



AUSTRALIAN COMPETITION
& CONSUMER COMMISSION

Australian Product Safety Pledge

Annual Report 2021

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Australian Competition and Consumer Commission
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Executive summary

In response to the growth in online shopping and online marketplaces, the Australian Competition and Consumer Commission (ACCC) launched the Australian product safety pledge (the pledge). The pledge seeks to protect Australian consumers shopping online from product safety risks, and does this by strengthening product safety measures across online marketplaces.

The ACCC developed the pledge in collaboration with the 4 inaugural signatories, AliExpress, Amazon Australia, Catch.com.au and eBay Australia. Since the launch of the pledge on 23 November 2020, MyDeal.com.au also became a signatory in April 2021.

The pledge has supported Australian consumers during the COVID-19 pandemic given increased online shopping. The pledge was designed to be more than a statement, it is a commitment supported by Key Performance Indicators (KPIs).

In this annual report we see how signatories are responding to take-down requests for unsafe or recalled products, promoting compliance and education with suppliers and developing technology initiatives to further enhance product safety online. Signatories' responses indicate a strong focus on educating and promoting compliance with sellers and supporting consumers.

One of the ACCC's key priorities for 2021 has been strengthening product safety online through education, engagement and monitoring of compliance commitments by online marketplaces. In this annual report, signatories have reported on several measures under the pledge which will have a positive impact on mitigating product safety risks while shopping online.

The ACCC recognises the cooperation between the signatories and regulatory authorities is a major factor in the success of the pledge and in ensuring that products listed on their marketplaces comply with the relevant product safety requirements. While current signatories have slightly differing business models and systems, online businesses that operate as a marketplace, facilitating the supply of products to Australian consumers, or as a hybrid marketplace and retailer that are seeking to strengthen or improve their product safety initiatives by participating in the pledge, are strongly encouraged to join the pledge. The ACCC is looking forward to broadening the adoption of the pledge and supporting signatories in their ongoing commitment to product safety.

Introduction

The pledge commits signatories to 12 product safety-related actions and to report annually on their performance measured against 3 key performance indicators (KPIs). The KPIs enable the signatories to demonstrate how their commitments to the pledge are contributing to reducing product safety risks for Australian consumers shopping online.

The ACCC will release the Australian product safety pledge report annually to outline signatories self-assessment in relation to the pledge commitments, and to report on the outcomes they have achieved during the financial year (1 July to 30 June).

As the pledge was launched on 23 November 2020, some of the initiatives and measures reported by signatories have been developed since this date, and where possible data for the full financial year was provided. In this report, data is aggregated and de-identified based on the individual reports submitted by signatories. The report outlines signatories' overall performance against the pledge commitments and an overview of processes and practices in place.

Key Performance Indicators (KPIs)

The KPIs provide a measurable way to review the progress achieved by signatories against the 12 pledge commitments. The KPIs include a combination of quantitative and qualitative measures, which capture the effectiveness of processes and measures taken by the signatories to improve product safety on their platforms.

The quantitative responses to the KPIs provide a measurable outcome that enables a comparative analysis for this and future pledge annual reports. Subsequent reports will also enable the provision of trends in product safety improvements.

The qualitative responses to the KPIs provide information on initiatives, processes and procedures that signatories have in place to fulfil their pledge commitments.

KPI 1 - Informed and responsive

This KPI addresses pledge commitments 1 to 6 using a range of quantitative and qualitative measures. These pledge commitments require signatories to take actions that ensure they are being an informed and responsive product safety stakeholder.



1. Regularly consult the Product Safety Australia website and other relevant sources for information on recalled/unsafe products. Take appropriate action on these products once they are identified.



2. Provide a dedicated contact point(s) for Australian regulatory authorities to notify and request take-downs of recalled/unsafe products.



3. Remove identified unsafe product listings within 2 business days of the dedicated contact point(s) receiving a take-down request from Australian regulatory authorities. Inform authorities on the action that has been taken and any relevant outcomes.



4. Cooperate with Australian regulatory authorities in identifying, as far as possible, the supply chain of unsafe products by responding to data/information requests within ten business days should relevant information not be publicly available.



5. Have an internal mechanism for processing data/information requests and take-downs of unsafe products.



6. Provide a clear pathway for consumers to notify the pledge signatory directly of unsafe product listings. Such notifications are treated according to signatory's processes and where responses to consumers are appropriate, they are given within 5 business days.

