

HAPPY NEW YEAR AND WELCOME TO 2021

I hope you had some time to relax and recharge during the holiday break

Since my last column, I have two significant industry updates that I would like to share with you.

The first is that we received a draft law for mandatory data sharing, called the 'Motor Vehicle Service and Repair Information Sharing Scheme.' Receiving this draft law in late December 2020 was a historic moment for the AAAA. I know I have talked about how significant this legislation will be for our industry for many years, so to finally have the draft in our hands is fantastic. It is a testament to the strength and ongoing commitment of our members and the AAAA team, who worked tirelessly to make this a reality.

We have reviewed the draft bill and I am happy to say there were no real surprises. I can see from the explanatory notes that accompany the law, that the government has every intention of delivering a scheme that is genuinely designed to do what we have been campaigning for, which is to achieve open industry competition so that consumers have true choice of automotive repairer and competitive pricing. We have been working through the wording of the draft law in detail to ensure it reflects its intent and have provided our feedback to government as part of the short industry consultation process. For more information on the draft legislation, including next steps, see our article on page 7.

While celebrating the arrival of the long-awaited draft law, we were quickly bought 'back down to earth' with a surprising announcement from the ACCC. In not so positive news, the ACCC decided they will not revoke the Mitsubishi Motors Australia Ltd Exclusive Dealing Notification.

For those unfamiliar with this situation, last year Mitsubishi Australia began offering an extended warranty of 10 years, or 200,000kms, with the



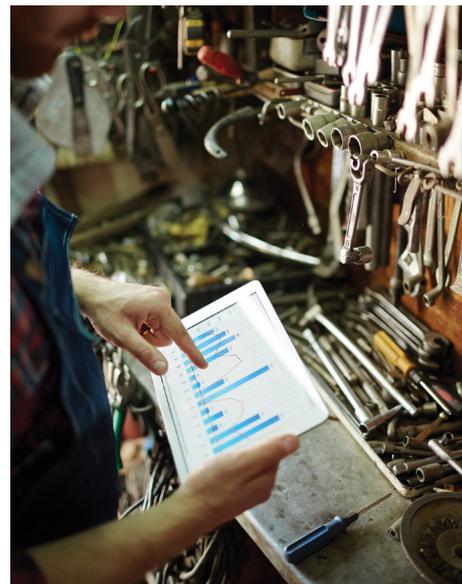
final five years of the warranty conditional on the vehicle being serviced only by authorised Mitsubishi dealers and service centres. In our opinion, this was one of the more trade restrictive moves we have seen from a car manufacturer. We immediately lodged a submission arguing against this exclusive dealing notification to the ACCC. The ACCC was inundated with submissions from the independent service and repair segment (over 150 submissions were lodged), to formally object to this proposal.

We will continue our fight against this warranty. The process is not over, and we are well prepared to fight for consumers' rights and fair competition. We have long been concerned about extended warranties because consumers already worry about not having choice, and this move by Mitsubishi clearly shows their intent to restrict consumer choice long term. I also fear this marketing tactic heralds the beginning of a practice that, if not stopped now, will flow on to every other major brand in our market. This is an example of why we dedicate so much of our resources to ensuring we are always ready to identify these threats and able to respond quickly and comprehensively on behalf of members.

Despite the ACCC decision, it is worth noting that within the ACCC's explanatory statement (which you can view at <http://bit.ly/ACCC-Mitsubishi>) there are many references that the decision stands 'at this time'. The notification can in fact be revoked at any time. The statement provides some optimism that we have a clear opportunity to consider how we can prove our case. Also, the ACCC did not state that the Mitsubishi marketing offer provides consumer benefit. This notification has not been allowed to stand because it is good for car owners and the ACCC points out that they did not arrive at that conclusion.

We will shortly meet with the ACCC to discuss their reasoning behind the decision. What we want to know is how the ACCC did not factor in the future behaviour of OEMs and importantly what the ACCC will do with the next application(s). The outcome of this meeting will help us determine our next moves.

Although the ACCC decision was disappointing, I do not want you to feel discouraged. Our fight on mandatory data sharing included many setbacks, and look where we are today – I have a copy of the draft legislation on my desk. We are well known for our tenacity and our resilience, so watch this space.



We need to keep our eye on the bigger picture too. We believe extended warranties do not bring benefit to car owners and they reduce consumer rights to true choice and price competition. To this end, we are planning a consumer education campaign. The goal is to inform car owners that they should not get misled by extended warranty deals. New car owners already have an extended warranty – it is in their statutory rights under the Australian Consumer Law. The car companies are not going to tell consumers that – so we will.

We will not let the ACCC decision on Mitsubishi detract from our enormous win with Mandatory Data Sharing. And, knowing our industry as well as I do, I know you will remain positive and together we will succeed in achieving our goal of a stable, healthy and prosperous industry.

Finally, I would love you to visit www.aaaa.com.au. We have refreshed our website and it looks impressive. The new design reflects the diverse, energetic and innovative nature of our industry, and importantly, it is easier to navigate so you can get to the services you want, faster. Members can easily access our research and business tools, view subjects relating to their specific market segment and download our Choice of Repairer materials, plus much more. We hope you like it.

STUART CHARITY
Chief Executive Officer