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CONSUMERS PROTECTION COUNCIL

REPORT FOR THE YEAR ENDED 30TH JUNE, 1967

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INTRODUCTION.

The Honorable the Attorney-General.

SIR,

In accordance with the terms of the *Consumers Protection Act 1964*, I have the honour to present the second annual report of the Consumers Protection Council. This report covers the period 1st July, 1966, to 30th June, 1967, which overlaps by two months (July and August, 1966) the previous report. The Council proposed this changed period to conform with statistical records which are kept on a financial year basis. The overlap does not materially affect the contents of this report.

Even in its second year of operation, the Council is still a unique body in Australia. The complaints it receives from consumers serve as an early warning of misleading and reprehensible sales and service practices. A single complaint, for example, may be classified by police or a government department as a cause for civil action. But when the same complaint is lodged against one company by 10, 20 or as many as 100 consumers the need for police or legislative action becomes more obvious. This was borne out during the year under review when the Council's activities became better known through press and radio coverage and through publication of "CPC INFORMATION" bulletins.

A study of the 1,883 complaints received since September, 1965, indicates that Victorians are under constant attack from companies using marketing and service methods aimed solely at extracting as much money as possible from consumers' pockets. The Council believes that sales and service practices as contained in this report are so questionable that consumers should not be subjected to them. Nor should consumers have to risk a solicitor's costs to find out whether he has been deceived legally or illegally.

We present in the report various recommendations for preventing unethical sales and services practices.

SECTION I.—COUNCIL'S FUNCTIONS AND OBJECTIVES.

(I) FUNCTIONS.

Under section 4 (1) of the *Consumers Protection Act 1964*, the functions of the Council are—

- (a) to investigate any matter affecting the interest of consumers referred to it by the Minister ;
- (b) to make recommendations with respect to any matter calculated to protect the interest of consumers ;
- (c) to consult with manufacturers, retailers and advertisers relating to any matter affecting the interest of consumers ; and
- (d) at any time but at least once in every year to furnish to the Minister for submission to the Parliament a report on its activities and on any matter affecting the interest of consumers which it thinks should be brought to the notice of the Parliament.

(II) OBJECTIVES.

The Council's work revolves around five major objectives—

- (a) To prevent objectionable sales practices ;
- (b) To prevent objectionable service practices ;
- (c) To prevent dishonest advertising ;
- (d) To assist consumers to know what they are buying ;
- (e) To assist aggrieved consumers to obtain redress.

SECTION II.—CLASSIFICATION OF COMPLAINTS.

1. From an average of 35 a month in the Council's first ten months, the flow of complaints increased to 125 a month in the year under review. During the last month of this year the Council received complaints from 360 consumers. The table below lists complaints received by the Council since it began operation on 1st September, 1965.

COMPLAINTS.
TABLE "A".

Month.	Period 1st September to 30th June, 1967.			
	Period 1st September, 1965 to 30th June, 1966.		Period 1st July, 1966 to 30th June, 1967.	
	No.	Percentage.	No.	Percentage.
July .. .. .	..	..	49	3.2
August .. .. .	..	..	62	4.0
September	3	0.9	118	7.7
October	16	4.5	70	4.6
November	15	4.3	102	6.7
December	20	5.6	63	4.1
January	15	4.3	74	4.8
February	27	7.7	113	7.4
March	59	16.7	142	9.3
April	66	18.7	134	8.8
May	74	20.9	243	15.9
June	58	16.4	360	23.5
Total	353	100.0	1,530	100.0

2. It is not easy to classify these complaints because many of them contain two or more elements such as false advertising, sales misrepresentation and faulty merchandise. In the table below complaints are classified by what was judged to be their main point.

ANALYSIS OF COMPLAINTS.

TABLE "B".

Type of Complaint.	Period 1st September, 1965 to 30th June, 1967.					
	Period 1st September, 1965 to 30th June, 1966.		Period 1st July, 1966 to 30th June, 1967.		Total No.	Percentage.
	No.	Percentage.	No.	Percentage.		
TV and Radio Repairs	51	14.5	231	15.1	282	14.9
Washing Machine Repairs	51	14.5	134	8.8	185	9.8
Refrigerator Repairs	36	10.2	72	4.7	108	5.7
General Electrical Repairs	8	2.2	35	2.3	43	2.3
Motor Car Sales and Repairs	6	1.7	52	3.4	58	3.1
Dry Cleaning and Laundry	14	3.9	65	4.3	79	4.2
Direct Sales (Door Calls and 'Phone)	27	7.7	110	7.2	137	7.3
Faulty Merchandise	54	15.3	96	6.3	150	7.9
Shop Sales	34	9.6	151	9.9	185	9.8
Packaging .. ..	..	..	30	1.9	30	1.6
Advertising	11	3.1	42	2.7	53	2.8
Home Improvements and Renovations	..	..	242	15.8	242	12.9
Hire Purchase and Lay-by .. ..	..	..	51	3.3	51	2.7
Furniture .. ..	..	..	33	2.2	33	1.8
Carpets .. ..	..	..	26	1.7	26	1.4
Home Manufacturing Appliances .. ..	..	..	45	2.9	45	2.4
Decimal Currency	12	3.4	..	..	12	.7
Miscellaneous	49	13.9	115	7.5	164	8.7
Total	353	100.0	1,530	100.0	1,883	100.0

SECTION III.—OBJECTIONABLE SALES PRACTICES.

