



1974-75

VICTORIA

MINISTRY OF
CONSUMER AFFAIRS

REPORT
OF THE DIRECTOR OF CONSUMER AFFAIRS
FOR THE YEAR ENDED 30TH JUNE, 1975

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MINISTRY OF CONSUMER AFFAIRS
VICTORIA.

To the Honorable J. A. Rafferty, M.P.
Minister of Consumer Affairs,
Victoria.

Sir,

Pursuant to Section 8A of the Ministry of
Consumer Affairs Act, I submit herewith
the First Annual Report of the Director
of Consumer Affairs for the period 3 June
1974 to 30 June 1975.

Yours faithfully,

C. N. GESCHKE

Director of Consumer Affairs.

Melbourne

19th November, 1975

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INTRODUCTION.

- 1.1 This is the first Annual Report of the Director of Consumer Affairs on the activities of the Ministry of Consumer Affairs and generally covers the period 3 June 1974 to 30 June 1975. The report covers the operations of the Ministry, the Consumer Affairs Bureau and the Small Claims Tribunals.
- 1.2 The report reflects the significant changes that have taken place in the period under review and demonstrates the progressive development of effective principles dealing with Consumer Affairs since the time when the first Consumer Council in Australia was formed in Victoria in 1965.
- 1.3 Previously the Consumer Affairs Council has reported to the Minister annually and since the formation of the Consumer Protection Bureau in November 1970 the Council, in order to present a comprehensive picture of problems facing consumers in Victoria, has reported on the activities of the Consumer Affairs Bureau.
- 1.4 In order to maintain continuity of subject matter and to facilitate research into long term trends, this report will follow, to some degree, the structure of the previous reports of the Consumer Affairs Council that dealt with Bureau aspects.
- 1.5 The Director's report and that of the Consumer Affairs Council are complementary and present in perspective the involvement of the Ministry of Consumer Affairs in Victoria.

STRUCTURE OF THE MINISTRY.

2.1 On the 3rd June 1974 the Ministry of Consumer Affairs Act 1973 came into operation establishing a Ministry and appointing a Director of Consumer Affairs. Under that Act the objects of the Ministry were specified to be generally to protect and promote the interests of consumers and in particular:-

- (a) To investigate any matter affecting such interests.
- (b) To initiate recommendations or undertake programmes designed to promote such interests.
- (c) To advise and co-operate with Government Departments, Public Statutory Authorities, Municipalities and other persons or bodies concerned with protecting or promoting such interests.
- (d) To initiate, promote or encourage the institution of Practices of Conduct tending to the better protection of consumers.
- (e) To undertake, promote, encourage, or assist in programmes to assist consumers to be more fully informed about goods and services offered to consumers.
- (f) To administer the Consumer Affairs Act 1972.

2.2 The Ministry of Consumer Affairs comprises a Minister and a Director, the Consumer Affairs Bureau, the Small Claims Tribunals and the Consumer Affairs Council. The Consumer Affairs Council is an independent organisation advising the Minister on consumer matters.

2.3 For purposes of the Public Service Act the Permanent Head of the Department of Labour and Industry is also Permanent Head of the Ministry.

DEVELOPMENT OF POLICIES.

- 3.1 It is a commonly held belief that all traders, manufacturers and providers of service will take advantage of a consumer whenever possible.
- 3.2 The experience of the Director since taking up his appointment is the reverse. While there is ample evidence of incompetent tradesmen, dishonest entrepreneurs, confidence tricksters and irresponsible or incompetent management, these terms can only be applied to an extremely small percentage of traders, and manufacturers.
- 3.3 With few exceptions, most traders contacted by the Bureau are genuinely interested in providing customers with a fair deal. There is no doubt, however, that many consumers are quite irresponsible or dishonest in their dealings and have little regard for other consumers who may suffer from their actions and are quite prepared to take advantage of a trader if they can get away with it.
- 3.4 Goods are mistreated, instructions not observed, and undertakings not honoured. Despite these abuses consumers claim redress, causing traders because of their previous experience to become difficult and unfortunately it is often with a genuine case that the trader takes a firm stand.
- 3.5 The Bureau's records indicate that many consumers buy items for a particular "one off" function or use and return them claiming they have not been used.
- 3.6 It is not unusual for consumers to find on buying an item previously returned (allegedly unused) that a part has been removed or damaged through use. The trader has acted in good faith - a consumer has abused the goodwill of the trader, and another consumer suffers.

- 3.7 Interviews often indicate that consumers have signed documents without reading them or even knowing what they were signing. Persons have signed disposal notices for their cars in the belief that they were signing for temporary insurance.
- 3.8 Many have paid money to strangers to carry out work on their home and, needless to say, the work has not been done and the strangers are still strangers.
- 3.9 One is constantly astounded at consumers who fail to take even the simplest of precautions in their dealings.
- 3.10 With the best of intentions and an abundance of staff, it would be impossible for any consumer affairs organisation to gain redress for all the irresponsible consumers who recklessly buy items from backyarders, engage spurious tradesmen who door-knock for business, or who sign documents without reading them.
- 3.11 It was John Ruskin who said:
- "There is hardly anything in the world that someone cannot make a little worse and a little cheaper, and the people who consider price alone are this man's lawful prey."
- 3.12 It is not the role of consumer affairs to get redress for a person whose only consideration was price, nor is it the role to obtain a refund in cases where a consumer finds he could have purchased a similar item elsewhere at a lower price.
- 3.13 One of the objectives of the Ministry is to work towards a fair market place. The consumer's sortie into the market place is that of an occasional buyer, perhaps once in a lifetime for a house, perhaps every five or ten years for a car, refrigerator or washing machine. On the other hand, the trader is constantly in the field and has a superior knowledge of the product and the market. The trader is backed up by large corporations whose psychologists, advertising and marketing men are trained to make an effective

appeal to the potential buyer and, provided their efforts are not misleading or fraudulent, the practice cannot be condemned. It is a fact of life that the professional person fully engaged in trade is better equipped in the market place than the occasional amateur. The market place is then not always fair and there is an imbalance between the trader and the consumer.

- 3.14. This imbalance is aggravated by meaningless guarantees, one-sided contracts, harsh trading terms and communication failures where both parties are speaking the same language but there are semantic differences. With the growing numbers of migrants whose knowledge of English is considerably limited, the communication gap widens.
- 3.15 The creation of a fair market place is therefore paramount to consumer/trader relations and education of the consumer to cope with the pressures of the market will continue to be a primary objective of the Ministry.
- 3.16 Fortunately, this task has been made less burdensome because of the outstanding co-operation given by associations representing retailers, manufacturers and other traders.
- 3.17 It has been with considerable relief to find that most manufacturers and traders are genuine in their offers to help educate the consumer and to rectify matters which could unfairly influence a consumer.
- 3.18 The customer/trader relationship is seen as an important tenet of our way of life and it is believed that if a customer is dissatisfied the trader should be given the first opportunity to give satisfaction. In many of the complaints referred to traders in the early part of the period under review, the complaint was immediately settled to the satisfaction of the consumer. In most cases the trader was unaware of the complaint or it had been dismissed by a shop assistant and not referred to an appropriate ~~level~~ of management.

level

- 3.19 Many traders, especially the larger department stores and the major manufacturers, have set up complaints handling procedures, and it is proposed to divert some capacity of the Ministry to assist other traders in setting up similar systems. It is essential, however, that the trader genuinely wishes to make the system work and uses staff of appropriate executive level with authority to give redress to the consumer if the case demands. Too often in the past it has been found that the handling of complaints has been vested at too low a level and without proper accounting to record the causes of complaint and the action taken or agreed.
- 3.20 That the Ministry is seen as an organisation to promote customer/trader relations and work with both parties in the interests of a fair market is evidenced by the increasing number of traders who have approached the Ministry to discuss new products and marketing procedures, and to obtain advice in the handling of complaints. To further promote this concept the Director has, in addition to addressing many organisations, also chaired seminars and meetings and actively participated in conferences affecting consumers. By such occasions it has been possible to correct misconceptions about the aims and objects of the Ministry, to explain its working procedures and to establish new contacts with representatives of an industry or trade.
- 3.21 Such contacts have resulted in co-operation between the Ministry and the corresponding industry with a better understanding of the aims of the objects of both bodies and the problems and difficulties facing them.
- 3.22 The need for education of the consumer is a vital and a continuing requirement. The formation of regional consumer groups assists in the dissemination of consumer material and handling of consumer problems in the local area. The Ministry is fostering these groups, and the Director has attended public meetings at Traralgon, Ballarat and Bendigo, which were jointly

sponsored by the Ministry and the local consumer group. To be effective these groups should be balanced with representation of both traders and consumers.

- 3.23 In other instances advertisers, as well as advertising editors of newspapers, have consulted the Ministry on advertising campaigns both in relation to the provisions of the Consumer Affairs Act and by way of general marketing advice.
- 3.24 The Ministry welcomes this development of being called upon in an advisory capacity as this not only has prevented the inadvertent breach of the Act but may be the best preventive method in relation to a considerable number of complaints from consumers.
- 3.25 In this respect it may be appropriate to quote the Swedish Consumer Ombudsman who, at the British/Swedish Chamber of Commerce Symposium in London, stated when comparing the legal powers of the Swedish Market Court with his own activity of direct negotiation:-

"It has become evident that in practice business firms are often receptive to the views expressed by us. In many cases a settlement can quickly be made between the Ombudsman and the firm concerned, after which the matter can be closed."

This experience is also evident in Victoria.

- 3.26 It is doubtful whether the consumer should always be protected from his own idiosyncrasies and lazy or inefficient shopping habits are at the buyer's risk. On the other hand, there are fringe elements in the business world which are consciously and fraudulently taking advantage of the unwary consumer, and that in this respect legal provisions are the quickest and

most efficient means of stopping them.

- 3.27 Over protection of the consumer is as equally unsatisfactory as absolute freedom for the supplier.
- 3.28 Within the context of our modern way of life, with its emphasis on a high living standard and high consumption, the whole community must become aware that disputes between consumers and suppliers are, and will be arising simply due to the complex nature of the modern consumer market and the highly technical nature of many consumer goods. In this respect the Ministry considers itself as a mediating body with the object of minimizing and preventing such disputes from arising, maintaining a balance of rights between the supplier and consumer, and regulating and negotiating fair dealings between them.
- 3.29 It is believed that in the first year of operation of the Ministry effective policies and procedures have been established which will, in the long run, produce more benefits for the consumer than any punitive or purely protective attitudes, and which will promote and preserve a healthy customer/trader relationship.

INTER-RELATION OF THE MINISTRY WITH
OTHER GOVERNMENT DEPARTMENTS OR
STATUTORY CORPORATIONS.

4.1.1 Trade Practices Commission.

The Commonwealth Trade Practices Act 1974, establishing a Trade Practices Commission, provided for Commonwealth entry into Consumer Affairs matters. This not only caused apprehension with the established State consumer bodies, and confusion to consumers as to which organisation to contact, but disturbed many traders by the fear of being investigated by both State and Commonwealth offices on the one complaint.

- 4.1.2 Over a number of years the Victorian Consumer Affairs Council and the Consumer Affairs Bureau have developed an effective working relationship with traders in the handling of consumer complaints. This rapport takes time to establish and was beginning to show results: the possibility, then, of Commonwealth activities not based on a background of continuous development and involvement being able to weaken or destroy the co-operative relationship so far established, was of real concern to the Ministry.
- 4.1.3 The situation was aggravated by a series of advertisements placed in newspapers not only suggesting that all traders were rogues but also that consumers for the first time now had protection against these traders.
- 4.1.4 The Victorian Ministry received criticism from many traders who had been most co-operative with the Ministry, and who now felt that this unwarranted attack had been initiated, or at least condoned, by the State Ministry. This untimely, tactless, and misleading advertisement did much to jeopardise the co-operative relations established between the Ministry and traders. Many consumers and educational authorities teaching consumer affairs in schools also expressed concern on the advertisements.
- 4.1.5 The inference that the Trade Practices Act now, for the first time, gave consumers protection, completely ignored the operations of the State organisations and the host of legislation developed to protect the consumer from irresponsible practices and to promote a fair market place.
- 4.1.6 At a conference in Melbourne on the 29th November 1974 the Commonwealth and State Ministers agreed to co-operate to avoid duplication and public confusion over Federal and State consumer legislation and to adopt a commonsense approach to matters.

- 4.1.7 This conference was followed by a meeting in Adelaide of officers of the State consumer authorities and the Trade Practices Commission at which the basis for a co-operative working relationship was established.
- 4.1.8 In Victoria this relationship has proved most satisfactory and practical. The Commission officers confer with Ministry officers on all matters where there is likely to be duplication or a conflict of interests.
- 4.1.9 In some instances where interstate traders are concerned the Commission has acted in the interests of, and on behalf of, consumers whose complaints were being handled by the Ministry.
- 4.1.10 In a number of instances, persons have complained to both the Ministry and the Commission but, fortunately, in most cases duplication of investigation has been avoided by liaison between both organisations. There are, however, instances where the Federal and State Acts have differing provisions and, until a complaint is fully investigated, it is not known under which Act the breach has occurred and some duplication of investigation naturally occurs, although liaison has minimised this.
- 4.1.11 It was by agreement between the offices that cases against Hammersmith Storage Modules Company and John R. Lewis International World Marketing Directory of Principal International Businesses were proceeded against by the Commonwealth. Other cases involving business entities, especially those which are not corporate bodies and over which, therefore, Commonwealth legislation had no jurisdiction, were referred to the Ministry of Consumer Affairs where appropriate action was taken.
- 4.1.12 Fortunately, common sense and co-operation between the State officers and those of the Victorian regional office of the Trade Practices Commission has allayed most of the apprehension and fears that heralded the

arrival of the Commonwealth into Consumer Affairs matters.

4.2.1 Victorian Government Departments and Statutory Organisations.

Consumer Affairs covers a very wide range of activities and many aspects of such activities come under the legal and administrative jurisdiction of other Government Departments and Statutory Authorities. This was recognised by the Consumer Affairs Act, as one of the functions of the Bureau was to be able to refer complaints to Government Departments or Statutory Bodies which the Bureau considered best able to take action or furnish advice on particular matters.

4.2.2 Over the years the Consumer Affairs Bureau has become a central point for consumers in respect of any complaints which fall within the administration of other Government Departments. In many cases it is impossible for the average consumer to know which Government Department to approach and he relies on the Bureau not only for advice as to which department to approach but often to explore all avenues open to him under the various statutes as administered by the various Departments to gain redress.

4.2.3 The involvement of the Commonwealth in the Consumer Affairs field has further tended to confuse the consumer as to whom to refer enquiries or complaints.

4.2.4 A considerable amount of work is still to be done in establishing sound principles of co-operation with the Government bodies, statutory corporations and committees. Consideration must be given to the fact that many complaints are that complex and many sided that the jurisdiction of another Government department may extend only over one small aspect of the overall complaint.

- 4.2.5 Sometimes a Government Department is concerned with such aspects as the issuing of a licence to a trader or the regulation of the activities of a particular industry and the question of redress for the consumer in a particular transaction may be of secondary importance to that body.
- 4.2.6 A matter referred for investigation may also be of minor importance in relation to the administration of an Act but of the utmost importance in relation to a consumer transaction in which consumers suffered.
- 4.2.7 The importance of what may appear to be a minor breach of an Act may not be apparent unless one is constantly in touch with practical application of that legislation in the market place, a function which the Bureau is constantly involved in through the thousands of complaints it receives from consumers.
- 4.2.8 In many instances the Consumer Affairs Bureau must maintain an interest in cases and pursue its investigation even though certain elements of them have been referred to other Government bodies. Only if such interest is maintained and pursued to its ultimate end can sufficient research data be accumulated to enable the Ministry to form an opinion on the activities of the trader or even a whole industry and then issue appropriate guidelines or suggest appropriate standards.
- 4.2.9 It is therefore necessary for the Ministry to establish and maintain a close co-operative basis with all departments; but particularly those discussed in the following paragraphs:-
- 4.2.10 The Health Department.
Many consumer complaints relate to health or quasi health matters.

- 4.2.11 Ministry representations have been made on such topics as fruit juices and drinks, health foods, and date marking and ingredient marking of food stuffs. On some topics discussions took place with professional experts in each particular field and avenues were sought how to remove certain problem areas. By this co-operation it was possible to bring the unethical activities of some hair restorers and pest control companies under strict control so that currently complaints in the two areas have virtually ceased.
- 4.2.12 The Corporate Affairs Office.
This office has been consulted on numerous occasions in relation to bankruptcies, liquidations, avoidance of registration of business and company names and many discussions between officers of the Ministry and that office have taken place on specific issues affecting consumers.
- 4.2.13 Police Department.
The Police Department has frequently been consulted, and in order to obtain evidence for Pyramid Selling prosecutions, a plain clothes officer of the Police Force accompanied a Bureau inspector.
- 4.2.14 The Company Fraud Squad investigated cases of alleged fraud referred to it by the Ministry and discussions were held on fraudulent trading practices under investigation by the Squad on which the Bureau had accumulated information.
- 4.2.15 The Education Department.
This Department has consulted the Bureau on the establishment of Consumer Sociology courses and schools have sought project material from the Ministry.
- 4.2.16 The Motor Car Traders Committee.
This Committee was established in December 1974. Both the Consumer Affairs Council and the Consumer Affairs Bureau took immediately the initiative to establish contact with the Committee in order to develop lines of co-operation and thus ensure that the interests of consumers were protected to the fullest extent of legislative provisions. The

opinion expressed by the Motor Car Traders Committee on the other hand was that the Ministry should not involve itself in any motor vehicle complaints whatsoever but should refer all complaints directly to the Committee.

- 4.2.17 However, by reference to the Motor Vehicles section of this report it is evident that by far the majority of complaints received by the Bureau cover aspects which are well beyond the legislative control of the Motor Car Traders Committee. Referring all complaints to the committee at the exclusion of the Bureau would create a dangerous vacuum in which consumers would be left stranded without any help whatsoever. This matter has already been investigated by the Consumer Affairs Council and a statement was made in the 1974 Report that "from discussions with the Committee it became nevertheless quite clear that the Council would have to retain an interest in the motor car industry and the Bureau would have to remain the recipient of complaints from the public. Many complaints are of such complexity that they go beyond the powers of the Motor Car Traders Act. The Council is confident that mutual effort of the Motor Car Traders Committee, the Council and the Bureau will result in a better deal for the consumer".
- 4.2.18 Such an attitude is fully supported by a large proportion of the motor car trade. Representations have been made to Investigating Officers of the Bureau that the trade prefers to settle individual consumer disputes by way of the informal mediating powers of the Bureau rather than being brought to account in front of a licensing body such as the Motor Car Traders Committee. This is particularly the case with complaints which have inadvertently arisen despite a responsible management policy to give the best of service to consumers.
- 4.2.19 This attitude is further supported by consumers and their associations as an acknowledgement of the rapport established with the Bureau over the years and in acknowledgment of Section 8 of the Consumer Affairs Act which empowers the Bureau to refer

complaints to those Government Departments which it considers best able to take action or furnish advice in the matter. Consumers are therefore assured that all avenues of settling their complaint would be explored even though one and the same complaint may involve the Law Department (hire purchase dispute), the Police Department (on a roadworthy certificate issue), the Motor Car Traders Committee (on the statutory warranty provisions) and last but not least, the Consumer Affairs Bureau (on insurance contracts, bait advertising, excessive pressure selling, etc).

