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# CONSUMERS PROTECTION COUNCIL

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## REPORT

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 1970

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*By Authority.*

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## INTRODUCTION.

1. In accordance with Section 4 (1) (d) of the *Consumer Protection Act 1964*, which states "inter alia" that it is the function of the Consumers Protection Council :—

"at any time, but at least once in every year to furnish to the Minister for submission to the Parliament a report on its activities and on any other matter affecting the interest of consumers which it thinks should be brought to the notice of Parliament".

the Council now submits for consideration this, its Annual Report for the year ended 30th June, 1970.

2. It will be seen that this report is different to previous reports made by the Council, wherein the Council's reports had dealt, in some detail and in the main, with problems arising from individual complaints and making certain recommendations arising from a study of those complaints received during each fiscal year.

Over the past five years the Council has had a measure of success in protecting consumers by direct action on individual consumer complaints and through publicity has placed some restraint on misleading and deceptive trade and service practices.

3. The Council realizes that the results achieved from its efforts on behalf of consumers, have not been as effective as it would have liked or as effective as it considers necessary. The Council has been confronted with—

(a) insufficient staff ;

(b) inadequate funds ;

(c) no powers under the existing 1964 Act—in fact we have in some instances in the opinion of some people in authority gone beyond our mandate.

4. In view of the new legislation on consumer protection promulgated during the latter half of 1970, this report is devoted to high-lighting the areas in commerce and industry which are of particular concern and worry, not only to this Council but also to most consumers in the State of Victoria. The Council welcomes the new measures, contained in this new Act, yet strongly believes that Parliament should where necessary implement further legislation to cover the interests of consumers and satisfy their demands for a "fair deal" in the buying of goods and services.

## SECTION I.

### FUNCTIONS OF THE COUNCIL.

1. Under Section 4 (1) of the *Consumer Protection Act 1964*, the functions of the Council are—
- (a) to investigate any matter affecting the interest of consumers referred to it by the Minister ;
  - (b) to make recommendations with respect to any matter calculated to protect the interest of consumers ;
  - (c) to consult with manufacturers, retailers and advertisers relating to any matter affecting the interest of consumers ; and
  - (d) at any time, but at least once in every year, to furnish to the Minister for submission to the Parliament, a report on its activities and on any matter affecting the interest of consumers which it thinks should be brought to the notice of the Parliament.

### OBJECTIVES.

2. The Council's work revolves around five major objectives—
- (a) to prevent objectionable sales practices ;
  - (b) to prevent objectionable service practices ;
  - (c) to prevent dishonest advertising ;
  - (d) to assist consumers to know what they are buying ;
  - (e) to assist aggrieved consumers to obtain redress.

## SECTION II.

### NEED FOR CONSUMER PROTECTION.

3. There can be no doubt in anyone's mind that there is and will continue to be, a need for some form of consumer protection. In the experience of this Council, whilst one may achieve some success in one direction, it is quite obvious that, in some others, the problem for the consumers are on the increase.

4. Indeed, even where success has been achieved, such as was the case in dealing with unscrupulous companies who were offering "cladding" facilities to protect wooden homes, it is noted that there is some resurgence in the activities of some malefactors in this field. For this reason, if for no other, the Council is of the firm opinion that, whatever machinery is established in Victoria in the future for protection of the consumer public, there will always be a need for constant and continued vigilance.

5. The Council strongly views the need for all parties in Parliament to support this Council and consumers in their demands to get "a fair deal" from commerce and industry. As stated previously in other reports, it is considered that the majority of manufacturers, retailers, services and advertisers give the people a "fair deal". There are, however, and always will be, a minority of operators who have no compunction in exploiting every opportunity to take an unjust advantage of the often unsuspecting public.

6. These reports on consumer activities received from abroad make this Council realize how much its activities have perforce and of necessity been restricted over the five years of its existence. Compared with the scope and range of activities covered in the U.K. and U.S.A. the machinery made available in Victoria to protect the consumer has perforce been minimal.