1. DECEPTION IN SELLING HOUSE CLADDING.

Measurements of 8½ feet rounded off to 10 feet Salesmen being paid 50 cents of every dollar they overcharge a client Promises that a customer can recoup in commission every dollar of a \$2,000 purchase Discounts offered after "loading" the price.

These were a few of the practices associated with the sale of house cladding materials in Victoria during the year. Others reported to the Council included high-pressure sales tactics, misrepresentation, lies about product performance and tests, deliberate fraud, gross overcharging, worthless contracts and doubtful guarantees. Many consumers were attracted to signing contracts by offers of "sub-agency" commissions (a form of referral selling) and discounts for being declared a "model home".

Of 242 complaints about household improvements and renovations 173 concerned cladding—spray-textured coatings, 146; aluminium sidings, 25; wallboard, 2. The complaints accounted for cladding contracts totalled more than \$170,000.

Most complainants told the Council that after seeing their homes finished with spray-textured coating or aluminium cladding they felt their money had been taken on false pretences. Forty complainants reported spray-textured coatings that had deteriorated by cracking, peeling or discoloration—although companies had guaranteed them for up to 25 years, and some salesmen for 50 years.

The table below lists all the cladding companies complained about :
CLADDING COMPANIES.

Companies	Name of Product.	Guarantee Period for Materials.	No. of Complaints.
1. SPRAY-TEXTURED COATINGS			
Stonetex Coatings (Aust.) Pty. Ltd.	Stonetex ..	25 years ..	55
<i>Visa Industries Distributors :</i>	Visa-kote ..	15 years ..	37
Heywood Building and Finance Co. Pty. Ltd. .. .. .	..	..	..
Cleveland Coatings Pty. Ltd. .. .. .	..	..	..
Austracote Constructions Pty. Ltd. .. .. .	..	..	..
Universal Chemical Industries of Australia Pty. Ltd. .. .. .	..	..	..
Exterior Chemical Industries .. .. .	..	..	..
<i>Australux and Stratacite Distributors : (Agent : G. N. Raymond Timber Pty. Ltd.)</i>	Australux and Stratacite	15 years ..	10
Vinyltex Coatings .. .. .	..	..	..
Nu-View Constructions .. .. .	..	..	..
Cam-Bar Corporation .. .. .	..	..	..
Exterior Coatings Industries (Aust.) .. .. .	..	..	..
Melbourne Painting and Decorating Co. .. .. .	..	..	..
Surfa-Shield Co. .. .. .	..	..	..
<i>Textured Coatings of America (Aust.) Pty Ltd. Distributors :</i>	Texcote ..	25 years ..	10
Tru-Tex Exterior Coatings .. .. .	..	..	..
U.S. Chemical Co. of Australia Pty. Ltd. .. .. .	..	..	..
American Fibre Glass Industries (Aust.) Pty. Ltd. .. .. .	..	..	..
Universal Coatings	Resinite ..	25 years ..	6
Stemco	Not known ..	25 years ..	4
Miscellaneous .. .. .	..	20 years Average ..	24
2. ALUMINIUM SIDING			
<i>Hunter Douglas Ltd. Distributors :</i>	Permalum ..	10 years ..	24
Alumclad Home Improvements .. .. .	..	..	..
Melness Pty. Ltd. .. .. .	..	..	..
Outdor-Indor Aluminium Pty. Ltd. .. .. .	..	..	..
Restyle .. .. .	..	10 years ..	1
3. WALLBOARD SIDING			
Beau Industries	Bituminous ..	Lifetime ..	1
Textone Brick Renovations	Bituminous ..	Lifetime ..	1

Of the 25 complaints about aluminium cladding, 24 related to Hunter Douglas Ltd. and its distributors, Alumclad, Melness and Outdor-Indor Aluminium. All sell "Permalum" cladding, guaranteed for ten years, and engage in referral selling and model home agreements.

Consumers complained mostly about deceitful statements by the distributors' salesmen and other obnoxious sales practices. The Council has evidence of gross overcharging and cheating in selling "Permalum". The information suggests that aluminium cladding salesmen have based many price estimates on false measurements, "rounding off" measurements of 8½ feet to 10 feet. Some salesmen are reported to have received 50 per cent. of every dollar they manage to overcharge a client. This is in addition to their basic commission.

Only two complaints were received concerning wallboard siding. The other 69 complaints relating to home improvements were minor ones arising from the laying of concrete paths, structural alterations and disputes between householders and contractors. The Council was able to have these matters rectified or to help consumers seek redress.

Complaints lodged with the Council during the year illustrated how companies selling house-cladding materials practised deception in many ways—

(a) Sales Approach.

