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CONSUMER AFFAIRS COUNCIL

REPORT

FOR THE YEAR ENDED 30TH JUNE, 1971

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INTRODUCTION.

1. This report covers the period of approximately 8 months, commencing in November, 1970 to 30th June, 1971 and is basically concerned with the setting up and the activities of :

- (a) Consumer Affairs Council
- (b) Consumer Protection Bureau

These two bodies are working harmoniously and co-operating in helping consumers, whilst at the same time assisting each other in the discharge of their respective responsibilities under the *Consumer Protection Act 1970*.

2. The Council has been able to devote more time to the consideration of consumer education and to this end, in conjunction with the Bureau has organized the issue on a more regular basis of its Consumer Information Bulletin which has been designed to bring to the attention of consumers and students of consumer affairs, current marketing practices which concern the buying public.

3. Whilst the staffing situation has eased to some extent, per medium of the Bureau, the Council nevertheless wishes to report that its work is still handicapped by lack of :—

- (a) Adequate staff experienced in market research and with suitable qualifications.
- (b) Adequate funds for undertaking market research and for the production of a regular and better standard magazine. It is quite apparent that our most effective weapons in advising consumers as a body are :
 - (i) Market research
 - (ii) Consumer education.

These comments are not to be construed as a criticism of the existing staff of the Bureau who are working with enthusiasm and co-operating to assist the Council. The Bureau provides the Secretarial and Clerical assistance required by the Council.

4. This report will comment on consumer subject matter and on current problems in extension of what was contained in the Council's Report for 1970-71.

SECTION I.

FUNCTIONS AND OBJECTIVES OF THE COUNCIL AND THE BUREAU.

1. CONSUMER PROTECTION ACT 1970

As a result of the growing community interest in "Consumer Protection", new measures were introduced by the Government of Victoria to give further protection to the Consumer. In 1970 new legislation was enacted entitled the "*Consumer Protection Act 1970*". Under this Act, the Consumer Protection Act of 1964 and the Consumer Protection (Amendment) Act of 1968 were repealed. The same legislation introduced two new bodies; The Consumer Affairs Council and the Consumer Protection Bureau.

2. CONSUMER AFFAIRS COUNCIL.

(a) When the Consumers Protection Council's functions were terminated, the members of the Council were automatically appointed as members of the new Consumer Affairs Council.

The Council is composed of eight persons who have been appointed by the Minister of Labour and Industry and are representatives of consumers and sellers of goods and services. Composition of the Council is as follows :—

- (i) four persons representing the interest of consumers of whom at least two shall be women ;
- (ii) three persons to represent the interests of manufacturers, retailers and advertising and sales promotion, respectively ;
- (iii) the eighth person is the Chairman who is independent.

(b) The functions of the Consumer Affairs Council are defined in the *Consumer Protection Act 1970* and are included in section 5, which states :—

- “(a) to investigate any matter affecting the interests of consumers referred to it by the Minister ;
- (b) to make recommendations with respect to any matter calculated to protect the interests of consumers ;
- (c) to consult with manufacturers, retailers and advertisers in relation to any matter affecting the interests of consumers ; and
- (d) in respect of matters affecting the interests of consumers, to disseminate information and to encourage and undertake educational work ”.

Section 6 also states :—

- “(1) The Council shall prepare and deliver to the Minister an Annual Report on the activities of the Council.
- (2) Every such report shall be laid before both Houses of Parliament within 14 days of the making thereof if Parliament is then sitting and if Parliament is not then sitting then within 14 days after the next meeting of Parliament ”.

The basic difference in the role of the Consumer Affairs Council and its predecessor revolves around the concept that the Council should be an advisory body to the Minister on broad area problems confronting the community rather than being concerned with individual consumer complaints.

3. THE CONSUMER PROTECTION BUREAU.

The Bureau is an entirely new body. Unlike the Council it is a branch of the Department of Labour and Industry and is staffed by officers of the Department. The powers of the Bureau are defined in the Consumer Protection Act of 1970 and are included in Section 7 which states :—

- “(a) advise persons with respect to the provisions of any Act or enactment referred to in the Schedule and take and initiate action for remedying infringements of those provisions whether on complaint or otherwise ;
- (b) advise persons in respect of other matters affecting their interests as consumers ;
- (c) receive complaints from persons as to fraudulent or other illegal or unfair trade or commercial practices in relation to goods or services and, where appropriate to refer any such complaint to that government department or statutory body which it considers best able to take action or furnish advice in the matter ; and
- (d) in respect of matters affecting the interest of consumers to conduct research and to collect and collate information ”.

As can be seen, the role of the Bureau is basically to receive individual consumer complaints, to investigate such matters, to advise consumers on how to obtain their rights, to seek redress for the consumer and in certain instances to institute legal proceedings for breaches of the legislation which is contained in the Schedule to the *Consumer Protection Act 1970*. These Acts are :—

Part V. of the *Goods Act 1958*

Footwear Regulation Act 1970

Bread Industry Act 1959

Division 7 of Part VII. of the *Labour and Industry Act 1958*.

These pieces of legislation have been in existence for many years, but on the formation of the Bureau, were entrusted to it as part of its administrative functions. A brief synopsis of each of these pieces of legislation is as follows :—

Part V. of the Goods Act 1958.

False trade descriptions are not to be applied to goods. Certain goods such as most textile products, leather goods, bedding and upholstered furniture are required to be labelled. Other goods are not required to be labelled. However, all labels whether required or not, must not contain false or misleading information.

Footwear Regulation Act 1970.

The Act requires that boots and shoes be stamped on the soles to show the following information :—

- (a) the name of the manufacturer or his registered business name, and
- (b) a statement of the materials composing the sole e.g. "all leather sole", or "synthetic sole" &c.

Bread Industry Act 1959.

This Act prescribes standards for the ingredients for bread and for its composition. It prohibits misleading representation as to the content of bread. It also requires bread industry suppliers to supply bread manufacturers with necessary supplies and prohibits agreements restricting or limiting the sale or delivery of bread industry supplies.

Division 7 of Part VII. of the Labour and Industry Act 1958—Stamping of Furniture.

