Annual Report
2018–19

CONSUMER AFFAIRS VICTORIA

Consumer Affairs Victoria acknowledges the Aboriginal and Torres Strait Islander people as the Traditional Custodians of the land. The department also acknowledges and pays respect to their Elders, past and present.

Authorised and published
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Contents

Letter to the Minister **4**

Director's foreword **5**

About us **6**
Our values 6
Our vision 6
Our outcomes 6
Our functions 6
Our regulatory approach 6

Our performance **8**

Our achievements **9**
Outcome 1 – Businesses comply with consumer laws 9
Outcome 2 – Victorians exercise their consumer rights 18
Outcome 3 – A fair and safe rental market 22

Trust funds managed by Consumer Affairs Victoria **28**

Reducing red tape **29**

Financial information 2018–19 ..... **30**

Acts and regulations commenced or revoked in 2018–19 ..... **32**
Acts passed 32
Regulations commenced 32
Regulations revoked 33

Appendix **34**

Letter to the Minister

The Hon. Marlene Kairouz MP

Minister for Consumer Affairs,
Gaming and Liquor Regulation

Dear Minister,

In accordance with the *Australian Consumer Law and Fair Trading Act 2012*, the *Credit (Administration) Act 1984* and the *Veterans Act 2005*, I am pleased to present the Consumer Affairs Victoria Annual Report for the year ending 30 June 2019.

Yours sincerely,

Sam Jenkin

Executive Director Regulatory Services &
Director, Consumer Affairs Victoria

Director's foreword

Consumer Affairs Victoria's work in 2018–19 has been underpinned by the introduction of our three-year Strategic Plan, focused on achieving our vision of a fair and competitive marketplace in Victoria, and delivering key outcomes for the community. We have also introduced a regulatory excellence framework to embed the principles of 'we serve the public, we connect, we lead and we excel' in everything we do.

We began implementing the Victorian Government's ambitious reforms to the Victorian rental market, to strengthen the rights of renters in houses, caravan parks and crisis accommodation across the state.

The package of more than 130 reforms under the *Residential Tenancies Amendment Act 2018* is the culmination of three years' work, and will change the rental landscape for the more than one in four Victorians who currently rent their home.

Some reforms have already been implemented. These include:

- suppression of crisis accommodation addresses to protect family violence victim survivors
- introduction of long-term lease agreements, and
- compensation rights for caravan park residents.

Over the next 12 months, we will focus our efforts on delivering the full package of reforms by July 2020.

This year, we continued to make it easier for Victorian businesses to interact with us and comply with the law by expanding our myCAV online registration and licensing platform to owners corporation managers and conveyancers. We also continued to focus on educating the Victorian community, responding to 296,000 calls and assisting more than 3.6 million website visitors.

We acted strongly to hold businesses and individuals accountable when they broke the law.

We achieved significant court outcomes in matters involving estate agent underquoting, misuse of real estate trust account money, and unlicensed motor car trading. We also removed more than 45,700 dangerous products from sale and took enforcement action against the businesses selling them.

The projects and work highlighted in this year's annual report reflect our staff's passion and commitment to regulatory excellence and achieving our vision under our Strategic Plan. I would like to take this opportunity to recognise their integral role in our achievements over the past 12 months.

In what is my first annual report as Director, I would also like to acknowledge the significant role of my predecessor – Simon Cohen, Deputy Secretary, Regulation (Department of Justice and Community Safety) – in our success in 2018–19. His vision while Director of Consumer Affairs Victoria will continue to guide our work for years to come.

Sam Jenkin

Executive Director, Regulatory Services &
Director, Consumer Affairs Victoria

About us

We are Victoria's consumer affairs regulator, operating within the national consumer protection framework. We are part of the Regulation group of the Department of Justice and Community Safety (DJCS).

Our values

As part of DJCS, we promote and embrace the department's values of:

- working together
- making it happen
- respecting other people
- serving the community
- acting with integrity.

These values inform the way we do business and are demonstrated every day through the actions of our staff.

Our vision

A fair and competitive marketplace in Victoria.

Our outcomes

- Businesses comply with consumer laws.
- Victorians exercise their consumer rights.
- A fair and safe rental market for Victorians.

Our functions

We help Victorians to be responsible and informed businesses and consumers. To do this we:

- provide information and advice to consumers, renters, businesses and rental providers about their rights, responsibilities and changes to relevant laws
- register and license certain businesses and occupations
- enforce compliance with consumer laws
- review and advise the Victorian Government on the consumer protection framework.

We also provide administrative support to several statutory offices and bodies. These include the:

- Business Licensing Authority
- Estate Agents Council
- Motor Car Traders Claims Committee, and
- Residential Tenancies Bond Authority.

Our regulatory approach

Our regulatory approach is intelligence-led, risk-based and outcome-focused. This enables us to target the conduct posing the highest risk to Victorians, making the best use of our available resources. Our compliance operating model ensures the approach is embedded in our day-to-day work.

Intelligence-led

A core element of our regulatory approach is the effective use of intelligence to inform decision-making.

Intelligence gathered in the course of our regulatory operations is supplemented by other sources, including:

- national information shared among Australian Consumer Law (ACL) regulators
- local councils
- law enforcement organisations
- industry stakeholders
- online forums and social media
- business reporting requirements.

For example, information provided from auditors' reports on estate agent trust accounts alerts us to businesses that may have problematic practices, allowing us to prioritise inspection activity.

We also receive reports from consumers and their representatives about business conduct or potential breaches of the law. While we do not pursue all of these individually, we use them as an important source of intelligence to help assess risks and take action as appropriate.

Risk-based

Where possible, we aim to identify and treat risks before they lead to actual consumer harm.

Regulatory risks are market behaviours that:

- represent non-compliance with the laws we administer
- present potential or realised consumer harm
- impact on our ability to be an effective regulator
- require a regulatory response due to public concern.

We put our effort where it counts and target the areas of greatest risk and harm.

