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1977

VICTORIA

MINISTRY OF
CONSUMER AFFAIRS

REPORT
OF
THE DIRECTOR OF CONSUMER AFFAIRS
FOR THE YEAR ENDED 30TH JUNE, 1977

*Presented to both Houses of Parliament pursuant to the provisions of Section 8A
of the Ministry of Consumer Affairs Act 1973*

By Authority:

F. D. ATKINSON, GOVERNMENT PRINTER, MELBOURNE

MINISTRY OF CONSUMER AFFAIRS
VICTORIA.

To the Honorable Robert Maclellan, M.P.
Minister of Consumer Affairs,
Victoria.

Sir,

Pursuant to Section 8A of the Ministry of Consumer
Affairs Act 1973, I submit herewith the Annual Report of
the Director of Consumer Affairs for the year ending 30th
June 1977.

Yours faithfully,

C. N. GESCHKE

Director of Consumer Affairs.

Melbourne.

March 1978.

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INTRODUCTION

- 1.1 This is the third Annual Report of the Director of Consumer Affairs.
- 1.2 The structure of the Ministry and the roles of the Consumer Affairs Bureau and the Small Claims Tribunal were outlined in previous reports. During the year the Motor Car Traders Committee was transferred to the Ministry. Details of the powers and responsibilities of these organisations are contained in the Acts:-
 - Act 8442. Ministry of Consumer Affairs Act 1973
 - Act 8276. Consumer Affairs Act 1972.
 - Act 8486. Small Claims Tribunal Act 1973.
 - Act 8408. Motor Car Traders Act 1973.

AMENDMENTS TO LEGISLATION.

Consumer Affairs Act 1972.

- 2.1 Although there were no amendments made to the Consumer Affairs Act 1972 during 1976/77, a new set of regulations were promulgated in line with a recommendation made by the Consumer Affairs Council to prohibit the sale of portable fire extinguishers that do not comply with Standards Association of Australia standards.
- 2.2 These regulations in the form of the Consumer Affairs (Product Safety) (Portable Fire Extinguishers) Regulations 1977 apply:
 - (a) on or after 1st July, 1977, with respect to any portable fire extinguisher manufactured or imported into Victoria on or after that date; and
 - (b) on and after 1st January, 1978, with respect to any portable fire extinguisher manufactured or imported into Victoria before 1st July 1977.

Small Claims Tribunals Act 1973.

- 2.3 The Small Claims Tribunals (Amendment) Act 1977 made a number of amendments to the principal Act. These amendments -
 - (a) Allow a Referee to determine whether or not a claim before him should be dealt with in another jurisdiction due to the nature or complexity of the particular claim.
 - (b) Provide for a Referee to order either party to return goods to the other party or make a combined order in appropriate cases.
 - (c) Allow a Tribunal to return to a personal representative of a deceased claimant any amount paid into the Small Claims Tribunal Trust Account.

- (d) Require the Registrar to take into account the convenience of both parties. Under the principal Act the Registrar of a Tribunal was required to fix the place of hearing after considering the convenience of the claimant only. It was found from experience that some claimants made unreasonable demands for the hearing of a claim to suit their own special requirements.
- (e) Extend the time in which an application for re-hearing must be lodged from seven to fourteen days.
- (f) Delete the requirement that all notices to parties concerned in a claim must be sent certified mail and provide that such notices can now be sent by ordinary mail.

POLICIES AND PHILOSOPHY

- 3.1 In previous reports the philosophy of the Ministry in its approach to consumer affairs has been outlined. This philosophy has been pursued during the year under review and despite staffing problems and the changing nature of complaints, it is believed that some considerable progress has been achieved.
- 3.2 It is perhaps worth stating again that the philosophy in implementing policies of the Ministry rejects the concept of consumers and traders inevitably engaged in confrontation, rather it expresses the premise that traders and consumers are mutually dependent on each other for survival and that a fair market place in which both meet in a balanced bargaining position is a prime objective of consumer affairs endeavours.
- 3.3 This philosophy, in interpreting the objectives of the Ministry as stated in the Act, involves -
 - (a) promotion of a fair market place;
 - (b) the improvement of consumer/trader relations;
 - (c) the encouragement by education of consumer awareness and consumer responsibility;
 - (d) the investigation of, and settling of disputes in a fair manner;
 - (e) the investigation of practices which prejudice such a market, and the enforcement of Consumer Affairs legislation;
 - (f) the development and maintenance of a Ministry attitude which earns the respect of all parties.
- 3.4 A fair market place must not only be fair to consumers but also to traders between themselves. Deceptive or unethical practices which attract consumers, in addition to taking advantage of consumers, operate prejudicially against the honest and ethical trader, who loses business to the unfair traders. Apart from the loss of individual business, the industry as a whole suffers a tarnished image. This was evidenced in swimming pool construction and the used motor car industry a few years ago, and is still the situation with house cladding.

- 3.5 The enforcement of Consumer Affairs Legislation has the dual purpose of stamping out those practices which are misleading or unfair to consumers, and at the same time removing the unfair competitive practices affecting the honest and ethical trader.
- 3.6 Unfortunately, lack of trained staff has resulted in a number of reported breaches not being followed up and others not properly dealt with. This is further discussed under Alleged Breaches/ Prosecutions.
- 3.7 Apart from enforcement of legislation, a fair market place is achieved by the education of traders and consumers and the suggestion of parameters within which the market operates.
- 3.8 A number of traders who operate outside these guidelines often do so without intent to mislead or in ignorance of the effect of their activities on consumers. Fortunately many have been most willing to amend their advertising or attitudes when the effect of their activities is brought to their notice.
- 3.9 There is a need for the development of guidelines and codes of practices in many industries where practices tend to operate against consumer interests. The Ministry will give greater emphasis to this in the future.
- 3.10 Although there are a vast number of inquiries and complaints to the Consumer Affairs Bureau, fortunately the majority of these can be readily settled by negotiation. Most traders are reasonable and although they do not always accept the complaints made as justified, they do explain their reasons for rejection of a complaint.
- 3.11 Regrettably there are a few traders who are unreasonable and usually the complaints highlight the unethical or dishonest way in which they operate.
- 3.12 A disturbing feature is the way in which certain persons come to the attention of the Ministry as they move from business to business.
- 3.13 Quite often a trend in complaints has been reliably predicted simply from the knowledge that a person has become involved with a particular company or business.
- 3.14 In December 1975 the Ministry predicted the collapse of Holiday City and Midland Pacific, two companies now under investigation by the Fraud Squad. To learn that these were in liquidation, with debts of \$700,000, after less than two years of operation, came then as no surprise. This company is further referred to in Part 3 of the report.
- 3.15 Similarly the collapse of other businesses and companies has been predicted and a number in this category are also discussed in Part 3 of the report. It is a sensitive judgement to determine the time when a trader moves from a position where there is some chance of recovery, to that where it is hopeless, and any further moneys paid by consumers will be lost.
- 3.16 For the Ministry to publicise a trader as a bad risk, when he has a reasonable chance of trading out of his difficulties could well prejudice his current customers; to do nothing could readily turn a moderate loss into a substantial one with consumers having no hope of getting any redress. One such company where the decision was deferred in the hope that promises would be kept is Union Roofing Industries, discussed in Part 3, and at this stage there seems little prospect that Victorian consumers will receive any redress. It is not good enough for the Ministry to be able to commiserate with a defrauded consumer, and reflect that the predictions were right.

ORGANISATION.Authority of Director.

- 4.1 Under the Ministry of Consumer Affairs Act the Director is responsible for promoting the objects of the Act, which involves investigation, administration, prosecution of breaches, and consumer education. These responsibilities cannot be carried out without planning and expenditure.
- 4.2 The Act appoints the Secretary of the Department of Labour and Industry as Permanent Head with, as a consequence, the authority over staff and financial matters. Some of this power has been delegated to the Deputy Secretary, the Assistant Secretary and the Executive Officer of the Department of Labour and Industry. The Director of Consumer Affairs has no delegation and is without any authority in authorising any expenditure within the approved budget. On questions of staff, the Director has no contact with the Public Service Board and discussions on staffing matters are held between the Department of Labour and Industry and the Public Service Board in respect of Ministry staff.
- 4.3 Sir Henry Bland in his report on the Victorian Public Service highlighted the unsatisfactory nature of this arrangement and pointed out that it involves unnecessary paper work and causes delays in processing organisational and staff matters, as well as leading to friction.
- 4.4 The problems arise when there are differing priorities of importance placed on matters by the Secretary of the Department of Labour and Industry or his staff and the Director of Consumer Affairs. It would be most unlikely that these appointees would always agree on how matters should be pursued or what financial resources should be allocated to various areas. Where the Secretary has delegated authority to his staff and conflict of opinion has arisen, the Secretary is then faced with the unenviable task of deciding whether to accept the views of his staff or those of the Director. As there has been a delegation to Department of Labour and Industry staff, there would not unnaturally be an influence to give greater weight to Department of Labour and Industry staff views.
- 4.5 The effect of this split responsibility and authority is an extra workload on the Ministry in constantly justifying requests for financial approval and overtime, and the lack of certainty that any matter will be approved despite there being provision within the estimates.
- 4.6 In terms of Consumer Education it is a value judgement decision whether a poster, pamphlet, or some other material will be produced on a particular topic. It is also a matter of judgement whether the cost of using three or four colours or different styles is justified to get the right impact in population groups involved. The decision, it is believed, should be that of the Director. It is a question of giving authority to match the responsibilities of the objectives of the Ministry of Consumer Affairs Act.
- 4.7 Similar comparisons can be made with respect to overtime, travel, advertising and the purchase of office equipment or exhibits for investigations or prosecutions. Overtime often has to be incurred for inspections out of hours, and the need can arise at short notice. The necessity to seek approval from the Department of Labour and Industry for such expenditure imposes unnecessary delays and paper work.
- 4.8 It is believed that the Director who has the responsibility for the functions of the Ministry, should also have the authority to meet these responsibilities. The present system creates unnecessary paper work and leads to friction which operates prejudicially to the relations between the Ministry and the Department.

CONSUMER EDUCATION.

- 5.1 In previous reports of the Director of Consumer Affairs and the Consumer Affairs Council, it was acknowledged that inadequate effort had been devoted towards consumer education because of the lack of Ministry resources.
- 5.2 Finally in August 1976, after considerable debate referred to in the 1976 report, an officer to handle consumer education was appointed to the Ministry and this allowed implementation of the policies which had been held in abeyance for some time. To get full value from this new appointment and to catch up on the areas which had been neglected, it was necessary to devote a major part of the capacity of the Research Section to the preparation of consumer education material.
- 5.3 On reflection, despite the curtailment of research, this has proved a reasonable decision, and it is pleasing to report that during 1976/77 significant progress has been made in Consumer Education, and a good basis established for envisaged development in this field. The following paragraphs indicate the progress made during this year.

Pamphlets.

- 5.4 Most of the pamphlets listed in the last report have now been completed and issued to schools, Citizen's Advice Bureaux, legal aid offices, welfare offices, etc.
- 5.5 The following pamphlets are now available from the Ministry:
- . Advice on buying a car.
 - . Purchasing and servicing household appliances.
 - . Twenty ways not to be cheated.
 - . Hire purchase.
 - . Directory of Consumer Assistance.
 - . The Small Claims Tribunal.
 - . Be sure before you sign.
 - . Customer dissatisfaction reporting systems.

This latter pamphlet has been designed primarily for traders and gives advice on how traders should handle consumer complaints. Some 10,000 have now been distributed, mainly through trade associations.

- 5.6 Other material prepared by the Ministry primarily for schools includes such topics as consumer legislation in Victoria, door to door sales, Motor Car Traders Act and Pyramid Selling.
- 5.7 Pamphlets on arranging a funeral, household removals and buying carpet are nearing completion and will be issued in the near future.

Posters

- 5.8 The Consumer Affairs Bureau and other sections of the Ministry have been set up to assist consumers with complaints or provide an arbitration system when a deadlock is reached between a consumer and trader; the need for these services in many cases arises because the consumer has not observed some elementary principles. In an attempt to get this view to consumers, a poster was produced and placed in Melbourne trams for a period of six months. It has also been translated into a number of ethnic languages. The poster states:

BE A RESPONSIBLE CONSUMER

DO . Decide your needs and what you can afford

- . Shop around before you buy
- . Check the guarantee details
- . Keep receipts.

DO NOT . Over commit yourself

- . Sign anything you have not read and understood
- . Sign a contract with blank spaces
- . Rely on verbal promises
- . Hesitate to say "NO"!

IF YOU HAVE A PROBLEM, RETURN TO THE TRADER AND GIVE HIM
THE OPPORTUNITY TO RESOLVE IT.

Radio Advertising.

- 5.9 During the year the Ministry produced sixty-second radio commercials on the following topics -

Phase 1.

- . Buying a Used Car
- . Free Home Inspections
- . Toy Safety
- . Contracts - Read and understand everything before you sign.
- . Buying on Credit
- . Going to a Sale

Phase 2.

- . Health and Beauty Products
- . Direct Selling
- . Fuel Saving Devices
- . Bait and Switch Advertising
- . Private Sales and Sales of Unclaimed or Re-possessed Goods
- . Earn Money at Home
- . Mail Order Shopping.

These have been played on most metropolitan and country radio stations.

5.10 The Ministry gratefully acknowledges the assistance provided by these radio stations in playing the commercials as a community service at no cost to the Ministry. There has been an excellent response to these messages and it was satisfying that they reached so many consumers.

Films.

5.11 To assist officers who regularly address various groups, the Ministry has purchased the following films;

- (i) "Steering Clear of Lemons" dealing with product testing.
- (ii) "Kicking Tyres is not enough" dealing with the purchase of a second hand car.
- (iii) "Billion \$\$\$ sell" dealing with subtle advertising techniques to motivate the consumer.

The above films were produced by the Consumers' Union of the United States.

- (iv) "Consumer Power - Advertising - an American Film also dealing with advertising.
- (v) "Good Buy" - An animated film produced by the South Australian Film Corporation dealing with various consumer problems.

5.12 As well as the above films the Ministry commissioned the production of its own film. At the time of writing, this film, which is an 8½ minute animated film, has been completed and is currently showing in city and suburban cinemas. The film deals with a number of broad topics, e.g. shopping around, purchasing on credit, signing contracts, filled land, and some assorted rip-offs.

Addresses.

5.13 Every opportunity has been taken to address a wide variety of groups on consumer affairs. During 1976/77 officers accepted 103 speaking engagements for the following groups:

. Trade and Professional Groups	27
. Schools, Universities etc.	19
. Citizens Advice Bureaux	26
. Migrant and Welfare Groups	7
. Private Groups	24
	<hr/>
	103
	<hr/>

5.14 Additionally, officers have also taken part in various programmes on metropolitan and country radio and television stations, including a four week talk-back series on 3AW.

Media Assistance.

- 5.15 The Ministry has wherever possible assisted radio and television stations and newspapers in providing material for particular series or articles. One such series which deserves special mention is the weekly "Consumer Watch" by the Melbourne "Herald". This series has made a most significant contribution to consumer education over a wide range of topics.

RESEARCH

- 6.1 Because of the emphasis placed on consumer education during 1976/77, much of the research resources of the Ministry were channelled into the preparation of educational material; nevertheless, research was carried out on three major topics.
- 6.2 Definition of the Metropolitan Area.
- 6.2.1 In the past the Bureau has received enquiries from consumers who find that some companies consider that they live outside the "metropolitan area" for free delivery, service or installation of goods, whilst other companies consider the particular area concerned to be inside that company's definition of the "metropolitan" area.
- 6.2.2 From research carried out by the Ministry it has been ascertained that there are at least ten statutory definitions of the metropolitan area and generally those definitions differ from one Act to another. It was also found that a number of retail firms and service organizations have different definitions of the metropolitan area. In fact, in one case a retail firm's suppliers gave free delivery and installation in four differently defined areas.
- 6.2.3 It is obvious that there is a need to determine a common definition of the metropolitan area in respect to consumer transactions to avoid this confusion. The Ministry is convening meetings with representatives of government departments, traders and trade associations to try and resolve some uniform definition to be used in consumer transactions.
- 6.3 Premature Failure of Hot Water Systems.
- 6.3.1 Following a number of complaints, mainly from Swan Hill, concerning the premature failure of hot water tanks, the Ministry conducted an investigation.
- 6.3.2 To determine the extent and severity of the problem a survey was conducted and a number of registered plumbers in selected country areas, as well as government departments such as the Ministry of Water Resources and Water Supply, were contacted.
- 6.3.3 The survey showed that some tanks failed within two years, whereas others were still in use after thirty years. In Swan Hill failures within three-four years were common although some lasted up to twelve years. In Horsham cylinders failed in from two to fifteen years, and in Echuca, a figure of fifteen years was thought to be the average.

- 6.3.4 It appears from this investigation that the causes or premature failure of copper hot water systems are extremely complex and although it is perhaps dangerous to draw conclusions, the quality of water in a particular area is a determining factor in the life of such units; other factors are welding techniques, fluxes used, and damage during manufacture.
- 6.3.5 There is obviously a need for further research and this will be referred to other State authorities who are better equipped to examine the inter-relation of the factors thought to be involved.
- 6.3.6 The Standards Association of Australia has recently produced a standard on the use of non metallic materials for electric storage water heaters. This standard, in addition to recognising the use of polypropylene, has also altered the requirements for heaters with bonded vitreous enamel linings. These requirements were included after a study of the principal causes of premature failure of heaters with enamel linings.
- 6.3.7 A hot water cylinder which lasts only a few years is unacceptable, and further research as to the causes of failure is necessary. In the interim it is essential that manufacturers improve their quality control, and have regard to the use of various manufacturing techniques. The development and marketing of reliable non metallic lined cylinders is also desirable. There is also a need for research into the correction of water supplies to remove or neutralize harmful properties.

6.4 Caravan Leasing and Investment.

This is discussed in Part 3.

- 6.5 In addition to the above, research was also conducted into the date marking of milk, exemptions under the textile labelling provisions of the Consumer Protection (Trade Descriptions) Regulations 1974, and work has commenced on research into kit homes and kitchen renovations.
- 6.6 The Ministry's library was considerably added to during 1967/77 with the purchase of a number of reference books. The data bank/cross reference system continued to develop. A considerable amount of time and effort was also devoted to a rationalisation of the Ministry's mailing list which at the start of the year under review was in a chaotic condition. It is expected that there will be considerable benefits from the development of the reference library, data bank, and consumer topic cross reference system.

COMPLAINT STATISTICS.

- 7.1 The analysis of complaint statistics is important for the Ministry to be able to devote resources to preventative measures when certain trends are established. This requires that the statistical base is adequate to properly reflect these trends.
- 7.2 References to the Ministry have increased yearly since 1970 when the Consumer Affairs Bureau was established. At the Ministry the recent trend is:-

	<u>Bureau</u>	<u>S.C.T.</u>	<u>M.C.T.C.</u>
To 30 June 1971/72	2359		
1973	3718		
1974	5832		
1975	8295	998	9293
1976	8922	1630	10552
1977	10031	2318	788* 13137

* For the year 1977.

7.3 These figures do not, however, give the complete picture but relate only to written complaints or claims lodged. In addition, the Consumer Affairs Bureau receives up to 550 phone enquiries per day, the Small Claims Tribunal in excess of 100 and the Motor Car Traders Committee some sixty per day relating to complaints. These calls exclude those made direct to individual officers who are following up a complaint or enquiry. In addition to these calls numerous interviews are held with consumers. During the year 1976/77 there were 6925 interviews with consumers by Bureau inspectors and 1736 of these did not result in complaints being recorded as it was often possible to resolve the complaint with a trader during the interview or else refer the consumer to senior management in an organisation and the complaint was then satisfactorily dealt with.

7.4 For a couple of years now it has been Ministry policy to try and settle a complaint by -

- (a) ensuring that the consumer approaches the trader first;
- (b) giving the consumer the name of a person in an organisation to contact who has responsibility for handling consumer complaints;
- (c) to ring the trader, during an interview, to try and sort out the problem. This is largely the action in respect of the 1736 interviews referred to above which did not result in recorded complaint files.

7.5 The consequence of this policy has two effects - firstly, the non recording of some complaints tends to skew the statistical analysis as those complaints which are settled during interviews or after a reference back to a trader are not included, and so a pattern or trend may be hidden. The second consequence is that statistically the real workload of the Ministry, if related to complaint or claim handling, is under-stated and the staffing level needed is therefore apparently reduced. Both this section and that of "staffing of the Bureau" are inter-related and need to be read together to gain the full import of the trend in complaints. It is estimated that approximately 30% of problems which would previously have been recorded as complaints in the Bureau or claims in the Tribunal are now not recorded because of the above policy. This can be justified in that a consumer is approaching the Ministry to get resolution of a problem and not to merely become a statistic.

- 7.6 In examining the complaint classifications, comparison of trends in the Bureau and the Small Claims Tribunal shows:-

	<u>C.A.B.</u>		<u>S.C.T.</u>		<u>M.C.T.C.</u>
	No.	% of Total Complaints	No.	% of Total Claims	
Building	1170	11.66	542	24.33	-
Clothing & Footwear	446	4.45	138	6.19	-
Furniture & Floor Coverings	511	5.09	213	9.86	-
Household Appliances	1403	13.99	277	12.43	-
Motor Vehicles	2453	24.45	610	27.38	*788
	<u>5983</u>	<u>59.64</u>	<u>1780</u>	<u>80.19</u>	<u>788</u>

* Calendar year 1977.

These figures can be seen in Appendices C. and F.

- 7.7 Unfortunately, this table is an indication only of the major areas of complaint and it is unwise to draw comparative conclusions. The Bureau classification system has 32 broad categories, the Small Claims Tribunal only 17. Consequently, some figures in the Tribunal's statistics are hidden. For example, in Appendix C (Consumer Affairs Bureau analysis) it will be seen that 550 complaints are on sales methods; however, 366 of these or 3.65% of total, relate to motor vehicle complaints, whereas in the Tribunal, such claims lodged are included under the general heading of Motor Vehicles. Further it should be noted that the Bureau also investigates some complaints which are outside the jurisdiction of the Tribunal. For example, landlord and tenancy and real estate disputes, which amounted to 261 or 2.61%, are in this category. Furthermore, with the Tribunal, claims although determined, are not recorded as to the evidence tendered and so trends in terms of trading practices are not apparent.
- 7.8 It is essential that these anomalies are investigated and clarified. Some attention has been given to this but with limited resources it was necessary to concentrate on complaint resolution rather than the refinement of statistical data. The problem is even more complex as many approaches to the Bureau, the Tribunal and the Motor Car Traders Committee are duplicated.

Complaint Trends.

- 7.9 In addition to the matters referred to above, there is also the question of why there are considerable variations in the numbers of complaints lodged in succeeding years. The general increase in complaints in 1976/77 over 1975/76 was 1068 or 11.91%. It would not be unreasonable to expect that individual categories of complaints would increase roughly in this proportion. From an examination of Appendix C it will be seen that there are increases significantly in excess of this 12% general average. The main variations are -

	1975/76	1976/77	Percentage Variation
Advertising	99	152	+ 53.53
Entertainment	40	71	+ 77.50
Clothing, Footwear	502	446	- 11.16
Door to Door Sales	84	108	+ 28.57
Finance	150	248	+ 65.33
Hiring and Rentals	62	108	+ 74.19
Insurance	196	301	+ 53.57
Mail Order Sales	177	291	+ 64.41
Professional Services	88	159	+ 80.68
Rental and Rental Bonds	113	174	+ 53.98
Sales Methods	439	550	+ 25.28
Travel	84	130	+ 54.76

- 7.10 The largest increase is in Professional Services and this in the complaints lodged against Barristers and Solicitors. An analysis of the category Professional Services is in Table III of Appendix C.
- 7.11 Unfortunately, the reason for most of these movements is not known. In the case of insurance, the majority refer to disputes over pay-out figures when policies are surrendered, and this seems likely to stem from the change in taxation legislation. The increase in entertainment is almost entirely related to alleged excessive charges by restaurants. It is believed that greater numbers of persons are eating out more often and this, together with the high labour cost which is reflected in restaurant prices, generates complaints. Many persons believe it is unreasonable to pay \$7.50 for a wine which can be bought retail for under \$1.90 or to pay \$2 plus a tip for a stubby of beer in a slightly more elegant bottle which retails for 54c.
- 7.12 The increase in complaints on rental bonds would probably be due to the increased publicity given to landlord/tenant relations by the Tenants Union and press statements on tenancy law reform.
- 7.13 In the case of travel, this industry has boomed over the last few years and the complaint level is probably a reflection of this.
- 7.14 The only drop shown above is in relation to clothing and footwear, and from Appendix C it will be seen that the drop is largely in women's clothing and women's footwear, two sub-categories which account for most of this complaint category. Whether this is due to an improvement in manufacturing and sales methods, or a more casual approach on the part of consumers, is not known.
- 7.15 Statistics should not be kept just for the sake of having statistics. The justification for the effort involved is that they will give an indication of where problems are, and allow management to direct resources to the appropriate areas.
- 7.16 Up to now, because of the pressure to handle complaints and promote consumer education, it has not been possible to divert resources to an effective examination of the problems referred to above. It is intended, however, to devote greater effort to this in the future.

STAFFING OF THE CONSUMER AFFAIRS BUREAU.