## SECTION III.

### AREAS WITHIN INDUSTRY AND COMMERCE REQUIRING ATTENTION.

7. The Council, in this following section, will adhere to those major groupings, referred to in Section I. paragraph 2 above with particular reference to sub-paragraphs (i), (ii) and (iii) above. In addition, some items may be listed which may not have come within the purview of this Council under the 1964 Act, but nevertheless require examination as they may come within the scope of the 1970 Act.

## 8. OBJECTIONABLE SALES PRACTICES.

### (a) MOTOR VEHICLES.

#### (i) *Sale of Second-Hand Cars.*

The retail section of the automotive industry has been the subject of much criticism and the cause of a lot of discontent.

There have been complaints which indicate that second-hand vehicles have been sold as new and cars have been advertised which were not in the possession of the dealer. Although it is now an offence to alter mileage readings complaints have been received which show that this practice has not been discontinued.

Known defects were not disclosed at the time sales were effected and the roadworthiness of vehicles sold as being in good condition, was often questionable.

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

#### (ii) *Sale of Cars on Consignment.*

In consignment sales the owner leaves his car at the dealer's yard. He signs an agreement that the dealer is authorized to sell the car, retain his fee out of the proceeds and then pay the owner the remainder. The form used by a reputable dealer may contain clauses which allow him to retain all money until the final payment has been received. In the meantime the owner has no claim either on his car or on his money. Consumers should read such forms carefully and any clauses they do not understand, they should seek qualified advice before signing.

#### (iii) *Year of Manufacture of Vehicle.*

Complaints have demonstrated that some consumers have purchased second-hand cars on the understanding that the vehicle was manufactured and registered in a certain year. However, on obtaining the certificate of registration it was discovered that the vehicle had been manufactured and first registered at an earlier time.

Dealers have indicated that such mistakes could and do arise if the registration certificate is held at a central office and not with the branch office from which the sale may have taken place. Therefore, to overcome the problem the Council recommends that car manufacturers should make provision so that buyers can easily identify the year of manufacture and that car dealers should make available to purchasers the certificate of registration at the time of sale.

#### (iv) *Sale of Sub Assemblies.*

It is claimed that this is an economic measure for the benefit of the consumer. However, consumers have complained about having to buy complete kits when only one part was needed. The economic aspect appears in doubt and it seems some research in this field is warranted.

#### (v) *Purchasing Cars on Credit.*

Every prospective buyer should read carefully every form he is asked to sign. Problems often begin when consumers sign forms without knowing what is in them. Some have even signed hire-purchase agreements leaving the dealer to fill in the terms later. Be warned, never sign a hire-purchase agreement or any other form relating to finance, unless all details have been included. Consumers should satisfy themselves that they understand the terms, before signing. No reputable dealer would ask a buyer to sign a blank form.

### (b) INERTIA SELLING.

The practice of "inertia selling" by book and magazine publishers has not abated since we first commented on it in our report for last year. If anything the practice has increased. We are now more than ever convinced that legislation should be implemented to prohibit this practice.

The technique known as "inertia selling" involves sending goods that have not been ordered by the recipient through the post. Recipients have been put to great inconvenience in returning such goods and in some cases have suffered financial loss in postage charges.

Consumers ought to realise that they are not bound to pay for such goods, provided they are not used and are maintained in the original condition. Householders should refuse to accept delivery or alternatively return the goods with the notation "pay at other end".

Another form of "inertia selling" concerns solicitations for entries in trade directories. Some traders have misunderstood the nature of these solicitations and have mistakenly taken them to be invoices.

(c) BAIT AND SWITCH SELLING.

Consumers have complained about the undesirable practice indulged in by some traders of luring consumers into the purchase of high-priced goods by pretending to offer for sale second-hand goods of good quality.

Used domestic electrical appliances and sometimes motor vehicles are advertised at attractive prices, but when the would-be-purchaser attempts to buy, the advertised article is not available or is in poor working condition. Every endeavour is then made to sell a higher-priced article or a new piece of equipment.

