A guide to the Australian Consumer Law
For fundraising and other activities of charities, not-for-profits and fundraisers
This guide was developed by:

- Access Canberra, Australian Capital Territory
- Australian Competition and Consumer Commission
- Australian Securities and Investments Commission
- Consumer Affairs Victoria
- Consumer and Business Services South Australia
- Consumer, Building and Occupational Services, Tasmania
- New South Wales Fair Trading
- Northern Territory Consumer Affairs
- Queensland Office of Fair Trading
- Western Australia Department of Commerce, Consumer Protection

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# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>2</td>
</tr>
<tr>
<td>Fundraising and the acl</td>
<td>3</td>
</tr>
<tr>
<td>Your obligations under the acl</td>
<td>6</td>
</tr>
<tr>
<td>The prohibition against misleading or deceptive conduct</td>
<td>7</td>
</tr>
<tr>
<td>Unconscionable conduct</td>
<td>10</td>
</tr>
<tr>
<td>Obligations that only apply in connection with the supply of a good or service</td>
<td>11</td>
</tr>
<tr>
<td>Enforcing the law</td>
<td>14</td>
</tr>
<tr>
<td>Other obligations</td>
<td>15</td>
</tr>
<tr>
<td>Acl regulators</td>
<td>16</td>
</tr>
</tbody>
</table>
About the Australian Consumer Law

The Australian Consumer Law (ACL) is the national law for fair trading and consumer protection, which applies across Australia. The ACL came into force on 1 January 2011.

The ACL provides a range of specific obligations in relation to unfair practices, consumer transactions and safety of products and product related services.

A list of ACL regulators is provided at the end of this guide.

About this guide

The production of this guide is a result of stakeholder feedback provided during the Consumer Affairs Australia and New Zealand (CAANZ) Review of the ACL. CAANZ is made up of senior officers of Commonwealth, State and Territory and New Zealand government agencies responsible for consumer affairs or fair trading.

CAANZ developed this guide following interest from the charities, not-for-profit and fundraising sectors for information to help them better understand their current obligations under the ACL, particularly in relation to fundraising.

Whilst this guide focuses on fundraising activities, it also covers other activities which the sector may undertake, such as the supply of goods or services.

This guide:

- explains the law in simple language but is not a substitute for the legislation
- gives general information and examples, not legal advice nor a definitive list of situations where the ACL applies.

Other State, Territory and Commonwealth laws may apply to your entity. Further information is provided at the end of this guide.
Fundraising and the ACL

Key Point
If you engage in fundraising activities you may have obligations under the ACL.

The ACL applies to certain activities of charities, other not-for-profit entities and fundraisers. Whether the ACL applies to a particular fundraising activity generally depends on whether that activity occurs in ‘trade or commerce’. If it does, then you should expect the ACL to apply to that activity.

Your fundraising activities are also likely to be captured by other State, Territory and Commonwealth laws that govern charities, not-for-profit entities and fundraisers, including laws tailored to those sectors. You must ensure you comply with all applicable laws, including the ACL where it applies to you. Best practice is to ensure that your fundraising practices and other activities are fair, transparent and well governed, regardless of whether the ACL or other laws apply.

The application of the ACL

Key points
Generally, if you:
• engage in a fundraising activity involving a supply of goods or services
• are a for-profit professional fundraiser or
• are fundraising in an organised, continuous and repetitive way
then your fundraising activity is likely to be in trade or commerce and you are likely to have certain obligations under the ACL.

Generally, the ACL only applies to activities that are in trade or commerce, including business or professional activities, whether or not carried on for profit. Given this broad definition of trade or commerce, the ACL may apply to a range of activities conducted by a charity, not-for-profit or fundraiser.

When considering whether your activities are in trade or commerce, you need to consider the characteristics of the activity; not merely your organisational structure or whether your operation is for profit or not. You may be acting in trade or commerce for some activities but not others. Determining whether an activity is undertaken in trade or commerce depends upon the facts of each individual case.