This division requires that all furniture of which wood forms a part manufactured in Victoria is to be stamped by the manufacturer with his name and the address of the place where it was made.

4. OBJECTIVES OF THE COUNCIL.

The former Consumers Protection Council had envisaged its role as revolving around five objectives, the new Council considers that these same objectives still remain in its role and are listed below :—

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

SECTION II.

THE GROWING NEED FOR CONSUMER PROTECTION.

5. Consumer Protection is a social requirement and it has become a community necessity, not only is it of interest to the end consumer of goods and services but of growing importance to industry.

It is a well known fact that industry has always prided itself on the time honoured axiom that the "buyer is always right". To-day business in order to establish a good public image, and rightly so, wishes to give maximum satisfaction, particularly so in an era when the consumption of goods and services is a strong indicator of the economic progress of a community.

Rational behavior by business demands that the buyer be provided with good quality goods and services and firms which obtain to high ethical standards of marketing wish to preclude from their ranks those who resort to irrational methods such as misrepresentation and false advertising in order to gain a market advantage. These latter firms do not necessarily contravene the law, they operate in what might well be stated as the twilight zone—the area where one is neither within or without the law. Fortunately such firms are in the minority but through their actions they cast a shadow over the whole of the business community and can cause consumers to be suspicious of all persons engaged in commercial activities. To overcome problems which exist between the buyers and sellers of goods and services, the Council believes that all sections of the business community must aim, of their own volition, to achieve high ethical standards. The Council has made approaches to various sectors of commerce to develop such standards and has received much support. Present indications are that this support will continue to be forthcoming. Ultimately it is hoped that a high degree of confidence will be established between the buyer and the seller so that grievances can be minimized.

The need for consumer protection is clearly obvious and if the Council is to be an effective force, it strongly views the need for all parties in Parliament to support it in achieving the tasks which have been defined for the Council in the 1970 legislation.

SECTION III.

OBJECTIONABLE MOTOR SALES AND SERVICE PRACTICES.

6. MOTOR VEHICLES.

Anything second-hand is always suspect, buyers have had bitter experiences with second-hand goods which were purported to have been as "good as new". Perhaps nowhere else do consumers endure more hardship with second-hand goods than in the motor vehicle trade.

It is common knowledge that every dealer in second-hand motor vehicles projects the image of "honest John". This may well be true in some instances but overall the consumer is often considered to be fair game—the lamb led to the slaughter is often the situation in which the buyer of a second-hand vehicle finds himself.

That near perfect car often turns out to be a "dud" and good money has been spent on it for little or no return. Good used cars are high priced and difficult to find. However, some car dealers, through misleading advertisements and verbal misrepresentations made by over enthusiastic sales staff, would have buyers believe that there was no difficulty in obtaining good used cars at low prices.

Many consumers can tell how depressed they felt after they had discovered that the allegedly "faultless" car had many defects which proved expensive to repair. These complaints show the sad and bitter experience which has changed pleasure and pride of ownership into disillusionment and anger. Consumers ought not to rely solely on a salesman's verbal information or the company's advertised claims. An examination by a fully qualified mechanic would be of great benefit in assessing the value and the roadworthiness of the vehicle, rather than swallowing all the sales palaver which is designed to sell rather than inform.

A warranty or a guarantee may look good, but what the consumer wants is a vehicle that will, within reason, give trouble free performance. Under a current warranty, or a guarantee, the seller will often promise to put right any mechanical defects which may occur within a set period. However, it is usual for the seller to require the buyer to meet half, or a substantial portion, of the repair bill. A car, with a known fault, may be sold under such arrangements, and because of inadequate information subsequent repair bills can cause great personal and financial inconvenience to the new owner, even when the seller is defraying part of the cost. Defective vehicles are sometimes sold as roadworthy. True they may conform to the provisions of being roadworthy as defined by the Motor Car Act but bitter experience suffered by many consumers will tell how ineffectual those provisions of the Act are to ensure the sale of a vehicle in a totally sound mechanical condition.

In Victoria, used motor vehicles are not permitted to be sold without a roadworthiness certificate given after test by a licensed vehicle tester. These tests are primarily tests of safety and not mechanical soundness. No one will argue that safety is not of paramount importance. A car with a defective engine could be safe, but no account is taken of the fact that it could prove a costly proposition for the buyer.

The Council is therefore, of the opinion that existing legislation concerning the testing of used vehicles should be revised and amended to incorporate adequate provisions for the test and certificate to extend to mechanical structural soundness.

7. WINDING BACK OF MILEAGE READING.

Although this practice has been outlawed by the *Motor Car (Falsification of mileage) Act 1970*, the practice continues. Recently proceedings were taken against the firm Garry and Warren Smith Pty. Ltd., on a charge that whilst in their possession a motor car had its speedometer interfered with. The charge was proved and adjourned for a period not exceeding twelve months.

These proceedings arose out of a complaint received by the Bureau and then forwarded to the Police Authorities for investigation. The Council trusts that this action will prove to be a deterrent to other car dealers who might be tempted to engage in similar malpractices.

8. CAR JACKS AND TOOL KITS.

Tool Kits and Jacks supplied with new vehicles are often of poor quality and design. Recent reports on investigations into the inadequacy of car jacks published by private bodies indicate that further investigation is in the opinion of the Council, still necessary. The Council has therefore requested the Police Department to consider a full scale investigation in respect of the adequacy of car jacks provided with new cars with special reference to safety for female as well as male drivers. It sometimes occurs that second-hand cars are sold with tool kits and jacks which are not in working order, or are missing.

The Council therefore considers that at the time a second-hand car is being tested for roadworthiness tool kits and jacks should also be checked and if not in working order or are missing that a certificate of roadworthiness should not be issued until these items are placed in working order, or are replaced.

