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VICTORIA

# CONSUMERS PROTECTION COUNCIL

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## REPORT 1966

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*Ordered by the Legislative Assembly to be printed.*

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*The Honorable the Attorney-General.*

SIR,

In accordance with the terms of the *Consumers Protection Act 1964*, I have the honour to present the first annual report of the Consumers Protection Council for the period 1st September, 1965, to 31st August, 1966.

### SECTION I.—COUNCIL OBJECTIVES AND FUNCTIONS.

*Objectives.*

“With the variety of goods on sale to-day . . . coupled with highly skilled marketing, advertising and credit facilities, it has become necessary that the buying public be given some kind of assistance to discriminate and know their rights and also to know how to go about securing them.

It is intended . . . that the Council should consider matters affecting the interests of consumers, inform itself of their problems, and consider, after consultation if necessary with other affected bodies, action to be taken to deal with such problems and to safeguard the interests of consumers, as well as to make recommendations, if necessary.”

—Extracts from the second-reading speech by the Hon. V. F. Wilcox, M.P., Assistant Attorney-General and Minister of Labour and Industry, on the Consumers Protection Bill (*Hansard*, 6th October, 1964).

*Functions.*

Under section 4 (1) of the *Consumers 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.

### SECTION II.—APPOINTMENT OF COUNCIL.

The *Consumers Protection Act 1964* called for the appointment of a Council of six persons ; three consumers' representatives (two to be women), a person to represent the interests of manufacturers, a person to represent the interests of retail traders, and a Chairman.

The six persons appointed for three-year terms as from 1st September, 1965, were :

*Representing manufacturers—*

Mr. T. M. Ramsay, C.M.G., Managing Director, Kiwi Polish Co. Pty. Ltd. : former President, Victorian Chamber of Manufactures ; Member of the Federal Government's Manufacturing Industries Advisory Council.

*Representing retailers—*

Mr. George McCowan, Marketing Director, G. J. Coles and Co. Ltd. ; former President, Retail Traders' Association of Victoria.

*Representing consumers—*

Mrs. Dorothy C. Moss, Member of Country Women's Association ; Member Women's Section Country Party and State President 1963-65 ; Vice-President, Federal Women's Council of Australia, Country Party.

Mrs. Audrey Reader, O.B.E., J.P., Chairman, House Committee for Women's Liberal Club ; Member Research Committee L.C.P. (Women's Section) ; Vice-President, National Council of Women.

Mr. John L. Waters, J.P., Union Representative on Wages Board ; Delegate to Australian Council of Trade Unions and Trades Hall Council of Victoria ; General Secretary, Motor Transport and Chauffeurs' Association.

*Chairman—*

Mr. David T. Bottomley, B.Sc., B.Ed., A.R.A.C.I., Chairman and Managing Director, Australian Sales Research Bureau Pty. Ltd. ; former Chairman Market Research Society.

The secretary of the Council is Mr. W. J. McCormack, D.P.A.

### SECTION III.—SUMMARY OF ACTIVITIES.

Since beginning of operations on 1st September, 1965, the Council's activities have stemmed from—

- (a) Government references for information concerning—
  - Door-to-door sales practices.
  - Activities of certain companies repairing domestic electrical appliances.
- (b) Analysis of approximately 500 individual consumer complaints.
- (c) Representations made by various consumer groups.

These activities are discussed in the following pages.

### SECTION IV.—GOVERNMENT REFERENCES.

#### *Door-to-door Sales Practices.*

Protests against certain door-to-door sales practices accounted for about 9 per cent. of complaints received by the Council during the period under review. The four most common complaints were :

1. Products do not fulfil salesmen's promises.
2. Difficulty in locating offending companies so that complainants may exercise their rights under the *Door to Door (Sales) Act 1963*.
3. Objection to misrepresentations concerning inducements offered in the form of commissions.
4. Bait advertising leading to switch selling at the door (for example, when an appliance is advertised at a very low price and the salesman arrives at the home trying to sell a much more expensive article).

The *Door to Door (Sales) Act 1963* gives persons who buy goods or services on terms in their own homes five days in which to revoke the contract. Complaints investigated by the Council suggest that any unprincipled company can neutralize the rights bestowed on consumers under this Act. Such a company need only ensure that the sale is made outside the home (outside the front gate, at a neighbour's house, at a school or club meeting). The same type of company can evade the law affecting unsolicited sales calls by first sending a representative to the home to make an appointment. Any ensuing contract would not be covered by the Act.

