

15 May 2009

## Commercial Law e-alert

### Single Pricing Advertising

Section 53C of the *Trade Practices Act* has been amended to provide that from 25 May 2009 if you chose to refer to a particular component of a price for goods or services in an advertisement, you must also provide a single total price which is as prominent in that advertisement as the component pricing. The total price must be clear and eye catching, it must stand out and be easily seen by the customer.

Single Price is the minimum total cost that can be calculated at the time of making a price representation.

It is calculated by adding each of the price components you are able to quantify at that time.

It must include any charge of any description plus any tax, duty, or levy payable by a consumer to purchase the goods or services.

It does not need to include optional extras such as:

- any sending charges
- components not quantifiable at the time
- any amounts that are payable to a third party which are not passed on to the consumer, such as commissions.

Typical inclusions will be:

- the vehicle purchase price
- stamp duty
- CTP
- registration
- dealer delivery fee.

For used vehicles, the stamp duty payable on the transfer of the vehicle to the consumer is something which is payable by the consumer directly to a third party, and therefore does not need to be included in the advertised price.

There are limited circumstances where you need not prominently display the single price such as:

- where advertising is made exclusively to a company or other body corporate. ( eg specific deals for fleet)
- services supplied under a contract that also provides for periodic payments
- goods directly related to above services

You must therefore ensure that when advertising vehicles or services after 25 May 2009:

- If you are not able to calculate the value of a component you need to have a reasonable explanation as to why (eg where a fixed service price is offered and parts are to be extra you must include parts you know will have to be replaced but you can exclude additional parts or services which may be required upon inspection of the vehicle)
- you clearly state any components which are excluded or may vary
- a single price should be given for each vehicle advertised
- the single price for a new vehicle should be for the featured model without any optional extras.

For further information please contact us

Maria Townsend, Sydney	+61 2 9391 3059	<a href="mailto:mtownsend@hunthunt.com.au">mtownsend@hunthunt.com.au</a>
Bill Hazlett, Melbourne	+61 3 8602 9259	<a href="mailto:bhazlett@hunthunt.com.au">bhazlett@hunthunt.com.au</a>
Andrew Hudson, Melbourne	+61 3 8602 9231	<a href="mailto:ahudson@hunthunt.com.au">ahudson@hunthunt.com.au</a>