We monitor markets and use evidence to shape a targeted compliance program, focusing on those issues that pose the highest risk to Victorians. Risks can be posed by:

- a product
- a business's conduct
- a new or emerging business practice
- the conduct or business model of an entire industry.

Outcome-focused

We use a range of compliance tools, underpinned by a compliance strategy that ultimately seeks to affect market outcomes. We make decisions on compliance actions to achieve outcomes that deter unlawful conduct and promote future compliance.

We take enforcement action to serve the public interest. We exercise discretion, focusing on actions that benefit all consumers. We do not take action on behalf of individuals to obtain redress.

The nature of the problem and the desired outcome determine which compliance and enforcement approach we use. Where appropriate, we seek voluntary compliance.

Importantly, we have a full range of tools, including civil and criminal actions, infringements and public warnings to protect the Victorian community by holding businesses accountable for unlawful conduct.

Our performance

This year, our performance was measured against target outputs specified in Budget Paper 3 2018–19.

Outputs are those goods and services provided to government by departments, agencies and statutory bodies, and through funding provided to others, such as community agencies.

Table 1: Performance against targets for output measures

	Unit of measure	2016–17 Actual	2017–18 Actual	2018–19 Target	2018–19 Actual
Quantity					
Information and advice provided to consumers, tenants and businesses: through telephone service	number	325,773	304,048	297,000	295,955
Information and advice provided to consumers, tenants and businesses: through other services including written correspondence, face-to-face and dispute assistance[1]	number	114,176	118,309	129,400	115,479
Number of court and administrative actions[2]	number			700	1,309
Transactions undertaken: registration and licensing[3]	number	84,154	93,186	87,100	94,826
Transactions undertaken: Residential Tenancies Bond Authority (RTBA)	number	454,238	461,137	475,000	467,431
Victims of family violence assisted with financial counselling[4]	number		2,421	2,250	3,024
Dispute resolution services provided by Domestic Building Dispute Resolution Victoria	number		5,981	6,000	6,003
Quality					
Rate of compliance with key consumer laws[5]	per cent	98.2	99.3	95	91.5
Timeliness					
Regulatory functions delivered within agreed time frames	per cent	93.8	97.7	95	97.8
Proportion of high priority breaches resulting in regulatory response[6]	per cent			100	100
Cost					
Total output cost[7]	$ million	134.4	140.6	149.8	146.9

1 The actual is lower than target due to lower than anticipated written correspondence received and fewer financial counselling services provided due to reported increased complexity.

2 This is a new measure introduced in 2018–19. The actual is higher than target due to a higher than anticipated number of official warnings and infringement notices issued.

3 The actual is above target due to an increase in registration activity and estate agent transactions, in part as a result of making electronic transactions simpler through myCAV.

4 The actual is above target due to demand exceeding forecast for family violence financial counselling services. Additional funding has been provided in 2019–20 to meet this increased demand.

5 The actual is below target. The result was impacted by the introduction of myCAV, which requires estate agents and conveyancers to lodge any outstanding audit reports before they submit the current financial year. It is anticipated that compliance rates will improve in 2019–20.

6 This is a new measure introduced in 2018–19.

7 The 2018–19 Actual Total output cost was amended in December 2019 to correct a transcription error, and differs from the version tabled in the Victorian Parliament on 17 October 2019.

Our achievements

Our achievements are presented under each of our outcomes, including data on our outputs and case studies highlighting our work.

Outcome 1 – Businesses comply with consumer laws

The key to achieving a fair and competitive marketplace is ensuring businesses comply with consumer laws. We focus on achieving high levels of business compliance by working with relevant industry bodies and other partners. We continue to support businesses to be compliant by giving them information and resources. Under our integrated, risk-based approach to compliance, we act quickly against businesses and organisations that are causing the most harm, to protect consumers before there is significant detriment.

Highlights

In 2018–19, we used a range of regulatory tools to address poor conduct by businesses and significant breaches of consumer protection laws. Table 2 provides an overview of our actions in meeting this outcome.

We continued to make it easier for businesses to comply with their obligations, with our online licensing and registration system, myCAV, expanding to include conveyancers and owners corporation managers.

Our underquoting campaign reminded estate agents of their obligations under the new laws, supporting them to be compliant.

We had a number of important outcomes in the Federal Court, including a $720,000 penalty to Melbourne South Eastern Real Estate Pty Ltd for engaging in misleading or deceptive conduct in property sales.

Our case against Judy Nguyen, the sole director of JNT Law Investments Pty Ltd was finalised, resulting in a prison sentence.

We responded quickly to emerging product safety issues, removing more than 45,700 non-compliant products.

Table 2: Compliance, and registration and licensing activities[1]

	2016–17	2017–18	2018–19
Compliance			
Inspections	5,769	5,972	4,324
Investigations	105	71	90
Official warnings[2]	6	112	947
Infringement notices[3]	154	64	198
Parties signed to enforceable undertakings	22	8	5
Parties to civil proceedings	41	35	19
Parties to criminal proceedings, appeals and re-hearings	18	6	9
Registration and licensing			
Annual returns, updates or cancellations processed for incorporated associations, fundraisers and co-operatives	51,157	55,217	54,786
Total registration and licensing transactions[4]	84,154	91,135	94,826

1 Data in Table 2 varies between years based on our regulatory risk priorities, legislative changes, government policy, the nature of our compliance program and the cyclical nature of our integrated compliance approach.

2 Official warnings are issued in accordance with our regulatory approach and compliance program, in lieu of infringement notices.

3 In 2018–19 the average value of infringement notices was $1,792.65, with a total value of $354,944.70.

4 Registration activity and estate agent transactions have increased, in part as a result of making electronic transactions simpler through myCAV.

Registers we administer

These are outlined in Table 3.