- 8.1 It is acknowledged that the question of what resources can be allocated to any one department is really a question of what total resources are available and the relative needs of other departments and, in this context, it is a matter of government decision to determine the relative priorities. It would be impossible for all departments to be adequately staffed to meet all the demands of a community, and some lack of capacity is therefore to be expected. Nevertheless, the most significant problem in meeting the objectives of the Consumer Affairs Act arises through the lack of staff. This deficiency is common to most consumer organisations throughout the world. As soon as a facility is expanded to meet a demand, the effectiveness of the organisation attracts further demands which rapidly exceed the facilities available.
- 8.2 The relative increase in complaints, or the absolute number of complaints is not a true indication of the workload in the Bureau. Apart from the complaints which are settled during an interview, or by reference to senior management in a trading company and are then not recorded, there are other factors which involve a greater effort to resolve any complaint. Evidence suggests that these other factors are increasingly predominant in complaint histories. Some of these are discussed in the next few paragraphs.
- 8.3 At one time complaints concerned such things as heels falling off shoes or goods not delivered. Today these are in the minority and the Bureau is involved in very complex issues. A leaking roof may involve a tile manufacturer, builder, architect, and tiler. Investigations of such a complaint have revealed many where a particular tile is common to a number of complaints. A used car complaint often shows problems of finance, insurance and misrepresentation.
- 8.4 A simple inquiry has often revealed a web of intrigue, involving serious breaches of legislation, and potential losses to many consumers.
- 8.5 The investigation of complaints often reveals a trading practice which requires research or indicates that some person or person's conduct or reliability needs investigation. Some of the more important research subjects which arose from complaints are discussed earlier in the report.
- 8.6 An investigation in which an individual's integrity is in question involves considerable effort. False addresses are not uncommon and it is not unusual to find an individual operating under different trade names, and using these to avoid responsibilities and to mislead consumers.
- 8.7 The situation facing the Ministry is a "Catch 22" one in that the more it meets its objective of educating consumers, the greater is the number of complaints it receives as a result. It is virtually impossible to carry out an education programme, visit country areas, conduct talkback sessions without revealing the existence of the Ministry and the facilities in complaint handling that it provides. Education is spreading awareness and although the emphasis in the Ministry's publicity is to advise consumers how not to be caught, what in fact is happening at this stage is that consumers are learning how to complain and not how to avoid a situation which will lead to a potential complaint.

- 8.8 The workload on the Ministry has increased to the degree where delays and mistakes are occurring through staff shortages, thus attracting complaints through the Ombudsman and from consumers who feel they are not getting fair service from the Bureau.

Legal Staff.

- 8.9 The Ministry was without effective legal assistance from August 1976 when the Ministry Legal Officer was transferred, until February 1977 when the post was established and filled in the legal section of the Department of Labour and Industry. Prompt legal advice is necessary for the effective functioning of the Ministry, particularly for the Bureau in the handling of prosecutions and for advice to the Director and Chief Executive Officer. The unavailability of legal assistance for this period resulted in a drop in the effectiveness of handling investigations of breaches of the Act and in the effective handling of some complaints. The reorganisation of the legal services has proved to be more effective and give greater flexibility than the previous arrangement but, at the time of writing, an unfilled vacancy means that the service is not yet adequate to meet the demands of the Ministry.

Staff Replacement.

- 8.10 Apart from the level of established staff, the delay in replacement of some staff has serious effects on the Ministry. In the Registry section, already seriously understaffed, one officer departed on "transfer" on the 24th December 1976 and was not replaced until the 23rd May 1977. The new officer left on the 25th October 1977 and has not yet been replaced. The Registry function is vital to the Ministry and there has been considerable embarrassment through mislaid files and correspondence. In an attempt to help get the situation under control, research staff, investigators, typists and the Ministry education officer have been used in the Registry function. The cost of the diversion of these officers needs no comment.

SMALL CLAIMS TRIBUNALS.

Claims.

- 9.1 The number of claims lodged - 2318, was an increase of 42.21% over the 1630 claims lodged in 1975/76. The monetary limit has remained the same at \$1,000, however claimants are continuing to abandon amounts in excess of \$1,000 in order to fit within the jurisdiction of the Small Claims Tribunals Act.
- 9.2 Perusal of Appendix E listing the classification of claims determined in the year to the 30th June 1977 indicates that complaints in the building industry category have remained fairly steady at 24.33% in comparison with 23.63% in the previous year. Claims involving the motor vehicle industry have increased slightly to 27.38% as against 25.02% in the previous year. Household appliance claims have reduced by approximately 4%.

Supreme Court Decisions.

- 9.3 There has been only one additional challenge to the jurisdiction of the Small Claims Tribunals in the Supreme Court of Victoria - namely, United Home Trade Services Pty. Ltd., trading as Blue Army (Vic.) v M. Levine (Referee of the Small Claims Tribunals). In this case the Supreme Court found that the Tribunal was correct

in making an Order directly against the Blue Army instead of making an Order against the actual member tradesman involved. The Blue Army went into voluntary liquidation within one month of this decision being handed down.

Staffing.

- 9.4 The administrative staff of the Tribunals was increased by two as a result of an investigation by the Public Service Board. The staffing at present appears to be sufficient having regard to an increase in the workload, but this will need to be reviewed if the increasing trend continues.
- 9.5 In December 1976 a part-time Referee was appointed and this appointment alleviated any backlog that was in existence and the waiting period from the time of lodgement of the claim to the date of hearing is kept at an optimum level of six weeks.
- 9.6 During the year under review, the Tribunals sat in Morwell (6), Bendigo (5), Geelong (8), Shepparton (2), Ballarat (4), Benalla (2), Dandenong (2), Swan Hill (1), Mildura (1), Horsham (1), Hamilton (1) and Frankston (1). Inspectors from the Consumer Affairs Bureau attending country areas and making people aware of the existence of the Tribunals has contributed to the increase in the number of country cases. Because of the large number of complaints lodged by consumers in the Dandenong area, hearings are being held in the Dandenong Office of the Department of Labour and Industry. By decentralising the hearings, there is generally a minimum of inconvenience to consumers and traders. It is expected that hearings will be conducted in other metropolitan areas, as the demand arises and the accommodation permits.

Publicity.

- 9.7 There has been an increased demand for speakers to explain the operation of the Small Claims Tribunals. During the period under review, the Registrar and the Referees have given talks at two universities and to a number of schools and other service organisations. The Registrar has featured in a talk-back programme on radio on two occasions.

Effectiveness.

- 9.8 There is little doubt that the Tribunals are meeting the need for quick and inexpensive arbitration of small claims. There are many enquiries which would result in claims; however, often the Registrar and his staff have been able to bring the parties together and effect a settlement satisfactory to both without the necessity of formally lodging a claim.
- 9.9 Additionally, even after a claim has been lodged, the actions of the Tribunal staff have resulted in settlements being reached without the claim proceeding to hearing. This unofficial settlement procedure does much to enhance consumer/trader relations and avoid the inconvenience of attending Tribunal hearings.
- 9.10 Although, as with any jurisdiction, there are complaints from the loser, the numbers complaining about the decisions or conduct of the Tribunals are comparatively small, and the impartiality of the Tribunals is reflected in that those complaining are almost equally in numbers, consumers and traders.

ALLEGED BREACHES/PROSECUTIONS.

- 10.1 The Ministry has the responsibility of enforcing the Consumer Affairs Act, and since its transfer from the Chief Secretary's Office, the Motor Car Traders Act. This section of the report relates to alleged breaches of the Consumer Affairs Act.
- 10.2 As at the 1st July 1976 there were 122 alleged breaches under investigation and during the year to the 30th June 1977 a further 170 alleged breaches were formally reported to the Ministry. Because of pressures of other work, no spot investigations were made by inspectors, and there were also some other possible breaches which could not be investigated.
- 10.3 For effective handling of alleged breaches, and to gain the optimum use of inspectors' time, it is essential that legal capacity is available to examine alleged breaches, if not initially, then as soon as an apparent breach is detected. Without such assistance officers are pursuing investigations where it was unlikely that an offence had been committed or are spending many hours in investigations not relevant to the offence in question.
- 10.4 It is also essential to establish a separate section within the Bureau to investigate such breaches. The role of an inspector in investigating a complaint is to negotiate with a trader in order to obtain some redress for the consumer or to clarify the issue which had led to the complaint. An inspector is a mediator between the two parties to a dispute. If at the same time he has to pursue a criminal investigation for breach of the Act and testify in Court against the same trader, he is immediately placed in an invidious and embarrassing position. The duties investigating complaints and breaches of the Act cannot be reconciled and unless separate staff are available for each function, one must be curtailed at the expense of the other.
- 10.5 The poor return in terms of effectiveness of time spent in investigation of breaches, and the pressure to handle complaints, influenced the emphasis in direction of staff, and inevitably resulted in a number of breach investigations not being completed, and a tendency to avoid handling breach investigations unless the offence appeared reasonably serious.
- 10.6 Limited legal assistance became available in February 1977 and the situation improved. However, during 1976/77 only 182 alleged breaches were finalised compared with 329 in the previous year. These 182 breaches were finalised as follows:

Prosecuted successfully	23
Prosecuted unsuccessfully	Nil
Cases adjourned	2
Offence established - decision not to prosecute (warning issued in 17 cases)	40
No apparent breach, allegations unjustified	54
Investigation inconclusive, evidence inadequate	26
Trader insolvent, liquidation or disappeared	22
Elapse of time prevented prosecution	4
Section 64 action resolved by reply	11

182

10.7 Analysis of Prosecutions by sections of the Consumer Affairs Act:-

<u>Section of Act</u>	<u>Convictions</u>	<u>Adjourned</u>	<u>Dismissed</u>	<u>Total</u>
S13 (1)	8	-	-	8
S13 (2A)	5	-	-	5
S13 (2B)	-	1	-	1
S13A (1)	-	1	-	1
S13A (2)	-	-	-	-
S26	3	-	-	3
S38	2	-	-	2
S56	2	-	-	2
S64	1	-	-	1
	23	2	-	25

10.8 Again, as with Bureau complaints, prosecutions statistics can be misleading. The Alleged breaches during 1977 were more serious and far more time consuming to finalize than those in 1976. For example, in 1976 there were 46 convictions under Section 132(A) relating to petrol signs whereas in 1977 there were none. The prosecution of this type of offence requires far less effort than those dealing with misleading advertising. In the period from the 30th June 1977 to the date of writing, there has in turn been a further increase in the seriousness and complexity of some offences and in one investigation alone there has probably been more work involved than in the whole of the cases investigated in 1977.

10.9 As at 30th June 1977 there were 110 alleged breaches being investigated.

CONSUMER PRODUCT STANDARDS

11.1 The Victorian Ministry is represented on the Commonwealth/State Consumer Products Advisory Committee, and the Consumer Standards Advisory Committee of the Standards Association of Australia. These committees are involved in the development of a wide range of consumer product safety and consumer product standards information. Developed standards are published. Some of these are embodied in legislation, such as those relating to Motor Cycle Helmets, Portable Fire Extinguishers and Flammability of Children's Nightwear. Others, not made mandatory by legislation, are adopted on a voluntary basis by manufacturers. The Ministry encourages the adoption of these standards and the use of the Standards Association "Kite Mark" where the consumer products meet the Australian standard.

11.2 In addition to product standards, standard contracts for use in consumer transactions are also being developed. The aim is to achieve a balanced contract which especially takes into account the rights and obligations of both traders and consumers. As these contract committees comprise traders, consumers, and government representatives, there is a good chance that a standard contract developed by the committee will be used. In fact there is an implied undertaking by all industry members on the committee that they will recommend the use of the standardised contract on a voluntary basis for at least a trial period.

- 11.3 The advantages of these contracts is that a consumer can rely on the terms being reasonable and the main areas of potential dispute covered.
- 11.4 Initially four types of consumer transactions have been chosen for the development of standard contracts.
- (a) Swimming Pool Construction
This standard has been issued for public review, and it is expected that after one further meeting, the final standard contract will be published.
 - (b) Motor Car Sales
It is thought that after the next meeting, the proposed standard will be issued for public review.
 - (c) Household Appliances
Rarely are formal contracts used for the purchase of these items and the objectives of a standardised contract will be achieved by the issue of standards covering adequate information labelling on the product and the provision of guarantees. The draft standard for household appliances has been issued for public review prior to the final standard being published.
 - (d) Residential Leases.
Work on this contract has been suspended, pending possible legislation being introduced which may supersede the work of the Committee.
- 11.5 The Ministry has proposed, following the investigation of the Removals Industry by the Consumer Affairs Council, that a standard contract be developed for removals. Work is proceeding on this.

RELATIONS WITH THE VICTORIAN REGIONAL OFFICE OF THE TRADE
PRACTICES COMMISSION

- 12.1 The excellent co-operation with this office, developed over the last few years, has continued. Issues on which there is a possible duplication of effort, or where legal action may be taken, are discussed. These voluntary discussions have created a level of mutual respect and confidence between the Ministry and the Victorian office, which ensures that consumers' interests are protected but at the same time traders are not subject to unnecessary duplicated pressures from both offices.

PART 2.MATTERS ARISING FROM THE INVESTIGATION OF COMPLAINTS.BUILDING INDUSTRY.New Homes.

- 1.1.1 In the last report it was stated that the number of complaints in this area had fallen off considerably. For the year under review there was a reversal in the trend, with the complaints increasing from 165 to 229.
- 1.1.2 Complaints in the main fall into three categories:
- 1.1.3 Contractual Disputes. These largely arise when the final cost exceeds the contract price. There are often disputes over prime cost items being charged at a different rate to that specified in the contract and over extras being added which the consumer claims was represented to him as being within the contract price. Often when an item is mentioned the significance of the entry is not made clear to the consumer as the following example illustrates:-

"Connection to the sewerage was shown as a prime cost item, allowance \$100. Owners budgetted on this and were naturally angry when the builder submitted an account of \$1375 for sewerage connection."

This is a dishonest abuse of the concept of prime cost items. The prime cost item is a figure put in a contract to be a realistic approximation of the cost of that item, but can be adjusted when the consumer selects the actual item. The builder could say this is the price if particular light fittings or a bath or cooking stove is installed. If the consumer then selects items different to those nominated there is an adjustment to the prime cost item figure. This is a reasonable business practice. Where it becomes unreasonable is where the prime cost item is considerably understated. If there are a number of these items, all of which are understated, the total contract price would appear attractive by comparison with other total quotes and the consumer is deliberately misled as to the final overall costs and the real lowest quote.

- 1.1.4 Workmanship. Standards of workmanship and finish differ greatly from builder to builder but they should not vary from a display home to the production house. Regrettably there is a large disparity as the following complaint investigation shows. Consumer requested builder to construct new home as per the builder's display home. During construction, at handover and during maintenance period, the consumers found many discrepancies between their home and the display home.

<u>Display Home</u>	<u>New House</u>
3 coats paint internal	2 coats paint internal
3 coats paint external	1 or 2 coats external
Western red cedar window frames	Stained H/W
Hardwood kitchen cabinets	Particle board
No cracked or chipped external brickwork	Many cracked and chipped bricks
Perfect horizontal and vertical mortar joints	Perpendicular joints 6" out from top to bottom and horizontal joints from ¼" to 2" in thickness

- 1.1.5 Maintenance. Attention by building companies to maintenance items is often lax and carried out by "handymen" instead of qualified tradesmen.

Example: Leaking roof - maintenance man whilst trying to find leak broke 19 tiles and did not locate leak; licensed plumber called twelve weeks later, adjusted flushing in three minutes and stopped the leak.

- 1.1.6 Even with the Local Government (House Builders' Liability) Act 1973, the consumer considering the construction of a home or the purchase of a new home is strongly advised to pick his builder carefully and seek legal advice on contract papers prior to signing.
- 1.1.7 On the 1st March 1977, legislation came into effect giving similar protection to new flats, villa and town houses (strata type) purchasers as that enjoyed by new home owners under the Local Government (House Builders' Liability) Act.
- 1.1.8 This expansion in the scope covered by this protective legislation should further regulate this industry and contribute to a reduction in the number of complaints lodged with the Consumer Affairs Bureau.

Kit Homes.

- 1.2.1 This section of the Housing Industry has received considerable publicity during the year. Publicity has been in the form of extensive advertising by many kit home manufacturers. On the other hand Current Affairs television programmes and press articles gave equally extensive coverage of the demise of at least two kit home manufacturers.
- 1.2.2 Of concern is the questionable idea being pushed by some manufacturers, and being accepted by a large percentage of the public, that the kit home offers substantial savings over a normal domestic suburban dwelling. In fact, it is most doubtful that a consumer will save money unless trade skills are available within the family unit.
- 1.2.3 As with many other new modes of industry, kit homes have attracted operators lacking in trade and management skills and it is strongly suggested that the interested public should carefully check the bona fides of the various manufacturers and do their sums and costs.

- 1.2.4 It must be emphasised that, in the main, the owner of the kit home has no statutory protection against default by the manufacturer and/or erector and against structural defect as is available to the conventional new home purchaser under the Local Government (House Builders' Liability) Act 1973.

Renovations to Existing Premises.

- 1.3.1 There has been an increase in the number of complaints related to renovations and alterations to existing premises over those lodged in 1975/76. In the Small Claims Tribunals there was also an increase in claims lodged of about 35% from 286 in 1975/76 to 398 in 1976/77. Traders have been quick to realise the increasing demand on the home renovation industry, and now many registered home builders have subsidiary companies wholly and solely engaged in renovation and alteration work.
- 1.3.2 Regrettably, however, the home renovation field has attracted many operators who are lacking both in trade and management skills required to successfully conduct such projects. In addition there are a number of companies or firms who hold themselves out to be specialist renovators such as roofing experts, experts in windows - aluminium or others - bathrooms and kitchens. In far too many cases the purported specialists fall short of their advertised skills, thus creating a new problem area in the home renovation industry.
- 1.3.3 Some disreputable or unethical traders who have been known to the Ministry for their activities in other areas of business have found their way into the home renovation field and, true to form, continued to generate complaints about their activities.
- 1.3.4 It is surprising also to note that some consumers do not exercise sufficient care in dealing with some companies and the Ministry has evidence of extensive renovation work being carried out by companies without a proper contract or a written agreement, stating the conditions, being drawn up.
- 1.3.5 Some renovators require a substantial deposit prior to commencement of work and substantial payments during the course of the work. Many consumers hand over substantial amounts of money or even the full contract price when only little or no work was done by the renovator. Should the renovator then abscond or go into liquidation or bankruptcy, the consumer would be left with a hardly commenced renovation and without any money to complete it. While such instances are governed by the Home Builders Liability Act in respect of new homes, they are not covered in the case of Home Renovation. There is, however, the Building Contract (Deposits) Act which requires that any deposit in excess of \$500 be placed in a joint account. Home owners should insist on this being done.

Kitchen Renovations.

- 1.4.1 The home renovation area includes erection of car ports, garages, awnings, installations of roofing, guttering, electrical and plumbing systems. In many instances complaints received in these areas are of a minor nature and are quickly remedied by the consumer approaching the trader or negotiating through the Bureau. Unfortunately, the resolution of complaints concerning kitchen renovations is not as simple.

- 1.4.2 Kitchen renovations have recently been subject to extensive advertising undertaken by various companies operating using television and other media to recommend their product.
- 1.4.3 Subsequently, many complaints have been received concerning shoddy workmanship, unethical sales tactics, and poor quality materials.
- 1.4.4 Consumers have alleged that when they contacted a company for a free quote they were informed that a designer would visit their home in order to measure the kitchen and discuss any details. In some instances the designer was more concerned in making a sale and subjected the home owner to considerable sales pressure. In other complaints, when the quote was not accepted, the firm tried to collect costs of the "free quote".

House Cladding.

- 1.5.1 There have been continuing complaints on various aspects of the house cladding industry. These complaints are mainly in the artificial brick cladding area. Complaints relate to gross unethical conduct towards consumers, false and misleading advertising relating to the product, poor standard of manufacture, poor standard of fixing, and refusal of companies to honour guarantees issued at the time of sale. Complaints are generated not only by manufacturing companies of the product but also by sales companies or individual salesmen operating under one or more business names to market the product for the various manufacturers.
- 1.5.2 The salesman or company deliberately try to confuse the householder whenever he wants to make a claim under warranty. The manufacturer will usually refer the householder's claim to the sales company for consideration, who in turn will refer it back to the manufacturer. Disputes may arise whether the claim refers to the original warranty by the manufacturer or any supplementary warranties given by the sales company, whether the product supplied was faulty or whether it was applied wrongly, whether the sales company exaggerated the quality of the product or whether the product was of inferior quality. One guarantee states "The obligation of the manufacturer under this guarantee continues until it is installed....." The Ministry presumes while it is in transit and is sitting in the back yard.
- 1.5.3 This kind of marketing arrangement seems to be ideally suited to anybody who wants to avoid all responsibility towards his clients, and it is therefore not surprising that it has attracted an undesirable business element which could not maintain itself in a competitive ethical business sphere.
- 1.5.4 Most consumers affected by this kind of activity are either migrants or pensioners who live in weatherboard homes which require some renovations. Because of their old age, language difficulties or just plain susceptibility to sales talk, those people usually fall prey to the sales companies or men. Often, in addition to their total life savings they are committed to further financial obligations. Investigations by the Bureau have revealed that it is not uncommon for such a sales company or man to get 300% to 400% commission on such a transaction and that after only some months the product has considerably deteriorated, requiring further maintenance. In some cases the work is never completed.

- 1.5.5 Some municipal councils and country shires have been quick to realise the problems associated with house cladding and require certain evidence of tests carried out by recognised bodies prior to issuing a permit. However, those councils who issue permits too freely may find their municipality a target for an extensive marketing campaign by one of the companies.
- 1.5.6 A further unfortunate aspect of the cladding industry is the availability of finance through these sales companies and men. Cases have been reported to the Bureau where salesmen have misrepresented to consumers their obligations to the finance companies and have subjected them to extensive pressure not only to buy the product but also to enter into considerable financial commitments far beyond their capability to pay.
- 1.5.7 It is hoped that finance companies in the future will exercise some care when accepting business from companies associated with cladding as it is evident that many people are enticed to enter into contractual obligations far beyond their means.
- 1.5.8 Bureau investigations of a number of complaints reveal that some companies exist for a certain span of time only to be liquidated after several years and the directors again involve themselves in another company carrying on the same sort of work over and over again. Consumers who had dealings with such companies are powerless to gain redress for any complaints that may arise because of the company's subsequent insolvency.
- 1.5.9 Investigations have also shown that these companies usually use an impressive form of guarantee as additional aid to selling the product, the guarantee generally being for a span of anywhere between ten to twenty-five years. It goes without saying that such a guarantee becomes useless as soon as the company issuing it ceases to exist.
- 1.5.10 Most cladding companies which come under the attention of the Consumer Affairs Bureau appear to obtain new business by taking consumers' names out of the phone books and then soliciting business by phone, making an appointment for a sales representative to see the consumer.
- 1.5.10 Some companies are highly geared to this method of marketing and have installed large banks of telephones to enable these calls to be made by part-time workers, generally in the evening.
- 1.5.11 Another method of obtaining a contract is to circulate a pamphlet (see Appendix H) which is either distributed in an area through a country newspaper or hand delivered to every letter box in a given area.
- 1.5.12 These pamphlets often invite the consumer to obtain a free quote, enter some competition or to take part in a special offer which is running for a period of time.
- 1.5.13 The pamphlet includes a tear-off advice which if forwarded by the consumer to the company, results in a visit by a salesman to the consumer's home. Again there are many allegations that such a salesman will refuse to discuss a free quote but will proceed to pressurise the consumer to sign a sales contract and, where required, also a finance contract.
- 1.5.14 In order to balance the overall view of this industry, it must be said that some companies are genuinely concerned about the image of the product and have devoted much time and money to experimentation and development and are attempting to bring some stability into the industry.

- 1.5.15 However, there are still far too many companies who are manufacturing an inferior product which breaks down after only a short period and who allow their products to be marketed in a most unethical manner.
- 1.5.16 All efforts by the Ministry to have the industry adopt a code of ethical conduct have to date been unsuccessful, and until such time as the undesirable elements in the industry are weeded out, such efforts will be fruitless.

MOTOR VEHICLE INDUSTRY.

Co-operation with the Industry.

- 2.1.1 Although the motor vehicle industry still generates the largest category of complaints, it became evident during the year under review that the procedures of the Ministry and the co-operation of manufacturers and dealers in handling these complaints, were achieving better resolution of the problems.
- 2.1.2 There are indications that in relation to the whole of the industry certain categories of complaints have been reduced, and in relation to some individual dealers, almost completely eliminated.
- 2.1.3 While the overall trend is still towards an increase in complaints, complaints arising from undesirable sales methods, that is, methods adopted by individual salesmen towards consumers when selling a vehicle, have a downward trend, especially where authorised dealers of the major manufacturers were involved. Other traders, where unethical sales methods continue, are discussed in Part 3 of the report.
- 2.1.4 This trend is attributable to a large degree to a higher level of co-operation between the major dealers and the Consumer Affairs Bureau. Management of a dealership is invited to review all complaints lodged with the Bureau on a monthly or quarterly basis. Such reviews, which take the form of frank discussions, are welcomed by some dealers on the grounds that they are helping management to pinpoint problem areas, introduce preventative measures, and keep an effective control over the sales staff.
- 2.1.5 On the other hand, it is obvious that some dealers who agree to review the practices leading to complaints have not the slightest intention of doing anything about them. Promises to examine certain problem areas and to institute remedial policies are not kept.
- 2.1.6 There are other dealers, although small in number, who continue to exhibit a hostile attitude towards the Bureau's attempts to develop lines of co-operation in an attempt to cut down the flow of complaints. The only conclusion that can be reached is that the unethical practices which the Consumer Affairs Bureau is trying to remedy have the blessing of management and that the whole organisation is geared to taking advantage of unsuspecting consumers. This leaves the Ministry with little choice but to publicise by way of warning to consumers those dealerships which refuse to co-operate with the Bureau in implementing more consumer oriented policies or who make only a token show of interest without any intention whatsoever to give a fair deal to consumers.

2.1.7 As a general statement, from the investigations made during the year, the main improvement - largely in sales methods, comes from those cases where the manufacturer takes a positive interest in the complaints against their authorised dealers by exerting pressures on the dealers to improve their policies in relation to consumer matters. Some manufacturers have frequently reviewed the complaints lodged against their dealer have actively taken part in the discussions with the Consumer Affairs Bureau, and have contributed to the setting of a general code of ethical behaviour by their dealers.

2.1.8 It is desirable that all other dealers embark on a similar procedure of reviewing complaints in order to institute preventive measures. The role adopted so far by the major manufacturers in relation to their own dealers in developing a code of ethical behaviour would have to be taken over by the industry's own association in relation to all dealers. This would ensure a reduction in the severity of individual complaints as well as in the overall number of complaints. It is therefore appropriate to repeat again the comment made in previous Annual Reports that -

"Although there are encouraging signs, it must be repeated that a general code of ethical practice which serves as a standard to traders and salesmen, is still sadly lacking in the industry. Until such a code is compiled and the trade itself embarks on a campaign of self enforcement of its own standards, the bad image of the trade will continue".

New Vehicles - Manufacturers' Obligation.

