



Australian  
Competition &  
Consumer  
Commission

# update

Quarterly news from the Australian Competition & Consumer Commission

/ WINTER 2012 / ISSUE 34 /

## CONSUMER PROTECTION ONLINE



*Clearing up carbon claims*

*Don't fall for a fraudulent call*

*Scoring goals for product safety*

*Studying for franchising success*



# CONTENTS

- 4 News briefs
- 6 Consumer protection online
- 8 Clearing up carbon claims
- 10 Delia Rickard joins the ACCC
- 11 Don't fall for a fraudulent call
- 12 Scoring goals for product safety
- 13 Remove risky button batteries from reach
- 14 Studying for franchising success

## Australian Competition and Consumer Commission

23 Marcus Clarke Street, Canberra  
Australian Capital Territory 2601

© Commonwealth of Australia 2012

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced without prior written permission from the Commonwealth available through the Australian Competition and Consumer Commission. Requests and inquiries concerning reproduction and rights should be addressed to:

Director Publishing  
Australian Competition  
and Consumer Commission,  
GPO Box 3131  
Canberra ACT 2601

or by email to  
[publishing.unit@accc.gov.au](mailto:publishing.unit@accc.gov.au)

ISSN 1443-0681

ACCC 07/12\_29404

Print Post approved PP255003/04404

Issue 34

[www.accc.gov.au](http://www.accc.gov.au)

### Subscription

To subscribe to ACCC update, please email:  
[publishing.unit@accc.gov.au](mailto:publishing.unit@accc.gov.au)

or subscribe online:  
[www.accc.gov.au/ACCCUpdateSubscription](http://www.accc.gov.au/ACCCUpdateSubscription)

### ACCC Contacts

Infocentre **1300 302 502**  
Website [www.accc.gov.au](http://www.accc.gov.au)

Callers who are deaf or have a hearing or speech impairment can contact the ACCC through the National Relay Service:  
[relayservice.com.au](http://relayservice.com.au)

Voice-only (speak and listen) users phone:  
**1300 555 727** and ask for 1300 302 502



## ONLINE IS ON OUR RADAR

The Internet and the digital economy promise a great deal. Better prices, more choice, faster delivery. Simultaneously, they bring new risks or, more accurately, old risks that are manifest in new ways.

These risks include the potential for lessened competition, and for consumers to find they don't enjoy the protection at law they anticipated.

*...ensuring competition, and providing for consumer protection, in the digital economy and in online commerce, are among the ACCC's compliance and enforcement priorities.*

This edition of Update reports on both the upside and the downside of the digital economy, and what the ACCC is doing to ensure that the digital economy delivers the benefits it promises and to ensure competition is maximised.

Indeed, ensuring competition, and providing for consumer protection, in the digital economy and in online commerce, are among the ACCC's compliance and enforcement priorities.

The ACCC has cases before the Courts, which cover key issues in the digital economy. The underlying point of these cases—and the ACCC's work to raise awareness of businesses' obligations so as to prevent contraventions of the law—is that consumers should enjoy the same protection in the Australian online economy as they do if they are shopping in a mall in suburban Sydney or Melbourne.

And the benefits of competition—for consumers, suppliers, and for the national economy—should reach their maximum online in the same way as they do elsewhere.

Two other initiatives we report on are in product safety. Earlier this year, the ACCC joined with KidSafe and Energizer to launch an initiative aimed at raising awareness among parents of the risks that very small

batteries pose if children swallow them.

And, as winter spreads across the country, the ACCC has set out to remind kids, teenagers, coaches, referees, and parents that moveable soccer goal posts pose a risk where they are not properly anchored. About 40 deaths or serious injuries have been caused worldwide, many by people swinging on poorly-anchored moveable goal posts. The preventative measures are simple, as the ACCC initiative shows.

Finally, in this edition we welcome the newly-appointed Deputy Chair, Delia Rickard. Delia joins the ACCC after a successful career as a senior executive at the Australian Securities and Investments Commission (ASIC). At ASIC, Delia built a record of outstanding initiatives in consumer protection in financial services. I am extremely pleased that she has been appointed to the ACCC.

**Rod Sims**  
Chairman





## NEWS BRIEFS

### ACCC obtains banning order on company director

For the first time, the Australian Competition and Consumer Commission (ACCC) has obtained a court order under new remedies to disqualify an individual from running a company.