9. LICENSING OF MOTOR CAR DEALERS.

Perhaps the most effective means of overcoming many of the unpleasant (snide) practices prevalent in the used car industry, would be to introduce a licensing system. Under such a scheme stiff penalties would need to be imposed in order to protect the purchaser of a second-hand vehicle. Substantial fines would be necessary to deter dealers in used cars from engaging in misleading or deceptive practices. In the case of habitual offenders, revocation of a licence to sell motor vehicles should be an automatic penalty. A penalty of this order would act as a deterrent to any dealer from engaging in malpractices. Any licensing scheme introduced ought to be sufficiently flexible to enable private car owners the right to sell their cars privately, and not to allow for a small group of motor dealers to dominate the market. A small dominant group could dictate prices and offset any competitive spirit which should prevail in any trade.

SECTION IV.

OBJECTIONABLE SALES AND SERVICE PRACTICES OTHER THAN MOTOR VEHICLES.

10. DOOR TO DOOR SALE.

A large number of sales are conducted over the doorstep and the Council is of the opinion that this type of selling is on the increase. The Council believes that householders are being called upon more frequently than ever before by salesmen, selling a wide variety of products which range from bed linen to encyclopaedias, finance investment, insurance &c.

Many door to door salesmen do a useful job, particularly if the consumers live far from shops or are housebound by children, illness or old age. There is reason to believe that the majority of such salesmen are men of integrity and represent highly ethical companies. However, inevitably there are some shady operators who will take unfair advantage of householders. The Direct Selling Association of Australia (D.S.A.A.) has implemented a "Code of Practice" which governs the conduct of the sales staff of its member companies. It becomes clear when studying this code that it was drawn up in full realization that in the case of door to door sales there is the constant danger of encroachment on the privacy of the individual, hence the creation of a nuisance problem.

The D.S.A.A. has therefore the following recommendations to make on the conduct of all sales personnel representing member companies of the Association :—

The salesmen should :—

- “(a) Identify themselves and the company they represent upon approaching a possible client.
- (b) Make only statements in their sales approach which are truthful regarding the nature of their business and the goods or services they are offering.
- (c) Conduct their business in a manner respectful of the rights and privileges of the individual in the privacy of his own home”.

A further recommendation in the D.S.A.A. Code of Practice refers to "Training" and reads as follows :—

"*Training* Members are expected to ensure that their sales staff receive adequate training on the principles and ethics expressed in this document".

The Council has seen some written instructions issued by firms and companies to their sales staff which were designed with the one purpose in mind, how to enable the salesman to get a "foot in the door" and how to make a sale. The instructions made no reference whatsoever to the points stated in the D.S.A.A. Code of Practice as mentioned in paras. (a), (b) and (c) above. A salesman may say he is making a householder a special offer, a typical example is when a salesman says his firm is testing market reaction to the article and that the householder can buy it at a very special price if he gives some opinion on its performance. Later consumers find they could have brought the same article through normal retail outlets at a better price and that it was probably not the latest model but one which had been on sale for some time.

Easiest of all to fall for are the phoney stories some salesmen tell to get a consumer's confidence or gain his sympathy. Educational book salesmen may tell him that they are doing a market research survey or flatter him with cultured interest. They say they are from the "Education Department" and want to discuss his children's education. In such cases the consumer should always remember that the salesman is trying to sell him something. If the parents are concerned about their children's education they should consult their teacher, who will advise them about their educational requirements. Sales of magazine subscriptions on the door step often cause problems. The magazines sometimes take months to arrive, and then they may not be what has been ordered. In such instances it can be difficult to obtain a refund of the subscription from the publisher.

Magazine subscription salesmen are sometimes young people who come to the door posing as students; they say that if the householder buys a subscription from them he will be helping them to get a scholarship or an overseas trip. These salesmen play on the householder's sympathy in helping a student; the pose can be very effective, in obtaining sales. Door to door salesmen might well be provided with identification papers by their companies. During the past year complaints were lodged with the Consumer Protection Bureau concerning the activities of International Learning Systems Corporation (Australia) Pty. Ltd. This firm is engaged in the sale of encyclopaedias direct to householders.

11. PEST CONTROL EXTERMINATORS.

There are some well known reputable firms engaged in this business whose ethics are unquestionable. But there are others who act in ways contrary to the minimum of ethics that are required by any business or profession. During the past year complaints have been registered against two firms in particular and these complaints show that firms such as Paladin Pest and Weed Control and Champion Pest Control Pty. Ltd., often obtain orders from householders for the extermination of borers which the firm alleged were in the timbers of the house. However, it was found in certain cases that such orders were obtained under false pretences.

This Council wishes to warn householders and particularly those who live in old timber homes in the inner suburbs to treat with caution observations made by pest control exterminators about the existence of such pests; it would be advisable to communicate with the Commonwealth Scientific and Industrial Research Organization or with the Forests Commission of Victoria, either body being able to provide you with the necessary advice. No householder should accept the advice of a salesman operating for a pest control firm as to the presence of borers without obtaining qualified advice.

12. MAIL ORDER SALES.

Many large retailers have established a good deal of their business by catalogue sales. This method of selling has been long accepted and provides a convenient means of making purchases by consumers distant from retail outlets. Mail order sales of this kind have never constituted a problem for consumers.

13. UNORDERED GOODS.

The sending of unordered goods to householders has received much publicity in recent times and has been labelled "inertia selling". It has been employed to push sales of such items as books, magazines, records and christmas cards. Many consumers see it as an obnoxious means of increasing sales and it creates unnecessary inconvenience for recipients. Difficulties arise in returning goods and often householders are not aware of their rights in such circumstances. Goods, or an offer of goods, are sent to householders. Fine print or footnotes on literature accompanying the goods have in the past been used to cloud the true meaning of the offer relating to the goods received.

Householders who receive unordered goods should write to the firms concerned advising them that they did not order them and request the company to make arrangements for the collection of the goods. Of course, householders could return the goods by post with the notation "not ordered return to sender, pay at other end". This is a very effective way of curbing such practices.

Recipients of unordered goods must be careful not to use them, for if they do so, then this could be taken as acceptance of the goods and therefore could render the recipient liable for payment.

In investigations carried out by the Bureau, it has been revealed that sometimes hoax orders are placed with mail order firms. The orders are compiled by persons unknown in favour of the recipient. Well known public figures such as professors, politicians &c., have been victims of such hoax orders.