- 2.2.1 Many consumers sought the assistance of the Bureau following the purchase of a new vehicle. The new motor car would have several faults and the remedy sought by the consumers was a replacement vehicle.
- 2.2.2 On some occasions the consumer's request would appear to be unreasonable because the faults were considered to be minor and could easily be rectified without any real inconvenience to the consumer.
- 2.2.3 On the other hand, there were instances where consumers appear justified in requesting a replacement vehicle.
- 2.2.4 These could be divided into two categories.
- 2.2.5 The first category concerns the general condition of the vehicle in relation to faulty paintwork and body damage. Bureau inspectors examined several new vehicles and confirmed that faulty paintwork and body damage did exist. The manufacturer would agree that a complete re-spray was necessary to bring the vehicle up to proper condition, and requests for replacement vehicles were denied because the manufacturer believed that his only obligation was to honour the warranty. The Ministry believes cars should not be delivered with dents, rust spots and evidence of a major body repair.

- 2.2.6 In one particular case the consumer picked up his new vehicle and, upon driving down the road, he discovered that the petrol tank was empty. He telephoned the dealer who apologized for this inconvenience and arranged for a representative to drive to the stationary vehicle and fill up the petrol tank. The consumer sat beside his vehicle and awaited his petrol and, on examining the duco of his new vehicle, found there were considerable areas of faulty paintwork, as well as body damage.
- 2.2.7 The vehicle was also examined by a qualified person as well as a Bureau inspector and they agreed that to bring the vehicle up to a reasonable condition it required repair and complete re-spraying. This was pointed out to the dealer and after an inspection by the manufacturer's representative, it was agreed to respray the vehicle and repair the damage. The consumer insisted on a replacement vehicle and sought the assistance of the Bureau. The manufacturer would not replace the vehicle. The fact that the manufacturer agreed to re-spray the vehicle under warranty is ample indication that it was not in merchantable condition when delivered.
- 2.2.8 In another example a new vehicle was delivered to a consumer's residence during the evening. The following morning the consumer examined the vehicle and noted that several items on the bodywork required attention. In fact, a report prepared by the R.A.C.V. listed thirteen body items which required attention and these included dents on the bonnet and roof, and scratches and chip marks over various panels.
- 2.2.9 The manufacturer refused to replace the vehicle.
- 2.2.10 The question arises as to when is a vehicle delivered in a merchantable condition. In the two cases illustrated above there seems little question that the consumers should not have accepted the vehicles to begin with. One should expect to receive a product in a new condition. If a refrigerator, stereo set, or lounge suite is damaged to the extent that some people are expected to accept with new cars, there would be an uproar; these other products are just not accepted. With a car it is acknowledged that at the time it is accepted it has been registered in a consumer's name, whereas with other items this does not apply. However, should this mean that a consumer who buys a defective vehicle must accept it? The Ministry believes he should not. It does not matter much whether the vehicle is damaged during manufacture, on the way to the dealer, or in the dealer's premises. A vehicle should be delivered in a proper condition and if it is not, then it should be taken back by the manufacturer or dealer and another vehicle supplied to the consumer. It is acknowledged that there are problems in this but a consumer should not be inconvenienced by poor quality control or inadequate care in delivery.
- 2.2.11 The second category concerns new vehicles which are delivered with mechanical faults such as incorrectly assembled automatic chokes or pressure relief pipe between fuel tank and carburettor blocked. Other faults include excessive vibration in the transmission, unusual engine noises, or leaks through body seals or doors. The car would be returned to the dealer to be fixed, often without success. In one case a car was returned ten times in eleven weeks because the engine would stop and could not be started. Finally, a manufacturer's representative would inspect the vehicle - often these people

were administrators and not technical staff, and they pronounce that the transmission vibration or noises were within tolerance or the manufacturer's specifications. Excessive oil leaks were also often dismissed as being within tolerance.

- 2.2.12 The policy of manufacturers to date has in the main been that once a vehicle is sold it is a consumer's problem and while they will repair it under the terms of the warranty, there is no regard to the inconvenience caused to the consumer or the number of times that it must be returned. Quite often the repairs are merely patch-up jobs and there is subsequent deterioration or failure, often outside the warranty period and the indications are that the vehicle was never in a merchantable condition.
- 2.2.13 Again, the Ministry believes that a product should be delivered in a merchantable condition and the finish on that product should be reasonable in relation to its cost, that it is mass produced, and there is an average standard of workmanship for a particular product. Where it is not, then the consumer should not take it. Where it fails and the failure can be fixed by the exchange of components and is then satisfactory, this is reasonable. Where the failure is not fixed and the dealer has had two or more attempts to do so without success, then it is believed that a new item should be given to the consumer and the manufacturer or dealer accept responsibility for selling the old item at a lesser cost as this loss is strictly related to inferior production or lack of quality control.

Premature Failure of Motor Vehicle Components - Extended Warranties.

- 2.3.1 It is not believed that any manufacturer would knowingly produce a vehicle which is prone to failure. New designs, newly developed components, can develop faults which, despite reasonable research, are not always predictable. The manufacturers of components such as alternators, transmissions, windscreen washers, starter motors, may make errors in design or they may fail to maintain adequate quality control, with the result that not just one vehicle is affected, but a number of vehicles will be until design is corrected, or else the manufacturing standard is improved.
- 2.3.2 To the new car buyer it is of little concern who is responsible. A new car has been purchased and he should expect a trouble-free run for at least a number of years.
- 2.3.3 Manufacturers often give extended warranties beyond the normal twelve months/20,000 km. period to cover such problems. In the report for the year ended 30th June 1976, the failure to advise car owners of this extended warranty was criticised as it resulted in many car owners paying to have a component repaired during the extended warranty period, when such repairs should have been free of charge. Investigation showed that many dealers did not advise the consumer of this extended warranty and charged for the repairs. In other cases consumers were advised that the warranty period had elapsed and they took their vehicle to another repairer to have the rectification made. Subsequently, on learning of the extended warranty, their claims were refused by the manufacturer on the grounds that the repairs were not effected by an authorised dealer.
- 2.3.4 The Ministry believes that there must be better publicity given to extended warranties.

Premature Failure of Paint Work.

- 2.4.1 The failure of paint work is causing concern. There are two problems.

The first, where an isolated rust spot or imperfection occurs, and this is not properly treated and repaired, with the result that the area fails again and again. It is obvious that some penalty should attach to the dealer for shoddy repair work, and that the end of the warranty period should not signal the end of the responsibility. These rust spots should be properly repaired and the repair should last as long as the rest of the paint work.

- 2.4.2 The second type of problem arises from faulty manufacturing techniques, and is not isolated to a few spots on a vehicle. This type of paint failure can arise by rust forming on the base metal and causing the surface to bubble and subsequently break up. This is often the reason for the isolated rust spots referred to above, but sometimes it is quite extensive. This type of failure will usually occur during the first year of vehicle life.

- 2.4.3 The second type of failure, evident as paint peeling, usually arises from inadequate bonding of the primary coat to the metal surface, or bonding between the primary and final layers. This type of failure can become evident during the first year but seems more usual in subsequent years, and up to the sixth or seventh year.

- 2.4.4 Manufacturers resolve this in different ways. Ford have accepted responsibility for failures of the colour "Wild Violet" and will in respect of the original owner and, in the absence of body damage, repaint the car at no cost to the consumer. Where there is damage or previous repairs have been made, there is a negotiated apportionment of costs. Where it is not the original owner, and depending on how the vehicle has been cared for, and the extent of body damage there is a negotiated apportionment of the cost of repainting.

- 2.4.5 Chrysler, it is understood, have the policy of accepting full responsibility for repainting the vehicle when the failure occurs during the first two years; between 2 and 2½ years 2/3rds of costs; and from 2½ to 4 years inclusive - 50%. Metallic paints seem to be the main offender, with silver colour being the worst. One can question whether Chrysler's policy is really acceptable. What consumer, in buying a car, would expect to have to repaint it within four years. Surely the paint work should last at least seven to ten years.

- 2.4.6 It is believed that where paint work fails because of inadequate manufacturing techniques, then the consumer should not have to pay on a pro rata basis for at least the first seven years.

How long should a Car last?

- 2.5.1 Obviously this cannot be answered precisely. There are many cars well in excess of twenty years old on the road, there are others which in the view of their owner become economically unrepairable in a very short time. The question of how long a car should last also draws in the matter of for how long adequate spare parts should be available. How long should a body last without serious deterioration? Eventually rust will start to get out of control but is there a reasonable time before this should happen and who should be responsible if this happens prematurely. The tail gates of some station wagons rust out very quickly - some last merely 3-4

years; in many cases this arises from a design fault in having the drain holes above the level at which water collects. Some cars generally rust out in the same area. There are few HR Holdens on the road which have not developed rust in the bottom rear corners of the front door. In some this started within five years. In fact it is an entertaining game for all to try and sight an HR Holden without such rust. The tail gate on this model also developed rust holes in some vehicles after 3-4 years.

- 2.5.2 This rust has developed from the inside of the doors and tail gate. In the earlier section the obligations of the manufacturers in respect of paint life was discussed, but in these cases the paint is outlasting the body panels. It is acknowledged that most cars will develop rust at some stage and because of design or manufacturing techniques the rust will in the main develop in the same area of the same model type.
- 2.5.3 However, what is a reasonable minimum time before this occurs? It is not acceptable for roofing iron or spouting to rust out in under ten years (and fifteen or twenty would be normal); why should earlier failure be tolerated in a vehicle.
- 2.5.4 It is believed that consumers in the main have been very tolerant of manufacturers who produce vehicles which rust out prematurely. Whether it is design, or manufacturing techniques, matters little. Consumers should reasonably expect a minimum of ten years service before panels develop rust which require extensive treatment or replacement.
- 2.5.5 The above discussion relates to failure of the car body through ineffective manufacturing techniques; it equally applies to premature failure of the mechanical parts of a car, e.g. seal failures which necessitate expensive repairs; a seal failure in a power steering box within three years will cost about \$250 to rectify. With some models the same item regularly fails; the part may be of little cost, but the repair quite expensive. Where a matter of premature failure occurs, it is obvious that the part has been incorrectly designed, or else quality control has failed. Again, the question can be asked what is a reasonable time before a consumer should be asked to pay for a considerable cost of rectification for a premature failure.

Motor Vehicles - Defective Title.

- 2.6.1 As a general rule, the sale of a motor vehicle by a person who is not, or has not the authority of, the owner gives no title to the buyer. The buyer will be obliged to surrender the motor vehicle to the true owner without any recompense.
- 2.6.2 It is the practice of finance companies to notify the Motor Registration Branch of their proprietorship or interest in cars that they are financing, whether this financing be under Hire Purchase, Bill of Sale, Chattel Mortgage, etc. The Motor Registration Branch in turn may record that interest on the Registration papers, but it is under no legal responsibility to do so.

- 2.6.3 In many instances, motor car traders, consumers and finance companies have found to their loss that they cannot ascertain with any degree of reliability whether the person they are buying the car from is the true owner and has no outstanding commitments on the vehicle.
- 2.6.4 This is a most unsatisfactory situation and allows individuals to deliberately defraud finance companies, motor car traders and consumers.
- 2.6.5 The Bureau receives regularly complaints from consumers who believed they were receiving a good title to the cars but had them seized by the finance companies which were the true owners. This issue came to a head during the year 1976/77 when thirteen complaints were lodged at the Bureau concerning the purchase of cars originally owned by Blackwood Investments Pty. Ltd. Blackwood Investments Pty. Ltd. is a wholly owned subsidiary of Southern Motors Holding Limited.
- 2.6.6 Blackwood Investments Pty. Ltd. leased cars to various companies. At the expiration of the lease period, the cars were to be returned to Blackwood Investments Pty. Ltd. for disposal. They were either to be transferred to Southern Motors for sale, or sold to the trade. The man in charge of this operation was Robert John Thiele, an employee of Southern Motors. He sold a total of 25 cars to Alan Meagher, also known as Alan Maher, who advertised the cars for private sale.
- 2.6.7 The transfers from Blackwood Investments Pty. Ltd. were executed by Thiele, who used a Blackwood stamp. Maher gave each purchaser a receipt which warranted the title of the car. Any purchaser on searching the registration papers saw what appeared to be a proper transfer from Blackwood executed by the company. Maher forwarded the purchase moneys to Thiele by cheque made out to Blackwood. Those moneys were not passed to the company by Thiele.
- 2.6.8 Thiele was charged, then sentenced to a term of 3½ years imprisonment, with a minimum of 2 years before becoming eligible for parole. Counsel representing consumers then made application to the judge for compensation under the Crimes Act. That application was adjourned on the basis that consumers pursue their rights against Blackwood Investments Pty. Ltd. for wrongful repossession or alternatively, against Maher under warranty, and if unsuccessful, to apply once again to the Court for compensation from Thiele, which would in all likelihood not be fruitful as he was a man of straw.
- 2.6.9 An action was entered into involving a consumer and several dealers in order to determine the ownership of the cars. At the time of writing this report a judgement has been handed down in the County Court that "effective title had in fact passed to the consumer". As a result of this case the other consumers involved can assume that their cars will not be able to be taken away from them and that they can deal with them as rightful owners.
- 2.6.10 Currently the solicitors of Blackwood Investments have indicated that they are prepared to make an offer to settle with the consumers who have incurred losses as a result of this episode. Nevertheless, the fortunate outcome of this case for consumers cannot be taken to have resolved the problem where cars can be sold without the right to pass the title at the same time.
- 2.6.11 Although the Blackwood Investment case has been satisfactorily resolved, there are many others where the buyer has not only lost the vehicle but is still committed to a finance company for the repayment of a personal loan taken out to finance the purchase.

- 2.6.12 The requirement for some form of title registration, or an alternative to protect those who buy in good faith should be examined as a matter of urgency. Title uncertainty is not unique to motor cars, but also related to caravans (where evidently there is no chassis registration number), boats, refrigerators and many other items. The need for caravan chassis registration was highlighted in a previous report.

Finance and Insurance.

- 2.7.1 These issues have been fully discussed in last year's Annual Report and all examples given are still applicable to the current year.
- 2.7.2 Many consumers who seek the assistance of the Bureau have involved themselves in a hire purchase contract for the purchase of a motor vehicle. These types of contracts enable dealers to obtain a commission on the interest charged by the finance company, as well as a commission on any insurance premium on the contract.
- 2.7.3 In some cases the total of the dealer's commissions may exceed the amount he actually makes on the sale of the vehicle. In Table 1, the details of a transaction referred to the Bureau are shown. Unbeknown to the consumer, anything up to \$500 will be paid by him to the dealer by way of commission on insurance, and approximately \$300 by way of commission on the finance. Furthermore, the dealer will obtain a commission on the sale of the extended guarantee and the rust rid treatment. The fact that the dealer may reduce the selling price of the vehicle to what he considers to be rock bottom is therefore only half the story.

TABLE 1.

Summary of a Hire Purchase Contract.

Cash price of car		\$5,690
Less deposit -		
Cash	\$500	
Trade-in	\$990	
		<u>\$1,490</u>
		\$4,200
<u>ADD</u>		
Extended Guarantee	\$160	
Rust Rid	\$98	
Comprehensive Insurance(4 years)	\$1,856	
Consumer Credit Insurance	\$165	
Handling Fees	\$40	
Stamp Duty for H.P.	<u>\$94</u>	
	\$6,613	
Interest	<u>\$3,179</u>	
	<u>\$9,792</u>	

- 2.7.4 Similar commission payments may apply whenever a consumer obtains a personal loan with security over the motor vehicle, property or household effects. Some finance companies may insist on arranging the insurance for the borrower and when this occurs, the finance company retains the commission, which otherwise would be payable to the dealer. Sometimes the finance company and the dealer share the commission. In other cases a broker may be involved.

- 2.7.5 The Ministry of Consumer Affairs acknowledges that a dealer is entitled to commission for arranging the finance, consumer credit insurance and the comprehensive motor vehicle insurance. After all, he is acting as an agent on behalf of the finance and insurance company. The objectionable aspect is that because of the commission profit, many dealers will exert considerable pressure on the consumer to make use of the finance and insurance they provide, depriving the consumer of the opportunity to shop around for more acceptable insurance and premium rates. In cases reported to the Bureau, consumers were told by dealers that a special agreement exists with the dealer's insurance company whereby the consumer would obtain the best possible premium rates. In fact the premium rates were anything but competitive and were loaded with extremely high commission retainers by the dealers.
- 2.7.6 It is essential for consumers to realise that they could save themselves a very large proportion of the commissions if they entered into the finance and insurance transaction directly with the appropriate companies.
- 2.7.7 Some insurance companies are offering package deals on consumer credit insurance to motor car dealers whereby the company requires a minimum premium, and anything that can be obtained by the dealer, and in some cases by an insurance broker, above that specified amount can be kept by him as a commission. Thus a consumer credit insurance premium may vary considerably between insurance companies on one and the same risk as well as between individual dealerships with the one and same insurance company. For example, one dealer charged \$208.26 consumer credit insurance premium on a finance contract with a residue of \$7,037. Another dealer charged \$344.22 premium with the same insurance company on a finance contract of \$5,648 residue.
- 2.7.8 In the example in Table 1, the cash price of the car was \$5,690. Because it was financed on hire purchase for four years, the total amount payable by the consumer was \$11,282. Considerable savings by way of interest charges, comprehensive and consumer credit insurance charges could have been made if the car had been purchased other than on hire purchase.
- 2.7.9 Investigating officers of the Consumer Affairs Bureau who are constantly dealing with credit and insurance issues in conjunction with motor car complaints are of the unanimous opinion that the best advice on how to save money that can be given to consumers is to make as high a deposit as possible and to shop around for finance, comparing interest rates between lending institutions, including banks and credit co-operatives. They should directly approach an insurance company and arrange their own insurance. If consumers follow this procedure, then they could save themselves hundreds, if not thousands, of dollars. This has been stated in previous Annual Reports and it is repeated now by way of essential consumer education.

A Deal is a Deal.

- 2.8.1 During the year under review the Bureau received numerous requests for assistance from consumers who had entered into a legally binding contract which for some reason or other they wished to cancel. On several occasions the consumer discovered after signing the contract that he could "do a better deal" elsewhere. In such cases he was informed that his complaint was unjustified as he should have shopped around before finally committing himself with a particular dealer.
- 2.8.2 Nevertheless, in other instances, there are definite signs that consumers were placed under some duress by salesmen employing pressure tactics to make them sign legally binding contracts without giving them a chance to consider the deal. There are instances where a house-wife has dropped into a car yard to look at some cars on her way to do her daily shopping and a salesman has induced her to buy a car. The sales spiel may last for several hours and the salesman may drive the wife to the husband's working place to continue his pressure selling tactics there.
- 2.8.3 There is no doubt that some salesmen are very professional operators and many consumers do not realise the psychological pressures to which they are subjected to induce them to purchase a vehicle. There are far too many complaints showing that the original intention of the consumer may have been to purchase a cheap vehicle or that the visit to a yard may have been only a shopping expedition to sound out the market, but the end result was the purchase of a vehicle which the consumer did not want or could not afford.
- 2.8.4 In some instances this must be attributed to a consumer's foolishness and immaturity in budgeting his earnings, but in most instances it must be said that the persuasive selling techniques of the salesman played a very large part in hurrying a purchaser into completing a transaction.
- 2.8.5 In this respect the attitude of some salesmen must be described as "two faced". Prior to the signing of a contract he is most polite and co-operative. He adopts the attitude of a family friend who has the consumer's well-being in mind and who promises to consider all difficulties which the consumer may encounter after purchasing the vehicle. This attitude of the salesman completely changes after the contract has been signed. Any representations by the consumer are then countered with the statements "A deal is a deal", "You have bought a motor car" or "See your solicitor. We are going to sue you".

Misrepresentation of the Consumer's Financial Equity or Capacity.

- 2.9.1 The Bureau also has evidence that some salesmen have resorted to misrepresenting to the finance company the financial position of a consumer in relation to his income, commitments and/or equity in a transaction, in order to clinch a deal.
- 2.9.2 In one case where the consumer had to borrow an excessively large amount, the salesman had recommended and accompanied the consumer to two separate lending institutions, advising him to obtain a loan from each without disclosing that fact to the other lending institution.

- 2.9.3 There are also many cases where fictitious deposits have been shown on a hire purchase contract - i.e. where the selling price of a vehicle is increased by a certain amount (sometimes over \$1,000) in order to be able to show on a hire purchase document that a deposit of that amount was paid by a consumer.
- 2.9.4 Although some blame for this is attributable to the consumer it is even more so to the salesman who assures the consumer that he would guide him through all the difficulties of obtaining finance in order to make it possible for him to buy a particular car.
- 2.9.5 The pit-falls facing the consumer if he allows himself to be guided by the salesman without using his own judgement can best be illustrated by a complaint which was lodged against a second-hand car dealer. In this example, a consumer changed his fully paid up 1974 model Passat Station Wagon of 40,000 kilometres to a 1974 Cortina Station Wagon of 64,000 miles and finished up owing a finance company \$15,808.20. All this happened in the course of five weeks. It was an amazing sequence of events, which is discussed in Part 3, Section 13.

Misuse of Finance Agreements to bind a Consumer to a Contract.

- 2.10.1 Complaints have arisen where a consumer has found himself committed to buying a car on finance when the either intended to pay cash, or the purchase was conditional on a matter which did not eventuate.
- 2.10.2 The situation has arisen when the consumer selects a car and wants to pay cash for it, if he can get a personal loan or some other low cost finance. It may be that the car will be purchased subject to the spouse's or parent's agreement.
- 2.10.3 Whenever such a conditional agreement to purchase is arranged, the dealer quite often will ask the consumer to sign a hire purchase document. In some cases the consumer would be informed that this hire purchase document would be processed within seven days and forwarded to the finance company if the consumer should change his mind and not proceed with the sale. Unfortunately, in far too many cases the consumer is unaware of the reason for being asked to sign such a hire purchase agreement. He may be told that it is part of a routine requirement of little importance to him or he may be assured that he is being asked to sign the hire purchase document because it would give him immediate insurance cover on the vehicle until such time as the cash balance is paid by him. Complaints have also been reported to the Bureau where consumers did not realise at all that they were signing finance contracts.
- 2.10.4 Subsequently, if one of the conditions to the original agreement does not eventuate, i.e. the consumer cannot obtain a personal loan in time to pay cash for the car or where a parent may not give his approval for the purchase of this particular vehicle, then the dealer would immediately lodge the hire purchase document with the finance company who would then demand payment of the monthly instalments. The situation may also arise where a dealer has agreed to carry out some repairs as a condition of the contract but has not done so and the buyer does not therefore wish to go ahead with the deal.

- 2.10.5 On one occasion after finance documents had been prepared under the above policy, they were lodged with the finance company without the knowledge of the consumer; the dealer then delivered the car to the consumer's front gate, informing him that the deal had gone through and that he had purchased the vehicle on hire purchase. In this and similar cases the purchaser's intention is to buy the vehicle for cash and he is not really interested in such items as insurance premiums, interest rates, or monthly repayments, and regrettably pays little attention to the conditions in the hire purchase contract which he is induced to sign, quite often under false pretences. When he finally gets the contract from the finance company, he discovers that he may be paying twice the amount of the cash price of the car. (See Table 1, section 2.7.3).
- 2.10.6 Some dealers have admitted to the investigating officers of the Bureau that they are making use of these holding contracts to "beat the consumer over the head with" if he should change his mind or should not be able to proceed with the deal because one of the conditions of the original agreement did not eventuate. This kind of mis-use of hire purchase documents as holding contracts is quite wide-spread throughout the industry and is condemned by the Australian Finance Conference as well as by the Ministry of Consumer Affairs.

MOTOR CYCLE WARRANTY REPAIRS.

- 3.1 Although the Bureau is receiving an ever increasing number of complaints generated by the motor cycle industry, it is thought that many more would be made were it not for the ability of many owners to effect their own repairs.
- 3.2 Most of the complaints received during the year involving the failure by the dealer to accept the warranty obligations, related to Yamaha and Honda motor cycles. These complaints are, in the main, against non regular dealers, who often do not have adequate repair facilities. In these cases it was necessary for the consumers to approach another dealer to have the rectification work carried out and to pay for this and then claim against the manufacturer. Although the claims were paid without question, it is believed that the inconvenience and hassle to the consumer should not have occurred and these manufacturers should ensure that the performance by their dealers is improved.
- 3.3 Other complaints relate to an inability to obtain parts and, despite efforts by the Bureau officers on the part of the owner, parts are often not available or take an unreasonable time to be supplied.

THE CARAVAN INDUSTRY.

- 4.1 It appears that most major caravan manufacturers have now introduced a voluntary system of embossing serial numbers on the chassis of their caravans in order to allow a positive identification of each caravan. Such a move was advocated by the Ministry in its last Annual Report as the absence of such a numbering system made it impossible to identify a particular caravan, thus giving rise to many complaints to the Bureau.
- 4.2 In the twelve months under review, 139 complaints have been received. 96 of these concerned faulty workmanship and subsequent delays in either the dealer or manufacturer attending to warranty items. Many retailers in the caravan industry have commented that there is a general trend to use caravans for permanent living, which in itself is creating new warranty problems as many manufacturers still require the caravan to be delivered to the factory in order to attend to major warranty complaints. Whenever a caravan is used for permanent living, this may not be practicable as it would deprive the consumer of his living quarters for a considerable time.
- 4.3 Consumers must therefore consider this when negotiating with a dealer for the purchase of a caravan and insist that whenever possible, warranty work be done on-site. Conversely, repeated trips for repair of minor warranty items on-site may make a manufacturer more reluctant to visit the site should a major problem arise. It may be wise in this case to adopt a practice common in the housing industry and, at the end of three months, use compile a list of all complaints and present them to the manufacturer for on-site warranty repair. A caravan should only need to be returned for workshop repair for major structural defects.
- 4.4 If the caravan is to be used interstate, it is essential to choose from a manufacturer that has an agent in the new state. Otherwise considerable difficulties will arise over warranty work.
- 4.5 A further trend in the caravan sales industry is the introduction of technical features which create problems in themselves. The technical features are in the main the various types of braking systems, or accessories such as air conditioners. Complaints received have revealed that the individual salesmen who advised consumers on these issues may have no real knowledge of the accessories or the operation of other equipment and so quite often mislead consumers as to the maintenance and qualities of such accessories. A purchaser should therefore obtain as much information as possible directly from the various manufacturers of the accessories and preferably from other caravan owners before committing themselves.
- 4.6 The most significant development in the caravan sales industry is the trend for motor car dealers to reserve part of their yards for caravan sales and offer caravans to the public in a similar fashion to motor cars. This development creates the same kind of problems in the caravan sales industry as is prevalent now in the second-hand motor car sales industry. One could even say that this development alone is the major contributory factor to the current increase in caravan complaints.

