

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2015 - 2016

Department/Agency: Australian Competition and Consumer Commission

Question: AET 69

Topic: Motor vehicle servicing

Reference: Hansard page no. 113 - 10 February 2016

Senator: Bushby, David

Question:

Senator BUSHBY: Thank you for assisting us tonight. I have a couple of questions about motor vehicle servicing. Early last year, you came to an arrangement with Kia regarding capped price servicing. I think they agreed to make some changes. There was no penalty imposed, but it raised the issue of consumer interests in capped price servicing quite squarely. As part of that process at the time, you indicated you were going to review other capped price service offers. What has happened with that review of other capped price service offers since the Kia announcement?

Mr Gregson: Yes, you are quite right that we did indicate, following the arrangements with Kia. We did review. We did approach a number of manufacturers, and my understanding is that a number of adjustments were made. I am happy to assist with more details of that and further indicate if there are any residual matters that we are still looking at.

Senator BUSHBY: Okay. Are there any residual matters?

Mr Gregson: That is the point I would have to clarify.

Senator BUSHBY: You will take that on notice—that is what you are saying?

Mr Gregson: My understanding is that there are no residual matters, but I will confirm that.

Senator BUSHBY: I am aware that there have been further capped-price-servicing offers since February last year, some of which, on the face of it, look like they could well be introducing the same sorts of concerns as those that you were dealing with Kia. Whether they have been dealt with I am not sure, so, if you can take that on notice, that would be good.

Answer:

Following the resolution of the Kia matter, the Australian Competition and Consumer Commission (ACCC) put the motor vehicle industry on notice that it intended to review other capped price service offers to assess whether any similar issues arose.

In March 2015, the ACCC attended a meeting with eight vehicle manufacturers to discuss the ACCC's concerns regarding the potential for Capped Price Servicing advertising to be misleading.

In April 2015, the ACCC surveyed 31 mainstream vehicle manufacturers. Of these, 19 offered some form of capped price servicing. Our preliminary view was that at least 10 traders' offers had the potential to mislead consumers. Those offers created the impression that the price of all services were fixed when in fact, the trader retained the discretion to increase its prices via fine print terms and conditions.

Since April 2015, following varying degrees of engagement by the ACCC four vehicle manufacturers amended their terms and conditions relating to their capped price servicing offers and six vehicle manufacturers amended their advertising.

Aside from a small number of follow-up issues, the ACCC does not have ongoing activity in relation to these matters.