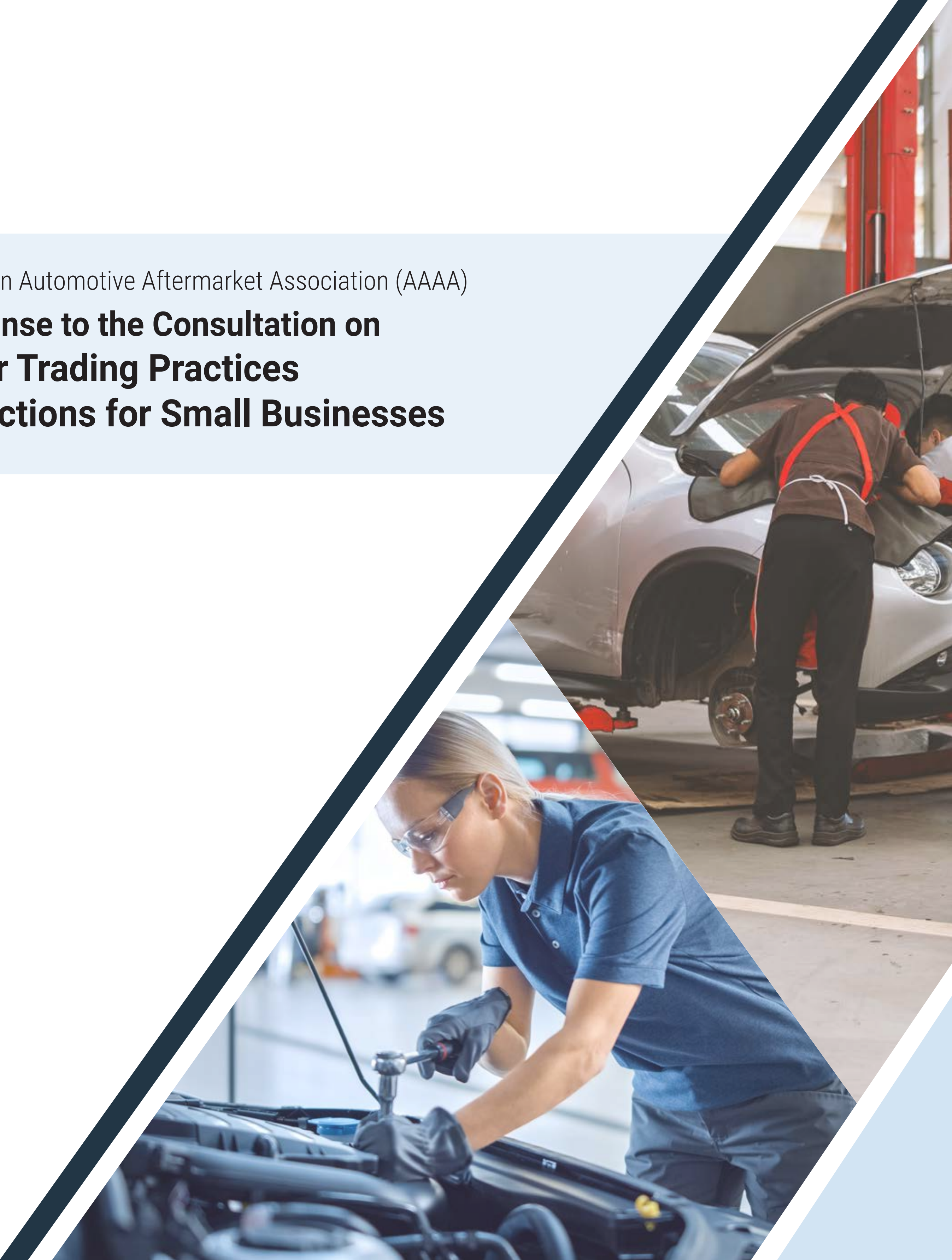
AUSTRALIAN AUTOMOTIVE AFTERMARKET ASSOCIATION

Australian Automotive Aftermarket Association (AAAA)

Response to the Consultation on Unfair Trading Practices Protections for Small Businesses



July 2026

ABOUT THE AAAA

The Australian Automotive Aftermarket Association (AAAA) is the peak national industry body representing the Australian supply chain for automotive products, vehicle maintenance, repair, and modification.

