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FOREWORD

The Australian Automotive Dealer Association (AADA) welcomes the opportunity to submit a response to the review of the Motor Vehicle Service and Repair Information Sharing Scheme (the Scheme).

The AADA represents over 3,200 new car dealers in Australia, which range from family-owned small businesses to larger and publicly owned businesses, operating in regional Australia and capital cities across the country. Franchised new car dealers employ more than 65,000 people 7,500 apprentices and make a total economic contribution of around \$18 billion. Each year franchised new car dealers sell more than 1.6 million new and used vehicles, and complete over 44 million individual service, repair and maintenance jobs.

Franchised dealers invest heavily in workshop facilities, tools, equipment and training. These investments are substantial, ongoing and are made as a condition of the franchise agreements dealers enter in to with manufacturers. In addition to diagnosis, service and repair functions, dealers also perform critical functions for consumers such as warranty repairs and completion of recall campaigns. Dealers also play an important role in the supply of OEM parts to body shops and independent mechanical repairers.

The AADA has been a supporter of the Scheme since its introduction on 1 July 2022. Of approximately 3,000 AASRA repairer subscribers, over 560 are dealers. Dealers understand that competition in the motor vehicle service and repair sector is good for everyone and leads to better consumer outcomes. In Hansard. during debate on the Motor Vehicle Service and Repair Information Sharing Scheme Bill in 2021, The Honourable Matthew James Keogh quoted the AADA as saying "Independent repairers who choose to commit to similar levels of investment for their customers and are suitably qualified should be entitled to compete with dealers on fair and reasonable grounds and this legislation will give them the chance to do that."

Dealers also understand the vital role independent repairers play in servicing and repairing the approximately 15.7 million passenger vehicles on Australian roads, but the service and repair market is highly competitive and there are many more independent repairers than there are dealers. Independent repairers do not face the cost, facility compliance and training barriers that dealers do and without these overheads, they are able to compete with dealers very effectively. Consumers have a wide choice when it comes to who they want to repair and service their cars.

Section 1

Importantly, support of the scheme by the AADA and dealer members is predicated on the scheme introducing and maintaining competitive neutrality. Neither independent repairers nor dealers should be granted a competitive advantage because of the scheme rules. While the scheme legislates that service and repair information provided by manufacturers to dealers is equally made available to independent repairers, care must be given to ensure that this is done in a way that recognises the substantial contractual financial and resourcing obligations that dealers make, but which independent repairers are not subject to.

The following are the AADA's responses to the Discussion Paper questions. Responses are only provided regarding issues we have knowledge of or concerns with.

James Voortman
Chief Executive Officer





INFORMATION PROVISION

- 1. Does the scheme apply appropriately to the information needed for:
 - 1.1 Australian repairers to diagnose faults, service, repair modify or dismantle scheme vehicles.

AADA notes that there are approximately 30,000 independent repair businesses employing some 150,000 technicians¹. Following approximately three years of operation, AASRA currently has about 3,000 repairer subscribers, of which about 560 are dealers. It is evident that most repairers who are not subscribed are able to continue to repair and service cars and keep their businesses running successfully without the need for the scheme. To this end, it appears that the scheme is serving its intended purpose and that for most independent repairers, their training and existing sources of information are sufficient to meet their requirements.

1.2 Scheme RTOs to provide training for diagnosing faults with, servicing, repairing, modifying or dismantling scheme vehicles?

The AADA understands that the scheme has successfully made repair and service information available to the automotive industry and RTOs, as is required under the legislation.

2. What impact, if any, does the scope of information presently included in, and excluded from, the operation of the scheme have on the ability of repairers and scheme RTOs to conduct repairs and training?