The Federal Court found that Heartlink company director Laurence Hann engaged in conduct that contravened the *Trade Practices Act 1974* (now *Australian Competition and Consumer Act 2010*).

Mr Hann was banned from managing a corporation for 15 years and the Court imposed a civil penalty of \$450 000.

The Court found that Mr Hann, and three firms—Halkalia Pty Ltd, Heartlink Enterprises Pty Ltd, and National Semi-Retired Group Pty Ltd—engaged in false, misleading or deceptive conduct.

The three firms—which were established by Mr Hann—were marketing and selling ‘Heartlink’ branded products, most of which were household cleaning products.

Between January 2007 and May 2010, Heartlink sold distributorships for the products, for \$10 000–\$20 000 each, and said in advertisements that the potential earnings were \$900–\$1600 for 3–4 days work per week. In fact, the potential earnings were much lower and many consumers who purchased a distributorship

did not earn any income at all.

The Court imposed several orders upon Mr Hann, including preventing him from carrying on businesses that ask people to invest money or perform work; or from carrying on a business involving the sale of household cleaning products, or to claim profits earned by the sale of goods are donated to charity, for 15 years. He is also disqualified from managing a corporation for 15 years.

He also cannot supply goods or services that are or include household cleaning products.

Further orders by the Court include a civil pecuniary penalty against Halkalia of \$450 000, and orders against each of Halkalia, Heartlink, and National Semi-Retired similar to those imposed on Mr Hann.

Ms Vicki Ann Lowe—who was the sole director of Heartlink Enterprises, and the secretary and shareholder, between 2007

and 2010—was prevented, by order of the Court, from promoting business opportunities where representations are made as to projected earnings of such business opportunities, for seven years.

The order against Ms Lowe was made by consent.

### Energy switch must be based on good information

A Federal Court case has underlined the need for firms making claims about price comparison services, or provider-switching services, to ensure they are honest and justifiable claims.

The Federal Court has found that Energy Watch Pty Ltd (now in administration) misled consumers in relation to the nature of its energy price comparison service—which was provided online and via a call centre—and the savings that could be achieved using the service.

The case was brought by the ACCC. The conduct that was the subject of the case was the content of print, television and radio, internet, billboard, and MCG scoreboard advertising that Energy Watch published between January and September 2011.

The Court also found that the former chief executive of Energy Watch, Benjamin Polis,

*Mr Hann was banned from managing a corporation for 15 years...*

contravened the Australian Consumer Law through his role as the voice-over in the radio advertisements.

Energy Watch had represented in its advertising that it compared the rates of all or many of the energy retailers in a person's area. In fact, the service it provided compared the rates of a person's current energy retailer with those of the energy retailers with which Energy Watch had commercial agreements in place (referred to as its preferred suppliers).

Energy Watch also falsely represented that it had an adequate basis to claim that it had saved residential customers \$386 and business customers \$1878 in the 12 months following switching through Energy Watch.

The case also underlines the ACCC's attention to online conduct. Ensuring that consumers enjoy protection in the online environment is one of the ACCC's strategic enforcement priorities. The Chairman, Rod Sims, says consumers who are buying goods or services online, or over the phone, should enjoy the same protection under the law as consumers buying via any other type of business.

The Federal Court has heard submissions on penalties in the Energy Watch proceedings. The ACCC is seeking declarations, civil penalties, and costs.

The Energy Watch business was sold in May 2012 and is now operated by another company.

## ACCC initiates proceedings in door-to-door selling cases

The ACCC has filed Federal Court proceedings in two sets of cases regarding door-to-door sales conduct, including cases which will focus on new provisions in national consumer law.

Proceedings have been filed against Lux Distributors Pty Ltd, alleging unconscionable conduct in relation to the sale of vacuum cleaners.

In the Lux proceedings, the ACCC alleges

unconscionable conduct in relation to the sale of vacuum cleaners to five elderly people, between 2009 and 2011.

In another set of cases, proceedings have been filed against AGL Sales Pty Ltd, AGL South Australia Pty Ltd, and marketing company CPM Australia Pty Ltd in relation to their door-to-door selling practices in the energy sector.

The ACCC has also instituted separate proceedings against Neighbourhood Energy Pty Ltd (which is part of the Alinta group) and its former marketing company Australian Green Credits Pty Ltd.

The ACCC alleges that the respondents engaged in misleading and deceptive conduct, and that AGL Sales and CPM Australia made a range of false representations to consumers in the course of door-to-door selling.