14. CATALOGUE SALES.

As stated earlier in this Report catalogue sales are a convenient method of making purchases by consumers distant from retail outlets. Large Department Stores engage in this method of selling and problems for consumers rarely arise.

However, where consumer complaints have occurred they have been associated with catalogue sales by firms selling imported goods. For example a firm which imports most of its merchandise requires consumers to pay a substantial fee for which they receive goods and the right to make other purchases from a catalogue of goods supplied by the firm. Catalogue prices of imported goods have been expressed, less customs duty, sales tax and freight charges. Purchasers of such goods have complained to the Consumer Protection Bureau that the additional charges of the above nature have far exceeded their expected financial commitments. Such persons have stated that they should have been made aware of the exact amount of these charges prior to purchase. The Council, therefore, warns consumers that they should make every effort to ascertain customs duty, sales tax and freight charges when purchasing imported goods by catalogue.

Most complaints about catalogue sales lodged with the Consumer Protection Bureau have been against the firm Americana Interstate.

15. PRO-FORMA INVOICES.

Compilers of trade directories have been prone to sending solicitations to traders for entries in trade directories. The form in which these solicitations have been designed, has often misled recipients into believing that they were being invoiced for renewal subscriptions. Discounts are often offered for early payment of the cost of the entry. Business men, who often leave payment of this kind to clerical staff, may well have found themselves unwillingly subscribing to a publication of little or no benefit to them. These pro-forma invoices or solicitations never indicate the circulation of the directory, therefore the directory may well be distributed mainly to firms which are unlikely to do business with the subscriber. In some instances there are doubts about previous publication of the proposed directory, accordingly a subscriber may have no guarantee that the directory in which he has been invited to take an entry, will ever be published. This danger is especially real if only a P.O. Box number is given.

This matter is also the subject of current proposed legislation.

Complaints about the receipt of pro-forma invoices received by the Consumer Protection Bureau were against the following firms :—

- (a) Classified Business Directory—Brandon Publications (The accounts were intended to infer that they were from the pink pages telephone directory contractors).
- (b) Australian Manufacturers Register—Published by McGraw-Hinds (Aust.) Pty. Ltd.
- (c) Australian Trade and Business Directory—Published by Australian Business Listings Pty. Ltd. (Some accounts for entries in this directory stated that it would be published by Directory Entries Pty. Ltd., giving the same P.O. Box No. as that of Australian Business Listings Pty. Ltd.)
- (d) Standard Trade Index Australia.
- (e) Classified Directory—Published by Nationwide Classified Business Directory Pty. Ltd. (The above publisher gave a Melbourne P.O. Box No. for posting of cheques. Other accounts for the same directory showed a Sydney P.O. No. and stated that the publisher was Commercial Classified Directory Pty. Ltd.)
- (f) Trade Register of Australian Companies—Published by International Business Directories.
- (g) Apex Business and Trade Register—Published by N.Z. Trade Publishers.

16. LEGISLATIVE CONTROLS OVER MAIL ORDER SALES.

At a recent meeting of Attorneys-General from the Commonwealth and all States it was agreed to prepare draft uniform legislation protecting people who receive unsolicited services and goods.

There is now before the State Parliament a Bill entitled "The Unordered Goods and Services Bill" which amongst other things provides certain measures for the protection of consumers in the event of receiving unordered goods or services.

The Council welcomes this legislation and once it is proclaimed, will comment on it in a future Bulletin.

17. FRANCHISE SALES.

A new concept of marketing goods has recently been introduced into Victoria and has become known as Pyramid Selling. Some firms marketing cosmetics and household detergents have engaged in this practice.

It is a complex system and in some ways resembles the chain letter concept. Firms engage persons to sell products at various levels of distribution. The higher the level the greater the contribution the person makes.

Distributors receive goods at a discount on retail price and this varies according to the person's place in the Pyramid, the higher up one is, the greater is the discount. The general objection to these schemes is based on the question as to whether companies engaged in these methods are selling franchises rather than sales of products to end consumers.

Firms engaged in these practices have vehemently denied such allegations but the canker of doubt persists and some persons have claimed, that they have lost substantial sums. The Council issues a warning in the strongest terms to prospective investors in such schemes. Persons involved should make a thorough investigation of all aspects of the proposed scheme and make absolutely certain that they do possess the capacity and ability to sell the products involved and that there is an adequate market for the products.

It should be realised that selling is an art and one that requires a great deal of talent particularly in circumstances where the product is not sold through normal retail outlets but by party sales or other means of direct selling.

Holiday Magic Pty. Ltd., engages in the sale of cosmetics and Golden Products Pty. Ltd. sells household detergents and other forms of cleaners.

Holiday Magic Pty. Ltd., and Golden Chemical Products Pty. Ltd., are the two firms against which complaints have been lodged with the Consumer Protection Bureau.

18. HOME MANUFACTURING.

Classified advertisements sometimes carry notices of part or full time work which involves the production of goods in the home. It is usual for the advertiser to require the prospective client to purchase tools and other equipment and sometimes even to participate in a training programme. A charge which may range from ten to over three thousand dollars is made by the advertiser for this service.

If the prospective client agrees to pay any amount he may be asked to sign a contract with the firm which stipulates that :—

- (a) the client will purchase all his raw materials from the firm at prices nominated by the firm ;
- (b) he will sell the finished products solely to the firm at prices nominated by the firm ;
- (c) that the firm will purchase finished products provided they conform to standards laid down by the firm.

Over the year the Council has commented on the sale of franchises to manufacture wire mesh and costume jewellery at home on a part-time basis. It was found that in such instances the instigators of such schemes stood to reap all benefits whilst the participant obtained little or practically nothing for his efforts. Usually the outlay was not substantial, but in the case quoted concerning wire mesh manufacturing, the outlay ran into hundreds of dollars. A number of people who contracted to undertake such work lost their investments. The past history of these schemes is full of hardship and distress.

To-day similar schemes are in operation and although there is no evidence to show that the present schemes are fraudulent it is considered that persons who desire to engage in home manufacturing, subject to the conditions mentioned earlier, should consult with their solicitors and have the contracts thoroughly examined. They should also make sure that they will be able to manufacture sufficient quantities of goods to get a reasonable return on their investment in money, time and effort, and there is an adequate market for the finished processed goods.