The *Door to Door (Sales) Act* is designed to protect the consumer. The Council therefore recommends legislation that will remedy the situation where a sales practice is obnoxious in the home but not outside the home.

The Council also considers that under the Act a consumer should fairly expect protection in an agreement relating to home renovations or household repairs. Yet the Act does not cover a situation where no service has been rendered and the consumer wishes to withdraw from the contract within five days of signing an agreement.

The Council has found that this five-day period of grace allowed by the Act may be evaded by interstate companies operating in Victoria and seemingly keeping themselves at a distance from the consumer.

The Council therefore recommends that interstate companies be required to have a registered office in Victoria for the service of notices terminating consumer agreements under the *Door to Door (Sales) Act*.

By the *Door to Door (Sales) Act* an agreement is unenforceable if the person entering into the agreement is not supplied by the vendor with a statement in the form of the Schedule to the Act.

This Schedule requires, *inter alia*, the consumer's rights in revoking the agreement to be indicated and the address to which notice of his intention to withdraw from the agreement may be sent. The Council therefore recommends that in addition it be made an offence for the vendor to fail to supply a statement in the form of the Schedule to the purchaser or bailee.

#### *Repairs to Domestic Electrical Appliances.*

Of all complaints received by the Council 39 per cent. have related to electrical repairs. Many were attributed to companies which make it a practice to take appliances from the home to their workshops. Such companies frequently demanded \$60 to \$80 for repairs and \$30 to \$40 merely for providing cost estimates. Occasional reports of intimidation in these cases led the Government to authorize the Council to co-operate with police investigating the activities of such companies. These investigations are proceeding.

## SECTION V.—CONSUMER COMPLAINTS.

The following table analyses the first 464 complaints lodged by consumers with the Council. Generally, the complaints can be classified as second-stage; that is, most complainants tried to settle the matter with the company that sold them the goods or services, and approached the Council only after failing to get satisfaction.

In the more serious cases, the Council referred complainants to their solicitors or the Legal Aid Committee. Where consumer objections were of more general concern, the Council discussed the issues with appropriate trade associations or the companies concerned. The Council is happy to report that in many cases a request for information concerning a complaint led to the complaint being rectified immediately. One hundred and twelve complainants have advised Council that as a result of the Council's suggestions or enquiries, they have obtained adequate redress.

The Council's continuing analysis of complaints can serve as an early warning of fraudulent practices and is providing a background of information on matters now worrying the public.

A notable aspect of the repair cases listed is that many of the complainants went to police stations where they were told that the matter was one for civil action. Not all suburban police stations maintain records of complaints—and this leads the Council to ask that it be given the chance to analyse all consumer complaints submitted to official bodies unable to act in the matter. The Council cannot guarantee to check every complaint received but will certainly attend to the more serious ones. Other complaints will be forwarded to the appropriate industry, Government Department or association for discussion and investigation.

Door-to-door sales of house-cladding materials have also produced many complaints. The materials are made in spray, sheeting or wallboard form. Prices reported to the Council range from \$500 to \$2,000 per house.

Most complainants have objected to the sales methods which offer the buyer a "sub-agent contract". Under this arrangement, the company promises to pay commission for business introduced by the person buying the cladding material. Complainants state they have been led to believe that they will receive commission for every other house in their district cladded with the same cladding material and by the same company.

## ANALYSIS OF COMPLAINTS RECEIVED BY THE CONSUMERS PROTECTION COUNCIL—PERIOD 1ST SEPTEMBER, 1965 TO 31ST AUGUST, 1966.

Type of Complaint.	No. of Complaints Received.	Percentage.
1. Repairs—		
Domestic Electrical Appliances .. .. .	182	39.2
Electrical General .. .. .	13	2.8
Motor Car .. .. .	11	2.4
House Repairs .. .. .	5	1.1
2. Dry Cleaning .. .. .	15	3.2
3. Door-to-door Sales .. .. .	38	8.2
4. Faulty Merchandise .. .. .	56	12.1
5. Shop Sales .. .. .	51	10.9
6. False Advertising .. .. .	13	2.8
7. Packaging .. .. .	3	0.6
8. Furniture and Carpets .. .. .	8	1.8
9. Hire purchase and Lay-by .. .. .	3	0.6
10. Decimal Currency—Increased prices .. .. .	12	2.6
11. Miscellaneous .. .. .	54	11.7
Total .. .. .	464	100.0

Domestic Electrical Appliances=Televisions, Refrigerators and Washing Machines.

