



In this issue:

- Australian Auto Aftermarket Shifts into Top Gear
- A Truly International Event
- Defending the Repair Defence
- Victoria's Roadworthiness System – Announcement
- National Surveillance Program on Vehicle Jacks
- Australian Auto Aftermarket Innovation & Excellence Awards
- Choice of Repairer Code of Practice
- We Need a New Vision for the Australian Automotive Industry
- AAAA Welcomes Motor Vehicle Standards Act Review
- 2014 PRTC Survey Report

Australian Auto Aftermarket Shifts into Top Gear

At the 2015 *Auto Aftermarket Expo*, which was held in Melbourne from 16 to 18 April, Australia's automotive aftermarket suppliers, manufacturers and exporters demonstrated that this sector of the Australian automotive industry is healthy, growing and can offer a future for those people facing job losses when local passenger vehicle manufacturing ceases in 2017.

Hosted biennially by the Australian Automotive Aftermarket Association (AAAA), the Australian Auto Aftermarket Expo and the co-located Collision Repair Expo showcased 420 exhibitors from 21 countries across more than five acres of floor space. In addition, 30 other organisations staged their own events to link with what is now the largest automotive industry show in the Oceania region.

The Expos, which are trade only events, attracted 10,266 technicians and workshop owners and managers. AAAA Executive Director Stuart Charity said this attendance is up 34% on the 2013 Expos held in Sydney.

"Exhibitors are delighted with this result, particularly in the knowledge that the service and repair segment of the Australian automotive industry is consolidating," he said.

"The vehicle service and repair industry has approximately 25,000 workshops nationally. It was amazing to have such a high proportion of service and repair business operators visit the Expos.

"This is testimony to the passion and commitment they have for their businesses. These people know they have to stay on top of trends to be successful in a small business.

"Expo visitors were keen to learn how to improve their businesses. They attended to experience the huge range of leading edge technologies available – the products, tools and equipment on display. Much of it is Australian made.

"They also came to attend the comprehensive seminar program covering both technology and business operations topics. The two-day program offered 14 seminars and attracted 2,200 delegates.

"Another benefit enjoyed by Expo visitors is the fantastic networking opportunities offered. These ranged from a simple happy hour to get people together to share ideas, to export seminars targeting Mexico, Thailand and Indonesia, an international reception to welcome buyers from over 70 countries to the Expo, and a special event to launch our 2014 Performance Racing and Tuning Council survey.

"And this whole Expo experience was free for our trade visitors. We sincerely thank the dedicated industry executives who work on the Expo organising committees. They have set a very high bench mark for the 2017 Expos, which will again be held at the Melbourne Exhibition Centre from Thursday 30 March to Saturday 1 April 2017," said Stuart Charity.

Political Interest in the Aftermarket

The Australian automotive aftermarket enjoyed the attention of political leaders engaged in a range of automotive related issues during the Expos.

The Expo was formally opened by Shadow Minister for Higher Education, Research, Innovation and Industry Senator Kim Carr, who is also a member of the Senate Inquiry into the Australian Automotive Industry.

Senator Carr was joined by fellow Senate Inquiry members Senator Nick Xenophon and Senator Ricky Muir at the ribbon cutting.

Victorian Minister for Industry Lily D'Ambrosio welcomed visitors to the AAAA Innovation Awards Breakfast where winners of newly launched products and services were announced.

Federal Assistant Minister for Infrastructure and Regional Development Jamie Briggs attended the official Expo Media Briefing to introduce government proposals for an update to the Motor Vehicle Standards Act, including regulations relating to personal imports of vehicles.

Federal Minister for Small Business Bruce Billson spoke at the AAAA Excellence Awards Dinner to reinforce his government's commitment to make vehicle data sharing a reality for the independent aftermarket and announced that he has asked the Australian Consumer and Competition Commission to conduct a review of the capped price service programs being offered by vehicle manufacturers.

Stuart Charity said the engagement of Federal and State politicians responsible for many aspects of the auto aftermarket sector was welcome. "In the past, the aftermarket has been largely ignored as governments focused on the passenger vehicle manufacturers," he said.

"Aftermarket manufacturing represents 36% of all automotive production in Australia – that is \$5.2 billion a year – and exports \$800 million worth of Australian developed products each year.