Table 3: Registers administered by Consumer Affairs Victoria

	New applications lodged			Total on register		
	2016–17	2017–18	2018–19	2016–17	2017–18	2018–19
Estate agents	1,581	1,800	1,850	13,230	14,133	15,039
Motor car traders	158	143	111	2,056	2,008	1,983
Incorporated associations	1,837	2,006	2,226	41,212	41,296	40,813
Co-operatives	25	33	40	540	577	524
Fundraisers	631	778	886	2,029	1,953	1,916
Second-hand dealers and pawnbrokers	348	346	379	3,723	3,650	3,545
Patriotic funds	0	1	0	563	550	485
Limited partnerships	38	31	15	366	384	398
Conveyancers	92	136	189	877	961	1,093
Owners corporation managers	79	80	103	659	673	668
Retirement villages	13	14	14	447	453	456
Funeral service providers	14	8	7	448	453	473
Sex work service providers (licensees)	15	9	7	125	121	115
Sex work brothel managers	167	192	121	675	656	616

Making it easier to comply

We are committed to making it easier for Victorian businesses to interact with us and comply with the law. This year we continued our work in creating a single, modern information technology system to support our regulatory functions and those of the Business Licensing Authority.

myCAV is our online portal that allows Victorian businesses to apply for a licence or registration and manage their obligations, with instantaneous updates and lodgements. Following the successful implementation of myCAV to incorporated associations, estate agents and rooming house operators, the system was further expanded in December 2018 to include owners corporation managers and conveyancers.

myCAV has been embraced by its users, with more than:

- 117,300 transactions completed in 2018–19, and
- 85,000 accounts created since its launch.

Work is currently underway to expand myCAV to manage fundraising registrations.

Underquoting

Underquoting causes significant frustration and disappointment for potential home buyers, as well as time and money spent undertaking pre-purchase inspections for properties they could never realistically afford.

Our underquoting campaign, launched in November 2018, reminded estate agents of their obligations under the *Estate Agents Amendment (Underquoting) Act 2016*, which came into effect in May 2017.

We reached Victorian estate agents through electronic newsletters and social media, and more than 200 estate agents participated in underquoting information sessions across Victoria. We developed a guide with useful tips to support estate agents and sales staff to complete a statement of information, which the Real Estate Institute of Victoria (REIV) used in their training sessions. Our campaign was a nominee in the REA Group's Annual Excellence Awards for Integrated Brand Campaign of the Year.

New infringement penalties for underquoting laws were introduced in July 2018. In 2018–19, we issued 39 infringements with 60 per cent of these relating to estate agents failing to include a statement of information in their online advertising.

We took strong enforcement action when laws were not followed.

In November 2018, the Federal Court of Australia found Melbourne South Eastern Real Estate Pty Ltd engaged in misleading or deceptive conduct and made false representations about the sale of land.

Our investigation revealed the agency had advertised 25 residential properties on the realestate.com.au website, setting price search parameters that were less than the appraisal price and estimated selling price written on the sale authority (for some of the properties). This conduct was designed to make potential buyers think that a property would sell at a much lower price than the agency believed it would.

Melbourne South Eastern Real Estate was ordered to pay a penalty of $720,000 and our legal costs of $30,000. The agency was also ordered to publish adverse publicity notices about its illegal conduct and implement a compliance program. The compliance program included training its staff about their legal obligations under the Australian Consumer Law and appointing a compliance officer to ensure the program is effectively designed, delivered and maintained.

Misuse of real estate trust account money

Buying or selling a home is the biggest financial transaction in most people's lifetime, with most putting their trust in an estate agent for this transaction. One of many protections for buyers and sellers under the *Estate Agents Act 1980* is the requirement for estate agents to keep the money they receive on behalf of any other person in a separate trust account. Failing to handle trust account money appropriately may result in property owners being adversely affected and property purchases being delayed or failing, causing emotional and financial stress.

We took strong action when estate agents did not meet their trust account obligations. We issued criminal charges against Judy Nguyen, the sole director of JNT Law Investments Pty Ltd (in liquidation) and an employee agent, Joseph Ngo, in relation to misappropriation of trust money. JNT operated LJ Hooker franchises in six Melbourne suburbs.

Claims totalling more than $2 million were paid from the Victorian Property Fund to property owners or purchasers who suffered loss as a result of these former franchises' actions.

Following Mr Ngo's sentencing in 2018 (which included a five-year prison term with a minimum of three years), Ms Nguyen was sentenced in June 2019 to 20 months in prison with a minimum of eight months.

Dangerous products removed from shelves

Consumers are entitled to expect every retailer, manufacturer and importer in Australia complies with product safety laws, ensuring products and toys brought into Victorian homes meet safety standards and pose no threat to consumers' wellbeing. These laws apply to products purchased in shops, at home, over the telephone or online.

This year we undertook more than 880 product safety inspections throughout Victoria, checking compliance with product safety laws and educating businesses on their responsibilities.

We also took court action when necessary. In January 2019, the Federal Court of Australia found that Wens Bros Trading Pty Ltd and its sole director, Wen Hui Xu, breached the Australian Consumer Law's product safety provisions and were ordered to pay a $415,000 penalty plus $15,000 in costs.

The company first came to our attention during a routine compliance inspection. This led to further investigations and the seizure of more than 20,000 unsafe products. These included portable swimming pools, elastic luggage straps, hot water bottles, children's toys, and combustible candle holders that have been permanently banned from sale in Australia.

We use social media and other channels to alert Victorians of emerging product safety issues.

Unlicensed motor car trading and auction houses

Some motor car traders licensed under the *Motor Car Traders Act 1986* have an official endorsement to sell vehicles by auction. Concerns were raised that these sellers, also known as auction houses, may be a high-volume supply source for people unlawfully selling motor vehicles.

In July 2016, our compliance team commenced Project Pilentum, which examined the extent, volume and nature of vehicle sales between auction houses and unlicensed vehicle traders. The initial stage of the project involved our inspectors collecting and examining sales data from 11 auction houses registered in Victoria. Our investigation identified five high-volume purchasers who collectively purchased 323 vehicles in a 12-month period and who were suspected of being unlicensed motor car traders.

We have had successful court outcomes with three people found guilty of unlicensed motor car trading. Other matters are still in progress.

We continue to proactively monitor compliance with Victoria's motor car traders laws, including activities at auction houses, and take appropriate action against those who act illegally.