*Discussions with Trade Associations.*

In an attempt to help consumers judge how fairly they were being charged for repairs, the Council approached manufacturers of domestic electrical appliances and appropriate trade associations. It suggested that manufacturers publish lists of repairers whom they endorse and also provide the Council with information about costs of typical repairs.

The response was disappointing. Service associations offered lists of members' names but manufacturers were not inclined to endorse a particular company. Neither manufacturers nor trade associations cared to publish information about costs for carrying out typical electrical appliance repairs.

The Council then suggested a conference of manufacturers and service companies to explore ways of encouraging greater public confidence in appliance repairs. Answers to this proposal reflected such differences of opinion within the industry that there was little likelihood of standard repair forms being agreed upon or any trade committee being set up to hear consumers' complaints.

Despite these setbacks, the Council feels there is scope for some agreement between manufacturers and service organizations on standard repair forms. Eventually, the consumer must be told what is a reasonable charge for a particular repair ; he must also expect to be handed a straightforward document establishing rights over his own appliance when it leaves his home for a repair shop.

The Council believes the P.M.G.'s Department can help in this field by barring entries in the Pink Pages classified directory that tend to mislead the consumer. For example, some repair companies use names so close to those of major manufacturers that some consumers confuse them with agents or service divisions of the manufacturers. The Council has noted other entries in the Pink Pages which confuse consumers. At this stage we can only recommend that consumers deal with manufacturers' repair divisions, reputable repair companies or with the retailers from whom they bought the appliance.

## SECTION VI.—REPRESENTATIONS BY CONSUMER GROUPS.

### 1. *Receipt of Resolutions.*

The Council has received resolutions and correspondence from the following consumer groups :—

- The National Council of Women,
- The Housewives' Association of Victoria,
- The Country Women's Association,
- Union of Australian Women (Victorian Division),
- Latrobe Valley Living Standards Association,
- The Melbourne Consumers' Organization.

Proposals and correspondence from these groups raised a question of procedure in matters affecting consumers : Should the Council automatically present consumers' resolutions to appropriate bodies for discussion or should it first make preliminary investigations ?

The Council decided to adopt the latter course. In most cases (depending on the subject raised) it made preliminary enquiries, either from the trade association or authority concerned or from a panel of 100 housewives which is co-operating with the Council.

### 2. *Day-by-day Identification of Bottled Milk.*

The National Council of Women submitted that the day of the week should be indicated on the caps of milk bottles. The Council asked consumers and distributors for opinions.

Our panel of housewives and other groups of consumers saw worth-while convenience in the suggested day-by-day identification of bottled milk.

The Milk Distributors' Association opposed the idea, indicating that retailers could lose if the public were to reject milk branded as having been processed on the previous day or earlier. It was also suggested that because retailers consider older milk makes better milk shakes they prefer to hold some milk for more than a day after receiving it from the dairy.

Retailers who sell bottled milk to consumers for taking away and licensed by the Milk Board must have adequate refrigeration for their supplies. Shops are inspected by the Milk Board and if refrigeration is not adequate loss of licence is possible. It is understood that with good refrigeration milk will keep for several days.

Several dairies approached by the Council feared that any changes in bottle caps—either by special markings or colour code—would increase costs. Some of the dairies reported that they had not noticed any appreciable public reaction when they previously used symbols on their bottle caps to indicate days of the week.

As it is easy for a housewife to mark a milk bottle cap to identify it by the day of the week, and as the industry suggests that day-by-day identification could increase production costs, the Council has referred the matter back to consumer groups for reconsideration.

### 3. *Bread Wrapping.*

The National Council of Women suggested that all bread sold in the metropolitan area should be wrapped.

Associations of bakers indicated that although wrapped bread to-day constitutes about 60 per cent. of all bread sold in Victoria, there were still many housewives who preferred unwrapped bread because of the lower price. Bakers agreed that wrapping of all bread was practicable but warned that the extra cost would add 2 cents or 3 cents to the price of each loaf.

In the circumstances the Council is not inclined to recommend that all bread be wrapped.

### 4. *Scales in Self-service Stores.*

The Union of Australian Women suggested that scales be made available in every self-service store so that housewives may check the weight of pre-packaged goods.

