



MTAA RESPONSE TO:

Competition and Consumer Amendment (Unfair Trading Practices) Bill 2026 (exposure draft)

February 2026

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1. Introduction

The Motor Trades Association of Australia (MTAA) is the peak national retail automotive association, representing the automotive retail sector through state and territory associations. Our members include new and used vehicle dealers, repair and service businesses, recyclers and dismantlers, towing operators, service stations, and the broader automotive supply chain. Collectively, these members comprise tens of thousands of predominantly family-owned small and medium businesses and employ more than 320,000 Australians nationwide.

MTAA supports reforms that strengthen consumer protections and promote fair trading, while ensuring obligations are clear, enforceable, and workable for both consumers and businesses. MTAA's consistent position is that reforms should increase certainty, reduce unnecessary conflict, and avoid settings that unintentionally incentivise coercive disputes or impose unclear compliance burdens.

MTAA welcomes the opportunity to respond to the exposure draft legislation proposing amendments to the Australian Consumer Law (ACL), including:

- > introducing a general prohibition on unfair trading practices towards consumers
- > introducing protections relating to subscription contracts
- > strengthening protections against drip pricing by improving transparency of mandatory transaction fees

2. Executive summary

MTAA broadly supports the policy intent to address harmful practices that can fall between existing ACL provisions. However, MTAA considers the exposure draft would benefit from additional clarity and safeguards to ensure it is:

1. Certain and administrable for traders and regulators, including clear boundaries between the proposed general prohibition and existing ACL provisions.
2. Targeted to genuinely harmful conduct, with guidance to avoid capturing legitimate sales processes, negotiated vehicle transactions, and standard disclosure practices (especially where detriment is speculative).

3. Workable in complex, high-value markets such as motor vehicles, where pricing is comprised of layered statutory charges and third-party costs and where consumers increasingly purchase vehicles with optional connected services, servicing plans, and memberships.
4. Supported by strong implementation guidance, including examples specific to high-value goods, finance and add-ons, and automotive retail practices.

3. Context: why automotive needs precision in drafting and guidance

Motor vehicles are complex, high-value goods often transacted with multiple associated services (finance, insurance, servicing and maintenance plans, roadside assistance, extended warranties, and software-enabled features), each of which may be subject to distinct contractual terms, regulatory obligations, and disclosure requirements).

Consumers benefit from strong protections, but outcomes improve when the law is clear and does not unintentionally create false expectations, disputes, or perverse incentives. MTAA has previously set out how ambiguity in consumer frameworks can increase conflict and cost for consumers and industry, particularly where technical diagnostic processes are required and where consumers may rely on generalised interpretations rather than evidence.

MTAA encourages Treasury to treat the exposure draft as not only a legal reform, but also a practical compliance framework. A key success factor will be accessible guidance and examples for frontline staff and consumers.

4. General prohibition on unfair trading practices towards consumers (proposed section 28B)

4.1 Support in principle, but define boundaries more tightly

MTAA supports a general prohibition that addresses conduct that “unreasonably manipulates” consumers or “unreasonably distorts the environment to cause detriment.

To improve certainty and reduce overreach, MTAA recommends Treasury:

- > Provide clearer statutory or explanatory guidance on what “unreasonable manipulation” and “unreasonable distortion” mean in practice, including objective indicators (for example, materiality, intentional design features, repetition, concealment, or exploitation of vulnerability), and an emphasis on conduct that is more than sharp practice or ordinary persuasion.

- > Clarify how this prohibition interacts with existing ACL rules (misleading or deceptive conduct, false representations, unconscionable conduct, UCT, and specific product safety and finance rules), to avoid duplicative enforcement and uncertainty.
- > Ensure the threshold for “likely to cause detriment” is applied with discipline, particularly for high-value transactions where consumers may allege detriment before the trader has had a reasonable opportunity to address the matter through standard remedies or dispute pathways (including cooling-off rights where they exist). This aligns with MTAA’s broader view that compliance frameworks work best when they support resolution, not escalation.

4.2 Automotive examples where guidance is needed

MTAA recommends Treasury include guidance (in explanatory material or regulator guidance) addressing the following automotive scenarios to reduce uncertainty:

- > Time pressure and sales environments: clarifying when urgency cues become “unreasonable pressure” versus legitimate commercial time limits (end-of-month offers, stock constraints, fleet tender deadlines).
- > Add-ons and upsells: distinguishing between transparent presentation of optional products (extended warranties, servicing plans, roadside assistance, accessories) and harmful practices such as pre-ticked add-ons, obscured pricing, or misleading framing of optional items as mandatory.
- > Finance and insurance pathways: ensuring the prohibition does not inadvertently capture standard credit assessment processes, responsible lending obligations and lawful disclosure practices, while clearly identifying genuinely manipulative design, for example obstructing a consumer’s ability to compare offers or cancel unwanted add-ons.

