

DIRECTOR'S FOREWORD

Dear Minister

In accordance with the *Fair Trading Act 1999*, the *Credit (Administration) Act 1984* and the *Veterans Act 2005*, I have pleasure in submitting the Consumer Affairs Victoria Annual Report for the year ended 30 June 2010, for you to present to the Houses of Parliament.

Yours sincerely

Dr Claire Noone
Director
Consumer Affairs Victoria



Tony Robinson MP
Minister for Consumer Affairs



Penny Armytage
Secretary
Department of Justice

This year's annual report highlights the outcomes we have achieved for the Victorian community by focusing on our position as a leader in consumer policy and enhancing our effectiveness as a regulator.

We continued our leadership role in consumer policy and legislation by completing both the preparations for the introduction of the landmark Australian Consumer Law and a major overhaul of consumer credit regulation. National unfair contract terms provisions modelled on existing provisions in the Victorian *Fair Trading Act 1999* take effect on 1 July 2010, with the remainder of the Australian Consumer Law expected to commence on 1 January 2011. Victoria has taken a lead role in ensuring many of our best practice laws are included.

Our published research has contributed to national debate and approaches in the areas of warranties and refunds, credence attribute markets and early termination fees in consumer contracts.

Our state-wide integrated compliance programs were delivered using a broader suite of compliance tools aimed at achieving measurable improvements in trader compliance. We conducted 514 inspections of rooming houses, and undertook a real estate advertising blitz. We improved our range of trader education resources and in a new approach, completed 245 onsite conciliations of building disputes, successfully resolving 94 per cent. We brought 80 traders before the courts. The outcomes of our enforcement actions, and warnings about non-compliant traders, were publicised far more broadly.

Our commitment and capability to help consumers at a local level was strengthened by adding additional staff and locations to our regional network. We partnered with

community organisations to help vulnerable consumers, and targeted advice and assistance to those groups who need extra help. We launched Consumer Affairs Victoria on Twitter, along with an improved, user-friendly website.

Our staff worked together with enthusiasm on an initiative to reinvigorate our organisation by harnessing innovation, improving skills and enhancing the effectiveness of our service delivery.

I thank the capable and dedicated staff at Consumer Affairs Victoria for their hard work towards the achievements that I am proud to present in this report. We have worked to position Consumer Affairs Victoria to deliver the best possible protections and services for Victorian consumers and businesses in the coming year.

Dr Claire Noone



CONTENTS



**CHAPTER 1:
LEADERS IN CONSUMER
POLICY AND LAW REFORM**
PAGE 6



**CHAPTER 2:
STATE-WIDE INTEGRATED
COMPLIANCE PROGRAMS**
PAGE 12



**CHAPTER 3:
HELPING CONSUMERS
AT A LOCAL LEVEL**
PAGE 28



**CHAPTER 4:
BUILDING OUR CAPABILITY**
PAGE 38



APPENDICES
PAGE 41

ABOUT US

Our vision

Informed and responsible consumers and traders

Our goals

- > Empower consumers
- > Create a competitive, fair and safe trading environment
- > Protect vulnerable and disadvantaged consumers
- > Build our organisational capability

Our functions

Consumer Affairs Victoria is the state's consumer protection regulator. We adopt an integrated compliance approach to improve trader compliance with the law and reduce consumer detriment. This approach encompasses the range of Consumer Affairs Victoria's functions including:

- > policy development and review
- > monitoring and responding to market trends and systemic issues
- > providing information and advice to consumers, traders, tenants, landlords, and the government on consumer and tenancy issues
- > reducing and resolving disputes through consumer and trader education and dispute resolution services

- > promoting voluntary trader compliance
- > investigating breaches of the law
- > employing a range of strategic enforcement options.

By actively engaging with consumers, traders, community agencies and regulatory partners, we foster a fair and competitive consumer environment, which in turn contributes to a thriving economy and inclusive society in Victoria.

We support the Ministerial advisory roles in the Consumer Affairs portfolio, including the Consumer Credit Fund Advisory Committee, Estate Agents Council, Patriotic Funds Council, Prostitution Control Act Ministerial Advisory Committee and the Funeral Industry Ministerial Advisory Council. We also provide administrative support to several statutory offices and bodies including the Business Licensing Authority, Motor Car Traders Claims Committee and the Residential Tenancies Bond Authority.