Complaints have also been received by the Consumer Protection Bureau concerning a Sydney based organization named B. A. Morrison, which advertised part-time work. Offers of \$10.50 per hour were made for sewing and assembly work in the home and subscribers to the offer were requested to forward \$25.00 for which they were to receive material pieces, designs, and instructions. However, some consumers have indicated that they received nothing in return for the money paid.

The Bureau contacted the Consumer Affairs Bureau in New South Wales and Queensland, but was informed that although the activities of B. A. Morrison were well known to both bodies, the present whereabouts of the proprietor were unknown.

The firm Justin Jewellery was also the subject of consumer complaint. The firm advertised part-time work for women in the home, manufacturing costume jewellery. Subscribers to the scheme were expected to pay \$60.00 for which they received some tools and some lessons in the manufacture of the jewellery and promises of earnings of \$1.50 per hour were made.

The firm folded after a short time and those who became involved in this scheme lost their money.

19. PSEUDO AUCTION SALES.

Recently a spate of complaints has been received by the Consumer Protection Bureau concerning the activities of sales conducted in a manner which could be mistakenly associated with normal auction sales practices. The essential difference between this new form of selling and established auction sales, is basically the inability of buyers to inspect the goods before bidding and the restriction imposed upon participation to enter a "committee of buyers", all other persons present are requested to leave the premises where the alleged "auction" is to take place.

At the commencement of the "auction" the auctioneer indulges in a sales spiel which is basically designed to appeal to the cupidity of those present and to disarm and reduce their resistance to making "bad buys".

It is normal practice at these sales for the proprietors to give away goods of little value as an enticement to participate. The gullible fall for these tricks and often end up buying low quality merchandise at excessive prices.

The old and well known concept, "let the buyer beware", still holds good even in this day and age of high pressure selling. Consumers ought to adopt a common sense approach in the instances quoted above. No reputable seller would dare to sell merchandise without allowing the purchaser the opportunity to inspect and satisfy himself that he was receiving value for money.

It is normal practice for consumers buying goods through normal retail outlets and at properly conducted auction sales to inspect the goods on offer. Therefore, consumers ought to act as they would in normal retail and traditional auction sales—inspect before buying.

It is true that some people are compulsive buyers, but surely a little common sense would prevent the most compulsive of buyers to resist the temptation of buying a "pig in a poke". This is perhaps what often happens in these "pseudo auction sales".

This Council therefore issues this warning to consumers: resist the temptation inherent in appeals to cupidity and don't take for granted that what the seller says is necessarily true; always inspect goods before purchase and last but not least "Be Dollar wise as well as Cent wise". Most complaints received by the Consumer Protection Bureau in this area have been associated with the firm J. G. McLaughlin trading under the name of "Crazy Advertising Sales".

20. PART-TIME WORK.

Many low income earners and their wives often engage in part-time work, and most offers of such employment are genuine, but an enterprise known as Mamco Industries has for some years been advertising mainly in suburban newspapers offering part-time work.

Persons who have answered these advertisements were requested to forward the sum of two dollars for which they received a catalogue containing instructions on how to earn some extra money by doing part-time work of various kinds. Some of the schemes suggested are often ludicrous. For example the catalogue contained this suggestion:—

"FORTUNE TELLING.

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

The Bureau forwarded complaints against this firm to the Police Department for investigation, on the grounds that the firm's advertising had breached the provisions of Section 36 of the Summary Offences Act relating to advertising. The proprietor was prosecuted and was convicted on a charge of deceptive advertising and was fined \$150, in default thirty days imprisonment.

21. SERVICES.

(a) Domestic Electrical Appliances.

The servicing of domestic electrical appliances has always been a source of grievances amongst consumers. Problems associated with faulty workmanship and alleged excessive charging for repair work are the two major issues raised by householders.

Although the Council has many times commented on the activities of the firm Milleradio, this firm continues to take advantage of consumers. The Consumer Protection Bureau has received a number of complaints against the firm and has referred them to the firm in order to obtain redress for aggrieved consumers, but the firm has continued to adopt an unreasonable stance in resolving these complaints.

The Council has repeatedly stated that whilst most repair servicing firms are reputable and provide fair treatment for their clients there still exists a minority which continues to give the industry a bad name. Such firms specialise in loading charges and invariably do so when the appliance is in their possession. They exercise the tradesman's *lien* over the goods until the account rendered is satisfied. Over the years some of the charges raised by such firms which have come to the attention of the Council, border on extortion.

Trying to negotiate a fair settlement with these firms is impossible, they are adamant in their refusal to consider a reduction in the exorbitant charges raised. The Council has constantly warned consumers to be careful in selecting repair services; choosing firms at random from the Pink Pages can be hazardous. Consumers should seek out reputable firms, the number of such firms is large and therefore should pose no difficulty. A word with your neighbour or with the manufacturer of the appliance would be of advantage.

Here are some points which consumers should consider :—

The Firm Servicing your Appliance should :

- (i) Employ only competent, qualified personnel to carry out the servicing ;
- (ii) Give you written estimate for work needed and not do any further work which they consider may be necessary without giving you an estimate for that ;
- (iii) Keep adequate records of the servicing—and keep them for at least one year ;
- (iv) Guarantee the work and materials used for a reasonable time ;
- (v) Give you an itemised invoice for each repair (if they are unwilling to list the parts replaced and cost of them, it might be that a charge is being hidden for work you have not authorised).
- (vi) Honour the manufacturer's guarantee, and charge reasonably for repairs ;
- (vii) Protect your property and take responsibility for it while it is in their hands ;
- (viii) If requested be prepared to return replaced parts ;
- (ix) Where practicable carry out repairs in the home ;
- (x) Inform the owner when reconditioned parts are used.

SECTION V.

CARE AND SIZE LABELLING OF GARMENTS.

22. The Council has always held the view that informative labelling which allows the consumer to know what he is buying and how he should look after the goods is of paramount importance in the field of consumer protection.