"The AAAA has lobbied hard to demonstrate to State and Federal MPs that when the passenger vehicle manufacturers close their plants, there will still be a vital and growing automotive industry in Australia.

"By visiting the 2015 Expos, these MP's clearly saw the important role the aftermarket now plays in the lives of Australians and their economy.

"We hope they also now realise that, with appropriate policies in place, aftermarket manufacturers and exporters can play an even larger role in ensuring future growth for our nation's automotive industry," said Stuart Charity.

A Truly International Event

On the eve of the Australian Auto Aftermarket Expo, AAAA was pleased to host the International Buyers Networking Reception. The Expo was attended by hundreds of international buyers from over 70 countries, joining Austrade-led buyer delegations from Indonesia and Thailand to source high quality parts and accessories from our local manufacturers. The Reception was an opportunity for us to formally welcome international buyer delegations to Australia and provide valuable networking opportunities between international visitors and Australian exhibitors, and was partially funded by Austrade as part of the Asian Business Engagement Plan.

Our international visitors were warmly welcomed to Victoria by Craig Ondarchie MLC, the Victorian Shadow Minister for Investment and Jobs and Shadow Minister for Trade. Craig spoke passionately about Victoria's innovative automotive aftermarket manufacturers and of the AAAA's work in representing members across Australia. Shelley Jackson, Acting Director of Austrade's Victorian and Tasmanian offices was also in attendance and spoke about the importance of Australian manufacturers breaking into the growing Asian market for parts and accessories.

Next month, market briefings will be held in Sydney and Brisbane that will give our member companies the

opportunity to gain a deeper insight into emerging markets in Asia, make contacts, develop successful market-entry strategies and become more 'Asia Ready'. Keep an eye on the AAAA Weekly Update for more information over the coming weeks.

Defending the Repair Defence

The current designs system has been in operation since 2003/2004. The Australian designs system protects the visual features of a product - including the shape, configuration, pattern and ornamentation which, when applied to the product, give it a unique appearance.

The current Design Law includes 'The Repair Defence' (s 72). The 2003 Act provides that it is not an infringement of a registered design to use, or authorise another person to use, a product which is a component part of a complex product for the purpose of the repair of the complex product.

In May 2012, the Advisory Council on Intellectual Property (ACIP) was asked to investigate the effectiveness of the designs system for today's environment particularly the role of the Act in stimulating innovation and the impact the designs system has on economic growth.

The process has been comprehensive and consultative – the Issues Paper was released in 2013, the Options Paper in 2015 and April 2015, the final report to government was completed.

Our submission to the Review, on behalf of the Automotive Aftermarket, strongly supported the retention of s 72, pointing to 'current, suboptimal competitive arrangements within the Australian automotive aftermarket' (in particular, dealership arrangements linking car sales and after sales service).

We argued that s 72, The Repair Defence' ensured the competitiveness of the aftermarket industry, and the availability of cost-effective parts. The FCAI, on behalf of the vehicle manufacturers argued that s 72 should be repealed, which would allow car manufacturers to patent the design of spare parts and therefore control all sales of spare parts for repair.

ACIP has now completed this review and released its final report and contains the following recommendation:

Issues around design protection for spare parts were discussed in the Options Paper. Unsurprisingly there were mixed views in the submissions to the Options Paper, primarily in the key markets. For example, aftermarket providers agree with no change, and representatives of the vehicle market indicated the repair defence is detrimental to the designs system. ACIP has not been informed of or found any additional information to be influential in changing its view.

Recommendation 20 ACIP recommends no change to the Repair Defence.

A solid win for the automotive aftermarket industry and more importantly for Australia's vehicle owners.

Victoria's Roadworthiness System – Announcement

In September 2013, VicRoads circulated a proposal to remove requirements for roadworthy certificates for people transferring ownership of light vehicles. At the time we strongly opposed the options provided, go to <http://www.aaaa.com.au/news.asp?id=176> to view the news article.

AAAA Executive Director Stuart Charity said the VicRoads RWC Consultation Paper actually conceded that all three options proposed were expected to 'result in a marginal increase in road safety risk' and that "with less testing, or less areas of the vehicle tested, there is a greater chance that defective vehicles will remain on the road'.

In our view, while this risk might have been considered marginal to VicRoads, it is not acceptable to the community as a whole. Figures in the VicRoads consultation paper claimed to quantify the RWC costs, but there is no mention of community cost due to fatalities, injuries, loss of income, grief and pain caused by the expected increase in road trauma.

