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CONSUMERS PROTECTION COUNCIL

REPORT

FOR THE YEAR ENDED 30TH JUNE, 1969

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INTRODUCTION.

In accordance with the terms of the *Consumers Protection Act 1964*, the Council has the honour to present the fourth annual report of the Consumers Protection Council. This report covers the period 1st July, 1968 to 30th June, 1969.

The Council was asked to comment on the report to the Standing Committee of State and Commonwealth Attorneys-General on The Law Relating to Consumer Credit and to Money Lending, which is more commonly known as the "Rogerson Report". The Council made a careful study of the report and of the recommendations contained therein. In general we support most of these recommendations and have advised the Government accordingly.

When examining the "Rogerson Report", the Council was very pleased to note that two of its previous recommendations e.g. the licensing of door to door salesmen and the declaring of interest rates in credit agreements had also been recommended in that Report. In this Annual Report, we have made a number of recommendations similar to some contained in the "Rogerson Report", e.g. that motor car dealers should be licensed, that it be made an offence for motor car dealers to wind back mileage readings, that it be made an offence for a motor vehicle dealer to conceal known defects in second-hand motor vehicles, and that door to door salesmen should be licensed under the Door to Door (Sales) Act. When we previously recommended the latter, we believed that door salesmen should be licensed under the Hawkers and Pedlers Act.

The consumer plays a very important part in our economy and deserves to be protected from all forms of deceit which are used to dupe and defraud him of his money. Fortunately misleading sales and services are practised by a minority; the majority of traders are honest and reputable, but the minority is large enough to cause undue discontent among consumers.

The Council wishes to afford a wider measure of protection to the whole community and therefore would like to concentrate more on research into "area" problems rather than to have to place too much emphasis on the processing of individual consumer complaints. The staffing facilities now available to the Council are inadequate to undertake the vital research functions which the Council wishes to pursue. We urgently need the appointment of two research officers, suitably qualified to carry out these research functions.

Publicity is by far the most effective weapon in combating the problems confronting consumers. We are not a law enforcement authority neither are we an adjunct of any law administrative or enforcement agency. Our work mainly lies in the field of correcting misleading marketing practices and in the role of negotiators acting on behalf of consumers.

We present in this report, various recommendations to prevent unethical sales and service practices.

SECTION I.—COUNCIL'S FUNCTIONS AND OBJECTIVES.

1. 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.

2. 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.—RECOMMENDATIONS.

In previous reports the Council made several recommendations, but for the sake of convenience and clarity, all previous recommendations have been revised and in preparing the new recommendations, we have incorporated all features of previous recommendations still requiring attention. However, because of recent amendments to the *Door to Door (Sales) Act* 1963, two of our previous recommendations have not been included and reference is made to these two recommendations in section 3 sub-section 2, concerning door to door sales.

NEW AND PREVIOUS RECOMMENDATIONS.

- (i) 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.
(Ref. 1967 Report Section III., sub-section 2.)
- (ii) That existing legislation be reviewed with a view to tightening control over the use of gift tokens in sales promotions.
(Ref. 1968 Report Section VI.)
- (iii) That motor vehicle dealers should be licensed and that the licence should be subject to cancellation in the event of fraudulent practices.
(Ref. Section III., sub-section 1 (a).)
- (iv) That it be made an offence for a motor vehicle dealer to conceal from a buyer known defects in a second-hand car.
(Ref. Section III., sub-section 1 (a).)
- (v) That it be made an offence for a vendor to wind back mileage readings on second-hand cars.
(Ref. Section III., sub-section 1 (a).)
- (vi) That door to door salesmen be licensed and that the *Door to Door (Sales) Act* 1963, be amended to provide for such a licensing scheme.
(Ref. Section III., sub-section 2.)

- (vii) That the *Door to Door (Sales) Act 1963*, be amended to cover all credit sales including lay-by and hire-purchase agreements on the doorstep, whether or not the sales call was solicited.
(Ref. Section III., sub-section 2.)
- (viii) That referral selling and model home agreements be banned by legislation.
(Ref. Section III., sub-section 3.)
- (ix) That the scope of the Summary Offences Act relating to False and Misleading Advertising be broadened.
(Ref. Section IV.)
- (x) That legislation be introduced to prohibit "inertia selling" along similar lines to that recently enacted in the State of New York.
(Ref. Section IV., sub-section 2.)
- (xi) That the Registrar of Companies should not register company or business names which tend to mislead.
(Ref. Section V., sub-section 2.)
- (xii) That the Postmaster General's Department should not accept misleading advertisements and that greater care should be exercised in respect of advertisements submitted by service companies.
(Ref. Section V., sub-section 2.)
- (xiii) That legislation be enacted providing that only portable fire extinguishers which had received the approval of the Chief Fire Officer shall be distributed or sold, placed on display for sale, or marketed in any manner whatsoever.
(Ref. Section VI., sub-section 2.)
- (xiv) That the Hire Purchase Act and the Money Lenders Act be amended so that finance companies be obliged to show in credit agreements, the annual interest rate charged as well as interest charges.
(Ref. Section VI., sub-section 4.)

SECTION III.—OBJECTIONABLE SALES PRACTICES.

1. MOTOR CAR SALES AND REPAIRS.

(a) *Sales by Second-hand Car Dealers.*

The complaints the Council has received about the sale of second-hand motor vehicles confirms our opinion that legislation should be implemented to curtail many of the malpractices prevalent in the industry. The Council considers that the licensing of motor vehicle dealers must be the first major move to protect the consumer. If a dealer is convicted of indulging in fraudulent practices, the licence should automatically be revoked.