4.2.20 The Consumer Affairs Bureau is continuously bringing those matters to the attention of the Motor Car Traders Committee which are discovered to be in breach of the Motor Car Traders Act in the course of investigating a complaint.

4.2.21 In this way, the full force of all statutory provisions can be evoked in order to remove unethical practices from the trade and obtain an equitable solution to consumer problems.

4.2.22 General.

The Social Welfare Department, Law Department, Local Government Department, the Registrar of Money Lenders, State Electricity Commission, Gas and Fuel Corporation and the State Insurance Office have been consulted on consumer issues and have co-operated with the Ministry in all respects.

4.2.23 Administrative co-operation will be continually developed not only to ensure an efficient system of liaison but also in order to avoid duplication of effort which, especially in cases of fraud, can result in the frustration of the efforts of professional investigators.

4.3.1 The Ombudsman.

The Consumer Affairs Bureau has always received complaints from the public against other Government Departments or Statutory Corporations. The complaints were directed mainly against Public Utilities which provided a service to consumer, such as the supply of gas, electricity, water, transport and postal facilities. The complaints were usually an outcome of unavoidable misunderstandings or clerical errors attributable to human error.

4.3.2 As early as December 1973 an acceptable arrangement was agreed upon between the Consumer Affairs Bureau and the Ombudsman in order to avoid any duplication of effort in the resolution of such complaints. These working procedures resulted in a harmonious co-operation between the two bodies.

4.3.3 However, the Ministry of Consumer Affairs is a Government department and, as such, its administrative actions may be investigated by the Ombudsman on any complaints which the public may want to lodge against the Ministry. Furthermore, the nature of the work done by the Consumer Affairs Bureau shows a strong propensity to attract complaints from various sections of the community. In many respects the Consumer Affairs Bureau is the "meat in the sandwich" on many issues and disputes between consumers and traders. It was not surprising, then, to find that the Ombudsman would receive complaints against the Consumer Affairs Bureau either from dissatisfied consumers on whose behalf the Bureau's negotiations were unsuccessful or from traders who may feign indignation because unethical practices perpetrated by them have been exposed, or because the Bureau's staff pressed for resolution a particular matter. Investigating Officers of the Consumer Affairs Bureau are expected to make full representations on behalf of consumers and to explore all avenues to bring the issue to a satisfactory conclusion.

- 4.3.5 They are instructed to exclude all emotionalism from any allegations made by consumers when making representations to the trader. However, this may not always be possible to do, especially when the problem originally arose out of a clash of personalities between the consumer and the trader.
- 4.3.6 In cases where the Officer is dealing with a shrewd salesman he must make a firm stand on a certain issue if he wants to get anywhere with the complainant. An acceptable attitude towards a shrewd salesman may be offensive if applied to another person who is timid in character. If the Investigating Officer pushes a trader too hard, the trader complains to the Ombudsman. If the Investigating Officer does not push hard enough to get satisfaction for the consumer, the consumer complains. What is appropriate in one case may seem coercive or high-handed in another. It is this aspect of dealing with all kinds of people from all sections of our community on matters involving a vast variety of issues and values that creates the tendency to attract complaints against the Consumer Affairs Bureau itself.
- 4.3.7 It is therefore surprising and must reflect creditably on the tact and patience of the investigating staff of the Bureau that only eight complaints against the Ministry have been investigated by the Ombudsman in the year under review. Considering that there are at least two parties to a complaint, of the 8215 complaints and therefore over 16430 parties involved, the eight is an insignificant figure.

LEGISLATION.

5.1 Consumer Affairs Act.

During the year under review, amendments were made to legislation administered by the Ministry of Consumer Affairs to bring it into line with changing social attitudes and the emergence of new unethical commercial practices. The provisions in existence under the Consumer Protection Act 1972 (as it was then known) as at 1st July 1974 were as follows:-

Proceedings on behalf of or in defence of consumers

Trading stamps or coupons

False or misleading advertising

Misleading marking of prices

Mock Auctions

Door to door sales

Unordered Goods and Services

Pyramid Selling

Merchandise Marks

Footwear Regulations

Furniture Regulations

Safe Design and Construction of Goods

5.2 During 1974/75 the principal Act was amended by the Consumer Affairs Act 1974, the whole of which came into operation on 1st January 1975. This amending legislation made the following changes to the principal Act.

5.3 1. Change of name of Consumer Protection Bureau and Title of Consumer Protection Act 1972.

It was considered that the term "protection" was an emotional term and did not reflect the activities of the Ministry and Consumer Affairs Bureau in its dealings with consumers and traders. Consequently the name of the Bureau and the title of the principal Act were changed to Consumer Affairs Bureau and Consumer Affairs Act 1972 respectively.

The philosophy of a fair market place and the principle that the operations of the Ministry are to foster such a fair market rather than be purely punitive or investigatory has been paramount to the operations over the last year. There has been an excellent response to this concept and many traders and manufacturers have approached the Ministry for advice and assistance and the consumers have consequently benefited by the better relations established.

5.4 2. False or Misleading Advertising.

Two amendments were made to the False or Misleading Advertising provisions of the principal Act.

- (a) Bait Advertising. The practice commonly known as "bait advertising" was prohibited by the Act. The Act now provides a penalty of \$500 for breaches of these provisions.
- (b) Name and address to be shown when P.O. box numbers are used in advertisements.

The Act now prohibits the advertising of goods for sale or the provision of services where a post office box number is the only address shown. Many mail order buyers had difficulty in ascertaining addresses or in obtaining satisfaction or service in respect of organisations using P.O. box numbers only as an address. It is now necessary for such advertisements to provide the full name and address of the person placing the advertisement. A penalty of \$500 is provided for contravention of this section.

5.5 3. Pyramid Selling Schemes.

The legislation was strengthened by amending the definition of Pyramid Selling Schemes.

5.6 4. Referral Selling.

The Consumer Affairs Bureau in the past received a large number of complaints where commissions were offered to prospective purchasers, who after the transaction had been finalised, induced other persons to purchase the goods and services from the same firm or company. This practice, commonly referred to as "referral selling", was banned by the Consumer Affairs Act 1974, which provides a penalty of \$500 for breaches of these provisions.

5.7 5. Invoice to be issued on request.

The amending legislation further provides that a vendor must on request supply a purchaser with an invoice or document containing particulars of the goods sufficient to identify them, and particulars of such information, as to standards of the goods or parts, as might reasonably be made known to the purchaser or what the purchaser specified in his request.

5.8 6. Return of Replaced Parts

When a person effects repairs to goods and in the course of carrying out these repairs replaces parts he must offer to return those parts to the consumer.

5.9 7. Packaging.

The Governor in Council may make regulations in relation to packages and the packaging of goods.

5.10 8. Power of Inspectors.

It is now an offence for a person, without reasonable excuse to:-

(a) Refuse or fail to reply to a request for information, or

(b) Furnish an inspector under the Act with information that is false or misleading on a material particular.

5.11 Comparison of Victorian Consumer Legislation with that of other States.

At Appendix E is a comparison of Consumer Protection Legislation in the other Australian States, the Australian Capital Territory and the Northern Territory.

INVESTIGATION OF COMPLAINTS.

6.1 When the Ministry came into existence on the 3rd June 1974, the Consumer Affairs Bureau was about fifteen months behind in initiating the handling of complaints, with a total of 2209 on hand awaiting investigation, 892 in the course of investigation, and new complaints being received at the rate of 590 per month.

- 6.2 The Bureau's original complement of five investigating officers had just been increased to nine but this increase was based on the level of complaints and investigations pertaining in mid 1973 when 3718 complaints were received in the preceding twelve months averaging 310 per month. By the time new staff had arrived the complaints had reached a rate of 5832 annually or 486 per month, and phone calls 250 per day.
- 6.3 Experience of Interstate Bureaux and that of Victoria suggest that an investigating officer can handle on an average 50 complaints per month. When investigation of alleged breaches of the Act are involved, the number of complaints that can be handled drop accordingly. It was obvious that the resources of the Ministry could not handle all the work involved.
- 6.4 By establishing new priorities the massive task of bringing the complaints up to date was begun. All but the most urgent research and educational programmes were suspended and all staff, including the Director, Chief Executive Officer and Research Officer dealt with outstanding complaints.
- 6.5 In many cases the time lag prevented further research into the complaint and, in some cases, the consumer had obtained redress and did not want the Bureau to further investigate the complaint. This referred mainly to complaints involving relatively small retail values.
- 6.6 Nevertheless, in all but a few instances consumers were contacted, their case re-established and taken up with the manufacturer or trader. With one exception all consumers and, with a few exceptions, all traders, acknowledged the problem facing the Bureau and co-operated to resolve the outstanding complaints.
- 6.7 The final result was that by December ~~1975~~¹⁹⁷⁴ action on every complaint received had been initiated. However, by reference to Appendix A it will be seen that although the initiation of handling complaints was brought under control, this was at the expense of dramatically increasing the number of complaints

under investigation, and at the end of November there were 2711 complaints being handled.

- 6.8 Effort can be devoted to handling a particular complaint at every opportunity or the effort can be devoted to initiating action on each complaint as it is received; one course of action is at the expense of the other.
- 6.9 The 2711 complaints under investigation at the end of November meant that each investigator was trying to keep abreast with over 250 complaints at any one time, and representations and replies by traders exerted increasing pressures on the staff to continue handling existing complaints under investigation rather than initiating action on new complaints received.
- 6.10 During the year under review the Consumer Affairs Bureau received 8215 written complaints. Figures for previous years are -

		<u>Increase over previous year</u>	<u>Index Base Year 1972.</u>
1971/72	2359	-	100
1972/73	3718	1359	158
1973/74	5832	2114	247
1974/75	8215	2383	348

- 6.11 In assessing the work load of the Bureau, consideration must also be given to the number of phone enquiries, interviews and investigations of alleged breaches of the Act. These are discussed later.
- 6.12 In the six months to the 31st December 1974, an average of 590 complaints per month were received, while in the second half of the year the figure increased to 779 per month. See Appendix B for monthly distribution by years.
- 6.13 The time involved in handling a complaint varies enormously. Some are resolved by a telephone call to a trader. Others take many hours of work with correspondence and negotiations extending over many months. Many complaints have taken over

twelve months to resolve, and an occasional one has been satisfactorily resolved for a consumer after two years. Some complaints are simple, involving one trader and a simple issue - others involve not only a trader but also a finance company, an insurance company and other parties as well as being on a complex matter.

- 6.14 In an effort to cope with the increasing number of complaints but also at the same time preserve the customer/trader relationship, the Bureau introduced a policy of not handling a complaint unless the consumer had approached the trader seeking redress first. This policy was not applied rigidly but did, it is felt, cause a number of potential complaints to be resolved without involving the Bureau. But for this, the number of complaints received in the year 1974-75 could well have exceeded 10,000.
- 6.15 The consumer complaints resolved by the consumer contacting the trader were usually on those issues which were simple or in which there had been a breakdown in communication. The complaints reaching the Bureau then were in the main those which the consumer had been unable to get satisfaction from the trader and were more complex or difficult for the Bureau staff to handle.
- 6.16 This trend towards more complex complaints is evidenced in the area of -
- (a) Building: where difficulties encountered by the industry contributed to a considerable number of builders becoming bankrupt or at least experiencing financial difficulties which resulted in non completion of contracts, or shoddy workmanship.
 - (b) Motor vehicles sales which increasingly involve not only claims of reliability and quality of the vehicles sold but also finance contracts, insurance contracts, warranties, dealership agreements and manufacturers' or assemblers' quality control.

- (c) Insurance: issues involving such problems as market value of items insured, exclusion clauses of which the policy holder was not aware, especially in Consumer Credit Insurance Policies and surrender values of life policies.
- (d) Finance, involving issues of interest rates, non disclosure of all the conditions of the agreement, and pressure on consumers to sign up with a particular finance company.
- (e) Carpets and soft furnishing: where the Consumer Affairs Bureau was more and more involved in complex issues affecting the quality, composition and care instructions of the items.

6.17 Analysing the percentages published in Appendix C one can see that there is a continuous percentage increase of complaints in the categories of building, motor vehicles sales and service, insurance, finance and carpets. The following table shows that these categories comprised 26.62% of overall complaints in 1971/72, while in the current year under review this percentage increased to 37.81; with a corresponding fall in categories representing less complex issues.

Year	1971/72	1972/73	1973/4	1974/5
Percentage of complex complaints categories to overall complaints.	26.62	32.18	36.46	37.81

Finally, it should be considered that, due to inflation the price of consumer articles has increased considerably, especially in the field of consumer durables. Much larger sums of money are therefore involved in the average consumer complaint and therefore the consumer is much more exacting in his demands for getting a reasonable value for his money while, on the other hand, the trader is much more reluctant to concede to those demands without extensive

proof that consideration should be given to a particular consumer. In addition there is also a growing awareness by consumers that they can call upon the services of the Bureau in connection with most complex issues. The experience acquired by the staff over the years helps ensure that all avenues of obtaining redress or removing an unethical practice will be explored.

- 6.18 Not only is there a proportionate numerical increase of complaints in areas of complex nature, but that there is also a general increase in the complexity of the overall complaints demanding a higher degree of application in their resolution.
- 16.19 Interviews. Because of pressures on staff, only in exceptional cases where complaints may be too complex to be put in the form of a letter or on the complaint form, or the complainant has difficulty with the English language were personal interviews accepted. A total of 453 interviews with complainants were made during the year under review.
- 6.20 Telephone Enquiries. Telephone enquiries throughout the year amounted to almost 50,000. This figure would have been much higher but for the fact that there were only three public lines into the Bureau and the number of officers answering telephone calls had to be limited in order to allow other duties to be performed.
- 6.21 An indication of the demand for advice is evidenced by the Public Service switchboard figures which recorded 539 calls in one day, of which all but 200 could be handled by the Bureau. The duration of calls may vary from a few minutes to over an hour and, unfortunately, there were many days where delays were excessive and some companies resorted to sending telegrams to the Bureau requesting a return call.

6.22 Outside Visits.

Whenever a complaint resulted in a breach of the Act or an allegation was made that such a breach has taken place, and in those cases where an on the spot inspection was necessary, an inspector was sent to visit the relevant premises and interview responsible management. During the year 523 such visits took place.

ALLEGED BREACHES - PROSECUTIONS.

- 7.1 With the expansion of the provisions of the Consumer Affairs Act, the number of alleged breaches and subsequent prosecutions has increased considerably, and it is expected that this trend will continue in the future. As at the 1st July 1974, there were 29 alleged breaches of the Act awaiting investigation. In the year to the 30th June 1975, another 210 breaches or alleged breaches were referred by persons or detected by the Bureau's inspectors.
- 7.2 Of these alleged breaches, in 31 cases it was found that no offence was found which could be maintained but in a few instances letters of warning were issued.
- 7.3 Court proceedings were instituted in 72 cases, resulting in 67 convictions (20 subsequent to 30th June 1975), two dismissals and three adjournments (one with a bond of \$100). A total of \$2,610 in fines and costs of \$2,464 were awarded. These offences were under sections of the Act relating to false advertising, misleading marking of prices, unordered goods and services, false trade descriptions and safe design and construction of goods. As at the 30th June 136 alleged breaches were still under investigation.
- 7.4 From the administration point of view it must be considered that the investigation of an alleged breach and prosecution is a most time-consuming exercise. It requires a critical analysis of the allegations in relation to the provisions of the Act, obtaining all relevant evidence such as copies of advertisements, transcripts, photographs, briefing

by the Legal Officer, especially in connection with new legislation where no precedents have been established, interviewing of proprietors, directors or partners, and finally giving evidence in Court. In excess of twenty hours work per breach would not be uncommon.

- 7.5 As the number of prosecutions is expected to increase more time will have to be devoted to this area at the expense of investigation of complaints.
- 7.6 As the Act moves constantly into new trading areas its effective policing implies an effective guidance and training of the staff. The former Legal Officer of the Department of Labour and Industry was most co-operative in the time he could make available for the Ministry, but this was limited and his death meant that much of the work in hand on prosecutions had to be started again and the Ministry was without effective legal assistance for a considerable period. The lack of systematic guidance, especially in areas of new legislation, has meant that in some cases prosecution could not proceed or in other cases effective prosecution was prejudiced by the manner in which the breach was investigated.
- 7.7 Once the newly created position of a Legal Officer in the Ministry is filled the Ministry should become more effective in the detection, and handling of breaches of the Act.

PROCEEDINGS ON BEHALF OF CONSUMERS.

- 8.1 Part 1A, Sections 9A, 9B and 9C of the Consumer Affairs Act provide for the Director to take proceedings on behalf of consumers. The amount involved is limited to \$2500 and both the consumer and the Minister must give consent in writing to the proceedings. The Director is to be satisfied that, not only has the consumer a cause of action or a good defence to an action, but also that it is in the public interest to institute or defend proceedings on behalf of a consumer with a view to enforcing or protecting rights of a consumer in

relation to an infringement or suspected infringement by another person of those rights or of this Act or any other law relating to the interests of consumers.

- 8.2 In the period under review there was a number of cases in which the Director would have considered proceedings but for the limit of \$2500.
- 8.3 In a number of other cases the Company directors or traders had fled, or it was known that distress warrants against companies and traders had been returned "nulla bona".
- 8.4 There were also a number of complaints in which the trader though harsh, irresponsible, or utterly incompetent, was acting within the law.
- 8.5 In consumer/trader relations the role of the Bureau is to represent a consumer's viewpoint and try and negotiate a settlement of the dispute. With reputable traders this practice is satisfactory. Even in cases where the trader is operating within the law and in a few cases where a court judgement was obtained in favour of the trader, it has been possible to represent a consumer's case again to the trader and get a better result for the consumer.
- 8.6 In one case a debt to a finance company payable with interest over ten years was reduced by \$27,000; in another by \$20,000. A large Melbourne retailer re-examined a case in which it had won judgement and costs, conceded that the consumer had reasonable grounds under the contract for deferring payment, and refunded not only the costs awarded but also contributed to the consumer's costs in defending the case.
- 8.7 One of the first cases considered by the Director was that of an individual who continued to trade despite having a number of unsatisfied distress warrants issued against him. A number of companies were in the same position during the year. Some have now been placed in liquidation. It was obvious to the Ministry that these traders were accepting further

moneys and failing to honour previous commitments; these are mentioned elsewhere in the report.

