

# Consumer Rights Statutory implied conditions and warranties

Submission to the Commonwealth  
Consumer Affairs Advisory Committee

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**Australian Automotive Aftermarket Association**

Serving the automotive parts, accessories, tools & equipment industry in Australia since 1980.

August 2009

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## Foreword

On behalf of the Australian Automotive Aftermarket Association, I would like to offer our thanks to the Commonwealth Consumer Affairs Advisory Committee for their invitation to respond to the Issues Paper on Consumer Rights – implied warranties and conditions.

The Issues paper provides a sound foundation for addressing the effectiveness of current laws governing the consumer's right to a refund or to have faulty goods replaced. We appreciate that many complaints are received from consumers of electronic products and whitegoods; products that rarely need to be maintained or serviced by professionals during the warranty period unless the item is faulty.

Whilst the paper analyses the issue of faulty goods and the consumer experience during the repair and compensation process, the Issues paper is not overly concerned with servicing and maintenance by external professionals **during the warranty period.**

Our intention in providing this submission is to place the unique experience of our industry before the CCAAC. It is our view that within the automotive aftermarket and servicing industry, consumers are routinely misled in relation to their warranty rights and the value of additional warranty cover. Misleading warranty information and practices carry a high price for consumers: Each year, Australia's 15 million vehicle owners spend about \$8 billion on parts and services. Ensuring that owners are fully aware of the warranty conditions and can access a competitive price for their vehicle parts and services can make the difference between affordable and unaffordable motoring.

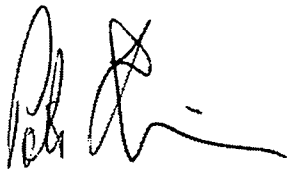
Vehicles are regularly serviced during the warranty period – in fact, in order to maintain the warranty, owners are obliged to service their vehicles according to the car manufacturer's specified cycle. This adds an additional complexity to the warranty issue. During the warranty period, it is expected that faulty items are replaced at the manufacturers cost. However, most of the car servicing costs will relate to 'replacement' parts, components of the vehicles that are not under warranty and are designed to be replaced on a regular basis. Similar to a vacuum cleaner – the manufacturer will require that you purchase appropriate replacement filters and dust bags, and the warranty will not cover these replacement parts. If the vacuum cleaner does not work, the warranty will not apply if it is owner has failed to replace these components on a regular basis.

Much of this misinformation is caused by the car makers. Imagine if you were led to believe that you must buy only one brand of vacuum cleaner bag, the one recommended by your vacuum cleaner manufacturer. If you understood that using any other lower cost generic bag would void your warranty, you would be inclined to pay the extra for the 'genuine' or 'original equipment' bag. This is a good illustration of the market distortion in our industry – consumers are generally under the impression that they must use 'genuine' parts or the warranty will be void.

Car makers do not make many car parts and they certainly do not make replacement parts. These parts are manufactured by the car makers supply network and delivered to the car dealerships for use in servicing vehicles under warranty. In 2005 The Australian Competition and Consumer Commission issued a statement that the use of independent replacement parts will not void the warranty and the use of the term 'genuine' parts is not necessary. However,

this paper will provide examples of blatant, misleading warranty information provided to new car owners that leave absolutely no doubt in the consumer's mind that they are required to have their vehicle serviced at the same place they purchased their car and use 'genuine' parts – a mindset actively encouraged by the car dealers and the vehicle manufacturers.

Given the experience of our industry, we welcome a dialogue that would lead to a new national consumer law framework that supports the consumer's right to open market competition in vehicle servicing and replacement parts for vehicles under warranty. On behalf of our industry I thank you for providing AAAA with a constructive opportunity to participate in this review and we would welcome an opportunity to meet with the CCAAC to continue this dialogue.

A handwritten signature in black ink, appearing to read 'Peter Hein', with a long horizontal flourish extending to the right.

Peter Hein  
President  
Australian Automotive Aftermarket Association

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## Executive Summary

The Australian Automotive Aftermarket Association welcomes the Commonwealth Consumer Affairs Advisory Council (CCAAC) enquiry into the adequacy of statutory implied conditions and warranties. Our experience of the use of warranties in the automotive industry is that the existing laws and the regulations used to enforce these laws are inadequate and do not protect consumers rights. This submission has been prepared by the Australian Automotive Aftermarket Association, (AAAA) to assist the CCAAC in their examination of the existing laws on statutory warranties and implied conditions in the Trade Practices Act 1974 and state and territory fair trading and goods law.

It is our position that much of the negative consumer experience with product warranties has been caused by the increased practice of motor vehicle dealers offering extended warranties at the point of sale. These warranties are often offered at no additional cost to the consumer. However, these warranties have restrictive provisions on the choice of repairer and parts used, contain ambiguous language and do not clearly specify the additional benefits in the contract over and above the consumer's basic statutory rights.

Another questionable practice by motor vehicle manufacturers is the use of statements in vehicle hand books that imply that using an alternative repairer to the accredited network of the particular manufacturer may impact on vehicle performance or void the vehicle's statutory warranty. We believe, that in many cases, these statements are designed to influence the vehicle owner to purchase a specified brand of part for the entire life of the vehicle. We submit that this practice could be viewed as a breach of the exclusive dealing provisions of the Trade Practices Act and yet this is common practice in the industry.

It is the position of the AAAA that the best way to ensure a fair and transparent market for vehicle consumers is for the preparation of a National Consumer Law that legislates for a clear definition of the differences between voluntary, statutory and extended warranties and ensures consistency and clarity in the terminology used. In our view the use of the term 'warranty' should be restricted to ensure that expensive and uncompetitive 'service contracts' are not offered under the term 'express warranty'. The term 'warranty' is used when the product on offer is actually a type of insurance product or a service contract for replacement parts. All new car documentation and representations should contain clear explanations to assist consumers to understand their entitlements under the various warranties. The national law framework should protect the term 'warranty' to ensure that it is not distorted in the market place and used to badge services that are either insurance policies or service contracts. This guidance must apply equally to the independent aftermarket and the vehicle manufactures and their accredited dealer networks to ensure full industry compliance.

We also call for a review of the practice of including conditions in voluntary warranties that specify that 'genuine parts' must be used in vehicle servicing. Due to the complexity and interrelationship of the aftermarket supply chain this condition has the potential to create confusion, increases the cost of replacement parts, makes it difficult for the consumer to comply fully with their contractual obligations and serves no useful purpose.

Vehicle servicing is a requirement of the owner's responsibility under the warranty. Replacement parts are not guaranteed and the cost of servicing a new vehicle is expensive. Owners become confused - *if the car is still under warranty why is each service so expensive?*

This is a common concern from consumers who reasonably expected that purchasing a new car would result in minimal repair costs. There are significant market inadequacies, an absence of competition, misleading information and high degree of consumer confusion. The result is the cost of servicing and repairing a new vehicle under warranty is expensive for consumers. Much of this confusion arises from the misuse of the term 'warranty' and the tendency for car dealerships to use the term 'warranty' when they are really referring to a car repair 'service contract' for the period immediately following the voluntary warranty expiry.