With the exception of AGL Sales, the ACCC alleges that each of the respondents breached the Australian Consumer Law (ACL) by failing to immediately leave the premises at the request of an occupier. The ACCC contends that consumers requested the salespeople to leave by placing a 'do not knock' sign on their door.

All of the cases are in line with one of the ACCC's strategic priorities, namely ensuring vulnerable consumers enjoy the protection of the law.

## Accuracy of olive oil claims tested

Labelling claims—particularly in food and food products—remain high on the ACCC's consumer protection agenda.

In the latest case, The Big Olive Company

Pty Ltd has paid two infringement notices totalling \$13 200 for labelling products as 'extra virgin olive oil' when the ACCC considers it wasn't as described.

Between December 2010 and March 2011, The Big Olive Company supplied nearly three thousand half-litre bottles of 'Oz Olio' oil with a representation of extra virgin olive oil on the front label.

This action by the ACCC follows complaints from the Australian Olive Association that numerous oils being sold in Australia as extra virgin olive oil are not of this quality.

The ACCC commissioned independent testing of seven oils, including four imported products and three domestically-produced products. The investigation was focused on identifying products which were not extra virgin olive oil at the time of bottling.

The ACCC has completed other labelling cases recently, including one regarding the marketing of beef under a King Island representation when the meat was not actually from King Island—a claim which the Federal Court found was misleading. In another case, a eucalyptus oil supplier paid an infringement notice after the ACCC was not satisfied that its oil was made in Australia, as the label claimed.





## CONSUMER PROTECTION ONLINE

You know that satisfying point when you click 'buy now' on the web page. Shortly, someone in London or Paris will be packing your high-fashion item and posting it to you. In a few days it will arrive, fresh in your mailbox in Australia.

These days, buying online is a common experience for Australian consumers. They are buying from local retailers online and buying internationally. Market research conducted by Roy Morgan Single Source for the Australian Communications and Media Authority (ACMA), shows that roughly half the people who had used the Internet in the four weeks before the survey had done so for shopping or banking.

But as the prevalence of online retailing has risen, so have concerns among consumers as to whether their rights are being protected.

In the six months to 30 April 2012, about 30 per cent of the 76 800 complaints and inquiries received by the ACCC's Infocentre included an aspect of online business or online conduct. Many of the inquiries and complaints were about online retailing, including travel, appliances, computer equipment, banking and investment, and group discount sites.

The Chairman of the ACCC, Rod Sims, has been emphasising the ACCC's message about the online and digital economies since late last year.

Mr Sims says consumers are entitled to the same consumer protection when they buy something online in Australia as when they buy it by any other means. 'So that means statutory consumer guarantees, for example, which are provided for in the *Competition and Consumer Act 2010*, apply if I buy my new running shoes online the same way they apply if I buy them in a shopping mall.'

Further, the ACCC has stepped-up its focus on the online and digital economies with particular attention to ensuring competition law is applied. As in the 'bricks and mortar' economy, businesses that are trading online are required by law to ensure they don't engage in anti-competitive practices, such as price-fixing or misusing market power.

Mr Sims says the ACCC's overall aim, with regard to competition, is to ensure that the benefits that the online and digital economies can provide are not eroded by anti-competitive practices.

'The digital economy can provide lower prices, innovative business models and other potential benefits including

immediacy, convenience, and a wider range of choice for consumers. Our aim is to make sure those benefits are maximised.'

Mr Sims is warning businesses to be diligent in observing the law. 'I hear anecdotal remarks that indicate to me some businesses think anything goes when they are trying to compete with an online business. That's not the case.'

'The same consumer and competition law applies, whether you are in cyberspace or on Collins St. There are no exceptions in consumer or competition law for online businesses.'

Another feature of cyberspace is that Australian consumers are often dealing with foreign or multi-national corporations

*...consumers are entitled to the same consumer protection when they buy something online in Australia as when they buy it by any other means.*



when transacting online. The recent case involving Apple Pty Ltd serves to highlight that the Australian Consumer Law applies to all companies wherever they are based which trade in Australia, be it online or traditionally.

In the Federal Court on 21 June, Justice Bromberg imposed on Apple civil pecuniary penalties of \$2.25 million for misleading and deceptive conduct in relation to Apple's promotion of its 'iPad with WiFi + 4G' product in Australia.

