AADA
AUSTRALIAN AUTOMOTIVE DEALER ASSOCIATION

MEDIA RELEASE

AUSTRALIA'S NEW CAR RETAIL INDUSTRY AT CRISIS POINT

5 November 2026

The Australian Automotive Dealer Association (AADA) is warning that Australia's new car retail industry has reached a crisis point, with financial losses, aggressive manufacturer stock targets and an unprecedented influx of brands placing dealers under severe pressure.

The situation presents risks for consumers as the unrestricted growth of car brands in Australia is leading to rapid depreciation of vehicles, a lag in parts supply with longer repair times and orphaned vehicles as brands disappear.

AADA is calling for urgent action from governments, vehicle manufacturers and suppliers to address deteriorating trading conditions and support the long-term viability of Australia's automotive sector.

AADA CEO James Voortman said the September quarter had delivered the industry's first negative quarterly profitability result since the global financial crisis and there is no end in sight.

"This is a clear warning that the commercial settings underpinning our industry are becoming unsustainable. The sheer number of brands arriving in Australia at a rapid pace is having profound consequences for Australian consumers and businesses alike," Mr Voortman said.

"Dealers are facing intense competition, relentless pressure to take more stock and rising business costs. Too often, they are left to absorb the financial consequences of decisions made elsewhere in the supply chain."

"There are simply too many manufacturers operating in this market and we need a pause on further car brands entering this market. At a time when other countries are trying to slow the rate of change and number of brands, Australia is allowing unfettered access to this market."

The number of brands in the Australian market has grown from 39 in 2021 to 67 in 2026 and is rising, intensifying competition for customers and increasing pressure on automotive businesses.

"Australians benefit from choice and competition, but manufacturers' growth ambitions must reflect what this market can support," Mr Voortman said.

"Pushing excessive stock onto dealers is fuelling a race to the bottom. Aggressive discounting erodes margins and devalues vehicles while dealers carry the financing costs and risk of unsold vehicles."

Mr Voortman said the economic environment had changed significantly, with pressure on household budgets making customers more cautious while dealerships faced substantial operating and inventory financing costs.

"Strong headline vehicle sales can conceal serious financial distress at the businesses making those sales. Dealers cannot keep absorbing higher costs, lower margins and greater stock risk indefinitely."

AADA said regulatory settings, including the new mergers and acquisitions regime, were also adding cost, complexity and uncertainty when dealers needed flexibility to sell, restructure or consolidate their businesses.

"Competition safeguards matter, but their application must recognise the realities of an industry undergoing rapid structural change," Mr Voortman said.

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“Dealers invest in local jobs, apprenticeships, technical training and the servicing and warranty support motorists rely on. Governments, manufacturers and suppliers all have a stake in keeping that network viable.”

AADA is asking Government, manufacturers and suppliers to consider ten urgent actions to address these pressures.

ENDS.

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TEN POINT PLAN

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GOVERNMENT

1 PAUSE THE ENTRY OF FURTHER CAR BRANDS

› Pause the entry for any new brands seeking to enter the Australian market and consider a capped licensing regime.

2 FAST-TRACK DEALER PROTECTIONS

› Prioritise the development of previously announced Unfair Trading Practices protections for franchisees modelled on Part 6 of the New South Wales Dealers and Repairers Act. New vehicle market entrants should be paused until these protections are passed and in place.

3 FAST-TRACK ACL REFORM

› Reposition the liability for breaches of the ACL and improve clarity for consumers. New market entrants should be paused until these protections are passed and in place.

4 REMOVE BARRIERS TO RESTRUCTURING

› Introduce a targeted merger notification exemption for smaller and family-owned dealership transactions, with a low-cost, expedited approval pathway for transactions unlikely to raise competition concerns.

SUPPLIERS

5 DELIVER IMMEDIATE PRICING RELIEF

› Freeze price increases for at least 12 months and provide meaningful fee reductions or rebates while dealer profitability remains under severe pressure.

TEN POINT PLAN

MANUFACTURERS

6 ESTABLISH DEALER COUNCILS

› Develop Dealer Councils to establish partnerships strongly focused on dealer and OEM viability.

7 MATCH STOCK TO CUSTOMER DEMAND

› Agree realistic sales targets and inventory levels with Dealer Councils. Allow dealers to decline excess stock without losing incentives or facing other commercial penalties.

8 PROVIDE EXCESS INVENTORY RELIEF

› Fund extended interest support, aged-stock assistance and stock transfers or buybacks where manufacturer-driven allocations have left dealers carrying unsustainable inventory.

9 COMPENSATE DEALERS PROMPTLY

› When manufacturer price cuts reduce the value of vehicles already in stock and fully fund manufacturer-directed discounting.

10 PAUSE NON-ESSENTIAL CAPITAL DEMANDS AND RELAX RESTRICTIONS ON MULTI-FRANCHISING

› Defer showroom upgrades, corporate identity changes and discretionary investment requirements. More flexibility around multi-franchising and brand space allocation.