



HEAVY VEHICLE
INDUSTRY AUSTRALIA



HVIA Submission

Discussion Paper on
Automotive
Franchising

September 2021

Heavy Vehicle Industry Australia
Represents and advances the interests of manufacturers
and suppliers of heavy vehicles and their components,
equipment and technology.



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Background

Heavy Vehicle Industry Australia (HVIA) represents and advances the interests of the entire industry involved in the design, manufacture, importation, distribution, modification, sale service and repair of on-road vehicles with a gross vehicle mass or aggregate trailer mass over 3.5 tonnes as well as their components equipment and technology. The industry directly employs over 36,000 people and provides some of the world's most efficient, safe, innovative, and technologically advanced vehicles. HVIA seeks to work with government and industry stakeholders to promote an innovative and prosperous industry that supports a safe and productive heavy vehicle fleet operating for the benefit of all Australians.

HVIA's members include both vehicle manufacturers and dealers.

Introduction

HVIA has examined the amendments to the Franchising Code of Conduct introduced on 1 June 2021 and reviewed the discussion paper on Automotive Franchising.

HVIAs Key Comments

HVIA is of the view that the Franchising Code of Conduct is adequate to deal with franchising issues in the heavy vehicle industry and is opposed to the introduction of further bureaucratic red tape through the introduction of a separate automotive code.

Recommendation: HVIA supports Option 1 outlined in the paper.

HVIA also notes that the provisions around new vehicle dealerships in the existing code are restricted to light vehicle dealers and do not apply to heavy vehicle dealers. HVIA supports this approach and would argue that this approach should extend to any future amendment related to the automotive sector. The main argument put forward in canvassing an extension to the code is the power imbalance between Original Equipment Manufacturers (OEMs) and Dealers, which is often the case in a light vehicle context.

Fortunately, in a heavy vehicle context this is not the case, with both the OEM and the dealer, often in partnership to assist the client / end user. This is the prevailing approach, with mature, documented and a well understood commercial arrangements in place to ensure a cordial alignment.

HVIA is of the view this approach is working well, both with completely independent dealerships and dealerships connected to a particular brand(s). HVIA is also aware of the amount of work that goes into training, providing information, education and guidance between the OEM and the heavy vehicle dealership.

We further note, there is absolutely no evidence put forward in the discussion paper to justify extending these arrangements to heavy vehicles. This idea seems to be nothing more than an ill-considered thought bubble.

This type of overreach has potential catastrophic consequences for the heavy vehicle industry, as it increases time, cost, bureaucratic burden and regulatory complexity, in a way that is unwarranted.

Recommendation: The cost to industry of expanding the Franchising Code to include heavy vehicles is unwarranted and should not be considered.