(Recommendation III., Section II.)

Good used cars are high priced and hard to find. However, some car dealers, through misleading advertisements and verbal misrepresentations made by over enthusiastic sales staff, would have buyers believe that there was no difficulty in obtaining good used cars at low prices.

Many consumers can tell how depressed they felt after they had discovered that the allegedly "faultless" car had many defects which proved expensive to repair. These complaints show the sad, bitter experience which has changed pleasure and pride of ownership into disillusionment and anger.

Consumers ought not to rely solely on a salesman's verbal information, or the company's advertised claims. An examination by a fully qualified mechanic would be of greater benefit in assessing the value and the roadworthiness of the vehicle, than all the sales palaver which is designed to sell rather than inform.

The Council considers that purchasers of second-hand cars should be informed of any known defects at the time of sale. If this condition is to be effective then legislation will have to be introduced to protect consumers against the blatant dishonesty of some car dealers and their salesmen.

A warranty or a guarantee may look good, but what the consumer wants is a vehicle that will, within reason, give trouble free performance. Under a warranty or a guarantee, the seller will often promise to put right any mechanical defects which may occur within a set period. However, it is usual for the seller to require the buyer to meet half or a substantial part of the repair bill. A car with a known fault may be sold under such arrangements, and because of inadequate information, subsequent repair bills can, even when the seller is paying part thereof, cause great personal and financial inconvenience and hardship to the new owner. Correction of known defects before sale should be the responsibility of the dealer and it should be made an offence for a motor vehicle dealer to conceal from a buyer known defects in a second-hand vehicle.

(Recommendation IV., Section II.)

Mileage readings could be misleading, in respect of a car's mechanical condition. A car with 50,000 showing on the odometer, properly driven and serviced regularly, could be in better condition than a car with half that mileage showing, driven badly and with maintenance neglected. However, the winding back of mileage readings is a reprehensible practice and should be prohibited by law. The mileage reading can be an aid to a purchaser in determining the future life of a car, but if it is tampered with, then the buyer is at a distinct disadvantage in making a reasonable judgment. Cases have been brought to our attention which showed that vendors have wound back mileage readings by as much as 30,000 miles.

When salesmen were challenged by consumers on this point and it was proven that the mileage reading had been interfered with, salesmen would deny any knowledge of this happening and would suggest that it was probably the work of the previous owner. The Council believes that legislation should be implemented whereby it becomes an offence for a vendor to tamper with the mileage indicator. Under the *U.K. Trade Descriptions Act 1968*, this practice is an offence.

(Recommendation V., Section II.)

Many complaints have been received about misleading advertisements, some of which have been received direct from the trade itself. Information received indicates that some car dealers advertised cars at attractive prices, which were either not available or were increased in price when a consumer showed an interest in purchasing.

Some advertisements suggested that certain dealers were offering higher trade-in allowances, even as high as \$250 more than their competitors. The Council believes that to allow for such trade-in valuations, selling prices were inflated to allow for an area of manoeuvrability. There is nothing to suggest that adjustment allowances have been made in such cases. Another form of misleading advertising that is prevalent, concerns the use of the word "save" in a list of car prices. This is misleading because there is no indication how savings occur.

The Council has been successful in obtaining redress for several purchasers of second-hand cars, even to the extent of obtaining refunds in full of payment made on occasions when the purchaser had his claim rejected by the dealer concerned. We have also had some agreements cancelled, particularly where the condition of the car was misrepresented.

(b) Sale by Private Persons.

Consumers would be well advised when purchasing a car from a private person, to check that the seller is the owner of the vehicle and that there are no encumbrances present which would make the agreement invalid.

The registration certificate should always be examined, in order to determine ownership of the vehicle, before entering into any agreement to purchase.

(c) Sale of New Cars.

Complaints have also been received from new car purchasers about faults which have been found shortly after purchase. Motivational research in the U.S.A. claims that a new car can be an extension of a person's personality and when he finds that the vehicle which he has placed so much confidence and pride in, is suspect, he suffers from personal feelings of disillusionment. The hard facts are that mass produced items such as motor cars are liable to develop faults within the first year or so. However, consumers who have had to pay for the repair of defects which were supposed to have been attended to when the vehicle was still under warranty, would appear to have some case for an extension of the warranty period. This is perhaps something manufacturers should look into; after all, the consumer is the final link in the manufacturers quality control system.

(d) Repairs.

Excessive charges, sloppy workmanship, due in many cases to poor supervision, and resultant inconvenience, have been the main points raised by consumers in respect of motor car repairs. In such cases we have endeavoured to obtain some measure of redress for the consumer and in many instances we have been successful. However, in the area of alleged overcharging, the problem becomes more difficult. Labour costs are high, and so are spare parts. The only advice we can offer is that consumers should endeavour to place repairs in the hands of qualified mechanics and with repair depots which are known for their fair dealings. Obtaining a written quote could be a safeguard against an excessive repair bill.

Repairers should at the time of delivering up a vehicle to the owner, advise of any other repairs necessary which might in the course of time render the car unsafe or unroadworthy. In the case of major repairs, repairers should, when returning the car to the owner, sign a certificate indicating that the vehicle is roadworthy and that all repairs authorized have been effected in a proper workman-like manner.

2. DOOR TO DOOR SALES.

The Council is gratified at the recent amendments to the *Door to Door (Sales) Act 1963*, and as a result we have now withdrawn two previous recommendations.