All goods should be properly and adequately labelled. Labelling which tends to confuse is no better than the complete absence of a label. When instructions are incorporated into a label they should be clearly stated and ambiguity should be avoided at all costs.

Perhaps in no other area of marketing is the need to introduce informative labelling more desirable than in respect to clothing.

(i) Care Labelling of Garments.

Mixed fabrics and synthetics used in to-day's garments have created problems that demand more careful labelling to inform the consumer, the dry cleaner and the manufacturer. The Council urged action in this direction when it called a meeting four years ago of all interested groups. The Standards Association of Australia later released a code of Standards for informative labelling of textiles ASL.38. The code was designed to ensure that "appropriate laundering or dry cleaning procedures were followed, thus reducing the risk of damage to the article and the loss of public confidence in the textile and cleaning industries".

The Council actively supported this code with the aim of ensuring its widespread adoption. Many members of the textile industry have observed the code and have labelled garments accordingly, but its adoption has not been as widespread as we had hoped.

The Council urges all manufacturers to conform with the Standards ASL.38 and consumers must make it known to retailers that they regard informative labelling as most important ; in this way pressure will be brought to bear on all manufacturers.

23. SIZE LABELLING OF GARMENTS.

This Council has been a strong advocate of size labelling of garments which allows a consumer to choose a garment which closely approximates body measurement. Every man and woman knows, or ought to know, his or her own body measurements, so why can't manufacturers label garments with appropriate information ?

We have noted that steps are being taken to label ready to wear garments with numerals associated with body measurement. Here are some examples of the type of informative labelling which this Council would like to see implemented by all garment manufacturers in Victoria and which are currently being used, by some.

Ladies Frocks	..	..	..	..	..	<i>Size</i> 14	<i>To Fit Bust</i> 36"
							<i>To Fit Hip</i> 38"
Ladies Blouses and Cardigans	..	..	..	..	..	<i>Size</i> 14	<i>To Fit Bust</i> 36"
Mens Athletic Singlets, Casual Suits, Flannelette Shirts, Pullovers	..	..	..	..	..		<i>To Fit Chest</i> 36"
Girls Frocks, Vests, Blouses Cardigans, and Boys Athletic Singlets, Casual Shirts Flannelette Shirts, Pullovers	..				..	<i>Size</i> 4	<i>Height</i> 42"
For Infants Lines	..	..	..	..	..	<i>Size</i> 1	<i>Weight</i> 27 lbs
							<i>Length/Height</i> 33"

This new system of sizing may not be the complete answer but if associated with height, chest and waist measurements, it would be a definite advance on the present variety of meaningless systems.

24. WHY THE NEED FOR CHANGE ?

Here are a few examples of size labelling systems currently in use in Australia.

Ladies	S.S.W.	S.W.	W.	X.M.	O.S.	X.O.S.
Mens	S.M.	M.	O.S.	X.O.S.		
Girls	24	27	30	33	36	
Boys	S.S.B.	S.B.	Y.			
Infants	Small	Medium	Large			
or	18	20	22			
or	1/16	2/18	3/20			

These methods of indicating size are in the opinion of the Council, meaningless. They are confusing to the consumer and often confusing to sales staff. One type of garment labelled size W. will give a satisfactory fit, but with a similar garment made by a different manufacturer, a size O.S. may be required to obtain the same satisfactory fit. The subsequent result is that the consumer is never certain that the size designation shown on the garment will closely approximate body measurement. The variation in size codes used is considerable. One manufacturer will use the lettering system, and others a numerical system. Going a step further it will be seen that manufacturers of foundation garments will use a different size code such as S.M.L. for some garments, and for others 32, 34, 36, &c., as against frock manufacturers who, in the main, will use S.S.W., S.W., W., &c. None of these size codes bear any reference to what the size code refers to ; whether it is "to fit"—Bust, Waist or Hips.

25. SELF SERVICE AND FITTING ROOMS.

This is an age of growing self service and expansion of mass produced garments. Purchasing a garment according to the present size labelling can be a problem. If fitting rooms are available a garment can be tried on before purchasing, if not the size purchased takes the form of a hazardous guess. Often resulting in disappointment when the garment is tried on at home and found to be incorrect. This problem not only applies to women's apparel but continues right through to men's, boys' and girls'. Further, we believe that garments purchased from stores, where fitting rooms are not available would minimize this problem for the consumer if the garment is intelligently labelled as we have suggested.

26. PROGRESS TO-DATE.

The Standards Association of Australia published at the end of last year ASL9-1970 an Australian Standard entitled "Size Coding Scheme for Women's Clothing" (Underwear and outerwear).

This standard is a long awaited remedy for the ridiculous and chaotic situation which exists in the present system of size labelling of women's garments. It is understood that suppliers of major retail stores proposed to phase in the system at the start of the spring-summer retail season. Clothing sizes are designated by numbers, 8, 10, 12, 14, 16, 18, 20, 22, 24, 26. The label will also state its relationship to a body measurement as laid out in the L9 Charts. The L9 carries an average size chart and also charts of variable fittings which allow sizing for slim figures and full figures, tall women and so on.

The great advantage of this system is that women purchasing garments labelled in accordance with this standard can be reasonably certain that the garment does approximate actual body measurements. Perhaps in no other area is this system more vital than in underwear and lingerie. This is an area of merchandise in which garments are not tried on before purchase, and has up to-date carried the most confusing size labelling system of all women's wear.

The Standards Association of Australia is to be congratulated on the publication of this excellent standard. Members of the Retail Industry who have pioneered such labelling systems are also to be congratulated. However, it is imperative that all garment manufacturers should label all women's garments in accordance with this standard.

The publication of ASL9 has been a tremendous advancement in the size labelling of women's garments, but this should be looked upon as a start to the wider problem of providing standard size labelling schemes for all types of garments, men's and children's as well as women's.

A further advantage has been that on one side of the label is given size details and on the reverse side details for dry cleaning and laundering.

