

# Chapter 3: Rights and responsibilities in the marketplace

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# Chapter 3: Rights and responsibilities in the marketplace

## Overview

Have you ever been 'ripped off' by a shop or other business? Have you ever been frustrated because something you want is only available at one store, and the price is too high? As consumers, we would like to think we are going to get a fair deal every time we make a purchase, but this doesn't always happen. Unfortunately, some business owners and employees fail the fairness test when it comes to serving their customers.

As we have seen, one of the important functions of government in the marketplace is to provide a legal and justice system so that buying and selling occurs within a set of rules that is fair to all participants. In Australia, federal and state parliaments have passed a number of laws that are designed to protect consumers from being exploited by unscrupulous businesses. Laws have also been passed to ensure that businesses can compete fairly with each other. If there is a large number of businesses competing for customers in any market, those customers are more likely to get a fair deal.

The current law that regulates competition and the rights of consumers in the marketplace is the *Competition and Consumer Act*. This law was passed by the federal parliament in 2010, and came into operation on January 1, 2011. This Act replaced a number of previous federal, state and territory laws, and introduced a consistent Australian Consumer Law that now applies in every state and territory.

In order to make sure that businesses comply with the *Competition and Consumer Act*, there are a number of different government bodies that have the power to enforce the law. These include the Australian Competition and Consumer Commission (ACCC), as well as a number of state and territory bodies, such as Consumer Affairs Victoria, New South Wales Fair Trading, South Australia's Consumer and Business Services, and Fair Trading or Consumer Protection authorities in other states and territories.

If a consumer believes that a business has breached Australian Consumer Law, these government bodies can assist in resolving the dispute. They can also intervene if a business owner believes that another business has been acting in a way that could destroy fair competition in the market.



FIGURE 1

Providing choice, friendly service and good value to customers will help a business owner conform to Australian Consumer Law.

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### Weblink

Use the **Australian Consumer Law** weblink to watch a video that explains more about Australian Consumer Law.

## STARTER QUESTIONS

1. One of the biggest problems experienced by many consumers is 'bill shock' from mobile phone contracts.
  - a. Why do you think this happens?
  - b. What steps do you, your friends and family take to avoid this problem?
2. Used car businesses have a reputation for being dishonest and covering up faults in cars they sell. Do you think this is a fair assessment of most dealers? Give reasons for your response.
3. As a class, brainstorm examples of when you believe you have been 'ripped off', or when someone you know believes they have received a poor deal when purchasing goods or services. With the assistance of your teacher, compile a table of the different types of businesses involved, and the action that was taken to solve the problem.
4. Not all businesses are dishonest. Compile a list of local businesses that you believe provide good quality products, good service, and so on. For each of these businesses, identify the features that encourage you to trust them.

### 3.1 Legal protection of consumer rights

As a consumer, you can often be at a disadvantage when it comes to buying goods and services. Even though you may have a good idea of what you wish to buy, you will often rely on the advice of a salesperson to help you with your purchase. You want to be assured that this person will be showing appropriate respect for your interests, not trying to 'con' you. Australian Consumer Law aims to make sure that every **transaction** between buyers and sellers is fair to both parties.

#### Honesty is the best policy

Australian Consumer Law makes it clear that sellers are expected to advertise and promote their products honestly. It is illegal to do anything that might mislead the customer, or trick them into buying something they might not have bought if they had known all the facts. The following are some examples of behaviour that is illegal under this law.

1. *Misleading or deceptive conduct* – Advertisements must not use words that make claims about a product that are not true. This includes claims about low prices, or goods being 'on special'.
2. *Unconscionable conduct* – This is any business conduct that is unfair or unreasonable.
3. *Offering gifts and prizes in connection with the supply of goods and services and then not providing them*
4. *Conduct that may mislead the public* – for example, using a brand name similar to a well-known brand, or using an Australian-made logo when the product was made overseas

5. *Bait advertising* – This refers to a business attempting to attract customers by advertising some products at lower prices. When the advertised products quickly run out, customers are then directed to higher priced items.
6. *Referral selling* – This occurs when a business offers a customer a special deal or special price if the customer refers other potential customers to the seller.



