



UNFAIR TRADING PRACTICES- CONSULTATION REGULATION IMPACT STATEMENT CARAVAN INDUSTRY ASSOCIATION OF AUSTRALIA SUBMISSION

Submission Date:

29.11.2023

ABOUT US

The Caravan Industry Association of Australia is the peak national body for the caravanning and camping industry in Australia. Our organisation's vision is, "To lead and champion a safe, compliant and sustainable caravanning and camping industry in Australia" while working under our operation pillars.

The Caravan Industry Association of Australia operates as a not-for-profit organisation with a membership base comprising the individual state caravanning and camping associations with whom we work collaboratively.

There are over 6,000 businesses across the entire caravan supply chain including 2000 Caravan Parks. They are responsible for generating \$27.1bn in measured annual economic impact across manufacturing, trade, retail, rental and caravan park revenue including visitor expenditure.

Many of these industry businesses financially support the organisation by making voluntary contributions towards a cooperative fund that aims to support the sustainability of the greater industry.

We are proudly the largest holiday accommodation provider in Australia and the largest provider of regional accommodation across Australia irrespective of the purpose of travel.

Our industry is also the largest remaining automotive / trailer manufacturing sector in Australia, leading the world with our innovative and durable design.

Our operational pillars span across data and research, advocacy, compliance, accreditation and marketing - working to lead and champion a safe, compliant and sustainable caravan and camping industry in Australia.

A successful and safe caravan and camping industry is good for Australia. It is good for governments, communities and businesses alike, and provides respite for all Australians looking for a holiday to reconnect with families and friends in a variety of contexts.

EXECUTIVE SUMMARY

Caravan Industry Association of Australia welcomes the opportunity to offer a submission to the Unfair trading practices - Consultation Regulation Impact Statement and in principle is supportive of **Option 2 – amending the statutory unconscionable conduct provisions**, with industry risks to be considered.

While supporting the policy intent, we recommend avoiding an overly broad prohibition on "unfair trading" which risks capturing legitimate business practices and stifling innovation. More targeted measures focused on clearly harmful conduct would provide certainty while protecting consumers.

Thorough consultation with industry groups is critical to ensure new regulations are well-designed and regardless of the options selected, further involved consultation processes must be adopted. This will ensure businesses and industries are not unduly disadvantaged throughout, particularly in light of the current economic and supply chain challenges being experienced by many. As an industry we want to make sure the best outcomes for customers are derived, through practical and pragmatic discussions and co-designed outcomes.

Overall, Caravan Industry Association of Australia believes measured reforms focused on demonstrated areas of consumer harm can achieve better outcomes than broad, untargeted prohibitions on unfair trading. We welcome further consultation with Treasury to ensure a balanced approach.

TABLE OF CONTENTS

CONTENTS

ABOUT US.....	2
EXECUTIVE SUMMARY.....	3
OVERVIEW	5
AREAS OF INDUSTRY CONCERN	6
AVOID A BROAD “UNFAIR TRADING PRACTICES” PROHIBITION	7
AVOIDING NEGATIVELY IMPACTING REGIONAL ECONOMIES	8
PROVIDE ADEQUATE TRANSITION PERIODS FOR BUSINESS	8
CONCLUSION.....	8

OVERVIEW

Caravan Industry Association of Australia welcomes the opportunity to provide feedback on the Consultation Regulation Impact Statement (CRIS) on protecting consumers from unfair trading practices. Caravan Industry Association of Australia has significant concerns about how some of the proposed options in the CRIS could negatively impact our members.

After careful consideration, the caravan industry believes the best approach to addressing the consumer protection issues identified in the ACCC's review would be to recommend **Option 2 – amending the statutory unconscionable conduct provisions** under the Australian Consumer Law (ACL).

While a general prohibition on unfair trading practices (Option 3) may seem attractive to extend protections further, we have concerns that this could inadvertently capture legitimate business practices, given “unfairness” is an inherently subjective concept open to interpretation. This could stifle industry innovation and efficiency if businesses become reluctant to change processes out of caution.

By comparison, Option 2 represents a moderate expansion of existing consumer protections that industry is familiar with. Depreciation of the meaning of “unconscionability” over time means conduct that is clearly unfair or irresponsible but falls short of unconscionability goes unpenalized. Option 2 would recalibrate protections to address this gap.

Crucially, embedding specific factors like refusal to indemnify retailers for consumer guarantee remedies provided to customers as part of assessing “unconscionability” directly targets some core issues identified by the ACCC review. It provides a pathway to improve practices through legislation rather than an ombudsman or tribunal repeatedly dealing with the same systemic complaints.

That said, changes to unconscionability provisions alone are insufficient. We recommend the additional measure:

1. Development of a prescribed schedule of reasonable periods for common

Caravan and RV repairs covered under warranty, to guide consumer expectations and retailer practices. This will address disputes stemming from different views on what constitutes “reasonable time”.