Supply of goods or services
If you are regularly supplying goods or services in return for payment or other consideration then that activity is likely to be in trade or commerce and the ACL is likely to apply to you when you engage in that activity.

Example
A not-for-profit entity provides subsidised cleaning services to people who are disabled. The not-for-profit is able to subsidise the price of the services as it receives a range of government grants. The not-for-profit is likely to be engaging in conduct in trade or commerce because it is supplying a service to the consumer in exchange for payment, even though the price is subsidised, and the ACL is likely to apply.
Example
An environmental charity sells toy animals and children’s books bearing the charity’s logo. A proportion of the purchase price paid for these goods contributes to the preservation activities of the charity. As this type of fundraising involves the sale of goods the charity is likely to be engaging in trade or commerce and the ACL is likely to apply.

Professional fundraisers
Some charities, not-for-profit entities and fundraisers pay professional third party fundraisers to conduct fundraising activities on their behalf. Professional fundraisers are in the business of seeking donations and this is likely to be in trade or commerce for the purposes of the ACL. If you are a professional fundraiser, or if you engage a professional fundraiser to carry out fundraising activities on your behalf, then you need to be confident that the conduct of the fundraising activities does not breach the ACL.

Example
A professional fundraiser has been engaged by a cancer research charity to undertake a national fundraising campaign on its behalf. The campaign involves face to face fundraising residentially and at shopping centres across the country. The fundraiser asks members of the public if they wish to make an ongoing donation via direct debit to the charity. The fundraising is in trade or commerce because the professional fundraiser is in the business of fundraising.

Fundraising in an organised, continuous and repetitive way
Regardless of whether you collect donations or payments for goods or services by using volunteers, employees or professional fundraisers, if those fundraising activities are carried out in a business-like way then they are likely to be in trade or commerce and subject to the ACL.

Factors that indicate that fundraising activities are more likely to be undertaken in a business-like way and therefore in trade or commerce include some or all of the following:
• the fundraising activities are continuous and repetitive
• the fundraising activities are organised and managed (e.g. through the use of business plans or fundraising strategies, measurement of fundraising goals and outputs, processes, policies and procedures etc)
• the entity fundraising is established such that its activities (which include fundraising) are likely to continue e.g. the entity may be incorporated as a separate legal entity
• the entity fundraising uses resources (e.g. assets and employees)
• the fundraising activities are promoted or marketed
• financial or other records of the fundraising activities are maintained.

The above are not an exhaustive list of factors. Whether a fundraising activity is undertaken in a business-like way will always depend on the specific circumstances.

Example

An incorporated association is established for the purpose of providing volunteer emergency services, being partly funded by donations from the public. The association develops a fundraising strategy and undertakes regular fundraising drives that are organised and coordinated with a view to meeting its fundraising goals. The association keeps records of its fundraising revenue.

The ACL is likely to apply to the fundraising activities of the incorporated association, because these activities are undertaken in a business-like way and therefore the fundraising activities are likely to be undertaken in trade or commerce.

Example

A parent seeks donations from their social media network via an online peer to peer platform, stating that the money will be used to fund their child attending a State athletics carnival. As this fundraising is a one off event and donations are not being sought in a business-like way, the ACL is unlikely to apply.

Example

A school develops a one-off fundraising activity to support a cause which involves a donation from participating students. As this fundraising is a one off event and the donations are not being sought in a business-like way, the ACL is unlikely to apply.
YOUR OBLIGATIONS UNDER THE ACL

**Key point**

You should be open, transparent, truthful and fair when fundraising. If you are, then your activities are unlikely to raise concerns under the ACL.

The extent to which a particular provision of the ACL may apply to your activities depends on the wording of the provision of the ACL and the nature and characteristics of your activity.

Generally, if your fundraising activities are in trade or commerce then you have several obligations that you must meet. Broadly, you must not engage in misleading or deceptive conduct or unconscionable conduct.