**FIGURE 1** Any discounts, special offers or specials offered by sellers must be genuine.

## Treating consumers fairly

Consumers wish to satisfy their needs and wants, and when they go looking for goods and services they are usually eager to make a purchase. This means that an unscrupulous seller could take advantage of them. Consumer law makes it compulsory for sellers to provide all available information to consumers, and to ensure that buyers and sellers have equal rights in any purchase. Some of these rights are:

1. Any contract or agreement that a consumer enters must be fair and balanced. It must be written in clear language that is easy to understand. It should not contain any provisions that allow the seller to change the conditions of the agreement without informing the buyer. For example, it would be illegal for a mobile phone contract to allow the service provider to make changes to their prices and charges without notifying the customer.
2. A consumer has the right to ask for a receipt for any transaction, no matter how small the amount involved. For all transactions over \$75, a receipt is compulsory.
3. Anyone attempting to sell goods or services door-to-door or over the phone can only do so between 9 am and 6 pm on weekdays, and from 9 am to 5 pm on Saturdays. These types of sales are not permitted on Sundays or public holidays. This rule does not apply when consumers have agreed in advance to an appointment time for the seller to visit their home. A salesperson must leave immediately if requested and must not contact the consumer again for

at least 30 days (with that same product). If a consumer agrees to purchase goods or services from a door-to-door salesperson, or over the phone, Australian Consumer Law allows for a 10-day 'cooling off period'. This means that the consumer has the right to cancel the agreement within 10 days, without having to pay anything.

4. **Lay-by** agreements must be in writing and must be expressed in plain language that is clear and easy to understand. The agreement must include all terms and conditions.
5. Businesses that display 'No refunds' signs are breaking the law. If a product is faulty or is unfit for its usual purpose a refund must be offered to the buyer. A business may refuse to provide a refund if the consumer has simply changed his or her mind, and there is nothing wrong with the product.



**FIGURE 2** A salesperson must leave immediately if requested.

## Guarantees for consumers

You may have heard of guarantees or warranties offered by manufacturers or sellers. These are promises that if anything goes wrong with the product, it will be replaced or repaired free of charge. Even if a manufacturer or seller does not provide such a written warranty, Australian Consumer Law makes it compulsory for all suppliers and manufacturers to automatically provide a basic set of guarantees on all products they sell to consumers. A business cannot remove consumer rights under these guarantees, but they can improve these basic rights if they wish to do so. Australian Consumer Law provides the following guaranteed rights:

- The consumer will gain clear legal ownership to goods; that is, that the seller actually owns the goods being sold, and can legally transfer ownership to the buyer.
- Goods must match any sample, demonstration model or description provided to the buyer.
- Goods must be of acceptable quality; that is, they must be safe, long-lasting, free from defects, acceptable in appearance and finish, and do all the things that the goods are normally used for.

For example, if a consumer purchased a pair of jeans and found some of the stitching was coming apart, the jeans would not be considered of acceptable quality.

- Products must be fit for a particular purpose. Fitness of purpose means the product will perform as the instructions or advertisement imply. A bottle of shampoo that failed to properly wash hair would be a breach of this condition.
- Repairs and spare parts must be available for a reasonable time after manufacture and sale.
- Any necessary servicing must be carried out with reasonable care and skill and must be completed within a reasonable time.



**FIGURE 3** Goods must be of acceptable quality; if a consumer purchased a pair of shoes and one of the heels broke after only a couple of wears, the shoes would not be considered of acceptable quality.

### When the law is broken

Although Australian Consumer Law is a law of the Commonwealth parliament, enforcement of the laws protecting consumers is usually carried out by the relevant state or territory Office of Fair Trading or Consumer Affairs Office. When a consumer has a complaint against a seller, these offices will usually recommend that the consumer attempt to sort out the problem directly with the seller. If direct contact with the business does not produce a result, the Fair Trading or Consumer Affairs Office may contact the business on the consumer's behalf and attempt to resolve the matter.

If the business fails to resolve the problem, Fair Trading or Consumer Affairs Offices can take legal action on behalf of the consumer. If the legal action is successful, the seller may be required to compensate the consumer or to replace or repair any faulty goods. The business can also be fined for failing to comply with Australian Consumer Law.



FIGURE 4

Fair Trading and Consumer Protection offices will usually recommend that the consumer attempt to sort out a problem directly with the seller.