It is now an offence for a vendor to withhold from a consumer, the statement prescribed by the Act, which allows cancellation of a credit agreement within the five-day cooling off period. A vendor guilty of this offence is now liable to a penalty of not more than \$200.

The Act now defines "credit purchase agreement" as being applicable to the sale or bailment of goods "or the provision of services". The term "or the provision of services" according to legal opinion, brings within the ambit of the Act, the sale of cladding materials such as aluminium or hardboard siding and spray textured painting sold over the doorstep on credit.

Cladding companies do not appear to agree that these recent amendments have any bearing on their direct sales. We have disputed this point with such firms and have asked the police authorities to investigate.

Complaints reveal that cladding firms such as Fabtile Industries Pty. Ltd. and Cleveland Homes Pty. Ltd., did not at the time a sale was made, give to the buyer the statutory statement prescribed by the Act. However, Alumclad Home Improvements, another cladding firm, has recently informed the Council that consumers are now being provided with the statement to the Act and cancellations are effected within the five-day cooling off period.

Book salesmen have cajoled and tricked people into buying books, magazines and encyclopedias they did not want. There is still widespread dissatisfaction about the selling habits of door salesmen and the firms they represented. Of course, only a minority of direct selling firms and salesmen act in bad faith; there are many reputable firms which retain a firm control over the activities and conduct of sales staff. Such firms provide a useful service, but the minority is large enough and persistent enough to cause much concern to consumers.

Some companies have instructed salesmen to conceal their real purpose in calling, so that they may obtain the confidence of the householder. They often pretend to be anything other than salesmen. Our experience has shown that such salesmen would often masquerade as market researchers, local education authority representatives, or students participating in a competition to pay for higher educational fees. This deceit is a well proven aid to sales. Householders are often unbelievably vulnerable to the smooth approaches made by an uninvited salesman. Some are not strong enough to readjust their attitudes from hospitality to hostility, instead they succumb to the salesman's tempting offer, even though his presence is based on misrepresentation. Providing it is a credit agreement, consumers ought to take advantage of the provisions of the *Door to Door (Sales) Act*, which permits cancellation of the contract within five days of signing.

Some consumers have complained that they did not receive, when purchasing goods on credit over the doorstep, the statement advising of their rights of cancellation. Some firms claimed that buyers were provided with the statement and have sent copies of agreements wherein it was indicated that the consumer had received a copy, but some consumers would not understand what was involved and salesmen have taken advantage of buyers by withholding the statement. Many of these salesmen were commission agents who did not want buyers to cancel agreements.

To overcome the problems created by door salesmen, the Council considers that a licensing system should be introduced. We recommended in previous reports that the *Hawkers and Peddlers Act 1958*, be amended to include door salesmen. However, we now consider that such a licensing system could be better administered under the *Door to Door (Sales) Act*, and that the Act should be amended accordingly. At the same time, we believe that the Act should be amended to cover all credit sales, including lay-by and hire purchase agreements on the doorstep, whether or not the sales call was solicited.

(Recommendations VI. and VII., Section II.)

Companies about which most complaints were received were mainly engaged in the sale of books, encyclopedias, magazines, kitchenware and manchester goods. Complaints were lodged against International Learning Systems Corporation Limited, P. F. Collier Inc., Sony Readers Club Ltd., Rena-Ware Distributors Pty. Ltd.

3. HOUSEHOLD IMPROVEMENTS AND RENOVATIONS.

The slick selling techniques associated with the sale of aluminium and hardboard siding for weatherboard or fibro cement houses which the Council commented on in previous reports, have been continued by Alumclad Home Improvements and Fabtile Industries Pty. Ltd. Consumers were informed that they would receive \$50 for every sale referred to the firm and that their homes would be used for display purposes. For the latter, they were supposed to receive substantial reductions in the cost of the contract. Almost without exception these promises did not eventuate.

The Council still considers that "referral selling" and "model home agreements" were not designed to benefit householders and that these dubious schemes are valueless and should be discontinued. It was not fair to mislead householders and particularly the elderly into believing that they had received a discount on the contract price and by referral sales would recoup all costs. The Council considers that "referral selling" and "model home agreements" should be banned by legislation.

(Recommendation VIII., Section II.)

Over the years cladding companies have indulged in offering long-term guarantees and warranties ranging from ten to twenty years and in some cases "a lifetime" guarantee has been offered. Whilst some short-term guarantees appeared to be of benefit, the twenty year or lifetime type were found to be worthless. A lifetime guarantee is very misleading because the buyer can interpret it as his own lifetime. In reality, it usually means the lifetime of the product or the company, which might be surprisingly short. Visa Industries Pty. Ltd., a N.S.W. firm, specialized in offering 15-year warranties, but the firm is now in liquidation and aggrieved householders are unable to obtain service. Many other companies which offered long-term guarantees are no longer in business.

Householders who purchased cladding from such firms were often committed to paying large sums of money, frequently secured on personal loans.

4. FOOD FREEZER PLANS.

The publicity given by the Council to the sale of food freezer plans, awakened consumers to the obnoxious sales practices that were prevalent in this industry. Few complaints were received in the year under review and most concerned the activities of Arctic Frozen Foods (Aust.) Pty. Ltd.

The Council does not object to the sale of food freezer plans, provided ethical selling standards are observed.

SECTION IV.—DISHONEST AND MISLEADING ADVERTISING.