This is a significant issue for the membership of the AAAA. The industry is aware that significant drop in the market share of independent repairers caused by anti-competitive behaviour related to extended warranties and restrictive sales of manufacturer captive parts, will force the closure of independent repairers, reducing freedom of choice for the consumer and driving up the cost of vehicle ownership.

### **Summary of Recommendations**

The Australian Automotive Aftermarket Association recommends to the CCAAC that consideration be given to the following:

- The requirement for national leadership, consumer law and enforcement regulations to provide a clear definition of the differences between statutory and express warranties and ensure consistency and clarity in the terminology used. The term 'warranty' should be subject to restrictive use, must be clearly defined and delineated from other service options including insurance and vehicle servicing contracts.
- The AAAA supports the position that a new consumer law framework should incorporate a stand-alone statutory regime where the regulator can bring action on behalf of the consumer (along similar lines to NZ) to address systematic trader contravention of statutory rights.
- All new and used vehicle warranty documentation and representations should contain clear explanations so that consumers fully understand their entitlements under the various warranties. It is our view that the ACCC 2005 statement on the use of automotive parts that are 'fit for purpose' should be printed on all warranty material for all vehicles.
- All documentation and representations should contain appropriate product disclosure statements. If the extended warranty contracts are to contain conditions that result in commissions or payments to the repairer, these relationships should be disclosed to the consumer.
- Legislation and enforcement should prevent vehicle manufacturers and car dealers from the practice of including conditions in express warranties that specify that 'genuine parts' must be used in vehicle servicing. These conditions have the potential to create confusion, make it difficult for the consumer to comply fully with their contractual and warranty obligations and may violate consumer statutory warranty rights.

## **New Vehicle Warranties**

The most significant factor influencing the lack of free and fair competition in the automotive aftermarket is the lack of understanding by consumers on the differences between statutory and express warranties, which is caused by the absence of any disclosure requirements on car dealers when offering these contracts at the point of sale.

Despite attempts by the ACCC to outline consumers rights under the Trade Practices Act and clarify the differences between statutory and express (voluntary) warranties, significant confusion still exists with automotive parts and accessories manufacturers and distributors, vehicle repairers and the general public in relation to:

- Where statutory warranties begin and end;
- How to differentiate between statutory and express warranties in documentation provided by the vehicle dealers at the point of sale; and
- Exactly what additional benefits to the consumer are included in some express and extended warranties?

Much of this confusion has been caused by the increased practice of motor vehicle dealers offering "express" warranties at the point of sale at no additional cost to the consumer. These warranties contain restrictive provisions on the choice of repairer and parts used, contain ambiguous language and tie the consumer into a long term service schedule with a specific dealer or group of dealerships. It is our contention that many of these contracts do not provide any additional benefits over and above the consumer's basic statutory rights and have the practical effect of diluting the protection for the consumer provided by the Exclusive Dealing Provisions of the Trade Practices Act.

The lack of disclosure requirements on extended warranties at the point of sale forces the consumer to make a decision to enter into a long term contract without all of information required to make an informed decision. It is our fear is that if left unchecked this trend could have a significant impact on competition in this sector and will continue to force up the price of vehicle ownership in Australia.

***Is time for Australian governments to address the growing practice by dealers of signing customers to so-called 'extended' warranties, which have restrictive provisions on the choice of repairer and parts used, and tie customers to long term service schedules with the car dealer. Many of these contracts provide little benefit that is additional to the consumer's basic statutory rights.***

## **Statutory Warranties**

Under a motor vehicle's implied or statutory warranty, dealers are only entitled to insist that any servicing of cars they sell is carried out by qualified staff, according to the manufacturer's specifications and using genuine or appropriate quality parts where required. Provided these conditions are met, regardless of where the car is serviced, the statutory warranty would remain intact. Should the parts installed fail or not perform satisfactorily the consumer has rights against the fitter and/or manufacturer of the replacement parts. Under the exclusive dealing provisions of the Trade Practices Act, a dealer is not able to limit their obligations under the warranty or refund provisions or make any representations to this effect e.g. that the warranty is void if the vehicle is not serviced by the dealer or its agent. However, the exclusive dealings provisions are rarely enforced in this industry and it is common practice to issue misleading information to consumers. In our experience the vast majority of new car owners are under the false impression that they are obliged to take their vehicle back to the dealer for servicing and must use 'genuine parts' as a condition of the car's warranty.

## **Express Warranties**

Express or voluntary warranties are generally offered by a dealer and normally state a specific time period. Generally, dealers are able to place conditions on an express warranty. These could include conditions that void the express warranty if the vehicle is not serviced by an authorised dealer or if the parts used are not the same as those fitted as original equipment. Express warranties operate in addition to statutory warranties and cannot restrict the provisions of the statutory warranty, which is implied in every consumer sale. There should be no doubt, however, that car owners do not know that they have statutory warranty rights and they are certainly not aware that express or voluntary manufacturer's warranties are not permitted to over ride these statutory rights. The car owner will examine the material provided by the car dealer, which will detail the express warranty conditions without detailing the statutory rights. There is an expectation for the consumer that when the express warranty expires, their rights to repair or refund also expire.

## **Australian Competition & Consumer Commission Vehicle Warranty Advice to Consumers**

Despite the Australian Competition and Consumer Commission issuing a statement on this matter in 2005, the information in the market place consistently contradicts the ACCC advice to consumers:

*New vehicle warranties: In relation to general servicing, motor vehicle dealers are entitled to insist that any servicing performed on cars they sell is carried out by qualified staff, according to the manufacturer's specifications, and using genuine or appropriate quality parts where required. Provided these conditions are met, regardless of where you choose to get your car serviced, your warranty will remain intact.*

*Genuine or appropriate quality parts?: The issue here is not who manufactured the part/s, it is whether the part/s are fit or appropriate for the purpose intended. If a part is non-genuine, but is interchangeable with the genuine part, it could be seen as being fit or appropriate for the purpose and would therefore not void the manufacturer's warranty.*

*Express warranties are usually specified under the agreement with the dealer; it might state a specific time period, maximum liability and limitations. Express warranties operate in addition to statutory warranties, and cannot restrict the provisions of the statutory warranty, which is implied in every single consumer sale. Generally dealers will be able to place certain conditions on the express warranty given to buyers. A consumer may void their expressed warranty if, for example, the car is fitted with non-genuine parts. However, the statutory warranties will continue to apply unless the service of the independent mechanic or the fitting of the non-authorized part caused the fault.*