## Responsibilities as well as rights!

While Australian Consumer law contains a strong emphasis on protecting the rights of consumers and enforcing the responsibilities of sellers, consumers also have responsibilities in the marketplace.

- Whenever you buy goods or services, you are entering into a legally binding contract. You might believe that a contract is a written document that you sign, but this is not always the case. If you are buying a house or a car, there are particular types of written documents that are required by law, but any agreement between a buyer and a seller is a legally binding contract, even if you don't sign anything. As a buyer you have a responsibility to pay the required amount for the goods or services you purchase. This is particularly relevant if you purchase goods or services on credit, with an expectation that you will pay by instalments, such as the purchase of a mobile phone with an accompanying plan.
- Consumers who borrow money, or who use a credit card to make purchases have a responsibility to make repayments. Failure to do so can leave the consumer with a poor credit rating. This remains active for five years, and if you need to apply for a loan during that time, you may have that loan refused.
- A consumer cannot return goods and claim a refund if the goods have not been used for the purposes for which they were intended. If you damage a product by using it inappropriately, or even injure yourself while doing so, you have very little chance of being compensated. Consumers have a responsibility to use goods in the way the manufacturer intended.

## ACTIVITIES

### REMEMBER

1. What is the purpose of Australian Consumer Law?

2. Provide a brief description of each of the following:
  - a. misleading conduct
  - b. bait advertising
  - c. referral selling.
3. Outline one responsibility that consumers have in relation to goods or services they purchase.

### EXPLAIN

4. Explain the rules that apply to phone sales and door-to-door selling.
5. In what circumstances is a seller allowed to refuse a refund?
6. Explain two guaranteed rights that consumers have in relation to goods they purchase.
7. What powers does a Consumer Protection or Fair Trading authority have to enforce Australian Consumer Law?

### THINK

8. In each of the following examples, explain why there has been a breach of the *Competition and Consumer Act*.
  - a. An electrical goods business advertises a particular brand of television and states that it is at a cheaper price than that offered by a competitor. This statement is false.
  - b. A clothing store advertises tee-shirts and claims that they are made in Australia when in fact they are made in Hong Kong.
  - c. A take-away food outlet advertises that a special deal is only for one week when in fact it plans to extend it for two months.
  - d. A garden maintenance business offers some its customers a 10 per cent discount if they provide the names and addresses of five potential customers for the business.

## 3.2 Business competition protects consumers

One of the best protections consumers can have is a market with a large number of sellers, all competing with each other to attract customers. Competition can help keep prices lower, and if one business gains a bad reputation, there are plenty of alternatives available. As the name suggests, the *Competition and Consumer Act* is concerned with encouraging fair competition between businesses in all markets. The Act makes it illegal to engage in business practices that interfere with competition, or that give some businesses an unfair advantage over others. The



Australian Competition and Consumer Commission (ACCC) has the power to enforce the law to encourage greater competition in the marketplace.

## Banned anti-competitive practices

The *Competition and Consumer Act* lists a number of business practices that are prohibited or that require the permission of the ACCC. These practices are outlined in the sub-sections below.

### Price fixing

It is illegal for two businesses in competition with each other to agree to set identical prices for their products. Businesses will probably have similar prices for similar products because of market forces, but they cannot actively work together to raise or lower prices by an exact amount. This has been an issue over the years with petrol pricing. Many service stations lower their prices in the middle of the week, and then raise them at the weekend. There have been accusations that service stations that are close to each other have agreed to raise or lower their prices by the same amount at the same time. If it could be proved that they had done so, they would be deemed to be acting illegally, because this action would prevent consumers from taking advantage of genuine competition.



**FIGURE 1** Any agreement by service stations to raise or lower prices at the same time and at the same rate would be an example of price fixing.

### Misuse of market power

Not all businesses are the same size, and there is a risk that larger businesses may use their power unfairly to drive smaller competitors out of business. The Act bans any action aimed at damaging or getting rid of a competitor or preventing another business from entering the market. Some years ago retailer Woolworths was fined \$7 million for attempting to prevent some restaurants and bars from selling packaged liquor in competition with its own liquor outlets. When these other businesses applied for liquor licences, Woolworths lodged objections with the government licensing authority. They then proposed to withdraw the objections if the other businesses agreed not to sell take-away alcohol products to their customers. A court found that Woolworths was in breach of the law.



