

# BULLETIN

## VACC Industry Divisions



Reference No: Franchise-02-19

Date issued: 14/03/2019

### VACC supportive of new Franchising Code

The Inquiry into Franchising in Australia, conducted by the Parliamentary Joint Committee on Corporations and Financial Services, is complete and its findings – published under the title *Fairness in Franchising* – were released today.

A copy of the *Fairness in Franchising* is [attached](#). Of particular interest is to automotive industry participants is Section 17 that deals specifically with the VACC push for an automotive specific code.

#### What is VACCs initial response to the report?

VACC welcomes the report and is pleased that Government has addressed the issue of issues facing automotive franchise participants. It is pleasing that after many years of lobbying that Government has agreed that automotive retail franchisees are in need of regulated protections in response to unscrupulous and unfair treatment by franchisors.

In particular unfair issues such as unfair contract terms, buyback of dealer stock at the non-renewal or terminations of an agreement. The report has also addressed a need to align other industry codes, such as Access to Repair Information Code, so that they can be aligned to each other.

Pleasingly, the recommendations are designed to lift standards and conduct across the industry and to rebuild confidence in franchising in Australia. The committee has therefore proposed substantial changes to the Franchising Code of Conduct and responsibilities and powers of the Australian Competition and Consumer Commission (ACCC).

#### What are some of the key regulatory changes?

One of the inquiry's main aims was to address "systematic exploitation of some franchisees by a subset of franchisors and a regulatory framework that does not provide adequate protection against such practices".

Recommended regulatory changes address: disclosure, franchise registration, supplier rebates, whistleblower protections, unfair contract terms, cooling off periods, exit rights, collective action, dispute resolution, binding commercial arbitration, alignment of industry codes, churning, education, and leasing arrangements.

## What about the introduction of a specific automotive franchise code?

Acknowledging that its automotive business owner members face unique challenges, the VACC has for some time been calling for an automotive-specific Franchising Code of Conduct. At this time, a unique automotive code has not materialised VACC is pleased to see that specific automotive industry protections have been included by the addition of schedules to the current Franchising Code of Conduct.

VACC was referenced several times in *Fairness in Franchising* and is confident that its advocacy work, conducted on behalf of members, was acknowledged and seriously considered by the Parliamentary Joint Committee.

VACC will continue to work with the committee to bring about a fair and reasonable outcome for all members.

### **Michael McKenna MBA**

Industry Policy Advisor

Industry Divisions

**VACC**

Level 7 | 464 St Kilda Road | Melbourne Vic 3004

**P:** 03 9829 1280 | **M:** 0418 822 939 | **E:** [mmckenna@vacc.com.au](mailto:mmckenna@vacc.com.au) | **W:** [vacc.com.au](http://vacc.com.au)>