Consumer Affairs Victoria currently administers 43 Acts of Parliament. We are required to report to the Victorian Government on our activities under the *Fair Trading Act 1999*, the *Credit (Administration) Act 1984* and the *Veterans Act 2005*.

2009-10 YEAR IN REVIEW HIGHLIGHTS



LEADERS IN CONSUMER POLICY AND LAW REFORM

- > Completed preparations for the introduction of the landmark Australian Consumer Law
- > Completed a major initiative to overhaul consumer credit regulation
- > Finalised first stage of project to modernise Victoria's consumer laws
- > Published research that contributed to the Australian Consumer Law
- > Spearheaded the development and implementation of a national strategic plan to improve outcomes for consumers
- > Continued to lead an overhaul of Australia's product safety framework
- > Helped create a national licensing system for selected occupations and a national online registration scheme for business names



STATE-WIDE INTEGRATED COMPLIANCE PROGRAMS

- > Completed 514 rooming house inspections
- > Succeeded in bringing 80 traders before the courts
- > Finalised 40 criminal prosecutions and 40 civil actions
- > Distributed 17,000 kits during curtain and blind cords safety campaign
- > Completed 245 onsite conciliations of building disputes, successfully resolving 94 per cent
- > Conducted a real estate advertising blitz, inspecting about 1,000 files
- > Increased use of infringement notices, issuing 55 per cent more than last year



HELPING CONSUMERS AT A LOCAL LEVEL

- > Answered more than 532,000 calls for information and advice
- > Launched MoneyHelp financial counselling service for Victorians in financial distress
- > Completed successful campaign to prevent Victorians being swindled by travelling con men
- > Launched domestic building education campaign to prevent disputes
- > Increased our reach into regional and metropolitan areas, putting more staff into regions and opening at three new locations
- > Launched our new user-friendly website



BUILDING OUR CAPABILITY

- > Launched a major initiative to reinvigorate our organisation
- > Offered 15 new or updated staff training courses
- > Analysed our training and development needs to ensure the effective implementation of the Australian Consumer Law
- > Expanded our use of the knowledge management tool Wiki
- > Launched on Twitter, enabling us to connect with target markets that were traditionally hard to reach

2009-10 YEAR IN REVIEW ACTIVITIES

CALLS ANSWERED FOR INFORMATION AND ADVICE

| | |
|--------------------------------------|----------------|
| General Consumer | 138,471 |
| Renting | 103,314 |
| Building | 35,155 |
| Credit | 13,061 |
| Registration | 91,914 |
| Residential Tenancies Bond Authority | 91,514 |
| Estate agents | 10,804 |
| Occupational Licensing | 26,681 |
| Regional offices | 7,918 |
| Pre-recorded/faxback/email requests | 13,321 |
| Total calls answered | 532,153 |

WWW.CONSUMER.VIC.GOV.AU

| | |
|------------------------------|-----------|
| Visitor sessions | 1,409,491 |
| Unique visitors | 805,034 |
| Publications/forms downloads | 471,632 |

VICTORIAN CONSUMER & BUSINESS CENTRE COUNTER ENQUIRIES

| | |
|------------------------------------|---------------|
| Consumer | 2,900 |
| Residential tenancy | 1,658 |
| Occupational licences/registration | 2,519 |
| Business names | 21,822 |
| Building | 777 |
| Bonds | 1,731 |
| Liquor licence/permission | 4,764 |
| Concierge/Fast service | 3,453 |
| Other | 3,460 |
| Total counter enquiries | 43,084 |

COMMUNITY ENGAGEMENT ACTIVITIES

| | |
|---------------------------------------|-----|
| Tenant workshops | 107 |
| Landlord workshops | 38 |
| Owners corporation workshops | 15 |
| Indigenous activities | 483 |
| Multicultural activities | 250 |
| Seniors presentations | 239 |
| Regional community education sessions | 900 |

RESIDENTIAL TENANCY INSPECTIONS

| | |
|----------------------------------|--------------|
| Rooming house inspections | 514 |
| Repair report inspections | 1,171 |
| Abandoned goods inspections | 3,187 |
| Rental assessment inspections | 2,376 |
| Total tenancy inspections | 7,248 |

RESIDENTIAL TENANCIES BOND AUTHORITY

| | |
|-------------------|------------------------|
| Bonds lodged | 180,000 |
| Bond repayments | 166,300 |
| Bonds transferred | 48,200 |
| Bonds held | 439,844 |
| Value held | \$544.8 million |