This KPI requires signatories to report on:

- Percentage of listings removed within 2 business days as a result of consulting a variety of information sources such as the [Product Safety Australia](#) website.
- Percentage of listings removed within 2 business days as a result of take-down requests made by Australian regulatory authorities.

Signatories were also asked to provide details of any issues that prevented them from removing listings within the 2 business day timeframe.

An average of **92.4%** of listings¹ were removed within 2 business days by the signatories as a result of consulting a variety of information sources such as the [Product Safety Australia](#) website.

An average of **96.6%** of listings² were removed within 2 business days as a result of take-down requests received from regulatory authorities³ to the signatories' direct contact point.

Figure 1: Percentage of listings removed



Signatories reported that they consulted the Product Safety Australia website frequently which resulted in a number of recalled products being removed. Some signatories also consulted directly with regulatory agencies, regularly reviewed feedback received including customer complaints and assessed reports from third-party sellers for information on recalled, banned and unsafe products. Signatories also nominated a dedicated contact point who addressed take-down requests from regulatory authorities.

Delays in removing of a small percentage of listings were mainly due to time differences where sellers and support staff were located in different countries, and complexity in identifying the relevant listing due to different model numbers or because they were listed in different categories and additional internal reviews were needed. One signatory identified that delays in removing listings at the request of a regulatory authority occurred when they sought further information from sellers on the listing and the sellers were unresponsive. To overcome this issue, the platform now de-lists the product immediately, conducts their investigation and contacts the seller following removal of the product from the marketplace.

Supporting compliance with the pledge

To support initiatives under the pledge the ACCC engaged with signatories to develop a standard form template to be used by regulatory authorities when contacting signatories regarding take-down and information/data requests. This form includes key details required from the regulatory authority to assist investigation of the product safety issue. The use of this template form by regulatory authorities has improved the quality of information provided to signatories, helping to enable the appropriate action to be taken without delay.

Signatories cooperating with regulatory agencies and implementing processes to effectively action take-down requests contributed to the positive outcomes achieved.

¹ 'Listings' refers to those products that are actively available for sale to a consumer located in Australia.

² This figure is based on data provided by 4 of the 5 signatories. One signatory did not receive any take-down requests.

³ 'Australian regulatory authorities' refers to the ACCC and ACL state and territory regulators.

KPI 2 - Empowering and trustworthy

This KPI encourages signatories to empower sellers and consumers with product safety information and to operate as a safe and trusted online business. This KPI addresses pledge commitments 7 and 8 using qualitative information provided by the signatories.



7. Implement measures to facilitate sellers' compliance with Australian product safety laws. Share information with sellers on compliance training/guidance, including a link to the ACCC's 'Selling online' page on the Product Safety Australia website.⁴



8. Cooperate with Australian regulatory authorities and sellers to inform consumers⁵ about relevant recalls or corrective actions on unsafe products.

For this KPI, signatories were asked to report on ways in which they promote product safety information to sellers and consumers as well as how they support consumers in accessing remedies.

Signatories approach to promote compliance for sellers

Signatories implemented various processes and procedures that assist sellers to comply with Australian product safety laws. Signatories have contractual agreements with sellers requiring them to follow all relevant terms and conditions, which include not selling unsafe products. One signatory verifies sellers' identities when they are registering on the marketplace and requests safety and compliance information for high risk products.

Another signatory noted that information they have shared with regulatory authorities has assisted with identifying trends for unsafe products and determining whether further actions such as voluntary recalls were warranted.

All signatories had processes in place to contact sellers and consumers for a product recall. Signatories also reported contacting sellers via email to promote an understanding on product safety guidelines and supported seller educational campaigns.

Some signatories have a dedicated seller portal which includes links, bulletins and compliance guides containing information from regulatory authorities. One signatory has a compliance team who are trained in regard to on-boarding sellers and providing up-to-date product safety information; this also allows them to conduct audits and review seller submissions.

One signatory proactively monitors listings for unsafe products and products that may be illegal, by using a filtering system combined with a manual review where necessary. Sanctions such as warnings, restrictions and account suspension for repeat offenders are also placed on sellers.

Signatories supported the pledge commitment to facilitating seller compliance and providing information and training by providing links to information on regulatory agencies websites, the Product Safety Australia website and hosting help pages on their own websites.