- 8.8 There is a big difference between companies trading out of difficulties and companies which are insolvent continuing to accept business for which they cannot give satisfaction.
- 8.9 However, action by the Director on behalf of the consumer would have, if successful obtained no return of moneys, or performance of the contract.
- 8.10 Liquidation or bankruptcy may not necessarily be the answer, but it seems that if consumers are to be protected, the Director must be able to take action through an appropriate court to prevent insolvent traders from receiving moneys on future projects or for goods which cannot be completed or satisfied.
- 8.11 The collapses rarely happen without warning, at least not in the Bureau's experience. Complaints history often depicts a trend and early but responsible action by the Ministry could, in many cases, have saved consumers thousands of dollars.
- 8.12 However, at present there are no powers allowing the Ministry to act in these matters and the Bureau can only, in addition to sympathising with the unfortunate consumer, fruitlessly pursue the complaint.

STAFFING.

- 9.1 There is no doubt that the most serious problem inhibiting the Ministry from effectively handling its responsibilities under the Consumer Affairs Act has been a shortage of staff in the Consumer Affairs Bureau
- 9.2 The effect of this shortage on the handling of complaints, research and consumer education is discussed in those sections.

- 9.3 Although the trend in Victoria and throughout Australia is for the number of consumer complaints, demands for advice and degree of involvement in consumer matters to increase dramatically each year, it is recognised that there are competing priorities for an allocation of the State Budget and therefore an obvious limit to the staff and resources that can be provided to meet the demands placed on the Ministry.
- 9.4 However, at the time of writing, approval has been given to increase the established staff of the Bureau from 23 to 36, with provision for a legal officer, 6 investigating officers, 2 research officers, and 4 administrative staff.
- 9.5 These additional staff will significantly improve the Ministry's capacity to obtain its objectives.
- 9.6 Although the results achieved by the Bureau were limited by too low an establishment to handle the workload, the Bureau efforts were also hindered by the delays in replacement of staff or the filling of positions with staff who by their qualifications were likely to remain with the Bureau for a short time only.
- 9.7 The position of secretary to the Council became vacant on 11th October 1974 but the officer was not replaced until the 21st of January 1975. This officer immediately applied for a higher appointment in another Department and left the Bureau on the 8th April 1975. A replacement was not appointed until the 27th June 1975.
- 9.8 An officer requires two - three months training to be effective in handling consumer enquiries and complaints and consequently, for the position of secretary when this prior knowledge is essential in order to assist the Council, it meant that the office of secretary was filled effectively for only three months of the year, and in the remaining period the service had to be provided from an already over-worked inspecting staff.

- 9.9 Unfortunately, this delay in effectively filling a post was not limited to the secretary. Another inspector joined the Bureau on the 20th May 1974 and departed on the 6th September 1974. His replacement was not appointed until 25th November 1974, becoming effective in January 1975.
- 9.10 Of the nine investigating officer positions and secretary, transfers in terms of effective time cost the Bureau 22½ man months or the equivalent of 1125 complaints handled.

RESEARCH.

- 10.1 The Research section of the Bureau is responsible for -
- (a) Conduct of research into developments concerning consumer affairs legislation and operations both in Australia and overseas.
 - (b) Maintenance of consumer reference library.
 - (c) Correlation of statistical information on consumer matters.
 - (d) Production of leaflets, brochures and information bulletins.
 - (e) Promotion of consumer education materials.
- 10.2 During 1974/75 the effectiveness of the Research section was severely hampered by staff shortages both within that section and within the Consumer Affairs Bureau as a whole.
- 10.3 The first Research Officer was appointed to the Bureau in March 1974 and a further officer was appointed a little later to assist the Research Officer. However, the workload of the Registry Section of the Bureau was such that the second officer had to be switched into this area, where he remained on a full time basis for the full year. Furthermore, as mentioned in the section dealing with staff shortages, it was necessary for the Research Officer to assist in the investigation of complaints for a considerable part of the year and, from October 1974 until the end of June 1975, the Research Officer further acted as Secretary to the Consumer Affairs Council due to the vacancy in this position.

- 10.4 It is therefore not surprising that systematic research projects have not been carried out by the Bureau and provision of research data, both to the Ministry and the Consumer Affairs Council, although of utmost importance, was severely limited.
- 10.5 One of the most urgent tasks in Consumer Affairs is to research areas which, as a result of a number of individual complaints, come under the suspicion of being illegal or unethical. The mere actioning of individual complaints or the obtaining of satisfaction for a consumer when an unethical practice is detected does not in itself prevent further innocent consumers being taken advantage of.
- 10.6 Trading practices must be fully researched to provide an adequate basis for negotiations and the setting of standards, but also most essentially to warn members of the public of the unfair or unethical practice.
- 10.7 However, in many cases the huge volume of complaints and the inadequacy of staff meant that investigations were often conducted only to the degree necessary to resolve the individual complaint and very seldom resulted in sufficient information to allow for the development of marketing or manufacturing codes. At appendix D is listed matters in which research investigations were commenced or continued in the year under review.
- 10.8 Research is expensive in time and, with the limited resources of the various State Bureaux, it is essential that some rationalisation of effort occurs, and at a conference of the State Ministers responsible for consumer affairs, agreement was reached for research work to be shared between the States, and for all research reports, or details of investigation affecting other States to be distributed to the other States.

- 10.9 It was also agreed that publications on consumer matters prepared by one state could be reproduced by the others.
- 10.10 In comparison with some other States, Victoria has been significantly lacking in research capacity. An effective research team is essential and the pending appointment of two additional research officers will allow the Ministry to accept its share of consumer research.

CONSUMER EDUCATION.

- 11.1 The backlog of complaints, on the formation of the Ministry, required the diversion of every effort to their handling, and consequently consumer education activities by the Bureau had to be drastically curtailed, and in the period only one new bulletin was produced, although a number were reprinted.
- 11.2 The increase in staff currently being recruited will, it is hoped, allow reasonable achievements to be made in the coming year, and plans are well advanced for a number of new brochures.
- 11.3 The Ministry has continued to accept a number of commitments to address schools, service groups and organisations on consumer matters.

SMALL CLAIMS TRIBUNALS.

- 12.1 The Small Claims Tribunal, established by the Small Claims Tribunals Act 1973, commenced operation on the 4th February 1974, and the first hearing took place on the 18th March 1974.
- 12.2 To the 30th June 1974, 114 claims had been lodged and there were 56 hearings resulting in finalisation of 34 claims; others were adjourned.
- 12.3 In the year 1st July 1974 to 30th June 1975 a further 1011 claims were lodged and 871 hearings held, of which 763 were determined. Some hearings were of adjourned claims and there were a number of rehearings. In fact, on 77 cases there were two hearings for a claim, in 14 there were three hearings and in one case four hearings.

- 12.4 Claims lodged with the Registrar have increased progressively since the establishment of the Tribunal and are now being lodged at the rate of about 150 per month.
- 12.5 To meet this increase a second Tribunal was established on 26th May 1975, with the appointment of another referee.
- 12.6 At appendix F is detailed determinations of the hearings and at appendix G a breakdown of the claims determined in terms of industry or practice.
- 12.7 It will be seen from the appendix that nearly 25% of the claims lodged are withdrawn before or during the hearing. This is usually the result of negotiation leading to an agreed settlement between the parties, and thus achieving the prime object of the Act which is to bring about settlements by compromise and direct negotiation between the claimant and the trader. Approximately 15% of claims made are dismissed and in approximately 40% an order is made in favour of the consumer. The adjourned cases (15%) are usually to allow settlements to take effect.
- 12.8 Amendments to Legislation - Small Claims Tribunals Act 1973.
The Small Claims Tribunals Act 1973 was also amended during the year under review. The amending legislation for Small Claims Tribunals (Amendment) Act 1974 came into operation on 1st January 1975 except for the provision providing for the establishment of the trust account for moneys paid to the Registrar of the Tribunal, which came into operation on 1st February 1975. The amending Act made the following changes to the principal Act:-
- 12.9 1. Orders of a Tribunal
The orders which a Tribunal can make under the principal Act are supplemented by providing that a Referee can formally strike out a claim over which a Tribunal has no jurisdiction.

12.10 2. Moneys can be paid to Registrar of the Tribunals.

In cases where a claimant disputes an account which he has been asked to pay, the principal Act has been amended to allow the claimant to pay the amount allegedly due to the trader into an account kept by the Registrar of the Tribunals. If a Tribunal subsequently finds in favour of the claimant, it can order the money to be repaid to the claimant. Alternatively, if the Tribunal finds in favour of the trader, it can order that the money be paid to the trader.

12.11 3. Claims determined in absence of one Party.

The principal Act provides that where a claim is determined in the absence of one party to the dispute, a monetary order may be made and then may be transferred to a Magistrates Court for enforcement of the order. The Small Claims Tribunals (Amendment) Act 1974 now provides that when an application for rehearing has been lodged in the Registry, execution proceedings are stayed pending the outcome of an application for rehearing.

12.12 4. Proposal to increase limit of Claims.

Under the principal Act an order made by the Tribunal's Referee can only be enforced up to a maximum of \$500. However, at the time of writing this report, a Bill is before Parliament to increase the limit to \$1,000.

12.13 General.

The Small Claims Tribunals hold hearings in country centres, and in certain circumstances, even at the residence of a consumer. To date nineteen visits have been made to country centres.

12.14 The Small Claims Tribunal Act 1973 setting up the Tribunals, and as amended, appears to be effective in promoting the objectives for which it was enacted.

GUARANTEES AND WARRANTIES

13.1 Although there are statutory warranties as to the merchantable quality, title and quiet possession of goods, legislation does not recognise that there is a difference between a basic statutory warranty and a supplementary or marketing warranty. Many retailers, manufacturers or tradesmen issue a warranty or guarantee as to the quality or performance of goods or work over and above the basic statutory warranty requirements. This is done to induce persons to accept their product or service in preference to another.

13.2 That an item is in a merchantable condition at the time of sale gives no indication of life expectancy. Car warranties vary from 10,000 km. or 6 months to 20,000 km. or 12 months. Some car batteries have a four year guarantee while others have only 12 months.

13.3 One refrigerator was sold with a warranty card which stated in respect of the sealed unit -

"The Manufacturer of the Sealed Unit built into this Refrigerator guarantees replacement of defective parts or labour at the Manufacturers nearest Service Depot within five years from the date of purchase".

But when a fault developed after 3 years and a claim was made against the company, it was pointed out by the company that the words "parts or labour" were different from "parts and labour".

13.4 Another guarantee states "life time guarantee" and another for a radio, in large letters states - "One year guarantee" - but the small print advises that the full guarantee is only for 90 days and the other 9 months is for parts not labour.

- 13.5 When quoting for work contacts traders will often verbally state the guarantee is for one year, two years, or some other period, such a guarantee is impossible to enforce without adequate witnesses.
- 13.6 Many consumers make their choice of competitive products on the duration and qualification of the supplementary guarantees given, and it is these supplementary guarantees or warranties that are misleading consumers. Often documentation is vague, wordy, quotes impractical pre-requisites, or uses misleading words or phrases, to deceive the consumer or to dissuade him from taking action at the time of product failure.
- 13.7 Quite often the Bureau is aware that the consumer has been misled by salesmen's verbal guarantee or by these imprecise documents or as to the nature of the guarantee but is unable to obtain redress for the consumer either because of the expressions used in the guarantee, or because it has not been reduced to writing and its terms are disputed.
- 13.8 Often warranties are issued which though legally valid are unenforceable because a company or trader has gone into liquidation, or is unable to honour the terms of the warranty. A discussion on one such company is in the Building Industry - Cladding Section of the report.
- 13.9 Some reputable manufacturers, traders and tradesmen issue guarantees which are concise and clearly state the undertakings, responsibilities of both parties, and the procedure to be followed in the event of product failure.

- 13.10 These reputable manufacturers or traders are often at a disadvantage with others because the non-requirement for supplementary guarantees to meet standards, clarity and coverage on documentation, leads to the consumer choosing products with guarantees which though, appearing more attractive are misleading, unenforcible, or deficient.
- 13.11 Consumers must examine thoroughly any guarantee or warranty and read the small print or conditions. A verbal guarantee must be regarded as worthless. If a trader or tradesman is reputable and reliable he will not hesitate to state his guarantee in writing.

MOTOR VEHICLE INDUSTRY

Co-operation

- 14.1.1 During the year under review the Ministry was able to establish an unprecedented amount of co-operation with the motor vehicle industry. Management of most dealerships have made a genuine effort to resolve complaints presented to them in an unbiased manner. Consultations and discussions took place also on incorporating new consumer oriented policies into the sales structure of dealerships.
- 14.1.2 A frank exchange of ideas resulted in a much better appreciation of both the problems facing the industry and the objectives of the Ministry. General agreement was reached during numerous discussions to the effect that the efforts of the Ministry are to a very large degree complementary to the efforts of top management to develop a responsible attitude towards consumers within the sales structures of their companies.

- 14.1.3 Nevertheless there is a clear cut indication that the motor vehicle industry is very much prone to create dissatisfaction in its dealing with consumers as nearly every fourth complaint received by the Consumer Affairs Bureau refers to a motor vehicle transaction. This is also reflected in the reputation of the industry in the eyes of the public. The image of the sleek, smart and aggressive salesman who will not stop at anything in order to make a sale is not only a cartoon fiction but is based on hard and sobering fact.
- 14.1.4 Although it must be accepted that the salesman is there in order to make a sale and use his skills as well as his powers of persuasion this does not mean that all rules of ethical business conduct can be thrown to the wind.
- 14.1.5 It is quite clear when examining complaints lodged with the Consumer Affairs Bureau that the motor vehicle industry is only just beginning to develop a code of ethical practices which would serve as a standard for traders and salesmen alike. Until such a code is compiled and the trade itself embarks on a campaign of self enforcement of its own standards the bad image of the trade will continue.
- 14.1.6 In line with the Ministry's general objectives of encouraging individual industries to develop their own standards the Consumer Affairs Bureau has tried to encourage motor car traders to take full responsibility for the resolution of complaints. Wherever a responsible contact could be established with a trader, complaints against that trader were generally referred to the contact for resolution. Only in cases where an amicable resolution could not be established between the trader's contact and the complainant did the Bureau accept the role of a mediator to

the dispute. Top management of many of the major motor car dealers have agreed to act as contacts for consumer complaints.

COL PAIGE FORD

- 14.2.1 In this respect it should be noted that Col Paige Ford has made an effort to put its business on a sound footing. The number of complaints against Col Paige Ford was running at a very high rate as compared with other dealers and the allegations made against the sales staff of the company bordered sometimes on fraud and misrepresentation. Extensive correspondence with Col Paige Ford resolved a considerable number of complaints but was not able to preclude new ones from arising. Visits from various Company representatives, including Mr. Paige himself, in previous years resulted in certain improvements which nevertheless were only of short duration.
- 14.2.2 Disregarding these sporadic attempts at improvement, the complaints continued to be on the increase and covered almost the full range of unethical and unprincipled behaviour in consumer transactions.
- 14.2.3 By the end of the year under review Mr. Paige, with the aid of a public relations company, approached the Ministry in order to establish proper working procedures with the Consumer Affairs Bureau and in order to stop complaints from arising.
- 14.2.4 After an initial conference between the Director, Chief Executive Officer, Mr. Paige and a representative from the public relations firm, it was arranged that periodic meetings would take place at which complaints against Col Paige Ford could be discussed and remedies sought on how to prevent additional complaints from arising.

- 14.2.5 At the time of writing this report such meetings are taking place. The Ministry feels that this arrangement with Col Paige Ford is an encouraging step in the right direction to develop a responsible attitude towards consumers and hopes that it will result in the establishment of a sound and ethical sales attitude towards consumers.

AVOIDANCE OF REGULATORY PROVISIONS

- 14.3.1 There are discouraging signs that far too many individual salesmen, especially those in the secondhand market, are much more concerned with making a quick sale than with the long term image of the industry. The regulatory provisions of the Motor Car Traders Act can serve as the best illustration that salesmen consider any attempts to put the trade on a sound footing as a challenge to their "free for all" attitude towards the consumer. Numerous allegations are made to the Bureau in this respect.

Defect Notices

- 14.3.2. In the second reading speech introducing the Motor Car Traders Bill the Minister of Transport made the following comments on the "Defect Notice" -

"As I have said, the statutory warranty will apply to every defect which occurs in the warranty period unless the motor car trader relieves that warranty. To relieve the warranty with respect to any defect the motor car trader may affix to the motor car offered or displayed for sale, a notice in the prescribed form setting out with reasonable particularity any defect he believes to exist in the motor car, together with his estimate of the fair cost of repairing or making good such defect. If that notice is displayed on the motor car

at all material times, is signed by the purchaser and a true copy delivered to him for retention at the time of sale and the estimate of a fair cost of repairing or making good the defect is reasonable, then the statutory warranty will not apply with respect to the defects nominated".

14.3.3 By way of contrast to the Minister's statement, a consumer declared by statutory declaration to the Bureau that he signed a defect notice showing a defective "gear box and other items" and an estimated repair cost of \$1,000 because a salesman assured him that the notice would cover him to a value of \$1,000 for any repairs to be done. In other words the defect notice was misrepresented to the consumer as being a warranty up to \$1,000 on the stated defects that may arise after purchase.

14.3.4 Another instance refers to a defect notice which described the car as "totally defective" and estimated the cost of repairing it at \$2,000. The car was sold for \$1,095. The purchaser, in a statutory declaration, made the following statement :

"I queried the form before signing it and received the following answer : 'It's not worth the paper it's printed on. It simply means we are willing to pay up to \$2,000 for repairs on your car'. Not being experienced in purchasing motor cars I took the salesman's word and signed. Under no circumstances would I have gone through with the deal had I known what the form meant."

14.3.5 At the same time the trader issued his own 50/50 warranty. The result of this misrepresentation was that the trader was able to replace the statutory warranty provisions with his own 50/50 warranty under which the purchaser was obliged

to pay half of all labour charges or cost of spare parts. The dealer's own 50/50 warranty also included the following statement :

"This Warranty is expressly made in lieu of all other Warranties and conditions, express or implied, and all other obligations or liabilities on the part of the dealer, and the dealer neither assumes or authorises any other person to assume on its behalf any other liability in connection with the sale of the vehicle specified herein".

14.3.6 The defect notice of yet another trader is reproduced :

MCTA 4

SECTION 42. MOTOR CAR TRADERS ACT 1973.

STATEMENT OF DEFECTS PURSUANT TO SECTION 42 OF THE MOTOR CAR TRADERS ACT 1973 IN A SECOND-HAND MOTOR CAR OFFERED FOR SALE.