*Dealers are not permitted to limit their obligations under the warranty and refund provisions of the TPA or fair trading legislation, or make any representations to this effect, e.g. that the warranty is void if the vehicle is not serviced by the dealer or its agent. You are effectively covered by both warranties. The express warranty may offer you some further cover above and beyond the cover you have under the statutory warranty.*

### **Summary of Current Practices and Issues in the Market Place**

An example of industry practice forms attachment 1. The contract wording is taken directly from an "express warranty" offered to the AAAA when we purchased a new Commodore from McGrath Holden in Sydney in July 2006. The "warranty" was offered free of charge and claims to offer extended warranty protection for 5 years or 200,000 km. Conditions include a requirement that the vehicle be serviced at six month intervals (or every 10,000 km) only at McGrath Holden. The contract is voided if the vehicle is serviced by anyone other than McGrath Holden – including other Holden accredited service operations. In the summary and application page the following terms are used in reference to warranty: "manufacturer's cover", "manufacturer's full warranty", "dealership's statutory warranty", "mechanical protection plan", "fixed price service plan." In the contract notes it states "if your vehicle is still under manufacturer's cover, you will enjoy the benefits of the extended plan if the car is serviced by us, in accordance with the specifications set out in the owner's manual, at prevailing rates, until that warranty expires. After that you will enjoy our six-monthly/10,000 kilometre (whichever occurs first) fixed price service plan".

Under "The Plan" it states in the event of any failure of any component listed under the plan it will repair or replace the part up to a maximum value of \$2,000 for each repair. With respect to parts, "failure" is defined as "the inability of any covered part to satisfactorily perform the function for which it was designed." Our interpretation of this contract is that they will honour the statutory warranty until it expires, then warrant any future workmanship and parts fitted after the expiry of the statutory warranty – which they are required to do under the Trade Practices Act anyway. It is our position that "express warranties" such as this do not clearly define what benefits are being offered in addition to the consumers implied rights in each sale and as a result, create confusion for the consumer. These types of contracts could also be viewed by some as simply a strategy by the dealer to avoid the Exclusive Dealing Provisions of the Trade Practices Act.

Another practice employed by motor vehicle manufacturers is the insertion of statements in vehicle hand books that imply that using an alternative repairer to the accredited network of the particular manufacturer may impact on vehicle performance or void the vehicle's statutory

warranty. A clear example of this is contained in Attachment 2, which is taken directly from the service/warranty booklet for the Holden VE Commodore. Under the heading "Servicing" the last paragraph states "*Damage caused by failure to have proper maintenance services carried out by an Authorised Holden Dealer or Authorised Service Outlet, or in accordance with Holden's specifications, may void your New Vehicle Warranty.*" We believe that this statement contains an implied threat that is designed to entice vehicle owners to purchase vehicle servicing from a particular network of dealers.

We believe that some of the practices by the motor vehicle manufacturers and dealers are adding to the confusion in the market on this issue which could have the effect of persuading many new vehicle owners to enter into a contract that they may not have otherwise entered into had they been fully aware of their statutory rights under the Trade Practices Act.

On the issue of the type of part used in a vehicle service or repair, it is the view of the AAAA that the complexity in the automotive aftermarket supply chain has the potential to create confusion with the consumer. For example, when conditions are included in an express warranty that void the warranty when "non-genuine" parts are fitted, the consumer may have difficulty differentiating between the brand of part supplied as original equipment on the vehicle, with parts supplied by the independent aftermarket. As stated earlier in this submission many identical products are distributed under different brand names in different segments. In addition, motor vehicle dealers and many roadside service organisations and fast fit outlets regularly interchange parts and accessories with similar quality parts that are fit for purpose, which results in it being almost impossible for the consumer to comply with this condition of an express warranty.

To confuse the situation further, many vehicle manufacturers request that suppliers do not brand products supplied as original equipment and then detail the part specifications in the vehicle handbook as the only means of reference. Therefore a vehicle owner, regardless of who services the vehicle, would not be aware if a "genuine" or equivalent quality part was used. If a dispute arose between a vehicle manufacturer and owner on this issue, it would be impossible for the owner to prove that they fully complied with their obligations under their express warranty. We believe that this is a tactic used to force vehicle owners, through fear of warranty rejection, to take the simple option of servicing their vehicle at a dealer network. Many express warranties contain conditions stating that the entire warranty may be voided if "non-genuine" parts are fitted. Therefore, a consumer who replaces the tyres on their vehicle with a set that has identical specifications to the original equipment, but with a different brand, would breach their entire express warranty. A question the consumer may rightly ask is how would this impact on the performance of the rest of the vehicle?

## **Automotive Warranty Terms in Common Use**

- *Manufacturer's Cover*
- *Manufacturer's Full Warranty*
- *Dealership's Statutory Warranty*
- *Mechanical Protection Plan*
- *Fixed Price Service Plan*
- *Voluntary Express Warranty*
- *Extended Warranty*
- *Extended Service Plan*
- *Factory Approved Warranty Insurance*
- *5 Year Unlimited Km Warranty*

## **The Size and Structure of Australia's Automotive Aftermarket**

The Australian automotive aftermarket is comprised of manufacturers, re-manufacturers, importers, distributors, wholesalers, resellers and retailers of automotive parts, accessories, tools and equipment as well as businesses engaged in the retail repair and service of vehicles. It is important to note that the aftermarket includes both the parts and distribution networks of the automotive manufacturers – (referred to as the original equipment aftermarket) - as well as those external to the vehicle manufacturers – (referred to as the independent aftermarket).

It is estimated that the Australian automotive industry employs more than 400,000 people, with around 60,000 individual businesses represented. The automotive aftermarket sector contributes over \$8 billion annually in economic activity and employs 300,000 people in vehicle maintenance and repair, the manufacture and supply of aftermarket equipment and vehicle recycling.

## **Australia's Vehicle Fleet**

The Australian new vehicle market is one of the most competitive in the world with 52 car makers offering 320 models for sale. In recent years tariff reductions and low interest rates have combined with an expanding economy to give strong growth in the new vehicle market. This has attracted new entrants to the market and increased marketing activity by brands with a long established presence in Australia. A change in consumer preferences, combined with high fuel prices has seen a big shift towards smaller more fuel efficient vehicles in recent years and the market share of locally manufactured vehicles has fallen to below 20% of vehicles sold for the first time ever. This proliferation of vehicle models and configurations further complicates the inconsistencies, false claims and inappropriate warranty advice provided to consumers.

## **Original Equipment & the Independent Aftermarket**

Australia's new vehicle dealers operate under franchise arrangements with the manufacturer and many operate multi-brand dealerships. In December 2006 the Australian Automobile Dealer Association (AADA) estimated that there were 1299 dealers in Australia, with 2134 franchises held, operating out of 1452 workshops (including satellite sites).