- 4.7 All comments made under the heading of Finance and Insurance of Motor Vehicles can be applied to many complaints dealing with caravan sales. The Consumer Affairs Bureau holds finance contracts where the final commitment on a hire purchase contract for the purchase of a \$10,850 caravan amounted to in excess of \$21,000 without the consumer being fully aware of his overall commitment.
- 4.8 It is evident from the complaints received in this area that just as with motor car sales, too many consumers do not realise the complexities of finance transactions and therefore expose themselves to considerable financial loss and over-commitment. On the other hand it appears that salesmen are more concerned with making a sale than with presenting the whole transaction to the consumer in an unbiased manner.

FINANCE INDUSTRY.

- 5.1 A common thread to the complaints involving the purchase or hire of motor vehicles, television sets, washing machines, houses and real estate are the allegations made by consumers of deception and misrepresentation of the nature of the financial arrangements or the non-disclosure of relevant facts.
- 5.2 Most of the complaints in the finance category received by the Consumer Affairs Bureau arise because the finance is being sold, usually outside the office, and therefore outside the immediate control of the finance institution. In the case of motor vehicles, the finance is sold in the motor car dealer's yard (See Section 2.7). In the case of colour television, the finance is sold in a retail establishment. Finance may even be sold to a consumer in his own home on a door to door basis. This is particularly bad in those contracts involving house cladding (Section 1.5.6).
- 5.3 In each case it is clear that a breakdown of communication has occurred between the finance company and the consumer because the finance documents were handled by the motor car dealer, the door to door salesman, or the retailer. It is the belief of the Ministry that many of the complaints which arise when finance is involved in the purchase of goods would not have occurred if the finance institutions took more interest in the actual transactions themselves. Since most salesmen sell on commission, generally speaking, the temptation to them to misrepresent or understate the financial commitment of the consumer in order to push through a sale is high, especially in a competitive business. If finance companies would check periodically on how individual salesmen make use or mis-use of the finance companies' documents out in the field, a lot of complaints could be stopped.
- 5.4 It is essential that finance companies at least institute some checking procedures with dealers or traders who constantly generate complaints involving allegations that consumers were not aware of all their commitments under hire purchase or other finance documents.

INSURANCE INDUSTRY.

- 6.1 Complaints concerning general insurance, covering contents of houses and flats, destruction of homes by fire, and travel insurance, increased from 77 in 1975/76 to 147 in 1976/77. The main areas of complaint are discussed below.

Minimum Premium.

- 6.2.1 Some people when considering their contents insurance, have left the valuation of their goods at a figure which may be years out of date.
- 6.2.2 Several consumers have complained that on checking with their insurance companies, they find that for the same premium they could have a much higher cover. The consumers were most upset to learn that their companies had established a "minimum premium" and a consumer who had maintained a contents cover of \$2000 for years because he felt he could not afford a higher cover, was astonished to learn that he could have a cover of \$5,000 for the same premium.
- 6.2.3 At least some insurance companies have elected to mark their renewal notices thus -

"Due to rising costs, our minimum renewal premium inclusive of all costs and charges is as attached. If the depreciated value of your contents is greater than shown on the notice, we suggest that you increase the sum insured up to its present day value. No further increase in premium will be payable for sums insured up to \$5,000.

Please amend the certificate if a higher value is required."

"Averaging" of Contents Insurance.

- 6.3.1 A consumer had the misfortune to be burgled and lost goods, including a colour television set, to the value of \$1700. As she had insurance of contents for \$2000, she felt she was fully covered.
- 6.3.2 On making a claim, an assessor from the insurance company called and, on inspecting the house, informed her that the contents were worth \$7000. The consumer agreed, but on receiving a letter from the insurance company, she was most upset to learn that her policy contained the following clause -

"AVERAGE -

If the value of the property insured by any item shall at the time of the loss be of greater value than the sum insured on such item, then the insured shall be considered as being his own insurer for the difference and shall bear a rateable proportion of the loss accordingly."

- 6.3.3 Thus the settlement offered by the company was approximately \$480. Most insurance policies have an "average" clause in them. The effect of this is that the insured is accepting the risk for the difference between the sum of his insurance policy and the total value of the contents. If the value of the contents is \$10,000, and the policy \$5000, then

the consumer and the insurer each share the costs of any loss, i.e. if \$2000 loss then the insurer bears \$1000 and the consumer \$1000. To avoid loss under the average system contents must be fully insured.

Excess.

- 6.4.1 Examination of a number of insurance policies revealed a further clause of which many consumers were unaware. This relates to the consumer bearing the first sum of any claim. The habit of charging an "excess" on claims has always been associated with motor vehicle insurance, whereby a consumer agrees to pay the first \$75, \$100 or whatever amount is nominated, of any claim.
- 6.4.2 It would appear that because of the increasing number of claims in some overseas countries, notably the U.S.A., some insurance companies are inserting "excess" clauses, such as the following, in their content policies in order to limit the number of small claims:-

"EXCESS -

The insured shall bear the first twenty dollars (\$20) of each claim (arising out of a single occurrence) in respect of loss or damage to

musical instruments)	(fire
or their accessories,)	(theft following
portable radio, TV)	unless (forcible and
sets, tape recorders,)	caused (violent entry
record players,)	directly (into premises
equipment for any form)	by (or into the locked
of sport,)	(boot or locked
articles not specifically)	(glove box of a car
insured for separate sums)	(collision, overturn-
	(ing or derailment of
	(a road or rail
	(vehicle accident
	(to aircraft

These excess clauses, deter claims for small amounts, and impose some responsibility on the consumer for any loss.

Issue of Policies

- 6.5.1 In several cases consumers have complained that their claims have been rejected because of a particular clause in their policy, of which they were unaware as the company had not supplied them with a copy of their policy.
- 6.5.2 Investigation has revealed that because of the cost involved some companies will not automatically issue a policy document but will only supply one on request.
- 6.5.3 In several cases companies had been very slow to supply a policy even when requested, particularly when a complaint is in dispute.

- 6.5.4 By far the majority of complaints arise because the consumer was not aware of the conditions under which his property is insured, especially in relation to any exclusion clauses. Consumers should obtain a copy of an insurance policy and read it before they take insurance; if the contract does not give the cover they want they should go elsewhere. If the company cannot or will not supply a copy of the policy for examination, go elsewhere for insurance; it is too late to read a policy after a claim arises.

Fire Insurance

- 6.6.1 The destruction of a home by fire is an event which is dreaded by every home owner. Insurance companies, through advertising, consistently urge everyone to make sure their building and contents are fully insured, and to be constantly aware of the ever increasing value of a house in these days of inflation.
- 6.6.2 However, one consumer found that the tragedy of a house fire was only the beginning of his nightmare.

Mr. A. purchased an eighty year old weatherboard house in an inner city area and over the next four years put all his savings into renovations and extensions. Aware of the insurance value spiral, he insured the building for \$40,000 to cover any eventuality.

The house was destroyed by fire early in 1977 and was written off completely by the insurance company. Despite the cover he thought he had, Mr. A, through the company's assessors, was offered only \$18,000 in settlement,

- 6.6.3 Investigation by the Consumer Affairs Bureau revealed the following points -
- (a) The insurance company accepted the premium paid based on Mr. A's valuation of his house.
 - (b) It is common practice for insurance companies to accept a person's own valuation of their property and charge a premium on that valuation. The property is rarely inspected to confirm the valuation.
 - (c) When a fire occurs, a firm of assessors is employed by the insurance company to value the house.
 - (d) In Mr. A's case the company refused to pay the insured value, but has instead offered the assessed value, based on the recent sale of other properties in the same area.
- 6.6.4 Recently publicity was given to another case where the insurance company had recommended that the house be insured for a certain value. This was done, but when the house was completely destroyed the company claimed that the insured value was too high. The Ministry believes the consumer has every right to the full amount insured as this was the suggestion of the company, and the inference is that the company has assessed its value. The alternative inference is that the company has deliberately inflated the value to gain a higher premium without conferring a greater benefit.

- 6.6.5 It is known that often a householder includes the value of land in the insurance value he submits to the insurance company. There is unlikely to be a loss sustained in the value of land when a house is totally destroyed. However, this is not generally realized by the consumer who is thus paying an amount as part of a premium for cover he is unlikely to receive in a total loss settlement.
- 6.6.6 These cases raise some very important questions.
- (a) Is it reasonable to accept the householder's valuation?
 - (b) Is it reasonable to set the figure for the loss on the house on the value of a similar house close by which may not have been improved or re-decorated?
 - (c) Is it reasonable to accept premiums for ten to fifteen years for an insurance value of \$40,000 when a much lesser sum will be paid for total loss?
 - (d) Should there be an independent or agreed valuation, as is the case with jewellery, before the insurance contract is completed, and this despite the administrative inconvenience involved?
- 6.6.7 These are questions which concern the Ministry and consumers, and as the complaints received by the Ministry indicate, there is a serious disparity between the insurance values for premium purposes and the settlement values after total loss. It is appreciated that this is not a simple matter and is one in which there are a number of aspects to be considered. Nevertheless, the Ministry believes the Insurance industry should examine these issues in an objective manner and suggest a solution.
- 6.6.8 Consumers should know what amount will be paid if there is a total loss before such an event rather than after. The acceptance of premiums, part of which confers no benefit, is bordering on fraud.

Life Insurance.

- 6.7.1 Although from time to time the Consumer Affairs Bureau received a complaint regarding life insurance, these were not of great concern until early 1977, when the number of complaints received increased noticeably.
- 6.7.2 From examination of these complaints, it appears that recent moves in the taxation field have caused many people to reconsider the worth of their policies as a saving. The resulting enquiries to insurance companies concerning the surrender values of such policies have generated a number of complaints to the Bureau as consumers found out that the surrender value would be much less than what they paid to the company by way of premiums.
- 6.7.3 Several consumers complained that they had been assured by the salesman at the time of taking out the policy that they would at least get their money back if they decided to surrender the policy before maturity.

- 6.7.4 The procedure for calculating the minimum surrender value of policies is governed by the Life Insurance Act. In all complaints investigated consumers received at least the minimum amount under the Act's formula. Consumers cannot expect to break even if a policy is surrendered before quite a few years have elapsed.
- 6.7.5 The complaints really arise from a misunderstanding or a misrepresentation at the time the policy was entered into. If the allegations made against some insurance agents are to be believed, it places them in the same category as any other salesman who will do or say anything just to make a sale.
- 6.7.6 Several complaints were received from consumers that they had asked for endowment policies which mature after a certain number of years, but instead had received "Whole of Life" policies, which investigations have shown carry a greater commission for the salesman. On approach by the Consumer Affairs Bureau, several companies after investigation refunded all premiums paid by the consumer.
- 6.7.7. Consumers are warned to check carefully the policy document received and if it is not what they want, draw it to the attention of the company's top management immediately.

Motor Vehicle Industry.

- 6.8.1 The problems with insurance of motor vehicles has been discussed in Section 2.7

Consumer Credit Insurance.

- 6.9.1 The purpose of a Consumer Credit Insurance Policy is to protect the insured should he be disabled and prevented from attending his normal employment. The policy also covers death by accident. The insurance company, if they decide to meet the claim, would make monthly payments, on behalf of the borrower, direct to his finance company.
- 6.9.2 However, as in the previous year, there were many cases where insurance companies denied liability following their strict interpretation of their policy, and ignored any moral principles involved.
- 6.9.3 In one particular case the consumer was unable to work because of asthma. The insurance company denied the claim on the basis that asthma was a pre-existing condition and thus it was not covered under the exclusion clause of the company. The insured was forty years of age and his only previous visit to the doctor with an asthma complaint was when he was five years old. Eventually, after Bureau involvement, the company met the claim.

- 6.9.4 Another consumer was unable to work because of a "frozen" right shoulder, caused by the use of a hand operated pneumatic rivet gun during his normal course of employment. This claim was denied because the condition he was suffering "did not arise solely and directly from violent, visible, external and accidental means" as the policy requires. Some policies exclude events caused by any illness and/or disability from which the consumer has previously suffered or which was existing at the date of acceptance of the personal finance contract, whether treated for this or not. In other words, if the insured is suffering from an illness which had existed for several years, but was unknown to him, then the company could deny liability on the grounds that it was a pre-existing condition, although never previously recognized or treated.
- 6.9.5 In another case a consumer entered into a finance contract for the purchase of a motor cycle. Included in the contract was a consumer credit insurance premium. Shortly after, whilst riding the motor cycle on a highway, he had an accident and died two days later. The consumer credit insurance policy covers death by accident. However, the exclusion clause in the policy states that the company shall not be liable in respect of death or disablement "resulting from football, motor cycling, polo, racing of any kind (except on foot) or professional boxing or wrestling". This is patently absurd; why was he sold a consumer credit insurance policy to cover the finance of a motor cycle if disability from the use of the cycle was excluded. This case is being pursued.
- 6.9.6 In another case the consumer was disabled following a back injury. Initially, he was able to obtain full Workers Compensation benefit, but then the compensation decreased by less than half. The consumer's Credit Insurance claim was denied on the basis that the company is not liable "if the insured is entitled to benefit under any Workers Compensation law, or any other policy of insurance or contract, or still continues to receive his/her usual salary during the period of disability." The Bureau argued, without success, that the company should make payment to the finance company on a pro rata basis.
- 6.9.7 These cases illustrate the main concern of the Ministry in that many rejections of claims are made when there has been no breach of good faith by the consumer. It is normal for pre-existing conditions to be excluded - otherwise it would allow for abuse. Insurance should not be used to put a person in a better position than before the claim arose. There are naturally two sides to most contentious claims. However, it is not considered acceptable that -
- (a) the conditions of the policy are not made known to the consumer until he receives the policy in the mail, some 2-3 months later
 - (b) that consumers are often tied into consumer credit insurance without being given the option of rejecting cover
 - (c) that the questionnaire does not cover matters for which exclusions apply
 - (d) minor technicalities which do not affect the risk, are used to avoid liability

- (e) that sales staff who write these policies do not understand them, or if they do they fail to represent the cover truthfully.
- (f) that age is used to avoid liability when the applicant's correct age is stated, and the applicant is unaware of the age exclusion
- (g) there should be an uncertainty as to benefits.

MUTUAL HOME LOAN FUNDS.

- 7.1 Mutual Home Loan Funds have been a subject discussed in some detail in previous reports. The Bureau continues to receive enquiries and complaints about their operations.
- 7.2 The concept of a Mutual Home Loan fund is to create a pool of moneys out of which members receive loans. To create that pool, each member undertakes to take up shares in proportion to the loan he wishes to receive. Initially, the member undertakes to purchase options, which can be exercised after 54 months, to take up loan entitlement shares. A member may receive a loan only after the expiration of the option period. In order to obtain a \$30,000 loan a member would have to contract to purchase 300 shares at \$40 each over seventeen years and three months at a cost of \$12,420 which includes \$1.40 brokerage per share. A member receives no credit for these payments against any loan that may be made, and if a loan is made, is obliged to continue them as well as the loan repayments.
- 7.3 Buy back provisions exist in the first 54 months, and a proportion, exclusive of brokerage, can be applied for. However, once the option was exercised to take up loan entitlement shares no such buy back provisions exist. That is, if a member ceased making his monthly payments, he forfeited his shares and all moneys paid for them.
- 7.4 By the provisions of the Loan Fund Companies Act 1976, Loan Fund Companies incorporated in New South Wales are compelled to repay a proportion of all moneys paid in if the member is not in arrears with his payments. The provisions of that Act in relation to forfeiture or surrender of shares come into operation on 1.3.77 but are not retrospective.
- 7.5 That Act is administered by the Office of the Supervisor of Loan Fund Companies, P.O. Box A283, Sydney South, New South Wales, 2000, and enquiries may be made to that office. It is essential for members to seek the supervisor's advice as non payment of instalments and penalties could prejudice their chances of recovery of moneys.
- 7.6 Mutual Home Loan Funds are not recommended to consumers. Members have no right to call for loans, and indeed cannot obtain a loan within the first 4½ years of membership. Members are placed on priority lists and must wait their turn. That priority list is subject to factors which preclude any certainty of forecasting when a loan is obtainable. The low rates of interest on loans must be discounted by loss of income that could be earned elsewhere by investing in loan entitlement shares. The moneys invested in shares would seem not to be recoverable once a loan is made. Although the rate of interest

on housing loans granted by the company is low, it must be remembered that a member has considerable capital tied up in shares which carry no interest or dividends.

- 7.7 In fact, it is difficult to find any justification for Mutual Home Loan Funds, the disadvantages appear to far outweigh any advantages.

ABUSE/MISUSE OF LIMITED LIABILITY COMPANIES AND OF BUSINESS NAMES.

Limited Liability.

- 8.1 In this and previous reports, there is frequent mention of companies which have gone into liquidation, and its creditors, often consumers, can obtain no redress. The unfulfilled commitment of the company may relate to failure to supply goods or services paid for, or failure to honour warranties on goods or services that have been supplied. Quite often the failure of the company arises from a practice which has no chance of success; such as agreeing to supply goods at a price when there is no profit or a negative profit margin. This inability to meet obligations also arises with unincorporated traders, but many of these are placed in bankruptcy and the principals' assets are used to satisfy creditors.
- 8.2 Unfortunately when a company goes into liquidation the Ministry rarely gets redress for consumers. Often the directors will start up another company which in turn is unable to meet an obligation and fails and another company is then formed. This pattern leaves a trail of wreckage and unsatisfied consumers. These predatory directors continually appear in different disguises and again pursue an equally unethical business practice.
- 8.3 The Ministry recognises that there are many companies which go into liquidation and sole traders who may go into bankruptcy, through factors beyond their control; a change in economic circumstances, under-capitalisation or a simple lack of management expertise can induce this situation. This section does not refer to those people who have traded ethically and honestly, and have been caught up in matters beyond their control, instead it relates to those who go into business recklessly, without any regard other than that of a pious hope of meeting their commitments to a consumer. The prime aim of these "traders" seems to be the making of as much money as possible with the least service.
- 8.4 A student of Ministry reports will note that some of these persons mentioned for unethical trading have served, or are serving jail sentences, and no doubt others will follow.
- 8.5 The concept of limited liability seems to have arisen at the time of the Industrial Revolution. Its primary concern was to encourage people to invest in large scale ventures by limiting their liability to the amount of capital invested. Prior to this, investors were personally liable for debts accruing to companies in which they had invested. The limited company became a separate legal entity able to sue and be sued, and liable for its own debts. Most of the capitalist world's large ventures, and a great many small ventures are undertaken by limited liability companies.

- 8.6 Most consumers have contractual dealings with limited liability companies every day - buying groceries, cars, land, clothing. In fact, most Australian businesses are conducted by limited liability companies.
- 8.7 However, this quite respectable way of conducting business is obviously being abused and needs some control, if consumers are not to be caught.

Misuse of Business Names.

- 8.8 Business names can be used in a number of unethical ways. Two of these are the choice of a name which implies some characteristic, or quality to the product marketed, and the use of a name which suggests some substance of the firm or an inference of a relationship with a quality product of a substantial company. A third way is the use of business names, often unregistered, which causes confusion to a consumer, and great difficulties in pursuing an action for recovery of moneys or damages.
- 8.9 One firm had the registered business name "Duty and Tax Free Opal Stores" and used this as an advertisement at their business. There is no duty or tax on the sale of opals but potential consumers could be easily misled into believing they are saving money by purchasing opals there. Today some stores are selling cameras as Duty Free, but again there is no duty on cameras. Consumer Benefits Association Pty. Ltd. is a private company and not related to a consumer group. Nevertheless, in the telephone book the Pty. Ltd. is not included, and one is not alerted that it is a company but would believe they are dealing with a voluntary association.
- 8.10 "Pest Control Advice and Information Center" and "Bureau of Trade Development" suggest they are an impartial advisory body or a section of Government. The Pest Control Advice and Information Centre was a name used by Rentokol Pty. Ltd., and a consumer ringing for advice was often told to contact Rentokil as a reliable Pest Control Company. Whether Rentokil is reliable or not is not being debated, what is of concern was the use of the name Advice and Information Centre in a way to attract business to Rentokil.
- 8.11 The Bureau of Trade Development was a private organisation owned by a partnership of two companies. This Bureau gave a seal of approval to products. The products may well have been good, but there is little doubt that a consumer would believe that some government organisation had given the seal of approval.



- 8.12 The use of the terms Advice Centres, Bureaux in trade names is considered to be quite misleading.
- 8.13 The names Frigcrest Refrigerator Repair Services, Hoovex Washing Machine Repair Services, and Turnell Washing Machine Repair Service, could not by any streak of imagination be believed to be a coincidental choice of name unrelated to major brand name products. These names are the registered trade names of S.S. Appliances Pty. Ltd. and there is no connection with the manufacturers of Frigidaire, Hoover or Turner.
- 8.14 The use of such business names is deliberately misleading.
- 8.15 The names "Australian Clad Industries Pty. Ltd." and "Independent Chemical Imports Pty. Ltd.", abbreviated to "A.C.I." and "I.C.I." again appear to be chosen to influence consumers that there is some relationship with A.C.I. Ltd. and I.C.I. Australia Ltd. The first two companies are referred to in Section 18 in relation to unethical trading practices.
- 8.16 A few years ago a firm, Insul-Rite Home Insulation, used a contract document with the words -

P.G.H.
 An F & T Industries Company
 A division of Insul-Rite Home Insulation
 Member of the Rite Brick Group of Companies.

A company, P.G.H., was a supplier of insulation material but had no other relationship with Insul-Rite. F & T Industries (now ACMIL) had no relationship with Insul-Rite. To consumers, however, there was little doubt that they were dealing with F & T Industries, a large Australian company. One consumer wrote to the Ministry "I wish to lodge a complaint regarding the treatment I have received from F & T Industries Company, a division of Insul Rite Home Insulation." Other consumers were similarly misled.

- 8.17 The principals of Insul Rite Home Insulation and Rite Brick Pty. Ltd. were also involved with Modern Building Products, a trade name registered by Helvetia Consolidated Industries Pty. Ltd. The letterhead carried the words -

Modern Building Products
 Member of Helvetia
 Consolidated Industries
 Group of Companies.

This group's main substance was the image given by its letterhead. These companies were discussed in the 1976 report of the Director.

- 8.18 Following these efforts, it was not surprising that some of the principals of these companies are involved with Country Road Caravans referred to in Part 3 Section 30, for the use of an answering service as its registered address, and representing that the Head Office of that telephone answering service is the Australian Head Office of Country Road Caravans. One can understand why this has been done and sympathise with these entrepreneurs because without this image of respectability and substance gained by the misuse and abuse of facts, and association with other companies, they have nothing else to offer their customers.

8.19 The Corporate Affairs Office and Telecom Australia have adopted a policy to prevent the registration or advertising in the Yellow Pages of company or business names which are misleading. Despite these precautions, however, there will be some which get through, and regrettably few consumers have the knowledge or the resources to unmask the real trader. The Ministry will, however, try and keep consumers advised when such misleading names come to notice.

PART 3TRADERS WHOSE ACTIVITIES OR ATTITUDESWARRANT SPECIAL MENTIONBUILDING INDUSTRYCleveland Homes Pty.Ltd

- 1.1 For the period of the report ending 30/6/77 a large number of complaints have been received against the house cladding company Cleveland Homes Pty.Ltd., 56 Burwood Road, Hawthorn. Cleveland Homes Pty.Ltd. manufacture and market their own cladding material.
- 1.2 The Directors of this Company are Tasman Edward Robertson and Edna Minnie Robertson. The majority of the complaints received relate to brick cladding, the others to roofing alterations and general renovation work.
- 1.3 The complaints arise from:-
 - . Poor workmanship
 - . Failure to rectify faults despite numerous requests.
 - . Failure and delays to complete work.
 - . Failure to respond to consumer correspondence, and in some cases to the Consumer Affairs Bureau's correspondence.
 - . Inability to obtain Building Permits because of faulty work.
 - . Delay in affecting agreed rectification.
- 1.4 It appears that the product manufactured by the company is of a relatively low quality as the imitation brick face surface of the cladding often peels off, some joints separate and the artificial mortar colour has a tendency to fade.
- 1.5 Not only has work been unsatisfactory, but there has been water damage to the house because of ineffective sealing. Complaints against Cleveland Homes regarding re-roofing also indicates the poor workmanship and again water damage through leaks.
- 1.6 The complaints of poor material and workmanship are compounded by the company's reluctance to resolve problems. Even after Cleveland Homes representatives undertake to rectify faults such rectifications only take place after constant representations by the Consumer Affairs Bureau on behalf of the consumers.
- 1.7 The Housing Industries Association terminated the membership of Cleveland Homes in December 1975.

- 1.8 Staff of Cleveland Homes Pty.Ltd. have recently advised the Bureau investigating officers that the company may be placed in voluntary liquidation because of trading difficulties. If this happens consumers with complaints outstanding, will be without any reasonable redress available. Both the Directors of Cleveland Homes Pty.Ltd. are also Directors of another Company believed to be operating in the cladding field known as Mayfair Homes Pty.Ltd. the registered office being 56 Burwood Road, Hawthorn.
- 1.9 As yet there are no complaints against Mayfair Homes Pty. Ltd but the company is mentioned because the activities of the directors of Cleveland Homes Pty.Ltd. seem to be following a well established pattern whereby a company which has lost most of its goodwill and cannot or will not honour its commitments under existing contracts and warranties, ceases to exist, and the directors then operate through another company.
- 1.10 As the management is unchanged it is unlikely that there will be any improvement on consumers experience with the new company.

Durable Perma-Brick (Aust) Pty. Ltd., D.H.I. Industries Pty.Ltd
And D.P.B. Home Improvements.