It is just plain common sense that faulty vehicles either cause accidents or contribute to the severity of accidents. But the continual attempts to reduce inspections is because there is no national protocol for capturing roadworthiness information from crashed vehicles. Police and emergency service personnel attending accidents do not closely examine crashed vehicles for roadworthiness, so faults are generally under reported or not reported.

The new Victorian Government does have common sense and during our recent meeting with the Victorian Minister for Roads and Road Safety – the Hon Luke Donnellan MP, he confirmed that it was not on his radar to reform Victoria's roadworthiness system. True to his word he has now confirmed this in writing – on the 24th of April we received written confirmation that the VicRoads proposals will not proceed.

A good result that was generated by sound government relations, strong advocacy, common sense and a new Minister that understands our industry.

National Surveillance Program on Vehicle Jacks

The Australian Competition and Consumer Commission has informed AAAA of a forthcoming national surveillance program focussing on vehicle jack compliance. The mandatory standard for vehicle jacks is available from the Product Safety Australia Website <https://www.productsafety.gov.au/content/index.phtml/it emld>.

As part of this campaign, the ACCC will randomly obtain vehicle jacks and subject them to performance testing as well as an assessment of warning and safe use information

to ensure vehicle jacks comply with the mandatory standard. The mandatory standard specifically requires written advice and/or pictograms warning against getting under a vehicle that is supported by a jack.

Penalties apply for the supply of non-compliant vehicle jacks. To view a copy of the ACCC notification to AAAA members please go to

<http://www.aaaa.com.au/data/Letter%20to%20AAAA%20re%20vehicle%20jacks%20program.pdf>

Australian Auto Aftermarket Innovation & Excellence Awards

The 2015 Australian Auto Aftermarket Innovation & Excellence Awards were presented on Thursday 16th April to deserving winners before over 1000 of their industry colleagues at the Innovation Awards Breakfast and Excellence Awards Banquet. To view all of the award recipients for 2015 please go to

<http://www.aftermarketawards.com.au/past-winners/>.

Hosted by the Australian Automotive Aftermarket Association (AAAA), the Australian Auto Aftermarket Awards program was revised and expanded this year to keep pace with the competitive world of developing products, creating marketing campaigns and to reflect continuing change in the aftermarket sector of the auto industry.

"The AAAA Awards are unique because they are the only program specifically recognising excellence in innovation in the Australian automotive aftermarket. As these biennial Awards are run in tandem with the Expo, the next chance to score a win will be in 2017," said Stuart Charity.

Choice of Repairer Code of Practice

The Australian Automotive Aftermarket Association (AAAA) today distributed its vehicle data sharing code of practice to members of the industry Steering Committee on *Access to Service and Repair Information for Motor Vehicles*.

Overseen by Federal Small Business Minister Bruce Billson, the Steering Committee is charged with implementing the core principles of a *Voluntary Heads of Agreement* for the sharing of vehicle service and repair information.

A *Voluntary Code of Practice* covering all auto industry stakeholders was the primary recommendation following an extensive inquiry into vehicle data sharing conducted by the Commonwealth Consumer Affairs Advisory Council (CCAAC) in 2012.

Members of the Steering Committee include the AAAA, the Australian Automobile Association (AAA), the Australian Motor Industry Federation (AMIF), the Australian Automotive Dealer Association (AADA) and the Federal Chamber of Automotive Industries (FCAI).

In December 2014, all parties signed an historic *Heads of Agreement - Access to Service and Repair Information for*

Motor Vehicles. All signatories face a 30 April 2015 deadline to table individual codes of practice covering their respective segments of the industry.

AAAA initiated its *Choice of Repairer* campaign in 2009 to protect consumer choice and competition in vehicle repair and service sector by eliminating any technical or legal barriers that impact on the Australian consumers' rights to have their vehicle serviced, maintained and repaired at competitive prices in the workshop of their choice.

AAAA Executive Director Stuart Charity said the *Auto Aftermarket Code of Practice* developed following broad consultation delivers a level playing field for Australian car owners and independent workshop businesses.

"The *Auto Aftermarket Code of Practice* addresses core issues to help balance the market power and technological advantage of the multinational car companies against the independent repairer industry, which predominately comprises small, family owned businesses," he said.