ADVOCACY/FINANCIAL COUNSELLING

| | |
|---|-------|
| Consumers helped by advocacy | 3,800 |
| Callers referred to financial counselling | 4,132 |

DISPUTES FINALISED

| | |
|---------------------------------|---------------|
| General disputes | 4,852 |
| Residential tenancy | 665 |
| Building | 2,038 |
| Estate agents | 661 |
| Regional offices | 4,433 |
| Total disputes finalised | 12,649 |

REGISTRATIONS - TOTAL ON REGISTER

| | |
|---|---------|
| Business names | 389,677 |
| Estate agents | 8,789 |
| Credit providers | 767 |
| Motor car traders | 2,230 |
| Incorporated associations | 35,991 |
| Cooperatives | 707 |
| Travel agents | 903 |
| Fundraisers | 1,415 |
| Secondhand dealers and pawnbrokers | 5,241 |
| Introduction agents | 56 |
| Patriotic funds | 613 |
| Limited partnerships | 167 |
| Conveyancers | 636 |
| Owners corporation managers | 508 |
| Retirement villages | 400 |
| Funeral service providers | 380 |
| Sex work service providers (licensees) | 145 |
| Sex work service providers (brothel managers) | 696 |

ENFORCEMENT OUTCOMES

| | |
|--|-----------|
| Prosecutions finalised | 40 |
| Civil actions finalised | 40 |
| Parties signed to enforceable undertakings | 28 |
| Fines and consent orders | \$183,115 |
| Costs orders obtained | \$149,367 |
| Court Fund/VCAT penalties | \$21,200 |

ESTATE AGENTS ACTIVITY

| | |
|------------------------------------|----------|
| Audits/inspections | 595 |
| Fines/penalties and consent orders | \$34,340 |
| Costs orders obtained | \$7,437 |

BUILDING ACTIVITY

| | |
|----------------------------|-----------|
| Audits/inspections | 406 |
| Prosecutions completed | 12 |
| Fines and consent orders | \$56,100 |
| Costs orders obtained | \$10,938 |
| Compensation for consumers | \$181,850 |

MOTOR CAR TRADERS ACTIVITY

| | |
|----------------------------|----------|
| Prosecutions completed | 16 |
| Fines issued in court | \$94,975 |
| Costs orders obtained | \$27,251 |
| Compensation for consumers | \$35,742 |

PRODUCT SAFETY ACTIVITY

| | |
|--|---------|
| Products seized | 30,815 |
| Products destroyed | >20,000 |
| Products investigated | 247 |
| Premises inspected | 638 |
| Companies/directors prosecuted | 1 |
| Civil proceedings | 2 |
| Parties signed to enforceable undertakings | 10 |

SEX WORK ACTIVITY

| | |
|---|----|
| Inspections of brothels run by licensed operators | 82 |
| Alleged unlicensed brothels inspected | 9 |

TRADE MEASUREMENT ACTIVITY

| | |
|-------------------------------|--------|
| Instruments tested/inspected | 21,350 |
| Pre-packed articles inspected | 43,927 |
| Premises inspected | 5,146 |
| Instruments rejected | 1,226 |
| Complaints investigated | 276 |



In 2009-10, Consumer Affairs Victoria continued to be a national leader and driver of major consumer law reforms.



01 | LEADERS IN CONSUMER POLICY AND LAW REFORM

HIGHLIGHTS

- > Completed preparations for the introduction of the landmark Australian Consumer Law
- > Completed a major initiative to overhaul consumer credit regulation
- > Finalised first stage of project to modernise Victoria's consumer laws
- > Published research that contributed to the Australian Consumer Law
- > Spearheaded the development and implementation of a national strategic plan to improve outcomes for consumers
- > Continued to lead an overhaul of Australia's product safety framework
- > Helped create a national licensing system for selected occupations and a national online registration scheme for business names

National law reform

In 2009-10, Consumer Affairs Victoria continued to be a national leader and driver of major consumer law reforms agreed by the Council of Australian Governments (COAG). This year, we completed the policy and legislation phase of COAG's reform agenda, including preparing for the new Australian Consumer Law and preparing for the transfer of business names, trade measurement, and consumer credit regulation to the Commonwealth.

