

STRONGER FRANCHISING PROTECTIONS NEEDED FOR AUTOMOTIVE DEALERS

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The AADA notes the Government's response to the Independent Review of the Franchising Code of Conduct, which has agreed, or agreed in principle, to all of Dr Schaper's 23 recommendations.

"Overall automotive Dealers across Australia will look at this response with a degree of disappointment and we urge the Government to keep an open mind on introducing stronger automotive-specific franchising regulations," said AADA CEO James Voortman.

"Over the past five years we have seen numerous examples of poor behaviour by multinational manufacturers ranging from GM's termination of 200 Holden Dealers to Mercedes-Benz strongarming their Dealers into one-sided agency arrangements," he said.

"The New Vehicle Efficiency Standard due to take effect in less than eight months will make Dealers even more vulnerable to manufacturers exiting the Australian market and leaving Dealers with stranded investments," said Mr Voortman.

"With the changes occurring in the industry, there is no doubt that further disputes between manufacturers and Dealers will occur. It's not a case of if, but when. Frankly, we need protections for Dealers similar to those offered in the United States," he said.

"Automotive franchised Dealers employ tens of thousands of Australians across cities and regional areas. They make significant investments in infrastructure and contribute to their community charities and sporting clubs" he said.

"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," said Mr Voortman.

"While we consider that the review could have gone further to protect automotive franchisees, we welcome the extension of some protections to Truck Dealers, although we maintain that Truck Dealers should enjoy all the protections under Part 5 of the Code," he said.

"Furthermore, we support the consideration of a licencing regime for franchisors which could allow for better dispute resolution and the assurance that service and repair work conducted by motor vehicle dealerships should be explicitly captured by the Code," he said.

AADA will continue to engage with the Government to put forward the need for strong protections for local automotive businesses.

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