⁴ www.productsafety.gov.au/sellingonline.

⁵ This may also include informing sellers and requesting them to contact concerned buyers.

Approaches to inform and support consumers

In situations where consumers purchased either a recalled, banned or unsafe product, the signatories initially directed sellers to contact affected consumers to resolve the issue. In some cases, signatories have implemented follow-up procedures requesting sellers confirm they have contacted and resolved the issue with the affected consumers. One signatory contacts consumers affected by a recall in addition to the sellers, as a second layer of notification to ensure consumers were aware of the recall. Where sellers failed to resolve the issue with affected consumers, signatories provided customer support by liaising with sellers to resolve the matter. In some limited circumstances, where a resolution was not able to be reached, some signatories provided refunds directly to consumers or a remedy in line with a recalls notice if applicable.

Figure 2 below provides an overview of some of the types of actions and information provided by various signatories to sellers and consumers.

Figure 2: Summary of product safety actions and information for sellers and consumers



KPI 3 - Proactive and innovative

For this KPI, signatories were asked to report on how they prevent, detect and remove unsafe products, deter non-compliance and use innovation to improve product safety processes and initiatives. This KPI addresses pledge commitments 9 to 12, using a range of qualitative measures to ensure the signatory delivers proactive and innovative product safety mitigation strategies.



- 9.** Set up processes aimed at preventing or restricting the sale of banned, non-compliant and recalled products as appropriate.



- 10.** Put in place reasonable measures to act against repeat offenders selling unsafe products, including in cooperation with Australian regulatory authorities.



- 11.** Take measures aimed at preventing the reappearance of unsafe product listings already removed.



- 12.** Explore the potential use of new technologies and innovation to improve the detection and removal of unsafe products.

Approaches to prevent, detect, remove and deter unsafe products

Signatories implemented a range of proactive measures which identified, prevented and led to the removal of unsafe products during the reporting period. For example, all signatories monitor and conduct audits of their respective marketplaces.

One signatory blocks suspicious, unsafe or potentially non-compliant products using proprietary technology by screening sellers when they register accounts. This proactive approach blocks suspicious sellers before they can register or list products.

Additionally, some signatories use compliance teams to conduct reviews of their marketplace to detect potentially non-compliant products. One signatory has implemented a system where any staff member can trigger an investigation to remove a product if it is determined to be unsafe or non-compliant. Gating rules⁶ are also used by some signatories to block the listing and re-listing of potential non-compliant products.

Other signatories utilise keyword/search term filters to block various hazardous products and engage security teams that conduct regular sweeps for specific products. Some signatories also employ specialists to conduct daily audits of listings for high-risk products which are subject to mandatory compliance requirements.

One signatory implemented a procedure of auditing products in line with new product safety legislation and requesting sellers provide compliance documentation or require sellers to re-review compliance requirements in certain instances.

Signatories also used new technologies and automated processes to implement improvements in product safety. One approach used by a signatory is technology involving natural language processing and machine learning to scan sellers, products and brands to detect products of concern, suspicious activity and unusual behaviour patterns which are difficult to detect manually. Machine learning technology also helps identify repeat offenders before consumers see the product and can detect unusual patterns from specific sellers or listings. Some signatories also use image and keyword recognition to prevent the listing of unsafe products.

⁶ Gating rules refers to when an online platform imposes restrictions to block certain products being sold on their platform. Sellers are required to pass an approval process in order to sell the product on the platform.

One signatory receives information on global recalls and performs audits in line with this information; once a product is recalled the information of this recall is catalogued so as to ensure it is not relisted again.

Signatories employed a range of measures to deter the reappearance of dangerous products. Signatories applied a combination of automated processes and human expertise in assessing products. This included the use of technology that utilises keyword filters and analytics to identify risks to ensure products previously removed are no longer searchable or available for purchase.

Several signatories reported that they can impose sanctions for repeat offenders; for example, listings may be removed and sellers temporarily suspended. Repeat offenders may also receive stricter sanctions like account suspension if intentionally attempting to re-list unsafe or banned products.

Some signatories reported that they are able to investigate repeat offenders and have dedicated safety teams to assess, warn or suspend sellers, and serious violations may lead to sellers being permanently removed. Figure 3 showcases the initiatives by signatories.