Enforcement actions

We took a range of enforcement actions in 2018–19, and were also a party to or involved in others. Actions completed or in progress as at 30 June 2019 are outlined in the tables below.

Enforceable undertakings

Parties signed to enforceable undertakings

Legislation	Parties
Estate Agents Act 1980	Josdan-Bel Pty Ltd, Daniel Zanella & Geraldo Papaluca
Australian Consumer Law (Victoria)	Australia Manolite Pty Ltd and Zhenghong Mei

Court and tribunal matters

Prosecutions finalised

Legislation	Parties
Estate Agents Act 1980	Judy Nguyen and JNT Law Investments Pty Ltd (in liq) DMSM Real Estate Pty Ltd (in liq)
Motor Car Traders Act 1986	Abdellatif Cheairi Bouiaji Marjan Hayvari Gelzar Ali Aziz
Domestic Building Contracts Act 1995 and Australian Consumer Law (Vic)	Cain Robert Padman
Conveyancers Act 2006	Meganita Marannu

Civil proceedings finalised (including disciplinary inquiry and appeals)

Legislation	Parties
Australian Consumer Law (Vic)	Domain Register Pty Ltd (in liq) Wens Bros Trading Pty Ltd and Wen Hui Xu Origo & Co Pty Ltd Melbourne South Eastern Real Estate Pty Ltd
Estate Agents Act 1980	Tsun Ngai Lee (trading as Ably Realtor Worldwide Agency) Robert Pedersen and Robert Pedersen Real Estate Pty Ltd Crawford David Giles v Pen Plan Pty Ltd & Ors
Domestic Building Contracts Act 1995 and Australian Consumer Law (Vic)	Micheal Arrow
Motor Car Traders Act 1986	Five Star Motors Pty Ltd and Bo Li Wapshott Motors Pty Ltd and James Wapshott
Sex Work Act 1994	Xian Yan Meng

Administrative/ judicial review

Legislation	Parties
On behalf of the Business Licensing Authority	
Motor Car Traders Act 1986	James Galea
Estate Agents Act 1980	Khaled Khaled

Ongoing court matters as at 30 June 2019

Criminal prosecution

Legislation	Parties
Estate Agents Act 1980	Ranelagh Realty Pty Ltd Helen Sly Realestate Property Pty Ltd David Steel
Motor Car Traders Act 1986	Taleb Youseff
Retirement Villages Act 1986	Stephen Snowden
Conveyancers Act 2006	Hans Eric Richmond

Civil proceedings (including disciplinary inquiry)

Legislation	Parties
Estate Agents Act 1980	Darren James Dean Dean Anthony Johnson Property Express Pty Ltd Hoskins Maroondah Pty Ltd and Brent Robert Peters Surinder Sarain The Sarain Pty Ltd
Australian Consumer Law (Vic)	Vic Solar Technologies Pty Ltd and Sunny Srinivasan
Sex Work Act 1994	Lin Gao Tak Lam Chang

Administrative review on behalf of the BLA

Legislation	Parties
Estate Agents Act 1980	Sanjeet Pahil Diana Powney

Outcome 2 – Victorians exercise their consumer rights

We empower Victorians to exercise their consumer rights by providing information and support. We continue to work with partner organisations to improve our services, and to target groups with specialised information needs.

Highlights

In 2018–19, we provided information and advice to more than 295,000 callers to our telephone service and responded to 62,860 written and online queries. Our social media presence continues to grow with 45,657 Facebook page likes and 10,240 Twitter followers.

We received more than 3.6 million visits to our website, which provides education, advice and self-help resources in formats that are easy to find, understand and act on. Our website continues to be the most popular channel for accessing our services.

While we provide the necessary information for consumers to resolve issues themselves, we recognise the importance of providing specialist services to Victorians in need of more intensive support. In 2018–19, more than 820 consumers were assisted by the Consumer Assistance and Advocacy Program, our state-wide advocacy service, and more than 32,400 by financial counselling services we support.

We also focused on making it easier for consumers to access clear and comprehensive building information by collaborating with other agencies to streamline and improve our services.

Table 4: Information, advice and assistance provided to consumers

	2016–17	2017–18	2018–19
Information and advice			
Calls answered[1]	325,773	304,048	295,955
Advice provided to resolve disputes			
Disputes finalised[2]	8,656	6,827	6,752
Digital			
Website visits	3,425,370	3,603,610	3,675,683
Letters, emails and online enquiry form contacts	59,525	65,378	62,860
Twitter followers	9,487	10,175	10,240
Facebook page likes	36,555	42,600	45,657
YouTube video views[3]	72,488	371,759	94,206
Community information			
Information sessions	946	936	629
Face-to-face or intensive assistance (funded community services)			
Victorians assisted under the Consumer Assistance and Advocacy Program	430	618	828
Clients assisted with financial counselling	31,106	32,839	32,489

1 An increase in uptake of our digital services resulted in a reduced need for further telephone assistance.

2 A new model of dispute resolution, focused on front line compliance and resolution, has resulted in a decrease in disputes finalised from 2017–18.

3 The release of three scam videos in May 2018 largely influenced the increase in YouTube video views for 2017–18.

Family violence financial counselling

Supporting financially disadvantaged and vulnerable Victorians is important to us. Our Financial Counselling Program provides free, independent and confidential telephone or face-to-face counselling sessions, delivered by community agencies across Victoria. Financial counsellors offer a range of support, including providing advice about rights and responsibilities, negotiating with a creditor, or working out a realistic payment plan for debts.

This program was expanded in 2016 to incorporate specialist family violence financial counsellors, in response to the Royal Commission into Family Violence. These specialist financial counsellors assisted 2,421 victims of family violence in 2017–18; this year, we saw an increase in demand for this service, with 3,024 women supported. A further 10 specialist roles will be funded from 2019 to expand our support to victims of family violence.

Scams

Figures from the Australian Competition and Consumer Commissioner (ACCC) show that Victorians made more than 39,000 scam reports in 2018, accounting for almost $21 million in losses.