This practice can be the cause of great inconvenience to the consumer who may have had to travel a considerable distance and who finds it very frustrating when he discovers that it is not possible to obtain the article which he had originally decided to purchase.

(d) DOOR TO DOOR SALES.

Book salesmen have cajoled and tricked people into buying books, magazines and encyclopaedias they did not want. There is still widespread dissatisfaction about the selling habits of some door to door salesmen and the firms which they represent. Of course, only a minority of direct selling firms and salesmen act in bad faith; there are many reputable firms which retain a firm control over the activities and conduct of sales staff and provide a useful service. However, the minority is large enough to cause much concern to consumers. Some companies appear to have instructed salesmen to conceal their real purpose in calling so that they could obtain the confidence of the householder. They often pretend to be anything other than salesmen. Our experience has shown that such salesmen would often masquerade as market researchers, local education authority representatives or students participating in a competition to pay for higher education. This deceit is a well proven aid to sales.

Providing it is a credit agreement, consumers ought to take advantage of the provisions of the Door to Door (Sales) Act, which permits cancellation of a door to door sales contract within a certain time subject to certain conditions. Qualified advice on cancellations is desirable.

Some firms, selling household appliances, deposited in householders' letterboxes crossword competitions, which if completed correctly were supposed to result in the recipient receiving an appliance at a substantial discount or as a prize. The scheme was designed to sell goods in the home and consumers who completed the puzzles were visited by salesmen who endeavoured to sell household appliances on credit. The scheme was of a very dubious nature and complaints were referred to the Police Authorities for investigation.

Complaints about cladding sales were few and obviously the adverse publicity which such sales received over the years has had the desired effect. Consumers are now better informed on such sales. A few firms still indulge in making highly exaggerated claims about their products, but, by and large, the complaints in this area are steadily declining. Some serious complaints were referred to the police authorities and resulted in prosecutions, for violation of the provisions of the Door to Door (Sales) Act, and resulted in convictions.

The Council is of the opinion that the present Door to Door (Sales) Act needs further strengthening.

(e) HIRING AGREEMENTS.

The type of Hiring Agreement which has caused problems for some consumers is that which is associated with the hiring of equipment for household repairs, sporting equipment, fancy-dress clothes for children and the like.

The firm "Anything for Hire" uses a form which has so many complex clauses and which are printed in very fine print, that the average person would not have the time to read, nor the capacity to understand. Qualified advice would be necessary to determine a hirer's rights.

The Council acknowledges that such firms have every right to protect their property, but there is no need for such overprotection that the honest hirer is punished. Several consumers have complained to the Council about unfair treatment which has resulted from restrictive clauses in the agreement form.

The Council advises consumers hiring out goods for short periods to be wary of firms which require completion of such documents. Be warned—do not sign documents you do not understand.

## 9. OBJECTIONABLE SERVICE PRACTICES.

### (a) MOTOR VEHICLE REPAIRS.

Complaints have shown that some repairers have returned cars to owners in an unsatisfactory condition, although the charges raised for repairs have been paid. The standard of repair work carried out by some service firms was questionable and there have been doubts about the roadworthiness of some vehicles repaired.

### (b) REPAIR TO DOMESTIC ELECTRICAL APPLIANCES.

Excessive charges, faulty workmanship and inconvenience have been the main issues raised by householders. Some repair organizations are ruthless and dishonest.

Householders have been advised to insist on having repairs done in the home, which in most cases is feasible.

### (c) HOUSEHOLD IMPROVEMENTS AND RENOVATIONS.

By and large complaints were associated with alleged overcharging for general household repairs. Faulty workmanship and difficulties in obtaining redress were also cited by complainants.

## 10. DISHONEST AND MISLEADING ADVERTISING.

Whilst the leading advertisers have banded together and produced a code of ethical standards (there are sixteen ethical standards in this code) there is ample evidence that these standards are not observed. Further, there are many advertising companies that don't belong to any one of the main advertising associations and/or agencies.

