

Dealer delivery fees and the VADA element of costs in Dealer Delivery Fee

This is not legal advice

Dear member

Over the past two weeks there has been a media attention with regards to Dealer Delivery Fees (DDF) and what media outlets are stating are excessive DDF being charged by the dealer. Those media claims were supported by consumers alleging what they consider to be excessive DDF. The issue is now likely to be referred to the ACCC. This is not overly problematic for VADA members as most dealers would not participate in excessive charging. However, that being said, there is cost to pre-delivering a vehicle and the cost of business across all retail sectors is on a steep incline.

VACC has been approached by media outlets for its policy position on DDF. The message from VACC sourced via the Victorian Automobile Dealers Association (VADA) is that we support dealers who recoup legitimate costs incurred with regards to the factory required processes for receipt of new vehicles and pre-delivery, garaging, associated floor plan charges, freight, insurance, and processing of new vehicles (amongst others). Importantly VADA does not support any element of DDF costs that could or would be considered as being not appropriate or excessive.

To assist dealers in arriving at their DDF and what could be considered a cost VADA developed the attached 'Elements of Cost in Dealer Delivery.'

About the Element of costs document for deliver delivery

- The list of elements is a suggestion only and not all elements will apply to all Dealers, models or circumstances. Indeed, any costs associated will be different from Dealership to Dealership, depending on location, brand, systems and marketing strategy.
- Please use this advice as a tool to help you evaluate what current factors are included in your Delivery Charges.
- [The attached VADA 2019 Elements of Cost](#) document was reviewed by prominent legal firm HWL Ebsworth in 2019. HWL said in the review that they did not consider that 'VACC's Guideline could be said to amount to an attempt to make or procure the making of a price fixing arrangement.'
- The VADA 2019 Elements of Cost document was provided to ACCC who advised that 'While the ACCC cannot provide any legal advice or clearance as such, we note the care that the VACC has taken in preparing this guidance for members, including seeking legal advice on concerted practices. I note that the guidance refers to how dealers can calculate their own costs and doesn't extend to prices or margins.'

Determining your Dealer Delivery Charge

VADA advises that each individual dealer must determine their own Dealer Delivery Charges on an individual basis and the extent to which they seek to recover costs through a Dealer Delivery Charge.

If a dealership is approached by media or challenged by a consumer, please feel free to reach out to my office for support.

VACC thanks the MTAA and AADA for their assistance on this issue.

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