

2023 Franchising Code of Conduct Review report tabled in Parliament: It's a mixed bag

In August 2023 members of the VACC Victorian Automobile Dealers Association, Farm and Industrial Machinery Dealers Association (FIMDA), Motorcycle Industry Division (MID), and Commercial Vehicle Industry Association (CVIA) that are working under a franchising or agency arrangement were advised of the Australian Government's comprehensive review of the Franchising Code of Conduct (the Code).

It was advised that Dr Michael Schaper was appointed by the Minister to undertake an Independent Review of the Code.

VACC entered a submission via our national body the Motor Trades Association of Australia (MTAA). That submission was forwarded to VACC members in September 2023. You can see the MTAA submission [here](#).

The review has been tabled in Federal Parliament today

VACC can now advise members that the *Independent Review of the Franchising Code of Conduct* final report was tabled in Federal Parliament today by Minister for Small Business, The Hon Julie Collins MP. You can view the [final report here](#).

It is advised that approximately 1700 franchise entities participated in the Review's consultation, with 95 formal submissions received. There were over 40 meetings and roundtables held.

MTAA and VACC participated in many of those roundtable meetings and arranged for strong member representation at those meetings with Dr Schaper and the Review team.

About the Independent Review recommendations and findings

The review makes 23 formal recommendations and 34 implementation suggestions for Government to consider.

The review found that the Franchising Code of Conduct is generally fit for purpose but could benefit from some improvements.

From a franchise dealer perspective, the review advised that Part 5 of the Code relating to new vehicle dealerships is operating as intended and not producing any unintended consequences.

From a franchise – agent dealer perspective the key outcomes from the report that dealer should be cognisant of are:

Recommendation 4

Service and repair work conducted by motor vehicle dealerships should be explicitly captured by the Code.

Implementation suggestion 4A

The definition of motor vehicle dealership in the Code should be amended to clarify that it includes all sales, service and repair work.

VACC Commentary

This is key outcome for VACC dealers that if adopted will ensure a business-as-usual approach to a key element of any franchisee or agency dealer set up.

Implementation suggestion 5A

The next review of the Code should consider whether Part 5 should be retained and, if so, whether it should be extended to other subsectors such as trucks, farm machinery and motorcycles.

VACC Commentary

Whilst it is difficult to understand how the reviewer did not make a recommendation to change the definitions of a Motor Vehicle Franchise Dealership to include motorcycle, farm machinery and truck franchises, the reviewer has provided the opportunity for those dealers in those sectors to be considered for inclusion in the next franchising code review.

VACC will continue to push for further reforms to the Franchising Code with the Final Report suggesting 5-year cycles to conduct reviews.

VACC thanks all franchise dealer members who contributed to this report. There is still a long way to go.

Please feel free to contact me at VACC via mmckenna@vacc.com.au with any queries or observations.

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