



Automotive Industry Leaders Forum



CHALLENGING TIMES CALL FOR INNOVATIVE SOLUTIONS, AND THE AAAA HAS ONCE AGAIN TAKEN THE INITIATIVE BY REIMAGINING AUTOCARE 2020 BY FACILITATING A VIRTUAL FORUM THAT ENABLED THOSE IN THE AUTOMOTIVE INDUSTRY TO HEAR FROM THE FEDERAL GOVERNMENT'S ASSISTANT TREASURER AND SOME OF THE INDUSTRY'S MOST SUCCESSFUL LEADERS.

In the last week of October, the Australian Automotive Aftermarket Association (AAAA) ran a virtual event that attracted almost 1,000 participants who heard from the Hon Michael Sukkar MP (Assistant Treasurer and Minister for Housing), and keynote speakers David Fraser – Group CEO Capricorn Society, and Lesley Yates – Director of Government Relations and Advocacy, AAAA.

Stuart Charity, CEO AAAA hosted the event and first-up introduced the chairman of AAAA, Mark Pedder, Managing Director of Pedders Suspension. Pedder welcomed the Minister and the keynote speakers. He also highlighted the ongoing challenges that are faced when fighting for fair and open competition for the thousands of automotive aftermarket businesses around the country and thanked the audience for their overwhelming support of the virtual event.

Charity returned to the “podium”, reminding the audience that this “reimagined” Forum was taking place on the same day as the postponed (and then subsequently cancelled) Autocare Convention. He was full of praise for Minister Sukkar and his ongoing support of the Mandatory Data Sharing campaign, and acknowledged that Craig Ondarchie, the Victorian Liberal member for the

Northern Metropolitan Region, had also joined the event.

Charity set the tone for the day with a spirited defence of the automotive aftermarket and was scathing in his criticism of the conduct of the car manufacturing sector, citing Mitsubishi Motors Australia's submission to the ACCC. In their submission, Mitsubishi is seeking approval to offer a 10-year warranty on the condition that the purchaser exclusively acquires aftermarket servicing from a Mitsubishi dealer or service centre.

“Given the average age of registered vehicles in Australia is just over 10 years, the widespread adoption of such conditional warranties would have a detrimental impact on the 30,000 predominately family-owned mechanical repair businesses in Australia as well as the globally recognised \$5 billion Australian automotive parts manufacturing sector. This will result in reduced competition and choice and drive up the cost of vehicle ownership for all Australians,” said Charity.

Interestingly, a key point of Mitsubishi's submission is that their existing 5-year warranty, which allows purchasers to choose an independent service centre without affecting their warranty, remains an option for Mitsubishi customers. At the time of

writing, the submission was still under consideration.

Minister Sukkar took to the “stage”, setting the scene as he reflected on Autocare 2018 when he opened the event. He stated that he fully appreciated the importance of the



Stuart Charity.

\$23 billion automotive aftermarket, which is made up of 35,000 businesses employing 100,000 Australians. He also said he was absolutely committed to a level playing field, was fully supportive of consumer choice and understood that this in turn relied on access to the correct information. He acknowledged that the voluntary system was just not working.

In a surprise announcement, the Minister declared that the release of draft legislation for mandatory data sharing, giving independent workshops access to motor vehicle service and repair information, will be released for comment in “a matter of weeks”. The new legislation will become a specific section of the Competition and Consumer Act (2010).

The Minister also announced a commitment of \$250,000 to establish an industry-led organisation that will facilitate the infrastructure and processes required to implement the legislation. This body will consist of representation from: AAAA, Federal Chamber of Automotive



Hon Michael Sukkar, MP opening Autocare 2018.

Industries, Motor Trades Association of Australia, Australian Automobile Association and the Australian Automotive Dealer Association.

In summing up, Minister Sukkar made the point that everyone will effectively have a seat at the table and his expectation is that the industry-led organisation will work collaboratively for the greater good of both the industry and the consumer. He expects that mandatory data sharing will be a reality in 2021.

Charity then facilitated a discussion with the minister and two of the industry's pre-eminent leaders, Darryl Abotomey, CEO and Managing Director of Bapcor, and Adam Pay, Managing Director of mycar. The discussion centred on potential obstacles to the process and the car manufacturers' likely response, although the minister was unequivocal. He said that the intention is clear and if the manufacturers were frustrating the process, the industry body need to manage this. He went on to say that the OEM sector is also in a transition phase and that they are entitled to apply commercially appropriate pricing for access to their IP. However, the minister reminded the audience that once enacted, adherence to the law is non-negotiable.

After a short “pit-stop”, David Fraser Capricorn Group CEO, provided an overview of the Capricorn State of the Nation 2020 – a report on the industry, by the industry, for your workshop. Fraser said: “Capricorn embarked on an ambitious project to look under the bonnet of our industry. We wanted to better understand the mood amongst members, to really get a handle on the issues, trends and challenges affecting you, your business, and the industry as a whole.” This is such an important body of work that we have summarised it on the following page to highlight the key messages.

Charity then introduced Lesley Yates, AAAA Director of Government Relations and Advocacy, who presented a global perspective on the issue of mandatory data sharing. Yates pointed out that by looking at those countries that are further down the

track, we get a glimpse into the future, which in turn allows the Australian automotive aftermarket to better prepare for the challenges ahead.

Yates indicated that the mature regulations embedded in the legislation of the USA and the European Union have been the basis of the Australian campaign, citing the mantra, “If it can happen there, it can happen here”. The argument is that the same manufacturers are already sharing their data with the aftermarket in other countries and, more importantly, the system works, so why not here in Australia?

In addition, these scenarios have allowed those campaigning on behalf of the Australian automotive aftermarket to proactively prepare, and even deliver, counter arguments to the OEMs' objections during the process.

According to Yates, the new battleground on the global scene is telematics and the provision of “live data” to the aftermarket. As this unfolds overseas, it will allow the new industry body here in Australia to factor these issues into the discussion on the draft legislation.

The Forum concluded with a Q&A session, where Yates was re-joined by Fraser and Pedder. The overwhelming view was that the minister's announcement was a major step forward in this long-running campaign to create a level playing field.

In summary, Australia's new mandatory law is expected to ensure car manufacturers share technical information with independent repairers, include the same information that is available to their dealers, provide access to environmental safety and security-related information, and make this available on commercially fair and reasonable terms.

Editor: As an impartial observer, this appears to be an opportunity for the OEMs and the aftermarket to come together. At the risk of stating the obvious, without a viable automotive OEM industry, there is no automotive aftermarket industry – something that I believe is often forgotten in the “cut and thrust of battle”.