

Media Release

State and federal government progress on unfair contract legislation an important step forward: NECA

The National Electrical and Communications Association (NECA) praised state and federal governments for agreeing to strengthen protections for consumers and small businesses from unfair contract terms at a Consumer Affairs Forum.

This will be done by amending Australian Consumer Law, by:

- making unfair terms unlawful and giving courts the power to impose a civil penalty;
- expanding the definition of small business and removing the requirement for a contract to be below a certain threshold; and
- improving clarity on when the protections apply, including on what is a 'standard form contract'.

NECA has long advocated for stronger unfair contract legislation, which ensures smaller businesses are able to compete on a level playing field.

NECA outlined its position to Treasury in a letter earlier this year (see [here](#)) and it is positive to see government responding to concerns of NECA members, says **Oliver Judd, Executive Director and NECA spokesperson:**

“Electrical contractors are typically subcontractors and the relationship between them and principal contractors is fundamentally imbalanced, leaving it open to abuse.

“Unscrupulous principal contractors use their power and size to enforce detrimental and unfair contracts on smaller parties on a 'take-it or leave-it' basis. Subcontractors, who tend to be smaller businesses, often do not have the capacity to fairly and equitably negotiate contracts. This exposes our industry to the potential to be taken advantage of, or enter into adverse and compromising contracts.

“This decision at the Consumer Affairs Forum is a step in the right direction, which will help electrical contracting firms. The expansion of the definition of small business is a key move that NECA has called for in its submissions as even larger electrical contracting businesses can suffer at the hands of principal contractors.

“We now need Treasury to expedite the draft legislation so it can be implemented as soon as possible.”

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