Our industry supports car owners after the purchase of the car, keeping vehicles safe and providing products for modification to make vehicles fit for purpose, including trade and emergency vehicles – in essence, everything that happens to the car after the initial purchase is part of the Australian automotive aftermarket sector.

Our members design and manufacture automotive components; distribute replacement and service parts in real-time; wholesale, import and export automotive parts and accessories, retail tools and equipment; and provide vehicle service, repair, and modification services in every community in Australia.

AAAA membership spans manufacturers, re-manufacturers, importers, distributors, wholesalers, retailers, service and repair businesses, tool and equipment suppliers, accessory businesses, specialist sectors and independent workshops.

We support our members with industry and business improvement benefits while also undertaking important advocacy campaigns, providing events and training, and commissioning in-depth and industry-first research to help members make informed decisions.

AAAA and our member companies are proud to passionately defend the reputation and integrity of the independent aftermarket and stand by our products and professionalism. AAAA is also a nominating organisation on numerous Standards Australia committees covering a wide range of parts and accessories, tools, and equipment; and our member representatives are actively involved in the development of product quality standards.

FOR FURTHER INFORMATION

Lesley Yates
Director Government Relations and Advocacy
Australian Automotive Aftermarket Association
lyates@aaaa.com.au

AAAA National Office
7 – 8 Bastow Place,
Mulgrave VIC 3170
Ph: 03 9545 3333

www.aaaa.com.au

INTRODUCTION

The Australian Automotive Aftermarket Association (AAAA) welcomes the opportunity to respond to Treasury's consultation paper on Unfair Trading Practices Protections for Small Businesses.

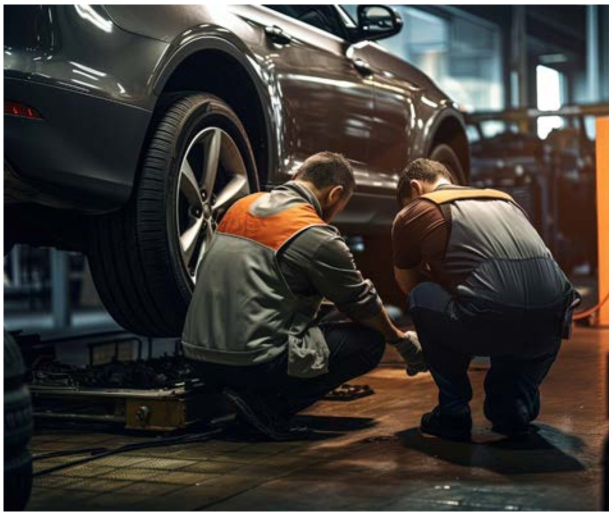
The aftermarket is a significant small business sector. Independent workshops and specialist repairers are often family-owned businesses employing only a small number of people. They rely on efficient supply chains, transparent trading arrangements and fair commercial relationships with larger businesses to deliver timely and affordable repair and maintenance services to consumers.

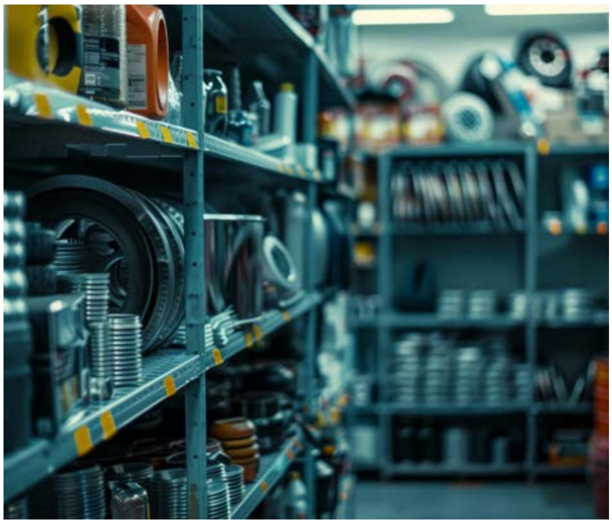
AAAA supports the policy objective of ensuring that small businesses are not exposed to unfair trading practices, particularly where there is a significant imbalance in bargaining power, a long-term or hard-to-avoid commercial relationship or limited practical ability for the small business to negotiate or walk away.

