

New South Wales Commerce and Mathematics

Module 8

Consumer awareness and protection



Financial Literacy
Curriculum Resource
2008 Revised Edition

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Introduction

The Commonwealth Bank has been supporting education for more than 70 years, since the introduction of school banking in 1931. In 2003, we strengthened our commitment to education through the establishment of the Commonwealth Bank Foundation.

The Foundation seeks to encourage developments in education, particularly the financial literacy skills of young Australians, and aims to create awareness, skill and understanding of the benefits of a more financially literate community.

By helping our young people understand money management, we will empower them to take effective decisions to achieve their financial goals.

With this in mind, we are pleased to announce the availability of a national financial literacy curriculum resource which has been developed to support the teaching of financial literacy in the classroom.

Developed by a National Steering Committee comprising representatives across a broad range of state and territory education departments, sectors and professional teachers' associations, the curriculum materials have been designed to support the teaching of financial literacy in Years 7 to 10.

This practical and relevant curriculum resource has been designed to be easily incorporated into a number of subject areas and has been mapped to the curriculum in each state and territory.

There are twelve modules covering:

- Earning an income
- Spending and saving
- Consumer decisions
- Consumer protection
- Buying a car
- Financial services
- Managing finances
- Consumer awareness
- Personal investment
- Planning and running a business
- Impact of technology
- Economics of everyday finance

The resource materials can be easily downloaded via the Commonwealth Bank Foundation's website www.commbank.com.au/foundation

We hope you find this resource a valuable tool to use in your classroom.

The Commonwealth Bank Foundation Team



Module 8: Consumer awareness and protection

Background scenario

The case studies are developed around two families: the Drivers and their relatives the Fullbricks; as well as their friends and workmates. The Drivers, Ilse and Laurie, have two teenagers: Elizabeth, aged 15, and Nathan, aged 17. Both work part-time. Ilse has ongoing medical problems and Laurie works for a small trucking company. Grandmother Josefina lives with the family. The second family is the Fullbrick family, to whom they are related through Uncle Frank, Ilse's wealthy brother. Frank Fullbrick runs a construction company, and his partner Sella is a marketing manager.

Teacher notes

This topic will examine the following:

- rights and responsibilities of consumers and producers;
- the purpose of consumer legislation and how it works;
- online shopping;
- rights and responsibilities of online consumers; and
- the responsibilities of consumers to the wider community.

Stimulus material provided:

- H.8.1 Fact sheet for smart shopping.
- H.8.2 Role play: Stop the rip-off.

There are also general teacher notes available at the beginning of each unit.

Key terms and definitions

Caveat emptor	"Let the buyer beware." The consumer should choose carefully.
Consumer	Someone who buys and uses goods and services.
Consumer redress	Methods by which consumers can claim compensation (e.g. refund, replacement, repair) for purchasing a product or service that does not satisfy legal requirements.
Redress	Achieving a fair outcome for the consumer.
Scams and rip-offs	Often illegal methods of selling and or advertising goods or services that take advantage of consumer ignorance.

Task 1: Consumer purchases

Teacher notes

Before completing this task in class, you will need to review the material on the websites for suitability for your state or territory to be able to guide students more quickly through the sites in class time. The websites of each state and territory organisation for consumer rights are listed here and you will need to direct students to the appropriate one. Subsections are also included, although the structure of the information provided varies considerably so you will need to review prior to completing the activity in class and modify accordingly.

- Australian Capital Territory:
ACT Office of Fair Trading: <http://www.fairtrading.act.gov.au>
\$hop \$mart: <http://www.fairtrading.act.gov.au/Consumers/Shop%20Smart.htm>
Services for consumers: http://www.fairtrading.act.gov.au/Consumers_Main.htm
- New South Wales:
NSW Office of Fair Trading: <http://www.fairtrading.nsw.gov.au>
Shopping tips: <http://www.fairtrading.nsw.gov.au/shopping/shoppingtips.html>
"Buying stuff": <http://www.moneystuff.net.au/Default.aspx?tabid=94>
- Northern Territory:
Consumer and Business Affairs: <http://www.caba.nt.gov.au>
There are a number of fact sheets provided in PDF format on "Smart Shopping" and other related information. Go to the home page, click on "Consumers".
- Queensland:
Office of Fair Trading: <http://www.fairtrading.qld.gov.au>
Go to the home page, click on the free "\$hop \$mart" kit on the top left of the page under "Consumers".
- South Australia:
Office of Consumer and Business Affairs: <http://www.ocba.sa.gov.au>
Consumer Advice: <http://www.ocba.sa.gov.au/consumeradvice/>
Consumer Youth Website: <http://www.b4usplashcash.ocba.sa.gov.au/>
- Tasmania:
Consumer Affairs and Fair Trading: <http://www.consumer.tas.gov.au>
Fair Trading: http://www.consumer.tas.gov.au/fair_trading
- Victoria:
Consumer Affairs Victoria: <http://www.consumer.vic.gov.au>
ShopSafe™: <http://www.consumer.vic.gov.au/shopsafe/index.html>
- Western Australia:
Consumer and Employment Protection: <http://www.docep.wa.gov.au>
Go to the home page, then click on "Consumer protection" then on "Consumers" (both on the left side of the page) to find information about shopping and consumer rights.