Scams continue to pose a risk to our community and anybody can fall for one, particularly as scammers use more sophisticated methods to trick people. Scammers can be hard to detect and are often based overseas, meaning that consumer education and awareness is the best defence against getting scammed.

We partnered with Crime Stoppers Victoria to deliver awareness campaigns on investment and phishing scams.

Our *Take stock before you share* campaign aimed to educate the community about investment scams. Nationally, consumers reported losses of more than $38 million to investment scams in 2018, making it the most financially damaging scam for victims. Scammers often target older people who may have access to savings or superannuation. In one case, a Victorian retiree was pressured into investing more than $20,000 in bitcoin, only for the scammers to gain access to her trading account and drain all the funds.

Our *Don't get reeled in* campaign raised awareness of phishing scams and the impact they have on our community. Phishing scams are attempts to trick you into giving out personal information, such as your bank account numbers, passwords and credit card numbers. We warned Victorians to be alert following a 20 per cent jump in reported losses to phishing scams in 2018, compared to the previous year.

Fake tradies

Fake tradies are dodgy tradespeople who knock on doors or drop leaflets, offering home improvement services such as roofing, tree lopping, painting and driveway resurfacing. Often, the work these fake tradies promise to carry out never eventuates or is of a poor standard. They commonly disappear as soon as they have been paid.

This year, Victorians reported record losses to fake tradies of more than $2.9 million. This is more than double the amount reported in the previous financial year. We received more than 340 reports of fake tradies in 2018–19.

Our state-wide campaign, launched in May this year, helped people identify and avoid fake tradies. To get the word out, we developed a toolkit for 155 of our stakeholders, including all Victorian councils, the Municipal Association of Victoria and the Country Women's Association of Victoria. We also targeted five Melbourne councils where fake tradies were most active and distributed warning flyers to more than 250,000 residents.

Fake tradies often target vulnerable consumers and residents who speak little or no English, so we made sure our communications reached culturally and linguistically diverse groups.

In June, we warned residents in Victoria's north-east and north-west to be vigilant against a group of fake tradies, after they scammed local homeowners out of $41,000.

These fake tradies offered cheap driveway resurfacing services, claiming to have leftover asphalt from a previous job. They managed to scam $16,000 from residents in Mount Alexander and Gannawarra, $11,000 from a homeowner in Ballarat and a further $14,000 from residents in Greater Shepparton and Benalla.

A collaborative response to building support

Building or renovating your home can be complex.

This year we worked closely with key building regulators and stakeholders, including the Victorian Building Authority (VBA), the Victorian Managed Insurance Authority (VMIA) and Domestic Building Dispute Resolution Victoria (DBDRV) to increase consumer awareness of the services and support available.

We focused on making it easier for consumers to access clear and comprehensive building information by collaborating with other agencies to streamline and improve our websites.

We also partnered with Energy Safe Victoria, Environment Protection Authority Victoria, the VBA and WorkSafe Victoria to deliver the *Build Aware* program, helping businesses comply with workplace safety laws and building regulations.

In May 2019, *Build Aware* focused on the Ballarat area, where our inspectors reviewed domestic building contracts and tested builders' compliance with important consumer protections. This included checking contract insurance details and checking that requested deposit amounts were within the appropriate range.

This year *Build Aware* conducted more than 300 inspections, with most building sites found to be compliant.

Our commitment to keeping consumers informed through participation at the Melbourne Home Show continues. Joining the VBA, VMIA and DBDRV, we collectively spoke to more than 725 visitors, providing advice on building and renovating matters.

We continue to work closely with agencies involved in building regulation, to collectively deliver activities and campaigns. This helps ensure businesses receive important compliance information and consumers understand their rights and responsibilities.

Outcome 3 – A fair and safe rental market

As the Victorian regulator of rental laws, we work to achieve fair and safe rental housing. Our priority is to ensure the residential tenancy framework in Victoria reflects the modern marketplace, delivering the best results for all. This includes increased collaboration with partners so we can continue to improve our understanding of the needs of a modern market and make positive changes across the sector.

Highlights

Residential tenancies continue to be one of the main reasons Victorians contact us. In 2018–19 we assisted 64,118 callers with residential tenancy matters and 73,446 callers to the Residential Tenancies Bond Authority (RTBA). The renting section on our website had the most views, with more than 2.2 million visits.

More than 8,100 renters received information and advocacy support under the Tenancy Assistance and Advocacy Program.

We completed our support for the Victorian Government's *Fairer, Safer, Housing* review. The *Residential Tenancies Amendment Act 2018*, passed Parliament in September 2018 with a package of more than 130 reforms. Some of these have already been implemented.

We supported the establishment of the office of the Residential Tenancies Commissioner – the inaugural Commissioner, Dr Heather Holst, commenced her role in September 2018.

We implemented new laws to better protect residents of high-rise apartments from unruly parties in short-stay accommodation. Other key reforms were passed following the review of the *Sale of Land Act 1962*.

This year, the Minister for Consumer Affairs Marlene Kairouz awarded seven grants for community housing development projects to accommodate Victorians in need.

Table 5 below provides more information about our activities related to residential tenancies in 2018–19.

Table 5: Information, advice and service delivery to tenants, landlords and agents

	2016–17	2017–18	2018–19
Information and advice			
Website page views – renting section	1,878,001	2,174,527	2,238,743
Calls answered – residential tenancies	69,472	67,813	64,118
Calls answered – RTBA	77,487	71,378	73,446
RentRight app downloads	7,780	6,917	5,321
Compliance			
Rooming house inspections (including repeat visits)	621	738	406
Rooming houses registered	1,184	1,256	1,340
Transactions			
Bonds lodged	241,489	241,534	244,756
Bond repayments	212,749	219,603	219,297
Bonds transferred	89,375	87,848	81,698
Bonds held	622,298	644,229	669,688
Value held	$1.04 billion	$1.13 billion	$1.22 billion
Total transactions – RTBA	454,238	461,137	464,053
Face-to-face or intensive assistance			
Funded community services			
Tenants assisted under the Tenancy Assistance and Advocacy Program	6,186	6,893	8,129
Residential tenancy inspection advice provided			
Repair reports	948	1,050	1,049
Goods left behind reports	3,531	3,223	3,133
Rental reports	1,234	1,373	1,518

Rental reforms

We first began work on reforming the state's rental market in 2015, when the Victorian Government asked us to lead a full and evidence-based public review of the *Residential Tenancies Act 1997* – this was due to changes in market conditions since this legislation was first passed more than 20 years ago.