The scope of information is widely assessed by dealers as being the same as the information they receive under the terms of their Dealer Agreements. The exception to this is the provision of warranty and recall information that is provided to dealers from time to time to enable them to complete repairs of this nature. Warranty repairs and recall completions are performed exclusively by franchised dealers and this work is delivered free of charge to consumers. The information provided by OEMs to dealers is specifically designed to utilise the tools and equipment that dealers have invested in and the factory training their technicians have received. This ensures that dealers can complete complex diagnostic and repair tasks as efficiently as possible, avoiding the need for re-work and minimising the time that customers vehicles are in the workshop. We understand that independent repairers may not always have similar levels of training and equipment and this may lead to challenges for them which can only be resolved through similar levels of investment as those of dealers. This is a limitation that they have as businesses but should not be regarded as inadequacy in the scope or operation of the scheme, which sets out to enable access to information.

- 3. Are the obligations placed on data providers under the scheme appropriate? Are data providers consistently providing Australian Repairers and scheme RTOs access to scheme information in accordance with their obligations?
 - The AADA believes the obligations placed on data providers are appropriate. The scheme stipulates that providers are required to clearly list the pricing, equipment and term of the offer. Limitations placed on safety and security information are determined by the providers, which is appropriate given that they have intimate knowledge of these systems and are best placed to understand the risks and decide on how those restrictions are applied. We also note reports of information not being available are very few and the scheme appears to be meeting the objective of making information available.
- 4. Should rights and obligations placed on data providers vary by type of data provider? If so, what distinct rights and obligations may support access to scheme information while ensuring competitive neutrality between data providers?

Data aggregators who provide information sourced under licence from the OEMs may have to be considered as a separate category of provider under the Scheme rules in future. Aggregators are not the original authors of the information and do not design and manufacture the systems in motor vehicles themselves, so would need to be advised of certain information, such as how to separate safety and security information. The scheme offers made by data aggregators would also have to take in to account a pricing structure and terms that recognises that through one subscription, repairers may be able to access information for a wide range of makes and models.

5. Is scheme information made available by data providers subject to reasonable terms?

Yes. It should be recognised that the supply of automotive service and repair information is a complex matter. It is not unreasonable that there are terms and conditions which apply to the use of the information. Terms and conditions should be fair and consistent with the usual commercial arrangements.

6. Do the requirements concerning timeframes for the provision of scheme information remain appropriate?

These timeframes are determined by the data providers complying with their obligations under the scheme rules and are generally considered appropriate by dealers with respect to the obligations placed on dealers under their franchise agreements.

7. Is the pricing of scheme information transparent and does it reflect fair market price?

The scheme offers made by data providers clearly identify pricing and terms. In the event they do not, these providers are subject to scrutiny under the compliance and enforcement provisions and there is a reporting mechanism built into the legislation and administered by AASRA to allow for this.

8. In addition to the price of scheme information, what other costs, if any, impact the operation of the scheme or compliance with it?

AADA has no comment on costs and prices, except to say that it is not unexpected that there are costs which are passed on to subscribers of information. As discussed earlier, dealers incur costs to access information and service vehicles according to manufacturer specifications. Dealers are required to purchase special tools to undertake some service and repair tasks. As automotive technology advances and new vehicles are released it is anticipated that new equipment and additional staff training will be required. As part of their contractual arrangements, these are costs that are unavoidable for dealers and part of the establishment, daily operation, and growth of a modern automotive franchise.

Independent repairers should expect that they too will be asked to pay for service and repair information as the creation, compilation, updating and distribution of information does have a cost and a price. 9. If cost is a barrier to the effective operation of the scheme, how may this be addressed? Where possible, quantify the anticipated financial benefits which may arise from identified approaches.

It is important to retain competitive neutrality in the design of the scheme and recognise that franchised dealers have invested heavily in the right to represent a brand in our market. That dealer investment includes all of the necessary commitments to meet the requirements to service and repair vehicles supplied by the franchisor according to some strict conditions. Therefore, the scheme should not be unbalanced and biased towards businesses that are independent. Care should be taken to recognise that dealers have already paid for the supply of information in their franchise arrangements.

