no explanation has been provided outlining the reason for the restriction placed on the Australian market, although some speculate it relates to the debate concerning protection of intellectual property.

Service Campaigns

Service campaigns (or silent recalls) are repairs that are generally undertaken when a vehicle is serviced or repaired at an authorised dealer. Often consumers are unaware of these repairs and ultimately pay for the service unknowingly. Only when consumers complain to their dealer do they learn that a "free fix" is available. Those who utilise independent garages, or an uninformed dealership may fail to benefit from this service. Furthermore, unlike recalls, many repairs take place reactively, after a problem occurs. As such, this information should be made available to all repairers and consumers in line with TSB procedures. It is important to note that some manufacturers require dealers to check for Service Campaigns in their service schedules.

Repair and Service Information

Repair and service information refers to all information requirements deemed necessary to complete most workshop repairs. It includes technical aspects such as component overhaul procedures, component specifications, collision repair methods and dimensions, maintenance specifications and adjustment procedures, safety instructions, wiring diagrams, diagnostic and testing procedures and fault codes.

There are currently 18 manufacturers listed on the FCAI website that are providing service and repair information in Australia. However, there is inconsistency regarding the level, depth and quality of this information. For example, significant variances in costs and waiting periods are often experienced by repairers. A manufacturer might only supply information in print form or CD, which needs to be ordered from overseas, and the delivery can take up to four weeks or more to arrive. Some manufacturers may respond in up to 24-hours once an email request has been made, while others may never respond. The easiest and most effective method of delivery is considered to be via a manufacturer portal, whereby the site is accessible 24 hours. Such a system is commonplace in overseas markets.

Access to Diagnostic Information

Access to diagnostic information, including fault codes and testing procedures, has been a critical element of repairing a vehicle since the introduction of computer controlled fuel injection systems during the late 80s to early 90s. Vehicles are becoming more complex due to improvements in electronic systems such as navigation, infotainment, and safety and security monitoring systems.

Today's cars and light trucks contain more than 50 separate Electronic Control Units (ECUs), connected through a Controller Area Network (CAN) or other networks such as Local Interconnect Networks or Flex Ray. The modern car has over 100 million lines of software code and this number is set to increase to between 200-300 million over the coming years.

Repairers are often required to reprogram or reinitialise cars when replacing electronic modules. Without access to this information, it makes it near impossible to diagnose and repair a vehicle. Environmental, security and safety concerns are often cited as reasons for withholding information. However, the same manufacturers allow this information to be available in the UK, Europe and USA.

Pass-thru Information

Pass-Thru information is a process whereby a device is used in conjunction with a computer to reprogram or update software on a vehicle. Most manufacturers have this as a requirement in their service schedules. However, with the exception of one brand, there is no mechanism for an independent repairer to perform this task in Australia. Just recently, Auto Logics, a well-known automotive scan tool provider (who provides this technology), were forced to restrict access to Australia by the manufacturers.

Reprogramming is becoming more prevalent, and simple components such as indicator switches and head light assemblies are required to be programmed to the vehicle. Again, this technology is accessible in Europe, the UK and USA, but is restricted in Australia. Manufacturers justify limiting access on the grounds of security.

Recommended Manufacturer Repair Times

Recommended manufacturer repair times are used as a guide by repairers to provide consumers an estimate on how long a repair will take and what costs they should expect. This reduces price shock for consumers and unbillable hours by repairers for complex jobs. Currently, there are a small number of manufacturers that make recommended repair times available via their online technical portals in Australia. It is commonplace for this information to be made available on technical portals in other regions such as Europe, the UK and USA.

Access to Service Schedules

Service schedules are a critical element used to ensure a vehicle remains running at its optimum. There are three key issues regarding access to this type of information.

Historically, this information was available in the owner's manual or service supplements, together with a listing of what is required at each service interval along with the recommended time. More recently, some manufacturers have restricted access to this information due to the removal of printed owner's manuals, and instead, opted to make this information available online or embedded inside the vehicle's electronic components. This in turn effects consumer choice, as vehicle owners are often forced to return to the dealer for services.

Moreover, some consumers are reluctant to have their vehicle serviced at an independent repairer – even when this is their preferred option – because the independent repairer cannot access the online service report or update the vehicle service history stored on a vehicle component such as keys, electronic control module or the instrument cluster. This barrier to information creates an unfair market advantage for dealers and limits consumer choice. It also creates delays in service times and can increase the cost of the service when consumers are required to drive long distances to reach the dealership.

Finally, some manufacturers include expensive serviceable items in a service schedule that do not need replacing according to some authorised dealers. This causes confusion in the repair industry, as well as increased servicing costs to the consumer. For example, a 2012 Toyota LandCruiser Prado KDJ150 Series 3.0L 1KD–FTV requires that the fuel pump be replaced at 150,000 kms. Unsuspecting independent repairers are likely to replace the fuel pump and charge accordingly. However, if the vehicle was taken to an authorised dealer, the owner would have been told that the replacement

was avoidable and in fact, the procedure is rarely implemented. Service schedules should be clear and transparent regarding specific service requirement.

Access to Parts

It has been revealed that particular manufacturers have restricted the supply of various parts – including electronic control modules – on the grounds of security. This type of practice is considered anti-competitive and a form of exclusive dealing, impacting both the consumer and the repairer. In addition, there have been instances whereby repairers have attempted to source general repair parts such as spark plugs, only to be told they are on backorder, creating significant delays in servicing.

The Impact of Barriers to Accessing Repair and Service Information

A survey conducted by VACC in November 2016 found that well over half (57.22%) of businesses surveyed experienced that the access to repair information to be either “very disruptive” or “moderately disruptive” to the running of their business.

The impact of access to repair information and parts on business is significant. Over time, repair workshops have noted a loss of customers (and subsequently revenue), due to their inability to carry out general repairs. Added to this, they have often had to manage customer frustrations, a direct result of longer than expected repair times and higher than expected costs – often linked to the unavailability of TSBs, software upgrade requirements, and access to service and repair information.