Apple promoted the 'iPad with WiFi + 4G' from 8 March 2012 to 12 May 2012 on its website, its online store, and in its retail store. Apple resellers also promoted the 'iPad with WiFi + 4G' online and in their stores using promotional materials supplied by Apple.

However, the 'iPad with WiFi + 4G' could not connect to any networks which have been promoted in Australia as 4G networks, in particular Telstra's LTE network. The ACCC brought proceedings against Apple over the 4G claims.

The Federal Court declared that Apple's conduct in making the claims was liable to mislead the public as to the characteristics of the device, in contravention of section 33 of the Australian Consumer Law. Apple agreed to the declaration and consented to the penalties and orders.

In remarks he made in imposing penalties, Justice Bromberg said: 'Multi-national corporations who (through their subsidiaries or otherwise) operate in and profit from the Australian market, must respect that market and the laws which serve to regulate it and protect its participants.' In the case of Apple, he found that 'Apple's desire for global uniformity was given a greater priority than the need to ensure compliance with the Australian Consumer Law.'

In another case which concluded in the Federal Court last year, Ticketek was ordered to pay a penalty of \$2.5 million for taking advantage of its market power to deter or prevent a newly-established online competitor, Lasttix.

Lasttix was set-up to sell 'last minute deals' to shows and events. The Federal Court found Ticketek had used its market power—on four occasions in 2009 and

*Consumers who buy from offshore via online businesses should pay particular attention to the contract and terms of conditions.*



2010—to stop Lasttix from offering consumers deals for show tickets.

The Court found that Ticketek's market power allowed it to do things it may not have been able to do in a more competitive environment.

'Cases like Ticketek underline the need for businesses to ensure they aren't engaging in anti-competitive practices in order to stop or obstruct an online competitor,' Mr Sims says.

Mr Sims acknowledges that consumers who are buying internationally may face particular hurdles in ensuring they enjoy consumer protection. Mr Sims says consumers buying internationally should keep in mind that they may not enjoy the consumer protection that is provided in Australian law.

'Consumers who buy from offshore via online businesses should pay particular attention to the contract and the terms and conditions.

'Even if they are buying from a country that has strong consumer protection provisions in law, it can be hard to call on that protection from a distance.'

Nonetheless, most businesses that are operating online and internationally are legitimate and maintain high standards of service.

Consumers who have difficulties with an international business can complain to the consumer protection agency in the country where the firm is located. They can also log-on to [econsumer.gov](http://econsumer.gov), a multilingual complaint site that is used by consumer protection authorities around the world as an initiative of the International Consumer Protection and Enforcement Network (ICPEN).

A report to [econsumer.gov](http://econsumer.gov) will go into a complaints database, shared with consumer protection agencies in other countries, which can use it to investigate companies and individuals, and to uncover scams. There is no guarantee that an international agency will follow up individual complaints. That depends on its policies and practices.

For further information visit [www.accc.gov.au/content/index.phtml/itemId/8135](http://www.accc.gov.au/content/index.phtml/itemId/8135)



## 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/](http://www.accc.gov.au/content/index.phtml/tag/carbon/)

*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.*

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





## DELIA RICKARD JOINS THE ACCC

*Delia Rickard joined the ACCC in June as one of the two Deputy Chairs. She replaces Peter Kell, who has been appointed to the Australian Securities and Investments Commission (ASIC).*

### **Can you tell us a little bit about your background and career so far?**

I did an Arts/Law degree many years ago and, after a stint as a legal academic and working for the Australian Law Reform Commission, I got a job working for the then Justice Minister, Senator the Hon. Michael Tate.

Shortly after I started with him, he was given portfolio responsibility for consumer protection and I discovered the area and issues that I really loved working on.

Twenty-two years on I still feel the same way.

I went on to run the then Trade Practices Commission's consumer protection branch for five years. While there I had a year-long stint at Treasury working on the Wallis Inquiry. That led to me moving to ASIC, where Peter Kell and I set up their consumer protection area back in 1999.

I spent 13 years at ASIC doing the full spectrum of consumer protection work. It presented a never-ending array of interesting and important issues to work on, and the opportunity to deliver real benefits to consumers.

### **What interests you the most about the ACCC?**

The ACCC has always offered the opportunity to make a difference to the quality of people's lives and to be involved in a wide array of interesting, worthwhile and challenging issues. This is as true today as when I first worked there.