1. DIRECT MEDIA.

An advertisement is usually the first knowledge a consumer obtains about a product or service and it can be the motivating force which compels him to buy, but consumers have often been misled by advertisements into making unsatisfactory purchases. The Australian Code of Advertising Standards is generally accepted as a satisfactory code of ethics, but it is not being observed by marketers and advertisers as closely as it should.

Consumers do not object to advertising and neither does this Council. It is accepted as a part of marketing and it is agreed that it stimulates economic activity and that it can be of benefit, in that it provides a market information service. A modicum of exaggeration in advertising has become generally acceptable, but overstating a case by the use of meaningless terms or jargon, or any other misleading practices can not be condoned. In complaints received, consumers have shown a very hostile attitude to misleading claims and the abuse of superlatives in describing the quality or the effectiveness of a product.

In the advertising of household cleaning, polishing agents and detergents, as well as other products, scientific terms are often misused and confuse consumers. Statistical information is often quoted, but no mention is made of the source. The Australian Code of Advertising Standards under Section 6, takes the position that scientific jargon and irrelevancies should not be used to make claims appear to have a scientific basis they do not possess. A lot of television commercials would need revision if this precept was followed more closely. If advertisers and media were to pay more attention to factual information the advertising industry would acquire more credibility.

Certain complaints the Council has examined show that some marketers and advertisers set out to deliberately mislead and/or confuse consumers.

A recent spate of advertised low rental television and other domestic appliances clearly revealed that the sponsors had concocted this scheme with the intention to sell high priced equipment in the home. The ease with which the Council had some contracts cancelled re-inforced our opinion as to the nature and low quality of these advertisements. The Council has discussed all of these problems with the management of the offending companies, Canberra Television Services Proprietary Limited, Macon and Sons Pty. Ltd., Austel Sales and Service Pty. Ltd., Dollar View, and John James Distributors Pty. Ltd.

Some retailers selling new and second-hand household appliances had complaints registered against them about misleading advertisements. The advertisements showed that second-hand equipment was offered at attractive prices, but on showing an interest in purchasing, the consumer sometimes found that the appliance was not available or was in poor working order. Of course, salesmen would try and sell to the disappointed customer, a new or a much more expensive type of equipment. Unless the advertised article is available, this form of "bait and switch" selling is grossly dishonest and can cause great inconvenience to consumers who may have had to travel some distance to make a purchase.

Health studios and physical culture centres have misled consumers by the use of "before and after" pictures of a subject. The first picture would show a dejected specimen, whereas the second picture, supposed to be taken after the "course" would show the same subject attractively groomed and looking exceptionally fit. Whilst we do not deny that there is some merit in these courses, some advertisements have shown that by clever photography, the value of the course had been over stated.

Packaged deals are frequently the source of some misleading practices, particularly when some part of the deal is advertised as being "free". Australia Wide Appliances advertised, that with the purchase of a T.V. set a consumer would receive free of charge, a 10-year warranty on all component parts, and a washing machine or a refrigerator plus a small stereogram. The T.V. sets were highly priced and the margin was sufficient to pay for the "free" items plus a fair amount of profit. Where the word "free" is used in advertisements, marketers would be doing a great service to consumers, if they would indicate in clear concise terms what actually is "free". If it is not meaningful, then the use of the word or similar words should be discontinued.

Some car rental firms have deluded customers by inadequate information regarding charges. Advertisements have not clearly stated the amount a customer must pay when hiring a vehicle. Basic charges have been stated, but rarely is there any mention of the insurance and other costs which have to be borne by the hirer. The definition of a "day" took on a new meaning when an operator used it to define a day rate as distinct from a 24-hour day rate. Clearly, firms engaged in hiring out motor vehicles will have to discontinue the present tendency to cloud the costs involved in rentals. Hirers are entitled to know what the full charges are, and rates should be clearly stated in all advertisements including television commercials.

Hong-Kong Agencies advertised that imported goods from Asia could be obtained at 25 per cent. to 65 per cent. less than normal list prices. This advertisement was misleading, customs duty and sales tax were not included in the price lists which interested customers received. We investigated this scheme and found that a transistor radio listed at \$38 carried a duty charge of \$27.10 and sales tax of \$19.53. The net result meant that the purchaser would have had to pay \$84.63 for the article listed at \$38.

Lock-Lyn Advertising, in association with Telephone Survey Company of Australia, contacted consumers in the eastern suburbs by phone and advised that if they purchased a book of vouchers for \$6.98, they could save up to \$100 in shopping. The firm arranged through traders in the eastern suburbs a scheme whereby certain articles would be sold at discounted prices and in a few instances small gifts would be made. However, the advertisements in suburban newspapers were lacking in information and on examination, were found to be misleading in respect of actual savings.

The Council believes that the scope of the Summary Offences Act should be broadened to cope with false and misleading advertisements and thereby enable the Police authorities to prosecute firms operating on the fringe of present legislative requirements.

(Recommendation IX., Section II.)

A Queensland firm, Wholesale Cigarette Supplies, advertised "20 cigarettes for 20 cents". Consumers interested in this offer had to send \$20 for which they received 400 cigarettes which were supposed to cost only \$4 as against the normal price of about \$8. The firm retained the balance until the customer obtained four other clients who in turn would each have to obtain four more clients for the firm. This was a "chain letter" selling scheme and it was very doubtful if a consumer would ever receive full value for money, let alone obtain cigarettes at cut price. These selling techniques are highly reprehensible and the Council has written to the firm seeking the return of money paid for the bogus offer.

