

Environmental Claims Small Business



Australian
Competition &
Consumer
Commission

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.

Environmental issues are increasingly important for consumers. In fact, many consumers regard environmental claims (such as energy or water efficiency) as a major factor they consider when evaluating appliances to purchase.

It is essential that consumers have accurate information on which to base their decisions. Not only is it good business practices, but it is law—the *Trade Practices Act 1974* (the Act) states that businesses must not mislead or deceive consumers in any way.

Therefore, manufacturers and retailers should ensure that claims made regarding energy efficiency or environmental impact are accurate and will not mislead or deceive consumers.

There are a number of common environmental claims that businesses should closely examine when evaluating their advertising and sales practices in order to avoid breaching the Act.

Energy and water efficiency

Energy and water efficiency claims are of great import to consumers—particularly in whitegoods and appliance retailing, where they may form one of the major factors in the consumer's purchasing

decision.

Where an energy or water efficiency rating is displayed in advertising or on the machine itself, it should be made clear which scale it is based on—a claim of '4A water efficiency', for instance, means little in isolation.

Environmental impact

Modern consumers have an increased awareness of the environmental impact that many modern goods may have, especially regarding ozone or carbon emissions.

It is important that manufacturers and retailers do not make claims regarding environmental impact lightly—any claims should be able to be 'backed up' with evidence of how the particular metric was measured. As discussed below, businesses should also not make vague claims such as 'environmentally friendly' without supplying further information.

Reference to standards

Often, manufacturers and/or retailers will make claims that their products meet some standard (either Australian or otherwise) for environmental impact or energy efficiency.

It is important that these claims are accurate—i.e., that the standard exists and the product in question actually meets that standard. Businesses should ensure that it is made clear which standard is being referred to,

to avoid confusion amongst consumers.

Ambiguous statements

Under the Act, the intent of the business placing the advertising will not determine whether it is considered misleading—rather, it is the perception of the consumer that is important. As such, it is important that your advertising does not inadvertently mislead consumers through vague or ambiguous wording.

These claims should either be explained in more detail, or avoided altogether.

Some phrases that may potentially raise problems are:

'Green' - This statement is very vague, and conveys very little information to the consumer – other than the message that your product is in some way less damaging to the environment than others.

'Environmentally friendly' - As above, this claim is vague and could potentially mislead consumers into thinking that the product causes no harm to the environment in its production, usage and disposal.

'Energy efficient' - Energy efficiency claims should be quantified by comparison to existing benchmarks or rating system, or otherwise explained in more detail.

'Recycleable / biodegradable' - These claims can be potentially dangerous if the product is not recycleable or biodegradable, or if the facilities to recycle them are not available in Australia. Manufacturers and retailers should verify that these can actually be recycled before using such claims..

Where can I find more information?

The ACCC's new publication *'Environmental Claims'* will be available in early July. This guide details the law regarding these kinds of claims, as well as giving examples of claims that may raise issues under the law, and how your business can avoid them.

If you require further information regarding the rules applying to environmental claims in advertising, contact the ACCC Infocentre on 1300 302 502.

Did you know?

The new ACCC publication *Environmental Claims* is available free of charge from the ACCC website at www.accc.gov.au or by calling the ACCC Infocentre on 1300 302 502.