In September 2018, the Victorian Parliament passed more than 130 rental reforms outlined in the *Residential Tenancies Amendment Act 2018*.

The reforms will significantly strengthen the rights of the one in four Victorians who currently rent. Key reforms include:

- ensuring every rental home meets basic standards, such as functioning stoves, heating and deadlocks
- requiring landlords to meet basic safety standards for gas, electricity and smoke alarms
- giving renters the right to make minor modifications (such as nailing a hook on the wall or installing anchors to stop furniture falling on children) without first obtaining the landlord's written permission
- providing protections for pet owners
- capping bonds at four weeks' rent and making it quicker for renters to get their bond back
- capping rent increases to once every 12 months.

Another key reform – to allow people to end rental agreements in family violence situations, ensuring victim survivors are not held liable for the debts of their abusers – responds to a recommendation from the Royal Commission into Family Violence.

We have already implemented some reforms, such as:

- suppression of certain crisis accommodation addresses from the public Rooming House Register in order to protect family violence victim survivors
- introduction of long-term lease agreements
- compensation rights for caravan park and residential park residents.

We are working closely with key stakeholders to develop regulations, forms and guidelines required to support the new laws, with all reforms to be delivered by 1 July 2020.

Commissioner for Residential Tenancies

We supported the establishment of the office of the Commissioner for Residential Tenancies, another outcome of the Residential Tenancies review. The inaugural Commissioner, Dr Heather Holst, commenced in September 2018. The Commissioner provides independent advice to the Victorian Government to inform the development of residential tenancy policy and legislative frameworks, programs and services. The Commissioner also champions the rights of renters and gives them a voice in seeking improvements to renting laws and services.

This is an important role, as more Victorians are renting for different reasons and for longer periods of time. Renting was once a relatively short-term transitional arrangement, which ended in a move to home ownership or to social housing. Over time, more families with children and older people on fixed incomes have become long-term renters. Stability and security – and the opportunity to participate in their community over the longer term – are important to ensuring their health and wellbeing.

The Commissioner's first four-year strategic plan was approved by Minister Kairouz, and is built around three pillars – that renters:

- have rights
- know their rights, and
- exercise their rights.

The strategy outlines the establishment of several formal advisory groups, including a group solely for renters. This group will enable the Commissioner to hear first-hand from renters about their experiences of renting a home.

Consumer property law review

We continue to support the Victorian Government's review of consumer property laws, namely the:

- *Owners Corporations Act 2006*
- *Sale of Land Act 1962*
- *Estate Agents Act 1980*, and
- *Conveyancers Act 2006*.

Each of these laws affect the way people buy, sell and manage their properties.

As part of the review, Victorians commented on how legislation governing these activities is working and where improvements could be made. It involved public consultation on three discussion papers, followed by three options papers proposing potential legislative changes. We carefully reviewed stakeholder feedback as we developed reform proposals for Government consideration.

The *Sale of Land Amendment Act 2019* passed Parliament in May 2019. Among other reforms, changes to sunset clauses mean developers can now only exercise a sunset clause with written consent from the buyer, or by an order of the Supreme Court of Victoria. Sunset clause provisions are commonly found in off-the-plan contracts to allow developers to terminate the contract where the plan of subdivision has not been registered by a specified date.

The new laws protect buyers from developers deliberately postponing the completion of construction work in order to terminate signed contracts under the sunset clause, and then sell the property at a higher price.

The Victorian Government also released an exposure draft Bill setting out proposed reforms for owners corporations – the first major reforms since the passage of the *Owners Corporations Act 2006*. We are currently reviewing the feedback from the public consultation on the exposure draft Bill, which includes 36 reforms.

As more than 1.6 million Victorians own or live in properties affected by owners corporations, including apartments and townhouses, it is important the legislation governing this sector remains modern and fit for purpose.

We are continuing to consider reforms to the *Estate Agents Act 1980* and *Conveyancers Act 2006*.

Short-stay implementation

Victoria's tourism sector is worth more than $26 billion and employs nearly 215,000 people.

The sector is supported by an estimated 170,000 short-stay properties in Victoria. The vast majority of short-stay owners and their guests do the right thing. However, some short-stay guests have hosted unruly parties and damaged properties.

In February this year, we implemented new laws to protect residents of high-rise apartments from unruly parties in short-stay accommodation.

The *Owners Corporations Amendment (Short-Stay Accommodation) Act 2018* makes short-stay providers responsible for the behaviour of their guests and lets owners corporations and residents take action for repeated breaches of prescribed conduct rules.

We will undertake a post implementation review by February 2021 to examine the effectiveness of the reforms and determine if any further legislative changes are required.

Grants from the Victorian Property Fund in 2018–19

The *Estate Agents Act 1980* allows the Minister for Consumer Affairs to make grants from the Victorian Property Fund (VPF) for certain purposes.

The Minister makes her decision on grants after consultation with us, the Estate Agents Council and any industry associations, government departments and other organisations, as appropriate.

We administer the VPF grants program. This includes evaluating applications, making recommendations about proposals to the Minister, and administering the grants awarded.

A key priority for the program is to help community housing organisations develop new social housing for Victorians who are disadvantaged or on a low income.

Under the 2018–19 VPF Housing Funding Round, Minister Kairouz awarded seven grants for community housing development projects. These projects, across metropolitan and regional locations, will provide housing for low income or disadvantaged groups, including victim-survivors of family violence, older people, singles at risk of homelessness, and people with a disability.

