

Dealers, time to tell your local candidate of your contribution to your community

With the Victorian State Election taking place on Saturday, 26 November, now is an opportune time to remind those who seek to be elected to the Victorian Parliament, of the contribution made by Victorian Franchise Dealers and LMCTs to their local community.

The dealer community contribution can be measured in an employer capacity and contribution to local economies. One of the areas Victorian Dealers are often overlooked is their contribution to their communities via sponsorship packages, donations and troubleshooting work done at no cost for local residents (i.e. work that is not being supported by the manufacturer and is taken on solely by the dealer at their own expense).

Background

Aside from the obvious sporting club sponsorships, that are prevalent in all metropolitan and regional Victorian towns and cities, Victorian motor vehicle dealers are invariably at the forefront of charities and school fundraising events and have a strong focus on children's social, health and community needs.

These contributions are often provided by the dealer with little to no fanfare. However, the time is now right for dealers to publicly inform (or remind) local candidates of the often-unseen contribution made by new and used car dealers. The message is that protection for our industry is required from overzealous and misinformed consumer groups, and other bureaucrats who seek to consider or introduce policy reform aimed at hurting and impacting the local dealer.

There is no better time for dealers to remind members of parliament as to what is actually at risk if those egregious policy reforms are introduced.

How has VADA sought to measure the dealer contribution to community?

The Victorian Automobile Dealers Association (VADA) has commissioned Deloitte Motor Industry Services to provide a detailed analysis and measurement in dollar volume as to the contribution of dealer donations and sponsorships to the Victorian community. VADA provided two criteria for investigation and measurement.

They included:

1. The fiscal contribution of Victorian franchise dealers and LMCTs community sponsorships, donations and promotions.
2. The fiscal contribution of Victorian Franchise Dealers in providing 'free' work or issues identification and resolution for consumer owned vehicles.

What has the Deloitte analysis revealed?

The Deloitte analysis was conducted over two different years and used the following methodology:

1. 2019 was the last uninterrupted year before the COVID pandemic took hold; and
2. 2021 was the last completed year.
3. The average \$ and vehicle contribution from the sample dealerships was determined for both metro and rural.
4. By taking a sample of dealers from across Victoria, Deloitte was able to extrapolate the contribution figures for the dealer network.

Table 1: Dealer contribution for sponsorship and donation to the Victorian community

2019					
	Avg \$ contribution	Avg vehicle # contribution	Number of dealers	Total \$ extrapolation	Total vehicle extrapolation
Metro	\$21,067	.55	637	\$13,419,467	352
Rural	\$17,222	1.17	67	\$1,153,889	78
Total			704	14,573,355	430
2021					
	Avg \$ contribution	Avg vehicle # contribution	Number of dealers	Total \$ extrapolation	Total vehicle extrapolation
Metro	\$16,917	.36	637	\$10,775,916	232
Rural	\$16,111	.83	67	\$1,079,444	55
Total			704	\$11,855,361	287

Comments by Victorian Dealers

"Most of what we do is support to local sporting clubs. We are the major sponsor of the local footy club, which is around \$12,000 per year, and also spend \$7,000 on local region AFL which goes to netball. There are a lot of smaller sporting clubs which we give smaller amounts to usually around \$500 such as bowling clubs etc. We also have signs on the fence of 5 other footy clubs - these cost us around \$1,500"

"We also provide for free to sporting and community group, schools or charities a BT50 Ute which features a built in BBQ along with all the extras you need to cook a few hundred snags. The initial set up cost was approx. \$10,000, and we have had this in operation since 2018 and it's been used hundreds of times from Kindergarten Easter egg hunts, National Cattle dog shows, Football events and numerous fund raising for Charities.

"All children deserve a "fair go" in life, which is why we're proud to partner with the Father Bob Maguire Foundation and driving positive community change. As a nationally recognised center for social justice and fronted by Melbourne's very own, Father Bob, this foundation delivers support and opportunity to children in need. Through our Werribee Nissan dealership, we have donated a Nissan X-TRAIL to the Father Bob Maguire Foundation, to ensure they can continue to undertake invaluable work within the communities that need it most."

Bendigo Mazda supports local region AFL sees direct support for young girls in the Netball Academy within their community. *“The Netball Program is a development program for approximately 60 young girls from across the region and is delivered to approximately 20 young netballers at each of 12 years, 13 years and 14 years.”*

Table 2: Free work completed by the Victorian dealership network for the Victorian Community

2019				
	Avg free work	Number of Dealers	Total	Other
Metro	\$73,908	637	\$47,015,696	
Rural	\$81,461	67	\$5,457,887	
Total		704	\$52,473,583	
2021				
	Avg free work	Number of Dealers	Total	Other
Metro	\$62,322	637	\$39,699,114	
Rural	\$67,832	67	\$4,544,744	
Total		704	\$44,243,858	

Comments from dealers

“Every service car gets washed and vacuumed without charge”

“We’d jumpstart 15 to 20 vehicles a year and there’d be a similar amount of free diagnosis.”

Note:

The data is generated by eProfitFocus, a Deloitte financial reporting platform where dealers around the country upload their monthly trial balance data for benchmarking and reporting purposes. Deloitte advise the report created to generate these figures represents the average Victorian dealer from the database, using the eProfitFocus accounts for ‘Free Service’ and ‘Policy’. It is important to remember that there would be an element of work that is still not captured in a dealer’s trial balance. This could include things like jumpstarts and free diagnosis. The definition of ‘Policy’ is any work that is not being supported by the manufacturer and is taken on solely by the dealer at their own expense

Summary

What is at risk is a reduction in community sponsorship and donation programs that could be estimated this year to top \$55 million. Added to this is the estimated \$45 million of free mechanical and technical repairs provided by dealers.

It’s time that government and bureaucrats consider this sector as a key player in the social and community ecosystem. Putting at risk \$100 million of donation is what is at stake.

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