

When Sophie was walking down the street, she was handed an advertisement for a computer deal that sounded pretty good. The whole deal offered a PC, a CD-Rom, a modem and a network card. The offer also included some free internet access. Sophie was a little worried that she wouldn't be able to afford it.

She and Tye went to the shop to check it out. The sales assistant explained that there was no upfront payment, only a monthly payment of \$79.95 for 36 months. Sophie worked out that she would have to pay \$20 a week—even she could afford that!

When they got home, Nik was reading the newspaper. Excited, Sophie told Nik about the huge bargain. But then Nik showed Sophie and Tye what he had been reading in the paper. When she read the fine print on her contract, Sophie realised she would be paying a lot more than \$20 a week after the first month of 'free' internet access.

CONSUMER BODY WARNS ON 'CHEAP' PC-NET BUNDLES

By Kirsty Needham

The Australian Competition and Consumer Commission has warned consumers against the spate of 'free' and cheap computer deals on offer from major retailers.

The deals, which bundle computers with Internet access plans and require monthly payments for up to three years, have been introduced by Myer Grace Bros, Tandy and Harvey Norman as a way to encourage mass sales of PCs.

Internet service providers stand to benefit by locking subscribers into long-term contracts.

Acting ACCC chairman Mr Allan Asher warned against the complexity of some of the deals.

"There is a risk that consumers will be misled if important conditions and the

real price are only revealed in the fine print or flashed on to the TV screen for a few seconds," said Mr Asher.

Some of the offers charged higher interest rates than credit cards, he said.

He also questioned the idea of entering into long term contracts in such a fast-moving market, pointing out the cost of internet access has dropped considerably in the last three years.

"Consumers should at least find out how much it costs to end the agreement early," he said.

The Internet PC deals are based on the mobile phone sales model.

But the ACCC is concerned that the early days of marketing such mobile phone deals saw competition "distorted by misleading or deceptive conduct." ◀◀

Case Study: The 'gift' you pay for (continued)

In a small group, discuss these questions and write your answers below.

1. Why are the major retailers offering 'free' and 'cheap' computer deals?

2. How might Sophie lose out with the 'special deal'?

a) interest rates

b) long contract

c) prearranged ISP (Internet Service Provider) access

d) overall cost

3. GO to the *Money Stuff* website (www.moneystuff.fairtrading.nsw.gov.au) and click on *Just the Facts*. Click on *Computer* and find out the things you should consider before buying a computer and before choosing an ISP. Summarise them here.