Complaints by independent repairers that the costs of being an all makes, all models repairer are unsustainable, fail to recognise that as vehicles become more complex, maintaining and repairing them becomes more of a specialised task, requiring specific training, tools and equipment. Dealers are specialists in the service and repair of the brands they are franchised to, and they invest heavily to ensure that they meet their dealer agreement obligations. They make business decisions about which brands to represent and ultimately succeed or fail as dealers based on their choices.

Independent repairers seeking to specialise in all makes and models similarly need to determine if, in the current technological environment, this is a sustainable business model, taking in to account the costs associated with trying to do so.

INFORMATION PROTECTION

10. Do the existing definitions of safety and security information remain appropriate? If not, why?

Yes. While in principle the separation of safety and security information seems like a simple task, in practice it is a complex issue because often these systems are integrated with other systems in the vehicle, making it difficult to separate.

In fact the security measures in place are now more vital than ever, given the amount of vehicles stolen from dealerships and from the wider community as a result of illegitimate aftermarket tools being available online.

11. Does the scheme appropriately balance access to scheme information for Australian repairers and scheme RTOs with the protection of safety and security information? If not, how might this balance be realised?

Yes, the Scheme does strike the right balance with regards to the availability of safety and security information, and we believe that the vehicle manufacturers are appropriately authorised to make the determination as to where restrictions are imposed.

12. Does the availability or accessibility of training impact the operation of the scheme? If so, how?

AADA submits that the availability and accessibility of training is largely working well, though notes that there have been some capacity limitations with regard to the ability to deliver EV training through the RTOs.

13. Do practical difficulties exist in separating safety and/or security information from other scheme information? If so, what are these difficulties?

The separation of safety and security information is best left to the OEMs who, make the cars, design the systems and provide the information. Any practical difficulties associated with the separation are largely caused by confusion about why there is a variation in the information available, across makes and models.

To explain further, information available from data providers, predominantly motor vehicle manufacturers, is formatted and presented in a way that is logical for the type of vehicle and the engineering used in the vehicle. This leads to some natural variation in categorisation of parts, diagnostic and repair procedures from make to make and often model to model. For example, a PHEV sedan has a very different powertrain to that of a dieselpowered ute and the information available relating to both vehicles will vary substantially. Similarly, safety and security information is also arranged differently across makes and models. Further, components such as the headlights or a transmission might be security coded in one vehicle as they are identified as being at high risk of theft, but in another vehicle, they might not be considered part of the security system. Manufacturer trained dealer technicians understand these differences, however, independent repairers who take on all makes and all models repairs without sufficient training may not understand why information is not available to them.

14. How might the challenges, if any, presented by the separation of safety and/or security information from other scheme information be addressed?

Dealers who are factory trained and equipped with all the necessary tools required for the brands they are franchised to, are product specialists for those brands. They do not have issues with the separation of safety and security information.

COMPETITION AND CONSUMER IMPACTS

15. Has the scheme impacted independent repairers' ability to competitively diagnose, repair, service, modify or dismantle scheme vehicles? If possible, quantify this impact and/or provide illustrative examples.

Access to essential automotive data is now available via what is a unique legislated solution, and it appears to be working albeit with limited take up by independent repairers.

16. What barriers remain in enabling independent repairers to compete effectively in the market for vehicle repair, service, modification or dismantling? If possible, quantify the impact and/or provide illustrative examples of these barriers and indicate how they may be addressed.

While the AADA is not able to respond on behalf of independent repairers, we note the automotive repair market remains highly competitive. While allegations of dealers having an unfair advantage in the service department persist, industry reports provide data to the contrary. There has been strong growth in the number of independent repair workshops reported as 27,700 in July 2024 with the independent sector also reporting that it had grown to 60 per cent market share and commanded 57 per cent of the marketplace revenue.²

There are many opportunities for consumers to have their vehicle serviced or repaired locally by either franchised dealers or independent repairers. There is a long history of independent repairers being successful in business where they establish a loyal clientele in a local market and operate for many years.

