



AUSTRALIAN COMPETITION
& CONSUMER COMMISSION

Australian Product Safety Pledge

Annual Report 2022

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Australian Competition and Consumer Commission
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Executive summary

The eCommerce industry continues to experience significant growth, with consumers embracing online shopping more than ever in 2021–22. In Australia, online shopping accounted for 19.3% of retail spend in 2021, with 4 in 5 households buying goods online and a spend of more than \$62 billion. This is up by almost a quarter from 2020.¹ But online shopping comes with risks, as consumers can be sold unsafe products and products which do not comply with Australian standards and bans.

In recognition of the risks to consumers, improving product safety online continues to be a Product Safety Priority for the Australian Competition and Consumer Commission (ACCC). To help protect the safety of Australian consumers when shopping online, in November 2020 the ACCC launched the [Australian Product Safety Pledge](#) (the pledge). Current pledge signatories are AliExpress, Amazon Australia, Catch.com.au, eBay Australia, and MyDeal.com.au.

Pledge signatories are accountable to do more than the current law requires. In making the pledge, signatories commit to taking preventative and corrective measures to improve online product safety. In addition, pledge signatories commit to self-reporting annually on their performance against pledge commitments, as measured by key performance indicators (KPIs). The ACCC publishes an annual report of overall performance against these KPIs.

In this first, full year, annual report since the pledge's launch, signatories reported a high level of compliance with quantitative KPIs, with over **99.8%** of self-detected unsafe listings removed within 2 business days, and over **97.8%** of regulator-initiated takedown requests actioned within 2 business days. Signatories reported that regulator engagement and manual vetting measures were supported with automated and rules-based technologies to detect and remove unsafe product listings. In several cases, signatories highlighted significant numbers of unsafe products that were prevented from being listed because of these technologies.

Signatories highlighted education and communication initiatives as key measures designed to promote online seller compliance. Initiatives included the development of product safety policies and seller rules, point-in-time education during registration or item listing, and the distribution of seller communications including newsletters and bulletins. They also reported the use of sanctions for non-compliance with listing policies to promote compliance. Several signatories highlighted new or developing technologies to promote product safety, including artificial intelligence, image recognition, automated scanning, and mandatory pre-listing compliance verification for high-risk products.

In reporting on measures designed to inform and support consumer awareness of product safety issues, signatories highlighted how they had helped communicate recall information of potential product safety issues to consumers. Some signatories also reported their facilitation of consumer access to remedies in certain circumstances.

¹ https://auspost.com.au/content/dam/auspost_corp/media/documents/e-commerce-industry-report-2022.pdf, p 7.

Looking ahead

The ACCC is pleased to see the promising improvements to product safety as a result of both continuing and new initiatives in 2021–22.

The ACCC is also attuned to, and concerned by, the continued presence of unsafe products available for sale online, this is reflected in its inclusion as a Product Safety Priority over several years and its commitment to initiatives such as the pledge.

The 2021 online product safety sweep by the Organisation for Economic Co-operation and Development (OECD) found that banned, non-compliant, or unsafe products, which have been prohibited from sale or recalled from the market, continue to be available for sale online.² The sweep also highlighted the issue of inadequate labelling and warnings, making it difficult for consumers to make informed purchasing decisions when shopping online. These issues were observed in both online retailers and marketplaces.

Against this background, we recognise the importance of the commitments made, and initiatives implemented, by signatories in taking the pledge to improve product safety online and the positive impact this has had.

As we move into the second full year of the pledge, the ACCC will continue to assess the effectiveness of existing pledge commitments, guidance materials, and reporting measures. We will also continue to work with pledge signatories to encourage the refinement and adoption of initiatives so that they are effective and able to meet new and emerging online product safety challenges.

The ACCC will also focus on working with non-signatories to encourage them to take active steps to protect the safety of Australian consumers when shopping online, including through taking the pledge.

² <https://www.oecd.org/digital/consumer/put-product-safety-first/>.

Introduction

The pledge commits signatories to undertake 12 product safety-related actions and to report annually on their performance measured against three KPIs. The pledge KPIs allow signatories to demonstrate how, through the adoption of the pledge commitments, they are contributing to reducing product safety risks for Australian consumers shopping online. Current pledge signatories are AliExpress, Amazon Australia, Catch.com.au, eBay Australia, and MyDeal.com.au.

The ACCC releases 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 2021 to 30 June 2022).

In this report, data submitted by signatories is aggregated and de-identified. 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 improvements achieved by the signatories to improve product safety on their platforms.

The quantitative responses to the KPIs provide a measurable indicator which allows for a comparative analysis of past and current performance. In future, these reports will also enable the identification of trends in product safety online.

