

## FRANCHISED NEW CAR DEALERS DISAPPOINTED WITH FRANCHISING REVIEW FINDINGS

8 February 2024

The AADA notes the Albanese Labor Government's tabling of the Independent Review of the Franchising Code of Conduct in Parliament today.

The review by small business expert, Dr Michael Schaper, makes 23 formal recommendations and 34 implementation suggestions for Government to consider.

"We are disappointed that the recommendations don't address many of the issues the AADA raised during the Code Review Consultation, in particular the need for strong protections against termination and non-renewal and the need for compensation for loss of goodwill upon cessation of a franchise agreement," said AADA CEO James Voortman.

"The recent case between Mercedes-Benz Dealers and Mercedes-Benz Australia/Pacific Pty Ltd highlighted the current failings of the Franchising Code with the presiding Judge stating that further consideration of the terms of the Code and possible reforms are needed, and we are disappointed that this was not picked up in the Review," he said.

"It is frustrating that the Review ignored these comments and the overwhelming evidence which suggests that franchising regulations in Australia continue to leave new car Dealers exposed to exploitative behaviour," he said.

"We are also disappointed that the Review did not recommend the immediate inclusion of truck Dealers in the automotive schedule. Many of the arguments made for specific protections for automotive Dealers also apply to truck Dealers, and we find it bewildering that the review did not recommend their inclusion in the automotive provisions of the code," said Mr Voortman.

"While we consider that the review could have gone further to protect automotive franchisees, we welcome the recommendation that service and repair work conducted by motor vehicle dealerships should be explicitly captured by the Code," he said.

"We also see merit in introducing a licensing regime to better regulate most aspects of the franchisee-franchisor relationship," said Mr Voortman.

AADA will continue to engage with the Government on the details of the Review and the need for strong protections for local automotive businesses.

ENDS.

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