



CLEARING UP CARBON CLAIMS

The ACCC is helping small and medium-sized businesses, and business-owners, to understand their rights and obligations about carbon price claims, with the carbon pricing mechanism starting on 1 July.

In Hobart recently, one of the two Deputy Chairs, Dr Michael Schaper, launched a series of web videos and online publications for businesses aimed at explaining the ACCC's role in the carbon price. The information covers the issues businesses should bear in mind when thinking about making a claim, and what they may need to support those claims.

The resource—*Carbon price claims: Guide for Business*—is now available, in video and an online publication. It adds to resources already released in March of this year, including a series of Business Snapshots.

Dr Schaper has other events coming up around the country to further explain the ACCC's role to small and medium-sized enterprises (SMEs).

Small and medium-sized enterprises (SMEs) are a major focus of the ACCC's education efforts regarding carbon price claims.

'We realise that smaller businesses may have a range of questions about their rights and obligations when it comes to implementing a change like this,' Dr Schaper says.

'The guidance we have been publishing since early this year is in plain language. It is intended to help business people understand and be aware of their obligations, and how they should respond to carbon price claims made by their suppliers.'

'If firms still have questions, or want to raise concerns about claims they have seen, they can call our Infocentre.'

'Businesses are able to pass on the carbon price. However, if they make a claim about its impact, they need to have a reasonable basis for doing so. Most importantly, businesses cannot make claims that are false or misleading,' says Dr Schaper.

'For example, a firm that raises its prices by 10 per cent, and says the increase is due to carbon pricing when it isn't due to that, is likely to be acting in a way that is false and misleading.'

The ACCC is providing guidance particularly for businesses that face increases in prices in their supply chains, and where firms in the supply chain are saying those increases are due to the carbon price.

Firms may want to 'pass on' those increases in their own prices.

There are some basic questions to ask in that case.

As a business, if you are considering relying on information from your supplier when you

make a claim to your own customers about the impact of the carbon price, ask if it is reasonable to rely on the information?

Before making a claim you should consider any explanation your supplier has given you about the impact of the carbon price and whether the price increases are consistent with predictions by other sources, including the government, your industry association or professional advisors. You should also consider what your contracts say about price increases and the impact of any rebates or assistance available to you or your suppliers.

In working out the impact of the carbon price in their input costs, businesses need to remember that the *Competition and Consumer Act 2010* does not allow competitors to enter into any contract, arrangement or understanding related to the price of their goods and services, or any price adjustments including those linked to the carbon price. It is important that businesses set their own prices independently.

The key message is that if you make a claim about the impact of the carbon price on your prices, it must be truthful and have a reasonable basis. This is similar to any claim you make about your business.

For further information on carbon price claims visit www.accc.gov.au/content/index.phtml/tag/carbon/

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Left: ACCC Deputy Chair, Dr Michael Shaper, speaking at a business event in Hobart in May.