In Task 1A students are asked to look at consumer items and classify according to need and frequency of purchase. You will need to decide an appropriate focus for the task according to your class.

Student activities	Learn about, <i>Learn to</i>
<p>Task 1A. Buying wisely</p> <p>There are a number of things consumers can do to minimise problems they may have when shopping. Your task will be to develop advice for consumers when making a large purchase.</p> <p>1. As a class, develop a list of consumer items, with an</p>	<p>Commerce</p> <p>1.1 Consumer choice</p> <p>Consumer decisions</p> <ul style="list-style-type: none"> • comparison shopping <ul style="list-style-type: none"> - types of goods and services - different brands and

emphasis on items that are not purchased regularly, e.g. computer, renting or buying a house (as opposed to groceries or even clothing).

2. Individually, rank these items in order of priority according to level of perceived need or desire in your lifetime.
3. As a class discuss some of the differences in how you ordered what you have in your lists. Why have you disagreed on some items?
4. Nominate a consumer item from the list. Your teacher will ensure a range of items are covered by the class. Use *H.8.1 Fact sheet for smart shopping* as a proforma, or you can design your own, to develop a guide for consumers when purchasing your selected item. The following websites will provide information to help you develop your checklist. Remember that your state and territory fair trading or consumer affairs website may have tips on smart shopping and you might find the information from other states and territories helpful as well.
 - <http://www.lawstuff.org.au>
 - <http://www.dollarsandsense.com.au> Click on "Getting the right deal" to find information about smart shopping.

Task 1B. Consumer rights

Visit the following websites, as well as the fair trading or consumer protection website specific to your state or territory to which your teacher will direct you, and answer the questions below.

- <http://www.consumersonline.gov.au/content/consumerrights/>
 - <http://www.choice.com.au> Click on "Your Rights", then on "Shopping Rights".
1. What are consumer rights?
 2. What consumer rights do we have here in Australia and in your state or territory?
 3. Why is it necessary to have consumer protection legislation?
 4. What are the avenues available to consumers to ensure their consumer rights are adhered to?
 5. As a class, share any experiences you may have had where you feel that your consumer rights were violated (or you were dissatisfied with the product or service). What did you do about it and why did you choose that course of action?

products

- choosing what to buy
- choosing where to buy
 - range of locations and sources
 - types of retail outlets
 - internet purchasing and mail order
 - locally, interstate, globally
- *select and apply appropriate criteria to rank alternative purchasing options*

Mathematics

NS5.1.2 Consumer Arithmetic

- calculating a "best buy"
- *make informed decisions related to purchases*

Commerce

1.1 Consumer choice

Consumer protection

- legal rights and protective legislation for consumers
- *investigate consumer law and appropriate processes for consumer protection*

Task 2: Consumer action

Teacher notes

Undertake a discussion/explanation of the key terms and definitions before the role play in Task 2A. If you have time, you can create props to support the role play. You will need a space large enough to conduct the play and you may like to video it, as well as the following class discussion, for use in another class or to highlight particular issues raised during Task 1. The role play can be used to develop an understanding of the rights and responsibilities of producers or suppliers of goods and services, and consumers. The task asks students to write and perform a range of endings for the role play. If time is short, a class discussion can be had about possible actions to be taken in the role play instead.

Students will learn about: the rights of consumers, being assertive to get consumer justice and where consumers can get help. They will be asked to share any experiences they have had where they feel their consumer rights have been violated. There is likely to be a great range of experiences and some students may not make the connection between a personal experience and consumer rights. Remind them that consumers have rights in all purchases, not just major ones. They may have experienced something as minor as being short changed.

Scenario

Nathan and Elizabeth's friends, Faizah, Renee and Cosima go to an amusement arcade. They have to think about their consumer rights when a game fails to meet their expectations.