In 2007, the IMRAS Consulting Group estimated that there were 19,563 independent repairer workshop sites in Australia. This includes general motor vehicle servicing and tuning as well as specialist areas such as air conditioning and brake servicing, automatic transmission servicing and LPG fitting. Tyre chains that complete mechanical repairs and mobile repairers are also included in these figures. At present, competition in the independent repairer segment of the industry is high and is based primarily on service and price. The sector is also dominated by a large number of small businesses with over half of the workshops in Australia not part of a major chain. In addition many of the outlets of the automotive repair chains are independently owned or franchised. The location of independent repairers generally reflects the population distribution and the number of vehicles in each state.

The number of repair jobs completed per annum is estimated at 20 million. A key role of the independent aftermarket is to provide cost effective and quality servicing of vehicles both within and beyond the warranty periods. The depth and breadth of the independent repair network, which has over 10 times the number of retail outlets than the dealer network, also ensures that consumers in regional and rural areas of Australia have access to cost effective repairers within realistic travel distances, which is not the case with dealer networks due to their limited footprint in rural Australia. However, the information provided to consumers of new vehicles from the dealership network ensures that these owners are under the impression that they are required to use the dealership and their official parts in order to maintain their warranty.

Replacement parts are produced, distributed and retailed under the part manufacturer's brand, a motor vehicle manufacturer's brand name, or a major retail chain for sale under the retail group's brand name. There are many examples of companies with multiple distribution channels - some of the more well known brands include Bosch, Century, Siemens VDO, Hella, ACL, PBR, Bridgestone, NGK, Bendix and Monroe. Most automotive dealer networks source aftermarket parts and accessories from independent aftermarket manufacturers and wholesalers when the part or accessory is either not available from the manufacturer or is out of stock. In regional areas, many automotive dealer networks have a number of franchises incorporated into one dealership and would be unlikely to stock a full range of original equipment parts for all derivatives of vehicles sold by the various manufacturers. These multi-dealerships normally operate in areas where a stand-alone operation is not viable therefore it is likely that an exclusive stock of parts for each dealership would also be difficult to achieve due to the lack of volume on many vehicle types. Roadside service (either dealer accredited or independent) and fast-fit organisations often fit replacement parts that are not identical to brands fitted as original equipment. Common examples include batteries, lubricants and tyres.

The independent aftermarket is a significant and legitimate part of the automotive industry. In most cases these parts are supplied to the consumer through alternative distribution

channels to the motor vehicle dealer networks are of an equivalent (or in many cases superior) quality, and are fit for the purpose intended. The AAAA is represented on 25 *Standards Australia* committees covering a wide range of parts and accessories, tools and equipment. Our member representatives are actively involved in the development of product quality standards. The AAAA and our member companies passionately defend the reputation and integrity of the independent aftermarket and stand by our products and workmanship. We have strong relationships with state and federal regulators and regularly disseminate information to members on relevant legislation and standards to assist them with their compliance obligations.

## **The Environment**

The technical advances in emissions control contribute to global environmental protection. In order to ensure that vehicles conform to their emission and safety standards regular inspection, servicing and repair is required. Free and open competition in the repair of vehicles is critical in ensuring that the industry can provide affordable, high quality repairs and parts. This ensures that the consumer has the right to choose their repairer and is not constrained by any false warranty conditions or technical barriers that create a monopoly situation. The implications of restricted competition in vehicle repair and service will be an increased cost of vehicle parts; repair and insurance, which will decrease the number of vehicles, serviced regularly which will have a negative impact on the environment. As the emission control systems on vehicles become more sophisticated this issue will become increasingly important as it will become impossible to service some vehicles without access to the appropriate diagnostic tools and information.

## **Choice of Repairer Campaign – AAAA industry initiative**

The Australian Automotive Aftermarket Association (AAAA) has recently launched a campaign to promote consumer choice and fair competition in the automotive parts, accessories, and repair and service industry.

Vehicles are becoming increasingly complex, due to the growing use of hi-tech materials and electronics to control more systems, including drivetrain, safety equipment, and comfort and convenience functions. The challenge for independent aftermarket workshops is to keep up to date with the information, technology and tools required to repair modern vehicles.

In the meantime, Australia's car company dealer service centres have automatic access to data and equipment. There is no clear requirement for vehicle manufacturers and importers operating in Australia to make technical repair and diagnostic information available to independent aftermarket repairers.

Most independent aftermarket businesses find that technical information is difficult to access. In Australia, we have no regulated process to ensure this vital information is disseminated. This means independent parts and accessories suppliers, service, mechanical and collision repair workshops in Australia must rely on the goodwill of vehicle manufacturers to get the information or equipment.

At present, some vehicle manufacturers make it easy for independent aftermarket businesses to access vital technical manuals, update bulletins, software patches and equipment. Many do not make it easy. Therefore, the technology 'playing field' is not level and in the future customers will have less choice about who can do their repairs and what parts are used.

The aim of the Choice of Repairer campaign is to protect choice and competition in vehicle repair, servicing and replacement parts sectors by eliminating any technical or legal barriers that impact on the Australian consumers' rights to have their vehicle serviced, maintained and repaired in a timely manner, at competitive prices in the workshop of their choice and during the warranty period.

### **Repairs Conducted Under Warranty - Technical and Diagnostic Information**

Modern vehicles have become "computers on wheels." While technical innovations provide increased safety and comfort and better emissions control, they have made it increasingly challenging to service or repair a vehicle under warranty. With sophisticated electronics now controlling vehicle behaviour, integrated with active and passive safety systems and an increasing emphasis on emission control systems, the necessity for accurate technical and diagnostic information has become critical.

Trends such as a move to diesel vehicles and electric vehicles will magnify the issue, making access to information vital to the survival of many smaller independent repairers. This is also a major issue in the collision repair industry with information on construction materials and safety systems critical to ensuring that the vehicle is safely repaired. The absence of any regulatory or enforcement framework in Australia to protect competition in the vehicle repair and service sector means that vehicle manufacturers and importers/distributors are not obliged to make technical and diagnostic information available to repairers outside their authorised dealer networks. Independent repairers that compete directly with dealer service outlets are relying on the goodwill of the manufacturer to obtain critical information to complete the repair during the warranty period. Not surprisingly, many repairers find that access to technical information is either difficult or impossible to access or comes at a premium cost.

Without effective access to technical information, multi-brand diagnostic tools and test equipment, replacement parts and training, rapid advances in vehicle technology will mean that the independent aftermarket will be unable to service vehicles under warranty in the future. This scenario would have a catastrophic impact on competition in the industry by creating a technological monopoly for the vehicle manufacturers and their dealer networks. Independent repairers, which are predominately small businesses, would be driven out of business and Australian motorists would lose the right to have their vehicle serviced, maintained and repaired at competitive prices in the workshop of their choice.