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

KPI 1 - Informed and responsive

This KPI addresses pledge commitments one to 6 using both 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 resulting from 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.

Signatories combined, reported that over 15,000 potentially unsafe product listings³ were removed in the period 1 July 2021 to 30 June 2022, as a result of consulting a variety of information sources. Of those listings, **99.8%** were removed within 2 business days by the signatories. Information sources consulted include the Product Safety Australia and other regulatory authority websites to detect recalled products and product safety issues. Some signatories assessed reports from third-party sellers on recalled, banned, and unsafe products, and while the pledge does not require signatories to report on processes to respond to consumer notifications of potential unsafe listings, some signatories reported that they also reviewed consumer feedback to identify potential safety issues.

The ACCC encourages all signatories to ensure that in addition to consulting Product Safety Australia and other regulatory sources for information on recalled and unsafe products, they also capture, monitor, and respond appropriately to third party supplier and consumer reports, complaints, or posts of unsafe products.

³ Listings refers to those products that are actively available for sale to a consumer located in Australia.

Combined, signatories responded to over 400 take-down requests received from Australian regulatory authorities⁴, with **97.8%**⁵ of these requests actioned within 2 business days.

Figure 1: Percentage of listings removed



Of those unsafe product listings that were not removed within 2 business days, signatories provided reasons, including: the impact of sellers and support staff being located across different time zones; staff shortages due to COVID-19; and other internal process issues. Some signatories reported that the complexity of product listings and quality of information provided to them continues to pose challenges; however, engagement with regulatory authorities and the use of standard forms was reported to have helped resolve these issues.

Supporting compliance with the pledge

Regulatory authorities use a standardised take-down form to ensure consistent and relevant information is provided to signatories, facilitating the removal of unsafe product listings without delay.

Likewise, pledge signatories' cooperation with regulatory agencies was instrumental in effectively actioning take-down requests and contributed to overall compliance with the pledge commitments and the positive outcomes achieved.

⁴ 'Australian regulatory authorities' refers to the ACCC and Australian Consumer Law state and territory regulators. Reports against take-down requests made to the signatories' direct contact point.

⁵ To allow for meaningful comparison over time, this year the 2 percentage of listings removed figures have been calculated as a weighted average, aggregating absolute figures provided by signatories. This approach will be maintained going forward, however, please note that it differs from the 2021 KPI report, which reported an (unweighted) average of the percentages provided by signatories.

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.



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

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 promoting compliance for sellers

As reported in 2020–21, signatories apply a range of processes and procedures to promote seller compliance with Australian product safety laws. Signatories reported that sellers are responsible for ensuring compliance, and that product safety obligations are embedded in seller agreements through signatories' listing policies, terms and conditions.

As in the previous reporting period, signatories highlighted the role of seller education in promoting online product safety and compliance with listing policies, terms and conditions. While there were individual differences in how and when seller education was delivered, signatories variously reported the development and implementation of product safety policies, point-in-time education during seller registration or item listing, and the distribution of seller communications such as newsletters and bulletins. Several signatories used seller portals as a central information repository, with links to, for example, Product Safety Australia website pages, safety bulletins, compliance guides including information on selling across borders, and other listing policies. In some cases, sellers were provided webinars to foster understanding of mandatory standards or with links to laboratories accredited to provide product testing.

Communication with sellers when unsafe or recalled products were detected was highlighted as a mechanism by which seller compliance was promoted. In some cases, signatories reported that sellers were provided with information on the conduct of recalls or information bringing seller attention to relevant policies, guides, and product safety information.

Several signatories reported that they have, or are implementing, measures that require sellers to declare and/or provide evidence of compliance with relevant product safety requirements prior to listing products identified as high risk. For example, button batteries, products containing button batteries, and laser pointers.

The ACCC is encouraged by the implementation of pre-listing compliance measures and promotes the wider adoption of these types of preventative measures by platforms, particularly for high-risk products or categories.

In addition, several signatories reported an increase in activities such as audits and sweeps to promote seller compliance. If banned or non-compliant products were detected, signatories reported engaging with sellers in a 'tiered' fashion, depending on the seriousness and history of non-compliance. As in the previous reporting period, signatory responses ranged from the provision of information and warnings, through to restrictions, suspensions and bans for sellers that fail to comply with their obligations.

Approaches to inform and support consumers

Consistent with the previous period, signatories reported raising consumer awareness of product safety issues in various ways in 2021-22.

Similar to the last period, signatories indicated that, in the first instance, the onus was on sellers to notify consumers who had purchased a recalled, banned, or unsafe product. However, some signatories support consumer awareness through proactive contact, including by providing them with information and instructions on how to access remedies. Several signatories reported that they contacted consumers on behalf of sellers. In some cases, this intervention was limited to instances in which a resolution with the seller about remedies for unsafe or recalled products could not be achieved.