The Minister approved grants totalling more than $19.2 million throughout the year. These are outlined in Table 6. Value is reported exclusive of GST, representing the net cost to the fund. Expenditure shown in the financial information section of this report reflects part payment of these grants plus payments made in 2018–19 for grants approved in previous years.

Table 6: Grants made from the Victorian Property Fund in 2018–19

Recipient	Description of funded program	Value (ex GST)
Aboriginal Housing Victoria	A new seven-unit housing complex and two refurbished existing units at Bright Street, Eaglehawk	$1,260,020
Common Equity Housing Ltd	A new 17-unit multi-storey housing development at Wilson Avenue, Brunswick	$4,292,573
Community Housing (Vic) Ltd	A new five-bedroom group home and one independent living unit at McCole Street, Sale	$1,520,400
Kids Under Cover	A new 72-studio/unit complex constructed over three years on Department of Housing owned land, in various locations	$2,368,231
Mallee Accommodation and Support Program	A new 13-unit housing complex at Sunnyside Avenue, Mildura	$2,025,000
Real Estate Institute of Victoria (REIV)	Professional Development 2018–19	$229,856
Rural Housing Network (Beyond Housing)	Four new two-bedroom housing units across three sites in Wodonga	$948,738
Wintringham Housing Limited	A new 22-unit housing complex at Cranwell Court, South Geelong	$6,586,460
Total		**$19,231,278**

Trust funds managed by Consumer Affairs Victoria

We manage eight funds established by Acts of Parliament. The funds, and their expenditure purpose, are reflected in Table 7.

Table 7: Trust funds we administer

Trust fund	Expenditure includes
Domestic Builders Fund	Administration of the *Domestic Building Contracts Act 1995*, costs relating to the Victorian Civil and Administrative Tribunal (VCAT) Domestic Building List and Domestic Building Dispute Resolution Victoria (DBDRV)
Motor Car Traders Guarantee Fund	Administration of the *Motor Car Traders Act 1986*, guarantee fund claims
Residential Bonds Account	Bonds held on trust, repayment of bonds
Residential Bonds Investment Income Account	Administration of the RTBA
Residential Tenancies Fund	Administration of the *Residential Tenancies Act 1997*, costs relating to the VCAT Residential Tenancies List
Sex Work Regulation Fund	Administration of the *Sex Work Act 1994*
Victorian Consumer Law Fund	Administration of the *Australian Consumer Law and Fair Trading Act 2012* Part 7, Division 2, s.102A to E, orders for payment to non-party consumers, special purpose grants
Victorian Property Fund	Administration of the *Estate Agents Act 1980* and other real estate related legislation as permitted by s.75 of the Act, grants relating to property and housing as permitted by s.76(3) of the Act, operation of the EAC, trust fund claims, costs relating to the VCAT Owners Corporation List

Reducing red tape

In June 2017, the Minister for Consumer Affairs issued a reducing red tape Statement of Expectations (SOE) to Consumer Affairs Victoria and the Business Licensing Authority for 2017–19. This statement sets out the Minister's expectations for our continued contribution to the Government's Regulation Reform Program to reduce red tape affecting businesses, not-for-profit organisations, government service providers and households. This involves promoting greater efficiency and effectiveness in the administration and enforcement of regulation. The statement also outlines the Minister's expectations for broader improvements to our performance.

The statement encouraged us to continue with our risk-based approach to regulation and to identify key areas of governance and operational performance where there are opportunities to make improvements that reduce the cost of regulation for business, not for profit organisations, government service providers and households.

The projects identified in the statement fall under three broad objectives:

- improved timeliness
- risk-based strategies
- compliance-related assistance and advice.

The Victorian Government's Statement of Expectations Framework for Regulators (the SOE Framework), requires departments to evaluate the SOEs of their portfolio regulators.

In April 2018, the DJCS Strategic Planning Unit (SPU) was commissioned to undertake an evaluation of our 1 June 2017 to 30 June 2019 SOE. SPU is a DJCS internal consulting group, working across the department to deliver evaluation services, including:

- process and outcomes evaluations
- cost effectiveness analysis, and
- development of evaluation frameworks and plans.

The evaluation concluded in 2019 and found that our SOE initiatives were either complete or on schedule for delivery within the timeframes of the SOE and, when complete, will meet the characteristics of best practice under each regulatory element.

All our SOE projects were delivered in 2017–19, meeting the Minister's expectations. The SOE, our responses and the evaluation are all available on our website.

Financial information 2018–19

	Victorian Consumer Law Fund	Domestic Builders Fund	Motor Car Traders' Guarantee Fund	Residential Bonds Investment Income Account	Residential Tenancies Fund	Sex Work Regulation Fund	Victorian Property Fund	Trust Funds Total 2018–19
CAV Trust Funds Revenue								
Revenue recognition, Estate Agent and Conveyancer trust accounts							22,309,321	22,309,321
Revenue recognition, Residential Tenancy Bonds				35,011,659				35,011,659
Fees income		797,300	3,028,618		2,724,299	901,627	7,032,252	14,484,096
Interest income	84,110	396,615	82,867	676,862	2,118,805	15,402	9,750,377	13,125,038
Transferred from the Victorian Building Authority[1]		17,057,970						17,057,970
Other revenue	15,000	1,426		1,273			5,255,220	5,272,919
Penalty income	639,000		19,668		3,160		75,143	736,971
Transfers				(15,400,000)	29,400,000	350,000	(14,000,000)	350,000
Total CAV Trust Funds Revenue	**738,110**	**18,253,311**	**3,131,153**	**20,289,794**	**34,246,264**	**1,267,029**	**30,422,313**	**108,347,974**
CAV Trust Funds Expenditure								
Audit services				15,700				15,700
Claims on consumer guarantee funds			68,902				852,996	921,898
Contractors, consultants and professional services		1,730,175	129,757	670,376	867,883	169,050	2,358,487	5,925,728
Employee related costs		10,714,163	1,997,855	2,333,015	11,360,719	1,040,342	11,916,932	39,363,026
Grants paid	208,288	4,323,251			17,551,320		26,998,927	49,081,786
Information technology		68,322	43,363	49,060	178,835	25,378	245,933	610,891
Occupancy costs		55,630	17,189	36,807	68,052	12,325	98,587	288,590
Other operating costs		1,299,964	478,295	477,560	2,104,032	216,837	1,588,780	6,165,468
Outsourced contracted costs				6,179,380				6,179,380
Total CAV Trust Funds Expenditure	**208,288**	**18,191,505**	**2,735,361**	**9,761,898**	**32,130,841**	**1,463,932**	**44,060,642**	**108,552,467**
Trust Funds, opening equity 1 July 2018	**4,298,908**	**21,160,067**	**4,525,883**	**23,825,386**	**40,566,451**	**1,235,448**	**200,860,190**	**296,472,333**
Current year operating surplus/(deficit)	529,822	61,806	395,792	10,527,896	2,115,423	(196,903)	(13,638,329)	(204,493)
Trust Funds, closing equity 30 June 2019	**4,828,730**	**21,221,873**	**4,921,675**	**34,353,282**	**42,681,874**	**1,038,545**	**187,221,861**	**296,267,840**