Doorstep canvassers obtained addresses and telephone numbers of potential clients for later contact by salesmen. Women were often engaged part-time to telephone householders with the "news" that they had been selected as "display home" owners. One complainant told the Council of a salesman from Heywood Building & Finance Co., who promised a householder's wife \$30 a week to contact potential clients and to make misleading statements that would lead to an appointment for the salesman. The woman was told she would earn enough this way to repay the loan raised to clad her home.

(b) *Advertising.*

Many cladding company advertisements were misleading in some way. For example, an advertisement by Visa Industries in the Melbourne *Herald* on 22nd April, 1967 stated falsely that the product, Visa-Kote, had been approved by the Department of Supply. The same lie was repeated by the Victorian distributors of Visa Industries in the Melbourne *Sun* and *Herald* on 28th June, 1967.

(c) *Discounts, Commissions and Other Inducements.*

Unscrupulous salesmen used several approaches to make it appear that the householder was receiving a price reduction. The salesman promised a "special price" if the client agreed to his house being used as a display home, or if the client allowed an advertising board to be erected outside the house. The figure quoted before the discounted price was *highly inflated*. Other inducements offered to potential customers included gifts of watches and cutlery, promises of free holidays and offers to pay outstanding hire-purchase debts if the householder entered into a cladding agreement.

The most potent inducement of all is called *referral selling*, under which the householder is offered between \$25 and \$100 for every other buyer he refers to the company. Complaints filed with the Council showed that the client was led to believe that in this way he would recover all or part of what he spent on cladding. Before signing a \$2,000 aluminium cladding contract with Alumclad, one complainant was told that he would recoup the total cost within eight months. He was to receive five \$50 cheques each month for client referrals. The complainant approached the Council and was advised to see his solicitor. The company then removed the cladding and cancelled the contract.

(d) *Guarantee Loopholes.*

Guarantees issued by many companies have loopholes. Stonetex and Visa Industries, for example, specify :

"This guarantee does not cover damage resulting from the settling of building, building movements, structural defects, movement of timbers, efflorescence, or mechanical or external causes, nor does it extend to any products used on external trim surfaces."

This clause would appear to clear the company of responsibility for deterioration of the product by cracking or peeling. The C.S.I.R.O. Building Research Division has informed us that spray-textured coatings applied to weatherboard houses are subject to cracking because weatherboards contract and expand with the variation between seasons.

(e) *Non-existent Endorsements.*

Salesmen claimed that such authorities as the C.S.I.R.O. Building Research Division, the Commonwealth Department of Supply and the University of N.S.W. had approved cladding materials.

Each authority denies this. Fire brigade and insurance spokesmen also deny claims that cladding reduces fire risk and adds to the value of a home. The attitude of housing finance bodies in Victoria suggests strong disapproval of cladding materials. Co-operative Housing Societies and the Home Finance Trust of Victoria will not advance money for house cladding. Banks, too, have dissociated themselves from cladding, and the Housing Commission of Victoria forbids its use altogether.

2. ROLE OF MONEY-LENDER IN CLADDING CONTRACTS.

The contract arranged between the householder and the cladding company is taken over by a finance company, sometimes without the householder's prior knowledge. Finance is arranged on a personal loan basis without security at a flat rate of interest of 8 per cent. per annum. A householder who has found faults in cladding (for which he may have paid up to \$2,000), or who finds he has been a victim of misrepresentation by a salesman, has no other redress than to take civil action for damages against the cladding company. He cannot suspend payment on the loan because the money borrowed is owed to the finance company.

Custom Credit Corporation Ltd., which supplies most cladding loans, has declared it is not concerned with the performance of materials or misrepresentation by salesmen. The company insists that the borrower repay the loan under the terms of the personal loan contract. It has frequently happened that a dissatisfied householder has been unable to obtain any redress against a cladding company because the company no longer exists or is insolvent.

Such situations cannot be considered reasonable and the Council believes that a consumer placed in this predicament by obnoxious sales practices or failure of the merchandise, should have some redress against the cladding company and the money-lender.

In the State of Washington, U.S.A., a finance company recently lost its money when the State held that certain house cladding contracts were legally tainted and consumers were not obliged to pay.

Council recommends.

That legislation be introduced, stipulating that, if any money-lender provides finance for home improvements pursuant to an agreement whereby the service company has agreed to arrange finance, and should the householder recover judgment against the service company for breach of contract and this judgment cannot be satisfied, then the money-lender's rights to recover its loan should be extinguished to the extent of the judgment remaining unsatisfied.

3. DECEPTION IN DOOR SALES AND INADEQUACY OF DOOR TO DOOR (SALES) ACT.

The Door to Door (Sales) Act, which applies to unsolicited credit sales made on the doorstep, was designed to protect consumers from unscrupulous companies. Some companies are treating the Act as a challenge . . . something to circumvent on the way to a lucrative sale.

These companies do not provide consumers with the compulsory statement of advice on how the agreement may be cancelled within five days. The Act provides that in such instances the vendor cannot enforce the agreement. This is an excellent remedy only if the householder knows his rights.

Council Recommends.

That in addition it be made an offence for a vendor not to supply a statement in the form of the schedule to the Act and that agreements with interstate companies may be terminated at their registered Victorian offices.

Doorstep salesmen do not consider the Act covers selling on layby or hire purchase. Both methods of selling are used to deny consumers their rights under the Act.

