

11 March 2019

Ms Megan Trudgian
Mandatory Motor Vehicles Scheme
Consumer and Corporations Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: repairinfo@treasury.gov.au

Dear Ms Trudgian,

Proposed Australian Mandatory Motor Vehicle Code – feedback on general principles

Suncorp Group welcomes the opportunity to comment on Treasury's consultation paper *Motor Vehicle Service and Repair Information* ('the Code').

Suncorp Group is one of the largest general insurers in Australia, with motor insurance brands including Suncorp Insurance, Apia, AAMI, GIO, Vero and Shannons. We authorise the repair for hundreds of thousands of customers' cars each year. Suncorp believes that the introduction of a mandatory Code has the potential to drive competition in motor repair and deliver better outcomes for Australians. A code that promotes transparency in the motor vehicle industry will level the playing field for Australia's repairer network and would encourage modernisation across the industry as technology develops.

Car repair generally falls into two categories: periodic car servicing to maintain the car, and one-off smash repair to repair a car following an accident. Car servicing is undertaken at the car owners' expense, whereas smash repair is covered by insurance companies for car owners with a car policy. Therefore, Suncorp's interests in this Code are in the area of smash repair and how greater access to OEM data could improve outcomes for customers by improving independent car repairers' ability to repair cars.

Our submission addresses five themes for Treasury's consideration:

1. *The Code should apply to all vehicles on the road, be enforced from commencement, and be backed up with future changes to the Australian Design Rules [Enforcement];*
2. *The Code should recognise the role of insurance and explicitly distinguish between car servicing and smash repair [Scope];*
3. *The Treasury should consider rules around an appropriate centralised information portal for vehicle data that aggregates diagnostic, repair and servicing information, as well as parts' information and training. [Mechanism of Access];*
4. *Information on parts and provision of training should be included in the Code, and access should not be restricted [Scope]; and,*
5. *The membership of the Service and Repair Information Sharing Advisory Committee should include insurers as the largest group of customers for car smash repair [Code Committee].*

1. *The Code should apply to all vehicles on the road, be enforced from commencement, and backed up with future changes to the Australian Design Rules.*

Suncorp supports a mandatory Code applying to all passenger vehicles currently in Australia as well as those sold in the future.

The Code should be enforced through penalties that apply from commencement. Vehicle repair information is currently covered under a voluntary code, while in other countries repairers already access to original equipment manufacturers' (OEM) data. Manufacturers with cars in Australia currently only offer limited information for repairers, as highlighted in the ACCC report into new car retailing¹. The Code should create a level playing field for all parties and directly address manufacturers' unwillingness to date on this issue.

Following implementation of the Code, the Treasury could recommend to the Department of Infrastructure, Regional Development and Cities that additional minimum data sharing requirements are included in the next revision of the Australian Design Rules (ADR). Data sharing requirements in the ADRs would give the Australian Government an extra option to enforce the provisions of the Code and be consistent with the ADR objectives to promote vehicle safety.

2. *The Code should recognise the role of insurance and explicitly distinguish between car servicing and smash repair*

The reference to 'choice of repairer' in the objectives of the Code (3.2.a) should be explicit between regular servicing and choice of a *smash* repairer following an accident. Service and maintenance costs are borne by the car owner. In the case of smash repair when the owner has insurance, both the cost and choice of repairer is subject to the insurance policy obligations. The choice of smash repairer, for cars with motor vehicle insurance, falls under policy terms agreed to under the *Insurance Contracts Act 1984*.

The focus for Suncorp's motor vehicle insurance, especially regarding repairs, is to ensure that our customers have certainty and the best experience possible when it comes to quality, service and speed of repairs. Suncorp's various brands have different offerings regarding "choice of repairer". AAMI, Apia and Bingle do not offer choice of repairer, whereas Essentials by AAI, GIO, Suncorp, Shannons, Vero and Vero Corporate Partners do offer choice of repairer. This product differentiation enables customers to choose the balance of flexibility and price that is appropriate for their circumstances.

The Code should recognise that insurance claims are different to an individual's decision for a car's regular maintenance, and consequently we submit that the Code should explicitly distinguish between car servicing and smash repair when referring to 'choice of repairer'.

3. *The Treasury should consider rules around an appropriate centralised information portal for vehicle data that aggregates diagnostic, repair and servicing information, as well as parts' information and training.*

A design for a central car service and repair information portal could aggregate diagnostic, repair and servicing information, as well as parts information and training. A design analogy is a 'Spotify'-like service for vehicle information available to repairers, mechanics, parts suppliers and motor dealers. An appropriately designed centralised service would ensure all parties have access to all brands as part of a single subscription, rather than obliging repairers to hold 67 licences (or access 67 different portals) for each OEM on Australian roads.

Rules for a central portal should include audit requirements for those who access and update vehicle information, as well as access for mechanics, repairers, suppliers and dealers to repair training and part numbers. The portal design rules should promote ease-of-access and a fair playing field for the industry.

¹ See ACCC, "New Car Retailing Industry" (December 2017) at p.104

Eligibility for access to information covered by the Code – provided through such a portal service – should not be the decision of the OEMs. Allowing the OEMs to set access standards would likely impose artificial and/or arbitrary conditions and limit the benefits to competition of the Code. Strict criteria on the use of the data should be made clear to parties accessing the portal, with breaches of those criteria tracked through an audit function.

Similarly, the rules around the administration of the portal should include the option to refer non-compliance by any party to enforcement agencies. The portal providers would be able to promote compliance with the Code, in addition to the OEMs, repairers and suppliers.

4. Information on parts and provision of training should be included in the Code, and access should not be restricted.

Parts information is an essential component to vehicle repair and a present source of market control by OEMs. OEMs provide white labelled parts at a significant mark-up, with anecdotal but regular cases in Suncorp's experience of poor supply chain management. As identified by the ACCC, restrictions on supply of parts for 'security' reasons appear to be arbitrarily applied between different OEMs.

A Code that required OEMs to provide information on parts would help to correct the imbalance of information in the industry around parts. Part numbers are presently restricted or changed regularly to reduce competition in parts sales. This delays repairs, restricts competition, increases uncertainty and costs for consumers. Access to parts information is a vital aspect of making good repair decisions and improves pricing competition in the marketplace.

There should be no association between being entitled to access data and other requirements, such as the purchase of parts supplied by the OEM (which is currently the case).

5. The membership of the Service and Repair Information Sharing Advisory Committee should include insurers as the largest group of customers for car smash repair

Given the significant number of insurance related repairs (over three quarters of all smash repair spending in Australia), any committee that considers a future Code should include a representative from the insurance industry. This could be a member of the Insurance Council of Australia's National Motor Insurance committee.

Suncorp thanks the Treasury for their work on this important issue and for the opportunity to provide comment. If you have any questions about any matter raised in this letter, please do not hesitate to contact Brendan Bolton, Senior Advisor – Government, Industry & Public Policy, on 0438 744 543 or brendan.bolton@suncorp.com.au.

Sincerely,



Brett Wallace
Executive Manager, Assessing & Repair Performance
Suncorp Group Limited