PROTECTING AUSTRALIAN CONSUMERS

The landmark Australian Consumer Law (ACL) is expected to become fully operational on 1 January 2011, replacing individual state, territory and Commonwealth fair trading and consumer laws. It is the keystone of a new national consumer policy framework, which the Productivity Commission estimated could benefit the Australian economy by \$1.5 - 4.5 billion annually. Victoria has taken a lead role in developing the framework, ensuring many of Victoria's best practice laws are included.

The ACL was established by legislation passed by the Commonwealth Parliament in March. This legislation

also introduced national unfair contract terms provisions (modelled on existing Victorian provisions in the *Fair Trading Act 1999*), which will commence on 1 July 2010.

A second piece of legislation, passed by the Commonwealth Parliament in June, introduced the remainder of the ACL. It is expected to come into effect on 1 January 2011 and will include, amongst other protections:

- bans on false or misleading testimonials
- a national legislative and regulatory regime for product safety
- protection for consumers in relation to unsolicited consumer agreements and lay-by sales
- consistent national protections against misleading or deceptive conduct, false and misleading representations and other unfair practices.

This year, we completed the legislative work required to amend the unfair contract terms provisions in Victoria's *Fair Trading Act 1999*, to bring them into line with the ACL. The Act making these amendments was given the Royal Assent on 1 June 2010. We also started legislative work in preparation for the second stage of changes to the ACL.



Representatives from state and territory fair trading agencies met to discuss the ACL in preparation for a Ministerial Council on Consumer Affairs meeting in December.



NEW GOVERNANCE ARRANGEMENTS

This year, Victoria spearheaded the development and implementation of a three-year national strategic plan to improve outcomes for consumers, including the implementation of new governance arrangements to improve the way national meetings of consumer affairs Ministers and officials work.

These arrangements included the establishment of three Standing Committee of Officials of Consumer Affairs’ advisory committees, and two consultative committees. Victoria chairs the Education and Information Advisory Committee, which this year began developing a national communications campaign to inform consumers and traders about the ACL. We are also leaders in the Compliance and Dispute Resolution Advisory Committee and have been particularly involved in the development of the national compliance framework model.

We are leading a number of projects auspiced by the Policy and Research Advisory Committee, including a review of debt collection regulation and national harmonisation of fundraising legislation.

NEW ERA FOR CREDIT REGULATION

This year heralded a new era of protection for Australian consumers as we completed a major COAG initiative to overhaul credit regulation. Victoria worked closely with the Commonwealth to develop new national credit laws, most of which come into effect on 1 July 2010. We provided significant input into the new national laws through the Financial Services and Credit Reform Implementation Taskforce. We also worked closely with the Australian Securities and Investments Commission (ASIC) to ensure a seamless transition to the national scheme. Under the new laws:

- the Commonwealth assumes responsibility for regulation of consumer credit, including mortgage broking and payday lending
- brokers must disclose all fees, commissions and other benefits up front
- brokers and lenders must justify the recommendations they make and adhere to new responsible lending requirements
- licensees must join an approved external dispute resolution scheme. These schemes are free to consumers, easily accessible and resolve disputes faster than the courts
- Consumer Affairs Victoria still has the power, under Victorian fair trading laws, to take action against lenders or brokers whose conduct is misleading, deceptive or unconscionable.

REFORMING PRODUCT SAFETY

We continued to take a lead role in the overhaul of Australia’s product safety framework, as reported last year, working with all jurisdictions towards a simpler, more efficient and more effective product safety regime.

The new framework is expected to commence on 1 January 2011 and will include harmonised product safety laws as part of the ACL. We have been leading a large and complex project to harmonise 177 product bans and safety standards that exist across Australia, none of which existed in all jurisdictions at the commencement of the project. Harmonising bans and standards will reduce inconsistencies, reduce compliance and administration costs for traders and regulators, and ensure better protection for consumers, including the benefits of having laws that can be applied across the country.



NATIONAL LICENSING OF OCCUPATIONS

We continued working on a COAG regulatory reform initiative to develop a national licensing system for selected occupations, including many we administer. This system will allow licensees to work anywhere in Australia, without having to reapply for a licence when moving interstate, and will give consumers easy access to information about licensees.

The National Occupational Licensing System (NOLS) will commence for the first wave of occupations in July 2012, and for the second wave from as soon as possible after 1 July 2013. A Draft Bill was released for public consultation in November and public consultation sessions were held in all capital cities. Legislation to implement the system will be introduced next financial year.