Description of motor car :-

Make ~~Holden S/Wagon~~
Registered number (if any).....
Engine number
Description of defects believed to exist :

- MOTOR CHANGEOVER (COMPLETE) \$400
- GEAR BOX CHANGEOVER (COMPLETE) \$300
- CLUTCH COMPLETE \$200
- DRIVE SHAFT AND COMPONENTS \$200
- DIFFERENTIAL AND REAR AXLES \$200
- FRONT END AND SHOCKERS \$200
- STEERING AND ALL COMPONENTS \$200
- REAR SUSPENSION AND ALL COMPONENTS INC. SHOCKERS \$200
- ALL ELECTRICAL SYSTEM AND COMPONENTS \$200
- BODY STRUCTURE, DOOR LOCKS AND WINDOW MECHS. \$300
- SEAT BELTS \$100
- RADIATOR AND ALL HOSES \$100

Estimate of the fair cost of repairing or making good :

TOTAL \$ 2,600.00

.....
.....

Signature of Motor Car Trader.....
Licence No.
Signature of Purchaser.....

The section within the vertical lines is, apart from the figures, a rubber stamp imprint, and the trader is thus listing all conceivable items that could go wrong and excluding them from the statutory warranty provisions. The relevant car, a Holden Station Wagon was sold for \$1,498. The allegation made by the purchaser was that the salesman asked him to sign the defect notice claiming that it was necessary as the speedo reading on the vehicle was believed to be untrue and that the car was further represented to the purchaser as being in good condition.

- 14.3.8 By being able to obtain a signature from the purchaser on this defect notice the salesman was able to exclude the statutory warranty from applying to the particular transaction. The contradictory aspect of it was that the car was sold with a valid Roadworthy Certificate thus giving weight to the salesman's allegations that the defect notice was of no importance to the purchaser.
- 14.3.9 Numerous additional examples can be quoted where defect notices are represented as unimportant miscellaneous detail" or "Just a piece of paper required to be signed as the vehicle in question is classified as a sports car". In one instance a trader made the statement to an inspector of the Bureau that "on all performance cars we issue defect notices as some young blokes give them a bit of a thrashing".

Form L

- 14.3.10 The attempts of salesman to avoid regulatory provisions of any legislation are not limited to the defect notice.
- 14.3.11 The Motor Car Traders Act prescribes that the price of the vehicle and other information is to be shown on a Form L. which is to be displayed in the window of the car offered for sale.

14.3.12 The intention of this provision is to inform consumers as to what kind of a car they are buying and thus give them an element of protection against misrepresentation.

14.3.13 There is ample evidence that some members of the trade do not consider the price to be shown on the form as the final price but inflate it excessively in order to be able to make a claim to a purchaser that he is getting a "real bargain".

14.3.14 To an enquiry from the Bureau why a trader advertised a car at a lower price than that shown on the prescribed Form L the following reply was received from a trader :

"Prospective purchasers who are not motivated by an advertisement on a particular vehicle are offered vehicles at the display prices. These prices are still open for negotiations. Even in these instances the negotiations are between the prospect and the Company's management. The basis of these negotiations are in the main what the prospect is prepared to offer, what the Company is prepared to accept".

14.3.15 It is obvious that what originally was intended as a regulatory measure in order to disclose the price of the car in a reasonable manner has been distorted to the advantage of the dealer who shows the highest possible price on the Form L and reserves the right to reduce it to anybody who should bargain. The impression then gained is that a real discount is given to the would-be purchaser.

ASSOCIATED INDUSTRIES

- 14.4.1 There is evidence that the unethical activities of some second-hand motor car salesmen can effect the image of other industries which are associated with the motor car trade. The three industries that come most readily to mind are the repair industry, finance industry and the insurance industry.

Repair Industry

- 14.4.2 A dealer attempted to defraud a consumer by charging him \$350 under a 50/50 warranty for repairs to an automatic gear box. The dealer alleged that the total repairs as executed by an independent repairer amounted to \$735 and that he was therefore entitled to at least \$350.
- 14.4.3 Extensive investigations by the Bureau eventually revealed that the cost of the repairs was \$450 but that both parties had agreed to represent to the consumer that the cost was \$735.

Finance Industry

- 14.4.4 There are numerous cases where motor car salesmen misrepresent or withhold information from finance companies. The age of a borrower is altered, his earning capacity is inflated, debts to other finance companies are not disclosed, fictitious deposits are entered on documents and there are instances where salesmen arranged a loan in order to pay it as a deposit to another company.

Insurance Industry

- 14.4.5 There are far too many cases reported to the Bureau where a car salesman "jacks up" the price of the car in order to create the illusion that he is giving a high trade-in allowance or in order to create a fictitious deposit and make the contract acceptable to the finance company.

- 14.4.6 Should the car be then involved in an accident or be stolen, the consumer finds out much too late that the insurance covers only the market value of the vehicle which may be a fraction of his overall commitments to the finance company. The consumer has in such a case not only lost his car but still remains under a considerable obligation to the finance company.
- 14.4.7 Industries associated with the motor car sales trade, especially those which allow car salesmen to handle their official forms, should take more precautions that the information passed on to them is true and relates correctly to the actual facts of the transaction. If that is not done the danger exists that some of the not so flattering aspects of the motor car sales trade will be regarded as normal practice, and its image affected accordingly.

VICTORIAN BUSINESS CONSULTANTS PTY. LTD.
AND EDWARD PHILLIP MOTORS.

- 14.5.1 In the Annual Report of the Consumer Affairs Council for the year ending 30th June 1974, it was stated that misrepresentation to consumers by Victorian Business Consultants was too frequent to be attributed to a mere misunderstanding or a genuine error. The company was incorporated in Victoria on the 10th May 1974, the directors being Mr. Bruce Ellis Kirk and Mr. Ross Henry Edwards, and in a short space of time a considerable number of complaints were received. The company advertises for owner drivers and their prospective clients are assessed as to their suitability for the transport business. The company then arranges the purchase of a vehicle through Edward Phillip Motors.
- 14.5.2 The complaints received against the company in the current year were still running at a very high rate although, due to extensive negotiations between Mr. Kirk and the Bureau, efforts were made to remedy many complaints. Nevertheless, attempts to

repair trucks which were sold with obvious faults were not satisfactory as the purchaser usually relied on the truck for a living and incurred, therefore, a considerable loss of income.

14.5.3 The outline of a typical complaint is given by way of illustration :

" A consumer purchased a truck in the belief that it had been thoroughly overhauled. On purchase the truck showed many defects and in the first seven weeks of ownership he was able to use the truck for income earning purposes only for eight days. The rest of the time the truck was in the garage being repaired. Despite those efforts, the truck could not be repaired properly and finally, the company admitted that the truck was a "bomb". Under such conditions the purchaser could not earn a living and had to trade-in the truck for another one with another dealer".

14.5.4 The purchase price of the original truck was \$7,500. Including Insurance Charges, Stamp Duty, and Legal Costs the total amount borrowed by the purchaser was \$8,650 repayable over five years at an interest rate of 29%. His monthly repayments were \$274.58, coming to a total debt to the finance company of \$16,474.80. When the purchaser traded the truck in he received an allowance of \$4,000 on it. In addition to the loss on capital of \$3,500 in the course of five months, there were also losses on the finance charges and repayments.

- 14.5.6 During the year the Bureau received sixteen complaints against Victorian Business Consultants and Edward Phillip Motors. Five of the complaints involved actual loss of income to the purchaser while repairs had to be effected to the trucks.
- 14.5.7 The Ministry warns that consumers contemplating purchasing trucks should have the vehicle thoroughly tested by an independent tester prior to entering into a purchase contract. They should also consult a solicitor or other qualified person if they are not familiar with financial documents.
- 14.5.7 Victorian Business Consultants and Edward Phillip Motors, on the other hand, must accept their full share of responsibility as such misrepresentations to consumers based on self interest, cannot be tolerated by the community.

CLIVE GREEN MOTORS

- 14.6.1 During the year, thirty-three complaints were received against this company relating to such matters as sale of faulty cars, failure to honour warranty commitments, withholding information on finance contracts, sale of alleged unroadworthy cars and allegations of intimidation. On one occasion it was alleged that Mr. Green informed a complainant that he was a personal friend of an investigating officer of the Bureau, in order to intimidate him from pursuing a complaint. Needless to say, the particular officer had no other contact with Mr. Green apart from telephone communication and correspondence on official Bureau matters. The overall attitude of the company towards consumers was, generally speaking, most unethical and was definitely not based on sound business principles.

- 14.6.2 The Bureau was advised that, in June 1975, Clive Green Motors Pty. Ltd. ceased operating under a voluntary scheme of arrangement to wind up the company. At the time of writing this report, the Consumer Affairs Bureau is actively involved in negotiations with one of the directors of the company to ensure that any outstanding complaints made by consumers will be taken into account under the scheme of arrangement.
- 14.6.3 Nevertheless, there must be a large number of consumers who have not reported their complaints to the Bureau or the Motor Car Traders Committee. As the Clive Green car yard has closed down or has been taken over by another company trading under a different name, those consumers may not be able to obtain any remedy whatsoever.
- 14.6.4 Consumers are advised to report any claims they may have against the company to the Ministry so that they can be taken into consideration in the course of the negotiations currently being conducted with the director of Clive Green Motors Pty. Ltd.

CARAVANS

- 15.1 Over the last 12 months the Bureau has received an increasing number of complaints from consumers who have purchased caravans or camper trailers. Some of these complaints have related to construction problems and deception by sales staff as to the overall length of the caravans. The inability of consumers when purchasing a secondhand and sometimes even a new caravan, to establish the name of the manufacturer and the date when the van was made contributed considerably to the incidence of complaints.
- 15.2 This difficulty was even experienced by the Inspectors of the Bureau when dealing with complaints arising from the purchase of caravans. It is quite common for a company

to contract for the purchase of a caravan from a manufacturer and to market these under their own brand name. It also seems that smaller manufacturers quite often omit to put a chassis number on a caravan when delivering them to a retail outlet and then for registration purposes the retailer proceeds to stamp his own number on the caravan chassis.

- 15.3 However, some manufacturers do identify their product by affixing to the chassis-rail an identification plate or emboss their serial numbers in an appropriate position.
- 15.4 Nevertheless in many cases a potential purchaser cannot locate the manufacturers name or serial number and therefore is prejudiced in making a decision whether to purchase a particular van.
- 15.5 A standardized serial number system would assist purchasers to a very large degree as they would know where to look for the identification number and by checking with the manufacturer would be able to form an opinion as to the construction and quality of the van.
- 15.6 The Ministry believes that the Caravan Industry should develop and administer such a uniform labelling system.

TEMPERATURE WARNING LIGHTS - MOTOR CARS.

- 16.1 When switching on the ignition to start a car, the temperature warning light will glow to indicate that the globe is working. Many motorists see this and then believe that should the engine overheat the warning light will glow. However, unfortunately, to the cost of many, this is not true. The light will only glow if the coolant temperature reaches a certain limit around the temperature detector unit. If there is a broken or leaking hose, the radiator cap is not secured properly, or if you have bought a wrongly matched radiator cap for the system, the engine can overheat without any indication of an excessive temperature. On referring this to General Motors- Holden's the Bureau was advised that the warning light systems in many cars, not only those of General Motors, were not designed to operate if coolant was suddenly lost.
- 16.2 As a means of protecting the engine the warning light is unreliable. The problem exists with cars made by a number of manufacturers. The problem is further compounded in that the Bureau was advised that General Motors utilise three different pressure radiator caps with different temperature light switches, all inter-changeable, but if non matching caps and switches are used a problem will exist.
- 16.3 For example, if a 7 lb. per square inch switch is used with a 4 lb. per square inch cap, then the cooling system could "boil dry" without giving the driver any indication. This is because the sender switch would not operate until 226° F instead of the 217°F which would be the warning light temperature for a 4 lb. per square inch cap.

The main area for creating this problem is when the radiator cap is replaced by an uninformed owner, or by a garage with not suitably qualified personnel.

- 16.4 Bi-metal resistance type electric temperature gauges are preferable to the warning light system, in that they provide a progressive indication of temperature movements.

Another type used in some cars is the capillary type gauge, which also gives a progressive indication of temperature changes. However, it seems that even some of the electric type temperature gauges are not effective if the detector probe is not immersed in the coolant, and serious engine damage can occur before any excessive temperature is registered.

- 16.5 One could be forgiven for believing that in many vehicles the temperature warning light is to aesthetically balance the instrument panel. With most causes of overheating arising through loss of coolant the warning system is unsatisfactory.

- 16.6 The R.A.C.V. at the request of the Ministry publicised this problem in the December edition of their journal Royal Auto, and asked the Australian Automobile Association to approach the manufacturers in an endeavour to have changes made to avoid such problems in future models.

BUILDING INDUSTRY

17.1 Complaints received against the Building Industry can be defined under these general headings :-

- (1) New homes
- (2) Renovations to existing premises
- (3) Cladding

New Homes

17.1.1 Consumers have complained regarding problems with delays in completion of their houses and escalating costs. Once the houses are completed the problems do not end and many consumers have complained continually regarding the failure of builders to finish fences contracted for, remove rubble from the site or perform maintenance or repair building faults after the initial three months of residence.

Grason Homes Pty. Ltd. named also in a previous Consumer Affairs Council Report for its faulty workmanship, continues to be a main offender.

Renovations

17.2.1 Many people, aware of the problem of escalating costs facing the new house buyer, are content to remain in or buy an existing house. However they too face problems in renovating their houses, and an increasing number of complaints are being received regarding 'backyard' builders and carpenters, many of them unqualified, who advertise home extensions and renovations in suburban newspapers.

17.7.2 Complaints regarding jobs dragging on for months, roof tiles incorrectly laid, new guttering incorrectly fitted, electric wiring not done to specification, and shoddy brickwork continue to be lodged by dissatisfied consumers. Too often the so

called builder disappears or is extremely reluctant to return when contacted by the Consumer Affairs Bureau in order to satisfactorily complete the work.

17.3.1

Cladding

The activities of cladding companies continue to be a source of concern because of the large number of serious allegations made against certain companies. The complaints refer to shoddy workmanship, faulty material and vague contractual obligations.

17.3.2

Terra Cotta Texture Brick Pty. Ltd. failed to honour its 20 year guarantees which were issued only a few years previously on jobs done by the company. In a letter on 7th June 1975, the company informed the Ministry that for the past two years Terra Cotta Brick Pty. Ltd. have been in financial difficulties and under an unofficial arrangement with its creditors. As the company was obliged under the voluntary scheme of arrangement to satisfy the claims of its creditors it claimed "our hands are tied as far as being able to spend any monies to effect maintenance, however as soon as the company is out of debt we do have full intentions of honouring our guarantees."

17.3.3

Although the intentions of the company must be taken into account the sad fact remains that many consumers were motivated into obtaining the services of that particular company because of the comprehensive and long warranty they were allegedly obtaining. Many of them finished up with homes clad in inferior products which deteriorate even further from month to month without any prospect of getting any repairs done under the guarantee provisions.

- 17.3.4 The company is still trading under its own name after selling all its equipment to a firm in Sydney, Terracotta Manufacturing Pty. Ltd. who then commenced to sell its products to the company. It also appears that the directors of Terracotta Texture Brick Pty. Ltd. are conducting their own and separate cladding businesses and purchasing any brick sheeting through the company.
- 17.3.5 Rite Brick Pty. Ltd. is a company which traded under the name of Insul-Rite Home Insulation. As stated in the Consumer Affairs Council's report for the year ended 30th June 1974, the following companies were associated with Rite Bricks Pty. Ltd. :
- Insul Rite Proprietary Ltd.
Helvetia Consolidated Industries
Pty. Ltd., trading as
Modern Building Products
- Helvetia Engineering Co. Pty. Ltd.
Helvetia Chemicals Pty. Ltd.
- 17.3.6 The company is now in liquidation and it is doubtful whether the liquidator will be able to satisfy the claims of creditors since in the case of one complaint a warrant of distress was issued as a result of a court judgement and the company claimed it had no assets to meet the warrant.
- 17.3.7 At the same time it was known to the Bureau that at the 1974 Royal Melbourne Show a stall was leased in the name of Rite Bricks Pty. Ltd. in order to canvass new business under the name of Modern Building Products.

Douglas Malcolm Beaton Lee trading
as Advert Sign Industries and Vu Brick

- 17.4.1. The business carried on is that of imitation brick cladding.
- 17.4.2 The Consumer Affairs Bureau has received 20 complaints against Douglas Malcolm Beaton Lee trading as Advert Sign Industries or as Vu Brick.

1972-73	1 complaint
1973-74	9 complaints
1974-75	10 complaints

None of these complaints has been resolved.

- 17.4.3 The theme of all of the complaints with one exception is that deposits have been paid, then some work commenced; however as soon as the balance is paid, no further work has been done.

In many cases money was borrowed by consumers from finance companies and given to Lee before any real progress was made. These consumers now find themselves paying off money at high interest rates for work never performed.

- 17.4.4 In only one instance, to our knowledge was work completed however, the consumer could not get rectification of faulty work under guarantee.

- 17.4.5 In three instances reported to the Bureau judgements were issued against Lee, but could not be executed as he has no assets, all property being owned by his wife who is not registered as a proprietor of the business.

17.4.6 Consumers complain of high pressure selling tactics lasting for many hours, promises to hold barbeques with food and drink provided when the job was completed, and even threats to sue if a contract was cancelled.

17.4.7 It would appear that no consumers can recover moneys lost to this man as he has no assets, and therefore bankruptcy proceedings, besides being costly to a consumer, would be useless.

The activities of Mr. Lee have been reported to the Chief Commissioner of Police for investigation.

SWIMMING POOLS

- 18.1 In recent years the average home owner has become aware of the benefit of having a swimming pool in the backyard although he may not be aware of the unbusinesslike attitude of some members of the industry towards their clients, thus exposing him to a considerable risk of financial losses and annoyance.
- 18.2 Complaints, from at least 30 different pool companies, are depressingly similar. Delays, broken promises, work not completed, poor workmanship, cost increases, failure of pool accessories, poor after installation service, but mainly delays.
- 18.3 Salesmen give solemn undertakings to complete the pool within a specified period, but take care not to put it into the contract. The customer complains of the delay and his complaint is ignored because there is no written completion date.
- 18.4 In many cases the consumer does not know with whom he is dealing, contracts are confusing, letterhead differs from other documentation. In some cases complaints refer to businesses listing a Victorian address but all executive authority appears to rest interstate. One company admits a defect in the fibreglass used in its pools, but cannot advise whether these defects can be remedied or not.
- 18.5 Individual companies have exhibited all the worst features of a marketing operation; high pressure selling tactics, referral selling (now prohibited under the Victorian Consumer Affairs Act), special discounts which do not offer any real savings; faulty workmanship with impractical delays in rectification. Often this rectification is further delayed as there are two contractors involved, both denying responsibility.

