From: Sent:

Thursday, 8 October 2020 2:57 PM

To:

Adjudication

Cc:

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Subject:

Mitsubishi Motors Australian Limited (MMAL) Exclusive Dealing Notification RN10000433

Interested Party Response - Objection to the Notification

Importance:

High

Categories:

Submission

Hi.

We object to the notification **RN10000433** and request that the ACCC revoke this notification because this conduct will lessen competition and consumer choice, and will not result in any nett public benefit.

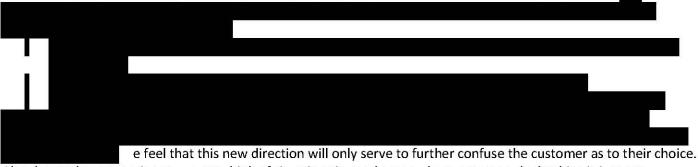
We are a small independent automotive service and repair workshop operating in the suburb of Osborne in South Australia, currently with 4 employees but are looking to expand that when more workers return to the ASC facility that is just around the corner.

Our background:

We have been in operation for over 30 years, with the original proprietors still very active in the business and on the workshop floor. We are an RAA Approved workshop and are members of the MTA in South Australia. We are also part of the Repco Authorised Service network and as such we are able to offer a nation-wide warranty on all the service and repair work that we undertake.

Our objection:

The notification by MMAL will only confuse the public more about warranty and their choice of repairer. The vast majority of our customers already find it inconvenient and more costly to have their cars serviced by the dealer, and with more dealerships closing and amalgamating it is only making it more inconvenient. As an example,



Also, beyond our experience, we can think of situations in rural areas where access to dealerships is just not practical, they could be feeling they are not getting the same treatment as consumers in metro areas which is not fair to them.

Should this notification be approved, it is only natural to assume that most other manufacturers will follow the precedent and begin to offer the same, which is where the negative impacts will really be felt. Please don't be so naive to assume that this will not be the outcome.

Other areas of concern:

Dealerships also offer very little in the way of alternative parts. Obviously their focus will be on selling genuine parts and the customer will be lead to believe that is their only option. Throughout our time in the industry we have seen many cases where reconditioned, second hand, or aftermarket parts are a suitable option for repair. In fact, many "genuine" parts can be sourced through the aftermarket at a fraction of the cost of the exact same part bought through a dealership in a box with the vehicle manufacturer logo on it. The vehicle manufacturer may not have even made the part when the vehicle was assembled, and the same company that made the part is able to offer it

through the aftermarket channels without an exorbitant mark-up the dealer network adds to it. (the author of this email has been involved in aftermarket parts sales for over 20 years before joining the team at this workshop) As an example of this, vehicle manufacturer "ABC" builds a car using a component made by company "XYZ". This company supplies these parts to the factory to be fitted to a vehicle. Years later, this vehicle comes to an independent repairer with a fault that is traced back to the part made by XYZ. This workshop calls the dealer for a price on a replacement part, which for the purpose of the exercise has a retail price of \$500 and it will come in a box marked ABC, yet the part will have XYZ stamped on it. The workshop also calls an aftermarket supplier, who has access to the part made by XYZ but not sourced through the dealer, and they can supply it to the workshop with a retail price of \$400 and the **only** difference is that it comes in a box marked "XYZ". So as well as a lower labour rate, that's an extra \$100 in the pocket of the customer for the *exact same part*. As a real life example,

Perceived quality of workmanship and knowledge:

Manufacturers have always touted that "no one knows your car like we do", and they service cars with a higher degree of care and skill. We feel that paints an unfair picture in the mind of the consumer. In regards to the higher degree of care and skill, all our technicians are either fully qualified or currently in the process of gaining qualifications (apprenticeship), and being a small business that prides itself on the level of care and quality, one can easily argue that this particular statement should not come into the comparison.

As to the knowledge of the particular vehicle in mind, the dealerships have an obvious head start on the training of new vehicles, but for general servicing this is very rarely an issue. In fact, with the new legislation regarding access to information, there is now the ability for us to access repair information on the majority of vehicles (some are still blocking access to this), which has certainly been of benefit to our workshop operations as well as our customers, who would certainly rather pay our much lower hourly rate on a complex job.

Also, there are a lot of "ex dealer" mechanics out there in other independent workshops, who bring knowledge and experience with them to another job, which further weakens their argument around this.

Warranty conditions:

The consumer is asked to surrender their right to use an independent repairer for what are quite dubious benefits. The warranty documentation gives a great deal of room to reject most warranty claims. In fact, the limited Life Warranty can be interpreted to exempt any mechanical component that falls under the regular service schedule including any powertrain or driveline component after 20000 kms or 12 months, should it fail.

Summary:

The consumer will pay more for scheduled servicing, will pay more for manufacturer branded parts (remember, a lot of these exact same parts can be sourced through other channels), and will not receive any warranty benefits beyond their rights under the Australian Consumer Law. In fact, some would argue that under the terms of this 'extended' warranty, the consumer rights for remedy are considerable reduced.

There is very limited consumer benefit here and we would argue that consumers are considerably worse off than not having this extended warranty – but many will act out of fear of losing these so-called additional consumer rights for warranty claims.

We therefore urge the ACCC to revoke this exclusive dealing notification.

Warm regards

Matt Skopal
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(on behalf of the entire team)
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