Some of the issues that particularly interest me, at the moment, include improving price comparability between telcos, and between utilities, so that consumers can better benefit from competition. Also, credence claims, particularly in the environmental and fair trade areas, using the Australian

Consumer Law to stop unfair practices, and assisting vulnerable consumers.

### **Before you were appointed Deputy Chair, what was your knowledge of and experience with the ACCC?**

The responsibilities of the ACCC have expanded greatly since I was last here. Back then the main focus was on Parts IV and V of the *Trade Practices Act 1974* and the regulatory role was just starting.

My experience was primarily in the Part V consumer protection area. I've continued to follow the work of the ACCC over the last 13 years. While many of the issues of the day have changed, and the jurisdiction has expanded, some are perennial issues, and the Commission's basic approach to doing business seems largely the same.

### **What will your previous experience bring to your new position at the ACCC?**

I have a solid background in consumer protection and good relationships with, and respect for, the consumer sector, the state and territory fair trading agencies, and many in industry. Much of my work over the last 20 years has involved bringing industry, the consumer sector, and government together to find win-win solutions to issues causing problems for consumers. I hope I will be able to work with the Commission's staff to continue to do this in my new role. I'm also a big believer in regulators having an educative role as well as an enforcement one.

### **Are there any specific challenges you feel the ACCC faces in the next 12 months?**

I don't think there is ever a year that the ACCC doesn't have specific challenges. Some that come immediately to mind include providing adequate consumer protection in an increasingly globalised and online environment; bedding-down the ACL and incorporating it as a core part of the ACCCs tool box; overseeing the integrity of carbon-pricing claims; continuing work to help consumers compare pricing plans for telcos and—with the AER—utilities. Also there are some challenges that have been with us for too long, such as stopping Indigenous consumers being the subject of attention by unscrupulous sellers, and also putting an end to scams.





## DON'T FALL FOR A FRAUDULENT CALL

*Your phone rings and on the other end of the line someone says—in your native language—that one of your relatives needs cash for urgent medical treatment. Can you send some straight away?*

The caller says they are a government official, trying to help out your family members and asks you to transfer money into an international bank account.

Watch out. It's probably a scam.

Government officials don't make unsolicited calls seeking cash to assist sick relatives. And there is almost certainly no one you know in a hospital overseas and desperate for money.

The ACCC is warning people about these types of scams, often called native language scams, the incidence of which appears to be on the rise.

In the four months to 30 April 2012, the ACCC received 48 complaints regarding

native language scams; in 16 instances, the people making the complaints reported cash losses.

The callers have been speaking in Polish, Croatian, and Serbian. But other languages may also be used.

ACCC Deputy Chairman, Dr Michael Schaper, says the scammers are well versed in preying on people's goodwill to assist someone in need.

'A niece stranded at an airport in a foreign country, or a gravely ill relative, are some of the common stories the scammers use.'

Dr Schaper says people receiving such calls should protect themselves to ensure they don't become a victim.

'No matter how convincing the caller may seem, always check with other family members and ensure the person is who they say they are,' Dr Schaper says.

'Avoid making any arrangements if you are contacted unexpectedly by someone asking for up-front payment via money order, wire or international funds transfer.'

Consider what personal information you share publicly. Often scammers use information from publicly available directories, or online, to identify potential victims.

For further information on scams visit [SCAMwatch.gov.au](http://SCAMwatch.gov.au) or follow SCAMwatch on Twitter at @SCAMwatch\_gov





## SCORING GOALS FOR PRODUCT SAFETY

*People can underestimate the risk that moveable soccer goalposts pose if they aren't used properly. That's why the ACCC has launched this initiative during winter 2012.*

The days are colder, and many children across Australia want to play soccer—all the time.

Sports pose an injury risk to players and this winter the ACCC is reminding parents, teachers and coaches of the particular risk posed to kids by moveable, heavy soccer goalposts.

There have been more than 40 deaths (including seven in Australia) and serious injuries worldwide as a result of moveable soccer goals being installed incorrectly or used inappropriately.

One of the biggest dangers, says ACCC Commissioner Sarah Court, is from failing to anchor goalposts firmly. The risk is greater when goalposts weigh over

28 kilograms and can topple over when people swing on them or push them over in other ways.

'People can underestimate the risks that moveable soccer goalposts pose if they aren't used properly. That's why the ACCC, in partnership with Football Federation Australia, has launched this important safety campaign' Ms Court says.