- 18.6 Delays have meant increased costs in excavation, steel and concreting, and the consumer finds that he has to meet these, despite believing he had a fixed price contract.
- 18.7 A private swimming pool can give many hours of joy to a family, and it should be a reliable product. There is no doubt that many home owners have achieved the pleasure a pool can give but there are many who regret the day they agreed to buy a pool, they are left with a bitter taste of lost money, frustrating delays, or unsatisfactory rectification or poorly executed construction. Construction companies and firms have collapsed and some are currently being investigated by the Commissioner of Corporate Affairs.
- 18.8 The industry's Association must accept some responsibility for the glowing promotion of private pools, knowing that there are fringe companies with unskilled artisans who can produce equally persuading advertisements but lack even the most fundamental management ability or rudimentary construction capacity.
- 18.9 The Ministry is looking now to the industry as represented by its Association to bring its own house into order. On the other hand any trade and industry must realize that if its methods of operation or practices deteriorate or become notorious they are likely to face the prospect of a Government bringing down legislation to regulate that trade or industry.

PEBBLE COATINGS

- 19.1 A recent development in the outdoor surface coating field is the bonding of river pebbles and the like to existing concrete surfaces using a resin. This is to give a feature finish to an outdoor concrete surface and thus enhance the appearance of the whole property.
- 19.2 The Bureau is concerned with the number of complaints being received in regard to the pebble coating industry and the allegations made by some traders in the field that some inferior resins are being used. The result is that the pebble surface is cracking, pebble stones become detached from the surface, and fading can occur, thus offsetting any benefits which the householder thought he would obtain. The Bureau is presently testing these products under normal and severe conditions.
- 19.3 Consumers considering this type of surface coating are advised to check what type of resin and application method will be used and, most importantly, what guarantees are offered on the product, especially in relation to breakdown of bonding agent and fading. When checking guarantees a consumer is referred to the section of this report dealing with guarantees and warranties.

HOUSE REMOVALS

- 20.1 The usual procedure adopted by house removalists is to examine the house and the site to where it is to be removed. A quotation is then given and details of the contract such as any time limits and the stage to which the house is to be re-assembled are arranged. On commencement of the work a deposit is paid. A further payment is made when the house reaches the new site, and the balance is paid after the completion of the contract. It is, however, up to the client to obtain the necessary Council permits while the contractor obtains the C.R.B. Permit and police escort.
- 20.2 When the house is ready for removal, the chimney and base boards are removed and the house is then cut into sections. The roof is removed before the house is jacked up and the roofing material is disposed of. After removal to the new site, the house is placed on stumps and the sections are tied together, the roof is repitched and the roofing material is laid. In effect, the house is re-established to lock-up stage so that other contractors can move in and make the house habitable.
- 20.3 In the 1974 report of the Consumer Affairs Council, Shearer Homes Pty. Ltd. was mentioned. In the year under review further claims have been lodged with the Bureau against this Company.
- 20.4 The experience with Shearer Homes Pty. Ltd. shows that their contracts are so vaguely worded that the householder is not aware of his commitment, the time limit for removal of a house is not set, and the house owner is asked to pay a substantial deposit before any work is done on the house.

- 20.5 In some cases, the roof had been removed, the house cut into sections and then left on the site for a considerable time. The owner, in some circumstances, was under contract with the original vendor of the house to remove the house by a certain time and therefore in order to meet this obligation had to seek the services of another removalist at considerable expense.
- 20.6 Other instances of shoddy work by Shearer Homes relate to lack of care taken during removals such as exposing the home to rain while the roof was removed without covering it with tarpaulins, or dumping the individual sections of the house in the wrong place on the new site and leaving it on an assortment of tins and other supports.
- 20.7 The Consumer Affairs Bureau has investigated a number of such complaints and, on viewing pictures of homes removed or prepared for removal by Shearer Homes Pty. Ltd., one could be forgiven for believing that those pictures related to the devastated houses in Darwin after Cyclone Tracy.
- 20.8 In some cases the only value left to the owner was on demolishing the house and using the timber in the erection of another house.
- 20.9 The legal difficulty facing the house owner is that although he may have a strong case for damages against Shearer Homes Pty. Ltd. the Bureau has been advised that the company has insufficient assets to satisfy an order for non performance of contract. The inequitable situation is that Shearer Homes Pty. Ltd. continues with their incompetent trading practices.

FILLED LAND

- 21.1 In the period under review, the Bureau received a number of complaints from persons who had bought land on which to build a house only to find that it was filled and a building permit would not be granted or the cost of the building foundations was almost prohibitive.
- 21.2 The sale of filled land has no doubt in some cases been made innocently, with the vendor being unaware of the defect. In some cases, however, the vendor and his Estate Agent have had full knowledge of the defect and have deliberately withheld this information from the purchaser.
- 21.3 In one case currently under investigation, it seems that the land was illegally filled to a depth of 24' apparently without the knowledge of the local Council or the Melbourne and Metropolitan Board of Works. Not only has the permit to build been withdrawn but supplies placed on the site for the building were illegally removed. In another case the house had been built to the lock up stage when, following heavy rain, the back half sunk about ten inches.
- 21.4 The statutory warranties of the Goods Act do not, it seems, apply to land and it is incumbent on the purchaser to make enquiries and demand of the vendor information as to whether the land has been filled or not. A vendor may not know, and Council records too often do not disclose, sites of old quarries, tips, or dams.
- 21.5 Most real problems encountered can be attributed to the difficulty in ascertaining whether or not land is filled.

- 21.6 There is no public authority charged with the duty of keeping any register or record of filled land. Local Councils are required to issue or refuse building permits and, independently of this question, are therefore concerned to collate information as to filled land.
- 21.7 It seems essential then that proper records be kept by Councils and that rate certificates or information issued by Councils to parties interested in dealing with land disclose whether or not Council records indicate that the land is filled.
- 21.8 It also seems that it should be mandatory for vendors and agents to disclose whether, to their knowledge, land has been filled.
- 21.9 Of paramount importance, however, is that the intending purchaser must make adequate inquiries to ascertain whether there are any defects in the land which would prevent it being used for the purpose acquired.
- 21.10 As to filled land, it is often too late to get the assistance of a solicitor once the sale note has been signed.
- 21.11 A press release warning prospective purchasers of the risks in buying filled land was issued by the Ministry on the 6th June, 1975.

REPAIRS OF HOUSEHOLD APPLIANCES

22.1 In the main complaints in this category are directed against three firms which have been mentioned in previous reports of the Consumer Affairs Council as regular offenders. Their activities do not appear to be in the interest of giving good service to consumers with the result that consumers are running the risk of receiving unsatisfactory service or paying excessive charges whenever they approach these firms.

22.2 The firms are :

The Milleradio Group
S.S. Appliances Pty. Ltd.
Kingsley Kirby trading as K.K.
Services.

22.3 In the year under review the Milleradio Group attracted 68 complaints, S.S. Appliances 34 and K.K. Services 8. Although eight is low in comparison with the other firms the resolution of complaints with this firm is most unsatisfactory.

BILLIARD TABLES

- 23.1 During the past year billiard tables have come into vogue and have enjoyed high sales. It is therefore most unfortunate that the companies Premier Billiard Table Pty. Ltd. and Flower Power Billiard Tables Pty. Ltd. tried to capitalise on the high demand by supplying a product which was well below an acceptable standard. As a result of a number of complaints, as well as following a question in Parliament regarding the standard of the product, the companies were investigated by the Bureau.
- 23.2 Consumers complained that the tables they had purchased had wooden legs which after a short period of time split rendering the tables useless. During an inspection of the factories officers of the Bureau noticed two pallets of pine wood which was used for the manufacture of the table legs. The timber appeared to be secondhand with nail marks and was extremely weathered. There were also stencil marks consistent with those used on packing cases.
- 23.3 Flower Power Billiard Tables Pty. Ltd. marketed its products through large retail outlets as well as through its own retailer under the name of Premier Billiard Table Pty. Ltd.
- 23.4 Currently the two companies are in liquidation with considerable losses to their names. The unsatisfactory situation is that many consumers have been left with virtually useless products and no prospect of redress from the manufacturer because of the liquidation.

HIRING

- 24.1 Consumers are warned that if they deal with the firm Anything for Hire owned by Mr. Kousal, they are running the risk of incurring much higher hiring charges than originally represented to them or that they may run into unpleasant circumstances arising out of a policy adopted by Mr. Kousal in his dealings with his clients.
- 24.2 The firm has been condemned in previous annual reports of the Consumer Affairs Council on the issue of asking consumers to sign a contract of hire containing three pages of extremely fine print in such legalistic language that it would be impossible for the average consumer to read at the time of entering into the agreement, let alone understand all his commitments.
- 24.3 One particular complaint received by the Bureau from a solicitor acting for a complainant stated as follows :-
- "It appears that the fastening gun rented was out of order and it was impossible to use. Nevertheless, Mr. Kousal not only charged our client for use of the gun for two days but also charged for an additional third day claiming that the gun was returned to him after 4 o'clock. It appears that our client attended Mr. Kousal's office at 2.30p.m. and that from 2.30 onwards Mr. Kousal spent an hour and a half counting every single cartridge and nail until shortly after 4 o'clock when he advised our client that he would be charged for the day".
- 24.4 Other allegations made to the Bureau support the solicitor's statement which should be taken by consumers as a warning as to what to expect when they enter into a hiring agreement with that particular company.

TRADE REFERRAL SERVICEUnited Home Trade Services (Vic) Pty.Ltd. (The Blue Army)

- 25.1 The company United Home Trade Services (Vic) Pty.Ltd. trading as "The Blue Army" state in their advertising pamphlet that they are "the largest household service organization of its kind arranging the nearest available self employed tradesmen in greater Melbourne metropolitan area and Geelong." "One call does it all ! 24 hour answering service." The company advertises extensively stressing heavily the reliability of the tradesmen they recommend. In addition the company is providing a home buyers report either on existing properties or by way of reports on properties in the course of construction.
- 25.2 The company seemed to be fulfilling a genuine need in our community as many consumers are quite often at a loss who to contact when the roof of their property is leaking or they want to remodel their bathroom or repair a broken concrete footpath. Judging by the Blue Army pamphlet the range of servicemen available is most comprehensive.
- 25.3 As far back as May 1973 the Managing Director of the company visited the Consumer Affairs Bureau in order to outline the working procedures of the Blue Army. He pointed out that if a householder makes a complaint about one of their tradesmen an investigation would be undertaken. In case the tradesman refuses to rectify any faulty workmanship then the Blue Army would obtain the services of another contractor, and should complaints against a tradesman continue, then the Blue Army would cancel its agreement with him. It was also asserted that the Blue Army intended to alter its contract with the tradesmen which would give the company recourse against him in case he did not do a good job. Furthermore, assurances were given that the Blue Army had taken contractors to court to recover moneys paid to him by a householder for work not carried out properly.
- 25.4 Despite those assurances the number of complaints against The Blue Army tradesmen reached such proportions that in December 1974 the company was asked to discuss the frequency and nature of the complaints. Assurances were again given that in at least three cases the tradesmen would be taken to court on behalf of the householder. Nevertheless when this point was pressed

in subsequent negotiations the company not only refused to honour their earlier assurances but also insisted that they were not to be held responsible for any shortcomings of the tradesmen which they referred to the householder.

- 25.5 Such an attitude was, and still is, not acceptable to the Ministry. Most, if not all complainants stated that they had approached the Blue Army in order to obtain the services of a reputable tradesman who would do the required work in a workmanlike manner. The Blue Army in each case undertook to supply the services of such a tradesman, therefore accepting the responsibility that the tradesman has the capacity to do the work properly. Any shortcomings in the execution of the required task by the tradesman must therefore in the opinion of the Ministry be related to the failure of the Blue Army to honour its agreement with the householder.
- 25.6 The Blue Army further advised the Ministry that they obtained the services of a Mr. Jackson, an independent building consultant in a consultancy capacity to investigate complaints concerning registered tradesmen of the Blue Army and where necessary to act as an arbitrator. Mr. Jackson's activity in this capacity was most unsatisfactory. In one instance, where Mr. Jackson was to express his opinion on a faulty concrete slab for a swimming pool he justified the shortcomings of the job by reporting "that the cost involved in building up the sloping concrete would be minimal and could be effected quite easily by Mr. (that is the householder himself).
- 25.7 This seems to disregard completely that the issue in this case was whether the job was done in a workmanlike manner and the ability or otherwise of the householder to repair any faulty work done by a tradesman would be completely irrelevant.
- 25.8 In another case involving a paling fence Mr. Jackson's report dismissed the householder's complaint that gaps appeared between the palings, on the ground that a man of average height could see over the top of the fence anyway. There were further numerous allegations that the best advice Mr. Jackson could give to a householder

when he went out to inspect faulty work was that the householder was to present the case to the Small Claims Tribunal to have the dispute settled.

- 25.9 It is evident that any investigations done by The Blue Army on consumer complaints against their member tradesmen were done either in a superficial manner or that they were subjected to a policy of representing the interests of the tradesman at the expense of the householder. Such an attitude makes it very hard to finalize quickly any complaints and throws grave doubt on the company's statement that they are providing an efficient service to the householders.
- 25.10 On the issue of the home buyers reports it appears that the Blue Army is also relying on the services of Mr. Jackson. In this respect the Ministry has received substantial allegations that such reports were not issued as promised, that inspections were conducted in a superficial manner or did not take place at all.
- 25.11 Negotiations are still being conducted in relation to advertising statements made by the Blue Army and the Company's acceptance of a fair amount of responsibility regarding unsatisfactory service to consumers by their member tradesmen.
- 25.12 The type of service given by the Blue Army appears to be providing facilities which are sought after by householders but at the same time the present method of operating this trade referral service is far from satisfactory to either the consumer who has a complaint or to the Bureau investigating the complaint.
- 25.13 Since this section of the report was prepared, a letter has been received from the Blue Army reiterating their earlier promises and stating the procedures they will follow in handling consumer complaints. It is hoped that there will now be an improvement in the operation of this organization and in the resolution of complaints.
- 25.14 Master Services Group Pty.Ltd. operating as Trade Force.
In the 1974 report the Council mentioned a Trade Referral service called "Trade Force." At that time it was obvious from complaint history that the firm was in

difficulties - a press release had been made earlier in the year warning both tradesmen and consumers of the reputation of this organisation.

25.15 Unfortunately, the predictions of the Ministry were right - the organisation collapsed and the directors of Trade Force cannot be traced and many tradesmen who had paid fees, \$595 per annum, for the promise of work, were let down and have no redress.

25.16 The Directors were -

Kenneth Norman Eade, and
John Lennox Davison.

25.17 The Bureau is currently holding nineteen complaints against this organisation which cannot be finalised.

FOREST PLANTATION SCHEMES

- 26.1 A number of Forest Plantation Schemes have been operating successfully on a co-operative basis for a number of years providing adequate plantation management and established marketing outlets. Nevertheless the number of new organisations entering the field are causing concern to the Ministry as investigations made by the Bureau have revealed instances of misrepresentation as to returns on investments.
- 26.2 The householder is usually approached through a pamphlet of a similar format as the one produced below.

WARNING

Postage paid Australia

MONEY WASTED

IF YOU HAVE MONIES INVESTED IN—

- BUILDING SOCIETIES
- BANKS
- LIFE ASSURANCE
- FIXED DEPOSITS

CONSIDER HOW INFLATION IS

**DESTROYING
YOUR SAVINGS**AT THE PRESENT RATE YOUR DOLLAR WILL
ONLY BE WORTH—

23 CENTS IN 10 YEARS

5 CENTS IN 20 YEARS

THERE COULD BE AN ANSWER IN

TREES

They grow 24 hours a day.

Their increasing value exceeds that of inflation.

Provides a means for savings for—

- Children's Future
- Retirement
- Trip Overseas
- Or just a nest egg for a rainy day.

No big cash outlay necessary
(Interest-free terms).

Provide Taxation advantages.

They are fully negotiable and can be sold any time.

**FOR FREE INFORMATION ON HOW
TREE FARMING CAN WORK FOR YOU****FILL IN POST CARD AND POST TO—**

- 26.3 Upon getting in touch with the co-operative the householder is approached by a representative in his home and is subjected to a certain amount of sales-talk outlining the profitability of investment in such schemes. The initial investment usually involves a payment of approximately \$500 for land (per acre) plus a similar amount for planting and maintenance of the crop, making a total investment of around \$1,000 per acre.
- 26.4 On information received from the Forest Commission, Victoria, it appears that the investments may not be as lucrative as may be held out to a householder, who has usually no knowledge or comparative basis on which to form an independent opinion as to the profitability of such investments.
- 26.5 For instance the Forest Commission has advised the Bureau that land suitable for this type of plantation can vary markedly in price, with an average figure of approximately \$80 per acre. The additional cost of establishing the plantation is approximately \$120 per acre and no more than \$20 per acre for maintenance of the plantation up to the stage of first thinning. This gives a total investment per acre of \$220 - which is substantially lower than the amount quoted by a number of co-operatives.
- 26.6 In a number of complaints investigated by the Bureau the consumer was led to believe that he would gain freehold title to the area of land to which his investment related. This usually arose because the salesman produced a plan of the plantation, divided into one acre lots and implied that one of those lots would become the property of the householder. The Bureau has ascertained from local Municipal authorities that in many areas sub-divisions of one acre are not allowed, and that the investor would become only a part owner with many others of the whole plantation area. It should also be noted that the locations being promoted for plantation purposes are all outside Victoria, and therefore, it is difficult, if not impossible, for an intending investor to see first hand, the proposed plantation.

- 26.7 It also appears that householders are not made aware of the fact that the costs in relation to felling, logging, carting and processing of the timber, are deducted from any financial return due to him.
- 26.8 Because of the doubtful economic viability of some of these schemes, the Forests Commission of Victoria has deemed it necessary to publish a pamphlet on Forest Plantation Schemes for distribution to the public and a copy of the pamphlet may be obtained from the Forests Commission or the Ministry's offices.

Companionship Clubs/Pen Friends

- 27.1 There are some reputable organisations and groups which cater for persons seeking companionship; there are unfortunately also many callous persons who play on the loneliness of others and entice them into various schemes of pen friends, matched dates, or fun clubs. These enticements are solely for the purpose of making money and leave the person more unhappy and less wealthy than before.
- 27.2 The Bureau has received a number of complaints from persons who have paid money in the hope of gaining a companion and then are subject to intimidation - often with the threat of violence and fear of public humiliation to prevent them getting any redress.
- 27.3 Mostly the so-called group or organisation consists of one person who masterminds the operation.
- 27.4 Advertisements are placed in personal columns, often in the local press, and frequently in non English language papers, quoting a box number. These advertisements often appear to be inserted by an individual seeking a companion but letters forwarded receive replies from an organisation or group, usually interstate, offering membership for a period, or the name of a person on the payment of a fee.
- 27.5 One complainant answered such an advertisement and received back a letter stating that an attractive woman seemed ideally suited to him and she felt that the two could become companions. For the payment of a fee forwarded to a Post Office Box arrangements would be made by the organisation for the couple to meet. The complainant sent \$20 by registered mail to the box number, but after a couple of weeks received a letter stating that as the money had not been received the lady had been matched with another person. Shortly thereafter the complainant contacted the Bureau but the holders of the Post Office Box could not be contacted and had apparently fled.
- 27.6 In another case a weekend companionship meeting was arranged, but the conditions of the "Guest House" were completely unsatisfactory. The complaint was

pursued but because of threats the Bureau was requested to take no further action.

