

# Media Release



**Government of South Australia**

Office of Consumer and  
Business Affairs

Contact: **Carolyn Warman**  
Phone: (08) 8204 9507

**Education and  
Information Services**

Ground Floor  
Chesser House  
91-97 Grenfell Street  
Adelaide SA 5000

GPO Box 1719  
Adelaide SA 5001  
DX 225

Tel 08 8204 9516  
Fax 08 8204 9509

[www.ocba.sa.gov.au](http://www.ocba.sa.gov.au)

15 September 2008

## **Consumer watchdogs focus on discount rug stores**

Stores that advertise heavily discounted prices on floor rugs are the focus of an education campaign by the state and federal consumer watchdogs.

The Office of Consumer and Business Affairs (OCBA) together with the Australian Competition and Consumer Commission (ACCC) are visiting a range of rug retailers to educate them about misleading advertising.

The education campaign follows a ruling by the Federal Court against two companies, Terania Pty Ltd and Australian Rug Expos Pty Ltd, who had engaged in false and misleading conduct in respect of sales in Darwin in 2005 and in Canberra in 2006. Barry Solomon was the sole director of both companies.

The ACCC instituted proceedings against the two companies over a number of breaches of the Trade Practices Act, including false representations in relation to "two-price advertising" - the practice of comparing a sale price with a higher price.

The companies agreed to the court orders which prohibit them from engaging in these misleading practices in the future, and were also ordered to pay the ACCC legal costs of \$50,000. At the conclusion of court proceedings both companies ceased trading.

Commissioner for Consumer Affairs, Mal Hemmerling said "Stores that make claims about substantial savings when offering rugs for sale need to be able to justify those claims. If they claim that a rug is 50% off, or is reduced by \$200 off the original marked price, they may need to provide evidence that the rugs have been genuinely offered for sale or previously sold at that higher price."

"Comparing the sale price with the regular price is a strategy used by many stores, and one that can generate a lot of interest from customers. It is important that stores only make genuine claims about the savings to customers."

"Traders visited will be informed of the court outcome against the two rug companies and the lessons to be learnt from it, and will also be provided with information about how to advertise correctly."

To report any concerns about false or misleading advertisements, contact OCBA on 8204 9777, or 131 882 for country callers (local call cost) or contact the ACCC on 1300 302 502.