27. CONFERENCE ON CARE LABELLING AND SIZE LABELLING OF GARMENTS.

Co-operation with all interested bodies is essential if the scheme for the implementation of uniform care labelling and size labelling schemes for all forms of clothing is to be successful. People who have studied the problem are agreed upon the fact that Australia is far behind other countries such as the U.S.A., Canada, U.K. and some European Countries as regards informative care and intelligent size labelling of garments.

The Council has called a conference which will be held towards the end of this year (1971). The Council has invited :—

- The Housewives' Association, Victorian Division.
- The Textile Council of Australia.
- Fibremakers Ltd.
- The Victorian Institute of Launderers.
- Standards Association of Australia.
- Australian Wool Board.
- The Retail Traders' Association of Victoria.
- Victorian Institute of Dry Cleaning.
- The Country Womens Association of Victoria.
- National Council of Women of Victoria.
- The Victorian Chamber of Manufactures.
- The Melbourne Chamber of Commerce.
- The Garment Industries of Australia.
- Home Economics Association of Victoria.
- Consumer Affairs Council, N.S.W.
- Consumers Affairs Council, Queensland.
- Fletcher Jones and Staff Pty. Ltd.

and it is hoped that all of these groups will support and co-operate in the development of the efficient type of labelling schemes which this Council deems necessary. There is a constant request from female members of the Community for some additional positive action in this field.

SECTION VI.

CONSUMER CREDIT.

28. In 1969 the Consumers Protection Council, as this Council was then known, supported in principle the recommendations contained in the Rogerson Report, on Consumer Credit. We still support those recommendations and we also support in principle the provisions contained in a working paper, compiled by Mr. R. E. McGarvie Q.C. and Mr. S. Begg LL.B. for a working committee, which is preparing recommendations to the Attorney-General for Victoria upon substantial reforms of the law relating to the credit transactions of consumers.

The Council is always pleased to be invited to comment on such documents and to express an opinion on behalf of consumers.

The Council has also been supplied with a document which was prepared by the Australian Finance Conference on the proposals contained in the earlier mentioned Rogerson Report.

The Council has noticed that there is an apparent failure to disclose all the pertinent factors in a transaction where consumer credit is involved. Certainly the observation should be made that immigrants fail to appreciate (and perhaps at times because the seller intends that he should) precise details of the agreements into which they are entering.

SECTION VII.

ADVERTISING.

29. Basically there are two forms of advertising ; that which is informative and that which is persuasive.

Informative advertising provides an excellent marketing service both to the consumer and the seller. The best examples of informative advertising are to be found in business and trade journals and also in publications designed for the professional man. Such advertising usually contains information about the availability of a product and describes its qualities in clear functional terms. Other examples of this kind of advertising can be found in classified advertisements, store announcements and price lists. Complaints about this form of advertising are minimal, they generate few problems for the consumer, on the contrary they provide good information about a product.

Persuasive advertising is a process which is basically designed to gain for a marketer a selling advantage over competitors providing similar products or services. It is also designed to motivate consumers into buying goods or services and this is often achieved by introducing factors which are basically psychological in their impact. The notion of "being with it", keeping up with the "Jones's" or being part of the "Jet set" play a major role in persuasive advertising. No one will deny to an advertiser the right to use a modicum of frank exaggeration which stimulates economic activity in the market place. However, the introduction of material which has no connection with the article advertised or the use of scientific data of an unqualified nature can not be condoned.

In the field of household detergents advertisers use scientific terms without qualifying their meanings. The words may well be informative to a minority of consumers, but to the vast majority of consumers such words are more often than not completely beyond their understanding. There is little doubt that such words and terms are not used to inform but to project some mysterious quality a product is supposed to possess and which is presumably not to be found in competitive lines. Variations in quality do occur, but not to the extent that advertisers would have consumers believe.

It is in the field of persuasive advertising that most consumers' grievances are heard. In complaints which the Bureau has received many consumers have taken a very hostile attitude towards misleading claims and the misuse of superlatives which convey little or no meaning. What consumers want is the right to know that claims made are true and not phrased in such a way that, although perhaps literally true, are likely to mislead. For example a cleaning substance may be advertised as possessing the ability to "clean deep down" or "clean whiter". No one will deny that these cleaning substances will clean, but what evidence is there that they will do the job so much better than other cleaners of a similar nature. This sort of ambiguity is prevalent in the advertising of many products such as food and drinks, household appliances, motor cars &c. The Council has often commented on the Australian Code of Advertising Standards and continues to believe that this code is soundly based. We contend that if all advertisers rigidly adhere to the code, the type of problem which we have described, and which causes a great deal of irritation to consumers, would be overcome.

Subscribers to this code will have to pay more attention to their own code of ethics. Disregard for the voluntary controls which they themselves have compiled is a gross deception in itself.

SECTION VIII.

CONSUMER EDUCATION.

30. In an affluent society such as ours, where the growth in the consumption of goods and services is continuous, the need to provide the consumer with good information about marketing practices and about his rights and how he should go about obtaining these rights is becoming increasingly necessary. The Council views its role as a provider of a consumer educational service as of paramount importance. Publicity is the major means by which the Council's objectives can be achieved. We have continued to publish our Information Bulletin and with the easing of the past critical staff shortage, this Bulletin is now produced on a regular monthly basis. It is a modest publication and is by no means considered adequate for the task in hand, but lack of funds for the time being prohibits the Council from embarking on the production of a more sophisticated publication.

The new Council recommenced publication of a new series of Bulletins in May of this year and to-date these publications have dealt with the following subjects :—

Bulletin Vol. 2 No. 1 May 1971.

This issue was mainly concerned with informing the public of the functions of the re-constituted Council and the newly created Consumer Protection Bureau as defined by the *Consumer Protection Act 1970*.

Bulletin Vol. 2 No. 2 June 1971.

Here we dealt with how to make a complaint and what avenues were open to the consumer in his attempt to seek redress for his grievances.

Other Bulletins published after 30th June, 1971 or to be published are :—

Bulletin Vol. 2 No. 3 July 1971.

This Bulletin was solely concerned with various aspects of advertising and how it effects the marketing of goods and services.

Bulletin Vol. 2 No. 4 August 1971.