27.7 Unfortunately, the reprehensible conduct of these organisers is advised to the Bureau too late to take effective action. The organisations change names and addresses regularly. Some newspapers have been alerted to the problem and have agreed not to accept further advertisements without checking the bona fides of the organisation or advertiser. Despite this, however, there will be cases where lonely people will be taken advantage of.

27.8 Two organisations operating in this field against whom complaints have been made are -

Multinational Agencies
Australian Head Office Sydney. N.S.W.
P.O. Box 116 G.P.O. Sydney.

Individual Personalities
Australian Head Office
P.O. Box R207
Royal Exchange Sydney.

27.9 The Bureau is continuing its investigations of this practice.

FITNESS CENTRES

- 28.1 The Ministry is concerned with the number of complaints received against Brendan Edwards Sports Pty.Ltd. The allegations made against the company indicate that pertinent facts are not fully revealed to prospective members at the time they enter into contractual agreement to undertake a fitness course. There are further allegations that considerable pressure is being applied to prospective clients to become members.
- 28.2 The company may issue free guest passes to persons who then visit the Tooronga or Forest Hill Centres and use the facilities available.
- 28.3 Allegations have been made that afterwards the user of the guest pass is asked into an office where a salesman attempts to sell him or her a course in fitness. Such a course may run for 12 months at a cost of \$260.
- 28.4 The following allegation has been made by a consumer of the procedure adopted :
- 28.4.1 "I attended with friends the Brendan Edwards Sports Centre in Forest Hills. My friend intended to sign on for a course at the Centre; I did not. However, the sales representative by the name of Mr. Peter Shaw coerced and pressured me by means of embarrassment and humiliation (in front of a witness) into signing for a course that I don't want and cannot afford.
- 28.4.2 This was achieved by Mr. Shaw creating a totally embarrassing situation in which he said such things as - 'Your friend won't get a discount unless you sign first; etc.' I stated clearly a number of times that I was not signing anything without consulting my husband, and besides, I did not want to do any courses anyway. However, I was further belittled by such comments from Mr. Shaw as "aren't you old enough to make decisions for yourself," and, "why consult your husband over something that doesn't concern him," etc., and then he said; "be an angel so your friends can get a discount."

28.4.3 I repeated again that I could not afford the course as we are saving for a home and that the distance to travel each week is too great. Eventually, after having taken just too much embarrassment and humiliation I signed for a course stating that it was subject to confirmation with my husband.

28.4.4 The following morning I phoned the Brendan Edwards Centre after speaking with my husband and stated that I did not wish to do the course for reasons stated previously. I was promptly informed that I had signed a legal contract, and unless I paid it I would be sued in court. When I complained, I was told that I could get a 3 months course for a lesser sum of money, but I pointed out that I simply did not want any course at all. This was not acceptable to them and they denied any pressure tactics involved, instead offering to transfer the course to my husband, or any other course of my choosing.

28.4.5 The problem is that I do not want to do any course at all, and I believe that I am being held a victim of circumstances created by a most unethical sales manner. I have been forced to sign a contract under duress and surely cannot be held responsible."

28.5 Should the consumers inform the company that they do not wish to commence with the fitness course they may receive a series of demand letters of the following contents :

(1) "In response to your request for cancellation of your course at our Sports Centre, we advise, that the membership agreement you signed is a legal and binding contract and cannot be cancelled.

You may suspend the membership until you are able to recommence, but advise that the suspension applied to only use of facilities; payments must be made in accordance with terms of membership.

Alternatively, you may transfer the balance of your membership and payments to any other person, however you will be responsible for any default of payments in respect of this membership."

(2)"In spite of our many attempts to resolve the matter of your membership amicably, we have so far been unsuccessful.

It now becomes necessary for me to request that this matter be finalised to our mutual satisfaction, within the next 7 days, in order to avoid any future unpleasantness."

28.6 This is usually followed by a final notice from a Collection Agency stating :

(3) "We are instructed by Brendan Edwards Pty.Ltd. that an amount of \$..... is owing to them in respect of a contract entered into by you with the Company.

Unless this amount is paid to our clients within 7 days, we are instructed to commence legal proceedings through our solicitors for the recovery of same, the cost of which will be to your account."

28.7 Allegations have also been made to the Bureau that consumers did not understand the nature of the document they were signing. It is presented as a membership agreement and not a contract.

28.8 Prospective clients alleged that they were not aware that they incurred a contractual obligation to make the payments even if they did not attend the centre until such time as the first letter of demand arrived.

28.9 Although Brendan Edwards Sports Pty.Ltd. may be providing first class facilities intended to improve the physical fitness of their members there are too many indications that their method of recruiting members is geared to a most undesirable system of high pressure selling.

DANCING LESSON AGREEMENTS

29.1 Seven complaints have been received in a short span of time against the Arthur Murray School of Dancing in which it is alleged that their clients are being induced to incur unreasonable liabilities in respect of dancing lessons. Three of these are quoted as an indication of the costs and the nature of business conduct involved.

29.2 Case 1

The complainant in this case is a young girl in her early 20s. with a hearing problem. She went along to the dancing school for a free introductory lesson which was advertised in the daily press. She liked the lesson and signed an agreement for eight lessons at a cost of \$69.50. After receiving six lessons under that agreement, it was suggested to her by a representative of the school that she expand the course. She signed an agreement for further 75 hours of lessons and ten days later, a representative of the school said, that she was good enough to progress to bronze medal standard and presented her with a further agreement which she signed, this agreement being for 175 lessons at a cost of \$2,295.56. At the time this offer was made to her, she had received a total number of 12 lessons. After taking a further eleven lessons, the girl was informed in a confidential manner that she should progress to the silver medal standard, and after great prospects were held out to her of social success, she ended up signing a further agreement for one hundred lessons at a cost of \$1,263.00. At this point of time the girl had signed agreements for dancing lessons amounting to \$4,470.81. She had made payments of \$2,111.17 and had taken twenty-three dancing lessons.

29.3 Case 2

The complainants in this case were a migrant couple whose knowledge of the English language was very limited. They wanted to establish a social contact with others and approached the Arthur Murray School of Dancing where they signed agreements for dancing lessons to the combined value of nearly \$5,000, the husband 176 lessons at a cost of \$2,521.14, the wife 173 lessons at a cost of \$2,447.88.

29.4 In this particular case, because of the complainants' lack of knowledge of the English language both written and oral, they were not fully aware of what they were signing.

29.5 Case 3

The complainant is a recent immigrant to Australia. He was not so much interested in receiving dancing lessons, but in the friendships that could come from participation in such activities. The complainant stated that he signed an agreement to take eight lessons. Following completion of that agreement further papers were produced and subject to statements that the new agreement was somewhat associated with a membership of a "Fun Club" "Variety Course" and "Town and Country Club", he signed the agreement and committed himself for \$2,000. An extract from a letter of complaint written by the complainant explains his motives for approaching the school :-

"I am no longer interested in Arthur Murray Dancing School. I am a new migrant here; out of loneliness I approached them, to have simple dancing lessons, similar to other students who attend. They were very friendly and gentle, I trusted them; therefore I was blind foldedly led to sign those agreements. I would have never believed such gentle people would stab an old man from behind."

29.6 It is of importance to note that prior to the present rush of complaints no complaints had been received against Arthur Murray School of Dancing for nearly 12 months. It appears therefore that this new method of recruitment of students has been recently introduced resulting in the complaints received.

29.7 It further appears from the complaints received so far that the school could be taking advantage of migrants and those people unlucky enough to be suffering from some physical ailment, or extreme loneliness.

PRODUCT SAFETY - CHILDREN - LEGISLATION, STANDARDS & RESPONSIBILITY

30.1 One of the least attractive aspects of contemporary Australian society is the general indifference of a large number of the individuals to the availability in the market place of toys and other play things for children capable of causing injury or death and to the existence of unsafe environments including childrens playgrounds, backyard swimming pools, and incinerators.

30.2 Summer has not yet arrived and in Sydney in the last two months, three young children have already died in back-yard swimming pools. Last year, 18 children, the majority toddlers under five years of age, drowned in back-yard swimming pools in Victoria and unfortunately we can expect a similar series of tragedies this summer, as a result of lack of supervision by parents and guardians of small children and a failure to take proper care by the owners of back-yard swimming pools.

30.3 On reaching a finding when sitting on the deaths of six young children who had died in back-yard pools in the last year, the Melbourne City Coroner, Mr. Pascoe warned "...Victoria could have a record summer for child drownings in home swimming pools (which have) greatly increased." Mr. Pascoe went on to say "...Parential supervision whilst necessary is not enough..." and he believed that there was a need due to what he called the laissez faire attitude towards home swimming pools safety for legislation for the compulsory fitting of child proof fences to ensure that "... your pool isn't the cause of a bereavement notice for a child this summer ..."

30.4 The Bureau of Statistics advise the following data in respect of deaths from drowning in back-yard pools in Victoria.

1970	1971	1972	1973	1974	1975 (Part)
7	10	14	15	18	7

with an age spread in recent years of

Under 1	2 deaths	Age 5	1 death
Age 1	20 "	Age 6-9	2 "
Age 2	19 "	Age 10-14	3 "
Age 3	9 "	Age 15+	5 "
Age 4	3 "		

30.5 During the year under review the Consumer Affairs Bureau was constantly involved in Product Safety in relation to children. Whenever the need arose, manufacturers or importers have been requested to withdraw hazardous products from sale. In this respect, full co-operation has always been received from traders.

30.6 The right to safety, the right to be protected against the marketing of goods which are hazardous to life or limb is one of the basic rights of consumers, and these rights are of even more importance where children are concerned. The provisions of the Consumer Affairs Act dealing with safe design and construction of goods gives full acknowledgement of this right. Regulations have already been proclaimed on this provision dealing with flammability aspects of childrens night clothing.

30.7 The Ministry has also co-operated with the Standards Association of Australia in developing certain safety standards such as :-

1. Children's Car Seats and Car Harnesses
2. Motor Cycle Helmets
3. Helmets - General Protective (Pony Clubs etc.)
4. Life Jackets
5. Safety of Childrens Toys (Under Review)
6. Guard coverings for Heaters
7. Safe design rules for children's night clothes.

In addition the following draft standards are in the course of being developed :-

- A. Child Resistant Enclosures for Therapeutic Substances
- B. Playground Equipment
- C. Swimming Pool-Private, Fences and Gates
- D. Swimming Pool - Private, Covers
- E. Flotation and Swimming Aids for Children.

30.8 With the proper use of publicity, education and legislative provisions the danger to children arising out of the use of a variety of consumer products can be minimised to a very large degree, but consumers must realize that in the final analysis, it is up to adults especially parents to ensure that children do not run the risk of injury or death. Parents cannot absolve their

commonsense responsibility towards children, nor can any Government body prescribe for absolute safety of children under all circumstances.

Unresolved Complaints - Traders who have failed to reply to correspondence from the Bureau.

31.1 During the year it was not possible for the Bureau to resolve or clarify a number of complaints. This arose in many cases because the trader had disappeared, ceased to trade, did not have the competence to give satisfactory performance, could not honour settlements of a dispute negotiated by the Bureau, or could not meet distress warrants issued either as a result of a court judgement or an order of the Small Claims Tribunal.

31.2 Traders in one or other of the above categories, against whom complaints could not be resolved are :-

- * Douglas Malcolm Beaton Lee (Trading as Advert Sign Industries & VU Brick) House Cladder.
- * Rite Bricks Pty.Ltd.
- * Flower Power Billiard Table Pty.Ltd.
- * Premier Billiard Tables Pty.Ltd.
- * Master Services Group Pty.Ltd. trading as Trade Force
- * Shearer Homes Pty.Ltd.
- Carrigans Pty.Ltd. - Mail orders
- Bernard Pools Swimming Pools
- Bromley Builders " "
- Lazaway Pools Pty.Ltd. " "
- Old quaker Paints Pty.Ltd. Spray cladding applicators
- US Chemical Co. of Australia Pty.Ltd. "
- Puritan Paints Pty.Ltd. "
- D.S.L. Distributors Pty.Ltd. "
- Vinylshield (Victoria) Pty.Ltd. "
- Bonneville Builders
- Able Brick Co. Pty.Ltd. "
- L. & H. Homes Pty.Ltd. "
- Keith Johnson Constructions "
- Direct Food Supplies Holdings Pty.Ltd. Food Freezer Plans
- Direct Food Supplies (Vic) Pty.Ltd. "
- Eldon Holdings Pty.Ltd. "
- Eldon Foothill Food Industries Pty.Ltd. "
- Eldon Refrigeration Maintenance Pty.Ltd. "
- Master Freeze Freezers & Food Services Pty.Ltd. "
- Universal Cassette Club Pty.Ltd. Records
- Welbuilt Upholstery (Furnishings) Pty.Ltd. Furniture
- Chamberlain Consolidated Holdings Pty.Ltd. Vendor

Vaponordic (Aust) Pty.Ltd.

Golden Chemical Products of Australia Pty.Ltd.
in liquidation

Cigarettes International - Cigarette Vending Machines.

*Mentioned elsewhere in report

31.3.1 One group that came to the attention of the Bureau was Cameron Services, HadcoSales and Services and Concept Heating and Engineering. The common denominator of this group was a person named David Brian Cross.

31.3.1 Cameron Services

Three complaints concerning drink vending machines were lodged with the Bureau concerning David Brian Cross trading as "Cameron Services."

31.3.3 Each of the complainants state that they entered into contracts thinking that they were either leasing, or taking the machines on a trial basis, only to find they had contracted for purchase and that the contract was binding upon them.

31.3.4 None of these complaints were satisfactorily resolved.

31.3.5 Hadco Sales and Service

During 1974/75 the Bureau received 5 complaints against David Brian Cross trading as Hadco Sales and Service. None of these complaints have been resolved.

31.3.6 Two were referred to the Small Claims Tribunal by the consumers, and despite orders being made in their favour, no redress was obtained as David Brian Cross apparently had no assets. Another consumer obtained a County Court judgement in the sum of \$1,250 and costs of \$87.50. That judgement again could not be executed, as an officer of the County Court had previously sold all of Cross's assets at a public auction under authority of a previous warrant on 2nd July 1975.

31.3.7 In two other instances the Bureau made requests for information and particulars pursuant to Section 64 of the Consumer Affairs Act 1972 (as amended) without receiving any satisfactory reply. One further complaint was received against David Brian

Cross trading as Hadco Sales and Service in August 1975. This complaint has not been resolved despite Cross having undertaken to the Bureau to attend to the matter.

31.3.8 Concept Heating and Air Conditioning Pty. Ltd.

On 6th May 1975 a company, Concept Heating and Air-Conditioning Pty. Ltd. was incorporated.

31.3.9 One of the original directors of that company was David Brian Cross.

31.3.10 David Brian Cross resigned as director of the company on 6th August 1975; however, in a letter dated the 2nd September 1975 David Brian Cross has signed as Managing Director of Concept Heating and Air-conditioning Pty. Ltd.

31.3.11 Four complaints have been lodged with the Bureau against that company in the few months since incorporation. None have been resolved. Subsequently the Small Claims Tribunal made an order for \$309.60 against the company on one of these complaints. That order was returned as the company has no assets. The Bureau has been advised that there are several warrants outstanding against the company due to lack of assets.

31.3.12 General.

Investigation of the complaints against Hadco Sales and Service indicates that the firm was in difficulties and was unlikely to be able to meet its obligations. Whether Mr. Cross is unlucky or a poor manager does not matter, but for consumers he is certainly not good news.

31.3.13 It was disturbing to find at a recent Home Show not only Mr. Cross and Concept Heating and Air-Conditioning attracting further business, but also another firm whose directors and employees are well known to the Bureau for consistent non performance of contracts and dubious sales methods. These persons were previously connected with Rite Bricks Pty. Ltd., a company now in liquidation and referred to in this report under Building Industry - Cladding.

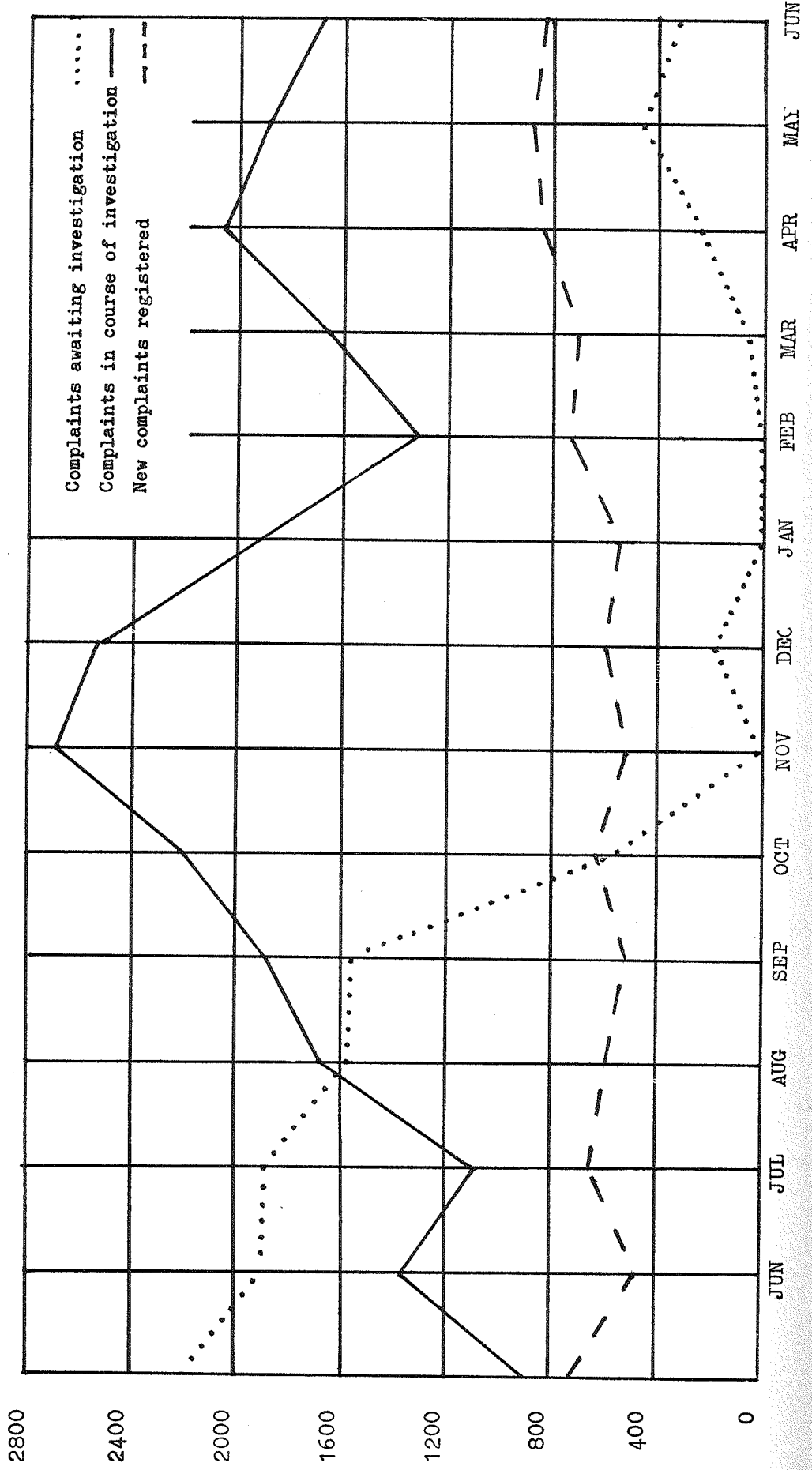
Traders who have failed to reply to correspondence from the Consumer Affairs Bureau.