In addition, the ACL contains other obligations in connection with the supply of goods or services, including prohibitions on making false or misleading representations and the use of harassment or coercion, as well as provisions which provide for consumer guarantees. These are dealt with below.

**Key points**

Generally, if your conduct is in trade or commerce:

- you must not engage in misleading or deceptive conduct or unconscionable conduct; and
- if your fundraising activities also involve supplying goods or services, you must not make false or misleading representations or engage in unconscionable conduct in relation to the supply of those goods or services.
THE PROHIBITION AGAINST MISLEADING OR DECEPTIVE CONDUCT

If you are a charity, not-for-profit or fundraiser with activities in trade or commerce then you are required by law not to mislead or deceive in relation to those activities. This obligation applies broadly, including if you are selling a good or service but also if you are seeking donations of money only (i.e. without supplying a good or service). This law applies even if you do not intend to mislead or deceive anyone.

Some examples of conduct that will mislead a consumer include:

- making representations about where the money you collect will go, or what proportion will be used to achieve the stated purpose, that are not true, accurate and able to be substantiated
- representing you are a volunteer collecting money on behalf of a charity, not-for-profit or fundraiser when that is not the case, for example, where you are a paid worker or receive a fee or commission from donations secured
- claiming that a person is making a one-off donation when they are in fact making a periodic (i.e. ongoing) donation
- claiming that the good or service a person is purchasing has certain qualities or characteristics that it does not have.

You can find general information about the obligation to not engage in misleading or deceptive conduct in trade or commerce in Avoiding unfair business practices: A guide for businesses and legal practitioners.

Example

A large, established charity provides ongoing financial support towards the cost of providing books to children in an overseas country with a low literacy rate. In the conduct of its annual fundraising drive, the charity represents to consumers that their donations will help improve literacy of children.

The fundraising activities of the charity are likely to occur in trade or commerce due to the organised, continuous and repetitive nature of its activities. The statement, on its own, appears to accurately reflect the true situation and is therefore unlikely to mislead or deceive consumers.
Example
A not-for-profit is conducting its annual fundraising campaign to raise money for homeless support services. While seeking donations, some of the organisation’s volunteers and workers require consumers to complete a credit card authorisation form to make, what the consumer is told is, a single donation via credit card. The form is actually an agreement for an ongoing monthly donation.

The annual fundraising campaign of the organisation is likely to occur in trade or commerce due to the organised, continuous and repetitive nature of these activities. The ACL is likely to apply to the conduct of the not-for-profit, through its volunteers and workers, in seeking the donations. The statements made by the volunteers and workers suggesting that consumers are providing a single donation only is likely to amount to misleading or deceptive conduct under the ACL.

Example
A professional fundraising company is paid to conduct a campaign, collecting donations on behalf of a charity that supports animal shelters. When seeking donations, the company’s workers represent, through a combination of the words they use and a range of visual factors (such as signs and uniforms), that 100% of the donations received will go towards the animal shelter charity. In reality, a large part of the donated funds is used to pay the fee charged by the company, which is based on the monthly amount the consumer commits to donate. The conduct of the fundraising company, engaged in on behalf of the charity, is likely to be in trade or commerce and likely to amount to misleading or deceptive conduct under the ACL.

This is because even where a representation may be technically true, for example representations made by a fundraising company that all funds received go to the bank account of the charity, it can be misleading if you have omitted other important information, for example that significant fees are then transferred from the charity to the fundraising company.
Example
A charity supporting disease research engages a professional fundraising company to conduct a fundraising campaign on the charity’s behalf. When asking for donations some of the fundraising company’s workers represent, through a combination of the words they use and a range of visual factors (such as signs and uniforms), that they are unpaid volunteers when in fact they are paid for their services by the fundraising company (which receives a fee for the services it provides to the charity).