AAAA's key position is for Treasury to take a balanced approach. Protections should target the narrow band of conduct that takes advantage of a genuine imbalance in bargaining power, while clearly preserving ordinary, legitimate commercial arrangements that the whole sector relies on.

At the same time, AAAA urges Treasury to ensure that any reform is carefully calibrated. The automotive aftermarket includes complex and highly interdependent relationships between large national distributors, wholesalers, retailers, buying groups, suppliers and small independent workshops. These relationships are generally productive and mutually beneficial.

Larger suppliers play a critical role in ensuring product availability, delivery, warranty handling, inventory management, credit arrangements and technical support across a national market. Reforms should not undermine those functions or recast ordinary commercial conduct as unfair trading conduct.





APPLICATION TO THE AUTOMOTIVE PARTS SUPPLY CHAIN

The automotive aftermarket provides a useful case study for why any business-to-business unfair trading practice protection needs nuance. A small workshop may rely on large suppliers for parts, oil, filters, tools, consumables, delivery services, credit terms, returns, warranties, and account systems. In many cases, access to these products and services is central to the workshop's ability to trade.

That does not mean large parts suppliers are engaging in unfair conduct. In most cases, these supply relationships are productive, competitive, and commercially beneficial. However, the structure of the relationship can create vulnerability where small workshops are operating under standard-form terms, digital ordering systems, rebate structures, account processes, or supply arrangements that they have limited ability to negotiate. AAAA believes that the law should be capable of addressing conduct that exploits dependency or unreasonably impairs a small business's ability to make informed commercial decisions, while preserving legitimate supplier flexibility.

UNFAIR CONDUCT IN AFTERMARKET TRADING RELATIONSHIPS

Most supply relationships in the aftermarket are productive and commercially necessary, and large suppliers earn their position by delivering the availability, speed, credit and support that small businesses could not replicate alone. But the structure of those relationships — standard-form terms, digital ordering and account systems, rebate arrangements, information asymmetry, and a dependency that is difficult to exit — can allow a narrow band of conduct that exploits the smaller party or unreasonably impairs its ability to make informed decisions.

The conduct of concern includes:

- Retaliatory threats of reduced supply or de-listing when a small business seeks a contractually entitled price increase or raises a legitimate concern
- Retrospective or unexplained deductions from invoices
- Promotional contributions demanded as a condition of being ranged
- Sudden unilateral changes to pricing, payment days, range or account terms without reasonable notice, including de-ranging that strands a supplier's stock and dedicated tooling
- Withholding payment for goods already supplied until a new or varied contract is signed
- Account or digital platforms that obscure charges, cancellation processes or dispute rights

To assist Treasury in drawing the line, AAAA distinguishes this conduct from the ordinary commercial decision-making that should not be caught. The contrast matters in our sector because the two can look superficially similar – for example, a notice of changed account terms might be routine housekeeping or a coercive squeeze, depending on the notice given, the justification, and the small business's ability to respond.

Existing law does not reliably reach the conduct in the first column. The prohibition on misleading or deceptive conduct requires the conduct to be misleading; the unconscionable conduct provisions set a high bar that leaves a gap for conduct that is significant and unfair but not unconscionable; and the unfair contract terms regime operates on contract terms, not on the conduct of a party in negotiating, varying or operating under a term that is, on its face, reasonable. A principles-based general prohibition, operating as an economy-wide safety net, would fill these gaps.

