

Accommodation Small Business



How do I find out more?
To find out more contact
the ACCC infocentre by:

Phone: 1300 302 502

Email: infocentre@acc.gov.au
or visit the ACCC website at
www.accc.gov.au.

2004—What's in store?

The ACCC is looking forward to a further challenging but productive year under Chairman Graeme Samuel and newly appointed Deputy Chair Louise Sylvan. The ACCC is often referred to as the Watchdog - barking and if necessary biting, to stop anti-competitive, unfair or misleading business practices.

The ACCC's priority is to ensure business players keep within the "rules of the game".

We take strong enforcement action when convinced "rules" have been broken. However our main aim is to have businesses and consumers understand their obligations and rights. The ACCC will continue to put effort into providing information and support to assist understanding and compliance with the law.

Any queries or complaints may be directed to the ACCC Infocentre on 1300 302 502.

John Martin
ACCC Commissioner
for Small Business

If you own, run or have ever booked into a hotel, some of the issues in this Infolink will affect you.

The ACCC receives complaints concerning accommodation both from and about small businesses. This month, regardless of which side of the registration desk you're standing on, we're looking at some common hotel and motel issues, and your rights and responsibilities under the Trade Practices Act (the Act).

Association membership

John, a hotel owner, is told that he cannot join a local association unless he removes the sign outside his hotel displaying prices for single and twin share accommodation. The association's terms and conditions prohibit members from advertising accommodation rates on signage outside their premises.

Can the association set terms such as these to exclude potential members?

In the circumstances described above, yes. While Part IV of the Act prohibits anti-competitive agreements, agreeing not to display prices on a billboard when they are available elsewhere (i.e. at the hotel office or on the hotel website) is unlikely to amount to an anti-competitive agreement, or to have the purpose or effect of substantially lessening competition in the local market for accommodation. However a range of other agreements between competitors, including those fixing a price, will breach the Act.

It is John's choice whether or not to display accommodation rates. Doing so is likely to help consumers make informed decisions but it means he cannot join a particular local Association. Perhaps John could find another association more attuned to the needs of his business and customers.

Short notice

Kelli runs the Quality Rest Stop Motel. When business is slow, she puts unsold rooms on a travel website getINNquick.com.au which generally brings in extra guests at a lower budget rate. Kelli is happy to accept a lower room rate from customers and pay getINNquick.com.au a commission rather than have the rooms vacant.

A full-rate paying guest of the hotel is now complaining about being misled and deceived about the prices at the motel. The guest booked over the phone and was quoted, and agreed to pay, the full rate. The guest is now demanding a refund of the difference between the full rate advertised on the motel's own website and the price advertised online at getINNquick.com.au.

Does Kelli have to provide a refund or tell guests about special rates that may be available online?

Misleading or deceptive conduct in trade or commerce is prohibited by the Act and silence can be mis-

leading when there is a duty to reveal relevant facts. For instance, if a restaurant owner selling the business stated that the restaurant seated 150 people but was silent on the fact that it was only licensed to seat 50, silence about the licensed capacity is likely to be misleading because it distorted an important fact that was relied on. However consumers buying hotel rooms and airline tickets are aware that a number of price structures might apply. Kelli does not have a duty to provide her guest with the best bargain in town, just a Motel room at a price she has offered and the guest has accepted.

Credit card

Chris and Phillip run the Sunny Hills Motel. They place a "pre-authorisation" debit of \$100 on guests credit cards when they check-in to ensure any breakages, or mini-bar bills will be paid.

Are Chris and Phillip within their rights to obtain a hold on a guest's credit card?

Yes. The key to avoiding problems is disclosure. If the policy is disclosed to the guest before the hold on the credit card takes place, and the guest agrees, the conduct is unlikely to breach the Act.

Did you know?

The ACCC has a new website. The address is the same www.accc.gov.au but this one is bigger and better than ever! Log on and let us know what you think of the new look!