The arrangements of vehicle manufacturers do not prevent consumers from seeking a competitive alternative for vehicle servicing and clearly this is what they are doing. The market is healthy and there are few barriers to entry or continuance in the market.

17. Has the scheme impacted outcomes for independent repairers' customers? If possible, quantify this impact and/or provide illustrative examples.

All customers should benefit from the scheme because service and repair information is available to repairers, vehicles can be correctly serviced or repaired according to manufacturers recommendations and competition is maintained.

18. Has access to service and repair information under the scheme supported delivery of effective and relevant training courses? If possible, quantify this impact and/or provide illustrative examples.

The AADA does not have information or feedback regarding this issue.

19. What barriers remain for scheme RTOs in delivering effective and relevant training courses? If possible, quantify the impact and/or provide illustrative examples of these barriers and indicate how they may be addressed.

The AADA does not have information or feedback regarding this issue.

20. How has the scheme impacted outcomes for students?

To our knowledge there has been no detriment caused by the scheme to students in their study of automotive technology during apprenticeship training and post apprenticeship. AADA has not been informed of specific issues with student access to service and repair information in class. Dealers support apprentice training that is up to date and instructs using the latest automotive technologies.

21. What has been the commercial impact of the scheme for dealers and preferred repairers? If possible, quantify this impact and/or provide illustrative examples.

Dealers are factory trained and equipped with the latest tools and equipment, acquired at considerable cost. Historically purchasers of newer and late model vehicles have tended to have their cars serviced and repaired by dealers because they know dealers are an extension of the OEM with the best possible facilities and also because they know dealers can perform warranty repairs, recalls and factory service campaigns.

Dealers report that the market dynamics have not substantially changed because of the Scheme.

22. Has the scheme affected the dealer or preferred repairer business models or approaches to aftersales servicing?

In terms of servicing, repair and warranty work, franchised dealers have not experienced drastic changes. The support of the OEM for Dealers is an important component of the franchise agreement and the way in which OEMs market their products and sustain customer satisfaction using manufacturer guarantees and product knowledge is unique to the franchised network.

One area of concern does exist however, and this is in the use of nongenuine parts and specifically the ability and freedom that independent repairers have to use non-genuine parts, versus the obligations placed on dealers which mandate the use of genuine factory parts. The quality of aftermarket parts varies greatly, from the very good to the very poor and the prices of these parts also varies accordingly. Underperforming parts are not required to be manufactured to OEM specifications which can lead to the vehicle not performing as intended, premature wear in other parts and components and in the worst cases, result in the vehicle being unsafe. Independent repairers are free to use whatever parts they choose and have no obligation to inform the customer if they are using non-genuine parts. While this creates a significant commercial advantage for them, it can also lead to customers being misinformed and paying for a quality of repair that they are not receiving. Independent repairers should be required to disclose the use of nongenuine parts when they fit them.

23. What impact, if any, has the scheme had for customers of dealers and preferred repairers? If possible, quantify this impact and/or provide illustrative examples.

Dealers continue to be key suppliers of automotive servicing and repairs. Dealers facilitate important manufacturer warranty and recall work which cannot be undertaken outside the franchised network. Consumers may prefer to have their vehicles serviced at the dealership because of the product knowledge, manufacturer supported technical expertise, and access to manufacturer warranty assistance. The franchising system supports the product and consumers through factory training of technicians, special tooling, factory support and dealer investments in facilities and staffing. These franchising advantages are paid for by the investments of franchisees and the product development contributed by franchisors. Investments and developments which distinguish franchised dealers from nonfranchised repairers.

24. How has the scheme impacted consumers' ability to choose their preferred repairer and experience in the repair of scheme vehicles? If possible, quantify this impact and/or provide illustrative examples.