'Even outside of games and training sessions, portable goalposts need to be respected at all times.'

The ACCC initiative sets out simple preventative measures that should be implemented to ensure the posts are firmly anchored. It takes 200 kilograms to properly anchor a full-size portable soccer goalpost.

Even then everyone involved should still exercise caution—adults should check the goalposts are anchored before play starts and ensure people don't swing on them or play on them in other ways. Store goalposts safely when not in use.

These preventative measures apply for games and practice. Goalposts should be anchored properly even during a quiet kick-around with a few players.

The ACCC has a YouTube video and a flyer out with full details on safety measures for moveable goalposts.

For further information visit [www.productsafety.gov.au/soccergoals](http://www.productsafety.gov.au/soccergoals)



## REMOVE RISKY BUTTON BATTERIES FROM REACH

*Button batteries can be found in remote controls, calculators, greeting cards, MP3 speakers, hearing aids, and some other common household devices.*

The ACCC is supporting another awareness initiative aimed at preventing injuries to children and young people. Small lithium button batteries pose a risk for young children if swallowed.

Button batteries can be found in remote controls, calculators, greeting cards, MP3 speakers, hearing aids, and some other common household devices.

On average, four children per week present at emergency departments in Australia as a result of injuries, or potential injuries, caused by these small batteries.

Button batteries only pose a risk if children open the devices they are in and swallow them. If children can't get access to them, the risk is negligible.

If swallowed, the batteries can lodge in the throats of children, where saliva immediately triggers an electrical current, causing a chemical reaction that can severely burn through the oesophagus.

The initiative—which was launched in Brisbane in April with Commissioner Sarah Court representing the ACCC—is a joint effort between the ACCC, Energizer and Kidsafe.

The advice from the initiative partners is to:

- examine devices and make sure the battery compartment is secure
- keep coin-sized button batteries and devices out of sight and out of reach
- dispose of old button batteries immediately

- if swallowing of a button battery is suspected, go to the emergency room immediately
- call the Poisons Information Centre on 13 11 26 for additional treatment information
- tell others about this threat and share these steps.

More information about button batteries is at [www.thebatterycontrolled.com.au](http://www.thebatterycontrolled.com.au) and on the Product Safety Australia website ([www.productsafety.gov.au](http://www.productsafety.gov.au)) and social media channels: @ProductSafetyAU Twitter account and the ACCC Product Safety Facebook page.





## STUDYING FOR FRANCHISING SUCCESS

Matt Wunder is fresh off the Griffith University pre-entry franchise course that aims to raise understanding among franchisees before they buy. Shortly he'll open a 'Hire a Hubby' property maintenance franchise in Canberra—and he is glad he completed the online Griffith University course before he went ahead.

'The course was easy to use and had relevant and up-to-date information. The key message was to research extensively before buying a franchise and be realistic in terms of your expectations,' Mr Wunder says.

The Griffith University course, which began in 2010 and has hosted more than 2500 potential franchisees, is free of charge for participants. It is funded by the ACCC and Griffith University in a joint program.

The course is delivered completely online, reflecting the needs of participants who are spread across the country and want to study according to their own schedules.

ACCC Deputy Chair, Dr Michael Schaper, says the Griffith University course reflects the ACCC's commitment to ensuring better outcomes for both franchisees and franchisors in the sector in Australia.

'The ACCC's main role in this sector is promoting compliance with the Franchising Code, which is mandatory for parties participating in franchising in Australia.

'The Franchising Code regulates the

conduct of participants in franchising towards each other and aims to ensure that they are sufficiently informed about a franchise before entering into it,' says Dr Schaper.

The Code also provides a dispute resolution scheme for franchisees and franchisors. The ACCC investigates complaints about breaches of the Code, and, where necessary, takes enforcement action.

The ACCC publishes twice-yearly overviews of the franchising sector, specifically on trends and includes complaint rates.

Franchising contributes around 14 per cent of Australia's annual gross domestic product (GDP), and provides around 600 000 jobs.

'It's often stated that Australia is one of the most franchise-intensive countries in the world. And overall, franchising in Australia has been a success for the businesses involved,' says Dr Schaper.

'However, the ACCC has also seen a series of instances where the outcomes for franchisors and franchisees has been disappointing. This has often revolved around the financial results, with franchisees realising less than they expected.'