The "Choice of Repairer" initiative is an information campaign designed to help protect consumer choice and effective competition in the automotive aftermarket. A steering committee of independent aftermarket parts manufacturers, importers and retailers as well as representatives from a number of major independent aftermarket repair chains has been formed to provide input into the development and roll out of the strategy.

A significant drop in the market share of the independent repairer segment of the industry caused by technological barriers and other anti competitive behaviour related to extended warranties and restrictive sales of manufacturer captive parts will force the closure of independent repairers, eliminating freedom of choice for the consumer and driving up the cost of vehicle ownership. This will also have a detrimental effect on vehicle safety, the environment as well as employment and skills development in the retail repair and service sector.

Vehicle manufacturers around the world have continually demonstrated an unwillingness to provide full and fair access to technical and diagnostic information unless they are required to do so by regulation. It is for this reason, the European Commission introduced the Block Exemption legislation in 2002 and similar moves are underway in the USA. On behalf of the motorists of Australia, the Australian Automotive Aftermarket Association supports the introduction of Consumer Law to ensure that the independent aftermarket can continue to compete on a level playing field and provide consumers with the right to select the vehicle repairer of their choice.

### **International Experience**

On the 1st October 2002, the European Commission entered into force the Automotive Block Exemption Regulation (BER) 1400/2002/EC, which is a legislative framework for motor vehicle distribution and servicing agreements.

This comprehensive legislation is designed to preserve the motorists' right to have their vehicles serviced, maintained at a workshop of their choice at prices determined by competition. This comprehensive legislation covers a range of areas including:

- Wording/definitions: mandating the use of terms such as original spare parts/ spare parts of matching quality.
- Parts certification requirements.
- Freedom by vehicle dealers to purchase from the independent aftermarket.
- Service & maintenance during warranty.
- A mandated 2 year statutory warranty on new vehicles.
- Access to technical information.
- Access to manufacturer "captive parts."

This legislation will sunset in 2010 and the global umbrella group of aftermarket associations (FIGIEFA) has recently launched a "Right to Repair" campaign with the aim of encouraging the European Commission to renew and strengthen the legislation. In North America, the Automotive Aftermarket Industry Association (AAIA) has also launched a "Right to Repair" campaign, which calls for congressional support for a "Motor Vehicle Owners Right to Repair Act." This Act would prevent vehicle manufacturers and others from unfairly restricting access to the information and tools necessary to diagnose accurately, repair, re-program or install automotive replacement parts. The Act would require the USA Federal Trade Commission (FTC) to promulgate and enforce regulations that ensure competition in the vehicle repair

business. In addition the Bill would permit the FTC, car owners and independent repair facilities to take legal action to ensure all information and tools are available and affordable. The Right to Repair Act does not affect the dealer's right to perform any services, including warranty work and does not unconstitutionally take the manufacturers intellectual property or require them to disclose trade secrets.

It is the view of the Australian Automotive Aftermarket Association that the Federal Government considers the introduction of legislation mirroring the EU Block Exemption legislation to ensure free and open competition in replacement parts, vehicle repair and servicing under warranty. This will encourage consumers to service their vehicles more regularly and ensure that vehicles operate at optimum efficiency. This will also have a positive effect on vehicle safety and emissions.

## **Conclusions**

We want to finalise our comments on the Issues Paper by addressing some of the specific questions the CCAAC poses within the paper.

## **Barriers to Enforcement**

*The role of consumer protection provisions of the TPA and equivalent state and territory, is limited to educating consumers about their rights and business about their obligations.*

We believe that this statement identifies the single most important issue in the enforcement of consumer protection on car warranties. If the consumer is unaware of their rights, or deliberately misled about their statutory rights, it is highly unlikely that they will be able to take action to enforce these rights. Our examination of the New Zealand model that is discussed in the paper, is that NZ consumers enjoy more protection and proactive support for their rights than Australian consumers. The New Zealand model is more appropriate for systemic abuse of rights by a chain or a community of businesses. Car makers have significant market power and the consumer is a small player in what is a larger commercial activity to improve the margins for the car dealerships and the car makers. We would agree with the CCAAC's conclusion that *"The resources and expertise of consumer agencies such as the ACCC can mean that, in many instances, it would be better equipped than individual consumers to investigate and take action in relation to contraventions of the warranty provisions."* The AAAA supports the position that a new consumer framework should incorporate a stand-alone statutory regime where the regulator can bring action on behalf of the consumer (along similar lines to NZ) to address systematic trader breaches of statutory rights. The Issues Paper seeks a response to the question – "would retailers and manufactures have a greater incentive to comply if the regulator could take action against them on behalf of the consumers." Yes we would argue that a greater incentive exists to ensure compliance and also to protect other consumers from abuse of warranties or misleading warranty information. Addressing system wide abuses also allows an industry association such as ourselves to work with the regulator to ensure compliance in our own sector.

## **State and Territory legislation - Variation across jurisdictions**

The Issues Paper asks the question – *"are there particular elements of state and territory implied terms legislation which work well for consumers?"*. We do not have experience with any

particular legislative framework that works well for automotive consumers and the independent aftermarket. The lack of clarity about regarding the how long the statutory obligations and rights last is one of the reasons that consumers rely on the manufacturer's voluntary warranty. For example, consumers do not know how long they can reasonably expect a vehicle's automatic transmission to last. At a replacement cost of approx \$8,500, the consumer should be aware of when this replacement cost will become their burden instead of the manufacturers. Issues of durability and driving purpose/history would be relevant here and it is very unclear as to what extent the *fitness for purpose* terms are time limited. The lack of clarity in the implied conditions is the largest influencer here – not the way in which each state and territory enforces the TPA. Our membership operates across all states and territories, and like any national organisation we strongly would urge the CCAAC to recommend for a **national** legislation and enforcement framework. Definitions of 'consumer' 'consumer goods', 'business goods', implied terms and rights to redress should be common throughout Australia's automotive consumer market and the cost to business in meeting the variations between states is unnecessary and frustrating.

**Do consumers and business have sufficient information regarding their statutory rights? Does existing consumer information about implied terms provide consumers with enough support to take action?**

There have been numerous reports that confirm the understanding that most consumers are not aware of the protections and redress options within the implied terms. Most of these reports conclude that there is an urgent requirement to raise awareness among consumers and suppliers. **We cannot stress this point more firmly – reform in this area cannot be focussed on more consumer education.** This is not simply a case for more consumer education. These consumers are the victims of **deliberate and coordinated misinformation.**

The CCAAC has made big strides in this paper. The issue of 'consumer education' is accurately labelled – ***misinformation***. Of the three areas cited by the CCAAC, our industry is a case study for the following two areas;

- Consumers believe that the car makers voluntary warranty is their entire legal protection, and
- Car makers and car dealerships actively and intentionally mislead consumers about their rights.