Consumers have choice of repairer for vehicle servicing and mechanical repair, as they have had for many years. Independent repairers have access through the Scheme to service and repair information and are competitive in the market. Many independent repairers also access repair and service information outside the Scheme, as they have done for many years and there are many providers of such information, both in Australia and overseas. There are also large technical networks in which independent repairers discuss and share service and repair information, along with aftermarket training providers who provide education and training services to the industry. The arrival of the Scheme has assisted independent repair shops to be competitive but has not stopped independent repairers utilising these pre-existing channels. Equally, existing business relationships between dealers and independent repairers, and the cooperation between them that has existed for many years, is able to continue. Dealers are often suppliers of OEM parts and providers of information and assistance to independent mechanical and body repairers.

25. What barriers, if any, remain in enabling consumers to exercise choice amongst Australian repairers? How might these barriers be addressed?

Consumer choice of automotive repairer is widespread and readily appreciated by consumers. This is evident by the number of successful independent and dealer repair facilities that operate in Australia. There are no barriers to consumers choosing a mechanical repairer. Independent mechanical repairers proliferate in cities, suburbs, regional towns and small towns and there are 3,200 dealers spread out across the regions and cities.

26. What impact, if any, has the scheme had on Australian repairers' business offerings and pricing? If possible, quantify this impact and/or provide illustrative examples.

AADA is not able to answer in terms of pricing in the market but observes that the market is highly competitive and populated by many providers of mechanical, body and specialist repair offerings. Competition in the market has continued to be a feature of the automotive service and repair market and shows no signs of diminishing.

DISPUTE RESOLUTION

27. Describe the nature and outcomes of any disputes experienced in connection with the scheme? How, if at all, were these disputes resolved?

AASRA has a dispute resolution process in place. AADA does not have data on the number of disputes or outcomes.

28. Is the scheme's dispute resolution framework effective in facilitating the resolution of disputes in relation to the operation of the scheme? What, if anything, might be done to increase the effectiveness of this framework?

The AADA has no information or data regarding the dispute resolution processes of the Scheme.

29. Are the Scheme Adviser's functions in connection with dispute resolution, including those relating to reporting, appropriate in supporting the resolution of disputes?

The AADA has no information or data regarding the dispute resolution processes of the Scheme.

OTHER ISSUES

30. Are there international developments in relation to motor vehicle right to repair to which Australia should have particular regard when considering the application of the scheme?

The AADA has no comment regarding other international issues.

31. What other issues not raised in this discussion paper relating to the scheme should be considered as part of the Review?

An issue that should be carefully monitored concerns the security of motor vehicles from theft using electronic devices which can open and start the vehicle. This is becoming a concerning issue and care needs to be taken with the security provisions of the Scheme to ensure it is not exploited for nefarious purposes.

For example, recently a vehicle theft crime in Melbourne at the Northland Shopping Centre³ was committed using a specialist tool that allowed a person to open, start and drive the vehicle through the shopping mall.

Restricting access to security information and tools may prevent abuse of information to facilitate vehicle theft.

CONCLUSION

The Scheme does not create a legislated right to repair a vehicle. Consumers already have that right which they exercise every day with the tens of thousands of dealer and independent repairers every day.

AADA submits that the intent of the Motor Vehicle Service and Repair Information Scheme is not to create a right to repair, but rather to provide consumers the opportunity to choose a repairer, be it a dealer or independent workshop, who has access to the necessary information to service and repair the vehicle during its effective service life.

Motor vehicles are not like white goods, toasters or other small electrical appliances. They are highly complex, contain multiple systems and subsystems, millions of lines of code and sophisticated mechanical, electromechanical and hydraulic hardware. Vehicles are manufactured to be serviced at regular intervals, and repaired in accordance with a service schedule and technical information, which can be used by a trained technician to maintain the vehicle in a safe condition throughout its service life. New vehicles are accompanied by a manufacturer's warranty applicable to the vehicle for years to come.

We would be happy to meet with the Treasury to discuss our submission and participate in any further consultation. If you require further information or clarification in respect of any matters raised, please do not hesitate to contact me.

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REFERENCES

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