

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20-21 November 2013

Question: SBT 1035-1038

Topic: Unfair contract terms – Business to Business contracts

Written: 28 November 2013

Senator WONG asked:

- 1035. Is Treasury working on legislation/advice about extending the former government's Unfair Contract Terms provision in the Australian Consumer Law to business to business contracts?
- 1036. Will there be a consultation process on these changes?
- 1037. Will there be a dollar value cut-off, in terms of the value of the contracts in question?
- 1038. Is Treasury currently working on a proposal to ensure insurance contracts are covered by the UCT provision?

Answer:

1035-1038 As part of the Real Solutions Small Business Policy, the Government committed that it would extend the unfair contract protections currently available to consumers in the Australian Consumer Law (ACL) to the small business sector.

Under the Intergovernmental Agreement on the Australian Consumer Law 2009 (IGA), the support of four jurisdictions is required before any substantial amendment is made to the ACL. At the 7 November 2013 meeting, Consumer Affairs Ministers affirmed their agreement to consider an extension of the unfair contract terms provisions of the ACL to small business.

Treasury, in consultation with consumer affairs agencies, is currently drafting a COAG Regulation Impact Statement (RIS) which will form part of broader stakeholder consultation and engagement strategy, commencing in the first half of 2014.

The consultation process will include seeking the views of stakeholders on how small business may be appropriately captured under any new laws.

The Insurance Contracts Amendment (Unfair Terms) Bill 2013 lapsed at the dissolution of Parliament in August 2013 and is not scheduled for re-introduction during the autumn 2014 sitting period. At this stage, the Government has not made a decision to re-introduce the UCT Bill.