**Legal rights and protective legislation**  
Activities   
**1. Identify the four basic rights of consumers?**   
*Safe products.* Directions for proper use are provided and products are tested by the manufacturer to ensure product quality.   
*Accurate product information and descriptions.* Ingredients are clearly labelled on food containers   
*Full disclosure of the terms of sale.* The full price is always displayed, especially on any credit contracts.   
*Warranties and guarantees are honoured.* Customers can expect a refund or exchange if the product is faulty.   
  
**2. What are the two main aims of the Trade Practices Act?**   
• To protect consumers against undesirable business practices, such as misrepresenting the contents of products, their place of manufacture or the products’ characteristics.  
• To regulate certain trade practices that restricts competition, hence the term ‘restrictive trade practices’. These business practices can severely limit the rights of consumers.   
  
**3. What is the name of the New South Wales legislation that provides some protection to consumers, and what does it prohibit?**   
*The Fair Trading Act (1987)* prohibits:  
Misleading and deceptive conduct  
Unconscionable conduct  
False claims regarding goods and services  
Unfair trade practices   
  
**4. Using an example outline the difference between *merchantable quality* and *fitness of purpose*?**Merchantable quality means that the product is at a standard that a reasonable person would expect based on the pricing. This applies to most consumer contracts.  
Fitness of purpose means that the product is suitable for the purpose for which it is being sold. It will perform as the instructions/advertisements imply.  
If a car was being sold, merchantable quality would imply that the car is a proper working condition and that it would continue to do that for a certain amount of time (e.g. 10+ years)  
Fitness of purpose would mean the car suited the purpose the buyer would use it for (e.g. off road or on road driving)   
  
**5. In each of the following examples, state whether there has been a breach of the Trade Practices Act?**   
*A company advertises a particular brand of television and states that it is at a cheaper price than a competitor. This statement is false.*  
There has been a breach here as there was a false statement made about the good.  
*A company advertises jumpers and claims that they are made in Australia when in fact they are made in China.*Again a false statement has been made about the good which means there was a breach.  
*A company advertises that a special deal is for only one week when in fact it plans to extend it for two months.*There has been misleading/deceptive conduct and a false claim about the offer, however there is no breach.   
  
**6. How does the rule of caveat emptor affect consumers?**  
The rule means that the buyer is completely responsible for their purchases, and that the seller does not have to tell you everything about the product. If you buy something and it is not as good as you thought it was then there is nobody to blame but yourself.