Advertisers and marketers will have to pay more attention to their own code of ethics; consumers are becoming more critical and the number of complaints is rising. The flow of complaints which specifically related to advertising increased by 59 per cent. in 1968-69 over the previous year. If marketers and advertisers do not take action to control misleading and dishonest advertising and the present trend continues, the Council will be forced to advise the Government to introduce "truth in advertising" legislation, similar to recent legislation implemented at the Federal level in the U.S.A.

2. MAIL ORDER.

Book and magazine publishers have been adopting some "hard selling" tactics which have unduly worried consumers. Complaints have shown that consumers have received books and magazines they have not sought, and which they did not require. The recipient often found that the receipt of this material, resulted from a coupon he had completed and returned to the company in respect of a "free" offer of a book or a prize in a competition. Few fully comprehended the clauses which committed them to future purchases of books and magazines.

Some complainants have stated that they received books or magazines or other goods which they did not order and that they had never communicated with the company concerned. Such consumers were often put to great inconvenience in returning goods and may have suffered financial loss in postage charges. Some may have elected to pay the required sum rather than argue the case with the company concerned. It often happened that a consumer who had not returned the books and argued his rights would receive threatening letters from a debt collecting agency demanding payment.

Complaints have been received against The Reader's Digest Association Pty. Ltd., and Heron Books Pty. Limited.

These selling tactics are commonly known as "inertia selling", which the U.K. Consumer Council, in its report for 1965-66, described as :—

"The technique known as 'inertia selling' involves sending goods that have not been ordered by the recipient through the post or misleading him about the results of filling in coupons for 'free samples'. A covering note announces that unless the goods are returned within a specified time the recipient will have to pay for them. A more elaborate version is an offer to supply goods at regular intervals unless an explicit disclaimer is received by the company sending the goods"

The Council is strongly opposed to "inertia selling" and believes that legislation should be enacted and similar to that recently enacted in the State of New York which says :—

"No person, firm, partnership, association or corporation, or agent or employee thereof, shall, in any manner, or by any means, offer for sale goods, wares or merchandise, where the offer includes the voluntary and unsolicited sending of goods, wares or merchandise not actually ordered or requested by the recipient, either orally or in writing. The receipt of any such unsolicited goods, wares or merchandise shall, for all purposes, be deemed an unconditional gift to the recipient who may use or dispose of the same in any manner he sees fit without any obligation on his part to the sender."

The enactment of this legislation in Victoria, would be a simple and effective solution to the problem now confronting consumers.

(Recommendation X., Section II.)

Business firms have had their fair share of problems with "inertia selling".

Firms such as—

Commercial Classified Directory,

The Australasian Trade and Business Directory,

Australian Building and Allied Trades Directory—

have been sending invoices for unsolicited entries in trade directories. Some small traders unaware of their rights have nearly succumbed to these requests, but the Council has advised that these invoices should be ignored, because the recipient was not obliged to pay.

Housewives have complained about offers of part-time employment. A firm known as "Mamco Industries" advertised advice on part-time employment, subject to the payment of \$2. Consumers who were tempted by the offer received for their \$2, a booklet which contained some of the most ridiculous suggestions imaginable, e.g., Fortune Telling :—

"Don't laugh! You would be surprised at the number of people who are quite willing to spend money on having their fortune told to them, because they believe in it, or just for the fun of it. All you need is a crystal ball, a swami outfit, a dark mysterious room, etc. There are books available on how to tell fortunes in crystal balls, palms, tea-leaves, cards, etc.; borrow one from your library."

SECTION V.—OBJECTIONABLE REPAIR PRACTICES.

Consumers have complained bitterly about overcharging, false quotes, misleading advertising and sloppy workmanship. Some consumers found that the service charge levied by many service firms and organizations, to be extraordinarily high and not in keeping with the services provided. Consumers want good service at reasonable prices, but they find that obtaining service to equipment and appliances, is becoming a problem, because there is a shortage of skilled personnel in the repair industry.

Consumers have complained that the fee for the simplest of jobs was often very high. It is true that the servicing of domestic electric appliances calls for special training and experience, but this is no reason to charge for repairs at a level likely to financially embarrass the consumer.

From the complaints we have examined, it appears that some service firms have set out to fleece owners.

We contend that consumers should not leave appliances with repairers, with an order to proceed with repairs, without a firm quote in writing and an agreement to supply a fully itemized statement of work done and the charge for labour and each part fitted. If necessary, consumers should insist on the return of all parts replaced.

1. T.V. AND RADIO APPLIANCE REPAIRS.

In the year under review 337 complaints were registered, and of these, 197 were lodged against the firm Milleradio. Since the Council commenced operations in September, 1965, 431 complaints have been received against this firm. The public has complained about excessive overcharging, sloppy workmanship, extreme delays in the return of appliances, grossly inaccurate quotes and contempt for consideration of grievances.

When appliances were taken away for workshop repairs, owners were requested to sign documents, which the firm claimed, gave to it authority to complete any repairs necessary. Quotes were given by servicemen, but were flagrantly disregarded and often owners were not informed of further costs until repairs had been made.

Much publicity has been given to the activities of Milleradio and consumers have been warned. Many have questioned why the public has not heeded these warnings and have blamed consumers for being careless in selecting repair service.

