
VACC Franchisee Members tell Senate Inquiry their story

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Background

VACC members would be aware that on 22 March 2018 the Senate passed a motion made by Senator John Williams to refer a matter to the Parliamentary Joint Committee on Corporations and Financial Services (**Joint Committee**) for inquiry and report by 30 September 2018 (**Senate Inquiry**) into the Franchising and Oil Codes of Conduct (the Code).

What is VACC's policy position on the Franchise Code?

VACC has advocated since the 2012 Wein Review, that the automotive industry requires a new, industry specific franchise code of conduct. This is due to the complexity, sophistication and significantly higher investment levels related to operating an automotive franchise. The existing Code is not suitable for the automotive industry as evidenced by ongoing systemic failures and disputes between franchisor and franchisee.

VACC argues it is imperative that the development of any new code should provide a fair and equitable platform from which both franchisors and franchisees can operate successfully.

What action has VACC taken on the Senate Inquiry?

On behalf of its franchise members, VACC has provided a submission to the Senate Inquiry. VACC's submission covers the broad cross-section of VACC member franchise industry sectors including new car, motorcycle dealer, petrol retailer, farm machinery dealer, tyre dealer, vehicle rental, automotive panel and mechanical repair sectors. The VACC submission can be viewed by following [clicking here](#). To inform its submission, VACC utilised a series of intelligence gathering processes including:

1. A national survey of member automotive franchisee businesses.
2. Focus group interviews with VACC franchisee member businesses.
3. VACC member telephone interviews.

VACC present to a Joint Committee Hearing

VACC and MTAA were invited to co-present at a Joint Committee Hearing into the Franchise Code on 22 June.

As a part of a strategy to inform the Joint Committee of the shortfalls of the current Code, the Joint Committee heard directly from VACC and MTAA members who had suffered due to perceived unfair or unscrupulous behaviour by the franchisor. This is unprecedented and reflects the deep level of anxiety felt by many franchise operators.

The Joint Committee was interested to hear the stories from those members and eager to learn more about various franchisor behaviour. The Joint Committee has invited members to a special 'in camera' hearing to take place in Canberra over the coming months.

VACC thanks those members for their courageous decision to assist industry.

The Joint Committee has also requested VACC/MTAA provide a draft version of an automotive franchise code.

You can [take this link](#) to view an electronic copy a Hansard transcript of evidence for the Joint Committee's public hearing held on Friday, 22 June 2018 in Melbourne:

Other information

The final Joint Committee report is due by 30 September 2018. However, VACC is advised that it will take some time before the Government responds to any recommendations made in that report and/or implement any changes it believes are necessary. It is not clear if the Joint Committee Inquiry will result in changes to the Franchising or Oil Code of Conduct, resulting in a change in legislation, before the next federal election (due in 2019).

VACC will continue to advise members of any outcomes.

Regards

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