Student activities	Learn about, <i>Learn to</i>
<p>Task 2A. Consumer redress role play: "Stop the rip-off"</p> <ol style="list-style-type: none"> Perform the role play on <i>H.8.2 Role play: Stop the rip-off</i>. The role play is set in an amusement arcade and the cast is as follows. <ul style="list-style-type: none"> Narrator Faizah Renee Cosima Will, the worker behind the counter in the arcade. Yuri, another boy from Elizabeth's class at school. In groups, write a script and act out a version of the ending of the role play. Refer to the work in Task 1 to think about the sorts of things that can be done to seek consumer redress. When all the different endings have been performed, decide which one provides the most positive outcome for customer satisfaction. Give reasons for your decision (why you think a particular one would be successful) and discuss these as a class. Relate these to the personal experiences shared in Task 1B. What strategies were used by students in the class and why were they successful or unsuccessful? 	<p>Commerce 1.1 Consumer choice Consumer protection</p> <ul style="list-style-type: none"> the need for consumer protection - scams and rip-offs <i>use the internet to research scams and rip-offs</i> <i>identify the methods used in scams and rip-offs and analyse the ethics involved</i> features of a simple contract the processes of consumer redress <ul style="list-style-type: none"> remedies and their outcomes

5. Were there any cases where no action was taken? Discuss as a class why some consumers may decide not to make a complaint when they are dissatisfied.
6. Go to <http://www.moneystuff.net.au/> Click on “Just the facts” then on “Buying stuff”. Read the information under the headings “Implied conditions in a consumer contract” and “Refunds”. Are the girls entitled to a refund? Why/why not? What about the sign in the store?

Task 2B. Consumer behaviour in seeking redress

1. As a class, with your teacher, develop a clear understanding of the behaviours associated with being aggressive, passive and assertive and the key points of difference between the behaviours. Develop definitions for aggressive, passive and assertive consumers.
2. In small groups, develop a scenario based on some of the experiences shared by students. Your teacher will allocate your group roles of passive, assertive or aggressive customers. Or use the following example:
 - A customer has bought an expensive pair of jeans from a trendy shop. After the first wash the hems at the bottom of the legs have come unstitched.
3. Perform some of the scenarios for the class (at least one of each consumer type).
4. As a class, identify the advantages and disadvantages of each type of consumer characteristic. Which type is most likely to achieve redress? Give reasons.

Task 3: Using e-commerce

Scenario

Nathan's friends keep raving about the ease and convenience of shopping online. They have bought books, remote control cars, clothes and do the grocery shopping online. Someone he knows even bought a car online. Nathan wants to try online shopping but he's not sure about what is out there. He needs to find out more.

Student activities

Task 3A. Online comparative shopping

- In groups (or individually if possible) complete a comparative shopping task of consumer items that can be purchased online. Complete a table like the one below and add any other items you like, recording prices for specific items in each category from three different online shopping websites.

Item category	Explicit item	Prices		
		Site 1	Site 2	Site 3
Groceries				
Books/CDs/DVDs				
Cars/car hire				
Flowers				
Clothes/fashion				
Electronic items				
Flights				
Holidays/travel				

Use the following websites to help you find online shopping sites:

- <http://www.shopsafe.com.au>
 - <http://www.hc-web.com/aosd/shopabc.html>
 - <http://www.bcl.com.au/shop/>
 - http://www.coastshop.com.au/shopping/online_shops.htm
- Select one of these explicit items and compare prices of three of them using an online private sale (of second-hand goods) website such as <http://www.ebay.com.au>
 - What things other than price would you consider before deciding which of these items to purchase?

Task 3B. Privacy and security when buying and selling online

The Internet can also be used to sell items online. This is either running a business using a site like Mal's e-commerce (<http://www.mals-e.com>) to collect payments, or selling second-hand goods privately through an auction site like eBay (<http://www.ebay.com.au>). Using the information on these two websites (e.g. security information) as well as your own knowledge or other websites, discuss the following questions in small groups:

Learn about, *Learn to*

Commerce

Option 3 E-commerce

The scope of e-commerce

- advantages and disadvantages of using the internet for researching commercial information and buying and selling goods and services
- identify the range of e-commerce used by public and private organisations and individuals

Mathematics

NS5.1.2 Consumer Arithmetic

- calculating a "best buy"
- make informed decisions related to purchases

Commerce

Option 3 E-commerce

The e-commerce user

- online shopping
 - purchases and payments online
 - making payments securely over the internet
 - the extent to which protection is provided and the available redress
 - investigate the process of purchasing and paying for goods electronically
 - e-consumer protection issues
 - the conduct of the organisation providing the goods or services
 - security, integrity of websites
- ##### The scope of e-commerce
- identify the advantages and disadvantages of using the internet for commercial purposes

-
2. What could be some of the disadvantages of selling online?
 3. What sort of rules and regulations would help support online selling?
 4. What are some of the security measures currently in place for online shopping?
 5. As an online shopper, how do you know if you can trust that you will get what you pay for?

Task 4: Credit card fraud

Teacher notes

Before beginning this task, you will need to download a number of current news articles from the Internet for use in class. Go to an online news website such as <http://www.itnews.com.au>, <http://www.abc.net.au/news> or <http://www.news.com.au> and enter “credit card fraud” into the search engine. Browse the found articles and select and copy a few for use in this task.

