

## VACC response to Treasury's 'Automotive Franchising Discussion Paper 2021'

In early August 2021, the Australian Government (the Treasury) released the discussion paper 'Automotive Franchising: Discussion Paper' (the paper). The paper is intended to build upon the reforms achieved in the *Competition and Consumer (Industry Codes—Franchising) Amendment (New Vehicle Dealership Agreements) Regulations 2020* Part 5 and Part 6 (the Code) that became active on July 1, 2021.

The paper seeks to gather stakeholder views to help inform the Government's consideration of further franchising code changes that regulate the relationships between Australian new car dealers and manufacturers. Importantly, the paper further seeks stakeholder views on the inclusion of motorcycle, commercial vehicle and farm and industrial machinery dealers in the new Code.

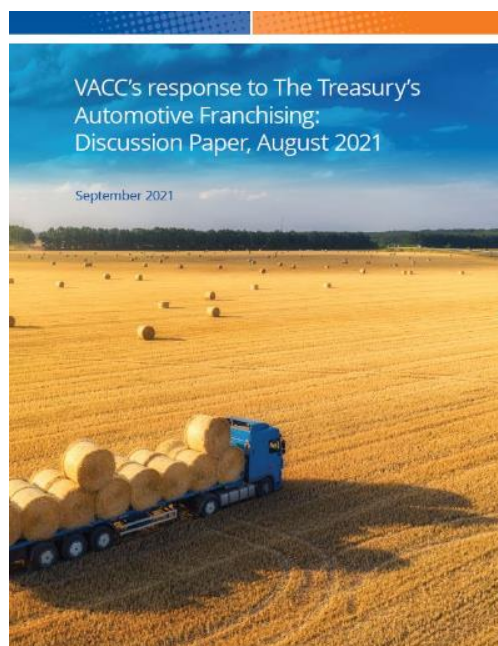
### What are the key issues that the Treasury seeks stakeholder feedback?

The Treasury is looking specifically to hear from stakeholders on the following issues:

- The merits of a standalone Code.
- The impact of the current Code amendments.
- The introduction of mandatory binding pre-contractual arbitration.
- Expanding protections for new vehicle dealerships to other parts of the automotive sector.

### How has VACC responded to the paper?

On behalf of VACC's franchise dealer divisional members, VACC has provided a response to the Treasury. You can view that response by taking this [link](#).



The paper focuses heavily on further reforms to the Code, and supports the introduction of mandatory, binding pre-contractual arbitration. Franchise dealers have, in recent times, witnessed the egregious treatment of many Holden and Honda dealers across Australia. This atavistic behaviour is not unique to new car dealer franchisees, but evidenced across all automotive franchising sectors.

### **Inclusion of motorcycle, commercial vehicle and farm and industrial machinery dealers in new car retailing franchise reforms is a priority for VACC**

Many members of the Victorian Automobile Dealers Association (VADA), Motorcycle Industry Division (MID), Commercial Vehicle Industry Association of Victoria (CVIAV), and the Farm and Industrial Machinery Dealers Association (FIMDA), would be aware that VACC's key strategic initiative for 2021 is the inclusion of MID, CVIAV and FIMDA franchise members under the new Franchising Code of Conduct Part 5 and Part 6.

We believe we have fully justified the reasons for such an inclusion, and have the support of other associations such as MTAA and AADA.

### **Acknowledgments**

VACC thanks VADA, CVIAV, MID and FIMDA members for their contributions to the VACC submission. VACC particularly wishes to acknowledge Evan Stents from HWL Ebsworth Lawyers, Sotheary Bryant from FCW Lawyers and MTAA CEO Richard Dudley for their guidance on what is a very complex issue.

VACC will inform members of outcomes from the submission.

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