**FIGURE 2** Woolworths was fined for attempting to misuse its market power to restrict the operations of competing liquor outlets.

### Predatory pricing

Predatory pricing occurs when a business deliberately sets its prices at such a low level that its competitors cannot match them. In such cases, the business actually decides that it is prepared to lose money for a while until it has forced its competitors out of the market. This leaves the business with less competition so that it can then disregard market forces, raise prices and exploit consumers. An example would be where a major supermarket chain decided to sell all its bread products below the prices set by a local bread shop. The supermarket could afford to make a loss on its bread because it was making a good profit on other products. The bread shop may not be able to lower its prices to match those charged by the supermarket, so could lose a lot of its customers. If the bread shop was forced out of the market, the supermarket could then raise its prices and there would be no competition to prevent it from doing so.



**FIGURE 3** It would be illegal for a supermarket to use predatory pricing to try to put a neighbouring bread shop out of business.

## Exclusive dealing

Exclusive dealing involves one business trading with another while imposing restrictions on that other business' freedom to deal with its competitors. An example is when a hair products supplier will only sell to a hairdresser on the condition that the hairdresser does not purchase hair products from a different supplier. This can be legal in some circumstances if it is not seen to lessen competition in the market for the products in question. For example, McDonald's sells Coca-Cola products but not Pepsi, and they are permitted to do so. This is because KFC sells Pepsi and not Coke, so the overall market for soft drinks is still competitive. Businesses that wish to enter such an arrangement, and believe it may be legal, must notify the ACCC of the agreement. The ACCC will then examine the details before either approving or disallowing the arrangement.



**FIGURE 4** McDonald's is permitted to have an exclusive deal with Coca-Cola, and KFC can have an exclusive deal with Pepsi because the market for soft drinks is still competitive.

## Resale price maintenance

Suppliers cannot set the prices at which retailers will sell the products they supply them. Suppliers can recommend a retail price for the sale of their goods, but it is illegal to attempt to force a retailer to sell at that price. Retailers must be free to compete on price with other retailers selling the same products. It is also illegal to set a minimum price that sellers must not sell below, and to force a retailer not to discount goods. On the other hand, it is quite legal for a supplier to set a maximum price for its products. This is to prevent any retailer that has no competitors in a particular location from unfairly overcharging customers.



FIGURE 5

Retailers must be free to compete on price with other retailers selling the same products.

## Mergers and take-overs

When two or more businesses decide to join together, this is known as a *merger*. When one business decides to buy out a competitor, this is known as a *take-over* or an *acquisition*. Sometimes a merger or take-over in a particular market may lead to reduced competition in that market. The Act prohibits mergers and take-overs between one or more businesses if they result in the competition being substantially reduced. A merger or acquisition may be permitted if it does not substantially limit competition. Planned mergers and acquisitions must be notified to the ACCC, which will determine if they can proceed. Mergers and acquisitions have occurred regularly in the banking industry. In 2008, Bendigo Bank and Adelaide Bank merged; the Commonwealth Bank took over Bankwest; and Westpac acquired St George Bank. However, the big four banks, ANZ, NAB, Westpac and the Commonwealth Bank are specifically banned from merging with each other as this would be too big a reduction in competition.



FIGURE 6

Australia's four big banks are prohibited from merging because this would severely reduce competition in the banking industry.

## The role of the ACCC

The ACCC has wide powers to investigate possible breaches of the *Competition and Consumer Act*, and can take legal action against any person or organisation suspected of doing so. It will sometimes be granted a court order to seize confidential documents from businesses suspected of anti-competitive behaviour.

Only a court can determine whether a breach of the Act has occurred and make orders against offenders. The ACCC's role is to bring matters before the courts to have criminal penalties imposed and to gain compensation for anyone who may have been harmed by the breach. Courts can impose penalties of up to \$10 million for companies and \$500,000 for individuals found guilty of anti-competitive behaviour.