In this field there is a blatant over-use of superlatives, unusual words are too frequently used and in other cases new phrases and words are coined.

New Australian members of the community, for example believe that a "200 per cent guarantee" is twice as good as a "100 per cent", when in point of fact it refers to a 100 per cent guarantee of two different facets of a transaction.

The enforcing of a code of ethics covering advertising is difficult, because all mass media of communication are heavily dependent for revenue from advertising and are likely to be apathetic in their approach. The advertisements have already appeared before the responsible associations have the opportunity to apply the code, and to see that the advertisements conform with the code,—by that time the damage has been done.

Some advertisements by car dealers, for example are deliberately designed to mislead the consumer.

Gimmick sales programmes are frequently dishonest, e.g., the firm "Australia Wide Appliances" advertises the sale of television receivers at "retail price" and with each purchase consumers have been promised free gifts such as radiograms, washing machines, cameras &c. Other firms are practising similar give-away schemes. What do they infer by "retail price"?

Consumers must realize that these would-be-gifts are accounted for in the "retail price" of the article purchased.

## 11. OTHER FIELDS WHICH MIGHT WELL BE GIVEN A HIGH PRIORITY FOR EXAMINATION ARE :—

### (a) FOOTWEAR.

There is a need to make manufacturers of footwear detail the contents of footwear and to clearly distinguish "leather" especially where synthetic materials are used in such a way as to resemble leather and are finished in such a way that it makes recognition by the consumer difficult.

There is a need to restrain the use of "leather" description except where *real leather* is used. This can also be applied to furniture, book binding and upholstery.

(b) CLOTHING—FITTING AND SIZING—LABELLING.

Something is certainly being done in the field of women's clothing, however, the present proposals by the retailers and the Standards Association do not go far enough.

Similar activity in the field of men's and especially children's wear should be accelerated.

Labelling for sizes and fittings and care labelling for washing and dry cleaning are most important. However, although a start has been made there is still so much more to be done.

A comprehensive survey of the whole clothing industry is recommended, with a view to making certain labelling, e.g., washing and dry cleaning instructions, mandatory and not by voluntary agreement.

(c) CONSUMER CREDIT.

A long report known as "The Rogerson Report" dealt with the question of Consumer Credit. Little has been heard of any proposed legislation arising from this report.

Hire-purchase agreements in many cases do not reveal clearly, or at all, some important facts, so that the consumer is easily misled as to the real financial commitment he is making. Often people purchasing second-hand cars are only told of the weekly repayments and never ascertain what interest rates they are paying. The Council believes that interest rates as well as interest charges should be shown in hire-purchase agreements.

(d) INSURANCE.

This industry has been the subject of much adverse publicity recently. It is recognized that Life Companies are subject to supervision by the Commonwealth Insurance Commissioner.

However, there appears to be no effective supervision in the general insurance field—motor car insurance particularly being in need of examination. There is need for some tighter supervision (that is some form of licensing) of insurance agents in all branches of the industry.

Companies should not be allowed to be established without proper examination of their economic situation and financial backing, and more substantial guarantees should be required. Insurance Brokers outside the registered associations should be banned from the use of the word "Broker". They should be classified as agents and be registered.

Many company policies are badly presented and leave much to be desired—especially in important and vital clauses.

12. The foregoing areas listed are but a few of the full range of problems confronting the consumer who is subject to the nefarious practices of a very active minority.

#### SECTION IV.

##### GROWING AWARENESS OF CONSUMER PROTECTION.

13. Attached (Appendix Table "A") is a table setting out statistical information relating to complaints received from consumers during the five years of the life of this Council. There has been a steady growth in the appeals to the Council for help. Though there appears to be a fall off in the number of complaints registered in the year ended 30th June, 1970, this may be misleading as to the need for awareness by consumers to fight for further protection from the unscrupulous elements within the community.

14. A large number of people are advised to go to their legal advisers to institute civil proceedings where the scope of their complaint is not within the province of the Council.