- 2.1 For the period of the Report the Bureau has received many complaints against the companies Durable Perma-Brick (Aust) Pty.Ltd., D.H.I. Industries Pty Ltd and the business name D.P.B. Home Improvements. The above named companies and business name were placed in voluntary liquidation on the 15th July 1977. These three companies all operated out of premises at 1185 Malvern Road, Malvern; 31 Anderson Road, Thornbury and 1100 Toorak Road, Hartwell. The directors of these companies are Geoffrey Eyers Levingston and George Davidson . These companies' operations relate to the manufacture, sale and installation of brick cladding. Complaints received at the Bureau cover:-
- . Poor workmanship
 - . No response to consumers' correspondence
 - . Excessive deterioration of the product, and
 - . Poor after sales service.
- 2.2 A number of consumers alleged that the impressive looking Guarantee document issued by the company contributed to their willingness to enter into a contract with the company. Upon studying the conditions of the Guarantee it was found that it was a useless document mainly because of the clause stating that ' obligation of the Manufacturers under this guarantee continues until the material is installed.....'. In other words, once the cladding sheeting was attached to the home the manufacturer considered that his responsibilities under the guarantee have ceased. (See appendix G). This case again highlights the need for controls on guarantee documentation.

- 2.3 The Bureau negotiated with the directors to try and resolve complaints and to get the company to introduce measures to prevent further complaints. Despite assurances, the operating methods of the directors did not change and complaints continued to arise until the companies went into liquidation and ceased trading.
- 2.4 The companies' lack of co-operation with the Bureau and the complete disregard of consumers' grievances should be a clear warning not to deal with any business or companies in which Geoffrey Eyers Levingston and George Davidson are involved in the management.

James Gosios - And Various Companies And Trade Names

- 3.1 The activities of Mr. James Gosios, and Companies and business names with which he is associated, were outlined in the 1976 report of the Director of Consumer Affairs. It was stated in this report that " it is very doubtful whether consumers who entered into a contract with a company under the management of Mr. Gosios will obtain service commensurate with sound business practice".
- 3.2 Since this report, Mr. Gosios has continued his rather questionable activities in the house cladding field. Mr. Gosios moved his place of business from Moorabbin to Northcote and has traded under various business names (listed below) operating out of premises located at 92 Herbert Street, Northcote.

<u>Name</u>	<u>Addresses</u>
Dallabrick Industries Pty. Ltd.,	36 Levanswell Road Moorabbin.
Dallabrick Industries	18 Roper Street. Moorabbin.
Brite Brick Company	18 Roper Street Moorabbin.
The Kational Brick Co.	18 Roper Street Moorabbin.
The National Brick Co.	18 Roper Street Moorabbin.

<u>Name</u>	<u>Addresses</u>
Brite Brick Company	92 Herbert Street Northcote.
Brick Cladd A.I. Rock Faces.	92 Herbert Street Northcote.
Northcote Home Improve- ments.	92 Herbert Street Northcote.
A.I. Brick Cladding & Home Improvements.	92 Herbert Street Northcote.
The National & Brite Brick Company.	92 Herbert Street Northcote.

With exception of Dallabrick Industries Pty.Ltd., Brite Brick Company (Moorabbin address) and Northcote Home Improvements all the other trade names were not registered but were used on a sort of casual basis.

- 3.3 Mr. James Gosios has continued to come under the attention of the Bureau. None of the complaints received at the Bureau against Mr. Gosios have to date been rectified to the Bureau's or the consumer's satisfaction, and there is extreme doubt whether they ever will be despite undertakings given by Mr. Gosios personally to consumers and representatives of the Bureau.
- 3.4 Allegations against Mr. Gosios were also made regarding the handling of sub-contractors engaged by Mr. Gosios. It has been alleged that Mr. Gosios did not pay his sub-contractors for the work they performed and that in most cases they were expected to perform the work with insufficient and sub-standard material which further aggravated the situation.
- 3.5 A complaint received by the Bureau against Mr. Gosios was referred to the Victorian Police Department for investigation, and as a result, Mr. James Gosios appeared in Court to answer to two charges of financial advantage by deception and one of obtaining money by deception. Mr. Gosios was convicted on all three charges and sentenced to 6 months imprisonment on each charge, a total of 18 months, the second and third sentences to be served concurrently.
- 3.6 For this period at least unwary consumers should be safe from Mr. Gosios.

Klad Aluminium Pty.Ltd . , of 227 Burwood Road Hawthorn.

- 4.1 The Directors are Cyril Kenneth William Kitts and Muriel Joyce Kitts.

Although companies involved in the marketing of aluminium cladding as opposed to brick cladding have not in the main presented serious problems to the Bureau, Klad Aluminium company Pty Ltd. is the exception.

- 4.2 Although complaints received against the company were relatively few, there have been considerable difficulties by consumers and by the Bureau in having them resolved.

- 4.3 The complaints related to the following areas.

- . Poor workmanship
- . Failure to rectify faults despite repeated requests.
- . Failure to complete jobs and supply fly screens.
- . Deception and underhand methods involved over finance available and rates of interest, including alleged pressure sales tactics.
- . Failure to obtain building permits from Municipal Councils and Certificates of Satisfaction on completion of the job from consumers.

- 4.4 Recently inspectors of the Bureau visited the registered office of Klad Aluminium and held discussion with the Managing Director. This meeting was most beneficial in resolving some complaints and making the company aware of its obligations.

- 4.5 Mr. Kitts admitted neglecting to follow up matters reported to him and at the time of writing the report, undertakings have been given to the Bureau that the company will now examine carefully and expeditiously any complaints and review their methods of operation.

- 4.6 The Ministry will watch this company's operation in the future, and hope that the improvement promised will eventuate, and be permanent.

Milo Radovanovic

- 5.1 The Bureau is becoming increasingly concerned at the number of complaints received against Mr. Milo Radovanovic who is involved in the sale and construction of concrete water tanks. Mr. Radovanovic appears to be an itinerant worker who is difficult to locate so complaints against him cannot be discussed and negotiated. A copy of Mr. Radovanovic's advertisements as they appear in the metropolitan papers is shown hereunder.

It has been established that the address shown in the advertisement does not exist and the telephone numbers can be used for leaving a message only.



**I HAVE 19
YEARS
EXPERIENCE**

CONCRETE WATER TANKS

Strong Construction
Sealing Inside. Full Guarantee

12,000 gallon	\$1400	Diameter	19'4"
15,000 gallon	\$1600	Diameter	21'
20,000 gallon	\$1850	Diameter	24'
25,000 gallon	\$2300	Diameter	27'
30,000 gallon	\$2850	Diameter	29'6"
35,000 gallon	\$3450	Diameter	32'
40,000 gallon	\$3900	and ROOF LID IS EXTRA	

OFFICE PHONE 3933159

MILO RADOVANOVIC

PHONE ANYTIME 119 Ballarat Rd., Deer Park. 380-5501

- 5.2 Complaints relate to faulty and leaking concrete water tanks which are constructed on site. Difficulties are being experienced by consumers in contacting Mr. Radovanovic in order to get him to return and rectify the faults. The problem is serious as most tanks constructed are used to store domestic drinking water which in most country areas is an essential and rare commodity. Furthermore there is the potential danger of a large capacity tank collapsing due to poor construction. It is claimed by consumers who have dealt with Mr. Radovanovic that although outwardly he appears willing to assist, much difficulty is experienced in having him return once the job is completed to rectify the faults as he generally moves to another part of the State to start his next job. The Bureau attempts to contact Mr. Radovanovic have also been unsuccessful.
- 5.3 Consumers in country areas are warned to exercise care when purchasing or arranging for the construction of a water tank when Mr. Radovanovic is involved. Certainly alternative quotes should be obtained before becoming committed.

Norman J. Sealey

- 6.1 Norman J. Sealey, 8 Talbot Road, Mount Waverley, purports to be a specialised home renovator. Mr. Sealey's tactics of requesting and accepting large deposits and other payments and not doing any or very little work are the subject of all complaints received.

6.2 Judging by press reports and complaints lodged with various municipal councils and the police, it is quite clear that many more consumers have lost a lot of money in their dealings with Norman J. Sealey than those who have complained to the Bureau.

6.3 A typical complaint related by a consumer was as follows -

" Contracts were signed by all parties on 11th August 1976 and cheque for \$4,433, half of the stated total costs of extension, was paid to Mr. N.J.Sealey to cover costs of materials to be used. At this time we expected work to commence 3 weeks from time of signing the contract. Our Bank Manager was phoned on this exact day and said that it was quite normal in procedure to give an advancement. The work did not commence as suggested and Mr. Sealey then gave me various reasons of unusual circumstances that had befallen him that delayed starting the job - i.e. both his carpenters were involved in the same car accident and off work for 6 weeks. After this he had great trouble in temporarily replacing them, after that his labourer was sick with mumps, etc. etc. - - all impossible to check out. Late October he came and laid out the excavation area and left leaving heavy building equipment. After agitation on our part, he signed another letter with date and intention to start work. This was never honoured. Mid November he promises to return our deposit; on this occasion he said his accountant would be notified to send it to us. Soon after this litigation proceedings commenced. Attempts to legally gain recovery of this money have so far proved futile. Solicitor has sent summonses, gained the court's judgement for return of money plus costs. Bailiff has been to try and gain money through attachments. During all of this there has been not one singular attempt by Mr. Sealey to explain his actions."

6.4 Currently the Bureau is working in close co-operation with the Fraud Squad however Mr. Sealey seems to have disappeared and cannot be located.

Tornado and Company (Portland).

7.1 On 8th December 1975 Tornado and Company (Portland), in the name of Patrick Wallace , 40 Hurd Street, Portland, commenced business as a pest control and renovating contractor.

7.2 From a complaint received regarding the activities of the trader in the Beaufort area, the Victorian Police were asked to investigate the matter.

- 7.3 The Police investigation revealed that Patrick Wallace, aided by a Clyde Green, solicited agreements from elderly citizens to perform pest control, renovating and re-blocking works. Before any work, or after very little work was done, they not only demanded but badgered these elderly clients to pay them exorbitant amounts of cash. From the evidence to hand neither Wallace nor Green are tradesmen nor have they the expertise or equipment to satisfactorily complete work.
- 7.4 It is believed Wallace and Green have shifted their operation to Queensland.
- 7.5 The public is warned to be on their guard when approached by strangers offering to carry out building repair works. Rarely do reputable tradesman solicit business by a door knock approach.
- 7.6 An interstate number plate, a vehicle without a business name are often a warning - Neighbours of elderly persons, especially those living alone, have some moral responsibility to offer assistance and help protect them from unprincipled rogues who roam the cities and towns looking for prey with spurious claims of trade proficiency. Too often these crooks tell home owners that they are carrying out council instructions, or they wear clothing suggesting that they are a local government employee - occasionally with official looking badges or insignia.

Union Roofing Industries

- 8.1 Union Roofing Industries is a business name owned by James Rober Dunk and Frederick Anthony Jeffries.
- 8.2 Investigations indicate that their apprenticeship in speciality sales without due performance began in New South Wales where they were associated with Concrete Roofing Industries and Standard Roofing, two firms mentioned in a report to the New South Wales Parliament in November 1975. This report was followed by a press release warning persons to avoid the firms because of their unethical sales methods and excessive prices charged.
- 8.3 About October 1975 Dunk and Jeffries set up a business in Melbourne called Union Roofing Industries. The sales methods involved high pressure door knocking, in which carefully prepared and rehearsed scripts were used by the Sales Staff. These sales methods and the door approach, are designed to overcome any consumer resistance; offers of the home being used for advertising or as a display home were common.
- 8.4 Apart from the sales methods, the contracts were loaded against the consumer in that deposits and progress payments were scheduled to obtain the maximum return for the minimum of work performed.
- 8.5 All work was to be done by sub contractors.

- 8.6 Thirty two complaints were received by the Bureau concerning Union Roofing Industries between February 1976 and January 1978, of which only three appear to have been satisfied. The Bureau was notified on 20/1/78 that Union Roofing Industries had closed down in Victoria. However, the business was being wound up well before that date.
- 8.7 On 8th September 1976 Dunk and Jeffries established the business of Liberty Roofing Industries in Adelaide, using the same methods of operation as in Victoria. That business continued under Dunk and Jefferies management until July 1977.
- 8.8 In mid 1977, Dunk and Jeffries turned their attention to Tasmania where four business names were registered:

- . Summa Tiling Industries
- . Summa Decor Services
- . Summa Aluminium Industries
- . Summa Industries

- 8.9 The liabilities of Dunk and Jeffries in the three States of Victoria, South Australia and Tasmania from the Bureau's investigations and admissions to it appear to be -

Victoria: between \$60,000 and \$70,000 on Dunk's admission. This was incurred in a period of approximately two years of trading.

South
Australia: \$35,000 incurred between September 1976 and July 1977, a period of 10 months.

Tasmania: \$39,000 incurred in a period of approximately six months.

Actual debts may be even greater than those known to the Bureau.

- 8.10 Dunk and Jeffries have given undertakings to both Victoria and South Australia Bureaux to pay off debts in those States out of the profits from the Tasmanian enterprises, at a rate of \$800 - \$1000 per month.
- 8.11 However, those undertakings cannot be taken seriously on a number of grounds, of which the most significant is that of the existing liability in Tasmania and the uncertainty whether the creditors, mainly trade, would allow the businesses to continue.
- 8.12 It is understood that only \$400 has been repaid in South Australia and \$2000 in Victoria and this was in instalments of \$200 per time. Even if the proposed schedules were adhered to, repayments would take in excess of 15 years.

8.13 Features of complaints received by the bureau are -

- . High pressure sales methods;
- . Maximum deposits and progress payments for work not performed or completed;
- . Work subcontracted out to incompetent workmen;
- . Tradesmen not paid for work done, despite the consumer having paid.

8.14 This case referred to in Part 1 of the report is a classic example of allowing persons to continue in business where their record is a succession of failures. It may be that the next time the business may succeed if experience gained is used to improve management. In the main, however, experience is often used to pinpoint and use the most successful unethical sales and marketing methods. The community needs some protection from these persistent defaulters.

SWIMMING POOL CONSTRUCTION

Ian G. Daley(Dalazo International Swimming Pools Pty.Ltd., Regal Pool and Aqua Swim Pools Pty.Ltd).

9.1 Mr. Daley has been known to operate in the swimming pool construction area under the following names -

- . Dalazo International Swimming Pools Pty.Ltd.
- . Regal Pool and
- . Aqua Swim Pools Pty.Ltd.

9.2 In at least one of these enterprises, Mr. Daley's associate was Mr. Malcolm Child who was the Managing Director of Child Pools Pty.Ltd. which went into liquidation late in 1976 and was the subject of an "AGE" Insight Report in November 1976.

9.3 The activities of Mr. Daley are well known to the Bureau and date back over the years with his involvement in Pest Control and various swimming pool firms. The objection against Mr. Daley's activities is that he was repeatedly taking large sums of money from his clients without supplying any goods or undertaking any

construction work. Occasionally he did some work by way of digging a hole in the yard of a householder for the swimming pool without then continuing with the work. When some consumers took Mr. Daley to court and obtained Distress Warrants against him, they found to their disappointment that the Warrants were returned "nulla bona". Mr. Daley's whereabouts are currently not known and he is believed to be no longer residing in Victoria.

Mr. Neville Thomas Trading As Ideal Pools

- 10.1 Mr. Neville Thomas, trading as Ideal Pools of 12 Diane Court, Springvale South, has had several complaints lodged against him. In each case when the Bureau approached Mr. Thomas, undertakings were given to remedy the situation, but the undertakings were not kept.
- 10.2 The contract for the construction of the pool used by Mr. Thomas included a clause which stated that the pool would be completed within six weeks of the contract date or of Council approval. Allegations made to the Bureau made it clear that Mr. Thomas was using this clause as a selling feature, yet the main issue of most of the complaints received related to the delay in completing the work.
- 10.3 In one complaint, the contract was entered into in July 1976 and by the 29th of June 1977 the pool had not been completed. During negotiations by the Bureau on behalf of the purchaser and it was obvious that Mr. Thomas was just stalling for time by giving such offhanded excuses as "the clutch on my car blew up", "I had a flat tyre and could not afford a new one", "there was too much wet weather", etc. etc.
- 10.4 Half way through the year under review, Mr. Thomas went one step further and issued a circular letter to all his clients. The letter is reproduced word for word exactly as written:

" Dear

At present time nearly every industry in Australia is suffering as a result of unprevented shortages in the availability of materials and manpower.

The swimming pool industry is no exception and despite the efforts of our companies staff, there are delays in our construction schedules which are very much regretted. The Management of Ideal Pools will not succumb to the temptation of using second class materials and labour just to get there customers swimming a few days earlier than they would otherwise be possible. They believe a few days delay will be forgiven ultimately by people who realise today's supply problems, whereas they would never forgive being supplied with substandard swimming pools.

The companies human and material resources will be allocated strictly on the basis of "first in first served" (providing progress payments are met as per contract of course). This is the only fair system and be assured that no job will be given preference over any other for any reason whatsoever. Each clients place " in the Queue" is assured.

We know how frustrating it is to have a partially complete pool on the property, particularly in the hot weather, however we are in the same position as nearly every other builder, supplier or manufacturer in this nation at this time, in that we must ask our customers to bear with us in suffering and inevitable delays. Just how long these delays will be, depends upon factors such as weather which does vary from time to time.

Hopefully the present "silly season" in the building industry whereby tradesmen and material suppliers auction their wares to the highest bidder on the day to day basis will soon be over, and we look forward to a measure of sanity being restored to the economic scene.

Therefore we are forced to eliminate the six week clause from our contract. Be assured of our best attention at all times. We want more than anything else at the moment , to see pools finished.

Thank you for your patience this far".

- 10.5 There is no doubt whatsoever in the minds of the investigating officers who have been dealing with Mr. Thomas that this is a blatant attempt to hide his own incompetent management and off-handed attitude towards consumers.

MOTOR CAR TRADERS

Bob Hunt Motors Pty.Ltd. of Corner Spry Street and Sydney Road North Coburg.(Not to be confused with a trader of a similar name).

- 11.1 The Directors of the company are Jeffrey Herbert Hunt and Beverley Ann Hunt.
- 11.2 Most of the complaints received against the company indicate that consumers were looked upon as fair prey by the representatives of the company. Most complaints referred to unethical sales methods, refusal to attend to warranty claims and generally making misleading statements to prospective clients.

Increase in Repayment Rates.

- 11.3 There have been a number of cases where after the final finance documents were drawn up consumers found out that the monthly repayments were by far in excess of the original statements made by the salesman in the yard when the car was selected.
- 11.4 In one instance a consumer insisted that he would not be able to pay more than \$134 per month and the salesman agreed to sell the car on such terms. When the finance documents were drawn up the instalments listed on the documents were \$174 and the purchaser was asked to sign the document without being told that the figure had been increased.

Misrepresentation Of Deposits.

- 11.5 In many cases consumers have shown an interest in the vehicle displayed by Bob Hunt Motors Pty.Ltd. but have stated that they needed time to consider the deal or that they wanted to make a mechanical inspection of the car. In such cases the salesman agreed to hold the car on behalf of the consumer but insisted on a holding deposit to be paid implying or actually stating that such a deposit would be refundable, if after a mechanical inspection or the consumer's final decision was not to go ahead with the deal. Whenever the consumer decided not to proceed with the deal there was a refusal to refund him the holding deposit irrespective of what the reason was for not proceeding with the transaction.

Variation Between Advertised And Sale Price .

- 11.6 Advertisements placed in the newspapers by this company have also been subject to complaints. In one incident the price of the vehicle was increased by \$964 above the price advertised. The reasons given for such an increase were that additional pre-delivery work had to be done on the car that it had a roadworthy certificate and an extended warranty. An investigation by the Bureau established that there was only justification to charge an additional \$110 for the extended warranty. The investigation also revealed that the company would try to extract as much additional money from a consumer as possible on each transaction. In other words, consumers were considered to be a fair prey and the more gullible a consumer was or the less conversant he was with the trading practices in the secondhand motor car field, the more the company felt justified to extract as much money from him as possible.

11.7 Extended Warranties.

The term "extended warranty" used in this section relates to an increase in the warranty period over that provided by the Motor Car Traders Act, or in the case of a new vehicle over that provided by the manufacturer.

- 11.8 In the matter of extended warranties it is of course for the consumer to decide whether he wants to accept such a warranty. However, Bob Hunt Motors Pty.Ltd. have in some instances charged as high as \$540 for such a warranty. Such warranties would normally cost a consumer between \$100 and \$160 if he were to deal with a reputable dealer.
- 11.9 In the case where the consumer was charged \$540 for the extended warranty he was given the impression by the salesman that the extended warranty would cover a period of 4 years. Only when the Consumer Affairs Bureau investigated this matter was it revealed to the consumer that the warranty was only for 1 year.

Unfilled Promises

- 11.10 In order to enhance the used car package Bob Hunt Motors Pty Ltd. often promised to attend to faulty items prior to delivery or to supply accessories at no extra cost. Many of these promises have been broken with the common excuse being made that the salesman who made the promises no longer work there or that such promises were actually never given or that the items which were to be repaired were not part of the warranty provisions and therefore there was no obligation on the company to do any repairs.

Misrepresentation Over Payment Of Registration Fees

- 11.11 Many consumers who have complained to the Bureau have stated that after purchasing cars from Bob Hunt Motors Pty. Ltd. they have received notices from the Motor Registration Branch requesting the necessary papers and fees involved in registering and/or transferring the vehicle into their name. Allegations were made that at the time of purchase that they were all under the impression that the fees would be paid by Bob Hunt Motors Pty.Ltd. and all the necessary paper work would be finalised also by the company.
- 11.12 A meeting was held in the offices of the Consumer Affairs Bureau with the Managing Director of Bob Hunt Motors Pty. Ltd. on the 6th October 1976 in order to discuss the constant increasing number of complaints. Generally speaking dealers are able to eliminate their problems and then decrease the number of complaints following such discussions with representatives of the Bureau. However in the case of Bob Hunt Motors Pty.Ltd. there was a considerable increase in number of complaints lodged following the meeting. There was also little attempt on behalf of the company to give a better deal to consumers.

- 11.13 The complaint pattern of this company follows a well established and often repeated sequence. A company is formed to trade in the secondhand motor car field and management appear to think that they are in the get rich field and neglect their obligations towards consumers. Word spreads usually by word of mouth that consumers will not get a proper deal from the company. Sales deteriorate and management make efforts to put the business on a sound footing, or at least attempt to give that impression. In this step approaches are made to the Consumer Affairs Bureau and promises are made to resolve all complaints. As unethical sales practices over the previous months sometimes continue to generate complaints for some years, management gives up their good intentions towards consumers and adopt the hard sell line towards them in order to keep the company going. This generates more complaints and dissatisfactions resulting in a further drop of sales. Eventually the company goes into liquidation.
- 11.14 It therefore did not come as a surprise to any of the investigating officers in the Bureau when Bob Hunt Motors Pty Ltd ceased operating as from September 1977.

490 Motor Wholesalers of 490 Elizabeth Street Melbourne.

Proprietors: Jacques Zarko Lukan and Jeffrey Gill

Melbourne Motor Market Pty.Ltd., Corner Punt Road and Swan Street, Richmond (Formerly a business name Melbourne Motor Market).

Directors: Jacques Zarko Lukan
John Edward Young

- 12.1 During the year under review a large number of complaints were received against 490 Motor Wholesalers.
- 12.2 The firm apparently specialises in the sale of very cheap vehicles as most complaints involved the purchase of vehicles below \$1000 in value.
- 12.3 It must stand to reason that if a consumer pays a low price for a vehicle he cannot expect the same kind of quality as when he pays a much higher price. Allowances must be made for the condition of the car as reflected in the price charged by the dealer.

- 12.4 Nevertheless the complaints against the firm relate to an area which has little to do with the actual quality of the vehicle. Although complaints against the firm involved a wide range of undesirable practices, the most common related to broken promises, and misleading information, particularly in connection with roadworthy certificates and the registration of the vehicles.
- 12.5 A number of allegations were made by various consumers that they were told that 490 Motor Wholesalers would obtain a roadworthy certificate for a vehicle. After the sales were finalised, they were then informed that 490 Motor Wholesalers were not able to, or did not intend to, obtain a roadworthy certificate for the vehicle and that it was up to the purchaser to ensure that the car be put into a roadworthy condition.
- 12.6 Another considerable number of disputes related to the registration of the vehicle. They can be summed up by the following statement made by a consumer to the Consumer Affairs Bureau, - " I was told the car was registered at the time I purchased it but have now received notice for registration from the Motor Registration Branch".
- 12.7 Another consumer wrote to the Bureau that he had been given a receipt with the notation "With RWC". The consumer therefore subsequently paid the balance of the purchase price for the car and was told that the roadworthy certificate had been forwarded to the Motor Registration Branch. When he came to take possession of the vehicle, he found a screwed up blue notice on the floor of the car. Such a notice is usually attached to the windscreen of a vehicle which is being sold without a roadworthy certificate. The salesman thereupon informed the consumer that he had placed the notice in the car as an indication it was to be sold without a roadworthy certificate. The consumer refused to go ahead with the deal but the company refused to refund any monies paid, resulting in a complaint to the Bureau. When the consumer checked with the Motor Registration Branch at a later stage, he was informed that they had received neither transfer papers for the vehicle nor the roadworthy certificate.
- 12.8 Considering the frequency of such allegations, consumers are warned that they are exposing themselves to considerable risk of being taken advantage of if they attempt to buy a vehicle from 490 Motor Wholesalers of 490 Elizabeth Street, Melbourne.
- 12.9 Jacques Lukan is also a director of Melbourne Motor Market Pty.Ltd. which operates at the corner of Punt Road and Swan Street Richmond. Complaints now arising with this company are of a similar nature to those about 490 Motor Wholesalers. One complaint relates to the failure of the company to honour a distress warrant following an order of the Small Claims Tribunal. The warrant was returned stating that the company owns nothing on which to levy distress. During an investigation following this statement Jacques Lukan said that when the consumer returned the car, the passenger door was damaged and the car was currently at a panel shop being repaired at a cost of \$125. When the Bureau inspector visited the panel shop, the proprietor said he had repaired the drivers door. The vehicle was inspected and it was found that neither door had been repaired or needed repair. The panel shop proprietor then admitted he had not seen the car and was covering up for Lukan. Lukan then claimed the car was mechanically damaged and would not start. The inspector went to the car it started immediately. The car was inspected again later, and both driver's and passenger's doors had been slightly damaged after the first inspection. The car was in Lukan's

possession between both inspections.

