

Members were advised in a [previous bulletin](#) issued in January 2022 that the Australian Government had released a Regulatory Impact Statement (RIS) that was aimed at improving the effectiveness of the consumer guarantee and supplier indemnification provisions under the *Australian Consumer Law (ACL)*. The RIS reviewer called for public consultation and sought evidence-based portfolios to support any submission.

What was the RIS reviewer seeking from the industry?

Importantly, the RIS reviewer was also seeking evidence of where consumers had used the protections of the ACL Consumer Guarantees incorrectly, as well seeking evidence of where dealers or repairers (as the supplier) had been denied their right to indemnity by their manufacturer and a subsequent contravention of Section 274 of the ACL. This section provides that where a supplier is liable to a consumer for breach of consumer guarantees, that the supplier has a right of indemnity against the manufacturer to recover their losses.

VACC members provided many examples of where consumers had used the provisions of the ACL spuriously, evidence of how the indemnity provisions are not working for the benefit of suppliers and evidence of how the ACL is working as intended for consumer claims.

How has VACC approached replying to the RIS on behalf of its members?

Given the importance of the RIS to VACC members, the VACC and its national body, the Motor Trades Association of Australia (MTAA) collaborated on a response to the Australian Government. That response can be viewed by taking this [link](#).



What is VACC's and MTAA's view on the approach of the Government with regard to the RIS?

VACC and MTAA are of the view, the RIS reviewer missed an opportunity to explore the entire landscape of consumer claims and other touchpoints that caused consumer and supplier detriment.

VACC and MTAA stated in their reply that the RIS reviewer:

- Missed an opportunity to immediately consider the effects of COVID-19 regarding how ACL consumer guarantees have or have not worked in this review.
- Provided to narrow a scope for the automotive supply chain to adequately capture ACL issues permeating all parts of our industry including used vehicles, motorcycles, farm machinery and independent repairers .
- Provided no scope for industry and consumer groups to focus on the consumer disadvantage when purchasing a motor vehicle privately or through an auction process.

Evidence provided by members

VACC thanks members of its dealer and repairer divisions for providing evidence-based portfolios that have contributed heavily to the submission.

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