15. The Council acknowledges that many activities throughout the country indicate, not only a growing awareness on the part of consumers but more importantly, consumers are banding together to demand from the various Governments in Australia, a far greater measure of protection than now experienced. Such auxiliary bodies are welcome into the general field of consumer relations by this Council, which sees them as potential avenues for informed comment and complaint, and as ready and willing agencies to assist in the broadening of the Council's channels of communication at consumer level.



**SECTION V.  
PUBLIC RELATIONS.**

16. If there were no other facets where the Council has been frustrated it is in the area of Public Relations. The Council has stated repeatedly that its best and most effective means to combat the unscrupulous elements in commerce and industry is to progressively educate the consumers on the problems confronting them. Unfortunately lack of funds have not allowed the Council to carry out as vigorous a programme to educate the consumer as it wished.

17. The Council has produced a series of modest bulletins that have been very well received and are in great demand.

Many requests have been made by Consumer Groups, to the Council for speakers to address their meetings. As a means of publicizing the Council and its activities, some members of the Council have given much of their time in complying with these requests.

18. The Council has endeavoured at all times to hear all sides to a complaint before reaching its conclusions on any one problem. This has materially helped the Council in winning not only the confidence of consumers but also that of the bulk of management in commerce and industry.

19. What is sadly lacking, is the omission to have a regularly well prepared and well produced magazine with a very wide circulation. This magazine would provide the avenue for the consumer to be given guidance on all the many subjects brought to the notice of this Council and other Government authorities. It would be, where desirable, the medium of informing the consumer of investigations undertaken, the conclusions reached and maybe the legislation, if any, passed to protect the consumer. Adequate communications at this juncture between the Consumers Protection Council and the public is in a sorry plight. Guidance for consumers is a MUST.

20. The close liaison maintained between the Council and the Australian Standards Association and Australian Consumers Association has proved most beneficial. The Council collaborates with other consumer protection bodies in Australia—especially the Australian Consumers Association.

**SECTION VI.  
CONCLUSIONS.**

21. The Council can rightly claim that during the five years of its life it has been successful in rectifying wrong done to some consumers, both in individual cases and to a lesser extent in the field of "area" problems. At the same time, the Council is equally conscious of the fact that its activities, compared with its comparable bodies overseas, have been minimal.

22. There is a tremendous amount to be done in the field of consumer protection. The Council is of the opinion that legislation to-date is inadequate. If this problem is to be treated with the seriousness that it deserves, then a more realistic and vigorous approach is required.

23. The Council acknowledges the recent promulgation of the *Consumer Protection Act* 1970 and awaits with interest such developments in the field of consumer protection which may arise as a result of the terms of the Act.

**Council Members :—**

A. T. H. READER

D. G. MOSS

J. E. FLEMING

J. L. WATERS

T. M. RAMSAY

G. L. McCOWAN

A. W. MUDDYMAN

A. H. HELLSTROM  
Chairman.

W. J. McCORMACK  
Secretary.

## APPENDIX.

## COMPLAINTS.

## MONTHLY RECEIPT.

Table "A".

Month.	Period 1st September, 1965 to 30th June, 1970.									
	Period 1st September, 1965 to 30th June, 1966.		Period 1st July, 1966 to 30th June, 1967.		Period 1st July, 1967 to 30th June, 1968.		Period 1st July, 1968 to 30th June, 1969.		Period 1st July, 1969 to 30th June, 1970.	
	No.	Percentage.	No.	Percentage.	No.	Percentage.	No.	Percentage	No.	Percentage.
July .. ..	..	..	49	3.2	207	10.2	241	10.8	165	9.0
August .. ..	..	..	62	4.0	155	7.7	232	10.4	145	7.9
September .. ..	3	0.9	118	7.7	128	6.3	161	7.2	185	10.1
October .. ..	16	4.5	70	4.6	108	5.3	135	6.0	159	8.7
November .. ..	15	4.3	102	6.7	128	6.3	190	8.5	188	10.3
December .. ..	20	5.6	63	4.1	98	4.9	176	7.9	138	7.5
January .. ..	15	4.3	74	4.8	129	6.4	131	5.8	92	5.0
February .. ..	27	7.7	113	7.4	185	9.2	221	9.9	167	9.0
March .. ..	59	16.7	142	9.3	186	9.2	184	8.2	137	7.5
April .. ..	66	18.7	134	8.8	158	7.8	218	9.7	140	7.6
May .. ..	74	20.9	243	15.9	340	16.8	191	8.5	152	8.3
June .. ..	58	16.4	360	23.5	202	9.9	159	7.1	166	9.1
Total .. ..	353	100.0	1,530	100.0	2,024	100.0	2,239	100.0	1,834	100.0