A complaint received towards the end of the year indicated that one company was trying to shake off the inconvenience of the Act by selling manchester goods on layby extending over three years. The company took a deposit from a housewife, obtained monthly repayments and told the consumer that the agreement was not subject to the Act.

Companies also provided finance for hire-purchase agreements simply to overcome the conditions of the Act.

Council Recommends.

That the Door to Door (Sales) Act be amended to cover all credit sales including layby and hire-purchase agreements on the doorsteps whether or not the sales call was unsolicited.

The sale of house cladding on the doorstep is considered to be outside the Act because the merchandise is not severable from the realty. Accordingly cladding companies have been able to ignore householders' demands to cancel agreements within five days of signing. To have had the benefit of the cooling-off period would have saved many householders many thousands of dollars.

Council Recommends.

That the Door to Door (Sales) Act be amended to make cladding contracts subject to the five-day cooling-off period.

In the Senate, State of New York, householders will soon be able to revoke cladding contracts subject to a cooling-off period.

Companies operating in the twilight area of marketing, use lies to win most of their sales.

Why should a consumer answer the telephone to be told she has won a prize or her house has been selected as a model home? Why should a householder have to suffer persons on his doorstep with a fake story such as, "Our product has been tested by the Department of Supply and is guaranteed by the C.S.I.R.O.?" Why should a householder be exposed to the guiles of someone who says he is conducting a survey when he is really selling encyclopaedias? . . . Or to a person selling magazine subscriptions who says she is raising funds for an overseas scholarship?

The type of company that uses such twilight tactics usually refuses to stand behind anything its salesmen promise. Cladding contracts sighted by the Council include a clause stipulating that verbal statements not contained in the written contract are not binding on the company. In other words, the salesman can make rash promises about the product without his employer incurring liability.

The Council has evidence of companies training their salesmen in these lying tactics. Because such tactics are often used to sell encyclopaedias, the Council developed a code of ethics for encyclopaedia salesmen based on one promulgated by the British Consumer Council. Australian encyclopaedia publishers and distributors were asked for comments. The response was poor and the request was ignored altogether by Colliers and Caxton, two major encyclopaedia publishers.

Council Recommends.

To prevent deceptive practices applied by persons and companies engaged in doorstep and telephone selling, the present hawkers and pedlars licensing system should be amended so that everybody engaged in direct-selling should hold a "Door Sales Licence" which could be withdrawn should it be proved that a company or salesman engaged in practices calculated to deceive the customer. Such a licensing system would not inhibit the activities of reputable companies which have for many years used ethical methods to sell reliable products on the doorstep.

The Council considers referral selling, model home agreements and worthless long-term guarantees as techniques of dishonest companies. Referral selling, was imported from U.S.A. where it has been banned in at least two States, The Supreme Court of the State of Washington calls it an illegal form of lottery, and Illinois, under its Act to Prevent Consumer Fraud, provides: "The use or employment of any chain referral sales technique, plan, arrangement or agreement whereby the buyer is induced to purchase merchandise of a cash sale price in excess of three hundred dollars upon the seller's promise or representation that if buyer furnish seller names of other prospective buyers of like or identical merchandise that seller will contact the named prospective buyers and buyer will receive a reduction in the purchase price by means of a cash rebate, commission, credit towards balance due or any other consideration, which rebate, commission, credit or other consideration is contingent upon seller's ability to sell like or identical merchandise to the named prospective buyers is declared to be an unlawful practice within the meaning of the Act."

Council Recommends.

That referral selling, model home agreements and worthless long-term guarantees be banned by legislation.

4. FALSE INDUCEMENTS FOR PART-TIME EARNINGS.

Other sales approaches classified by the Council as twilight marketing tactics do not involve doorstep salesmen. For example: *Income in the home*: A company convinces a consumer interested in part-time earnings to buy one of its machines, promising to provide him with a useful income by taking his entire output. The catch is that the company may declare the finished products not up to standard and refuse to buy them.

Firms offering kits or machines to make wire, lampshades, costume jewellery and wire coat-hangers in the home and promising to buy the goods produced by their customers led to 45 consumer complaints.

Renshaw Wire Products promised substantial earnings from chain wire made on its machines. The Attorney-General's Department has been actively investigating complaints in this field.

The House of Vidal, New South Wales, offered at \$5.25 kits to make plastic lamp-shades and promised to buy purchasers' output. Consumers who sent money to the advertised address neither received the kits nor heard from the firm. N.S.W. police investigated but it is believed the firm's owner has left Australia.

Rowell & Company, Brisbane advertised appliances to make wire coat-hangers and indicated it would pay \$15 a thousand hangers. The kit, costing \$48, consisted of a board with several pegs in it, a leaflet telling how the wire was to be wound round the pegs to make the hangers, a shank of wire and a pair of cheap pliers.

Dry cleaning industry spokesmen told the Council that hangers made this way would be unacceptable to dry cleaners and better hangers were available at a lower price.

The Jewellery Academy, Melbourne, advertised tools to make costume jewellery at home. The kit, costing \$58, was made up of tools that were valued by a retailer at about \$10. The Council obtained refunds of money paid by complainants.

