



7 September 2017

New Car Retailing Industry  
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## **NEW CAR RETAILING INDUSTRY – A MARKET STUDY BY THE ACCC**

Dear Sir/Madam

Gas Energy Australia (GEA) welcomes the opportunity to provide comments on the ACCC's *New Car Retailing Industry Market Study*. We have restricted our comments to those issues that affect our industry.

By way of background, GEA is the national peak industry body for the bulk of the downstream gaseous fuels industry, including Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG). Our members include a range of businesses in the gaseous fuel supply chain from major companies to small businesses that are refiners and suppliers, fuel marketers, vehicle and equipment manufacturers and vehicle converters.

GEA is concerned that car dealers mislead consumers with regards to what is covered by the warranties, and this has a negative flow on impact to our industry. GEA has received anecdotes of consumers being told by car dealers that their vehicle warranty would be void if they converted their new car to autogas.

- Examining the fine print of the new vehicle warranties reveals that the manufacturers still honour their warranties after modification, for example the installation of a LPG system, except for a defect which is attributable to the modification.
  - This is not always relayed to customers, who have in instances been told that a modification voids the entire warranty.
  - Additionally, there is a lot of room for interpretation as to whether it is the modification that caused the defect.
    - There was a recent court case (Victorian Civil and Administrative Tribunal Reference C5380/2015) where an applicant claimed that the LPG system supplied and installed by a licensed gas fitter on their 2013 Hyundai iLoad caused an exhaust valve in the engine to fail, rendering the vehicle unsafe to drive. The claim was made against both the equipment supplier and the vehicle manufacturer.
    - The Victorian Civil and Administrative Tribunal ordered that the car manufacturer was liable to pay the applicant for the repairs and there was no evidence to suggest that the LPG system caused the engine failure.

- This is obviously a costly exercise for the consumer.

This misrepresentation of what is covered by warranties is hurting our industry, as consumers are loath to install a LPG system when they incorrectly perceive that this will void their warranty. Not only is this negatively affecting the gas installers and the corresponding supply chain but it is also denying Australia the comparative environmental benefits that are generated by driving an autogas vehicle.

- Autogas emits 22 per cent less CO<sub>2</sub> than petrol;
- Autogas emits 95 per cent less NO<sub>x</sub> than diesel;
- Autogas emits 68 per cent less NO<sub>x</sub> than petrol; and
- Autogas produces 120 times less small particulate emissions than diesel vehicles<sup>1</sup>.

**GEA is very supportive of the ACCC's proposed Action 3.1 and Action 3.2 – we strongly support the development of a concise and simple explanation of consumer guarantees and their interaction with warranties, with this being provided to consumers at the point of sale. This would assist consumers to make a more informed consumption decision.**

**GEA is also supportive of the ACCC's recommendation to change the fuel label affixed to new cars to better reflect real world conditions – draft recommendation 6.1.**

- This proposed label would allow consumers to make a more informed decision about the “real” performance of their vehicle.

Further, GEA has contributed to the Government's Ministerial Forum into Vehicle Emissions and applauds the Government's commitment to reducing both carbon and toxic tailpipe emissions.

We would be more than happy to discuss our submission with you in more detail.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Griffiths", with a long horizontal flourish extending to the right.

John Griffiths  
Chief Executive Officer

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<sup>1</sup> WLPGA, [www.auto-gas.net](http://www.auto-gas.net)