The ACCC has the power to authorise behaviour which might appear to be anti-competitive if it considers that behaviour to be in the public interest. It can also actively monitor prices and approve price rises in markets where competition is limited. Businesses wishing to engage in mergers or take-overs can seek advice from the ACCC as to whether the proposed action is likely to breach the Act, and then proceed according to that advice. The ACCC aims to encourage compliance with the Act rather than simply to punish wrongdoers.



FIGURE 7

ACCC officials may seize documents from businesses suspected of anti-competitive behaviour.

## ACTIVITIES

### REMEMBER

1. Provide a brief description of each of the following:
  - a. price fixing
  - b. predatory pricing
  - c. exclusive dealing
  - d. resale price maintenance.

### EXPLAIN

2. Why is competition between businesses beneficial for consumers?
3. Explain the circumstances under which a merger or acquisition would be acceptable to the ACCC.
4. Outline the actions that can be taken by the ACCC when dealing with a breach of the *Competition and Consumer Act*.

### DISCOVER

5. The media releases page of the ACCC website contains details of recent cases dealt with by the ACCC. Use the **ACCC media releases** weblink in your Resources section to visit the site, select and read one story, and then answer the following:
  - a. What was the issue in question?
  - b. How did the matter come to the attention of the ACCC?

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- c. What decisions, actions or recommendations did the ACC make in relation to the issue?

## PREDICT

6. How would you expect the ACCC to deal with each of the following situations?
  - a. The only two garden maintenance businesses in a country town decide to merge and form one business.
  - b. The owners of five petrol retailers along a major stretch of road met each week to determine how much they would all charge on each day of the week.
  - c. The manufacturer of a range of electrical goods provides all retail outlets selling its products with a list of recommended retail prices for each of its products, and refuse to supply them unless they stick to those prices.
  - d. A branch of a major supermarket chain, located in the same shopping centre as an independent supermarket, consistently prices all its products five per cent below those of the independent supermarket. When the independent business lowers its prices to try and match its competitor, the major supermarket lowers its prices even further.

## 3.3 Keeping consumers safe

Every now and again we hear stories in the news of a particular model of car being 'recalled' to have some fault fixed. Other stories come to light of people suffering from food poisoning after visiting a certain restaurant or café. We hope that every purchase we make will be safe and not cause us harm, but this is not always the case. Just as it is important to protect consumers from dishonest behaviour, it is even more important to ensure that the products we buy will not harm us.

### Who keeps us safe?

A number of different bodies have the responsibility for ensuring that the goods and services we buy are not going to cause us harm. These include government regulators as well as other groups. The roles of these different entities are discussed briefly below.

#### Government regulators

Governments at federal, state, territory and local level have established a number of bodies to ensure product safety.

- The ACCC – the Australian Competition and Consumer Commission includes issues of product safety among its other roles.
- State and territory Consumer Affairs and Fair Trading authorities have a major role within their respective states.

- Customs and quarantine bodies are able to monitor goods coming in from overseas, and can identify any products that may be dangerous.
- Specific industry regulators are organisations that have particular powers in relation to certain types of products. For example, the Therapeutic Goods Administration has a role in regulating medicines, as well as devices such as wheelchairs.
- Local government health authorities carry out inspections on food premises such as restaurants, cafés and school canteens to make sure cleanliness and hygiene regulations are followed.



FIGURE 1

Customs officers check containers of goods from overseas to prevent dangerous goods from entering the Australian market.

## Other groups

Responsibility for product safety is spread quite broadly across the community, with a number of organisations involved.

- Businesses – manufacturers and sellers take responsibility for ensuring their products are safe. A business selling a product that causes harm to one or more consumers can be sued by those affected. It makes sense to avoid legal action by closely controlling the production process to keep products safe.
- Technical bodies – worldwide organisations such as the International Organisation for Standardisation (ISO) set acceptable standards for all types of products. Any product that conforms to those standards is entitled to display an ISO number, so consumers know it conforms to the highest quality.
- Consumers – buyers and their representatives also have a responsibility for safety. The Australian Consumers' Association publishes a magazine and a website called *Choice*, which examines and tests all types of products. Individual consumers also have a responsibility to maintain items such as electrical cords and safety features on motor vehicles.





FIGURE 2

Consumers can be assured that any product carrying ISO certification will be safe and will conform to the highest standards of quality.

## What do the government regulators do?

Federal, state and territory bodies have wide-ranging powers and responsibilities to ensure product safety. They carry out a variety of different activities in exercising these responsibilities.