Having a single scheme for granting and maintaining occupational licences is a valuable development, however, equally important is the need to harmonise conduct provisions – the law governing a licensee’s conduct when they do licensed work. We initiated, and have a lead role in, a Ministerial Council on Consumer Affairs (MCCA) review of the conduct provisions of occupations in the NOLS, including reporting on the feasibility of national harmonisation. Consistent conduct provisions will reduce the administrative burden on business and create greater certainty for consumers. The review is expected to lead to legislation being developed in 2012.

NATIONAL REGISTER OF SECURITY INTERESTS

In December, the Commonwealth legislated for a single national register of security interests in personal property, for example, encumbrances on motor vehicles. The new online Personal Property Securities Register (PPSR), due to begin operation in May 2011, will replace more than 40 registers currently kept across different jurisdictions. The change is expected to increase the availability of finance and reduce business costs. To prepare for migration to the new system, we provided sample data from the Register of Cooperative Charges to the

Commonwealth for testing. We also began identifying Victorian consumer laws that will need changing as a result of the PPSR.

ONLINE REGISTRATION OF BUSINESS NAMES

Consumer Affairs Victoria is helping create a national online registration scheme for business names, replacing existing state and territory-based schemes and enabling traders to register their business once, nationally, instead of registering in each individual jurisdiction. Responsibility for business names registration will transfer to ASIC in 2011. This change will significantly reduce the regulatory burden on business and will enable traders to register their business name and apply for an Australian Business Number in a single transaction. The one-stop website will also centralise important information that traders supply and streamline interactions between business and government. The changes are part of COAG’s national business regulation reform agenda.

In 2009, Victoria and other jurisdictions finalised an intergovernmental agreement outlining how the transfer to the Commonwealth, necessary for the reform, would occur. Victoria chairs the national working group designing the new national legislation, regulations and transitional arrangements.

TRADE MEASUREMENT GOES NATIONAL

The Commonwealth will administer trade measurement regulation from 1 July 2010, a move that will reduce red tape and provide industry and consumers with a single point of contact for trade measurement advice, education and services. This year, we completed our work towards ensuring a smooth transition to the National Measurement Institute.

Consumer Affairs Victoria is helping create a national online registration scheme for business names, replacing existing state and territory-based schemes and enabling traders to register their business once, nationally, instead of registering in each individual jurisdiction.



From July 2010, the Commonwealth will administer trade measurement regulation.

Modernising legislation

We are completing a major project to reform Victoria's consumer statute book and make our laws more relevant, modern and responsive. The Consumer Affairs Legislation Modernisation project is on track to have reviewed and modernised all consumer laws by the end of 2010, helping fulfil the State Government's commitment to reduce the regulatory burden on business.

In 2009-10, we analysed stakeholder submissions that we received in response to our discussion papers on reforming the *Carriers and Innkeepers Act 1958*, *Private Agents Act 1966*, *Landlord and Tenant Act 1958*, *Travel Agents Act 1986* and *Introduction Agents Act 1997*. We completed regulatory burden estimates and in November, introduced legislation to effect the reforms.

The first stage of the modernisation project was completed when the *Consumer Affairs Legislation Amendment Act 2010* passed through the Victorian Parliament in February. In addition to some minor amendments, the Act:

- repeals the *Private Agents Act 1966* and replaces an existing ineffective licensing system for debt collectors with a new regulatory system to be inserted into the *Fair Trading Act 1999*
- clarifies aspects of the operation of the *Owners Corporations Act 2006* and *Conveyancers Act 2006*
- repeals a large amount of outdated tenancy law contained in the *Landlord and Tenant Act 1958*
- repeals archaic 'common carrier' provisions in the *Carriers and Innkeepers Act 1958*

- simplifies the operation of the *Estate Agents Act 1980* by removing redundant provisions and unused licensing requirements
- refines aspects of licensing and enforcement arrangements under the *Prostitution Control Act 1994*, renamed the *Sex Work Act 1994*, including:
 - enhanced identification of licensees
 - stronger powers to investigate landlords of buildings housing sex work providers
 - increased powers to question people leaving suspected unlicensed brothels
 - doubling the penalties for running an unlicensed brothel

ACTS PASSED

| NAME | DATE OF ROYAL ASSENT |
|--|----------------------|
| <i>Consumer Affairs Legislation Amendment Act 2010</i> | 9 February 2010 |
| <i>Credit (Commonwealth Powers) Act 2010</i> | 30 March 2010 |
| <i>Fair Trading Amendment (Unfair Contract Terms) Act 2010</i> | 1 June 2010 |