Council Recommends.

That the scope of the Police Offences Act relating to false advertising be widened to counter such operations and that advertising media should be most cautious in accepting advertisements for these types of offer.

5. BOGUS FRANCHISES.

One complainant paid \$588 for 120 gallons of paint from Ring Marketing Co., Sydney, which guaranteed to provide her with three hardware retailers who would sell the paint, returning her a profit of \$2 a gallon. The three outlets provided by Ring were a milk bar, a wine and spirit merchant and a grocery shop, all of which denied any contact with Ring and refused to stock the paint. The Council referred the complaint to police.

Another complainant bought from Seabourne Supply Company, Sydney, an "exclusive" franchise to sell car polishes in the Ararat area. He paid \$3,000 for four display stands and a quantity of polishes. Seabourne promised to set up the stands at four service stations so that he would receive a weekly income of \$80 from sales. Complainant had to write several times before Seabourne delivered the stands. He claimed the quantity of polishes supplied was only half of what was promised and that three other persons had also been sold "exclusive" franchises for the same area. The Council referred the complaint to police.

6. ACCOUNTS FOR UNREQUESTED SERVICES AND PRODUCTS.

Under this deceptive marketing practice the consumer receives in the mail a free record, book, magazine or picture for framing. He is told he is privileged to continue receiving similar goods each month and will be duly invoiced. The accompanying literature says the onus is on the consumer to advise the sender that he does not want to be accorded such a privilege . . . In other words, don't order the goods and you will continue to get them. The same approach traps some business firms and individuals who find themselves receiving a free entry in a business directory . . . then receiving the directory and an invoice.

Council Recommends.

That consideration be given to introducing legislation to control these types of practice.

SECTION IV—OBJECTIONABLE REPAIR PRACTICES.

1. ABUSE OF TRADESMEN'S LIEN.

Many repair companies take an appliance from a consumer's home for workshop attention, first insisting that the consumer sign a form to authorize the repairs. This allows the company to shelter behind the repairer's lien, a measure designed to protect the honest tradesman from dishonest or forgetful customers. Used dishonestly, the lien enables an unscrupulous repairer to impose on his customers.

(a) TV and Radio Appliances.

Of 231 complaints received during the year 131 concerned the firm, Milleradio. They alleged overcharging, faulty workmanship and delays in returning the appliances. Whenever an appliance was handed over for repairs the owner was obliged to sign documents classified by the firm as service contracts.

These gave Milleradio authority to carry out whatever repairs it considered necessary without regard to cost. Complainants told the Council that price quotes were sometimes given or promised, but neither the promises were fulfilled nor the quotes adhered to.

Below are three examples of Milleradio at work :—

—Milleradio quoted an 18-year-old youth \$50 to repair his 17-in. TV set, agreeing to take \$10 deposit and the balance in weekly payments. When he collected the set, the youth was presented with a bill for \$97 and found the credit agreement had been altered without his knowledge to cover the extra \$47. He later found the set was still faulty and returned it to Milleradio, where he was told that more repairs were needed and this would cost still more. The youth objected and Milleradio demanded immediate payment of \$97 or it would sue him. Another firm quoted the youth \$24 for the required repairs. The Council referred the youth to the Legal Aid Committee.

—Complainant left a portable TV set with Milleradio, asking that no repairs be made until he received a firm quote. Several days later Milleradio contacted the complainant, saying the repairs had been carried out at a cost of \$20. Complainant agreed to pay only if the work was guaranteed. He found the set was not functioning properly, returned it to Milleradio for attention and was later charged \$3 for the work. The set was still not working and it was left with Milleradio again. The set was returned three months later with an account for \$31.25. The Council advised the complainant to contact the Legal Service Bureau.

—Repairs to a stereophonic tape recorder sent to Milleradio cost \$43. The owner found the unit still would not operate properly and returned it to Milleradio, which then repaired the tape recorder satisfactorily. Eight months later the owner received a bill from the firm for \$50.82 for additional repairs. He refused to pay and the Council advised him to consult a solicitor if Milleradio threatened legal action.

Not long after complaints about Milleradio became regular, the Council asked the firm to comment on fourteen of the allegations. The reply received was so unsympathetic that the Council decided it was pointless to approach the firm for further comment. The Council now tells complainants that the only avenue of redress for Milleradio's aggrieved customers is through legal advice. The same answer is given for complaints against the debt collection agency set up by Milleradio, Central Debtors Directorate, Box 100, Toorak.

Consumers generally have not been happy with this form of advice, mainly because of the costs of litigation. Many who have had legitimate grievances have elected to pay the repair costs rather than engage in court action. Persons in needy circumstances have been referred to the Legal Aid Committee and ex-servicemen or their families to the Legal Service Bureau.