For task 4B, download the document, “Tips for consumers to protect against card fraud”, from http://www.bankers.asn.au/ArticleDocuments/Handy_tips_finaldec04HR.pdf and photocopy for class use.

Scenario

Within a few months, Nathan starts to really enjoy the ease with which he can shop online - any time, for anything he can think of - from the comfort of his study chair. However, he gets one bill that is more than he was expecting. When he looks closely he sees a purchase that he doesn't recognise, it is a large amount from a baby furniture store, and it's not even in Australia!

Student activities	Learn about, <i>Learn to</i>
<p>Task 4A. What is credit card fraud?</p> <ol style="list-style-type: none"> 1. Read through the articles on credit card fraud supplied by your teacher. 2. Using the information in these articles, write an article for the school newsletter that: <ol style="list-style-type: none"> a. explains what credit card fraud is; b. provides some examples of credit card fraud in Australia explaining what happened; and c. provides a list of tips on what consumers can do to protect themselves against credit (or debit) card fraud. <p>Task 4B. Protect yourself from credit card fraud</p> <ol style="list-style-type: none"> 1. Read the document, “Tips for consumers to protect against card fraud.” 2. Are there many differences between your list of tips and the list in this document? Edit your article for the school newsletter accordingly. 	

H.8.1 Fact sheet for smart shopping

Information presented in a fact sheet is clear and straight forward. It uses simple sentences that are well sequenced, with some simple examples. The proforma below is an example of how a fact sheet might be set out.

Buying _____ wisely				
What are some of the things the buyer should be aware of in terms of consumer rights?				
How can the consumer ensure their rights are adhered to when buying this item?				
A list of “dos” when buying _____.	A list of “don’ts” when buying _____.			
<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 			
Comparative shopping				
	Shop 1	Shop 2	Shop 3	Shop 4
Price				
Other costs				
Service				
Other				
Close by including details (website, telephone numbers, etc.) where the consumer can go for further information.				

Another way of presenting this information could be in brochure format. A brochure is often set out in landscape format with the information in two or three columns that can then be folded.

H.8.2 Role play: Stop the rip-off

Narrator: Good day ladies and gentlemen, boys and girls. Today we are going to act out a scene held in a games arcade called “Zoot Zone”. Before the end, the action freezes and you, the audience will work out your own endings and identify actions of the characters that will lead to customer satisfaction. Faizah, Renee and Cosima have just arrived at Zoot Zone after school to play “Dance Master”.

At the counter of the shop

Renee: Excuse me, can we get some credit for three games of “Dance Master” please?

Will: Sure, if you like, but those people on it now have bought 15 games worth of credit, and they’re here most days, they’re really good, you could be waiting a while.

Faizah: That doesn’t seem very fair, shouldn’t there be a limit so everyone can have a go?

Cosima: Yeah, what are we supposed to do?

Will: Well, you could try the other dance game we have, “Divine Dancer”, it’s basically the same, but it doesn’t get played so much anymore because all the regulars know the moves back to front.

Renee: Fine, we’ll have three games on that one then.

Will: Okay, that’s six dollars all up.

The girls all reach into their pockets and pool together \$6 to pay for the games. Faizah and Cosima are the first two to play the game. They are dancing and about 1 minute into the first game, the machine makes a loud bang, sparks fly and comes to a dead stop: the lights and music have stopped.

Renee: Woah! Are you guys alright? That was pretty full on.

Faizah: Yeah, we’re okay, but this game sucks.

Cosima: Yeah, let’s get our money back and get out of here.

The girls walk over to the counter where Will is busying himself behind the counter pretending he is unaware the game has blown up.

Cosima: Hey! That “Divine Dancer” game is useless. It blew up before we even finished one game!

Faizah: Yeah, we could have been badly hurt. Sparks flew all over the place.

Renee: We want our money back, we’re leaving.

Will shrugs his shoulders, shakes his head, says “tough luck” and points to a sign:

<p>Caveat emptor All care given, but no responsibility taken No refunds Tokens not exchanged for cash</p>
--

As the girls are reading the sign, Yuri, a fellow class mate, enters the store.

Yuri: Hi there guys, what’s happening?

Faizah: We just paid six dollars to play that “Divine Dancer” game and the thing blew up before we even finished one game. (*Raising her voice so Will can hear her*). Now this guy doesn’t want to give us our money back.

Will: Hey, it’s not my fault. I don’t make the rules and it’s only six dollars. What are you worried about? I couldn’t give you your money back even if I wanted to, the manager’s not even here.

Yuri: Oh yeah, we’ll see about that, you don’t even know what you’re talking about. You have to give the money back.

ROLE PLAY FREEZES

Narrator: Freeze! So ladies and gentlemen, boys and girls, how do you think this scene should end?