This criticism may in part be justified, but it is not the whole answer. Many other business names such as—

Fastest T.V. Service,
A.C.D. Television Service,
Your Local T.V. Repairman,
A.A.A.A. Ability T.V. Services,
A.A.A.A. Action T.V. Service,
A.A.A. Trade Services—

have been registered and are listed in the Pink Pages telephone directory, but in reality are part and parcel of the same organization. Consumers have told us that when seeking service, they contacted one of the above firms, but were later astonished to find that they had contracted to do business with a firm which was related to Milleradio, the firm they tried to avoid.

In these circumstances, the best advice we can offer, is that consumers should not obtain the services of an unknown service firm; and if in doubt should phone the service division of the manufacturer of the particular appliance, or one of the well-known reputable firms specializing in television repairs.

2. WASHING MACHINE REPAIRS.

“Manual and Auto Washing Machine Service”, which is also known as “Your Washing Machine Service” and “Clothes Washer Service”, accounted for 28 of the 78 complaints registered. Consumers complained about sloppy workmanship, delays in returning appliances and alleged overcharging.

Consumers have also complained about misleading advertising by this firm in the “White Pages” telephone directory on pages 696, 971, 972, 1003 and 1081. A block advertisement on page 696 is headed “Malley’s” and this has misled housewives into believing that they were contacting the service division of the manufacturer of their machines. The same type of misleading advertising is repeated on pages 971, 972, 1003 and 1081, the only difference being the use of the name “Pope and Simpson”, “Simpson”, “Stampco” and “Turner” in the heading to the block. Similar complaints have been received about advertisements in the “Pink Pages” directory on pages 867 and 870.

The Council believes that the Postmaster General’s Department should not accept such advertisements and greater care should be exercised in respect of advertisements inserted by service firms. At the same time the Registrar of Companies should not register business names of service companies, designed to mislead consumers.

(Recommendations XI. and XII., Section II.)

SECTION VI.—CONSUMER INFORMATION.

1. CONSUMER EDUCATION PROGRAMME.

Continuous publicity is the Council’s most effective weapon in combating deception in the marketing of goods and services. Most firms do take note of criticism and frequently discontinue misleading and adverse practices. At the same time, it forewarns consumers of objectionable sales and service practices which they ought to avoid.

We are much dependent on mass media for publicity and in the past year received very good support. The Council’s “Information Bulletin” is in great demand, but circulation has to be restricted to organizations such as secondary schools, consumer and trade organizations, Government departments, statutory bodies and media. It is not possible to supply copies of the Bulletin to individuals, but associations or societies interested in obtaining copies should write

to the Council and have their names placed on the mailing list. However, it is the Council's desire to publish monthly, an Information Bulletin of a better standard, but this will be dependent upon the staffing facilities and funds made available to the Council. During the year Council members and members of the staff have addressed many meetings of consumer and trade organizations on matters of interest to the public.

2. LABELLING.

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 an essential requirement in the marketing of goods. Labels should be clearly visible and easy to read. During the year under review, we looked at four important labelling problems, which concerned portable fire extinguishers, hazardous household substances, care labelling of garments and size designation of garments.

(a) *Portable Fire Extinguishers.*

The type of extinguisher we investigated did not have to conform to any standard, pass any test, prove its effectiveness, or receive approval from any authority, before being marketed. The labelling of these extinguishers gave a false sense of security and with many personal injuries and even deaths from fire occurring in the home, false security could be dangerous.

The advertising and the labelling of these small size extinguishers misled consumers about their adequacy for domestic purposes. At a conference called by the Council, the Metropolitan Fire Brigade, the Australian Fire Protection Association, the Fire and Accident Underwriters Association of Victoria, the Standards Association of Australia and manufacturers did not consider these extinguishers adequate and disapproved of their sale. The conference resolved:—

“That this conference recommends that the Consumers Protection Council should submit to the Minister for Labour and Industry, the proposal that legislation be enacted providing that only portable fire extinguishers which had received the approval of the Chief Fire Officer shall be distributed or sold, placed on display for sale, or marketed in any manner whatsoever.”

The Council passed on the resolution to the Minister for consideration and action by the Government.

(Recommendation XIII., Section II.)

(b) *Hazardous Household Substances.*

Home safety is of such importance that it ought not be treated lightly, especially where children are concerned.

The Poisons Information Centre of the Royal Childrens' Hospital has received numerous enquiries about the ill-effects household cleaning, polishing and disinfectant agents could have if swallowed. Children unaware of the harmful nature of such substances have after swallowing them, suffered ill-effects which in some cases have been serious.

The labelling of Swipe detergent was considered inadequate because it did not state that the contents could be a health hazard if swallowed. We were informed that salesmen had advised consumers that the substance was “non-toxic” and therefore harmless. The matter was referred to the Health Department and following an investigation by that body, the “Hazardous Household Substances Regulations 1965”, were amended. It is now obligatory for detergent manufacturers to state on packs of two quarts or less, the following cautionary requirements contained in the Regulations:—

“Caution—keep out of the reach of children ; if swallowed, seek medical advice.”

The Regulations prohibit any comment on, or reference to, or explanation of, any statement required by the Act or the Regulations to be included in the label, which directly or by implication, contradicted or modified such statement.

New Model Luxury Lemon Detergent, sold in half-gallon packs, was not labelled according to the above Regulations. The solution had ingredients added to create a pleasant fruit scented aroma and the label carried the drawing of a lemon. The container was similar in appearance to a fruit cordial pack which was on sale in many stores. The label did not carry the cautionary statement that it should be kept out of the reach of children and if the contents were swallowed that medical advice should be sought. The Council consulted the Health Department, the lemon drawing was removed and the manufacturer was advised to label these packs in accordance with the Regulations.