This issue was an excerpt of a speech given by the Chief Executive Officer of the Bureau to a seminar convened by the Australian Gas Association.

The topic was "The Consumer and Consumer Protection" and it highlighted various aspects of general problems confronting the consumer in the market place.

Bulletin Vol. 2 No. 5.

Mail order was the topic and the problems associated with the receipt of unordered goods received by mail and how the recipient of such goods should protect himself in these circumstances were discussed.

Bulletin Vol. 2 No. 6.

Guarantees and warranties are examined and the various ways in which these matters effect the buyer of goods and services.

Bulletin Vol. 2 No. 7.

In this issue the various forms of Credit are discussed and also the consumers' rights in credit agreements.

Further Bulletins will cover such topics as existing legislation affording protection to consumers, Door to Door Selling, spare parts maintenance &c.

SECTION IX.

PUBLIC RELATIONS.

31. This is a most important aspect of the Council's role in building up goodwill between the Manufacturer, Retailer, service operator and the Consumer. The Council always welcomes open discussion with industry and commerce with the purpose of developing a mutual understanding of the problems confronting the consumer and to gain an appreciation of the difficulties and trade experiences in the marketing of goods and services. It is the Council's conviction that consumer protection requires that harmonious relationships be developed and maintained by all groups participating in the buying and selling of goods and services. Members of the Council have been particularly active in addressing meetings convened by Consumer groups and organizations of Commerce and Industry. These meetings have ranged from around 30 persons at a mother's club meeting to around 800 at a conference of representatives of a particular industry.

32. COMMUNICATION WITH OTHER GOVERNMENT AND NON-GOVERNMENT CONSUMER BODIES.

We made the point earlier in this report that the need for consumer protection is growing. In the past year the Governments of South Australia, Queensland, Western Australia, Tasmania and the Northern Territory, have or are about to set up statutory bodies to protect the interests of Consumers. Similar action is being taken by the Federal Government and shortly there will be in existence a Council and a Bureau to represent the interests of consumers in the Australian Capital Territory.

Events have been moving rapidly in the development of such organization. It is not so long ago that this Council was the only statutory body in Australia and there is little doubt that the pioneering work by the Government of Victoria and this Council has prompted similar action in other States. The Council has been consulted by each State prior to the setting up of these statutory bodies and we have given every assistance possible. At the same time we have developed cordial relationships with all other States in this field and there is now a free flow of information between all.

These relationships are very important, they help to forewarn each other of unsavoury marketing practices before these practices can take hold. There is an old saying "to be forewarned is to be forearmed" and the present co-operative spirit which exists between the various State bodies helps to achieve this end.

Besides these statutory bodies a number of private consumer groups have also appeared on the scene. These groups are mushrooming and illustrate the definite trend in community thinking in so far as consumers are becoming more conscious of their role in the economic structure of the community. It appears only natural that consumers should band together to protect their interests. The whole economic structure of marketing depends on the prosperity of the consumer and his ability to purchase the goods and services available.

The Council has had discussions with some of these groups and has co-operated where practicable. Over the years there has been an exchange of information with the Australian Consumers Association which has been the non-Government leader in Australia in projecting the consumers point of view. It is through the development of good relationships with the various statutory and private consumer organizations and also with industry and commerce that the Council has been able to achieve a fair measure of protection for the consumer. It is the Council's aim to progress further with these relationships and thereby endeavour to gain a greater understanding of the problems facing consumers, and ways in which these problems may be overcome.

33. INTERNATIONAL ORGANIZATIONS OF CONSUMERS UNIONS.

Last year the Council became a correspondence member of this organization. This body which is located at the Hague in Holland is made up of all the leading Consumer Organizations both statutory and private, throughout the world.

Through publications published by this international body the Council in Victoria has been able to keep itself informed on consumer demands in other parts of the world particularly in the advanced western nations, where economic activity is similar to that which exists in Australia. Although the Council would like to be represented at the Annual Conferences convened by the International Organizations of Consumers Unions, this has not been possible because of lack of funds. A representative of New South Wales Consumer Affairs Council attended last year's conference in Vienna and one from the Queensland Consumer Affairs Council will attend the conference in Kuala Lumpur. The Council considers that it should be represented at these conferences and that the experience gained, would be of considerable benefit in providing a better service to consumers.

SECTION X.

CONCLUSION.

34. There is a noticeable growth of interest by consumers in the need for some form of protection against the unscrupulous practices of a number of firms and organizations.

35. There are however indications that some members of commerce and industry are of their own volition, and through their own organizations and associations taking increasing action to establish their own standards of ethical practices for their own particular segment of commerce or industry. Such commendable action is meeting with restricted success as the enforcement of these standards is not easy. However, it might rightly be claimed that these efforts are meeting with growing success.

36. The efforts of the Council are becoming more effective but there is a long way to go. The degree of success is still hampered by the lack of funds and a number of specialized staff with a sound background and training in marketing, economics and journalism.

The work of the Council would be greatly enhanced if the Council had the resources at its disposal to produce a quality magazine at least once or twice per year.

37. A number of unpleasant marketing practices have crept into our community from abroad. It is a matter for consideration by the Government as to whether such practices could be trapped at the beginning, perhaps at the time of registration of new companies, rather than await the impact of undesirable sales practices and then have to take official action to counter them.

38. The Council notes with pleasure the new legislation on consumer protection and records its appreciation of the benefits now accruing from such legislation. Nevertheless, the Council looks forward to further legislation in response to its recommendation.

39. The Council is of the strong opinion that positive action should be taken by State and Federal Governments to provide an annual conference of representatives of their respective consumer protection organizations. Considerable benefit must accrue from such conferences.

40. The Council is very interested in a number of documents circulating and dealing with consumer credit. This is a very specialized field and as the problems of consumer credit are under review by the State and Federal Government, the Council deemed it inopportune at this stage to offer any comment on this subject in this current Annual Report.

Council Members :—

A. T. H. READER

D. G. MOSS

J. E. FLEMING

J. L. WATERS

E. M. MACGREGOR

G. L. McCOWAN (absence through illness)

A. W. MUDDYMAN

A. H. HELLSTROM
Chairman.