(b) *Washing Machines, Refrigerators.*

One firm, Rewind Services, accounted for 128 of 206 complaints alleging overcharging, faulty workmanship, delays in returning appliances and deceptive documents that consumers were obliged to sign before repairs were undertaken. This firm advertised in the Pink Pages telephone directory under Ardex Refrigeration Pty. Ltd., Domain Refrigeration Pty. Ltd. and Dome Refrigeration Pty. Ltd. The Council found that Ardex and Domain were not registered companies but were only business names. Rewind Services was not advertised in the directory but was mentioned on all documents issued by the other "companies." In their advertisements the firms offered twelve months' guarantee on work and boasted several pick-up depots and eight telephone lines. In fact there were no depots, guarantees were never honoured and the Council believes there was only one telephone line. Each Council approach to Rewind Services was met with a flat refusal to discuss the matter. The Council later forwarded details of all complaints to the police department, which investigated the allegations and prepared fraud charges. The Council also obtained the services of mechanics from Frigidaire Products, A. G. Healing Ltd., J. W. Stamp Pty. Ltd. and Hoover (Aust.) Pty. Ltd. to help in this investigation. Similar approaches to Simpson/Pope Ltd. and Kelvinator (Aust.) Ltd. were flatly refused.

Examples of complaints received by the Council—

—A mother of two-month-old twins asked Dome Refrigeration (formerly Rewind Services) to have her washing machine repaired. The serviceman who took away the machine quoted the cost at \$16. For ten days the complainant telephoned Dome, asking when the machine would be returned. After twelve days she received a letter from Dome saying the repairs were finished and would cost \$80—cash before delivery. Complainant sent a cheque and explained how urgently she needed the machine. Seven days later the machine was returned, but only after Dome had asked the complainant's bank to clear her cheque. The repairs were unsatisfactory and the Council suggested that the consumer consult a solicitor.

—Consumer signed a release slip for Rewind Services to repair his washing machine. He never received the quote he asked for but a fortnight later a letter advised him that the repairs had been effected. The cost : \$60, cash before delivery. After paying, the consumer found the machine was not working. He contacted Rewind Services and was told he would have to sign another release slip before repairs could be started. Consumer passed the matter on to the manufacturer, which repaired the machine for \$17.50. The Council advised the consumer to consult a solicitor for redress.

The Council believes Rewind Services banked on threats of legal action to bully customers into paying for repairs. Although many complainants felt that Rewind charges were grossly excessive, they paid rather than risk the cost of litigation. While work on this report was in progress the owner-manager of Rewind Services was sentenced to three years gaol, without being eligible for parole until two years of his sentence was served.

Most complaints concerning faulty workmanship from other repair shops were able to be rectified by a Council approach to the repairer.

Council Recommends.

That the entire legal aspect of the repairer's lien on goods be examined in the light of unscrupulous service companies exercising unwarranted control over goods prior to the payment of accounts for repairs.

(c) *Service Fee for Home Calls.*

The only other aspect of appliance repairs that seriously worried consumers was the service fee of \$5 charged by most repair companies for each visit to the home. Consumers generally did not object to this fee for the first call but could not understand why they should pay the fee for a visit to rectify faulty workmanship.

2. DENIAL OF RIGHT TO CHECK REPAIRS.

A repair company can refuse a customer's request to have repairs checked by an independent body (such as the R.A.C.V. for a car) before taking delivery from the repairer.

For example, this year a consumer's car was extensively damaged in a road accident and the body works carried out repairs assessed by the insurance company at more than \$800. When the car was ready for delivery the owner asked if he could have it tested (at his own expense) by the R.A.C.V. before signing a clearance document. The body works refused but guaranteed the repairs. After signing the clearance under duress the consumer took the car to an R.A.C.V. test centre. The result : Mechanics declared 24 items (totalling \$449.99 on the list of costs) as being unsatisfactory and warned the owner against driving the car because it was unroadworthy. Although the repairs were guaranteed the consumer decided not to return the car to the body works because of their incompetence. He referred the matter to his solicitor and the Council forwarded details of the complaint to the Attorney-General.

SECTION V.—DISHONEST ADVERTISING.

Most complaints during the year related to retail advertising and misrepresentation in classified advertisements carried by suburban and metropolitan newspapers. The Council realizes that complaints can be raised against the press and television advertising of major manufacturers and marketing organizations, but apparently the individual consumer concentrates on matters which directly affect his pocket. These are generally confined to the operations of retailers, direct selling companies, and doorstep salesmen. Consumer organizations have not raised matters concerning general or specific aspects of national advertising.

In its 1966 report the Council objected to entries in the Pink Pages classified directory where some repair companies used names so close to those of major manufacturers that a consumer could assume they were agents or service divisions of the manufacturers. Among the names were Frigidaid, Kelvinaid and Hoovex—all registered business names. The Council noted their deletion from the current Pink Pages directory, although Hoovex is still listed in the white pages directory.

The Council received complaints from consumers who indicated that when intending to contact Frigidaire or Hoover they were misled by these trade names.

We discussed with officers of the P.M.G.'s Department, the use of the trade names Hoovex and Frigidaid. The Department was powerless to prohibit such entries in the Telephone Directory because the companies had been registered by the Registrar of Companies. The Council also discussed the problem with the owner of Manual and Auto Washing Machine Services. He advised that it was one of the most important means available to him to attract custom.

Council Recommends

That the Registrar of Companies should not register service companies which choose business names close to the names of the manufacturers whose products they seek to repair.