The ACCC considers the implementation of pre-listing measures to ensure that suppliers include labelling and warning information at the point of sale, as effective initiatives to put consumers in the best possible position to make informed purchasing decisions. We encourage the wider adoption of these types of measures.

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 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 innovate 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 combination of automated and manual processes to prevent, detect, and remove unsafe product listings. Overall, measures were like those reported during the last period, though further refinement and rollout of automated detection mechanisms, as well as processes and policies, were noted by several signatories.

A range of preventative measures were highlighted by signatories, ranging from seller education (discussed above) through to mechanisms to block product listings. For the latter, automated blocking mechanisms primarily used keyword filters to prevent recalled, banned, or unsafe products from being listed. In some instances, blocking a listing triggered seller messaging to inform and educate them on product safety and listing requirements.

The ACCC considers that coupling automated detection and blocking mechanisms with educating sellers on the reasons that prevention or removal has been initiated, has the potential to provide longer lasting impacts than either initiative alone.

As mentioned above, one signatory implemented a new pre-listing compliance initiative during 2021-22, where sellers must indicate whether the product is, or contains, a button battery before the listing can progress. Where sellers did not complete mandatory compliance information, automated systems prevented the product from being listed. Another signatory reported the introduction of a certification system for high-risk products.

The ACCC views these types of proactive compliance initiatives as promising measures to prevent unsafe products being sold on online marketplaces. We will continue to engage with platforms to encourage wider adoption of these types of initiatives with a focus initially on products and categories identified as high risk.

In some instances, keywords or filter algorithms were used to flag potentially non-compliant listings for further manual review prior to listing. These tools were also used where listings and/or sellers had been identified as high risk.

While the pledge does not require signatories to report on the number of listings of unsafe products that were prevented from being listed because of pre-listing measures, those signatories that did, reported significant numbers.

Going forward we will seek to work with signatories to explore the establishment of measures to capture the number of unsafe products prevented from being listed.

As with pre-listing measures, signatories also reported on the use of detection and removal mechanisms, which had both manual and automated/technology-driven elements.

As indicated above, all signatories have processes in place to detect listings of banned, non-compliant, recalled, and unsafe products based on publicly available information, and to respond to regulator-initiated take-down or other requests, such as sweeps. Several signatories provided examples of categories of concern, including products which were the subject of mandatory safety standards, such as the button battery standards.

Several signatories noted the importance of regular engagement with regulatory authorities to refine and update automated detection mechanisms, including keyword filtering and to inform audit and sweep activities.

In terms of automated detection processes, one signatory has implemented continuous scanning technology, while another signatory reported that the 'detect and flag' approach was utilised in situations where keyword filters would otherwise block significant numbers of compliant products.

In some instances, post-listing automated detection mechanisms triggered potentially unsafe listings for further review by compliance staff. Several signatories indicated that further reviews were also initiated by staff when product safety issues were suspected.

One signatory reported analysing customer feedback for product safety concerns. While another signatory implemented a process by which, if a product safety issue had been indicated by a consumer, the product was automatically flagged and triaged for review.

All signatories have processes in place to prevent the reappearance of banned, recalled, and unsafe products. Where sellers repeatedly violated product safety compliance requirements, signatories applied penalty systems with levels of escalation that ranged from education to account suspension, termination, and blocking. Some signatories reported the use of keyword filters and system analytics to identify and prevent new listings of the same product, previously removed, to ensure they were not searchable or available for purchase.

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

Prevent	Detect	Remove	Deter
<ul style="list-style-type: none"> Improved keyword filters and blocking mechanisms to prevent listing. Introduction of mandatory compliance fields to identify high-risk products. Filter algorithms used to flag potentially unsafe products for review before listing. 	<ul style="list-style-type: none"> Continued monitoring of public information to detect listings of banned, non-compliant, recalled, and unsafe products. Ongoing engagement with regulatory authorities to refine automated detection systems. Continued use, improvements to, and implementation of, AI technology to detect unsafe products. Analysis of customer feedback indicating potential safety concerns. 	<ul style="list-style-type: none"> Staff can initiate the removal of identified unsafe products. Continued use of centralised system to respond to regulator-initiated take-down requests. Refinement of manual sweeps and product audits to remove unsafe products. 	<ul style="list-style-type: none"> Constant scanning for suspicious seller activities. Repeat offenders receive stricter sanctions or shutdown. Activities of repeat offenders closely monitored.