- 12.10 Potential consumers should need no advice from the Ministry on the hazards of dealing with a company which has no assets, and with a director with such little regard for the truth. However, when looking for a car - the corner of Punt Road and Swan Street Richmond can be given a miss.

Jim Keable, Trading as North Melbourne Market Motor Company
326 Victoria Street, North Melbourne.

- 13.1 The following transaction involving the purchase of a car from North Melbourne Market Motor Company warrants a special mention in this Report.
- 13.2 A consumer sighted an advertisement in the paper for a Mustang. He wanted to trade-in his 1974 Passat station wagon, which had done 40,000 kilometres. He was allowed \$3,800 as a trade-in allowance. The Mustang was priced at \$8,500. A hire purchase contract was entered into for the balance.
- 13.3 Within a few hours the dealer had obtained a roadworthy certificate for the Mustang, and the consumer took possession. This was the first occasion the consumer drove the Mustang.
- 13.4 Whilst driving home he found difficulty in seeing the road over the bonnet of the vehicle. The power of the car also frightened him and thus he decided not to drive it again. He telephoned the dealer and arranged for collection of the Mustang. A vehicle as loaned to him and it was arranged that he would return to North Melbourne Market Motor Company and select another.
- 13.5 On the following day he visited the dealer and an XJ6 Jaguar was recommended. The Jaguar was priced at \$8,500. The Mustang hire purchase contract was cancelled and another one entered into with the same finance company for the purchase of the Jaguar.
- 13.6 During the next fortnight, the consumer experienced many problems with the Jaguar which was continually in the dealer's workshop having repairs effected. Eventually the consumer expressed total dissatisfaction with the performance of the \$8,500 Jaguar. He requested an exchange vehicle.
- 13.7 A week or so later another contract was entered into. The dealer had suggested to the consumer that he look around the yard and find himself a vehicle which would be more suitable and after a few suggestions, the consumer decided on a 1974 Cortina station wagon with 64,000 miles.

- 13.8 It was not until a fortnight later when he received the papers and showed them to his solicitor that he fully realised the nature of his dealings with North Melbourne Market Motor Company.

"The Agreement of Sale with the dealer shows that the Jaguar which cost the purchaser \$8,500 was valued at \$1,000 by the company less than 3 weeks after the purchaser had decided to change over to the Cortina, which in the Contract of Sale was shown to cost \$2,800.

The personal loan arranged by the dealer for the consumer with a finance company took into account not only the cash price of the Cortina but also the pay-out figure on the Jaguar. Therefore the consumer unknowingly had signed for a loan of \$8,300 with the finance company. A caveat on his property was then lodged to secure the personal loan. The interest rate was 29% and after 60 payments of \$263.47 each, the consumer would pay back \$15,808.20."

- 13.9 When he first visited North Melbourne Market Motor Company the consumer had a 1974 Passat station wagon with 40,000 km. He owned this vehicle. It was fully paid for. However, about five weeks later, he was driving a 1974 Cortina station wagon with 64,000 miles, of a lesser market value than his original car. Thus the consumer was not only in a worse position with respect to quality of vehicle, but he owed a finance company \$15,808.20 repayable over 60 months.
- 13.10 Discussions have taken place with the representatives of North Melbourne Market Motor Company as well as the solicitors acting on their behalf. The solicitor offered a \$1,000 refund on the condition that the consumer and the Bureau did not take the matter further. This offer was refused as the consumer would be still up for a debt of \$14,808.20 to the finance company.
- 13.11 The above sequence of events reveals how naive some consumers can be, and how a trader, who should be professionally aware of what course the consumer was taking, failed to give proper advice. Traders must have some moral responsibility. It was the consumer that wanted to change his car initially, he bought another car without driving it. The end result was that he was nearly \$15,000 down after finishing up with a worse car than he took to exchange.
- 13.12 Why is the dealer mentioned? In this case it is believed that he failed to exercise the professional ethics that should be expected of a motor car trader, and traded on the gullibility and lack of awareness of the consumer as to his financial commitments.

Robert Arlen Motors Pty.Ltd
of 66 Johnston Street Fitzroy.

- 14.1 The directors of the company are John Robert Young and Richard Arlen Reid.
- 14.2 The number of complaints received against the company in the year under review was that large that consumers should beware of certain tactics employed by the company in its dealings with purchasers. The disputes arising with this company mainly relate to the price charged for the vehicle. There is an indication that the company is embarking on a conscious policy of misrepresenting the price of a vehicle to the consumer in order to obtain as much money out of the deal as possible.
- 14.3 Allegations confirmed by Bureau inspectors show that the statutory requirement to have the price displayed on the side window of the vehicle have not been complied with. One consumer complained that when he went to purchase a car from Robert Arlen Motors Pty Ltd., he could not find the price displayed anywhere on the car. The salesman then informed him that the price for the car was \$3,690 and the consumer subsequently agreed to buy the car and paid a deposit of \$800 in cash. An additional deposit of \$500 was to be obtained by the consumer through his bankcard. Before the could be finalised, the consumer came across an advertisement by Robert Arlen Motors Pty.Ltd., in a paper for the same vehicle showing a price \$2,350, which was \$1,340 below the price originally demanded by the salesman. Needless to say the consumer confronted the salesman and accused the company of bait advertising. As a result, the company agreed to forego the \$500 which the consumer was to obtain through his bankcard and stated that finance could be obtained after all on the \$800 deposit paid by the consumer. The complaint outlined above was not an isolated case, but is common to many where consumers have been induced to pay considerably larger amounts for motor vehicles than the advertised price for such vehicles.
- 14.4 Other complaints against Robert Arlen Motors Pty.Ltd. referred to the insertion by the company of a different cash price on the hire purchase document than that originally agreed to with the salesman. The differences in dispute varied between \$700 and \$1,200. In one case when a consumer noticed that the price was increased on the finance contract even before he left the yard, he confronted the salesman and was given the following answer, "Don't worry, it is for taxation purposes only". Allegations have further been made that when consumers returned to the sales yard in order to complain about issues such as those outlined above, they have been given the "run around", harrassed, and occasionally, even abused by the staff. Investigating officers of the Consumer Affairs Bureau have also experienced considerable difficulties in negotiations with the company on behalf of consumers.
- 14.5 It is therefore appropriate to issue the usual warning to consumers that they should be extremely cautious whenever dealing with this particular company, or that they should take their business to some other more reputable company.

SALES METHODSThe Orchestrelle Sound Division Pty.Ltd.

- 15.1 The directors of this company are David Maxwell Taylor and Bronwyn Taylor. The Taylors took over another company on the 15 October 1976 and changed the name to the present one.
- 15.2 The company retailed colour television sets on a door-to-door basis. The sets were sold either by cash, by hire purchase or by long term lease. A major attraction was an extensively advertised ten year warranty given by the company and applied to sets sold for cash or on hire purchase.
- 15.3 The company ceased trading on the 24th December 1976 and was placed into a creditors voluntary winding up on the 21 January 1977. At the date of the last liquidators statement of July 1977 showed assets of \$2000 and liabilities of \$61,009. The liabilities do not refer to the contingent liabilities of the unsatisfied 10 year warranty which generated the mention of this company.
- 15.4 An offer was made by the company whereby persons entitled to the ten year warranty could approach a service company of their own choice and pay for a service contract for the balance of the ten years warranty. Purchasers were then invited to submit the amounts paid to the new service company and were given to understand that they would be listed as unsecured creditors. As the company had no assets to claim against, it was obvious that consumers entering into this arrangement would have no prospect of recovering their costs.
- 15.5 The ten year warranties, which served as an incentive to many consumers to purchase the television sets from that particular company were suddenly terminated by the liquidation, serving as just one more example in the experience of the Bureau that long term warranties are quite often not worth the paper they are written on.

Rena-Ware Distributors Pty.Ltd

- 16.1 Complaints against Rena-Ware Distributors Pty.Ltd. are on the increase. The nature of the complaints indicate that Rena-Ware Distributors Pty.Ltd. have unethical policies or are unwilling to control their sales staff or distributors.

- 16.2 Consumers state that the salesmen selling Rena-Ware products were misleading them as to the quality of the goods and conditions incorporated in the contract of sale. Allegations of pressure selling and supplying goods which were not the same as those specified by the salesman have also been made. An increasing number of complaints indicate that Rena-Ware salesmen did not comply with the Victorian legislation in relation to door to door selling, in that salesmen have not left Schedule 1 Statements with consumers informing them that they had the right to cancel the agreements within 10 days of entering into it.
- 16.3 When the Rena-Ware Head Office in Sydney was approached on this issue, they were always able to produce copies of the Schedule 1 Statement with the consumer's signature on it indicating that he was asked to sign the statement by the salesman. Nevertheless from investigations of a number of complaints received on this issue, the Bureau believes the consumers were not supplied with a copy of the schedule. The inference is that the salesman misrepresented to the consumer the nature of this statement, obtained a signature from the consumer and failed to leave the consumer's copy with him. This view seems to be supported by the fact that occasionally a copy which is held by Rena-Ware in Sydney has had "Purchaser's Copy" struck off it and "Vendor's Copy" pencilled in.
- 16.4 Although many of the complaints could have been obviated if the consumers took the trouble to read the contract in detail before signing, the alleged modus operandi of the salesman is often such that it does not allow the consumers to read these contracts. In some cases salesmen have visited the premises of a prospective customer late at night and have been known to remain until the early hours of the morning in order to obtain a sale. Consumers have stated that they eventually signed any papers presented to them "just to get rid of the salesman".
- 16.5 Because of the history of the company complaints to the Bureau are likely to continue. Consumers must therefore be alert when approached by Rena-Ware sales staff, and should not allow themselves to be intimidated into signing contracts, unless they really want the goods and unless the door-to-door provisions of the Consumer Affairs Act are complied with.

Steeles Glacier Freezer and Food Service Pty.Ltd
Trading as Steeles Colour Television.

- 17.1 The proprietor of Steeles Colour Television of 400 Lonsdale Street Melbourne, is Steeles Glacier Freezers and Food Service Pty.Ltd. The directors of this company are Kenneth Raymond Steele and Ruth Edith Steele.

17.2 In last year's report, the firm was referred to in the following terms -

" A high proportion of complaints against Steele Colour T.V. refer to the practice of misleading a prospective client about the difference between a T.V. rental arrangement and a lease purchase document. "

- 17.3 In the year of this report, this activity was again evident. Allegations have been made that at the time of entering into the agreement consumers were assured by individual salesmen that they could terminate the rental agreement anytime they desired. When the consumer received the final lease or hire purchase document, he discovered that he committed himself for the full term of a four year contract which may have amounted to repayments to the finance company of more than \$1,500. In other cases consumers discovered that instead of renting a television set for a limited period, they had signed lease contracts for a number of years with the corresponding financial penalties if they wanted to terminate the hire purchase agreement prior to its full term.
- 17.4 The allegations made against the company were not isolated but revealed a definite pattern and a general practice to mis-inform and therefore defraud consumers. In most cases which were referred to the company by the Bureau, the company was anxious to resolve the matter in an equitable manner. Nevertheless the fact that these practices had frequently been brought to the attention of management of the firm without being stopped must be taken as an indication that they were condoned by the management of the firm.

John Kovic and Olaf Martin Venskevics.

- 18.1 The activities of two persons involved in the marketing of artificial brick cladding and steel cladding demands mention. They are Olaf Martin Venskevics and John Kovic, who are directors of several companies.
- 18.2 The companies involved are Australian Clad Industries Pty.Ltd., Suite 3, 40-42 Elphin Grove Hawthorn.

Independant Chemical Imports Pty.Ltd., Suite 3, 40-42 Elphin Grove , Hawthorn.

Olaf Martin Venskevics is a director and shareholder in both companies. John Kovic claims to be a manager of both companies.

Colonial Brick Company Pty.Ltd.,
232 King Street Melbourne. John Kovic is director and shareholder of this company. This company was previously a business name operated by Olaf Martin Venskevics. Both Olaf Martin Venskevics and John Kovics represent themselves to consumers as "Ollie and John".

- 18.3 The choice of company names, which abbreviated to initials of A.C.I. Pty.Ltd. and I.C.I. Pty.Ltd., seem to be chosen to deliberately mislead any consumer into thinking they are dealing with large reputable companies of the same initials.
- 18.4 All complaints received relate to the sales technique employed by the above directors. Mr. Kovic and Mr. Venskevics usually work as a team. They arrive at consumers homes uninvited and unannounced usually at late afternoon or early evening. The initial approach is the pretence of conducting a market survey on cladding asking the consumer to choose between aluminium siding or brick cladding. After hours of pressured discussion the consumer is offered a quote that is fixed for a period of two years. An incentive to early acceptance is offered in the form of advertising fees. The consumers are told that since their house is ideal for advertising purposes the company is willing to offer an amount of \$2000, if photographs of the dwelling could be taken and if an advertising sign is placed on the property.
- 18.5 Any references made by the consumer as to their ability to repay monies is brushed aside. In one instance where a consumer had informed that he could not afford the cladding, the salesman commented "you could still win tattslotto". In another instance a couple who claimed they had no money, were advised to send their children selling newspapers so that they could contribute to the cost of the job. Again another consumer was advised to sell his caravan to finance the deal.
- 18.6 In all instances consumers had been instructed to sign finance agreements and these agreements are further secured by the signing of a promissory note. When some consumers had objected, stating that they did not wish to borrow any money, they were advised that the form is merely to assess their credit rating.
- 18.7 From some complaint histories it is obvious that the consumer is under pressure at the time that the contracts are being discussed. There is a disagreement between husband and wife about signing the contract or , the children are acting up due to the lack of attention. The sales usually last from early evening to late in the night and consumers claim that they signed the forms merely to get rid of the salesmen.
- 18.8 It is usually the next morning that consumers regain their footing and make efforts to cancel the contracts. They ring the telephone numbers quoted on the contracts and speak to a girl who is evasive. Neither salesmen can be located. The consumers efforts result in the salesmen visiting the consumer again. The consumer is subjected to further pressure and is advised that the contract is non-cancellable and unless the consumer continues with the agreement legal action would follow.

- 18.9 Not only are the sales methods unethical, but the deception used to bind the consumer to the contract is dishonest.
- 18.10 Consumers, after the high pressure and intimidatory sales spiel are asked to sign documents, the nature of which they are unaware. The documents are in fact promissory notes. These traders then sue through the Supreme Court and obtain summary judgement on the promissory notes. They then threaten to execute on the judgement so obtained.
- 18.11 What this means is that the law is involved to enforce contracts which are obviously drafted in an attempt to circumvent the door to door sales provisions of the Consumer Affairs Act , and the provisions of the Building Contracts (Deposits) Act.
- 18.12 The Bureau has conducted considerable investigation into the sales technique employed by these persons which is unethical in the extreme and involve harrassment and coercion.
- 18.13 The public are advised not to deal with John Kovic and Olaf Martin Venskevics.
- 18.14 John Kovic is also listed as a Director of Token Promotions Pty. Ltd.

Global Readers Service Ltd.

- 19.1 The Bureau has received a considerable number of complaints against Global Readers Service Ltd. The company is based at 105 Oxford Street, Darlinghurst, N.S.W. but its salesmen are active in Victoria, selling books and magazines on a door to door basis.
- 19.2 Most of the complaints received by the Bureau state that the company's salesmen represent themselves as students either working their way towards a scholarship or learning in a practical manner about "Australian People". This way they gain the sympathy of the householder and entry into the home where entry might not have been allowed.
- 19.3 The company has denied that it employs student-salesmen and has printed on its receipt a statement that it is not a student organisation. Both sides of the receipt are reproduced hereunder.

C 67501

SAFETY SYSTEM RECEIPT Points

This receipt valid only for the magazines and terms shown on our current authorized official list carried by all bona fide G.R.S. Dealers.

MAGAZINES ORDERED	Date	No. ISSUES
1
2
3
4
5

Amount Paid By Cheque..... Cash.....

Received by

GLOBAL READERS SERVICE LTD.
 P.O. Box 588, Darlinghurst, 2010 N.S.W.
THIS IS NOT A STUDENTS ORGANISATION

This receipt good only for magazines or books and for the length of time as printed on our current official master list; alterations and verbal agreements not permitted.

We reserve the right to substitute for equal value should any publication become over-subscribed.

We cannot cancel subscriptions.
 Allow at least 120 days to receive first copies.

YOUR ATTENTION PLEASE

Your order is filed by receipt number.
 In case of enquiry please quote your Receipt No. shown on reverse side.

Please notify Publisher direct if you change your address, or in case of missing or duplicate copies.

GLOBAL READERS SERVICES LTD.

- 19.4 The statement on the receipt that "This is not a Students Organisation" stands in direct contrast with the claims made to the Bureau by consumers. The statement is an ineffective gesture by the company as the issuing of the receipt takes place after the sale has been concluded and money has been handed over. On the other hand the misrepresentation by the salesman, that he is a student, usually takes place at the time of the first approach in order to gain entry into the house. A further deception is that the salesman is working from a list headed in bold print "\$1,000 Cash Bonus to Winners".

Opportunity for Today's Youth

— Tomorrow's Leaders

\$1000 CASH BONUS TO WINNERS

WHEN 20,000 CREDITS HAVE BEEN ACCUMULATED

SUPER
SPECIALS

HEALTH AND WEALTH The appendix includes a special summing-up by Professor Richie Calder, and Mans fight, fight against sickness and want. Two pictorial essays that chart the major landmark in the histories of medicine and economics. An extensive and detailed index make the book as easy to use for reference as any conventional encyclopaedia.

One Book 100

THE EUROPEAN'S COOK BOOK An ideal guide to Common Market eating, with dishes from all the ten member Countries. A wide variety of recipes from each including the U.K. This book also contains a section on weights and measures including metric conversion, as well as a comprehensive index, 230 page book.

HENRY COOPER'S SPECTACULAR ANNUAL Illustrated pictures of historic movements in the world of sport. For all sport enthusiasts.

JACK AND THE BEANSTALK AND TREASURE ISLAND Fairy Tale Pop up story book for young children. A choice for all the family.

Four Books 100

SUPER MONEY by Adam Smith Author of the Money Game. Super money is the super money book of the year. Moves that focus to social behaviour and the underlying nature of money and markets.

INTERNATIONAL FISH DISHES by Nina Froud and Tamara Lo A comprehensive new volume on international fish cookery drawn from among many countries by Nina Froud and Tamara Lo, this book gives the experienced and new cooks courage to assay new ways with fish and other sea creatures. It strikes a telling blow against the tyranny of soggy Friday fried fish, that duty meal that has bored so many palates into "not liking" fish.

"THE BUDGET BOOK" Over 150 money-saving hints. Make your money work. Personal spending record keeps you on target every week. 16 illustrated pages of money saving kitchen aids and recipes. The housekeeper's friend.

Three Books 100

GOLDILOCKS AND THE THREE BEARS, CINDERELLA, SNOW WHITE and PUSS 'N BOOTS (pop up fairy tale story books)

FINE ART PAINT BOOKS (2 Books)**Six Books 50**

THE LIFE GIVING SEA by David Bellamy The sea, that vast resource covering so much of our planet; the environment where evolution began thousands of millions of years ago; the home of an incredible wealth of life—it is a fascinating watery world about which most of us know only too little. With it's many delightful illustrations this beautiful book is designed to do precisely that

One Book 50

THE ENGLISH GARDEN More than 170 black and white illustrations. Showing the Great Gardens as they were and the influences that have acted to create the gardens of today. Among them are Blenheim, Chatsworth, Longleat, Stourhead, Rousham and Hidcote.

One Book 50

COMMUNICATION AND LANGUAGE Networks of Thought and Action. Future historians will certainly not complain that they lack information about us. Never before has the outpouring of human communication been so vast. This is a book that no one who is interested in the modern world can afford to ignore.

One Book 50**CHARLIE CHAPLIN, KUNG FU and TARZAN ANNUALS**

THE CLASSIC PAINTING BOOKS (Four Books) Illustrated pictures of historic European sites (for the Young Amateur Artist)

Seven Books 10

HAUFF'S FAIRY TALES, JACK AND THE BEANSTALK, MY BOOK OF FAIRY TALES AND FABLES and FINE ART PAINT BOOKS (2 Books)

Five Books 10

JACK AND THE BEANSTALK, PUSS 'N BOOTS (pop up story books) and

FINE ART PAINT BOOKS (4 Books) CINDERELLA.**Seven Books 10**

THE QUEEN MOTHER'S HORSES By Ivor Hechect.

THE PADDOCK BOOK John Lawrence, Clement Freud, Jack Leach and Guy Cunard are amongst those who make contributions and the text is supported with a selection of brilliant cartoons by Bill Tidy.

THE CLEAN SWEEP (Story of the Irish Sweepstake)

Three Books 6

KNOWLEDGE (For educational purposes for the young)

KUNG FU (From the T.V. series).

MY BOOK OF TRAINS by Tri-ang Hornby.

Three Books 6

Selection of 3 Counts
DOUBLE CREDIT

Selection of 5 counts
TRIPLE CREDIT

- 19.5 It will be noted that the heading there appears the words "Opportunity for Today's Youth" - Tomorrow's Leaders". The list contains a points system which can be earned by the salesman alias a student. There is a clear intention here to involve the householder into contributing to a "bonus" scheme to create opportunities for "Today's youth". If the bonus system is to be part of an incentive to the salesman to make a sale as alleged by the company, then what is the reason in involving the householder by disclosing this bonus scheme to him?

- 19.6 The actual receipt requires further comment because its reverse side contains conditions of sale to which no consumer should and would agree. The company states that it reserves the right to substitute for equal value should any publication become over-subscribed and that it cannot cancel subscriptions. Consumers are therefore at the mercy of the company who can send them any books it wishes. It is significant that a large number of complaints refer to receipt of books which were not ordered. Again it should be noted that those conditions are printed on the reverse side of the receipt and the receipt is issued after the consumer has agreed to purchase and has handed over the money. It is also not hard to conclude that the receipt is issued immediately prior to the salesman's departure from the consumer's home, who is then left holding the proverbial baby.
- 19.7 The activities of Global Readers Service Ltd. must be condemned in the strongest of terms as the company -
- a) Is making use of documents which are confusing to consumers.
 - b) Requires consumers to accept goods which they did not order.
 - c) Does not take any effective action which would stop sales staff misrepresenting themselves as students in order to gain sympathy and access to a consumer's home.

REAL ESTATE SALES

Gens Zelda Pty.Ltd., Cloverdale Builders Pty.Ltd. and B. Kappel Group of Companies.

- 20.1 The Bureau has received a significant number of complaints from consumers about sub-standard houses being purchased for exorbitant prices on very harsh terms.
- 20.2 Most of these complaints concern one real estate agent, the B. Kappel Group of companies, and two vendors, Gens Zelda Pty.Ltd. and Cloverdale Builders Pty.Ltd.

20.3 It seems that Gens Zelda Pty.Ltd. was owned and controlled by Estate Mortgage Managers Ltd., both companies having the following common directors:

Morris Murray Pollock
 Jacques Rose
 Reuben Albert Lew

The directors of Cloverdale Builders Pty.Ltd are:

Victor Smorgan
 Loti Smorgan
 Vicki Vidor
 Leoni Edwards
 Peter Benson

The directors of B. Kappel Pty.Ltd. are:

Boris Kappel
 Ryna Gittle Kappel

20.4 A case history of one complaint which embodies several objectionable practices is set out below. This example involved Kappel as agent and Gens Zelda as vendor.

Mr. and Mrs. A. who have 4 children between the ages of 2-9 years arrived in Australia on 21/1/77. They had no accommodation except a motel for which they paid \$30 per day.

On Saturday 29/1/77, in response to an advertisement offering housing on low deposits, they visited the offices of B. Kappel (West) Pty.Ltd., 209 Nicholson Street, Footscray. They were shown a number of houses that afternoon, all of which were in a very bad state of disrepair. They were not happy with these houses but were told that was what they could expect for \$30,000.

Finally they were shown a house which appeared to be better. The word "better" is used only in a relative sense as will be recounted later. A brief inspection of the house (half hour) took place. It was put to them that they must give a "yes" or "no" answer on the spot as someone else had a holding deposit on it. Mr. and Mrs. A. not without some misgiving agreed to purchase the house on \$1,500 deposit.

They asked if they needed a solicitor, and they were advised that one was available. On the following Friday, 4/2/77, they signed a contract to purchase the house from the vendor Gens Zelda Pty.Ltd. of 461 Bourke Street, Melbourne on the following terms -

Price \$30,000 - Deposit \$1,500
 Weekly repayments for 3 years of \$72 at a rate of 14% interest on the balance, or 11.9% for prompt payments. The interest to be adjusted quarterly. The balance to fall due in three years.

Prior to the sale to Mr. and Mrs.A., Gens Zelda borrowed \$12,500 and \$6,800 by way of mortgages on the security of the property. This action created interests in the property which would take precedence over that of Mr. and Mrs. A. as purchasers. That is, the mortgagors, in the event of Gens Zelda being unable to meet its repayments, could enforce their rights by selling the property up and dispossessing Mr. and Mrs. A. who would have no practical recourse for compensation. Any diligent solicitor would warn a consumer against entering a contract for property carrying such mortgages.

The property had been purchased by Gens Zelda Pty.Ltd. in March 1976 at a price of \$21,000 as stated by one of its directors to the Bureau, yet examination of the title showed a price of \$18,500. The difference was claimed to be related to chattels on the property.

20.5 The house was inspected by officers of the Bureau, the Valuer General and the Housing Commission. Two valuations were sought from the Valuer General on the basis of a cash sale, and on terms as disclosed in the contract. Those valuations were \$20,000 cash sale and \$24,000 on the terms.

20.6 The following is a summary description of the property -

"The house occupies a total of 105.5 square metres. Of that area 62.3 square metres appears to be the original structure to which has been added 43.2 square metres at the rear under a galvanised iron skillion, which is in a very bad state of disrepair.

The roofing, particularly the rear section, is rusty, lifting, and leaks. The site is unadequately graded and drained. In wet weather the water flows back into the house. The sub floor ventilation is inadequate. In fact the floor site on the ground in many places and is rotten. It is out of level throughout the house.

The outside bearers are sitting on the ground. The walls and ceilings are cracked and sagging. Water damage is evident throughout.

Some of the walls had been papered over, but the paper had not stuck to crumbling plaster; in places the paper had been held on with selotape.

The WC structure is in a state of disrepair. The floor, which is holed, is non-existent from behind the toilet to the rear wall.