### General market monitoring

Government regulatory bodies examine all areas of all markets to detect possibly unsafe products. They monitor the media for any death or injury reports that may suggest a particular product could be dangerous. They examine and arrange testing of new types of products coming onto the market. They also respond to consumer complaints and monitor information on new products from around the world.

### Encouraging safe practices

Regulatory bodies encourage safe practices through various measures:

1. *Negotiating product removal.* This involves gaining agreement from suppliers to remove dangerous goods from sale in their stores or outlets, including online outlets.
2. *Removing unsafe goods.* This can often involve a product recall. Anyone who may have bought a product that is found to be dangerous is expected to return it to the place of purchase. If the fault can be repaired, it will be returned to the manufacturer to be fixed. If the product cannot be made safe, the purchaser will be entitled to a refund. Product recalls must be widely publicised through the media. In newspapers recall notices appear with a special striped border. When suppliers have records of who their purchasers are, they also will contact them directly to arrange a recall. This often happens when identified faults need to be repaired in motor vehicles.



FIGURE 3

Manufacturers that discover a fault in any of their products are expected to recall these products for repair, replacement or refund.

- Promotion of safety management.* Government regulators encourage manufacturers and other suppliers to comply with sets of standards. These can include **mandatory standards** or **voluntary standards**. Mandatory standards are compulsory and must be observed by suppliers. For example, there are very strict standards for electrical goods, and consumers must be supplied with instructions and warnings about appropriate use and possible hazards. All packaged food must have details of ingredients on the packaging, and clothing items must have washing and care instructions provided. Voluntary standards are those that have been agreed to by groups of suppliers or other organisations. They are not compulsory, but any supplier that complies with them can use this fact when promoting its products. Voluntary standards do not usually relate to issues of safety, but are more likely to deal with issues of quality.

Amount Per Serving	Calories from Fat	% Daily Value*
Calories 100		
Total Fat 0g		0%
Saturated Fat 0g		0%
Cholesterol 0mg		0%
Sodium 50mg		2%
Potassium 60mg		2%
Total Carbohydrate 21g		7%
Fiber 1g		4%

**FIGURE 4** All packaged food must have details of ingredients on the packaging.

4. *Publicity and education.* Government regulators aim to make sure that all necessary information relating to product safety in general, and particular hazards when they occur, is circulated as widely as possible throughout the community. They often issue statements to the media about particular safety issues. These are sometimes reported in the television news and in newspapers. The ACCC administers a product safety website, which provides regular updates on safety hazards. State and territory Consumer Affairs and Fair Trading authorities regularly conduct education and publicity programs to inform the public on broad product safety issues.

## Solving safety problems and enforcing standards

Government regulators usually attempt to support businesses to do the right thing, rather than simply punishing them for doing the wrong thing. Where possible, they will work with industry, support technical investigation and concentrate on educating suppliers and consumers about product safety. New regulations can be created where necessary, and warning notices will be issued when dangerous products are identified.

Sometimes a product is clearly so risky that it has to be banned. This has happened on numerous occasions with toys sold for use by young children. If a toy contains small parts that could come loose and be swallowed by a small child, the toy may be banned from sale. Many other toys carry clear indications of the age group for which they are designed, and possible risks to younger children.

If a manufacturer or other supplier fails to comply with safety standards or bans, government regulators can take legal action. Fines of more than \$1 million can be applied to any business failing to meet mandatory standards, or continuing to sell a product after it has been banned. Businesses may also be ordered by a court to provide compensation to any customers harmed by products they have sold. A business that becomes aware of any harm caused by a product or service that it has sold must inform the appropriate government regulator within two days. Failure to do so can also result in a fine.



FIGURE 5

This toy wooden alphabet train was removed from sale because it contained dangerous small parts.

## ACTIVITIES


### REMEMBER


1. Describe the role of each of the following in ensuring product safety:
  - a. industry regulators
  - b. customs and quarantine
  - c. local government authorities.
2. What action can government regulators take if a person is injured after a supplier fails to remove a banned product from sale?

### EXPLAIN

3. What responsibilities do consumers have in relation to product safety?
4. Explain the difference between mandatory standards and voluntary standards.
5. Give details of two of the methods used by government regulators to encourage safe practices.