The TPA prohibits businesses from engaging in misleading or deceptive conduct (section 52) or making false or misleading representations (section 53). We are certainly unaware of any prosecutions from the misleading warranty information that is routinely provided to consumers purchasing vehicles in Australia. There is a strong need for regulatory reform rather than just consumer education within this sector and we will certainly be disappointed if the outcome is simply more resources dedicated to *educating consumers* and *encouraging the states to cooperate*.

There is an urgent requirement for national leadership, consumer law and enforcement regulations to provide a clear definition of the differences between statutory and express warranties and ensure consistency and clarity in the terminology used. The term 'warranty'

should be subject to restrictive use, must be clearly defined and delineated from other service options including insurance and vehicle servicing contracts.

All new and used vehicle warranty documentation and representations should contain clear explanations so that consumers fully understand their entitlements under the various warranties. It is our view that the ACCC 2005 statement on the use of automotive parts that are 'fit for purpose' should be printed on all warranty material for all vehicles.

Legislation and enforcement should prevent vehicle manufacturers and car dealers from the practice of including conditions in express warranties that specify that 'genuine parts' must be used in vehicle servicing. These conditions have the potential to create confusion, make it difficult for the consumer to comply with their contractual and warranty obligations and may violate consumer statutory warranty rights.

### **Extended Warranty as Incidental Product, Insurance & Third Party Providers**

We note that there are no mandatory disclosure requirements to assist the consumer to make a decision about whether to acquire an extended warranty if the extended warranty is offered by the retailer, distributor or dealer. However, if the extended warranty is an insurance product, a Product Disclosure Statement will be required and the insurer will be required to hold an AFS licence. It's an unfair market place for consumers to ascertain whether the product is offered by the point of sale merchant or by a third party insurer. It would be reasonable to conclude that all extended warranty products should require a Product Disclosure Statement. This benefit of the AFS Product Disclosure Statement is that the relationships between the car dealer, the car maker and insurer will be clearly articulated in the statement. A full list of what replacement parts are not included – tyres, fan belts, spark plugs, filters, oils and lubricants should be listed. Uniform Product Disclosure is good industry practice and should be contained in a new national consumer law framework.

All warranty, insurance and service contract documentation and representations should contain appropriate product disclosure statements. If the extended warranty contracts are to contain conditions that result in commissions or payments to the repairer, these relationships should be disclosed to the consumer.

It is clear from our consultations with a large cross section of the automotive aftermarket that the level of understanding in the industry of where particular warranties begin and end and what representations can and can't be made regarding warranties is very low at present. We believe this is a significant concern and we therefore support a National Consumer Law framework that ensures consumer's rights are protected and that full and free competition exists in the automotive aftermarket. It is our position that the confusion has resulted from a significant increase in conditional express warranties being offered by the automotive manufacturer dealer networks when selling a vehicle. Clearly, existing consumer information is not sufficient because the evidence is that consumers will accept these restrictive conditions. If the consumer is not even aware that the voluntary warranty has resulted in increased cost and a restriction in their choice of repairer, they are unlikely to take action to support their statutory warranty rights.

## **The Australian Automotive Aftermarket Association Ltd.**

The Australian Automotive Aftermarket Association Ltd (AAAA) is the national industry association representing manufacturers, distributors, wholesalers, importers and retailers of automotive parts and accessories, tools and equipment in Australia.

The association has over 1300 member companies in all categories of the Australian automotive aftermarket and includes major national and multi-national corporations as well as a large number of Australian owned small and medium size businesses. Further information on the association can be accessed from our website: [www.aaaa.com.au](http://www.aaaa.com.au)

We estimate the aggregate gross annual turnover of AAAA member companies at \$ 5 billion and AAAA member companies employ around 30,000 people.

Approximately 25% of the AAAA membership base manufacture product in Australia with around 60% of these companies actively exporting. We estimate the annual value of exports by AAAA member companies to be in the vicinity of \$600 million per annum.

It is important to note that of the 280 AAAA member companies that manufacture in Australia, only around 25 supply original equipment (OE) components to Australian built passenger vehicles. While many more supply locally manufactured OE components and accessories to automotive manufacturers as replacement parts and accessories for fitment to locally built and imported vehicles, approximately 55% distribute their locally manufactured parts and accessories through networks external to the motor vehicle manufacturer networks (the independent aftermarket).

### **Major Product Groups**

Manufacturing members of AAAA primarily fall into two distinct categories - those that manufacture for the aftermarket and OE and those that manufacture for the aftermarket only. Forty-five percent of AAAA manufacturing members fall into the former category, with the remaining 55% falling into the latter.

Aftermarket and OE manufacturers supply motor vehicle producers with components used in the assembly or manufacture of vehicles that either:

- Last the life of the vehicle or are replaced irregularly during the life of the vehicle, usually as a result of a crash or a major mechanical failure – e.g., seats, instrument panels, engines and transmission; or
- Are replaced regularly throughout the life of the vehicle as a result of normal wear and tear – e.g. filters, tyres, wiper blades, spark plugs, bulbs, batteries and brake pads.

The manufacture of the latter type of component – replacement parts – is an important and significant element of aftermarket manufacture. The second category manufactures all of the products used to maintain or enhance the appearance and performance of vehicles. These product segments include accessories, safety, comfort, appearance, entertainment and information, functional performance, body components, tools and equipment, mechanical, lubricants and additives and chemicals.

# Appendix One – New Vehicle Warranty Certificate/ Warranty Booklet.

1

## NEW VEHICLE WARRANTY CERTIFICATE

### New Vehicle Warranty Application

This Warranty is issued by GM Holden Ltd. Only as per 883 242. It only applies to the vehicle specified on the application form of this service booklet. It is void if the vehicle is not subsequently registered in Australia and subsequent service is not performed in Australia. This Warranty is given in addition to all other warranties provided by law at that time.



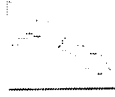
### Australian vehicles

This Warranty is only applicable to vehicles purchased and used in Australia. The Warranty does not apply to Holders who are outside of Australia and that, similarly, this Warranty is not available for Holders who are purchasing overseas and importing into Australia.



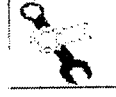
### New Zealand vehicles

This Warranty is only applicable to vehicles purchased and used in New Zealand. However, this Warranty will not apply to Holders who are outside of New Zealand and that, similarly, this Warranty is not available for Holders who are purchasing overseas and importing into New Zealand.



### Warranty repairs covered

Subject to the exclusion of items in the following table, this Warranty covers the cost of any manufacturing defect to major parts or components of the vehicle and is subject to the terms and conditions of the Holden Warranty and advised by a Holden Dealer or Multibrand Service Centre by email or a Holden's repair by replacement.



### Warranty period

The coverage commences from the date of first registration (or in the case of a demonstrator vehicle the date when the vehicle was first placed into service by the Dealer). The coverage expires at the end of the term of 3 years or the commencement date of a later date if the vehicle has travelled 100,000 Kilometres, whichever is the later.



