

Australian Government response to the Commonwealth Consumer Affairs Advisory Council's final report on the *Sharing of repair information in the automotive industry* (December 2012)

The Australian Government welcomes the opportunity to respond to the final report of the Commonwealth Consumer Affairs Advisory Council (CCAAC) on the *Sharing of Repair information in the automotive industry* released in December 2012.

Under its terms of reference, CCAAC examined whether there is any evidence of detriment to consumers and the market for automotive repairs as a result of the accessibility of repair information. CCAAC found that at present, there are a wide range of automotive repair services available to consumers and that there is a relatively low level of consumer detriment associated with the accessibility of repair information at this time. However, this could change over time if this became a barrier to entry to the market for the supply of automotive repair services.

On the other hand, CCAAC considered that relatively simple steps could be taken to improve access to repair information. The Australian Government understands that through its consultations, CCAAC also considered that there was appetite within the automotive industry to develop an industry-led outcome to this issue. CCAAC urged the industry to expedite current processes to develop an appropriate outcome in response.

The Australian Government recognises the importance of the automotive repair industry to Australian consumers. There is more than one motor vehicle in Australia for every two people, and automotive servicing and repair is an important aspect of motor vehicle ownership. As such, the Australian Government encourages the automotive repair industry to continue to work collaboratively with other industry participants to progress development of an industry-led outcome to this matter.

CCAAC made three key recommendations in its final report. These recommendations are that:

1. consumer agencies continue to educate consumers that they are not required to have their vehicle repaired by an 'authorised' repairer to ensure continuation of their manufacturers' warranty;
2. the automotive industry expedite current processes to develop, within a reasonable period of time, an outcome (such as voluntary industry code of conduct) that ensures there is a process for independent repairers to access repair information. CCAAC expected there to be significant progress towards such an outcome over the next 12 months; and
3. the Government canvass regulatory options to ensure reasonable access to repair information, if industry is unable to arrive at an effective industry outcome, and access to repair information became a barrier to competition in the market for repairs.

The Australian Government supports the three recommendations contained in the CCAAC report and the following table outlines the Government's response:

RESPONSE TO CCAAC'S RECOMMENDATIONS

Recommendation	Government Position	Government Response
<p>1. CCAAC recommends that consumer agencies should continue to educate consumers that they are not required to have their vehicle repaired by an 'authorised' repairer to ensure the continuation of their manufacturer's warranty.</p>	<p>Support</p>	<p>The Australian Government supports CCAAC's recommendation that Australian consumer agencies should continue to educate consumers about their rights under the Australian Consumer Law (ACL) when accessing repair services.</p> <p>The Australian Government will raise the matter of educating consumers regarding the application of the ACL to motor vehicles through the Consumer Affairs Australia and New Zealand Committee, which comprises Australian and New Zealand consumer affairs agencies.</p>
<p>2. CCAAC urges the automotive industry to expedite current processes to develop within a reasonable period of time, an outcome (such as a voluntary industry code of conduct) that ensures there is a process for independent repairers to access repair information. CCAAC expect there to be a significant progress towards such an outcome over the next twelve months.</p> <p>– CCAAC would expect an industry outcome to address the accessibility of repair information to rural and regional repairers as one of the first priority areas, given the greater potential for consumer detriment in such areas. CCAAC also encourage industry to reach an early outcome on issues which it may be possible to resolve relatively simply (for example, making overseas websites available to Australian repairers).</p>	<p>Support</p>	<p>The Australian Government supports CCAAC's recommendation that the automotive industry should expedite current processes to develop an industry-led outcome that ensures there is a process for independent repairers to access repair information.</p> <p>As part of this process, the Australian Government will ask the Chairman of CCAAC, Mr Colin Neave AM, to monitor the industry-led process and expects industry to report to the Assistant Treasurer on progress by mid-2013, including providing a clear timeline for implementation of a voluntary initiative. It is expected that significant progress towards an industry-led outcome will be made before the end of 2013.</p> <p>An industry-led outcome should ensure that consumers have access to repair services at reasonable prices now and into the future. The Australian Government also encourages the automotive industry to consider the other issues noted by CCAAC in its report, including the accessibility of repair services in rural and regional areas. The automotive industry is also encouraged to seek guidance from the ACCC in developing an industry-led response.</p>

Recommendation	Government Position	Government Response
<ul style="list-style-type: none"> – CCAAC also encourages the industry to seek guidance from the Australian Competition and Consumer Commission, consult widely across the industry and involve an independent third-party in leading development of an industry code. 		
<p>3. CCAAC recommends that the Government canvass regulatory options to ensure reasonable access to repair information, if industry is unable to arrive at an effective industry outcome, and access to repair information becomes a barrier to competition in the market for repairs.</p> <ul style="list-style-type: none"> – A review of the adequacy of an industry-led outcome should be conducted within 18 months of implementation. 	<p>Support</p>	<p>The Australian Government supports industry self-regulation as the appropriate mechanism to ensure there is reasonable access in the industry to repair information and notes that there are clear incentives for the automotive industry in developing and agreeing an industry-led outcome.</p> <p>If access to repair information becomes a barrier to competition in the market for repairs and the automotive repair industry has not been able to arrive at an effective industry solution to address such concerns, the Government will consider relevant regulatory options, including a mandatory code of conduct.</p> <p>In this respect, if significant progress towards an industry-led outcome has not been made before the end of 2013, the Government will release a consultation Regulation Impact Statement seeking comments from stakeholders on the extent of the problem and different regulatory options that are available to respond to this issue.</p> <p>The Australian Government supports a review of the adequacy of any industry-led outcome within 18 months of implementation.</p>