Figure 3: Initiatives to prevent, detect, remove and deter unsafe products

Prevent	Detect	Remove	Deter
<ul style="list-style-type: none"> Blocking suspicious and unsafe products at account registration. Gating rules to prevent listing or re-listing. Keyword filters to block high-risk products being listed. 	<ul style="list-style-type: none"> Monitor and perform audits and reviews. Engaging specific security teams to conduct regular sweeps and daily audits. Sweeps for global recalls. Machine learning technologies to scan for products. Image and keyword recognition. 	<ul style="list-style-type: none"> One signatory allows any of their staff members to trigger an investigation to remove a potentially unsafe product. Requesting additional compliance information from sellers where required. Centralised system for regulatory authorities to report unsafe products. 	<ul style="list-style-type: none"> Technology to constantly scan for suspicious activity and unusual behaviour patterns. Machine learning technology used to identify repeat offenders. Sanctions such as removing products, account suspensions or account deactivation. Dedicated safety teams who assess, warn or suspend sellers.

Innovations to improve product safety processes and initiatives

Signatories provided details on several innovations to improve product safety processes. One signatory implemented a new system to collect and review license and certification information for high-risk products, which has facilitated improvements in product safety compliance.

Another signatory has made it a mandatory requirement when listing a product to complete the compliance section of the product listing for certain products and failure to do this will block the product. This signatory also communicates with sellers on compliance prior to having a high-risk product listed and further supports suppliers with online educational modules that provide sellers a broader understanding of product safety and the Australian Consumer Law.

New and emerging technologies are also being used as an innovation. For example, one signatory has implemented new predictive safety investigation technology that leverages machine learning to identify potential safety issues and removing these from their platform. One signatory is using web crawling technology and image recognition to detect the publication of new recall notices and actioning this on their website. Another signatory has utilised technology tools such as a Google Chrome extension which uses keywords to detect and remove unsafe products. Some signatories are utilising artificial intelligence tools to identify unsafe and counterfeit products and removing them.

One signatory has assigned a dedicated staff member to focus on innovative solutions to product safety enhancement. Another signatory has both dedicated local and global compliance teams who work with local staff to implement new technologies to identify potential safety concerns before customer feedback identifies them. Similarly, one signatory has created a system where participating regulatory authorities from around the world can report unsafe products easily for swift removal.

Lastly, one signatory has also engaged with the ACCC to identify improvements in processes and procedures associated with recalls. Figure 4 provides a summary of the innovations to improve processes and initiatives.

Figure 4: Innovations to improve processes and initiatives

<p>Technology initiatives</p>	<ul style="list-style-type: none"> ▪ Artificial intelligence technology to detect non-compliant products. ▪ Image recognition to detect non-compliant products. ▪ Web-crawling technology to automatically find new global recalls. ▪ Gating tools to block unsafe products. ▪ Google Chrome extension to detect unsafe products.
<p>Compliance initiatives</p>	<ul style="list-style-type: none"> ▪ Collecting and reviewing certifications for high risk products. ▪ Mandatory compliance checks before listing of product.
<p>Process changes</p>	<ul style="list-style-type: none"> ▪ Centralised system for regulatory authorities to report unsafe products. ▪ Engaging with regulatory authorities to improve recalls processes. ▪ Dedicated staff member focusing on innovative product safety solutions. ▪ Seller education on broader Australian Consumer Law issues.

Conclusion

Signatories' compliance with KPI 1 was strong and while some issues caused delays in the take-down of products, these were identified quickly and measures were put in place to improve processes.

In KPI 2, signatories showcased the importance of educating suppliers, promoting compliance and supporting consumers where suppliers are not assisting, demonstrating the consumer is still the platforms, number one priority.

Technology featured as an innovation to improve product safety processes in KPI 3. We are expecting technology to be further developed as a way to prevent, detect, remove and deter listings of unsafe products.

Overall, the initiatives and measures implemented by signatories to date are encouraging and demonstrate a strong commitment to the pledge. While we recognise some initiatives are in their infancy, we are anticipating future developments being implemented to further strengthen product safety measures across online businesses.

The ACCC recognises and appreciates the positive relationships we have established with all signatories and the positive initiatives they have implemented over this first reporting period. The ACCC are looking forward to broadening the adoption of the pledge and supporting signatories in their ongoing commitment to improving product safety.



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