## ANALYSIS OF COMPLAINTS.

Table "B".

Classification.	Period 1st September, 1965 to 30th June, 1970.											Total.	Per-centage.
	Period 1st September, 1965 to 30th June, 1966.		Period 1st July, 1966 to 30th June, 1967.		Period 1st July, 1967 to 30th June, 1968.		Period 1st July, 1968 to 30th June, 1969.		Period 1st July, 1969 to 30th June, 1970.				
	No.	Per-centage.	No.	Per-centage.	No.	Per-centage.	No.	Per-centage.	No.	Per-centage.			
T.V. and Radio Repairs .. ..	51	14.5	231	15.1	207	10.2	337	15.0	217	11.8	1,043	13.0	
Washing Machine Repairs .. ..	51	14.5	134	8.8	120	5.9	78	3.5	64	3.4	447	5.6	
Refrigerator Repairs .. ..	36	10.2	72	4.7	42	2.1	27	1.2	14	0.7	191	2.4	
Electrical Appliance—General Repairs	8	2.2	35	2.3	63	3.1	38	1.7	36	1.9	180	2.3	
Household Improvements and Renovations .. ..	..	..	242	15.8	261	12.9	251	11.2	166	9.1	920	11.5	
Door Sales .. ..	27	7.7	110	7.2	130	6.4	107	4.8	85	4.6	459	5.8	
Dry Cleaning and Laundering .. ..	14	3.9	65	4.3	90	4.4	135	6.0	65	3.5	369	4.6	
Advertising .. ..	11	3.1	42	2.7	99	4.9	158	7.1	151	8.2	461	5.8	
Mail Order .. ..	..	..	..	..	31	1.5	43	1.9	95	5.1	169	2.1	
Packaging .. ..	..	..	30	1.9	37	1.8	38	1.7	36	1.9	141	1.8	
Labelling .. ..	..	..	..	..	21	1.0	39	1.7	30	1.6	90	1.1	
Hire-Purchase and Lay-by .. ..	..	..	51	3.3	64	3.2	50	2.2	39	2.1	204	2.6	
Shop Sales .. ..	34	9.6	151	9.9	181	8.9	131	5.9	129	7.0	626	7.8	
Motor Car Sales and Repairs .. ..	6	1.7	52	3.4	123	6.1	190	8.5	190	10.4	561	7.0	
Faulty Merchandise .. ..	54	15.3	96	6.3	209	10.3	259	11.6	203	11.7	821	10.3	
Furniture .. ..	..	..	33	2.2	46	2.3	60	2.7	50	2.7	189	2.4	
Floor Coverings—Hard and Soft .. ..	..	..	26	1.7	50	2.5	56	2.5	38	2.0	170	2.1	
Home Manufacturing Appliances .. ..	..	..	45	2.9	21	1.0	1	0.1	1	0.1	68	0.9	
Services General .. ..	..	..	..	..	161	7.9	178	7.9	164	8.9	503	6.3	
Decimal Currency .. ..	12	3.4	..	..	..	..	..	..	..	..	12	0.1	
Miscellaneous .. ..	49	13.9	115	7.5	68	3.6	63	2.8	61	3.3	356	4.5	
Total .. ..	353	100.0	1,530	100.0	2,024	100.0	2,239	100.0	1,834	100.0	7,980	100.0	