Combined with conscious efforts by industry to self-regulate and boost consumer transparency, these recommendations complement amendments to statutory unconscionable conduct provisions as a multi-pronged approach to improving consumer confidence and fairness in the Australian Caravan retail sector.

AREAS OF INDUSTRY CONCERN

- Increased compliance burden - The report highlights several areas where caravan manufacturers and retailers may need to overhaul practices to comply with consumer laws and address concerns raised, including around delivery delays, advertising, warranties, repairs, and providing remedies for faults. This will require changes to processes, staff training, disclosure practices etc. resulting in higher compliance costs.
- Supply chain pressures - Caravan manufacturing is facing significant supply chain disruptions and higher input costs currently, making delivery timeframes and the cost and availability of parts for repairs problematic. This exacerbates existing issues with providing timely remedies and repairs.
- Increased legal/enforcement risk - The report signals greater enforcement action from regulators against non-compliant conduct. Manufacturers and retailers found to have engaged in misleading advertising or failure to provide consumer guarantee remedies could face penalties in the millions.

Steps Taken by Industry

- Improved salesperson accreditation and training - Caravan Industry Association of Australia has developed a Certified Professional Caravan Salesperson accreditation focusing on compliance, ethics and professional standards to lift sales practices. This will help address misrepresentations.
- RV Manufacturing Audit Program (RVMAP) - This program administered by the Caravan Industry Association sets standards on design, safety and production processes. Greater take-up of RVMAP by manufacturers will address quality issues and faults.
- Clearer disclosures to consumers - Caravan suppliers are acting to provide full

transparency to consumers on delivery times, warranty coverage and limitations, and consumer rights upfront to avoid later disputes.

- Industry collaboration on remedies - Manufacturers and retailers are working together to streamline indemnity processes for repairs and faults to improve response times and reduce consumer impacts.
- Ongoing consumer guarantees awareness - Suppliers continue industry education efforts to ensure retailers are fully aware of consumer guarantees under the Australian Consumer Law to avoid issues with repairs and remedies.
- Dispute resolution improvements - Alternative dispute resolution and mediation services tailored for the RV sector are being expanded by industry bodies and associations to resolve issues fairly without need for court action.

The caravan industry recognises the issues raised and is taking proactive steps to address concerns through both industry-led action and collaborating with regulators, while managing ongoing pressures of high demand and supply chain disruptions.

AVOID A BROAD “UNFAIR TRADING PRACTICES” PROHIBITION

The CRIS proposes two options that would introduce an economy-wide prohibition on unfair trading practices – either as a stand-alone measure (Option 3) or in combination with specific prohibitions (Option 4). In our view, these options go too far and risk undermining business confidence and investment across many industries, not just our own.

The caravan sector, like most other industries, engages in a range of legitimate practices that encourage consumers to purchase products or services. For example, limited time sales promotions, customer incentives, and advertising that highlights product features in an appealing way. While the intention is not to mislead or deceive, an overly broad definition of “unfair trading” could potentially capture normal competitive behaviour and marketing practices.

We recommend avoiding a broad prohibition on unfair trading and focusing instead on clarifying specific types of conduct that are clearly harmful – such as misleading claims or omissions, unfair contract terms, and unconscionable conduct. This would provide greater certainty to businesses while still protecting consumers.

AVOIDING NEGATIVELY IMPACTING REGIONAL ECONOMIES

As noted above, the caravan manufacturing and retail industry is a major employer in regional and rural areas of Australia. New regulations that significantly impact caravan businesses may flow through to job losses and economic impacts for these communities. This is an important consideration given the Government's focus on growing jobs in the regions.

In assessing regulatory proposals, we strongly recommend that Treasury model the potential impacts on regional economies and jobs supported by industries like ours. Consultation with regional stakeholders will also be instructive.

PROVIDE MANAGED TRANSITION PERIODS FOR BUSINESS

Should new prohibitions be introduced, sufficient transition arrangements must be allowed to enable the caravan industry to adapt.

Given the technical definitions involved, businesses would need time to update compliance procedures, contracts, marketing materials, and staff training. Regional businesses may require more time to make changes compared to city-based firms. We suggest transition periods of at least 24 months, or longer depending on the nature of changes required. Short timeframes risk creating disruption and additional costs, undermining the success of reforms.

CONCLUSION

Thank you again for the opportunity to provide feedback on the CRIS. We look forward to further consultation and working constructively with Treasury to ensure consumers are protected while enabling our industry to remain innovative and competitive. Please do not hesitate to contact me if you would like to discuss our submission further.

END

CONTACT:

Luke Chippindale

General Manager – Government Relations & Corporate Communications

Phone:

Email:

www.caravanindustry.com.au