



AUSTRALIAN  
AUTOMOTIVE  
DEALER  
ASSOCIATION

L3, 10 National Circuit,  
Barton, ACT, 2600

PO Box 4409  
Kingston, ACT, 2604

E [info@aada.asn.au](mailto:info@aada.asn.au)

[aada.asn.au](http://aada.asn.au)

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Adjudications  
ACCC  
GPO Box 3131  
Canberra ACT 2601

Email: [adjudication@accc.gov.au](mailto:adjudication@accc.gov.au)

### **Collective Bargaining class exemption - Submission**

The Australian Automotive Dealer Association (AADA) welcomes the opportunity to provide feedback on the draft version of the class exemption and associated documents. We have no objections to this submission being published on your website.

The AADA is the peak industry advocacy body exclusively representing franchised new car Dealers in Australia. There are around 1,500 new car Dealers in Australia that operate about 3,500 new vehicle outlets.

The AADA appreciates the excellent work done by the ACCC in this matter and is supportive of the proposed way forward with respect to collective bargaining. The draft documents appear fit for purpose. Nevertheless, we remain concerned about two aspects of the proposal.

**Franchisor right to ignore the Collective Bargaining notice.** We believe that this aspect of the proposal will severely limit the utility of the class exemption in negotiations between franchisor and franchisees. While it may be that such behaviour could be curbed by the judicious use of public and media pressure, it remains a likely tactic for the less ethical franchisors, particularly when such decisions are made in corporate headquarters overseas.

**Franchising Code.** The Government is currently considering a stand-alone Automotive Code to cover the auto retail industry, separate from the Franchising Code. Similarly, some vehicle manufacturers are testing retail models both here and overseas that side-step the traditional franchising approach in favour of agency or similar models. We fear that, unless the class exemption provisions are structured to withstand such changes, their benefit to new car Dealers will be short-lived.

Please feel free to contact me if you have any questions.

Yours Sincerely,

James Voortman  
Chief Executive Officer  
Australian Automotive Dealer Association