### DISCOVER

6. Use the **ISO standards** weblink in your Resources section to visit the 'About Us' section of the International Organisation for Standardisation (ISO) website. Watch the video provided on this page and then answer the following: 
  - a. What are ISO standards?

- b. Outline two benefits of these standards.
7. Use the **ACCC Product Safety Recalls** weblink in your Resources section to visit this section of the ACCC website and select three 'Recall categories' from the links in the left hand side panel. From each of these three categories, select one product that has been recalled and answer the following: 
- a. What was the name of the product?
- b. What was the defect in the product?
- c. Why was that defect dangerous?
- d. What advice is given to consumers?

## SkillBuilder: Questioning and research

### Tell me

The following steps provide a useful guide to the process of carrying out research:

- Identify and understand the general task you are attempting to complete.
- Develop a series of specific questions that will help guide your research in the appropriate direction, and help you determine the information you need.
- Locate appropriate sources of that information.
- Record relevant information from a range of sources.
- Present the information in an appropriate form.

### Show me

Imagine you have been asked to investigate the role of your state Consumer Protection or Fair Trading authority's website in providing advice for consumers and businesses.

Your first step is to clearly identify the key task. This could be expressed as follows:

*'Prepare a report on the type of advice the state Consumer Protection or Fair Trading authority website provides for consumers and businesses, with examples.'*

It is now necessary to break this down into a series of more specific questions. These could include:

1. How is the website organised to provide advice?
2. What type of headings or categories of information are used?

3. How is the material broken down (types of industries, types of products, etc.)
4. If I have a specific problem with a particular product or supplier, what does the website advise me to do?
5. What sort of advice is provided to businesses?
6. Identify some relevant examples.

The next step is to locate your sources. Each state authority has a website, so you simply need to find the name of your home state's Consumer Protection or Fair Trading authority, and use a search engine to locate its website.

Keep your questions beside you as you navigate through the site, and note the location of material that provides answers. You can select and print some text, and then highlight those sentences or paragraphs that provide answers to your questions. Sometimes a complete answer to a question may be found in several places in a piece of text. Be sure to highlight all relevant text, and indicate with a number which question the information answers.

When you are satisfied you have found the answers to all the questions, you need to write the answers in order, making sure you use your own words as much as possible. You can then use the answers to present your information in the required form. For example, this may be an oral report to the rest of the class, an essay to be marked by your teacher, a PowerPoint presentation, or any other format that is appropriate.

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## Let me do it

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### Practise the skill

Using the above process as a model, carry out the following research task:

*Prepare a report on the type of advice the ACCC gives to consumers in relation to internet and phone usage, including examples.*


## Review and reflect

### Review

The market system works best as a means of providing goods and services if markets are fair to all participants. This means that we require laws to regulate markets and maintain that fairness. In Australia this is provided by the *Competition and Consumer Act*, which incorporates Australian Consumer Law.

- Australian Consumer Law prohibits a range of practices that could mislead consumers.
- It is compulsory for sellers to provide all available information to consumers, and to ensure that buyers and sellers have equal rights in any purchase.

- Consumer Law also provides a number of basic guarantees in relation to the quality of goods purchased.
- Practices that would lessen fair and open competition between businesses are banned under the Act.
- The ACCC has the power to take legal action through the courts to deal with businesses that fail to comply with the provisions of the Act.
- A number of different government regulators monitor product safety throughout Australia.
- These regulators encourage the development of safety standards, and seek to educate suppliers and the public on product safety.
- The regulators can ban dangerous products, or order the recall of products to ensure they are made safe.



**Interactivity**

**Multiple choice**

Searchlight ID: INT-5472



**Interactivity**

**True/false**

Searchlight ID: INT-5477

## Reflect

Any business displaying a sign that says 'No refunds' or 'No returns' is breaking the law, because returns and refunds are permitted in some circumstances.

1. Use internet resources (ACCC, Fair Trading or Consumer Protection websites) to find out the actual legal circumstances in which refunds are permitted, and when they do not have to be granted.
2. Design and create a poster for display in a shop that clearly informs customers of those circumstances in which returns and refunds are allowed, and those circumstances in which the business is not required to allow a return or provide a refund.