The Council's consumer panel indicated that not many housewives would take advantage of such a facility. The Council believes that the consumer's best protection is in buying goods which have the weight or volume clearly marked on the package.

### 5. *Frozen Poultry.*

What is a frozen chicken? This question was implicitly posed by the Union of Australian Women when it suggested to the Council that frozen poultry should not contain neck and giblets.

Housewives on the Council's panel were divided in their opinions on this matter. Those who liked making chicken soup wanted the neck and giblets; those not interested in this use rejected them. But all agreed that poultry, frozen or dressed unfrozen, should not be sold with the feet included in the weight.

The Council recommends that all processors of poultry should indicate whether the neck and giblets are included in the net weight.

### 6. *Advertising of Grocery "Specials".*

The Union of Australian Women suggested that all grocery "Specials" advertised should specify time, quantity and limit where such considerations apply.

The Council recommended this action to the Master Grocers' Association of Victoria. This body in turn has recommended the practice to its members.

### 7. *Changes in Package Weights.*

The Union of Australian Women urged that the public should be notified at least two weeks in advance on special boards in self-service stores of any changes in weight proposed by manufacturers in any of their products. The idea seems impracticable. The Council feels that the public's best protection in this matter lies in proper marking of weight or volume of packaged products.

### 8. *Prices in Grocery Stores.*

The Country Women's Association approached the Council about price variations noted in different branches of a particular grocery store. It was suggested that local groups of the Country Women's Association should discuss matters of this nature with the local Chamber of Commerce.

### 9. *Goats' Milk.*

The National Council of Women sought action to maintain frequent deliveries of goats' milk to retail depots.

The Consumers Protection Council found that the Department of Health regarded goats' milk as likely to have a high bacterial count when received by the consumer. In its opinion, anyone using goats' milk should boil it before use or buy imported processed goats' milk. For these reasons the Department was not concerned with the frequency of delivery, and in any case the matter did not come under its control. Only municipal authorities are involved with goats' milk—and then only under powers relating to cleanliness of food establishments.

The Council notes that the Council of Australian Food Technology Associations has drafted definitions and labelling specifications for raw and pasteurized goats' milk (reference C.A.F.T.A. TSC/67/B).

### 10. *Egg Prices.*

The Melbourne Consumers Organization and the women's section of the Henry George League contended that the present system of marketing eggs led to higher prices for consumers. The Council felt that these representations should be directed to the Government through the Consumers Committee appointed under the Marketing of Primary Products Act and which exists in relation to the activities of five Government Boards : Egg Board, Onion Board, Chicory Board, Maize Board and Tobacco Board.

### 11. *Other Matters.*

Various matters relating to marketing were discussed with the Latrobe Valley Living Standards Association.

## SECTION VII.—CARE LABELLING CONFERENCE.

A conference on dry cleaning and care labelling of garments called by the Council produced much information of potential value to consumers. Discussion covered the manufacture, marketing and care of garments ; the safety aspects of certain fibres and fabrics ; and proposals to engender co-operation among different sections of the clothing industry. The Council offered itself as a co-ordinating body prepared to sponsor future conferences and to help remove public concern over certain aspects of garment labelling and cleaning.

The Council urged the Standards Association of Australia and the industries represented to secure early adoption of the Association's Draft Standard Recommendations for Informative Labelling.

## SECTION VIII.—CONTACT WITH OTHER ORGANIZATIONS.

### *The Consumer Council, U.K.*

Since arranging to distribute in Victoria publications of the British Consumer Council, the Victorian Council has begun an interchange of news between the two bodies.

### *Home Safety Committee, National Safety Council.*

The Council has accepted an invitation to be represented on this body. Its important work overlaps certain Council functions. Because safety is an important consideration with many consumer articles, the Council supports the activities of the Home Safety Committee.

### *Meeting of Representatives of Consumer Groups.*

The Council met representatives from women's sections of all political parties and from many housewives, and women's associations in a general discussion about the Council's functions.

## SECTION IX.—STAFF REQUIREMENTS.

At present the Council's staff consists of an administrative officer, who is secretary to the Council, a stenographer and a typiste. However, in order to conduct research into consumer complaints effectively, Council requires the appointment of a second administrative officer to assist the secretary.

D. T. BOTTOMLEY,

24th October, 1966.

Chairman.