The Council strongly supports enforcement of these Regulations and considers that all manufacturers producing such products should, at all times, conform with the requirement laid down in the Regulations. Officers of the Health Department are most co-operative in the enquiries directed to them by the Council.

(c) Care Labelling.

The Council has been and always will be a strong advocate of care labelling for garments. Mixed fabrics and synthetics used in today's garments have created new problems that demand more careful labelling to guide and protect the consumer and assist the cleaner. The Council urged action in this direction when two years ago it convened a meeting of all interested groups.

The Standards Association of Australia has released a code of Standards for informative labelling of textiles. The code was designed to ensure that "Appropriate laundering or dry cleaning procedures were followed, thus reducing the risk of damage to the article and the loss of public confidence in the textile and cleaning industries".

The Council actively supports this code with the aim of ensuring its widespread adoption. Many members of the textile industry have observed the code and have labelled garments accordingly, but its adoption has not been as widespread as we had hoped. The Council urges all manufacturers to conform with the Standard AS/L38 and consumers should make it known to retailers that they regard informative labelling as highly important; in this way pressure will be brought to bear on all manufacturers to conform.

(d) Size Designation of Garments.

It has long been a matter of serious discontent with both men and women that size designation of ready-to-wear apparel is so confusing, and even more apparent is the discontent when garments labelled with the same size designation, but made by different manufacturers vary so greatly in finished garment measurements and subsequent fit.

So often we hear a comment that one type of garment labelled size "W" will give a satisfactory fit, but with another type of garment, to achieve a satisfactory fit, a size "OS" must be purchased. The subsequent result is that the consumer is never certain that the size designation shown on the garment closely approximates body measurements. If fitting rooms are available, a consumer can try on before purchasing, if not, the size purchased takes the form of a hazardous guess, often resulting in disappointment when the garment is tried on at home and found to be incorrect. This problem not only applies to womens' apparel, but continues right through to mens', boys' and girls'.

The variations in size codes are considerable. One manufacturer will use the lettering system, and others the numbering system. Going a step further, it will be seen that manufacturers of foundation garments will use a different size code, such as S, M, L for some garments, and for others 32, 34, 36, &c., as against frock manufacturers who, in the main, will use SSW, SW, W, &c. None of these size codes bear any reference to what the size code refers to; whether it is "to fit—Bust, Waist or Hips".

The Council realizes that a size designation is only a guide to enable the customer to choose a garment that closely approximates his or her body measurements, and to eliminate disappointment, a garment should be tried on before purchase. But with the changes in methods of retail trading today, the try-on-before-purchase is becoming less available, and therefore the Council would like to see a greater degree of uniformity within each size range and one method of size coding used.

It has been said by people who have studied this problem that Australia is way behind other countries in the aspect of size designation and standardization and that a sincere and thorough investigation will have to be undertaken to overcome this vital aspect of manufacturing and retail operation. The Council realizes that this is a very vexed problem with no easy solution. However, we propose, when research staff is available, to work with the Standards Association of Australia, the garment manufacturers and retail industry to produce a set of tabulations to assist the retailer and the consumer.

3. PACKAGING.

Outsize packages, although the weight was stated, were a source of irritation to some consumers who felt that the size of the package should have a definite relationship to the size of the contents. Articles such as frozen poultry came in for some further criticism; consumers complained that after a chicken had been defrosted and excess water removed, it was found that the weight was considerably below that stated on the packet. This problem is being considered by the Department of Agriculture and the Council will support any move to protect the interest of the consumer.

4. CREDIT TRANSACTIONS.

Problems which have arisen with hire-purchase agreements were due to misleading statements made by salesmen and the gullibility of consumers. Salesmen have often misinformed consumers about the cash price of goods and the amount of interest charged and have sometimes obtained the signatures of gullible people on blank hire-purchase contracts. Such consumers were often

astonished by the amounts they had to repay and have complained bitterly about being misinformed. Goods have been inadequately described on hire-purchase contracts and occasionally a complaint is received which shows that second-hand appliances have been described as new. This is gross dishonesty and must be condemned. In such cases we have advised consumers to contact the finance company in order to obtain redress.

Many enquiries were received concerning interest rates and consumers felt that the interest charges shown on hire-purchase agreements provided insufficient information. Some would have us believe that consumers were not interested in interest rates, but rather the amount charged for credit facilities. This does not appear to be the case, consumers are interested in interest rates and believe that such ought to be shown on credit agreements.

(Recommendation XIV., Section II.)

The true interest rate is the only figure which enables comparisons to be made between various offers of credit. It is not beyond the understanding of the average consumer to comprehend interest rates in hire-purchase and other credit agreements; the consumer of today is better educated and better informed. But more attention could be given to consumer arithmetic with percentages, interest, and costs of instalment buying for every pupil in our schools.

The Council believes that its previous recommendation regarding interest rates should stand and that consumers should shop around for credit and that credit arrangements suggested by the seller should not be accepted until all other avenues had been exhausted.

The Council supports the recommendations relating to interest rates contained in the "Rogerson Report".

The Council considers that personal loans made by finance companies in respect of the purchase of consumer durables should be paid direct to the consumer, rather than to the seller.

SECTION VII.—STAFF REQUIREMENTS.

The Council wishes to express its gratitude to its staff of four who have, to a large extent, contributed to the success of the Council. The staff has been efficient in carrying out the day to day administration of the Council which includes the processing of individual consumer complaints and trade and consumer body submissions, carrying out research and investigations and the preparation of publications.