The exterior paintwork has perished. The weatherboards are rotten and splitting. Putty around the windows has perished, and window sills decayed and split. Down pipes are corroded and not connected to storm drains. There is no spouting to the rear of the house".

- 20.7 Mr. and Mrs. A's three year old boy fell through the floor in his bedroom.
- 20.8 Due to the representations of the Bureau, Mr. and Mrs. A. were eventually released from the contract by the vendor, but no moneys returned to them either by the vendor or agent. The agent however did offer to transfer its commission to purchase another house.
- 20.9 The house has now had a Housing Commission order placed on it which could only be effectively satisfied by demolition.
- 20.10 Most of the cases reported to the Bureau have common features. The purchasers have no contact with the solicitor nominated in the contract before it is signed. Contracts are exchanged in less than a week from the initial inspection and deposit.
- 20.11 Properties are subject to mortgages executed by the vendor. A prudent solicitor for the purchaser should advise him of this factor and its possible consequences.
- 20.12 Properties are in a very poor condition and are frequently, subsequent to sale, made subject to Housing Commission Order, which are in effect demolition orders.
- 20.13 Sales are made on very low deposits. For example, \$1,500 deposit, price \$30,000; \$1,500 deposit, price \$36,000. Vendors terms are of 3 to 5 years, when the balance will fall due. This balance will be very considerable, despite high weekly repayments of \$70/\$80 per week which do little more than cover interest. Real difficulties can be expected when the purchaser has to re-finance the deal.
- 20.14 Consumers should consider very carefully the purchase of a home. They should seek expert advice from as many estate agents as possible so as to gain a knowledge of property values.

- 20.15 It is foolhardy for a working man to expect to be able to purchase a \$36,000 house on \$1,500 deposit on three years vendors terms.
- 20.16 Prospective purchasers must seek their own legal advice before they sign contracts. They should personally seek the advice of a solicitor, discuss the matter with him and only sign on his advice.
- 20.17 On the other hand the motives of estate agents and solicitors who encourage and allow consumers to enter into contracts to purchase homes of the nature described above must be questioned.

Bills Rental Information Centre
275 King Street, Melbourne.
Proprietor Mr. W.R. Keyte.

- 21.1 Bills Rental Information Centre (B.R.I.C.) purports to provide listings of available flats or houses for rent at a service fee of \$40 per year. Nearly all complaints received against the firm allege that in addition to the other matters discussed below, most listings received from the firm are taken directly from the Classified Section of a newspaper, usually the Age.
- 21.2 The complainants also state that on contacting the phone numbers supplied by Bills Rental Information Service, the owner of a flat or house would emphatically deny ever having approached B.R.I.C. for the purpose of listing their accommodation.
- 21.3 Other complaints state that the consumers:
- (a) received no service whatsoever for the fee paid.
 - (b) were given quite unsuitable listings.
 - (c) could with only great difficulty get through to the firm to obtain listings.
- 21.4 In February, 1977, the firm registered a further trade name "Rent Easy" and placed advertisements in the classified sections of newspapers in such a way that consumers thought the advertisements referred to one of the Company's competitors. Consumers who thought that they were dealing with the firm's competitor were never informed by Rent Easy that this was not the case and were induced to sign membership agreements for the fee of \$40.

- 21.6 The service provided by B.R.I.C. appears to be of such marginal value that justification for its existence can be questioned. To pay the fee for such poor service certainly cannot be justified. Unfortunately, most people desperate for accommodation do not know of the poor service provided until after they have paid.
- 21.7 At the time of writing this report, information has been received that Bills Rental Information Centre has ceased trading and that Mr. Keyte has moved into the area of establishing some door to door selling rounds.
- 21.8 What ever the business involved, a person who uses the practices adopted by Mr. Keyte over the last two years, needs to be watched. Unethical attitudes are likely to continue.

INSURANCE

Accident Insurance Mutual Limited.

- 22.1 There has been an alarming increase in the number of complaints lodged against Accident Insurance Mutual Limited of 582 St.Kilda Road ,Melbourne. The complaints relate mainly to the company "short terming" policies, requesting additional premiums and taking excessive time to settle claims.
- 22.2 A considerable number of policy holders complained to the Bureau that the comprehensive insurance premiums quoted by the salesman on the hire purchase contract at the time of purchasing the car were renegated by the insurance company after several weeks have elapsed by sending the policy document with the following notice appropriately completed.
- 22.3 It is not suggested that the company is not entitled to collect the correct premium for the risk undertaken. However if there is no mis-statement of this then the policy should stand. To do otherwise induces a customer to use this company in the belief that the premiums are competitive. In the form below it will be noted that the ✓ is against "Finance not Cash rates to apply". Surely the salesman handling this insurance should know that it is a purchase of finance. A similar argument can be used in all but the first entry concerning no claim bonus.

PLEASE NOTE: POLICY SHORT TERMED FOR REASONS AS DETAILED BELOW

- NO PROOF OF NO CLAIM BONUS
- INCORRECT RATING
- INCORRECT VEHICLE CATEGORY
- USUAL DRIVER UNDER 25 YEARS OR LICENCED FOR LESS THAN 2 YEARS
- FINANCE NOT CASH RATES TO APPLY

**KINDLY DETACH AND RETURN THIS PORTION
WITH**

EXTRA PREMIUM REQUIRED \$

OR PROOF NO CLAIM BONUS ATTACHED.

NAME:

POLICY NUMBER:

TO



ACCIDENT INSURANCE MUTUAL LIMITED

582 St. Kilda Road, Melbourne 3004. Telephone 51 8401

22.4 One specific case warrants special mention. On a hire purchase contract where the comprehensive insurance amounted to \$1,685 for two years and the consumer credit insurance to \$228 for four years, the company demanded an extra premium of \$943 claiming that the dealer when entering into the agreement had quoted an incorrect rating.

- 22.5 What must be termed as most unusual is that when the Consumer Affairs Bureau made representations to the company and the dealer on behalf of the consumer, the company agreed not to press with the \$943. The reason given was that the dealer entered into a special deal with the purchaser of the car whereby he would forego all commissions which he would usually receive on insurance premiums. It appears that this special deal aspect of the contract was not conveyed to the insurance company, or that the company failed to take appropriate notice of it, and subsequently attempted to collect the full premiums from the consumer. It further therefore appears that the total comprehensive insurance in that particular contract would have amounted to \$2,628 with a commission payable to the dealer of \$943.
- 22.6 There are other examples where consumers have complained to the Bureau that the policy they eventually received from the company was "short termed" unless they paid additional premiums. This practice of increasing the premiums a considerable time after entering into the insurance contract at the premises of the motor car dealer misinforms the consumer as to his obligations and prevents him from making an informative judgement whether he could have obtained more favourable terms from another source. Furthermore, the consumer is placed in a confusing situation. Should he want to cancel the policy as an outcome of the increase in the rate, Accident Insurance Mutual would charge him for one or two months premium, depending on when the company forwarded the policy to him. plus 10% of the unused portion of the premium. The 10% would be based on the revised premium and not the original premium quoted by the dealer. In addition the one or two months cover given by the company would be also calculated at the revised premium and the resulting balance automatically deducted from the amount refundable to the policy holder.
- 22.7 In one case a consumer entered into a hire purchase contract which included a comprehensive insurance premium of \$228. The consumer was told by the dealer that this was a 12 month premium. Some six weeks later A.I.M. forwarded a policy with a notice stating that the policy had been short termed and the revised premium was now \$324. Upon requesting a cancellation of the policy, the consumer received \$147. Thus six weeks insurance had cost him \$81.
- 22.8 The Ministry contends that the dealer, as an agent for Accident Insurance Mutual Limited, should be able to quote the correct premium to the policy holder and that there should not be any need for the large number of adjustments. After all the consumer completes a proposal form at the dealer's premises and various contingencies such as previous claims, accidents and convictions are noted on the proposal. The dealer is provided with the insurance category of the vehicle sold, as well as the age of the driver and is always aware whether finance or cash rates apply. The dealer should always be able to quote the correct premium which would only be subject to the consumer providing proof of a no claim bonus.

- 22.9 The fact that complaints of this nature in relation to other companies are virtually unknown in the Bureau is a further indication of something being wrong with the procedures of the Accident Insurance Mutual Limited.
- 22.10 Another area of concern with respect to Accident Insurance Mutual Limited is the frequency of dealys in settling claims.
- 22.10.1 A consumer wrote,

" I wish to put forward a complaint to you about Accident Insurance Mutual Limited. A car was insured with this company, which claims in one of its advertising pamphlets to give quick and efficient service. By the time this letter reaches you, it will be more than 16 weeks since our car was written off in an accident. We are still waiting for our money".

- 22.10.2 Another complainant wrote the following -

" On the 17th of September 1976 my motor cycle was completely destroyed by fire and on the 20th of September 1976 a claim form was submitted regarding the policy to A.I.M. After a lapse of approximately six weeks and numerous phone calls, the assessor inspected the damage to the motor cycle and declared it a write-off. A fortnight later when enquiring regarding the progress of the claim, the company informed me that they had no record of my policy and that I was not insured with them. I then produced the cheque number of the payment made on my behalf. Having produced this information to A.I.M. they then stated they had located the policy. On the 20th of November 1976, a total release notice from the insurance company was received stating a payment of \$1,525 (\$2,000 cover minus \$475 excess) would be made after receipt of the signed document. This notice was completed signed and returned. In about mid December, I enquired regarding the payment of the claim and was informed that a delay in payment was caused by alteration in the payment and that it would now be \$1,200. They consider the valuation of the motor cycle to be \$1,675 and that payment would be based on this figure. A cheque for \$1,200 was finally received by me on the 12th of January 1977".

- 22.10.3 Another consumer wrote -

" Two weeks before Christmas 1976, my car was burnt out and declared a total loss. The pay out on my insurance policy was \$3,950 less \$250 for excess. The insurance company told me that the money would go straight to my finance company where they would work out exactly what was owing".

- 22.11 On the 16th of March 1977, the finance company received the money from A.I.M. This three month delay cost the consumer \$266, which represented the interest charged on his finance account from January until the pay out in March. Following the Bureau's representation on behalf of the consumer, this amount was refunded.
- 22.12 Australian Insurance Mutual blamed lack of staff for such delays. On the other hand, consumers have been extremely inconvenienced in their dealings with the company and have suffered considerable financial losses.

FITNESS COURSES

Olympic Sports Complex Pty.Ltd.

Olympic Fitness Centre Pty.Ltd.

Inshape Health Spa.

- 23.1 The directors of the above companies are Franklin Thomas Burwash and Barbara Edith Burwash.
- 23.2 Seventeen complaints have been received against Olympic Sports Complex Pty.Ltd. for the period covered by this report. The complaints have shown that the company adopted a policy of selling fitness courses to consumers in the same manner that was condemned in a previous report in relation to another company trading in the same field. The complaints concerned a number of activities.
- (a) The issuing of free passes to the Sports Centres to get potential customers and then exerting undue influence and pressure on them to sign a "membership agreement".
 - (b) The lack of consideration shown to customers wanting to withdraw from a fitness course for genuine reasons such as inability to pay, medical advice not to continue with the course, etc.

- (c) The withholding of information as to the obligations associated with the signing of a "membership agreement", which is in fact a legally binding contract which can be enforced by the company whenever there is any default in payment, irrespective of whether the client is making use of the premises or not.
 - (d) The adoption of an unconscionable attitude to customers by issuing default summonses on consumers who were not able to continue with the course and wished to withdraw from it. In this respect the Bureau established that in the period 1st July 1976 to 5th May 1977, 174 special summonses were issued by Olympic Fitness Centre Pty Ltd., from the Dandenong Court.
- 23.3 At a meeting during the year under review held between officers of the Bureau and representatives of the company, the company's inflexible attitude towards consumers was confirmed by the attitude of the General Manager, and only after lengthy negotiations, some complaints were resolved in an equitable manner.
- 23.4 The activities of this company again highlights the danger of signing any contract, without being sure of the terms, obligations, and entitlements of the contract. Wherever high pressure is used there is a good chance that the consumer will regret any commitments made.
- 23.5 Verbal representations, that a contract is not binding, or by signing now will save inconvenience later, is a warning sign like red flashing lights at a railway crossing. If the warning is ignored it will be at the consumers peril.
- 23.6 It is always wise to take contracts home and study them away from the influence of a salesman.
- 23.7 At the time of writing this report the Ministry has sighted an advertisement that Olympic Sports Complex and Olympic Fitness Centre will now be called Inshape Health Spa.
- 23.8 A change in name does not necessarily mean a change in business practices.

MAIL ORDER SALESTempo Record Sales
P.O. Box 198, Wembley W.A.

- 24.1 A number of people have written to the Consumer Affairs Bureau complaining about Tempo Record Sales who appear to be a mail order firm which advertises in a number of well known women's magazines. The complainants range from non-supply of goods to allegations that the goods eventually supplied were not of the same quality or make as advertised.
- 24.2 Whenever consumers are buying through the mail they should ensure that they fully understand the conditions of sale and they should realise that the goods advertised are always presented in the best light. It is only to be expected that whenever a manufacturer or retailer is advertising a product it will be shown to its best advantage and will not highlight any weaknesses or less flattering aspects. Consumers realize that in mail order sales, they are prevented from examining goods before purchase and so can be easily misled as to quality or the real characteristics of the item. There is therefore an increased responsibility on them to ensure that they fully comprehend the offers made by the retailer in the advertisement. On the other hand the retailer or manufacturer must ensure that the advertisement is not misleading and the sample shown conforms to the goods actually supplied.
- 24.3 In the case of Tempo Record Sales, the advertisements are not only misleading in their exaggeration but also misleading in factual information supplied.
- 24.4 The company advertises "Wonder Flowers" and prices are advertised to be at cost. Consumers who have ordered these "Wonder Flowers" as advertised paid up to \$7.50 for supply, packaging and postage. In due course they received 2 packets of seeds of a well known seed manufacturer in an ordinary letter envelope. The quantity of the seeds was such that no additional postage was required on the letter envelope. In other instances a consumer had ordered 3 bulbs advertised as "Chinese Water Lilies". She paid \$3.10 for this order. When she finally received her order and planted the bulbs and the alleged "Chinese Water Lilies" finally bloomed, she discovered that they were ordinary common or garden type jonquils. In another complaint it was established that seeds supplied by Tempo Record Sales for the price of \$7.50 could have been obtained from a local retailer at a cost of .40 cents per pack.
- 24.5 Tempo Record Sales did not limit themselves to the advertising and supply of seeds. Advertisements for small battery operated vacuum cleaners for \$8.50 and some "pyramid Pendants" for up to \$28 were also traced to Tempo Record Sales.
- 24.6 The Victorian legislation requires that anybody who advertises the supply of goods or services and places a post office box number in the advertisement must also show his full name and address. This provision has ensured that many unethical and dishonest mail order practices have ceased. Unfortunately if the post office box number refers to another State or even overseas and the publication is from that State or from overseas, then it is virtually impossible to ensure compliance with the Victorian legislation. In the case of Tempo Record Sales, the firm was approached through the Western Australian Consumer Affairs Bureau and in some cases a full refund has been obtained for the consumer.

CARAVAN INVESTMENT AND LEASING SCHEMES

The Principle.

- 25 Over the last few years a number of entrepreneurs have entered and left the caravan leasing business. The "modus operandi", though having some differences between entrepreneurs, basically requires an investor to buy a caravan which would be placed on a caravan park, and be handled by a management company, which ran a central booking office. The concept is reasonable and desirable from a tourism view, and if properly administered maybe a welcome business venture. The implementation has however been disastrous for many investors.

Holiday City Pty.Ltd.

Midland Pacific Caravans Pty.Ltd.

- 26.1 The Directors of these two companies were John Marcellus Reid and Raymond Ralph Krantz. These persons are again referred to in section 31.
- 26.2 The scheme involved persons purchasing a caravan from Midland Pacific Caravans Pty.Ltd and then engaging Holiday City Pty.Ltd. to place the caravan on-site in a caravan park. Holiday City Pty.Ltd. would then collect the fees, maintain the caravan, manage the siting of the caravan and remit to the investor the rentals less a percentage retained for management fees and commission. Holiday City Pty.Ltd. would also run central booking offices and promote the use of the on-site caravans.
- 26.3 The inducement to investors was that the company did all of the work and the return from rentals would not only pay for the caravan but return a handsome profit. The cost of a caravan was \$5,000 and returns were projected at \$1,500 for the first year, increasing to \$2,700 in the fifth year.
- 26.4 The collapse of the companies revealed the extent of the unethical and fraudulent activities. It is estimated that about 600 caravans were sold to the public and placed in various caravan parks throughout Australia. In addition 137 caravans were sold which did not exist. Each purchaser paid at least \$5,000 per caravan but as the caravans were to be used only on-site, there was no need to register them for road use. The only identification number was the one stencilled on the chassis by the company. The caravan park proprietors were not told the names of the individual owners of the caravans and their only means of identification of the ownership of the caravan was by way of reference to the books kept by the company. The owners of the caravans also had no independent means of identifying a caravan and checking its earning capacity.
- 26.5 This, to some degree ingenuous scheme, capitalising on the absence of any requirements to register the caravans or have them properly identified, made it possible to sell non-existing caravans. A Melbourne newspaper dubbed this as "The Case of 137 Missing Caravans".

- 26.6 The first intimation to the purchasers of these caravans of something being wrong was when they were advised that they were unsecured creditors of Midland Pacific Caravans Pty.Ltd. with very little prospect of recovering their money.
- 26.7 Mr. Reid has now been charged by the police in connection with the activities of the company.
- 26.8 These companies are in liquidation with a deficiency of some \$700,000.

Australia Wide Caravans Pty.Ltd. and Computavan.

- 27.1 This company previously operated under the business name Computavan. Advertising material held out the promise of 21% return on capital investment; regular monthly income of \$40, \$1638 a year and at the end of the year a buy back plan that gives you a return of \$12,190 on an investment of only \$5000 and secure investment at that".
- 27.2 On 1st April 1977, Computavan became a proprietary limited company - Australia Wide Caravans Pty Ltd., The directors were Kurt Kepler and Valerie Anne Kepler. The company had an issued capital of \$2. Mr. Kepler resigned as a Director after it was disclosed that he was an undischarged bankrupt. Mr. Kepler's previous businesses have included home insulation, roof tiling, house renovations and wig retailing.
- 27.3 Australia Wide Caravans Pty.Ltd. has now been sold and its new directors are resident in Queensland. The method of operation may not now apply to the company under its new management.

Viewcolour T.V. Pty.Ltd. Trading as J.R.S. Caravans of Australia.

- 28.1 J.R.S. Caravans of Australia modified the scheme further. The caravans they sold were registered for road use and were rented out from a yard located in Footscray.
- 28.2 J.R.S. Caravans of Australia is a business name, the proprietor of which is Viewcolour T.V. Pty.Ltd. Viewcolour T.V. Pty.Ltd. which sold colour television sets on a door to door basis is no longer operating either under its own name or the business name.

- 28.3 In this case, the purchasers of the caravans were able to recover their property, although they had paid an inflated price as the cost had included management fees.

Mica Investment Consultants

- 29.1 Mica Investment Consultants is a registered business name, registered on 14th April 1977. Its proprietors well known to the Bureau are:

Dimitry Chernikeeff
and Adrian Eric Morton

These two men were mentioned in the 1975/76 report.

- 29.2 The conclusion reached in the 1975/76 report was that the complex structure of succeeding companies was designed to confuse customers and to create a smokescreen.
- 29.3 Despite the impecunious position of their various companies, Messrs. Morton and Chernikeeff still hold themselves out to be investment consultants.
- 29.4 They had advertised a caravan scheme similar to the Midland Pacific scheme offering an annual income of up to \$1,900 per year on a \$5,500 investment.
- 29.5 Given the chequered history of Messrs. Morton and Chernikeeff, an investment in their scheme would only be done at the peril of the investor's funds.

Country Road Caravans

- 30.1 After the end of the period of this report another firm in the caravan investment and leasing business came to the attention of the Ministry. Country Road Caravans is a business name applied for by Mr. Joseph Longden of 21 Geoffrey Drive, Kilsyth. The firm commenced on the 11th October 1977 with the stated purpose of "Sales and Rental Of Caravans". Despite extensive investigations Mr. Longden cannot be located. The residents at 21 Geoffrey Drive claim he is unknown to them.
- 30.2 The attractive brochure issued by the firm states that the anticipated average return to the investor would be approximately 30% return on capital invested and it carries the message "Remember One good investment is worth a life time of labour".
- 30.3 The front page of the brochure states:
- Country Road Caravans
Aust. Head Office (Melb).

21 Queensberry Street
Carlton, Victoria
Australia.3053
P.O. Box 348 Carlton.

Telephone 347.6866 (5 lines)
Telex: 34145
Cables/Telegrams: UNEXAS (MELB)
- 30.4 This "Australian Head Office" is the head office of a telephone answering service and the telephone, telex and cable addresses also are those of the answering service.
- 30.5 The use of this format, though perhaps legal, does suggest to a potential investor that Country Road Caravans is a substantial firm with a number of offices, the head office being in Melbourne.
- 30.6 Investigations by the Ministry, revealed that an account to Country Road Caravans was paid with a cheque from M.P.B. Discounters Pty.Ltd. the signatories of the bank account being Robin Morton and Dimitry Chernikeeff. Subsequently it was learnt that Adrian Morton was involved in the management of this firm.
- 30.7 It will be noted that Mr. Morton and Chernikeeff are the proprietors of Mica Investment Consultants.
- 30.8 Whether Country Road Caravans offers a viable investment or not only time will tell. The Ministry is naturally influenced by the track record of Mr. Morton and Mr. Chernikeeff and the outstanding distress warrants against companies and firms with which they have been associated. The Ministry is also concerned that it cannot locate the registered proprietor and that the brochure gives an image of substance by the way in which it highlights facilities of an answering service as its registered address.
- 30.9 Potential investors should consider these facts before becoming committed.

TRADERS OF THE YEAR AWARD ???

John Marcellus Reid
Raymond Ralph Krantz

- 31.1 In 1975 a Bureau Inspector completed a company search on two companies Holiday City P/L and Midland Pacific Caravans P/L (referred to in Part 3 Section 26) and learnt that one of the directors was a John Marcellus Reid, the other was a Raymond Ralph Krantz. These two companies had been launched to handle a growing business of tourists renting caravan accommodation in holiday parks throughout Australia. The plan was that an investor would buy a caravan, the caravan would be placed in a park and Holiday City would then handle the management of that caravan rental and return to the investor a certain proportion of the rents received. Because of the track record of John Marcellus Reid and Raymond Ralph Krantz, together with the unrealistically high dividends promises from this venture an investigation was made. In December 1975, it was predicted that both these companies would collapse and prior to the collapse there would be considerable headaches thrown the way of the Ministry from those investors and others who would suffer because of a misplaced trust in the directors of these companies.
- 31.2 Regrettably the predictions were right and in early 1977 both companies were placed in liquidation, with liabilities in excess of \$700,000. The liability showed night clubs and hotels as reasonably large creditors. These companies are still being investigated by the Fraud Squad.
- 31.3 Of equal if not greater concern to the Ministry, is the previous activities of the directors and it is worth having a look at some of the interests of the directors of these failed companies or firms.

John Marcellus Reid

- 31.4 John Marcellus Reid has been involved as director or principal of the following companies or business names of firms registered in Queensland.

Associated Travel Tours Pty.Ltd.
 Commercial Camping Company.
 English Bloodstock Import Syndicate.
 Australian Stallion Review.
 Wh. Groom Products.
 Australian Stallion Review Publishing Company.
 Midland Pacific Caravans.
 Southside Contracting Service.
 Midland Constructions.
 Midland Emergency Maintenance Service.
 Midland Pacific Holdings Pty.Ltd.
 Nationwide Paint and Chemical Company.
 Take-A-Holiday Rent-A-Tent.

B.J. Investments Pty.Ltd.
 Old Quaker Paint Company.
 Strata Explorations.
 Holiday Girl Enterprises.
 Old Quaker (Retail) Pty.Ltd.
 Jomeid Pty.Ltd.
 Allstate Demolitions.
 Take-A-Holiday.
 Bestline.
 U.S. Chemical Company Of Australia.
 Pine Vale Produce Company.
 Combined Chemical Industries (Qld.)
 Combimed Chemical Industries (Aust.)
 Standard Brands.
 Old Quaker Property Improvements.
 Farmers and Ranchers Association of Australia.
 Nationwide Building Products Pty.Ltd.
 Building Supplies of Australia.
 Old Quaker Pty.Ltd.
 Keeshan Pty.Ltd.
 Veda Homes Pty.Ltd.

The Ministry understands that the majority of these are now in liquidation.

31.3 Mr. Reid is or was involved in the following Victorian Companies or firms.

Early Explorers Pty.Ltd.
 Holiday City Pty.Ltd.
 Associated Travel & Tours Pty.Ltd.
 Old Quaker Paint Pty.Ltd.
 Coast to Coast Campgrounds.

Raymond Ralph Krantz.

31.6 Raymond Ralph Krantz has been involved in Old Quaker Paints, Puritan Paints, U.S. Chemical Company of Australia. Krantz is also involved in Cheville Investments Pty.Ltd. and Chevelle Constructions. Cheville Investments has a paid up capital of \$2.00 only.

31.7 Old Quaker Paints Pty.Ltd. Puritan Paints and U.S. Chemical Company of Australia Pty.Ltd. were largely involved in the sale and application of a paint type product called Guntex or Asbestex Asbestos Coating to weatherboard houses. The contracts issued stated;

" THE MANUFACTURER OF GUN-TEX GUARANTEES THE WORK FOR A PERIOD OF 20 YEARS AND WILL REPLACE FAULTY WORKMANSHIP OR FAULTY MATERIAL FREE OF CHARGE".

- 31.8 Consumers received the following letter after the application of the material.

Dear Sir,

It is with a great deal of pleasure that Old Quaker Paints welcomes you to our large and constantly growing family who are enjoying the comfort saving and lasting beauty of Guntex.

Enclosed with this letter is your Twenty Year Guarantee of Guntex , a product so carefully and diligently manufactured under such high standards of quality control, that Old Quaker Paints is proud to furnish you with this guarantee.

