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Important change to the Australian Consumer Law (ACL) to take effect from 1 July 2021

An important change to the Australian Consumer Law (ACL) will take effect from 1 July 2021.

The changes will result in a broadening of the definition of a “consumer” under the ACL.^[1]

Currently, a person or business will be considered a consumer under the ACL, if they purchase goods or services:

- that are ordinarily acquired for domestic, household, or personal use or consumption; or
- cost up to \$40,000.

What will happen from 1 July 2021?

From 1 July 2021, the threshold for goods and services that are purchased for any purpose increases from \$40,000 to **\$100,000**.

The threshold increase will also be applied to the *Australian Securities and Investments Commission Regulations 2001* (Cth) (ASIC Act), which contains similar, or same, protections as the ACL with regards to protections for consumers of financial products and services.^[2]

What will be the effect of the change to the ACL?

The changes will see an increase in liability claims and increased exposure for businesses supplying goods and services to other businesses.^[3] This will mean that the ACL and ASIC Act will cover significantly more business transactions relating to goods and services that are not of a domestic nature. ^[4] This will result in more business being able to rely upon the ACL Consumer Guarantees.^[5]

What should you do to prepare for this change?

Members are encouraged to revise their current procedures and any standard terms and conditions now to ensure compliance from 1 July 2021.

Other

[HWL Ebsworth Lawyers](#) advise that ‘it is important for businesses to make sure that their supply contracts and sales terms and conditions include appropriate limitation of liability provisions under section 64A of the ACL particularly for businesses whose goods and services have traditionally fallen outside the scope of the ACL because of the current monetary threshold.’^[6]

The automotive retail industry has been at the forefront of consumer complaints. The provisions of the ACL have been cited against members to varying degrees. It is important you take note of the changes and seek your own professional advice as to how they may impact your business.

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^[1] *Competition and Consumer Act 2010* (Cth) Sch 2 (‘Australian Consumer Law’) or (‘ACL’).

^[2] Agnes Derrick, *Australian Consumer Law changes – Be prepared* (Mondaq, 2021) [12].

^[3] Liam Campion, *Changes to the Australian Consumer Law: The impact for liability and property insurers* (Hall & Wilcox 2021, Lexicology) [6].

^[4] *Ibid* [7].

^[5] Teresa Torcasio, *A key change to the definition of “consumer” under the Australian Consumer Law will lead to more business customers being able to rely on Consumer Guarantees* (2021) *HWL Ebsworth Lawyers*.

^[6] *Ibid* [13].