That the P.M.G.'s Department refuse to accept advertising considered likely to mislead or deceive the public.

SECTION VI.—CONSUMER INFORMATION.

The Council strongly endorses the idea of informative labelling of products as a means of consumer protection. For example—

1. WEIGHTS AND MEASURES.

The surest way to help consumers judge what value they receive for their money is to have the net weight or volume of a product clearly marked on the container in units which are readily understood. Weights and measures legislation to be introduced in Victoria during 1967-1968 will improve the position for consumers but the Council is concerned at sections of the draft code circulated to industry for discussion during the year. The Council believes the amended legislation will allow the use of obsolescent and eccentric measures. For example, one manufacturer sells a block of chocolate marked "5 ounces, 7 drams." Many consumers may not know that a dram is $\frac{1}{16}$ oz. Similarly how many consumers know that a cental (a measure permitted under the forthcoming legislation) equals 100 lb.? A manufacturer selling a product in hundredweight bags could reduce the weight to 100 lb. and change the marking on the container from "1 cwt." to "1 ctl."—a manoeuvre that should not be permitted by legislation. The Council believes that consumers can best be protected if manufacturers are restricted to using pounds, ounces and fractions of ounces for weight measures; and gallons, pints and fractions of these units for volume.

2. PACKAGING AND LABELLING.

Complaints in this category were generally attended to readily by manufacturers and retailers. Consumers expressed concern about the contents of some packets not measuring up to their stated description . . . products such as potato chips and toothpaste being sold without any indication of net weight . . . packages that are larger than the contents warrant. Some consumers suggested that perishable and semi-perishable foods should be marked with a date after which they should not be sold to the public. Others complained that they had been deceived with products that can be maintained at the same volume while the concentration of an essential ingredient is varied. Thus the bleach content of liquid preparations can be reduced without the buyer knowing. Consumers felt that the labels on such products should carry information on changes in ingredient strength or density.

3. CLEAR PRICING.

Decimal Day is long past, yet used-car yards and other traders still mix a £1 with a \$1. The Council urges that this practice be stopped.

4. BRANDING OF FOOTWEAR.

The Federated Leather Tanners' Association of Australia submitted that the nature of the materials used for the sole of the shoe, including the inner sole, be clearly printed on the sole of the shoe, that is, substantially, that existing regulations be enforced, and that the nature of the components of the upper, lining and sock lining, be clearly printed on the sock lining of the shoe. It was suggested that suitable wording could be as follows :—

(a) All leather

or

(b) Upper—(leather, fabric, nylon mesh, synthetic, &c.)
Lining—(leather, fabric, nylon mesh, synthetic, &c.)

The Federated Leather Tanners' Association of Australia contended that besides having a vested interest in this form of labelling, it would also be of great benefit to consumers who suffer from problems associated with synthetics which are widely used in the uppers of shoes.

The Council believes that clear, informative labelling which allows a consumer to know what he is buying and how he should look after the product is in the interest of all consumers. The Council therefore has endorsed the recommendations put forward by this Association. We understand that a similar submission has been made to the Department of Labour and Industry which at present administers the Footwear Regulations Act.

5. CARE LABELLING.

The Standards Association of Australia's new code of textile labelling deserves the support of governments, manufacturers, retailers and consumers. The code, called AS-L38, recommends standard terms to be used on garments to indicate how they should be washed or dry cleaned. Major trade bodies of garment makers and retailers support the code. Its widespread adoption would eliminate many complaints against manufacturers, dry cleaners and launderers. But because it is voluntary, the code can be implemented only through considerable publicity directed to the industry and the public. The Standards Association of Australia lacks the funds needed to achieve this.

Council Recommends.

That a portion of the Government grant to the Association be specifically ear-marked for publicity purposes.

SECTION VII.—REDRESS FOR TYPICAL CONSUMERS' COMPLAINTS.

Much of the Council's work comes under this heading. Of the 1,530 complaints received during the year, a high proportion required an appeal by the Council to the manufacturer, service organization or distributor responsible for the complaint. In most cases an approach from the Council on behalf of the consumer produced a refund of money or a reasonable compromise between the buyer and seller. Sometimes the Council had to protect the aggrieved consumer from himself by warning that to pay by cheque then cancel it leaves the consumer open to a law suit. The Council approached the Australian Bankers Association and the State Savings Bank of Victoria asking them to advise their customers about the conditions under which cheques may legally be cancelled.

1. FAULTY MERCHANDISE.

Labour charges involved in the replacement of crazed bathroom and toilet fittings was investigated and Council consulted leading retailers and hardware manufacturers. The retailers said this was a long-standing problem in the trade and they usually had to pay the costs involved. Retailers considered the manufacturers should contribute to such cost but invariably the manufacturer would only replace the article and accept no responsibility for labour costs involved.

Council Recommends.

That before buying such articles, a consumer should check the extent to which manufacturers and retailers are prepared to guarantee not only the article but also the cost of any labour required if the article has to be replaced.

2. SHOP SALES.

These complaints can be summarized in five categories—

- Size of women's and children's clothing ;
- Prices of goods on display at variance with prices charged ;
- Goods advertised as " specials " but retailed at normal price ;
- Price tags with wrong price markings ;
- Goods on display superior to those on sale.