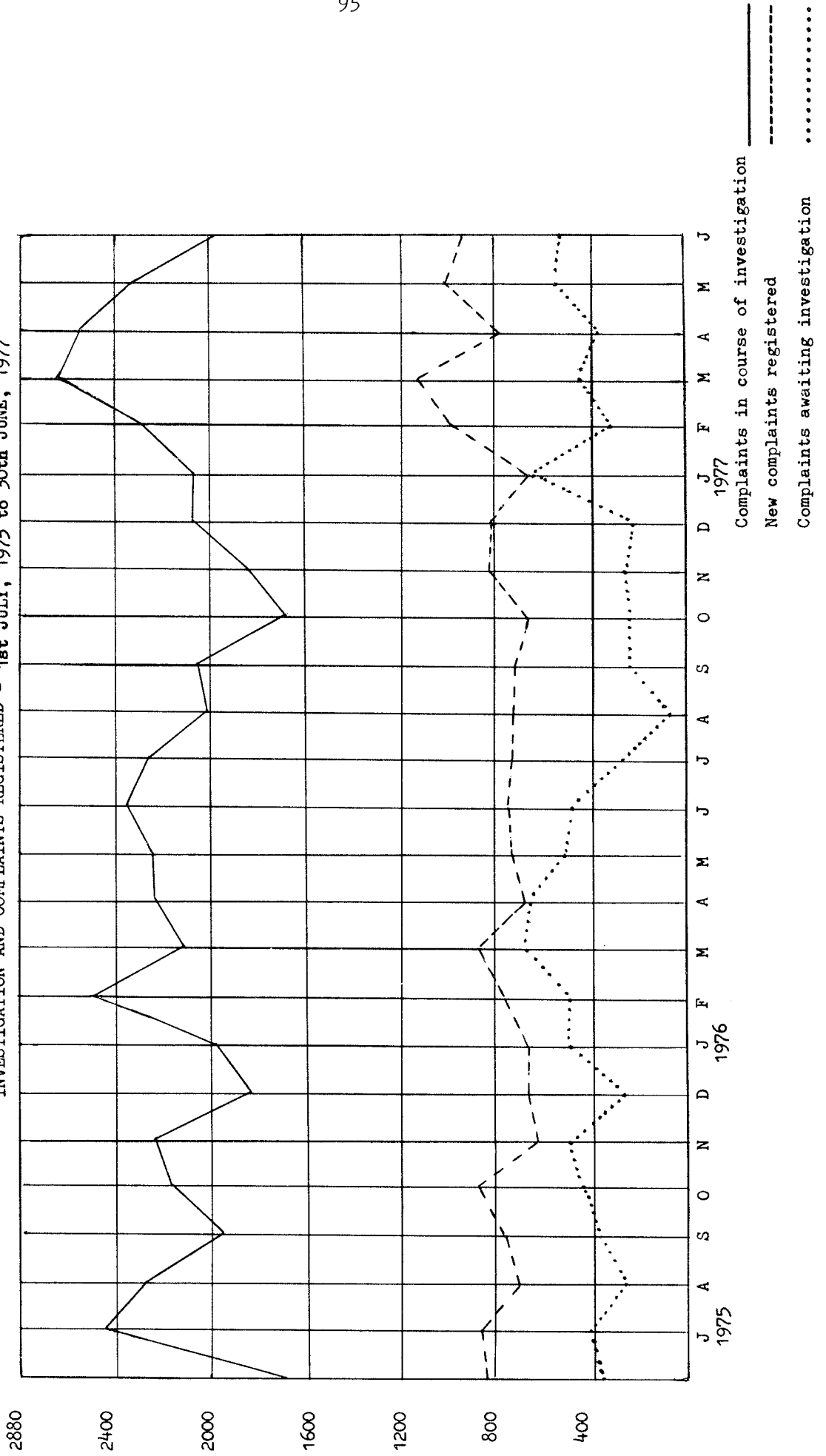
It is hoped that you will share the pride and pleasure of your Guntex application by recommending our product and the contractor to your friends and neighbours.

Yours faithfully,

R.R. Krantz
Managing Director.

- 31.9 An impressive guarantee document was issued headed 20 YEAR GUARANTEE. Some guarantees referred to Asbestex Asbestos Coating and in the case of Old Quaker Paint Company, they are signed by R.R. Krantz as President.
- 31.10 Within 2-3 years this "paint" started to blister and peel, the consumer would contact the company involved and receive a variety of excuses but no satisfaction. The Consumer Affairs Bureau took up their case without success as the companies had ceased to trade, Puritan Paints being wound up by Order of the Court in 1975. Mr. Krantz made many promises which were not kept, he blamed everybody and everything but himself.
- 31.11 It is doubtful that the above lists of the companies in which Reid and Krantz have been or are currently involved are exhaustive, there could well be more. The Ministry is unaware of any that have been long lived or successful and in which investors or consumers have received reasonable satisfaction for money paid.
- 31.12 It is a matter of speculation where either Mr. Reid or Mr. Krantz will turn up next as directors or principals of a company. It is also a matter of speculation what type of scheme will next attract their endeavours.

APPENDIX B
 COMPLAINTS AWAITING INVESTIGATION, IN COURSE OF
 INVESTIGATION AND COMPLAINTS REGISTERED - 1st JULY, 1975 to 30th JUNE, 1977



APPENDIX CTable 1 - General Summary of Complaints Received by the Consumer Affairs Bureau- 1975/76 and 1976/77

	1975/76		1976/77	
	No.	%	No.	%
Advertising	99	1.10	152	1.52
Boats	40	.45	50	.50
Books, Periodicals, Printing and Typing	49	.55	25	.25
Building -				
General	71	.79	119	1.19
Renovations and Repairs	478	5.33	520	5.18
House Cladding	92	1.03	110	1.10
Painting and Decorating	103	1.15	72	.72
Construction of New Homes	165	1.84	229	2.28
Home Improvements	<u>106</u>	<u>1.18</u>	<u>124</u>	<u>1.24</u>
	1015	11.32	1170	11.66
Clothing Footwear and Accessories -				
Women's Clothing	223	2.48	200	1.99
Men's Clothing	55	.61	61	.61
Children's Clothing	16	.13	26	.26
Women's Footwear	155	1.73	112	1.12
Men's Footwear	20	.22	18	.18
Children's Footwear	20	.22	9	.09
Dress Accessories	<u>13</u>	<u>.15</u>	<u>20</u>	<u>.20</u>
	502	5.60	446	4.45
Door to Door Sales	84	.94	108	1.08
Dry Cleaning and Laundry	92	1.03	91	.91

Education, Health and Fitness	147	1.64	131	1.31
Entertainment	40	.45	71	.71
Finance	150	1.67	248	2.47
Food, Beverages and Tobacco	70	.78	67	.67
Furniture and Floor Coverings -				
Furniture	236	2.63	224	2.23
Carpets	151	1.68	143	1.43
Other Floor Coverings	45	.50	54	.54
Bedding	34	.38	19	.19
Other	<u>80</u>	<u>.89</u>	<u>71</u>	<u>.71</u>
	546	6.08	511	5.09
Hiring and Rentals	62	.69	108	1.08
Household Appliances, Hardware and Equipment -				
Guarantee/Warranty Disputes	139	1.55	147	1.47
Faulty New	583	6.50	528	5.26
Faulty Used	91	1.02	109	1.09
Service and Repairs	521	5.81	475	4.74
Other	<u>149</u>	<u>1.66</u>	<u>144</u>	<u>1.44</u>
	1483	16.55	1403	13.99
Insurance	196	2.19	301	3.00
Insurance Funds -				
Medical	28	.31	29	.29
Dental	<u>1</u>	<u>.01</u>	<u>2</u>	<u>.02</u>
	29	.32	31	.31

Investment and Shares	16	.18	47	.47
Jewellery Watches and Clocks -				
Jewellery	70	.78	71	.71
Watches and Clocks	86	.96	100	1.00
Other	<u>5</u>	<u>.06</u>	<u>4</u>	<u>.04</u>
	161	1.80	175	1.74
Mail Order Sales	177	1.97	291	2.90
Motor Vehicles -				
New Vehicles - Faulty	225	2.51	256	2.55
New Vehicles - Warranty Disputes	84	.94	80	.80
New Vehicles - Other	86	.96	79	.79
Used Vehicles - Faulty	569	6.35	441	4.40
Used Vehicles - Warranty Disputes	153	1.71	354	3.53
Used Vehicles - Other	157	1.75	257	2.56
Parts, Accessories and Care Products	132	1.47	139	1.39
Mechanical Repairs and Service	488	5.44	512	5.10
Tyres and Batteries	48	.54	58	.58
Caravans and Trailers	107	1.19	156	1.56
Motor Cycles	28	.31	36	.36
Heavy Vehicles	66	.74	73	.73
Towing	<u>-</u>	<u>-</u>	<u>12</u>	<u>.12</u>
	2143	23.91	2453	24.45
Musical Instruments, Records, Cassettes and Tapes	51	.57	45	.45
Pharmaceutical Cosmetics and Toiletries	15	.17	26	.26

Prices -

Miselading	10	.11	6	.06
Level of Price	<u>142</u>	<u>1.59</u>	<u>142</u>	<u>1.42</u>
	152	1.70	148	1.48
Professional Services	88	.98	159	1.59
Real Estate and Tenancy -				
Buying and Selling	70	.78	87	.87
Rental	57	.64	93	.93
Rental Bonds	<u>56</u>	<u>.62</u>	<u>81</u>	<u>.81</u>
	183	2.04	261	2.60
Sales Methods	439	4.90	550	5.48
Services	34	.38	27	.27
Soaps, Detergents and Other Household Care Products	22	.25	14	.14
Swimming Pools	78	.87	86	.86
Toys, Sporting and Hobby Equipment	73	.81	92	.92
Travel	84	.94	130	1.30
Miscellaneous	<u>643</u>	<u>7.17</u>	<u>614</u>	<u>6.12</u>
	<u>8963</u>	<u>100.00</u>	<u>10031</u>	<u>100.00</u>

NOTES

1. Percentage sub-totals may not total exactly because of rounding of decimal places.
2. In the Director's First Report for the year ended 30 June, 1975, a summary of complaints received for the years 1971/72 to 1974/75 was included in Appendix C. It is not possible to give a comparison between the above summary and that included in the First Report, due to a change in complaint classification introduced on 1st July, 1975.
3. The above table is only a summary of complaints received as the full classification includes over 400 categories. Any person interested in a particular classification may obtain a copy of that classification on request to the Bureau.

APPENDIX C

TABLE II - ALTERNATIVE CLASSIFICATION OF HOUSEHOLD APPLIANCES AND EQUIPMENT COMPLAINTS

	Guarantee/ Warranty Disputes	Faulty New	Faulty Used	Service and Repairs	Other	Total	Percentage of:	
							Total Household Appliances Complaints	Total Complaints
Television - Black & White	12	9	25	53	8	107	7.63	1.07
Television - Colour	21	91	4	50	43	209	14.90	2.08
Radio Stereograms & Tape Recorders	23	50	6	48	16	143	10.19	1.43
Air Conditioning	7	20	-	12	11	50	3.56	.50
Refrigerators	31	95	33	76	7	242	17.25	2.41
Washing Machines	15	51	29	107	5	207	14.75	2.06
Other Electrical Appliances	15	49	4	44	15	127	9.05	1.27
Other Household Articles	2	44	2	4	11	63	4.49	.63
Tools, Workshop Equipment	3	5	-	3	-	11	.78	.10
Gardening Equipment	3	15	4	12	5	39	2.78	.39
Hot Water Systems	2	8	-	3	2	15	1.07	.15
Heaters	2	31	1	28	17	79	5.63	.79
Stoves	4	40	-	21	3	68	4.85	.68
Clothes Dryers	4	8	1	4	-	17	1.22	.17
Dishwashers	3	12	-	10	1	26	1.85	.26
Total	139	528	109	475	144	1403	100.00	13.99

APPENDIX CTable III - Analysis of Professional Complaints.

	1975/76		1976/77	
<u>Barristers & Solicitors</u>				
General Charges	8		25	
	<u>3</u>	11	<u>13</u>	38
<u>Dental</u>				
General Charges	27		30	
	<u>12</u>	39	<u>19</u>	49
<u>Medical</u>				
General Charges	8		8	
	<u>9</u>	17	<u>4</u>	12
<u>Optical</u>				
General Charges	10		18	
	<u>2</u>	12	<u>7</u>	25
<u>Hearing Aides</u>				
General Charges	4		12	
	<u>1</u>	5	<u>6</u>	18
<u>Funeral Directors</u>				
General Charges	-		3	
	<u>1</u>	1	<u>2</u>	5
<u>Veterinary Surgeons</u>				
General Charges	1		2	
	<u>1</u>	2	<u>1</u>	3

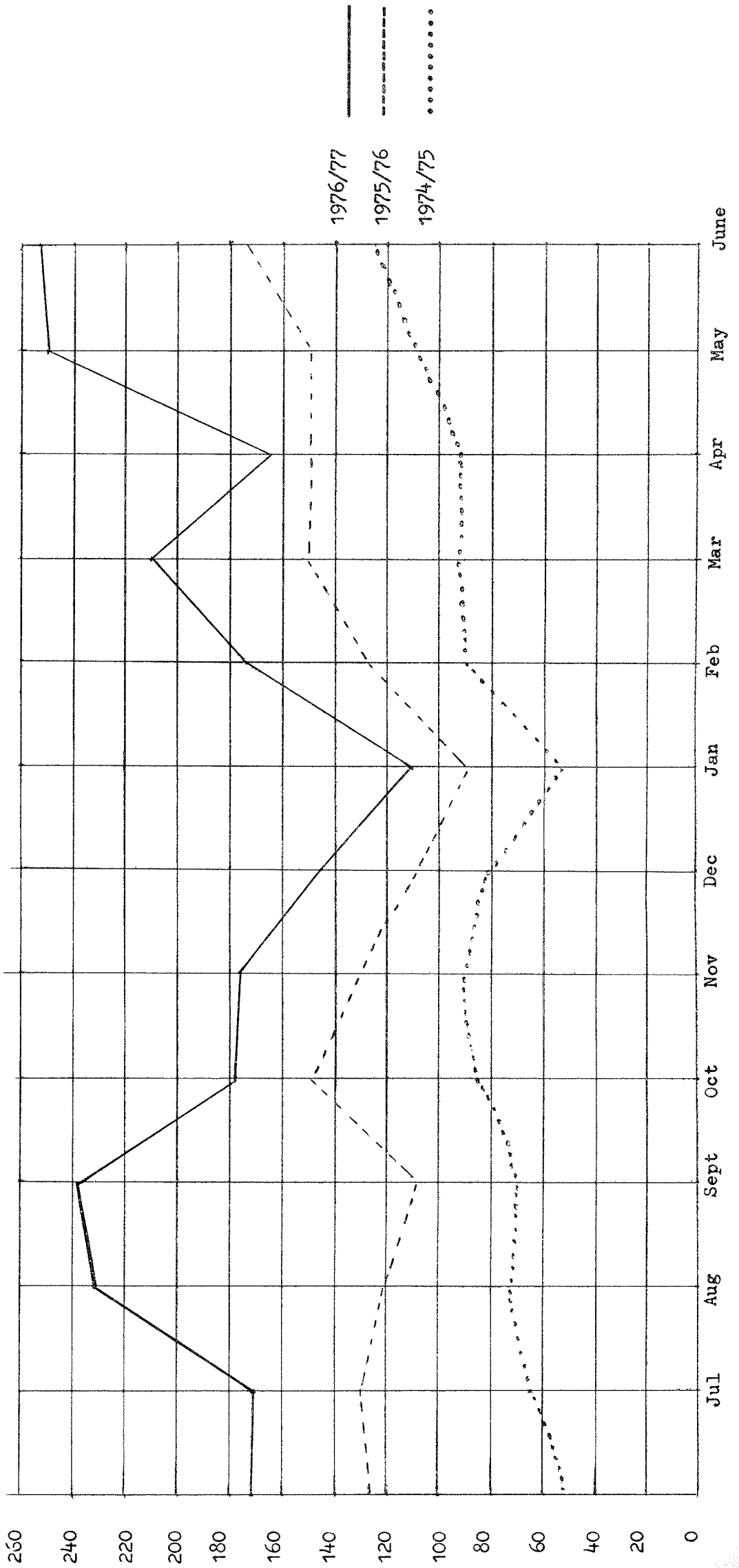
Architects

General Charges	-		1	
	<u>1</u>	1	<u>2</u>	3

Accountants

General Charges	-		2	
	<u>-</u>		<u>4</u>	
TOTAL		<u>-</u>		<u>6</u>
		<u>88</u>		<u>159</u>

APPENDIX D
SMALL CLAIMS TRIBUNALS
CLAIMS LODGED 1st JULY, 1974 to 30th JUNE, 1977



APPENDIX ESMALL CLAIMS TRIBUNALSCLASSIFICATION OF CLAIMS DETERMINED - 1975/76 to 1976/77

	1975/76		1976/77	
	No	%	No.	%
<u>Boats</u>	12	.76	20	.90
<u>Building -</u>				
Renovations and Repairs	286	18.02	398	17.86
Home Cladding	12	.76	18	.81
Painting and Decorating	37	2.33	48	2.15
Construction of New Homes	31	1.95	35	1.57
General	<u>9</u>	<u>.57</u>	<u>43</u>	<u>1.92</u>
	375	23.63	542	24.33
<u>Clothing, Footwear and Accessories -</u>				
Women's Clothing	47	2.96	72	3.23
Men's Clothing	13	.82	11	.49
Children's Clothing	1	.06	3	.13
Women's Footwear	24	1.51	42	1.89
Men's Footwear	2	.13	1	.04
Children's Footwear	1	.06	4	.18
Accessories	4	.25	3	.13
Dressmaking & Tailoring	<u>11</u>	<u>.69</u>	<u>2</u>	<u>.09</u>
	103	6.49	138	6.19
<u>Door to Door Sales</u>	5	.32	6	.27
<u>Dry Cleaning</u>	24	1.51	36	1.62
<u>Education, Health and Fitness</u>	7	.44	4	.18
<u>Furniture and Furnishings</u>	67	4.22	141	6.33

Floor Coverings -

Carpets - Laying	16	1.01	34	1.53
- Other	11	.69	22	.99
Other Floor Coverings				
- Laying	13	.82	14	.63
- Other	<u>4</u>	<u>.25</u>	<u>2</u>	<u>.09</u>
	44	2.77	72	3.23

Hiring and Rentals

<u>(Excluding Real Estate) -</u>	11	69	11	.49
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Household Appliancesand Equipment -

Television	91	5.73	58	2.60
Radio Stereograms	33	2.08	35	1.57
Air Conditioners	10	.63	15	.67
Refrigerators	27	1.70	56	2.51
Washing Machines	27	1.70	48	2.15
Other	<u>67</u>	<u>4.22</u>	<u>65</u>	<u>2.92</u>
	255	16.06	277	12.43

Insurance

	14	.88	18	.81
--	----	-----	----	-----

Jewellery, Watches and Clocks

	19	1.20	45	2.02
--	----	------	----	------

Motor Vehicles -

Faulty	53	3.34	128	5.75
Warranty Disputes	26	1.64	56	2.51
Contractual Disputes	77	4.85	80	3.59
Repairs - Faulty	163	10.27	211	9.47
- Excessive Cost	19	1.20	28	1.26
- Unauthorised	5	.32	12	.54
- Replacement Engines	20	1.26	14	.63

Motor Vehicles (cont) -

Motor Cycles	7	.44	14	.63
Caravans	9	.57	19	.85
Parts and Accessories	14	.88	25	1.12
General	<u>4</u>	<u>.25</u>	<u>23</u>	<u>1.03</u>
	397	25.02	610	27.38

Musical Instruments

	9	.57	2	.09
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Swimming Pools

	13	.82	13	.58
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Travel

	20	1.26	21	.94
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Miscellaneous

Food Freezer Plans	5	.32	1	.04
Hairdressing	5	.32	5	.22
Photography (including Equipment)	7	.44	10	.45
Pets	8	.50	24	1.08
Petrol (Adulterated)	6	.38	-	-
Household Removals	15	.95	17	.76
Pest Control	4	.25	6	.27
Finance	4	.25	2	.09
General	<u>78</u>	<u>4.91</u>	<u>117</u>	<u>5.25</u>
	132	8.32	182	8.17

Sub-Total

	<u>1507</u>	<u>94.96</u>	<u>2138</u>	<u>95.96</u>
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Claims Struck Out

	<u>80</u>	<u>5.04</u>	<u>90</u>	<u>4.04</u>
	<u>1587</u>	<u>100.00</u>	<u>2228</u>	<u>100.00</u>

NOTES:

Renovations and Repairs under the Building classification is made up of the following sub-classification.

Carpentry	17	4.27	.76
Bricklaying	9	2.26	.40
Concreting	66	16.58	2.96
Plumbing	66	16.58	2.96
Fences & Gates	27	6.78	1.21
Electrical	16	4.02	.72
Roofing	28	7.04	1.26
Re-Blocking	8	2.01	.36
Tiling	32	8.04	1.44
Garages	18	4.52	.81
Insulation	6	1.51	.27
Kitchen Package Deals	28	7.04	1.26
Other	77	19.35	3.45
	<u>398</u>	<u>100.00</u>	<u>17.86</u>

APPENDIX F

SMALL CLAIMS TRIBUNALS

DETERMINATION OF HEARINGS 1974/75 to 1976/77

	1974/75		1975/76		1976/77	
	No.	%	No.	%	No.	%
Struck-Out	24	2.75	80	4.13	90	3.41
Adjourned	131	15.04	308	15.92	396	15.00
Application for Re-Hearing	9	1.03	44	2.28		
Granted	-	-	-	-	33	1.25
Refused	-	-	-	-	19	.72
Settled	24	2.76	263	13.60	278	10.53
Dismissed -	131	15.04	208	10.75		
All Parties Present	-	-	-	-	273	10.34
Ex Parte Claimant	-	-	-	-	19	.72
Withdrawn	207	23.77	390	20.17	543	20.57
Inspection	-	-	-	-	23	.87
Order for Services -	14	1.61	27	1.40	-	-
All Parties Present	-	-	-	-	20	.76
Ex Parte Respondent	-	-	-	-	1	.04
Full Monetary Order -	241	27.67	456	23.58	-	-
All Parties Present	-	-	-	-	107	4.05
Ex Parte Respondent	-	-	-	-	46	1.74
Partial Monetary Order -	90	10.33	158	8.17	-	-
All Parties Present	-	-	-	-	28	1.06
Ex Parte Respondent	-	-	-	-	3	.11
Appropriate Order -						
All Parties Present	See Note	(a)	See Note	(b)	547	20.72
Ex Parte Respondent	-	-	-	-	214	8.11
	(c) 871	100.00	1934 (c)	100.00	2640 (c)	100.00

NOTES: (a) Of the 241 claims included in this category in 79 cases the Claimant requested an "appropriate" order, and the order made may not necessarily have been for the full amount sought.

(b) Of the 456 claims included in this category in 266 cases the Claimant requested an "appropriate" order, and the order made may not necessarily have been for the full amount sought.

(c) The number of hearings listed is in excess of the claims determined as some have been adjourned a number of times or a re-hearing was granted.

APPENDIX G

GUARANTEE USED BY D.H.I. INDUSTRIES P/L.,

GUARANTEE

Nº

D.H.I. INDUSTRIES PTY. LTD.

This is to certify that the DURABLE PERMA-BRICK applied to the undermentioned property is guaranteed by the Manufacturers to be delivered free from manufacturing defects and faulty material and workmanship.

All claims must be submitted in writing to the Manufacturers Durable Perma-Brick Pty. Ltd., 31 Anderson Road, Thornbury, and if after inspection by the Manufacturers it is determined that the material is defective in accordance with the terms of this guarantee the Manufacturers will supply material as specified in the original order as a replacement for the defective material. The obligation of the Manufacturers under this guarantee continues until the material is installed and is limited to the supply of materials in replacement of any materials found defective within the terms of this guarantee.

This guarantee does not cover defects or damage resulting from settling of building, major building movements, structural faults, or mechanical or external physical causes. The statements herein contain the complete liability of the Manufacturer and there are no other guarantees or warranties expressed or implied.

Distributors or employers are not authorised to give any guarantee or warranty or make any representation whatsoever verbal or otherwise on the Manufacturer's behalf other than those herein contained, this guarantee being expressly in lieu of all other guarantees conditions or warranties express or implied and all other obligations or liabilities on the part of the Manufacturers.

ISSUED TO: NAME For and On Behalf of
ADDRESS DURABLE PERMA-BRICK PTY. LTD.
PROPERTY AT

DATED

APPENDIX H

SAMPLE CIRCULAR USED BY CLADDING COMPANIES

Form EA 2

D.H.I. INDUSTRIES PTY. LTD. ANNOUNCES

2nd GENUINE OFFER

DURABLE-PERMABRICK
BONDED BRICK VENEER



\$297

1,000 SQ.FT. HOUSE LOT OF STANDARD DURABLE PERMABRICK SHEETS
ASK FOR FURTHER INFORMATION ON OUR FULL RANGE

ACT NOW, THIS OFFER IS STRICTLY LIMITED TO THE FIRST 50 CUSTOMERS

PHONE NOW FOR FURTHER DETAILS, AND DON'T MISS OUT

PHONE:

20-7895

A.H. 735-4478

2nd

GENUINE OFFER

of **\$297** house lots

we believe is

FANTASTIC

but unfortunately

DURABLE-PERMABRICK

has limited this to the **FIRST 50 customers only**

SO

Look at the facts

- * Painting your home will probably only protect it for less than 3 years
- * Bonded brick can provide a minimum maintenance-free brick finish to your house for less than the cost of approximately two painting jobs.

Durable Perma-Brick —

- REDUCES INSURANCE RATES
- IMPROVES INSULATION
- IS GUARANTEED BY MANUFACTURER
- EASY FINANCE AVAILABLE
- IMPROVES APPEARANCE
- ADDS VALUE

PHONE:

20-7895

A.H. 735-4478

OR

RUSH THIS COUPON NOW
FOR FREE QUOTE

MY HOME IS
 WEATHERBOARD CONCRETE
 FIBRO CEMENT ROUGHCAST NEW BUILDING

Name
Address
Phone

BUSINESS REPLY POST
Permit No 6228

D.H.I. INDUSTRIES PTY. LTD.,
1185 MALVERN RD.,
MALVERN, VIC. 3144

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Australia