1 Domestic Building Dispute Levy and Registration Fees

Acts and regulations commenced or revoked in 2018–19

Acts passed

Name	Date of royal assent
Owners Corporations Amendment (Short-stay Accommodation) Act 2018	14 August 2018
Residential Tenancies Amendment Act 2018	18 September 2018
Residential Tenancies Amendment (Long-term Tenancy Agreements) Act 2018	28 August 2018
Sale of Land Amendment Act 2019	4 June 2019

Regulations commenced

Name	Date commenced
Associations Incorporation Reform Amendment Regulations 2018	1 July 2018
Australian Consumer Law and Fair Trading Act (Infringements) Regulations 2018	1 August 2018
Estate Agents (Fees) Regulations 2018	1 July 2018
Estate Agents (General, Accounts and Audit) Amendment Regulations 2018	11 July 2018
Fundraising Regulations 2019	1 June 2019
Motor Car Traders (Fees) Regulations 2018	1 September 2018
Motor Car Traders Regulations 2018	1 September 2018
Owners Corporations Regulations 2018	2 December 2018
Residential Tenancies Amendment Regulations 2019	19 June 2019
Residential Tenancies Regulations 2019	3 April 2019
Retirement Villages (Infringements) Regulations 2018	1 November 2018

Regulations revoked

Name	Date revoked
Estate Agents (Fees) Regulations 2007	1 July 2018
Fundraising Regulations 2009	1 June 2019
Motor Car Traders Amendment (Infringement) Regulations 2014	1 September 2018
Motor Car Traders Amendment (Red Tape Reduction) Regulations 2014	1 September 2018
Motor Car Traders Amendment Regulations 2010	1 September 2018
Motor Car Traders Amendment Regulations 2017	1 September 2018
Motor Car Traders Regulations 2008	1 September 2018
Owners Corporations Regulations 2007	2 December 2018
Residential Tenancies Amendment (Infringements) Regulations 2012	3 April 2019
Residential Tenancies Amendment (Notice to Vacate for Rooming Houses) Regulations 2017	3 April 2019
Residential Tenancies Amendment (Prescribed Rating for Replacement Water Appliances) Regulations 2014	3 April 2019
Residential Tenancies Amendment Regulations 2011	3 April 2019
Residential Tenancies Amendment Regulations 2013	3 April 2019
Residential Tenancies Amendment Regulations 2016	3 April 2019
Residential Tenancy Amendment (Student Accommodation) Regulations 2010	3 April 2019
Residential Tenancies Miscellaneous Amendment Regulations 2011	3 April 2019
Residential Tenancy Regulations 2008	3 April 2019
Retirement Villages (Infringements) Regulations 2017	1 November 2018

Appendix

The list below details the legislation administered by Consumer Affairs Victoria as at 30 June 2019:

Associations Incorporation Reform Act 2012

Australian Consumer Law and Fair Trading Act 2012

Business Licensing Authority Act 1998

Business Names (Commonwealth Powers) Act 2011

Chattel Securities Act 1987 except Part 3

Company Titles (Home Units) Act 2013

Consumer Credit (Victoria) Act 1995

Conveyancers Act 2006

Co-operatives National Law Application Act 2013

Credit Act 1984

Credit (Administration) Act 1984

Credit (Commonwealth Powers) Act 2010

Domestic Building Contracts Act 1995 – except Part 5 (administered by the Attorney-General)

Estate Agents Act 1980

Fundraising Act 1998

Funerals Act 2006

Goods Act 1958

Motor Car Traders Act 1986

Owners Corporations Act 2006

Partnership Act 1958

Residential Tenancies Act 1997:

- Sections 23A–25, 27, 32, 33, 45–48, 74–77, 82, 90, 91, 91A, 102, 102A, 103, 104(1), 104(4), 104(5), 104(6), 105(2), 105(2A), 105(3), 124, 128, 130–134, 141–142B, 142D–212, 213AA–215, 230, 232–234, 241, 277, 289A, 291–327, 329–333, 335–339, 341, 343–366, 373–376, 385, 388, 388A, 390, 390A, 395–398, 399A-439M, 480, 486–499, 501–504, 505A–5I0C and 511
- Section 66(1) jointly administered with Minister for Housing
- Section 142C jointly and severally administered with the Minister for Housing
- Part 12A and section 511 jointly and severally administered with the Minister for Disability, Ageing and Carers, and the Minister for Housing
- The RTA is otherwise administered by the Attorney General, Minister for Housing and the Minister for Planning.

Retirement Villages Act 1986

Rooming House Operators Act 2016

Sale of Land Act 1962

Second-Hand Dealers and Pawnbrokers Act 1989

Sex Work Act 1994

Subdivision Act 1988:

- Part 5
- Section 43 (insofar as it relates to part 5)
- The Act is otherwise administered by the Minister for Planning.

Travel Agents Repeal Act 2014

Veterans Act 2005:

- Part 4 (the Act is otherwise administered by the Minister for Veterans).

Warehousemen's Liens Act 1958

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