Innovations to improve product safety processes and initiatives

Signatories provided several examples of new and innovative initiatives which contributed to improved product safety outcomes.

As noted above, the implementation of new pre-listing compliance and certification systems for certain high-risk products was reported by 2 signatories, which facilitated a more proactive approach to product safety control.

Similar to the last reporting period, several signatories mentioned the developing use of technologies including artificial intelligence, machine learning, self-updating algorithms, and image recognition tools to detect unsafe products. In addition, several signatories noted automatic and manual refinements to keyword filters, and geo-blocking mechanisms with natural language processing and machine learning as being important tools to ensure effectiveness of measures.

One signatory reported on the expansion of an automated removal system when banned, non-compliant, or unsafe products are notified by participating regulatory authorities. The system now allows regulators to send messages to sellers and buyers when products have been removed and request the platform conduct a sweep for similar product listings.

Several signatories also reported on changes to policies and processes designed to improve seller awareness of their responsibilities to product safety, including mandatory reporting and recall requirements. Others reported implementing proactive compliance verification measures to identify products with mandatory standards or in a high-risk category, as noted above.

Figure 4 provides a summary of the innovations to improve processes and initiatives.

Figure 4: Innovations to improve processes and initiatives

Technology initiatives	<ul style="list-style-type: none">▪ Artificial intelligence technology with self-updating algorithms.▪ Improved image recognition technology.▪ Automatic updates to recall alerts.▪ Systems for authorities to send customised messages to sellers.
Compliance initiatives	<ul style="list-style-type: none">▪ Certification system for high-risk products.▪ Expansion of manual audits by specialist teams.▪ Updated blocking methods and refinement of keyword filters.
Process changes	<ul style="list-style-type: none">▪ Upgraded controls for identifying products with mandatory standards.▪ Expansion of system for authorities to report unsafe products.▪ Workflows for sellers to easily confirm compliance to safety standards.▪ Repository of product safety information and reference material for sellers.

Conclusion

Summary of results

Signatories continued to demonstrate strong compliance with KPI 1 during this reporting period.

Against KPI 2, pledge signatories reported the continued use, and importance, of measures designed to educate sellers. In some instances, signatories refined or introduced new policies and processes to reflect changes in the regulatory environment or in response to emerging issues. The introduction of proactive compliance and certification verification measures by several signatories in response to new standards and high-risk products is welcome.

Signatories highlighted the role of emerging technologies in reporting against KPI 3. As in the previous reporting period, technologies including keyword filtering remained a key tool in preventing, detecting, and removing unsafe products. Emerging technologies, including artificial intelligence and image recognition, also played a role.

Looking ahead

The ACCC is pleased with the contributions of pledge signatories to product safety as a result of both continuing and new initiatives in 2021-22, and the positive impact that these initiatives have had on online product safety.

However, the ACCC is attuned to the ongoing challenges to safeguarding consumer product safety online and remains concerned about the volume of banned, non-compliant, recalled, and unsafe products which continue to be available for sale to consumers online.

The ACCC regularly engages with our international counterparts to understand emerging and ongoing online product safety issues. In 2021, the ACCC, along with 20 jurisdictions internationally, participated in the OECD's online product safety sweep. The sweep found that, of 1,196 banned and recalled products inspected internationally, 1,044 (87%) were found to be available for purchase. In addition, out of 1,410 products inspected, 438 (31%) had inadequate product labelling and safety warnings available at point of sale,⁶ making it difficult for consumers to make informed purchasing decisions.

As we move into the second full year of the pledge, the ACCC will continue to assess the effectiveness of measures to protect consumers from unsafe products online. The ACCC will explore possible refinements to guidance materials to ensure that, for example, they reflect current best practice and that reporting measures remain appropriate.

The implementation of effective measures to prevent banned, non-compliant, recalled, or unsafe listings is critical to reducing consumer harm. The ACCC encourages the wider adoption and, where necessary, refinement of pre-listing measures including initiatives to capture supplier compliance certification and prevent listing where this information is not forthcoming, particularly in relation to high-risk products, categories, or components. The ACCC considers that such measures, when coupled with seller education during attempted listing, together have the potential to reduce consumer harm and incentivise seller compliance over the longer term. The ACCC also encourages the adoption of pre-listing measures to ensure that suppliers include labelling and warning information at the point of sale, putting consumers in the best possible position to make informed purchasing decisions.

The ACCC also looks forward to working with non-signatories to encourage them to take active steps to protect the safety of Australian consumers when shopping online. We will encourage the adoption of the pledge's product safety commitments and formal attachment to the pledge when strong compliance with the requirements of the pledge can be demonstrated.

⁶ <https://www.oecd.org/digital/consumer/put-product-safety-first/>.



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