Aftermarket Industry Commitment

The *Auto Aftermarket Code of Practice* is based on the following key principles included in the *Heads of Agreement*:

- That consumers should be able to choose who maintains and/or repairs their motor vehicle.
- Independent repairers should be able to access all information required for the diagnosis, body repair, servicing, inspection, periodic monitoring and reinitialising of the vehicle in line with the service and repair information that manufacturers provide to their authorised dealerships.
- Service and repair information should be made available on commercially fair and reasonable terms.

Specifically the *Auto Aftermarket Code of Practice* outlines standards of practice and behaviour for our members, who will:

- Ask for the data and repair information that they need to service and repair their customers' vehicles.
- Pay a fair price for this data and information.
- Formally complain when the data is not provided, is difficult to access or priced unreasonably.
- Explain to their customers the truth about vehicle servicing and warranties.
- Provide transparent information on the source of the parts that they use to service and repair vehicles.
- Acknowledge the importance of ongoing training to ensure the sector is proficient and efficient.

The AAAA will also monitor the performance of the *Voluntary Code of Practice*. Repairers will be encouraged to formalise requests for vehicle data, and if it not forthcoming, to record the incident on an online collection tool, which will collect evidence from the market on any systemic issues relating to the availability of repair and service information.

The Genuine Parts Myth

Stuart Charity said the aftermarket industry will tackle head on the issue of the origin of parts. "Our commitment is to ensure full transparency and to assist our customers in fitting the most appropriate parts for their vehicle," he said.

"The term 'genuine parts' is a marketing slogan created by the car companies. Generally the vehicle manufacturers do not make replacement parts. These parts are usually manufactured by third party component suppliers with a car company brand on the box.

"The terms 'genuine' and 'non genuine' are not particularly transparent and do not provide consumers with clear information on the source of these parts. The issue is not who manufactured the parts, it is whether the parts are fit or appropriate for the purpose intended.

"Both OEM parts and independent aftermarket parts come with consumer guarantees under the Australian Consumer Law. They are often made in the same factory, but are labelled and packed differently, with the aftermarket version usually sold at a lower price.

"To assist independent repairers to inform customers of the source of parts, we recommend itemising quotes and invoices to list the brand and type of parts to be fitted.

Completing the Data Sharing Code of Practice

At the recent AAAA *Excellence Awards Dinner*, Minister Billson restated his commitment to making vehicle data sharing a reality for the independent aftermarket and announced that he has asked the Australian Consumer and Competition Commission to conduct a review of the capped price service programs being offered by vehicle manufacturers.

Stuart Charity said after six years of advocating its *Choice of Repairer* campaign, the AAAA looks forward to reviewing the codes of practice offered by the other signatories to the *Heads of Agreement on Access to Service of Repair Information for Motor Vehicles*.

"We are particularly keen to see the detail of the FCAI voluntary code. They represent the vehicle manufacturers and importers and will be the group most often making vehicle service and repair information, tools and equipment available for sale to independent workshops.

"If the voluntary data sharing *Heads of Agreement* is not making a significant difference to the availability of repair information after the initial 12 month period, we will again approach Government to advocate for the introduction of a Mandatory Code of Practice," said Stuart Charity.

Read the AAAA *Auto Aftermarket Code of Practice* by going to

<http://www.aaaa.com.au/data/AAAA%20Choice%20of%20Repairer%20Code%20of%20Practice.pdf>

We Need a New Vision for the Australian Automotive Industry

The Australian Automotive Aftermarket Association (AAAA) believes that the Federal government's lack of vision and strategy for the automotive industry will cause a tsunami of job losses over the next two years.

AAAA Executive Director Stuart Charity said Australia could lose up to 40,000 highly skilled jobs and leave hundreds of millions of dollars worth of sophisticated manufacturing equipment sitting idle.

"When Federal Industry Minister Macfarlane withdrew the Government bill to cut \$500 million from the Automotive Transition Scheme (ATS), he was playing charades. He knew all that money would never be spent by an industry shutting down," said Stuart Charity.

"The ATS money is available only to car makers and their direct component supply chain. There is no Federal Government strategy and supporting policy in place for the other sectors of the automotive manufacturing industry.

"If the Federal Government had a vision for the future of the Australian automotive industry, those remaining sectors could be encouraged to expand. These sectors include businesses that design, engineer and manufacture agricultural, mining, truck, bus, defence, special purpose, recreational and motorised personal vehicles, and those that manufacture automotive aftermarket parts and accessories.