As the Council wishes to provide a wider measure of protection, embracing the whole community, it requires the immediate appointment of two research officers. These appointments would allow the Council to become more active in "area" matters as distinct from the processing of individual complaints. A special report on staffing and administrative problems has been furnished to the Minister for presentation to Parliament.

The Council wishes to express its sincere appreciation to the Department of Health, the Law Department, the Police Department and the Department of Labour and Industry, for the assistance it has received in carrying out its functions. Officers of these Departments have given to the Council much assistance in areas where their administration covers certain aspects of consumer legislation.

Council Members :—

A. T. H. READER

D. G. MOSS

J. E. FLEMING

J. L. WATERS

T. M. RAMSAY

G. L. McCOWAN

A. W. MUDDYMAN

A. H. HELLSTROM
Chairman.

W. J. McCORMACK
Secretary.

APPENDIXES.

1. STATISTICS AND CLASSIFICATION OF COMPLAINTS.

In the year under review, individual consumer complaints were received as follows :—

- 45 per cent. by phone,
- 36 per cent. by letter,
- 19 per cent. by personal interview.

The Council also received numerous submissions from consumer and trade bodies and countless enquiries from all quarters.

Table "A" lists complaints as they were received, monthly.

COMPLAINTS.

MONTHLY RECEIPT.

Table "A".

Month.	Period 1st September, 1965 to 30th June, 1969.							
	Period 1st September, 1965 to 30th June, 1966.		Period 1st July, 1966 to 30th June, 1967.		Period 1st July, 1967 to 30th June, 1968.		Period 1st July, 1968 to 30th June, 1969.	
	No.	Percentage.	No.	Percentage.	No.	Percentage.	No.	Percentage.
July .. .. .	..	..	49	3.2	207	10.2	241	10.8
August .. .. .	..	..	62	4.0	155	7.7	232	10.4
September	3	0.9	118	7.7	128	6.3	161	7.2
October	16	4.5	70	4.6	108	5.3	135	6.0
November	15	4.3	102	6.7	128	6.3	190	8.5
December	20	5.6	63	4.1	98	4.9	176	7.9
January	15	4.3	74	4.8	129	6.4	131	5.8
February	27	7.7	113	7.4	185	9.2	221	9.9
March	59	16.7	142	9.3	186	9.2	184	8.2
April	66	18.7	134	8.8	158	7.8	218	9.7
May	74	20.9	243	15.9	340	16.8	191	8.5
June	58	16.4	360	23.5	202	9.9	159	7.1
Total	353	100.0	1,530	100.0	2,024	100.0	2,239	100.0

There is always difficulty in classifying complaints because many contain two or more elements, such as false advertising, motor car sales and repairs and servicing. In Table "B", complaints were classified by what was judged to be their main points.

ANALYSIS OF COMPLAINTS.

Table "B".

Classification.	Period 1st September, 1965 to 30th June, 1969.									
	Period 1st September, 1965 to 30th June, 1966.		Period 1st July, 1966 to 30th June, 1967.		Period 1st July, 1967 to 30th June, 1968.		Period 1st July, 1968 to 30th June, 1969.		Total.	Percentage.
	No.	Percentage.	No.	Percentage.	No.	Percentage.	No.	Percentage.		
T.V. and Radio Repairs ..	51	14.5	231	15.1	207	10.2	337	15.0	826	13.4
Washing Machine Repairs ..	51	14.5	134	8.8	120	5.9	78	3.5	383	6.2
Refrigerator Repairs	36	10.2	72	4.7	42	2.1	27	1.2	177	2.9
Electrical Appliance—General Repairs	8	2.2	35	2.3	63	3.1	38	1.7	144	2.3
Household Improvements and Renovations .. ..	..	..	242	15.8	261	12.9	251	11.2	754	12.3
Door Sales	27	7.7	110	7.2	130	6.4	107	4.8	374	6.1
Dry Cleaning and Laundering ..	14	3.9	65	4.3	90	4.4	135	6.0	304	4.9
Advertising	11	3.1	42	2.7	99	4.9	158	7.1	310	5.0
Mail Order .. .. .	..	..	..	..	31	1.5	43	1.9	74	1.2
Packaging .. .. .	..	..	30	1.9	37	1.8	38	1.7	105	1.7
Labelling .. .. .	..	..	..	..	21	1.0	39	1.7	60	1.0
Hire Purchase and Lay-by ..	..	..	51	3.3	64	3.2	50	2.2	165	2.7
Shop Sales	34	9.6	151	9.9	181	8.9	131	5.9	497	8.1
Motor Car Sales and Repairs ..	6	1.7	52	3.4	123	6.1	190	8.5	371	6.0
Faulty Merchandise	54	15.3	96	6.3	209	10.3	259	11.6	618	10.1
Furniture .. .. .	..	..	33	2.2	46	2.3	60	2.7	139	2.3
Floor Coverings—Hard and Soft .. .. .	..	..	26	1.7	50	2.5	56	2.5	132	2.2
Home Manufacturing Appliances .. .. .	..	..	45	2.9	21	1.0	1	0.1	67	1.1
Services General .. .. .	..	..	..	..	161	7.9	178	7.9	339	5.5
Decimal Currency	12	3.4	..	..	..	..	..	..	12	0.2
Miscellaneous	49	13.9	115	7.5	68	3.6	63	2.8	295	4.8
Total	353	100.0	1,530	100.0	2,024	100.0	2,239	100.0	6,146	100.0