4.3 Recommendation: publish an automotive-facing compliance guide

Given the breadth of the general prohibition, MTAA strongly recommends Treasury, in consultation with the ACCC and state regulators, publish an industry guide for high-value retail sectors (including automotive), setting out examples and “do and do not” checklists. This will materially reduce compliance burden and improve consumer outcomes.

5. Subscription contracts reforms (new Division 4A of Part 3-1)

5.1 Relevance to automotive

While subscription regulation is often framed around digital services, automotive businesses are increasingly offering subscription-like arrangements including:

- > connected vehicle services (navigation, remote start, telematics)
- > servicing and maintenance plans

- > roadside assistance memberships
- > tyre and battery “care plans”
- > fleet management subscriptions

The proposed framework includes disclosure and notification obligations and requirements to provide a straightforward way to end a subscription contract.

5.2 MTAA supports fair cancellation, but seeks practical flexibility

MTAA supports reforms that reduce business models which rely on consumers making mistakes, failing to act, or being trapped in arrangements in order for the business to profit. At the same time, in automotive contexts there are operational realities that differ from purely digital subscriptions (for example, physical performance already delivered, scheduled services already booked or used, or discounts applied upfront that are recouped across time).

MTAA recommends the exposure draft and/or explanatory materials:

- > Clarify how cancellation requirements apply where a subscription includes partly delivered physical goods or services, or where a consumer has received a discounted price contingent on a minimum term.
- > Confirm that a “straightforward way to end” a subscription does not require identical cancellation methods across all channels, but should require that the cancellation path is not materially more difficult than sign-up, and is accessible in the way the consumer commonly interacts with the supplier.
- > Ensure obligations align with the practical delivery environment for dealerships and repairers, many of which are small to medium businesses with limited IT development capacity.

5.3 Small business and consumer boundary

The explanatory materials indicate subscription obligations apply where the contract meets consumer or small business requirements, and define excluded subscription contracts (including leases and instalment contracts).

MTAA recommends Treasury ensure the small business threshold and definitions are fit for purpose in automotive, noting that dealerships may employ fewer than 100 people but exceed turnover thresholds, and may be captured or excluded in ways that are not aligned to real-world bargaining power. This concern has been raised in automotive policy submissions previously.

6. Drip pricing and hidden fees

MTAA supports strengthened transparency obligations for mandatory transaction fees, particularly where consumers are surprised late in the purchasing process.

However, automotive transactions involve legitimate third-party and statutory charges that:

- > vary by jurisdiction and customer circumstances
- > are collected and remitted (registration, stamp duty, CTP and similar)
- > may be calculated only once specific details are confirmed.

To avoid confusion and unintended breaches, MTAA recommends Treasury:

- > Provide clear guidance distinguishing mandatory transaction fees charged by the business from government charges and pass-through statutory fees which the dealer does not retain
- > Confirm that disclosure obligations are satisfied where statutory charges are clearly identified as estimates (where necessary) and updated promptly once final amounts are known
- > Encourage consistent terminology for common automotive fees to reduce consumer confusion (for example, delivery charges, dealer service/administration fees, and statutory on-road costs)

This approach aligns with MTAA's consistent view that reforms should reduce disputes by increasing clarity and aligning with practical transaction design.

7. Enforcement, penalties, and implementation

MTAA notes the explanatory materials state contraventions of the general prohibition may attract civil penalties, with maximum penalties aligned to other ACL civil penalty settings.

MTAA submits that enforcement should prioritise:

- > education, guidance, and targeted enforcement against clear, harmful patterns
- > proportionate penalties that distinguish between deliberate or reckless conduct and inadvertent compliance errors, particularly among small and medium-sized enterprises
- > a practical transition and education phase ahead of commencement (the proposed start date is 1 July 2027)

8. Consolidated recommendations

MTAA recommends Treasury:

1. Provide additional drafting or guidance to clarify the threshold and boundaries of "unreasonable manipulation", "unreasonable distortion", and "likely detriment", including objective indicators and sector examples.
2. Publish regulator guidance (with automotive examples) to support consistent interpretation and reduce disputes.

3. Ensure subscription obligations are workable for mixed digital and physical services, including practical cancellation pathways and treatment of partially delivered services.
4. Clarify drip pricing requirements in high-value transactions with statutory charges, including how government pass-through fees should be treated and disclosed.
5. Confirm how small business definitions apply in practice for large-turnover, low-employee-count dealerships and similar businesses, to ensure protections and obligations align with real bargaining power.
6. Adopt a proportionate enforcement approach supported by a strong education.

9. Conclusion

MTAA supports reforms that strengthen consumer protections from unfair trading practices, particularly as markets become more digital and complex. To deliver improved outcomes for consumers while maintaining workable compliance settings for businesses, the exposure draft should be complemented by clearer boundaries, practical sector guidance, and explicit treatment of high-value transaction structures such as those common in automotive retail and associated services.

MTAA welcomes continued engagement with Treasury and relevant regulators to ensure the reforms achieve their intent without unintended consequences.

Should you wish to discuss this submission further, please do not hesitate to get in touch via email at info@mtaa.com.au.

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