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MEDIA RELEASE

Government response to Franchising Inquiry welcomed

The Motor Trades Association of Australia (MTAA) said the government’s decision to increase penalties, enhance dispute resolution mechanisms, demand further disclosure requirements, and a range of other actions, are welcomed and will enhance protections for franchisees.

The changes announced in the formal government response to the Parliamentary Joint Committee on Corporations and Financial Services’ *‘Fairness in Franchising’* report will further enhance franchisee protections and put some franchisors on notice to improve engagement and conduct.

MTAA CEO Richard Dudley said increasing penalties for breaches of provisions of the Franchising Code of Conduct goes some way to addressing MTAA calls for significant consequences for those franchisors who pay lip service to obligations and requirements to franchisees.

‘MTAA also welcomes enhanced disclosure requirements and increased options for dispute mediation and resolution including the increased involvement of the Australian Small Business and Family Enterprise Ombudsman. When combined with the recently enacted Schedule of Amendments specific to car dealers, these changes will further encourage proper dialogue and good faith negotiations leading to improved relationships’ Mr Dudley said.

Mr Dudley said further work was still required to address outstanding matters that will continue to impact automotive sector industries including improved recognition of goodwill, compensation, tenure, and warranty.

‘MTAA recognises that some of these concerns relate to continuous improvement to provisions of Australian Consumer Law and the Competition and Consumer Act and MTAA will continue to advocate for ongoing change,’ Mr Dudley said.

‘Others could be addressed by timely additions and inclusions in the recently enacted schedule of amendments for car dealers. MTAA will continue to urge government, based on the behaviours and actions of some international car manufacturers in recent months, to further enhance compensation principals’, Mr Dudley added.

MTAA will also increase representations to urgently include motorcycle and farm machinery dealers in the new schedule given the almost identical concerns of these dealers to those of new car retailing.

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MTAA National Industry Associations