If protections are introduced, AAAA recommends that they be targeted rather than broad. They should focus on relationships where there is a significant imbalance in bargaining power, apply whether the small business is a buyer or a supplier, and include clear safeguards for legitimate commercial conduct.

Conduct that may warrant protection	Conduct that should not automatically be treated as unfair
• Hidden, unexpected or poorly disclosed fees	• Ordinary price changes and competitive pricing decisions
• Retrospective or unexplained deductions from invoices	• Reasonable credit management and bad-debt risk decisions
• Forced promotional contributions or 'retail spend' as a precondition for ranging	• Reasonable minimum order or delivery arrangements
• Unreasonable barriers to exercising warranty, re-turn, refund or account rights	• Product substitution that is properly disclosed and commercially reasonable
• Sudden unilateral changes to material terms with-out reasonable notice, including de-ranging that strands stock and dedicated tooling	• Stock allocation during genuine supply shortages
• Withholding payment for goods already supplied until a new or varied contract is signed	• Warranty administration, fraud prevention, and safety or compliance requirements
• Retaliatory threats of reduced supply when a small business raises a legitimate concern	• Changes to account, rebate or delivery arrangements made on reasonable notice and commercially justified
• Account or digital platforms that obscure material terms, charges, cancellation or dispute rights	

NEED FOR SAFEGUARDS AND LEGITIMATE BUSINESS INTERESTS

One of the key elements of the automotive aftermarket in Australia is its ability to collaborate. The aftermarket's efficiency rests on flexible, trust-based trading. A blunt tool to tackle unfair terms may prompt larger suppliers to respond defensively, to the detriment of the very workshops the reform is meant to protect. A clear safeguard for legitimate business interests is a necessary feature that must be implemented with any reforms.

A protection that is drawn too broadly could put this at risk. If large suppliers are unsure whether ordinary decisions might be treated as unfair, they may respond cautiously — tightening credit, limiting returns, or removing flexibility from their terms.

AAAA strongly supports clear safeguards for legitimate business interests. Reform should not capture conduct that is reasonably necessary to manage credit risk, supply shortages, product availability, fraud, warranty, safety, compliance or efficient distribution.

Treasury notes the risks of over-reach: higher compliance and input costs that could flow through to consumer prices, less flexibility in contracting, and a chilling effect on normal commercial dealings. AAAA shares these concerns.

A well-designed framework should give small businesses more confidence without creating unnecessary cost, legal uncertainty, or reluctance among larger suppliers to offer flexible trading, credit and support. Limiting any protection to cases of significant power imbalance, and including a clear safeguard for legitimate interests, would strike that balance.

SUPPORT FOR AUTOMOTIVE DEALERS AND FRANCHISE PROTECTIONS

AAAA also recognises that automotive dealers face significant and well-documented challenges in their commercial relationships with vehicle manufacturers. Although dealers and independent repairers operate in different parts of the automotive ecosystem, both can be affected by significant imbalances in bargaining power when dealing with large multinational vehicle manufacturers or other dominant counterparties.

AAAA supports the extension of unfair trading practice protections and unfair contract term protections to franchisees covered by the Franchising Code, including automotive dealers, regardless of whether they meet the small business threshold.

Automotive dealers make substantial, brand-specific investments in premises, people, training, equipment and customer support, often in circumstances where the manufacturer retains significant control over the commercial model. Where a dealer has limited practical ability to negotiate or redeploy that investment, the existence of a larger balance sheet should not exclude them from fair trading protections.

AAAA therefore supports reforms that address serious power imbalances in automotive franchise relationships, including protections against:

- Unfair unilateral changes, termination or non-renewal without fair compensation
- Unreasonable pressure to accept revised terms
- Conduct that impairs dealers' ability to recover legitimate warranty or consumer law costs

This position is consistent with the broader objective of supporting a strong, competitive, and sustainable automotive sector. Stable and fair dealer networks support consumer access to vehicles, servicing, warranty support, recalls and regional automotive services. Fairness in dealer-manufacturer relationships can sit comfortably alongside fairness in independent repair and aftermarket supply relationships.

