

8 October 2020

By Email: [adjudication@accc.gov.au](mailto:adjudication@accc.gov.au)

Dear Sirs,

**Submission in response to Mitsubishi Motors Australia Limited (MMAL) exclusive dealing notification RN100000433**

I refer to the above notification by MMAL and wish to lodge my objection to this.

I have been in the car industry for 17 years and have worked as a motor mechanic in independent mechanical workshops all my career. I am now the franchisee of this Ultra Tune workshop at Greensborough Victoria.

We employ 4 qualified mechanics and 1 apprentice mechanic.

I object to the MMAL notification for the following reasons.

If this proposal is accepted other vehicle manufacturers may follow – now other manufactures are offering extend warranties beyond the 5 years without any restrictions or conditions.

Choice of mechanic for warranties under 5 years allows the consumer choice of mechanic without affecting their warranty. MMAL claims that if the notification is accepted it will be public benefit because under the Notified Benefit cars are serviced with a high degree of care and skill. This is not so; the independent provider is impartial and will advise the consumer to return to the dealership to remedy any warranty item defects. MMAL accepts this under their 5year warranty, why not the 10 year?

MMAL has not disclosed their service and parts costs, by having a monopoly the dealer will control the cost of service, parts, and repairs. This would mean they could charge whatever they liked, and the consumer would have no choice but to accept because the dealer would hold the threat of voiding the warranty if they went elsewhere over their heads.

As is, we find most new car buyers have their car serviced by the dealer during the warranty period. This is because the dealership sales team usually creates confusion as to what is covered by the warranty and that the warranty would be voided if they went elsewhere.

Dealership servicing and repairs are usually much more expensive than the independent operator and restrict customer choice on products used.

As an independent operator we offer choice of product, always ensuring that they meet manufactures specifications and that it meets warranty requirements.

Personalized customer service and follow up is always offered, we find many customers leave the dealerships and come to us as they have had negative experiences.

The dealerships use repairs and servicing as a source of their main profit, contribution can be up to 70% of the overall dealership profits. They charge top price on parts, lubricants, oils, and labour.

The consumer is already covered by Australian Consumer Law all this would achieve would be that they would be paying more for something that they should already have.

This notification would cause confusion, increased prices, and remove the freedom of choice from the consumer.

In addition to the above we have the issue regarding employment. The Australian Government is asking and assisting small business like mine to employ extra staff because of the Covid-19 pandemic. If this notification is approved and there is a most likely flow on affect, by other dealerships and manufacturers, it may mean that some independent operators would have to dismiss staff instead of employing.

The effect of the multinational obtaining a monopoly would have a detrimental affect on my industry, the consumer, the population, and economy at large.

It is for these reasons I ask you not to approve the MMAL notification.

Thank you for taking my views into consideration.

Sincerely.

*pcangia*

Patrick Cangia  
Director