The conduct of the professional fundraising company, engaged in on behalf of the charity, is likely to be in trade or commerce as it is in the business of fundraising. The representations made by some of its workers, that they are unpaid volunteers, are likely to amount to misleading or deceptive conduct under the ACL.

It can also be misleading to be silent on facts when you have created an alternative impression. Where you have given an overall impression that all or most funds go to the charity but you don’t adequately disclose that significant fees or commissions are paid to the fundraising company, this is likely to be misleading under the ACL.

Example
A not-for-profit engages a professional fundraiser to conduct fundraising on its behalf. Part of the fundraiser’s role includes managing the charity’s periodic (i.e. ongoing) donations. The fundraiser writes to consumers who have current periodic donations in place seeking an increase in the amount that each consumer regularly gives. The letter states that if the consumer takes no action in relation to the letter their periodic donation will be increased by the amount suggested in the letter. It has given the impression that it has the authority to increase the consumer’s periodic donation without their agreement when this is not the case. The statement is therefore likely to be misleading or deceptive.

Example
A charity has a website with a donation facility to raise money to feed hungry children. The website has a banner that says ‘100% of your donation goes to children in need of a feed’. However, as a charity with costs related to ensuring governance and professional administration, approximately 20% of every donation goes towards the cost of running the operation. The statement is therefore likely to be misleading or deceptive.

A more general statement, such as “Help us feed hungry children” may be more appropriate.
The ACL prohibits conduct that is unconscionable. Unconscionable conduct includes trading practices that are harsh or oppressive and go against good conscience. To be considered unconscionable, the conduct must be more than simply unfair – it must be against conscience as judged by the norms of society. Conduct may also be considered unconscionable in circumstances where one party knowingly exploits the special disadvantage of another. The prohibitions against unconscionable conduct reinforce the recognised societal value and expectation that consumers will be dealt with honestly, fairly and without deception and unfair pressure. There are slightly different provisions under the ACL dealing with unconscionable conduct, one of which only applies where conduct arises in connection with the supply or acquisition, or possible supply or acquisition, of goods or services.

You can find further information regarding your obligations in Avoiding unfair business practices: A guide for businesses and legal practitioners.

Example

A charity that routinely raises money to support overseas aid pays a professional fundraising company to seek donations in shopping centres. The collector stops a consumer who happens to be from a migrant background and begins a strong sales pitch. The consumer is not highly proficient in English but they listen and nod along to avoid being rude. At the end of the pitch, the collector asks the consumer to make a donation. The consumer agrees to make a $30 donation and the collector helps the consumer fill out a direct debit form. When filling the form out, the consumer points to a box which, if ticked, would make the donation an ongoing monthly deduction, and asks what it means. The collector doesn’t explain what the box means but tells the consumer to tick it.

The conduct of the collector, conducted on behalf of the charity, may be considered unconscionable as the consumer was unable to understand the documentation used and the collector is likely to have exploited the vulnerabilities of the consumer and used undue influence and pressure in getting them to sign up.
OBLIGATIONS THAT ONLY APPLY IN CONNECTION WITH THE SUPPLY OF A GOOD OR SERVICE

The obligations not to mislead or deceive or engage in unconscionable conduct apply to all activities that are in trade or commerce. In addition, if your fundraising or other activities involve supplying a good or a service then you also have further obligations under the ACL.

False or misleading representations

It is unlawful to make false or misleading representations in connection with the supply or possible supply of goods or services, or in the promotion of such supply. For example, you must not make false or misleading representations about:
- the quality or characteristics of the goods or services
- whether the goods are new
- where the goods were made
- testimonials relating to the goods or services
- the price or any guarantees or warranties.

Example

A not-for-profit which helps provide access to clean drinking water for developing communities overseas regularly sells handicraft which it represents is created by the overseas communities it assists. In reality, the products are not created by those communities and are instead made in Australia. The representations made by the not-for-profit are likely to be considered false or misleading under the ACL.