### No charge

Warranty work performed (including parts and labour) will be carried out at no cost to the vehicle owner. However, this work should not be carried out with service charges as in the Maintenance schedule in this service booklet for which charges are payable.



Place in an envelope and mail to:

The Manager – Warranty Administration  
 Service Department  
 GM Holden Ltd.  
 304 Sturt St.  
 Melbourne,  
 Victoria 3001  
 Australia

## V6 & V8 PETROL ENGINES

VE and WM Service/Warranty Booklet

This supplement provides warranty information and service schedule including coupons for VE and WM series models fitted with V6 and V8 petrol engines.

This supplement should be kept together with the Owner's Handbook in the glovebox of your car.

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### NEW VEHICLE WARRANTY CERTIFICATE



#### **New Vehicle Warranty Application**

This Warranty is given by GM Holden Ltd., ABN 24-006 893 232, (Holden). The Warranty applies to the vehicle identified on the inside front cover of this service booklet. It is provided to the original and subsequent owners/operators driving the vehicle within Australia during the Warranty Period. This Warranty is given in addition to all rights conferred by law on that person.



#### **Australian vehicles**

This Warranty is only applicable to vehicles purchased and operated in Australia.



#### **New Zealand vehicles**

This Warranty is only applicable to vehicles purchased and operated in New Zealand. However, this warranty will not apply for Holden vehicles exported and operated outside of New Zealand or for Holden vehicles purchased overseas and imported into New Zealand.



#### **Warranty repairs covered**

Subject to the exclusions shown on the following page, this Warranty covers the correction, of any manufacturing defect to materials or Holden workmanship and advised to a Holden Dealer or Authorised Service Outlet, by repair or at Holden's option by replacement.



#### **Warranty period**

The coverage commences from the date of first registration (or in the case of a demonstrator vehicle the date when the vehicle was first placed into service by the Dealer). The coverage expires at the end of the period of 3 years after the commencement date or after the vehicle has travelled 100,000 kilometres, whichever occurs first.



#### **No charge**

Warranty work performed (including parts and labour) will be carried out at no cost to the vehicle owner. However, this work should not be confused with servicing specified in the Maintenance schedule in this service booklet for which a charge is payable.



**WARRANTY QUESTIONS AND ANSWERS cont.**

**Q 7. Will I have to pay for any costs or expenses in connection with the provision of Holden Warranty service?**

All parts and labour used in carrying out Holden Warranty service at the premises of the servicing Holden Dealer, are free of charge. Whenever Holden Warranty service is to be carried out by the servicing Holden Dealer it is your responsibility to deliver your vehicle to the servicing Holden Dealer's premises. If, as a result of a defect which is covered by the Holden New Vehicle Warranty, your vehicle cannot be driven safely and you arrange for the nearest Authorised Holden Dealer to carry out the required Holden Warranty service, Holden will accept reasonable towing costs to move your vehicle to the nearest Holden Dealer's premises. Before employing a towing company, contact the nearest Holden Dealer or Holden Roadside Assistance Service or Holden Customer Assistance Service to obtain guidance.

**Q 8. Would my vehicle's engine benefit from fuel additives, oil additives or coolant additives not marketed by Holden?**

The use of break-in oil, tune-up compounds, friction-reducing compounds and other supplemental additives is not recommended. Your vehicle has been designed, developed and tested by the manufacturer without the use of these additives. Any negative impact or consequences due to the use of additives may affect the validity of your New Vehicle Warranty.

Only the fluids and lubricants referred to in this handbook should be used.

**Unauthorised statements in relation to Holden products**

No Holden Dealer or other person is authorised or permitted to give or make any statement, assertion or undertaking in relation to the quality, performance, characteristics, descriptions or fitness for any purpose of any Holden product or in connection with the supply of any Holden product, which is at variance with any written statement, assertion or undertaking in any of these subjects given or made by Holden in its published sales literature, and Holden does not accept any responsibility for such unauthorised action.

**SERVICING****The free first inspection**

The 3,000 km inspection is performed free of charge by the Selling Dealer. A different Holden Dealer may perform this inspection if provided with a letter of authority or similar.

The Selling Dealer may supply this authorisation upon request.

**Service coupons**

Service coupons are provided at the end of this booklet. When each service is performed, the appropriate coupon is removed. This reveals the next coupon to remind you when the next service is due.

After each service, check that the service has been validated with the Dealer's stamp and signature on the coupon stub. This is important as it not only assists in the determination of warranty claims, but enhances the value of the vehicle when selling.

Service coupons are provided for each service up to the 210,000 km service. After that time, the Maintenance schedule further on in this chapter should be followed, commencing with the 45,000 km service.

**Additional service requirements**

If you are driving your vehicle outside of the normal driving operations, you may need to conduct additional servicing. A service coupon and criteria for these additional services can be found in the additional service requirements section of this booklet.

**Your Holden Dealer**

When it comes to service, remember that your Holden Dealer has the trained personnel and specialised equipment to correctly service your vehicle. Your Dealer invites you to return for all your service needs both during and after the Warranty Period.

The safety, economy, emission control, performance and reliability of your vehicle cannot be assured unless regular maintenance is performed, preferably by factory-trained technicians at Holden Dealers.

**Warranty and service**

All maintenance services listed in this handbook, and replacement of service items, are the responsibility of the owner and as such are NOT considered under the provisions of the New Vehicle Warranty to be rectified of defective material and workmanship. Items such as wheel alignment, necessary adjustments to drive belts, transmission, clutch and parking brake or any other items which may require servicing due to fair wear and tear are carried out at the owner's cost.

\* Damage caused by failure to have proper maintenance services carried out by an Authorised Holden Dealer or Authorised Service Outlet, or in accordance with Holden's specifications, may void your New Vehicle Warranty. It is strongly recommended that you read the New Vehicle Warranty section previously in this booklet, so that you are aware of your warranty exclusions.



# Appendix Two – Service Plans/Extended Warranties

## Application Page - Customer Copy

Please attach this copy to the Customer's Mechanical Protection Plan Booklet

**Contract No:** 6296646



### Customer Information

**Surname:** Aftermarket  
**Business Surname:** AUST AUTOMOTIVE AFTERMARKET  
**Full Address:** Po Box 693, PENRITH, NSW, 2750  
**Email:**

**Given Name:**  
**Given Name:**  
**Phone:**

### Vehicle Information

**Model:** Holden Commodore VZ V6  
**VIN:** 6G1ZK52B86L848708  
**First Registered:** 21 / 07 / 2006  
**Purchase Date:** 25 / 07 / 2006

**Yr Mfr:** 2006  
**Rego:** AL73ED **Stock No:** 2641834  
**Odometer:** 10

### Term of Plan

The conditions of the Contract commence at the date of delivery and the benefits commence on either the date of delivery, the expiry of any manufacturer's RPL or Dealer's Statutory Warranty, whichever occurs last, provided with the vehicle. The Contract will cease upon the expiry of either the period of time or the distance traveled since manufacture, whichever occurs first, as indicated below.

