



9 October 2020

M/s Susan Black
Director
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

Email: adjudication@acc.gov.au

Dear M/s Black

RN10000433 - Mitsubishi Motors Australia Limited - submission

1. Introduction

1.1 The Motor Trades Association Queensland (the MTA Queensland or the Association) responds to Australian Competition and Consumer Commission's (ACCC) request for views pertaining to *Mitsubishi Motor Australia Limited – Exclusive dealing notification RN10000433*. The notification, Mitsubishi Motors Australia (MMAL) proposes to introduce an amended warranty offering whereby MMAL will offer a 10-year (or 200,000 km, whichever occurs first) warranty to purchasers of new Mitsubishi vehicles on the condition that the purchaser exclusively acquires aftermarket servicing from an MMAL dealer or service centre.

1.2 The MTA Queensland's comments are submitted on behalf of its constituent divisions and are confined to issues which relate to the interest of Queensland's automotive value chain which includes franchised new vehicle dealers and independent mechanical and motor body repairers.

2 Context

2.1 MMAL's proposal to introduce an amended warranty offering a 10-year (or 200,000 km, whichever occurs first) warranty to purchasers of new Mitsubishi vehicles on the condition that purchaser exclusively acquires after-market servicing from an MMAL dealer or service centre coincides with the rapid transformative impacts of technologies and innovations in the automotive industry. Motor vehicles are becoming sophisticated with complex componentry which requires service centres with high-tech workshops and skilled technicians. The advent of electric motor vehicles and the progression to autonomously controlled vehicles will significantly alter the profile of the industry and impact the servicing and mechanical repair sector - both the franchised dealerships and the independent repairers.

Motor Trades Association Queensland

Address Freeway Office Park, Building 8, 2728 Logan Road, Eight Mile Plains Qld 4113 [Postal PO Box 4530, Eight Mile Plains Qld 4113]

Telephone +61 7 3237 8777 | **Toll Free** 1800 177 951 | **Email** info@mtaq.com.au | **Website** www.mtaq.com.au

2.2 The MMAL's proposal, is in part a response to the technological and other disruptions occurring in the automotive industry and to the extension of vehicle service intervals. This includes being competitive in a crowded automotive vehicle market and commercial with its brand and investments in franchise dealerships and service centres in the longer term.

2.3 The MTA Queensland has considered the notification and views and conclusion are below:

3. The submission

3.1 MMAL's current business model includes offering purchasers/consumers 'a five- year warranty for their new vehicle when they service their vehicle in accordance with MMALs service schedules and associated documentation (regardless of whether they service their new vehicle with an MMAL Dealer or Service Centre).'

3.2. As identified in the notification, other motor vehicles brands such as Kia Motors currently offer a seven year / unlimited kilometres warranty across its range of vehicles. From the perspective of MMAL's brand being competitive in the market, the warranty is one of several factors considered by prospective customers in purchasing a motor vehicle. It is too, a promotional and selling tool.

3.3 To augment its business model, and as stated in the notification 'to differentiate Mitsubishi vehicles', the MMAL proposal offers the purchaser/consumer an amended choice. ... 'in addition to the ... five year warranty, purchasers will be entitled to a 10 year Warranty where (in addition to complying with MMAL's service schedules and associated documentation) they exclusively service their new Mitsubishi Vehicle with an MMAL Dealer or Service Centre.'

3.4 The amended proposal offers the purchaser/consumer choice – a choice of a five warranty (4.2) or a ten-year warranty tied to the exclusive servicing of the new vehicle with an MMAL Dealer or Service Centre. Ultimately, it is the purchaser/consumer decision which of the two warranties is preferred.

3.5 The MMAL is a market leader with the concept of a standalone MMAL ten year/ 200,000 kilometre warranty. Purchasers/consumers looking for motor vehicle longevity and service surely would find this an attractive asset. The MTA Queensland is supportive of this concept.

Conclusion

3.6 The Association does support the offering of the 10-year warranty as a competitive sales strategy for MMAL Dealers. However, the Association does not support the exclusive dealing proposal - the amended warranty that only applies to Mitsubishi vehicles serviced within Mitsubishi dealer network. The proposal does not enhance competition in Australia's automotive scheduled service and mechanical repair market and conflicts with the Federal Government's commitment 'to support appropriate commercial dealing and competition in the new car retail supply chain for the benefit of both small businesses and consumers.'

4. Background

4.1 The MTA Queensland is the peak organisation in the State representing the specific interests of businesses in the retail, repair and service sector of Queensland's automotive industry located in the State. Pre Covid-19 there were some 15,500 automotive value chain businesses employing approximately 88,500 persons generating in excess of \$21 billion annually. It is an industrial association of employers incorporated pursuant to the *Fair Work Act* 2009. The Association represents and promotes issues of relevance to the automotive industries to all levels of Government and within Queensland's economic structure.

4.2 Australia's first automotive hub, the MTA/Q, has been established in specially prepared space at the corporate office. The hub is an eco-system that supports innovation for the automotive industry.

4.3 The Association is the leading automotive training provider in Queensland offering nationally recognised training, covering technical, retail and the aftermarket phases of the motor trades industry through the MTA Institute - a registered training organisation. It is the largest automotive apprentice trainer in Queensland with trainers geographically dispersed from Cairns to the Gold Coast and Toowoomba and Emerald.

Thank you for your deliberation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Brett Dale', with a small horizontal line at the end.

Dr Brett Dale DBA
Group Chief Executive
MTA Queensland