You can find further information regarding your obligations in Avoiding.

unfair business practices: A guide for businesses and legal practitioners.

Harassment or coercion

It is also unlawful to harass or coerce someone in connection with the supply of, or payment for, goods or services. For example, you cannot engage in unnecessary or excessive solicitation, or use actual or threatened force, in attempting to sell goods or services for the purposes of fundraising.

Example

A not-for-profit organisation uses volunteers to travel door-to-door selling books which fund the organisation's activities. One of the volunteers pressures a person with a brain injury into purchasing the books, telling the person that if they do not buy the books, the volunteer will report them to the local council for having an overgrown garden.

The conduct of the volunteer may raise unconscionable conduct and harassment and coercion concerns under the ACL because the book was supplied to the person using coercive tactics that appear to target them as a vulnerable consumer.

You can find further information regarding your obligations in Sales practices: A guide for businesses and legal practitioners.
Unsolicited Consumer Agreements

If your entity sells goods or services to consumers through door-to-door sales, telemarketing, or approaching consumers in public places such as shopping centres you should be aware of the ACL obligations that apply to ‘unsolicited consumer agreements’.

An unsolicited consumer agreement involves a supply of a good or service. Donations to a charity, including donations received by a professional fundraiser on behalf of a charity, are not unsolicited consumer agreements. As always, best practice is to ensure that your dealings with consumers are fair and respectful. Charities, not-for-profits and fundraisers who seek donations door-to-door, via the telephone, or by approaching consumers in public places should be mindful of consumers’ wishes regardless of whether the unsolicited consumer agreement provisions apply.

Example

A worker associated with a professional fundraiser collecting on behalf of a charity approaches a potential donor on the street and signs them up to a monthly periodic donation via direct debit. After the first deduction, which is made three days after the donor signs up, the donor changes their mind and requests that the funds be refunded and the monthly direct debit be cancelled. This scenario would not be treated as an unsolicited consumer agreement as it did not involve the sale of a good or service and therefore the consumer would not be entitled to the cooling off rights under these provisions. If the fundraiser was selling a good or service, unsolicited consumer agreements rights, including cooling off periods, could apply. Regardless, other ACL provisions such as prohibitions on misleading or unconscionable conduct may still apply and refunds should be given where conduct in contravention of these provisions led to the periodic donation. In any case, the charity should cancel the future monthly direct debits as requested by the donor.

You can find further information about the unsolicited consumer agreement obligations in Sales practices: A guide for businesses and legal practitioners.
Consumer Guarantees
The consumer guarantees are a set of rules that apply to goods and services supplied to a consumer.

Guarantees relating to the supply of goods
If you sell a good to a consumer there are certain guarantees. For example, if you sell a good to a consumer that fails to meet a consumer guarantee because it is faulty in some way, you must provide the consumer with a repair, replacement or refund depending on whether the fault is minor or major.

Example
A not-for-profit entity provides domestic repair and cleaning services at commercial rates to elderly people. In the course of cleaning gutters at one woman’s house, the handyman damages parts of the gutters causing them to leak when it rains. This may be a failure to perform work with due care and skill and the consumer may be entitled to have the work remedied free of charge and/or the cost of another handyman to remedy the failure.

You can find further information regarding consumer guarantees in Consumer guarantees: A guide for businesses and legal practitioners.

Guarantees relating to the supply of services
If you supply a service to a consumer there are certain guarantees, for example, that the service is provided with due care and skill. If you fail to meet a guarantee, and it is a minor failure, the consumer can ask you to remedy the work free of charge and within a reasonable time. If the failure with the service is major, then the consumer can recover compensation for any reduction in the value of the services or cancel the contract and get a refund for that part of the service not consumed.

Example
A not-for-profit entity sells handbags manufactured overseas to raise funds for delivering community employment programs. Some of the handbags are faulty. Depending on the nature of the fault, consumers would be entitled to either a repair or replacement of their handbag or a refund.