- 31.4.1 One of the most important functions of the Consumer Affairs Bureau is that of mediation between two parties to a dispute and clarification of issues which in many instances arise due to lack of understanding of a consumer's or trader's point of view.
- 31.4.2 It is therefore disconcerting that a number of firms have refused to reply to correspondence from the Bureau and the attitude can only be taken that such a refusal to enter into a discussion in order to clarify an issue must be taken as an unreasonable stance or as an attempt to hide an unflattering truth.
- 31.4.3 Early in 1975 legislation came into being declaring it an offence for a person without reasonable excuse to refuse or fail to reply to a request for information or furnish an inspector with false or misleading information. It is the intention to enforce such legislation against traders who fail to reply to correspondence from the Bureau without a reasonable excuse. A list of traders who have so far failed to reply to correspondence from the Bureau is published in Appendix H giving a short outline of the nature of the allegations made against each trader.

APPENDIX A.

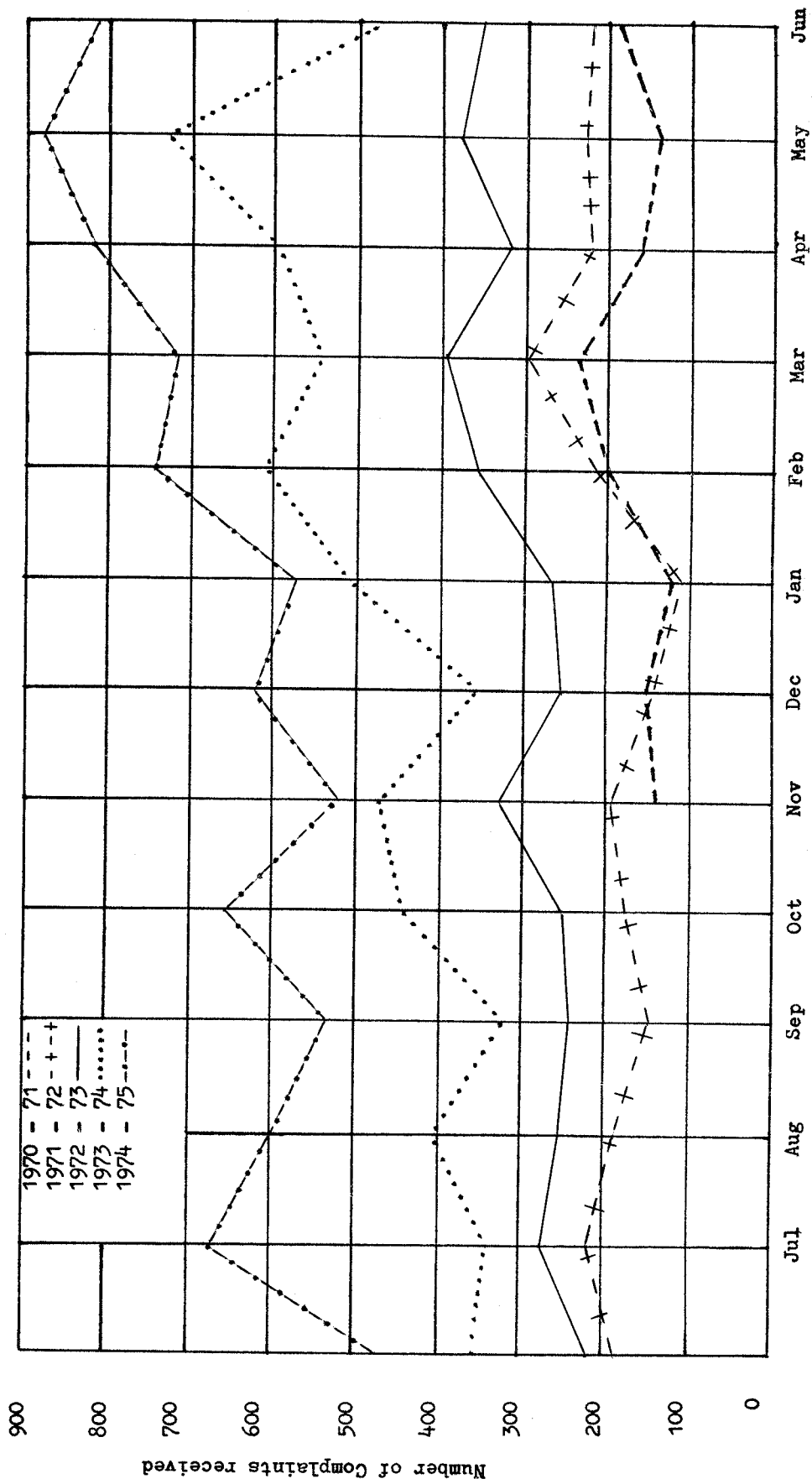
COMPLAINTS AWAITING INVESTIGATION, IN COURSE OF INVESTIGATION AND COMPLAINTS

REGISTERED - 3RD JUNE 1974 to 30TH JUNE 1975



APPENDIX B.

WRITTEN OR PERSONAL COMPLAINTS LODGED WITH THE CONSUMER PROTECTION BUREAU SINCE THE BUREAU'S INCEPTION IN NOVEMBER 1970



APPENDIX C.

GENERAL SUMMARY OF COMPLAINTS
RECEIVED BY THE CONSUMER AFFAIRS BUREAU

	1971/72		1972/73		1973/74		1974/75	
	No.	%	No.	%	No.	%	No.	%
Advertising-								
General	36	1.53	70	1.88	107	1.83	134	1.64
Electrical Appliances	11	.47	18	.48	13	.22	24	.29
Food	14	.59	11	.30	21	.36	46	.56
Furniture, Floor Coverings	2	.08	4	.11	8	.14	10	.12
Finance and Insurance	2	.08	1	.03	—	—	2	.02
Services	20	.85	9	.24	8	.14	12	.15
Clothing and Footwear	4	.17	1	.03	6	.10	20	.24
Motor Vehicles	7	.30	10	.27	15	.26	27	.33
Drugs	—	—	—	—	1	.02	1	.01
Misleading Prices	—	—	32	.86	73	1.25	116	1.41
Sub-Total	96		156		252		392	
		4.07		4.20		4.32		4.77
Building-								
General	30	1.27	116	3.12	142	2.43	261	3.18
Renovations	47	1.99	47	1.26	93	1.59	111	1.35
Plumbing	20	.85	26	.70	30	.51	39	.47
Concreting	19	.81	16	.44	27	.46	62	.75
Wall Cladding	26	1.10	72	1.94	102	1.75	106	1.29
Painting and Decorating	24	1.02	41	1.10	47	.81	114	1.39
Household Improvements (Garages, Awnings, etc.)	38	1.61	73	1.96	181	3.10	310	3.78
Sub-Total	204		391		622		1067	
		8.65		10.52		10.67		12.21

	1971/72		1972/73		1973/74		1974/75	
	No.	%	No.	%	No.	%	No.	%
Motor Vehicles Sales-								
General	1	.04	8	.22	33	.57	16	.19
New Vehicles-Faulty	38	1.61	161	4.33	250	4.29	291	3.54
Used Vehicles-Faulty	95	4.03	149	4.01	273	4.68	502	6.11
Motor Spares	28	1.19	36	.97	54	.93	128	1.56
Motor Vehicles Sales Method	99	4.20	231	6.21	440	7.54	437	5.33
Misrepresentation of Year-Model	—	—	—	—	—	—	57	.69
Misrepresentation of Mileage	—	—	—	—	—	—	10	.12
Sub-Total	261	11.07	585	15.74	1050	18.00	1441	17.54
Furniture and Floor Coverings Sales-								
General	9	.38	39	1.04	77	1.32	92	1.12
Furniture Faulty	72	3.05	107	2.88	158	2.71	146	1.78
Carpet Faulty	34	1.44	40	1.07	56	.96	66	.80
Floor Coverings Hard-Faulty	11	.47	15	.40	14	.24	26	.32
Floor Coverings-Laying	14	.59	34	.95	52	.89	56	.68
Sub-Total	140	5.93	235	6.34	357	6.12	386	4.70
Mail Order Sales-								
General	2	.08	5	.13	2	.03	6	.07
Goods-Solicited	55	2.33	66	1.78	163	2.79	136	1.66
Goods-Unsolicited	43	1.82	46	1.24	38	.65	33	.40
Services	33	1.40	69	1.86	63	1.08	10	.12
Sub-Total	133	5.63	186	5.01	266	4.56	185	2.25

	1971/72	1972/73	1973/74	1974/75
	No.	No.	No.	No.
	%	%	%	%
Electrical Sales and General Articles Sales-				
General	1	5	6	3
T.V.-Faulty	24	29	47	101
Radios, Stereograms and Tape Recorders-				
Faulty	5	9	27	84
Refrigerators-Faulty	17	44	85	156
Washing Machines-Faulty	23	41	51	106
Other Electrical Appliances-Faulty	20	44	82	156
T.V. Sales Methods	6	10	17	22
Radios, Stereograms and Tape Recorders				
Sales Methods	12	6	16	31
Refrigerators Sales Methods	5	10	15	20
Washing Machines Sales Methods	21	5	13	4
Other Electrical Appliances Sales Methods	6	19	28	29
General Articles-Faulty	133	151	220	421
General Articles-Sales Methods	97	108	147	171
Sub-Total	370	481	754	1304
	15.67	12.83	12.93	15.87
Clothing and Footwear Sales-				
General	19	50	70	60
Clothing-Faulty	121	144	159	237
Clothing-Lay-by	9	9	14	10
Footwear-Faulty	48	84	135	130
Footwear-Lay-by	3	2	1	12
Clothing-Incorrect Labelling	8	15	28	25
Footwear-Incorrect Labelling	2	1	2	6
Textiles-Incorrect Labelling	—	—	—	1
Sub-Total	210	305	409	481
	8.90	8.21	7.01	5.86

	1971/72		1972/73		1973/74		1974/75	
	No.	%	No.	%	No.	%	No.	%
Services-								
General ..	33	1.40	58	1.54	94	1.61	76	.93
New Vehicles ..	10	.42	34	.94	53	.91	37	.45
Used Vehicles ..	50	2.12	89	2.37	210	3.60	304	3.70
Lawn Mowers ..	5	.21	7	.19	9	.15	14	.17
T.V. ..	123	5.21	156	4.17	147	2.52	147	1.80
Radios, Stereograms, Tape Recorders ..	45	1.91	24	.65	60	1.03	52	.63
Washing Machines ..	53	2.25	75	2.05	66	1.13	114	1.39
Refrigerators ..	12	.51	40	1.08	47	.81	39	.47
Other Electrical Appliances ..	16	.68	51	1.37	43	.74	57	.69
Other Appliances ..	50	2.12	35	.96	16	.27	42	.51
Sub-Total ..	397		569		745		882	
		16.83		15.32		12.77		10.74
Dry-cleaning and Laundry-								
General ..	7	.30	5	.13	4	.07	3	.04
Clothing ..	43	1.82	47	1.26	55	.94	57	.69
Floor Coverings ..	1	.04	—	—	2	.03	7	.09
Linen ..	—	—	4	.11	4	.07	9	.11
Sub-Total ..	51		56		65		76	
		2.16		1.50		1.11		.93
Hirings-								
General ..	7	.30	1	.03	7	.12	8	.10
Clothing ..	2	.08	1	.03	3	.05	8	.10
Televisions and Radios ..	6	.25	12	.32	12	.21	20	.24
Builder's Equipment ..	—	—	3	.08	3	.05	7	.09
Motor Vehicles ..	—	—	1	.03	6	.10	6	.07
Caravans ..	—	—	2	.05	—	—	5	.06
Sub-Total ..	15		20		31		54	
		.64		.54		.53		.66

	1971/72		1972/73		1973/74		1974/75	
	No.	%	No.	%	No.	%	No.	%
Insurances-								
General	1	.04	10	.27	18	.31	24	.29
Life	1	.04	4	.11	7	.12	21	.26
Fire and Accident	6	.25	10	.27	17	.29	12	.15
Motor Vehicles	26	1.10	26	.70	47	.81	93	1.13
Sub-Total	34	1.43	50	1.35	89	1.53	150	1.83
Finance-								
General	13	.55	21	.56	15	.26	33	.40
Motor Vehicles-Used	12	.51	4	.11	19	.33	34	.41
Electrical Appliances	4	.17	6	.16	3	.05	7	.09
Housing	6	.25	3	.08	5	.09	18	.22
Motor Vehicles-New	—	—	3	.08	4	.07	13	.16
Sub-Total	35	1.48	37	.99	46	.79	105	1.28
Education-Health and Fitness-								
General	2	.08	2	.05	2	.03	6	.07
Coaching Colleges	5	.21	4	.11	12	.21	19	.23
Correspondence Courses	1	.04	5	.13	5	.09	4	.05
Health and Fitness Courses	13	.55	17	.46	48	.82	42	.52
Medical and Pseudo Medical, etc.	8	.34	10	.27	9	.15	15	.18
Sale of Fitness Equipment	—	—	—	—	—	—	1	.01
Sub-Total	29	1.22	38	1.02	76	1.30	87	1.06

Packaging-	1971/72		1972/73		1973/74		1974/75	
	No.	%	No.	%	No.	%	No.	%
General	10	.42	24	.65	20	.34	23	.28
Food-Weight	4	.17	11	.30	10	.17	17	.21
Food-Contents	9	.38	15	.42	22	.38	21	.25
Soaps and Detergents-Contents	2	.08	1	.03	—	—	5	.06
Pressure Packs	1	.04	4	.11	8	.14	—	—
Inadequate Labelling	1	.04	7	.19	12	.21	3	.04
Soaps and Detergents-Weight	—	—	—	—	1	.02	1	.01
Sub-Total	27	1.13	62	1.70	73	1.26	70	.85
Dangerous and Hazardous Products-								
General	14	.59	3	.08	15	.26	10	.12
Toys	6	.25	6	.16	9	.15	5	.06
Housewares	—	—	2	.05	3	.05	7	.09
Sporting Equipment	—	—	1	.03	2	.03	2	.02
Insecticides	—	—	2	.05	—	—	3	.04
Detergents	—	—	2	.05	—	—	2	.02
Drugs	—	—	—	—	1	.02	1	.01
Toiletries and Cosmetics	—	—	—	—	2	.03	2	.02
Children's Apparel and Equipment	—	—	3	.08	3	.05	10	.12
Sub-Total	20	.84	19	.50	35	.60	42	.50
Door Sales-								
General	4	.17	8	.22	6	.10	18	.22
Cash Purchases-Solicited	1	.04	1	.03	2	.03	1	.01
Cash Purchases-Unsolicited	17	.72	14	.38	7	.12	6	.07
Credit Purchases-Solicited	7	.30	6	.16	5	.09	8	.10
Credit Purchases-Unsolicited	30	1.27	59	1.60	56	.96	39	.48
Sub-Total	59	2.50	88	2.39	76	1.30	72	.88

	1971/72		1972/73		1973/74		1974/75	
	No.	%	No.	%	No.	%	No.	%
Miscellaneous-								
General	102	4.32	184	4.95	363	6.22	438	5.34
Food Freezer Plans	9	.38	19	.51	51	.87	66	.80
Hairdressing	3	.13	4	.11	3	.05	10	.12
Hearing Aids	5	.21	5	.13	13	.24	12	.15
Photography	12	.51	17	.46	32	.57	41	.50
Auctions	15	.64	11	.30	4	.07	2	.02
Caravans-Sales-Repairs	4	.17	14	.38	26	.45	46	.56
Metric Conversion			32	.86	20	.34	4	.05
Bonds-Flats and Houses					30	.51	74	.90
Removals and Storage					13	.22	74	.90
Sub-Total	150		286		559		767	
		6.36		7.70		9.59		9.34
Prices and Charges-								
General	108	4.58	140	3.77	236	4.05	353	4.30
Medical and Dental	9	.38	9	.24	15	.26	8	.10
Motor Vehicles					4	.07	20	.24
Electrical Appliances					2	.03	14	.17
Repairs					41	.70	223	2.71
Clothing and Footwear							10	.12
Sub-Total	117		149		298		628	
		4.96		4.01		5.11		7.64
Professional Services-								
General							15	.18
Medical							8	.10
Dental							11	.13
Solicitors							8	.10
Valuers							2	.02
Sub-Total							44	.53

	1971/72		1972/73		1973/74		1974/75	
	No.	%	No.	%	No.	%	No.	%
No Jurisdiction-								
General ..	11	.47	5	.13	4	.07	22	.27
Company ..	—	—	—	—	25	.43	24	.29
Sub-Total ..	11	.47	5	.13	29	.50	46	.56
TOTAL ..	2359	100	3718	100	5832	100	8215	100

APPENDIX D

MATTERS IN WHICH RESEARCH INVESTIGATION
WERE COMMENCED OR CONTINUED DURING
THE YEAR UNDER REVIEW

Advice Services	(a)
Anti-Static Garments	(b)
Bartering Companies	(c)
Consumer Credit Insurance	(a)
Childrens Swimming Aids	(a)
Care & Size labelling of Garments	(e)
Cladding Industry	(a)
Cladding Materials	(a)
Car Jacks	(e)
Cost of School Uniforms	(a)
Deceptive Packaging	(a)
Debt Councelling	(a)
Debt Collection Agencies	(a)
Disposable Cigarette Lighters	(a)
Encyclopaedia Sales Methods	(b)
Flammability of Carpets	(a)
Flammability of Textiles	(a)
Faulty Designed Refrigerators	(b)
Guarantees & Warranties documentation	(d)
Health & Fitness Courses & Equipment	(a)
House Removals	(d)
Investment - Holiday Homes	(a)
Investment - Pine Forests	(d)
Investment - Land	(f)
Insurance of Livestock	(b)
Lay-by Sales Systems	(g)
Leasing Contracts	(a)
Labelling of Confectionary	(a)
"Lonely Hearts Clubs"	(d)
Misleading Trade Names	(a)
Part-time Work	(a)
Pebble Coatings	(d)
Portable Fire Extinguishers	(h)

