

Department of Industry, Science,
Energy and Resources
GPO Box 2013
Canberra
ACT 2601

7 May 2021

Email: SmallBusinessOmbudsmanReview@industry.gov.au

To whom it may concern,

Review of the Australian Small Business and Family Enterprise Ombudsman

The Australian Automotive Dealer Association is pleased to be able to provide a response to the Department of Industry, Science, Energy and Resources' review into the Australian Small Business and Family Enterprise Ombudsman (ASBFEO).

The AADA is the peak automotive industry advocacy body, exclusively representing franchised new car Dealers in Australia. There are around 1,500 new car Dealers in Australia that operate over 3,000 new vehicle dealerships. Franchised new car Dealers sell approximately 1 million new cars a year and directly employ some 60,000 Australians.

These businesses are overwhelmingly privately-owned businesses and so many dealerships are family enterprises. Franchised new car Dealers would not usually be classed as small businesses due to the high turnover in our industry – although this is greatly exaggerated due to the nature of the product we sell and the razor thin profits that Dealers make.

The fact that all new car Dealers are in franchise relationships with multinational car companies confers each and every one of them with a small business-like status due to the power imbalance which exists between the two parties.

It is in this area of automotive franchising that we have seen the benefit of ASBFEO and we very much support the role of the office and its continuation.

Assistance Function

The ASBFEO provides important assistance for businesses. From a franchised Dealer perspective, it is clear that there is strong need for the assistance the ombudsman provides in relation to franchising disputes. The franchising sector is one that has come under scrutiny in recent years and the various reviews and inquiries into this area have demonstrated that franchisees, which are often very small businesses, need assistance in navigating the Code.

Advocacy Function

We believe the ASBFEO provides a critical advocacy function. The Ombudsman has raised awareness of a number of key issues in recent times, including the need for the expansion of unfair contract term protections, the problems of accessing justice for small businesses and the affordability of insurance.

From an automotive Dealer perspective, our industry is incredibly supportive of the advocacy functions the ASBFEO has fulfilled since its inception in 2016. The ASBFEO has played a critical role in advocating for our sector on key issues such as the need for automotive protections for Dealers against large multi-national car Manufacturers. Likewise, crucial support was offered to the Holden Dealers through public statements, submissions and testimony to the Senate Inquiry which examined General Motors' withdrawal from Australia.

Conclusion

The AADA believes the ASBFEO has fulfilled an important role in assisting and advocating for small and family business. We strongly believe the office has a critical role to play and would welcome any discussion around the expansion or enhancement of its role.

Kind Regards,



James Voortman
Chief Executive Officer