Shop sales presented a problem for the Council in determining the validity of consumers' complaints because some consumers tend to exaggerate the events leading up to their grievance. The Retail Traders Association was most helpful in obtaining satisfaction for consumers.

3. DRY CLEANING AND LAUNDRY.

Most complaints concerned garments that had been shrunk, damaged mislaid or lost. Dry cleaners generally took some time to reimburse customers for lost garments, mainly because they had to ensure that the garment had not been given mistakenly to another customer or sent to the wrong depot. The Council was successful in obtaining redress for consumers who complained of garments being damaged. For example :

—A suede coat which cost \$70 was returned badly damaged by the dry cleaner, Spotless. The owner complained and the company tried to repair the coat. Unhappy with the result, the owner contacted the Council. An approach to Spotless produced a promise that the consumer would be fully compensated for her loss.

—A bedspread sent to Top Four for laundering came back stained. When the owner was unable to obtain compensation she contacted the Council. Result : Top Four agreed to re-laundry the bedspread and sent the complainant a cheque for \$10 and a credit entitling her to services worth \$10.

Another matter that worried the Council during the year concerned advertising by Spotless of a coupon booklet suggesting that dry cleaning worth \$60 could be bought for \$6.75. Eight consumers complained about the campaign. In reply to a Council query, police authorities ruled that although the booklet could be considered misleading, Spotless could not be prosecuted for false advertising.

4. HIRE PURCHASE.

Most of the 51 complaints received came from consumers who did not know what interest rate they were being charged or what maximum rate was legal. Because the salesman never mentioned it, many did not realize they were paying interest on high insurance premiums. The Council is resigned to the fact that no matter how well hire-purchase forms are devised there will always be consumers who never understand what these agreements represent. But this is no excuse for tolerating certain contracts covering motor car sales that constitute a breach of the Hire-Purchase Act. For example—

—Complainant told Council he was interested in a second-hand car priced at \$2,158 with a minimum deposit of 20 per cent. He could muster only \$50 deposit on top of the \$60 trade-in allowance for his old car. To ensure a sale, the salesman drew up a hire-purchase contract stating the cash price as \$2,798 and the deposit as \$700. Interest and terms charges brought the total amount owing to \$3,047. The hire-purchase agreement did not indicate the actual sum paid as deposit, and what became of this is unknown. But the false cash price and deposit figures certainly led the complainant to pay more for the car than was necessary. The Council referred the case to the Police Department for action.

Council Recommends.

That the provisions of the Hire-Purchase Act should be enforced to prevent such trade practices.

5. FURNITURE.

Complaints about furniture, revolve around cheap, low-quality suites and the upholstering of old furniture. For example—

—A consumer bought a cheap lounge suite which he later found to be faulty. Council contacted the manufacturer and had the chairs replaced and the couch repaired.

—Consumer had a lounge suite re-covered. The work was unsatisfactory. We contacted the upholsterer and had suite completely re-covered at no cost to the consumer.

6. CARPETS.

Complaints were few but the expenditure involved was considerable. Consumers complained of poor wear such as pile crushing or shading. Manufacturers said these were faults inherent in all carpets irrespective of price or quality and about which nothing could be done.

SECTION VIII.—MATTERS FOR FUTURE INVESTIGATION.

The Council hopes to find out all it can about the items listed below as they are of concern to consumers.

1. HEARING AIDS.

Elderly people have complained about hearing aids that did not improve their hearing. Complaints were received about Angus & Coote Pty. Ltd. and its referral selling scheme.

2. BAIT AND SWITCH SELLING.

No salesman can be blamed for trying to sell a customer more than she set out to buy even if the customer was attracted by an advertised "special".

But when the sales policy is deliberately to transfer the customer's interest from the "special" to a more expensive product, you have a technique called "bait and switch" selling.

3. USED-CAR WARRANTIES.

Are such warranties of benefit to consumers or are they merely sales inducements? The Council is seeking the answer.

4. LIAISON WITH CONSUMER GROUPS.

The Council also intends to maintain liaison with the many consumer bodies contacted during the year. These contacts took the form of conferences, inspections and addresses to consumer groups.

In the past year twenty-four business and consumer groups throughout Victoria were addressed by the Chairman, Council members or the Secretary.

SECTION IX.—STAFF REQUIREMENTS.

The Council wishes to express its gratitude to its staff of three, the Secretary and his two female assistants, for their splendid efforts in carrying out the day-to-day administration of the Council and in handling the 1,530 complaints. They have been under considerable strain and the Council requires additional staff. The Council has been informed that a second administrative officer will be appointed early in the new year. However, to relieve congestion in respect of typing matters the Council requires the services of another typiste. A staff of five should be sufficient to cope with the present work load but at the risk of incurring consumer displeasure, a ceiling will have to be placed on the number of complaints received for investigation.

Council Recommends.

That a maximum of 2,400 complaints a year be accepted for investigation.

D. T. BOTTOMLEY,
Chairman.

W. J. McCORMACK,
Secretary.

2. 11. 1967.