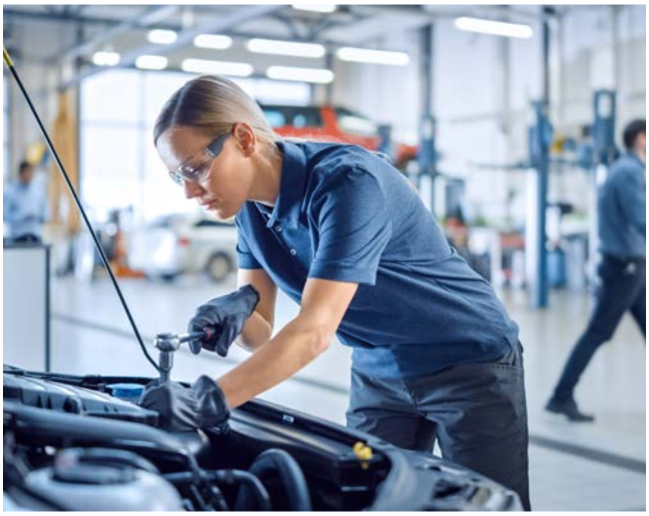
REMEDIES

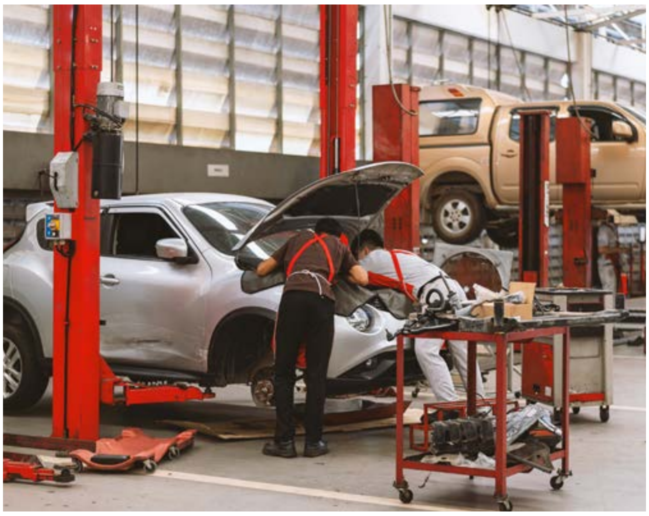
AAAA supports effective and proportionate remedies for any new protection. Our focus is on remedies that change behaviour and resolve disputes quickly and at low cost, rather than on maximum penalties.

In practice, this means:

- A strong emphasis on guidance and education, so businesses understand their obligations
- Access to low-cost dispute resolution
- A reasonable transition period before any new rules and enforcement take effect

This recognises that small businesses are often reluctant to take formal action, and that clarity and early resolution will do more for the sector than litigation. Where penalties apply, they should be consistent with the broader approach in the Australian Consumer Law and proportionate to the conduct.





CONCLUDING REMARKS

AAAA supports the goal of protecting small businesses from genuine unfair trading practices, and welcomes Treasury's careful, evidence-based approach. The automotive aftermarket depends on strong, cooperative relationships between small workshops and the larger suppliers, distributors and manufacturers that serve them, and the great majority of those relationships are fair and mutually beneficial.

Our key position is for Treasury to take a balanced approach. Protections should target the narrow band of conduct that takes advantage of a genuine imbalance in bargaining power, while clearly preserving the ordinary, legitimate arrangements — flexible credit, delivery, returns and pricing — that the whole sector relies on.

With clear safeguards for legitimate business interests, and a focus on significant power imbalances, reform can lift confidence for small businesses without adding unnecessary cost or uncertainty for the businesses that supply them.

AAAA welcomes further engagement during this consultation. For any questions relating to this submission, please contact:

Ms Lesley Yates
Director of Government Relations and Advocacy
Australian Automotive Aftermarket Association
lyates@aaaa.com.au

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