**Warranty Type:** Premium **Extended Plan Fixed Price Service Cost From:** \$189.95\*  
**Expiry Date:** 21 / 07 / 2012 **Expiry Kilometres:** 200000

\* Subject to minor economic adjustments.

### Limits of Liability

The maximum amount which can be claimed for any one repair is limited to the value of \$2000.00 with an UNLIMITED number of repairs.

### Special note for particular attention.

Some of the conditions of this Plan are highlighted for your attention, to ensure there is no misunderstanding.

1. If your vehicle is still under Manufacturer's Cover, you will enjoy the benefits of the extended Plan if the car is serviced by us, in accordance with the specifications set out in the owner's manual, at prevailing rates, until that warranty expires. After that, you will enjoy our six-monthly/10,000 km (whichever occurs first) fixed price service plan. (Diesel and Turbo Vehicles must have their engine oil changed every 5,000 kilometres or three months, whichever occurs first, or more frequently under severe conditions). Services and inspections elsewhere will not be approved or recognised.  
 For example, if you as an owner relocated to another state/province, your Plan would be void unless you returned six monthly.
2. It is the owner's responsibility to make this vehicle available for inspection as stated.
3. Repairs will only be effected by our dealership, unless a breakdown occurs outside a 20km radius from the Dealership. Please refer to the Repair Procedure detailed in your Plan booklet.

### Customer Declaration

I/We have read and understand the benefit of the Plan and conditions that the Contract commences on the date of delivery and the benefits commence on the expiry of the initial Warranty. I/We acknowledge that no benefits or parts covered, however expressed or implied, other than those benefits or parts covered printed within this booklet, apply to this contract. I/We also understand that failure to have the vehicle serviced by the Dealer at six monthly intervals (or every 10,000 kilometres, whichever occurs first), during the term of the Plan will void this Plan.

**A.C. McGRATH & CO PTY LTD**  
 409/421 HUME HWY, LIVERPOOL NSW 2170  
 PHONE: (02) 9821-5000  
 A.B.N. 77 006 432 427

Applicant's Signature

Date of Contract  
 D M M Y Y

**This Mechanical Protection Plan is not an insurance policy. It is our OWN personal Mechanical Protection Plan designed to ensure that your vehicle is maintained to the highest standard, protecting you from costly repairs.**

Congratulations on purchasing one of our quality vehicles. We are delighted to confirm that this Mechanical Protection Plan commences immediately and will continue until the expiry date or expiry kilometres shown on the Customer Application in this booklet. **TO AVOID ANY MISUNDERSTANDING, PLEASE READ THIS CAREFULLY.**

**TWO IMPORTANT CONDITIONS OF THE PLAN ARE:-**

1. If your vehicle is still under Manufacturer's Cover, you will enjoy the benefits of the extended Plan if the car is serviced by us, in accordance with the specifications set out in the owner's manual, at prevailing rates, until that warranty expires. After that, you will enjoy our six month or 10,000 km (whichever occurs first) fixed price service plan. (Diesel and Turbo Vehicles must have engine oil and filters changed every 5,000 kilometres or three months, whichever occurs first, or more frequently under severe conditions). If servicing is not carried out in accordance with this warranty provision, the warranty will be voided immediately.

2. Your vehicle **MUST** be returned to **THIS DEALERSHIP** for servicing. Other servicing will not be approved or recognised.

**IN SIMPLE TERMS, WE WILL REPAIR THE PARTS COVERED, IF YOU HAVE THE VEHICLE SERVICED BY US.**

- Our six-monthly/10,000 km fixed price service plan includes:
- Oil change with quality brand motor oil
  - Replace oil filter
  - Carry out minor engine tune
  - Check condition of automatic transmission fluid (where applicable)
  - Lubricate all doors and locks as required
  - Check and top up all fluid levels including battery, brake, power steering, radiator and windshield washers
  - Inspect engine belts (external only)
  - Inspect condition and pressure of all tyres, including spare
  - Inspect cooling system and check glycol concentrate
  - Inspect complete exhaust system
  - Check front and rear brake material and rotors for excessive wear
  - Check operation of hand brake
  - Test engine management system (if applicable)
  - Check condition of air filter
  - Check operation of all lights
  - Check operation of all instruments
  - Test wipers and inspect wiper blades
  - Check air conditioning operation (where fitted)
  - Complete steering and all suspension components
  - Complete visual inspection of under carriage
  - Conduct road test

**Total price including parts, oil & labour is shown on your customer application page.\***

Our trained technicians use the most advanced technology and diagnostic equipments to look after your car.

Servicing is necessary to maintain your vehicle in good condition. You will be advised of any defect found. Any items covered by the Warranty Plan will be repaired at a mutually convenient time. **Your vehicle will require additional periodical maintenance on specific items from time to time. These will be at additional cost to you. For example, automatic transmission servicing, timing belt replacement, spark plugs, brake fluid or engine coolant replacement will be required at the manufacturer's recommended intervals.**

\* Please note that the price is subject to minor economic adjustment.

**WHAT YOU HAVE TO DO - SERVICING**

Important: If your vehicle is still under Manufacturer's Cover, you will enjoy the benefits of the extended Plan if the car is serviced by us, in accordance with the specifications set out in the owner's manual, at prevailing rates, until that warranty expires. After that, you will enjoy our six month or 10,000 km (whichever occurs first) fixed price service plan. (Diesel and Turbo Vehicles must have engine oil and filters changed every 5,000 kilometres or three months, whichever occurs first, or more frequently under severe conditions). It is the responsibility of the Purchaser to ensure these services are performed and that the service details are recorded correctly on your Plan documents. Failure to do so will void this Contract without further notice. It is the responsibility of the Purchaser to check coolant and oil levels on a regular, adequate basis. The Dealership will not be responsible for failure due to lack of oil or coolant.

**THE PLAN**

Your Dealership agrees that in the event of any failure\* of any component listed as covered under "PARTS COVERED" on pages 5-8, it will repair or replace such component using parts of a like kind and quality, to acceptable working condition, to the extent of the limits of the Plan, provided that the Purchaser observes the conditions and terms of the Plan.

\* Failure means the inability of any covered part to satisfactorily perform the function for which it was designed.

**PERIOD OF COVER**

The conditions of the Contract commence at the date of delivery and the benefits commence on either the date of delivery, the expiry of any Manufacturer's full, or Dealership's Statutory Warranty provided with the vehicle. The Contract will cease upon expiry of either the period of time, or the distance travelled, whichever occurs first, as indicated under the "TERM OF CONTRACT" shown on the Customer Application page in this booklet.