You can find further information regarding consumer guarantees in Consumer guarantees: A guide for businesses and legal practitioners.

National Disability Insurance Scheme (NDIS)
Some not-for-profit entities may supply goods or services to participants in the National Disability Insurance Scheme (NDIS), which allows participants who receive funding to purchase their own disability related goods and services. The ACL provisions outlined above may apply to these supplies.

You can find further information in A guide to competition and consumer law: for businesses selling to and supplying consumers with disability.
ACL regulators investigate complaints about potential breaches of the ACL and take enforcement action where necessary and where this falls within current priorities.

There are a variety of enforcement options available to ACL regulators, including issuing an infringement notice where the relevant regulator has reasonable grounds to believe that an entity has breached the ACL.

ACL regulators can also take court action against an entity, in some cases seeking monetary penalties. The maximum penalty for some ACL provisions is $1.1m for corporations and $220 000 for individuals, with lesser civil penalties applying to other contraventions.

Other remedies including Court enforceable undertakings and corrective advertising are also available. ACL regulators also utilise a range of compliance tools to prevent breaches of the ACL including business and consumer education, and working closely with stakeholders and other agencies.

ACL regulators may have regard to the adequacy of the compliance programs in place when considering the most appropriate remedy to an alleged breach of the law. An ACL regulator may take into account whether an entity has attempted to comply with this guide.
OTHER OBLIGATIONS

Other State, Territory and Commonwealth laws may apply to your charity, not-for-profit or fundraising entity. For example:

- laws governing your incorporation (i.e. if you are incorporated as an association, cooperative or company)
- fundraising-specific legislation
- gaming and racing legislation
- industry-specific legislation
- taxation, employment, criminal, occupational health and safety legislation.

Obligations may differ between states and territories. You may also have other obligations for various reasons. For example, if you are a member of a peak body or are in receipt of government grants or tax concessions or if you fundraise via an online platform.

Charities

If you are a charity registered with the Australian Charities and Not-for-profits Commission (ACNC), the national regulator of charities, you must conduct your operations in compliance with the Australian Charities and Not-for-profits Commission Act 2012 and ACNC governance standards.

The ACNC website also contains further information about other laws that may apply to your charity and has a dedicated page to fundraising and charity obligations, see www.acnc.gov.au/fundraising.

If you are unsure about your legal obligations, or which laws apply to your specific circumstances, you should consider seeking legal advice.

Example

A person sets up a one-time peer to peer fundraising appeal stating that the monies received will be used for seeking medical treatment for their ill child. They do not have a child and the money obtained was used for a holiday. The ACL is unlikely to apply to the misleading statements as the statement did not occur during a business-like activity done in a continuous and repetitive way. However, the person soliciting donations may be liable under other laws, including criminal laws, for obtaining a financial advantage by deception. The conduct may also breach the rules of the online platform used to seek donations.
ACL REGULATORS

State and territory ACL regulators

**Australian Capital Territory**
Access Canberra  
Ph: 13 2281  

**New South Wales**
NSW Fair Trading  
Ph: 13 3220  

**Northern Territory**
Consumer Affairs  
Ph: 1800 019 319  
[www.consumeraffairs.nt.gov.au](http://www.consumeraffairs.nt.gov.au)

**Queensland**
Office of Fair Trading  
Ph: 13 7468  

**South Australia**
Consumer and Business Services  
Ph: 13 1882  

**Tasmania**
Consumer Affairs and Fair Trading  
Ph: 1300 654 499  

**Victoria**
Consumer Affairs Victoria  
Ph: 1300 558 181  

**Western Australia**
Department of Commerce  
Ph: 1300 304 054  
[www.commerce.wa.gov.au](http://www.commerce.wa.gov.au)

**Australian Competition and Consumer Commission**
Ph: 1300 302 502  

**Australian Securities and Investments Commission**
Ph: 1300 300 630  