"If immediate action is taken by the Federal Government to include these sectors in a strategy to grow Australia's automotive industry, these businesses could absorb some of the labour and stranded assets from the car industry.

"The much needed Inquiry into the future of the Australian automotive industry launched recently was the result of action taken by Labor and Independent Senators – it was not a Federal Government initiative.

"In the AAAA submission to the Senate Inquiry we said there is more to the Australian automotive industry than making cars. The Government must recognise this before it is too late.

"Australia has reached a turning point with respect to its automotive industry. This is a now or never decision for the Federal Government.

"We are calling on the Government to work with the sectors that will still be operating after the car makers close to develop a whole of industry strategy covering all remaining automotive sectors.

"The aftermarket is proof there are viable and growing automotive manufacturing sectors in Australia. Local aftermarket manufacturers produce parts, accessories, workshop tools and equipment and speciality equipment

such as 4WD, high performance and motorsport components.

"The aftermarket is strong and growing – it turns over \$11 billion a year and employs over 40,000 Australians. Automotive aftermarket manufacturing represents 36% of all automotive production in Australia – that is \$5.2 billion a year.

"260 AAAA member companies manufacture product locally with around 65% of these actively exporting. The aftermarket exports more than \$800 million in Australian manufactured product a year.

"Surveys of aftermarket manufacturers consistently report that these businesses are confident Australia can sustain a healthy, diversified and competitive automotive industry into the future.

"With good industry strategy and supporting Federal Government policy, the Australian automotive industry can re-group during the closure of the passenger car makers. It could employ thousands of those skilled people who will soon lose their jobs. These growing businesses will pay taxes and they will earn vital export income for the nation," said Stuart Charity.

Read the AAAA submission to the Senate Inquiry into The Future of Australia's Automotive Industry by going to http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Automotive_industry_2014/Submissions

AAAA Welcomes Motor Vehicle Standards Act Review

The Australian Automotive Aftermarket Association (AAAA) welcomes the Federal Government review announcement to update the Motor Vehicle Standards Act.

Last reviewed in 2000, rapid development of vehicle technology, including computerisation of many vital safety components, means aspects of the existing standards should be updated.

AAAA Executive Director Stuart Charity said the review headed by Assistant Minister for Infrastructure and Regional Development Jamie Briggs is timely to bring safety standards into line with Australia's modern multinational car parc.

"With the closure of passenger car manufacturing in Australia, the local demand for new vehicles will be satisfied totally with imports. Aligning Australian with international standards will reduce bureaucratic red tape, reduce prices and make our market more competitive," he said.

"We consider the proposals outlined by Minister Briggs to be a good balance for car owners and the community. The AAAA endorses his statement that the government should

not regulate where there is no good safety or community reason to do so.

“The AAAA looks forward to contributing to the Regulatory Impact Statement to be released in the coming months to promote harmonisation of vehicle standards both internationally and between Australian jurisdictions.

“The changes to regulations relating to personal importation of vehicles are also of interest to the aftermarket. The AAAA does not believe that these proposals will open the floodgates to personal imports.

“The AAAA agrees that import restrictions should be relaxed as long as safety is the priority, and consumers are made aware of their rights with respect to warranties and understand the service requirements required for their vehicle.

“Appropriate relaxation of personal imports will assist hundreds of thousands of Australia’s motoring enthusiasts. Such changes would also generate a new avenue of business for the Australian auto aftermarket as consumers service and customise their new imports,” said Stuart Charity.

2014 PRTC Survey Report

In the edgy political and economic environments experienced in Australia in late 2014, the Australian Automotive Aftermarket Association (AAAA) conducted an online survey of members of the Performance Racing and Tuning Council (PRTC). This study was part of the regular surveys conducted to help keep PRTC members up to date on trends in this expanding segment of the automotive aftermarket sector.

Although some survey responses reflected the mixed business environment experienced recently, the dominant finding of the 2014 survey is that respondents are optimistic about future growth of their businesses.

The 2014 PRTC Survey Report was launched at the recent PRTC Networking Event held at the Australian Auto Aftermarket Expo in Melbourne on Friday 17th April 2015.

To download a copy of the 2014 PRTC Survey Report please go to

<http://www.aaaa.com.au/data/PRTCReport2015Final.pdf>