Dr Schaper says it is incumbent on franchisors to ensure that the information they provide to prospective franchisees does not give a misleading impression of the business opportunity that's being offered to potential franchisees.

'There have been instances where the relationship between the two sides has broken down, making it very difficult to actually run the business,' he says.

'We realised that deepening the understanding of potential franchisees—before they buy—is one way to head-off these sorts of problems. Hence, the Griffith University course, which is provided through the university's Asia Pacific Centre for Franchising Excellence.'

The program provides potential franchisees with a better understanding of their rights and obligations under the Franchising Code, and some of the practical issues they could face as a franchisee. It also strengthens judgement in knowing what to look for when assessing franchise opportunities before you buy.

'This may reduce your risk of having unrealistic expectations and encountering unexpected surprises after you have purchased a franchise,' says Dr Schaper.

The course suggests a list of questions to ask a franchisor, which Mr Wunder found extremely useful.

'I had started my own list but there were a few questions I had not thought of. After going through them with the franchisor and completing the Griffith University program,

I decided to purchase a 'Hire a Hubby' franchise.



'I highly recommend the course to anyone considering becoming a franchisee. If you follow the guidelines outlined in the training, you will feel much better prepared when deciding whether to buy a franchise,' Mr Wunder says.

New research reveals franchisees who complete the Griffith University pre-entry franchise education are more likely to have positive franchising experiences.

The preliminary research was conducted by the Asia Pacific Centre for Franchising Excellence and measures the effectiveness of pre-entry franchise education.

Lead researcher and Centre Director, Professor Lorelle Frazer, says the research assessed the pre-entry education by comparing the experiences of people who completed the program against those who had not.

'The main highlight from the research is that those who completed the pre-entry modules understood the importance of due diligence and how they should go about undertaking thorough due diligence,' Professor Frazer says.

'Conversely, many franchisees that had not completed the program did very little or no due diligence—with a mixture of reports about their level of satisfaction with the franchise.

'Therefore, preliminary results indicate prospective franchisees who undertake the pre-entry program are likely to be

better prepared to enter franchising, and will have more realistic expectations about what life as a franchisee entails,' says Professor Frazer.

Janis Burns completed the course in May. She is considering buying a courier franchise in Hobart and says she signed up because she knew very little about franchising.

'The program gave me really good introductory advice, particularly about the legalities of purchasing a franchise, the relationship between a franchisee and franchisor and what to expect in terms of working longer hours,' says Ms Burns.

'When you have the background information, you can compare what the franchisor has told you against a framework. Otherwise, when you speak to an organisation without much knowledge of franchising, you just believe everything they say.'

She found the course documents extremely useful and followed a key recommendation to speak to former franchisees to understand why they sold.

'I would definitely recommend the program to friends who are considering getting into franchising. I feel much better prepared about making the important decision of whether I buy a courier franchise,' says Ms Burns.

The pre-entry franchise education program is delivered in five modules, one per day directly into a participant's inbox.

Each module takes around 45 minutes to complete and consists of video, audio and text documents, as well as additional resources and a self-assessment quiz.

Topics covered in the pre-entry franchise education program include:

- an overview of franchising
- franchise disclosure, agreements, royalties and finance
- franchise support services, site and territory selection, retail leasing and franchise marketing funds
- franchising Intellectual Property, the operations manual, franchisor-franchisee relationships and dispute resolution
- questions to ask franchisors and existing and former franchisees, additional due diligence, useful business skills and assessing suitability to become a franchisee.

For further information on Asia Pacific Centre for Franchising Excellence visit [www.griffith.edu.au/business-commerce/asia-pacific-centre-franchising-excellence](http://www.griffith.edu.au/business-commerce/asia-pacific-centre-franchising-excellence) and for further information on the Franchising Code visit [www.accc.gov.au/franchising](http://www.accc.gov.au/franchising)

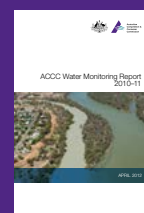
*The key message was to research extensively before buying a franchise and be realistic in terms of your expectations.*



Matt Wunder is fresh off the Griffith University pre-entry franchise course. Shortly he will open a 'Hire a Hubby' property maintenance franchise in Canberra.

**www.accc.gov.au**  
**ACCC Infocentre: 1300 302 502**

## Recent ACCC publications



Publication orders can be placed online or by calling the **ACCC Infocentre** on **1300 302 502**