Return of Deposits - Soft drink bottles (a)
Rental Bonds (a)
Removals Industry (a)
Registration of Motor Vehicles (a)
Sale of Used or Shop soiled goods as new (a)
Safety guards for heaters (e)
Supply of assemblies instead of sub-assemblies (a)
Sale or Supply of Bulk Meat (i)
Standardisation of Contracts (e)
Swimming Pool Trade (d)
Tradesmen Referral Services (d)
Undisclosed Commissions - Finance & Insurance (a)

NOTES:

- (a) Under Investigation
- (b) Finalized
- (c) To be Investigated
- (d) Covered in this Report
- (e) Australian Standard Being Prepared
- (f) Covered in other States' Reports
- (g) Draft Guidelines being prepared
- (h) Subject of Draft Regulations

APPENDIX B

COMPARISON OF CONSUMER PROTECTION LEGISLATION IN EACH

STATE AND IN A.C.T. AND N.T. (AS AT JUNE 1975)

	VIC	N.S.W.	QLD	S.A.	TAS	W.A.	A.C.T.	N.T.
<u>CONSUMER REDRESS</u>								
Complaints handling	C	C	C	C	C	C	C ¹	C ²
Consumer Claims Tribunals	C	C ³	C	C	X	C	C	C
Civil Action on behalf of consumers	C	C	X	C	X	C	C	X
<u>DISHONEST AND UNDESIRABLE BUSINESS PRACTICES</u>								
Misrepresentation - False and Misleading Advertising	C	C	C	C	X ⁴	C	X	C
Bait Advertising	C	C	X	C	X	X	X	X
Full name and address to be shown in advertisements	C	X ⁵	X	X	X	X	X	X
Misleading Marking of Prices	C	C	C	C	C	-	X	X
Pyramid Selling	C	C	C	C	C	C	C	X
Mock Auctions	C	C	C	C	C	C	X	X
Trading Stamps or Coupons	C	C	C	C	C	C	C	X
Unsolicited Goods and Services	C	C	C	C	C	C	X	C
Referral Selling	C	C	X	C	X	C	X	X
<u>REGULATION OF SPECIFIC MARKETING AND SALES ACTIVITIES</u>								
Door to Door Sales	C	C	C	C	C	C	C	C
Lay-by Sales	X	C	X	X	X	X	C	X
Motor Vehicle Dealers	C	C	C	C	X ⁷	C	C ⁸	X
Book Purchases Protection	X	C	X ⁹	C	X	C	X	X ¹⁰

	VIC	N.S.W.	QLD	S.A.	TAS	W.A.	A.C.T.	N.T.
Conditions and Warranties in Consumer Transactions (Generally) ..	11	12	13	14	15	16	17	18
Manufacturers Warranties	C	C	C	C	C	C	C	C
Replaced Parts to be Returned	X	X	C	C	X	X	C	X
Invoice to be Supplied on Request	C	X	X	X	X	X	X	X
<u>CONSUMER CREDIT</u>								
Hire Purchase	C	C	C	C ²²	C	C	C	C
Money Lenders	C	C	C	C	C	C	C	X
Credit - Sales Arrangements	X	C	X	C	X	C	X	X
Fair Credit Reports	X	X	X	C	X	X	X	X
<u>CONSUMER PRODUCT STANDARDS</u>								
Weights and Measures	C ²³	C	C	C	C	C	C	C
Packaging	C ²⁴	C	C	C	C	C	C	C
Safe Design and Construction of Goods	C	C	C	X	X	X	X	X
<u>MARKING OR LABELLING OF CONSUMER PRODUCTS</u>								
Truth in Trade Descriptions	C	C	C	C	C	C	X	X
Labelling of Textiles	C	C	C	C	C	C	C	X
Labelling of Imitation Leather or Leather Goods	C	C	C	C	X	X	X	X
Branding of Footwear	C	C	C	C	C	C	X	X
Marking of Furniture	C	C	C	C	X	C	X	X
<u>PRICES</u>								
Control of Prices	X	C	C ²⁵	C	X	X	C	C

CODE:

- C = Legislation currently in force or being prepared.
X = No Legislation.

Notes :

1. Legislation in the course of preparation.
2. Legislation not yet in operation.
3. Legislation in the course of preparation.
4. Advertisements (Terms of Purchase) Act covers prices in advertising only.
5. No specific legislation - dealt with under Section 32 of Consumer Protection Act 1969.
6. The licensing of motor car traders covered by Motor Car Traders Act 1973, administered by Motor Car Traders' Committee, Chief Secretary's Department.
7. Bill before Parliament.
8. Legislation in course of preparation.
9. Covered in certain respects by the Door to Door (Sales) Act.
10. Covered in certain respects by the Door to Door Sales Ordinance.
- 11-18. Each State and Territory has provisions relating to **garantées** and warranties under the respective Sale of Goods legislation.
19. Specific legislation on guarantees and warranties contained in Division 4 of the Consumer Affairs Act 1970.
20. Specific legislation on guarantees and warranties contained in the Manufacturers Warranties Act 1974.
21. A Bill for a Manufacturers Warranties Ordinance has been referred to the Legislative Assembly.
22. Consumer Credit Act 1973 and Consumer Transactions Act 1973 cover all credit matters.
23. Administered by Department of Local Government.
24. Packaging is covered in certain respects by the Weights and Measures Act 1958. Part IVA of the Consumer Affairs Act 1974 provides that the Governor-in-Council may make regulations in respect to packaging.
25. The Profiteering Preventions Acts provide for the control of prices.

APPENDIX F

SMALL CLAIMS TRIBUNALS - DETERMINATION OF HEARINGS 1974/75.

	Claims (1) Heard	Struck Out	Adjourned	Applications For new Hearing	No Order	Dismissed	Withdrawn	Order for Services ⁽²⁾	Monetary Order	
JULY 1974	37	2	6	-	-	6	10	-	11 2	
AUGUST 1974	79	-	14	4	1	15	15	1	26 3	
SEPTEMBER 1974	51	-	11	1	2	7	6	1	18 5	
OCTOBER 1974	64	2	13	-	-	9	16	1	14 9	
NOVEMBER 1974	63	1	10	1	2	4	12	1	26 6	
DECEMBER 1974	50	1	7	2	-	4	17	1	15 3	
JANUARY 1975	18	1	3	-	1	2	3	-	7 1	
FEBRUARY 1975	71	6	10	-	3	11	16	3	18 4	
MARCH 1975	66	-	10	-	2	14	15	1	17 7	
APRIL 1975	78	3	1	-	5	13	29	2	18 7	
MAY 1975	124	3	19	-	5	24	29	-	24 20	
JUNE 1975	170	5	27	1	3	22	39	3	47 23	
TOTAL	871	24	131	9	24	131	207	14	241	90
	100.00	2.75	15.04	1.03	2.76	15.04	23.77	1.61	27.67	10.33

NOTES:

1. The number of hearings listed is in excess of the claims determined as some have been adjourned, or there has been a rehearing granted.

2. Of the 241 Claims included in this section, in 79 cases the claimant requested an "appropriate" order, and the order made may not necessarily have been for the full amount sought by the claimant.

APPENDIX G

SMALL CLAIMS TRIBUNALS

CLASSIFICATION OF CLAIMS DETERMINED

1st July 1974 to 30th June 1975

<u>BUILDING</u>	No.	%	
Renovations & Repairs	106	13.89	
Home Cladding	9	1.18	
Painting & Decorating	9	1.18	
Construction of New Homes	<u>4</u>	<u>.52</u>	
	128		16.77
<u>CLOTHING FOOTWEAR & ACCESSORIES</u>			
Faulty	51	6.69	
Faulty Repairs	<u>7</u>	<u>.92</u>	
	58		7.61
<u>DRY-CLEANING & LAUNDRY</u>	20		2.62
<u>FURNITURE & FLOOR-COVERINGS</u>			
Faulty Furniture	27	3.54	
Faulty Floor coverings & Laying	<u>13</u>	<u>1.70</u>	
	40		5.24
<u>HIRING & RENTALS (not real estate)</u>	9		1.18
<u>HOUSEHOLD APPLIANCES & GENERAL ARTICLES</u>			
Faulty	85	11.14	
Excessive Cost of Servicing	13	1.70	
Faulty Service	60	7.86	
Other	<u>7</u>	<u>.92</u>	
	165		21.62
<u>JEWELLERY, WATCHES & CLOCKS</u>	9		1.18
<u>MOTOR VEHICLES</u>			
General	106	13.89	
Faulty Repair & Service	105	13.76	
Excessive Cost of Repairs	<u>8</u>	<u>1.05</u>	
	219		28.70
<u>SWIMMING POOLS</u>	5		.66
<u>TRAVEL</u>	9		1.18
<u>MISCELLANEOUS</u>	77		10.09
SUB-TOTAL	<u>739</u>		<u>96.85</u>
CLAIMS STRUCK-OUT	24		3.15
TOTAL	<u>763</u>		<u>100.00</u>

APPENDIX H.

TRADERS WHO HAVE FAILED TO REPLY TO CORRESPONDENCE FROM THE CONSUMER AFFAIRS BUREAU.

Mr. F. B. Fewster, 10 Keith Street, Moorabbin, agreed to cut a consumer's grass for \$5.00 but only cut the grass at the front and refused to cut the backyard.

Mr. H. Lambrou, trading as Titan Concrete and Paving, 40 Albert Street, Highett, laid concrete in a garage and driveway but two days later, the concrete cracked right across.

Southland Tiling Service, 7 Tennyson Street, Highett, laid tiles on a consumer's bathroom floor but refused to return and remedy grouting faults.

T. Grange, 58 Rae Avenue, Edithvale, charged \$5.00 for a quote for renovations although he did not previously advise the consumer there was a charge.

Atlas Concretors, 45 Kingston Road, Heatherton. A number of complaints have been received against this firm who also operates under the name of Olympic Concrete, regarding the failure of concrete work performed for consumers.

I. W. Gamble, 9 Florence Street, Clayton, fitted aluminium doors and wire screens to a consumer's house but failed to return to rectify faults when requested.

M. Baratta, 51 Kemp Street, Springvale, contracted to build a house for a consumer and failed to finish it within the specified time and, despite the promises of further payment, did not finish the house.

P. Chevalier, Lot 16, Alexander Avenue, Noble Park, carried out concrete work and guaranteed it for five years but failed to return and repair the job when cracks appeared several months after completion.

Alex's Discount Furniture, 34 Irving Street, Footscray, failed to explain why furniture delivered to a consumer was not as ordered.

Golden Fields Pty. Ltd., 37 Clayton Road, Clayton, failed to complete a house for a consumer as per the contract signed and has ignored correspondence from the Bureau regarding the matter.

D. Leister, Lot 14 Jackson Street, South Morang, charged \$60 for roof repairs but failed to itemise the account when asked by the consumer and the Consumer Affairs Bureau.

M.E.L. Screens Pty. Ltd., 4 Teton Court, Highett, supplied and fitted shower screens and fly wire screens for a number of consumers but have failed to call and rectify faulty workmanship.

J. M. Ryan Pty. Ltd., of 440 Hawthorn Road, Caulfield South informed the consumer that they would call on Tuesday to repair a blocked toilet; however, they did not arrive and on complaint, informed the person concerned that they would arrive on Wednesday but again they did not show up. The consumer finally engaged another company to perform the work required.

J. G. Miller Removal and Storage Co. (Melb.) Pty. Ltd., 5 Cromwell Parade, West Footscray, failed to reply to correspondence regarding complaints from the Tasmanian Consumer Protection Council and Western Australian Commissioner for Consumer Affairs regarding Interstate transport of household goods. This company has refused delivery of Certified Mail from the Consumer Affairs Bureau regarding these matters.

G. Lynch trading as Melbourne Surface Coating, 114 Thomson Street, Williamstown. A number of complaints regarding the installation of Pebble Coating. Trader promised consumers to return and rectify faulty workmanship. Promises not kept.

All Systems Holdings Pty. Ltd., 140 Union Road, Ascot Vale. Company was paid for the removal and storage of furniture. Included in the payment was a provision for insurance. While in storage and transit damage was done to furniture. Company would not meet insurance obligations.

Vinylshield Pty. Ltd., of 86 Union Street, Armadale,
failed to reply to letters from the Consumer Affairs
Bureau regarding the failure of roof cladding performed
by the Company and on investigation it was found the
company had ceased trading and the Directors had moved
to another State.

Debonair Pools Pty. Ltd., 50 Royena Road, Moorabbin,
failed to complete a swimming pool by August 1974 as
promised and, despite continuous approaches to the
company, the pool was not finished until January 1975 and
the pool heater has still to be supplied.

Melton Gate Company, Cnr. Graham and Tullidge Streets,
Melton, failed to return and rectify problems with a
fence the company had constructed.

Kingsley Kirby, trading as K. K. Services, 55 McIntyre
Road, North Sunshine, failed to rectify a number of
complaints regarding refrigerator and washing machine
repairs.

New Mariner Pools Pty. Ltd., 161A Centre Dandenong Road,
Cheltenham, failed to respond in writing to the Consumer
Affairs Bureau when asked to explain a number of complaints
received regarding the construction of swimming pools.

J. & H. Carpet Ware-House Pty. Ltd., 9 - 13 McIntosh Street,
Airport West, has failed to explain or rectify a number of
complaints received regarding tiles and carpet laid by
the company.

Vitreous Plastic Engineering of 9 Wells Road, Mordialloc
has failed to reply to the Bureau regarding correspondence
concerning faults that developed with two swimming pools
installed by the company.

Stackers Motor Cycles, of 69 Bell Street, West Heidelberg,
failed to reply to a request for an explanation from the
Consumer Affairs Bureau, as to why a quote for \$15 was
exceeded by \$34 when repairing a trail-bike.

Quest Projects Pty. Ltd., 53 Kingsway, Glen Waverley,
failed to reply to a request from the Consumer Affairs Bureau
as to why faults in a house built by the company were not
recitified.

Charles Ross T.V. Sales and Service of Toongabbi Court, Noble Park, repaired a T.V. set for a consumer but failed to return when complaints were made when the set did not work.

A. Raccuglia of 8 Jasper Avenue, Noble Park, constructed concrete patio and house surrounds and failed to return when they broke up four weeks after the concrete was laid.

M.S. Cameron of 419 Warragul Road, South Oakleigh, quoted \$170 to construct a driveway crossover but did not commence work on the agreed date and two weeks later increased his quote to \$270.

G. Marmaros, trading as Australian Freezer Service, 22 Brendon Avenue, Doncaster, increased quotes given to a consumer to purchase a 10 cubic foot freezer, quoting from \$199 up to \$365 and failed to explain whether the consumer was renting or purchasing the freezer.

Mr. J. A. Windus, trading as Wyns Furniture, 24 Moyangul Drive, East Keilor, took a \$20 deposit for a bedroom suite and table from a consumer but failed to deliver the goods or refund the deposit.

Able Brick Co. Pty. Ltd., 57 Hillside Parade, Strathmore failed to remedy complaints or reply to correspondence regarding the failure of cladding supplied by and faulty workmanship performed by the Company.

Mr. N. Romano, 40 Rabo Street, Geelong, renovated a house for a consumer but as he failed to return to complete the work properly, another firm had to be called in.

Tunbridges Furniture, 5 Armstrong Street, North Ballarat, agreed to upholster two small stools for a consumer and failed to complete the job satisfactorily.

S. Harrison and Co., 92 Barkly Street, Ararat, sold a refrigerator freezer to a consumer for \$470 but on delivery the consumer received an invoice for \$850. On checking it was found that there had only been a \$40 increase in the manufacturer's price on the unit.

Sinaia Garage Doors and Engineering Pty. Ltd., 92A Railway Road, Blackburn. Garage doors installed by trader, shortly after installation door developed warp, trader charged \$15 to rectify same.

A.B.F. Watch Co., of 46 Royal Arcade, Melbourne. Consumer lodged antique watch for repair in April 1973; several months later was given a watch by the trader which was found to be not the watch lodged for repair. Consumer approached trader who said that the antique watch was lost and that he would arrange reimbursement of cost through the insurance company. Since that date, despite frequent approaches to the trader, the Bureau has been unable to get a reply and the consumer is still without a watch or any compensation.

Orbit Travel Service Pty. Ltd., 183 Elizabeth Street, Melbourne. Deposit of \$106 paid for a trip to S.E. Asia. Prior to date of trip, consumer had serious accident and trader was notified of same with a request to cancel the trip. Trader will not acknowledge receipt of cancellation request or state intentions regarding the deposit.

Permewan Wright Limited, 657 Springvale Road, Mulgrave, failed to reply to two letters from the Consumer Affairs Bureau. The first letter asked for the company's co-operation in investigating the marketing of a grocery product and the second letter related to a complaint concerning the price of a carton of cigarettes.

H. Demos - Paving Concretor, 43 Glenelg Drive, Mentone. Shortly after concrete to the value of \$538 was laid, problems with same brought to attention of trader who refused to accept responsibility.

D. C. Nichols, Painter, 35 Shand Road, Reservoir. Completed painting approximately four years ago but after 18 months paintwork failed. Trader acknowledged the failure and promised to return and rectify work. Despite constant reminders, he has not done so.

J. Rae, Electrical Contractor, Bourkes Creek Road, Pakenham Upper. Electrical works done by trader were charged at approximately twice the ruling rate.

Felice Bros. Pty. Ltd., 120 Springvale Road, Nunawading. Contracted for construction of new home with completion date of February 1974. Occupation was taken in July 1974 although a number of major items were still required to be completed. Trader refused to finish house.

Klad Aluminium Co., 466 Flinders Street, Melbourne. Cladding installed without allowance for ventilation. Company would not return to job to install ventilators. Two further complaints that company did not supply flywire screens as promised.

A. J. McKenzie trading as Brick Tone Manufacturing, 10 Breese Street, Brunswick. Contract signed for retiling of roof at cost of \$1105, deposit of \$250 paid. Trader requested payment of \$1300 to do the work. Trader not prepared to carry out retiling as per terms of agreement or to refund the \$250 deposit.

K. W. Pidgeon, 26 Digby Avenue, Belmont. Agreed to inspect faulty tiles installed in a new house with view of repairing them. The inspection never took place and all further requests were ignored.