



## IMPORTANT SURVEY- IMPROVING CONSUMER GUARANTEES AND SUPPLIER INDEMNIFICATION

24 January 2022

To: ALL AADA MEMBERS

### ATTENTION:

- DEALER PRINCIPALS
- FIXED OPERATIONS MANAGERS

The Australian Government, through the Department of Treasury, is conducting a consultation on the effectiveness of the consumer guarantees under the Australian Consumer Law (ACL) and the indemnification provisions that suppliers, including franchised new car Dealers, are entitled to.

The Indemnification provisions of the ACL require that Dealers are compensated for repairs, replacements or refunds made under the consumer guarantee requirements of the ACL. The ACL protections preclude all other warranty provisions meaning the requirement to indemnify Dealers remains, irrespective of whether repairs are performed under the ACL or factory warranty.

Following earlier reports by the ACCC, and several enforceable undertakings given by OEMs to the ACCC for failures to meet their ACL obligations, the Government is particularly concerned that consumers are denied their entitlements because of a failure by OEMs to compensate Dealers for repair, refund, or replacement of effected vehicles.

This consultation is an important opportunity for Dealers to have their say on warranty policies, practices, and the right of indemnification that Dealers have. The AADA is preparing a submission to the Treasury, and we require further information from members to assist us. We have created a survey and estimate that it should take Dealer Principals or Service Managers about 6 minutes to provide answers to the 12 questions.

All responses to the survey will remain confidential. We would appreciate your completion of the survey but would also welcome any case studies that you are able to provide detailing failures to indemnify Dealers. If you have any examples that you are able to share, please contact Brian Savage who will take a record of the details for the submission.

The survey is for completion by AADA members only. A Dealer Bulletin containing a link to the survey has been sent to all AADA members however if you did not receive it or would like it re-sent to you, please contact Brian Savage.

If you have any questions, please contact the below AADA team member:

### **Brian Savage**

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