REGULATIONS COMMENCED

| NAME | DATE COMMENCED |
|--|-------------------|
| <i>Associations Incorporation Regulations 2009</i> | 28 July 2009 |
| <i>Fair Trading (Safety Standard) (Treadmills) Regulations 2009</i> | 5 August 2009 |
| <i>Fair Trading Regulations 2009</i> | 16 August 2009 |
| <i>Associations Incorporation (Fees and Other Matters) Interim Regulations 2009</i> | 29 September 2009 |
| <i>Fair Trading (Information Standard) (Australian Builders Plate Standard) Regulations 2009</i> | 21 October 2009 |
| <i>Travel Agents Amendment Regulations 2009</i> | 1 December 2009 |
| <i>Fair Trading Amendment Regulations 2009</i> | 1 December 2009 |
| <i>Fair Trading (Safety Standards for Lead and Certain Elements in Children's Toys) Regulations 2009</i> | 1 January 2010 |
| <i>Associations Incorporation Amendment (Fees and Other Matters) Regulations 2010</i> | 19 January 2010 |

REGULATIONS REVOKED

| NAME | DATE REVOKED |
|---|-----------------|
| <i>Associations Incorporation Regulations 1998</i> | 28 July 2009 |
| <i>Associations Incorporation (Fees) Regulations 2003</i> | 28 July 2009 |
| <i>Associations Incorporation (Prescribed Particulars) Regulations 2001</i> | 28 July 2009 |
| <i>Associations Incorporation (Amendment) Regulations 2003</i> | 28 July 2009 |
| <i>Associations Incorporation (Amendment) Regulations 2004</i> | 28 July 2009 |
| <i>Associations Incorporation (Infringement Penalties Amendment) Regulations 2007</i> | 28 July 2009 |
| <i>Fair Trading Regulations 1999</i> | 16 August 2009 |
| <i>Fair Trading (Amendment) Regulations 2001</i> | 16 August 2009 |
| <i>Fair Trading (Amendment) Regulations 2003</i> | 16 August 2009 |
| <i>Fair Trading (Amendment) Regulations 2004</i> | 16 August 2009 |
| <i>Fair Trading (Further Amendment) Regulations 2004</i> | 16 August 2009 |
| <i>Fair Trading (Forms) Regulations 2004</i> | 16 August 2009 |
| <i>Fair Trading (Infringement) Regulations 2005</i> | 16 August 2009 |
| <i>Fair Trading (Amendment) Regulations 2008</i> | 16 August 2009 |
| <i>Associations Incorporation (Fees and Other Matters) Interim Regulations 2009</i> | 19 January 2010 |



- streamlined applications for licences and planning permits
- provisions to allow the orderly transfer of the business of a sex work provider if a licensee dies or becomes incapacitated.

The Act also repeals most of Victoria’s trade measurement legislation, including the *Utility Meters (Metrological Controls Act) 2002*, *Trade Measurement Act 1995* and *Trade Measurement (Administration) Act 1995*, ahead of the transfer of trade measurement administration to the Commonwealth.

We are well advanced in completing stage two of our legislation modernisation project. Our work includes examining proposals to modernise or repeal many of Victoria’s consumer Acts and introduce a standardised licensing framework.

REGULATIONS ENHANCE CONSUMER PROTECTIONS

Our work to keep Regulations relevant and modern continued this year, with many amendments made to improve protections for consumers, including new or re-made Regulations that:

- made it an offence, under the *Fair Trading Act 1999*, to supply toys and finger paints in Victoria with levels of lead, cadmium and other heavy metals in excess of levels specified in Australian Standards
- mirrored requirements set out in Commonwealth Regulations and made it an offence under the *Fair Trading Act 1999* to manufacture, import or supply treadmills that did not comply with the relevant safety standard
- provided for exemptions relating to telephone marketing agreements, specifying which offences could attract an infringement notice and prescribing the penalties

- as part of a national scheme adopted by states and territories, made it an offence to supply recreational vessels that did not comply with the Australian Builders Plate Standard
- updated the *Travel Agents Regulations 2007* to align the required qualifications for managers of an international travel business with national standards
- changed the Associations Incorporation Regulations and inserted the schedule of fees to be charged, liquidators’ security and accounting standards for prescribed associations.

Our work to keep Regulations relevant and modern continued this year, with many amendments made to improve protections for consumers.

INVESTING IN RESEARCH

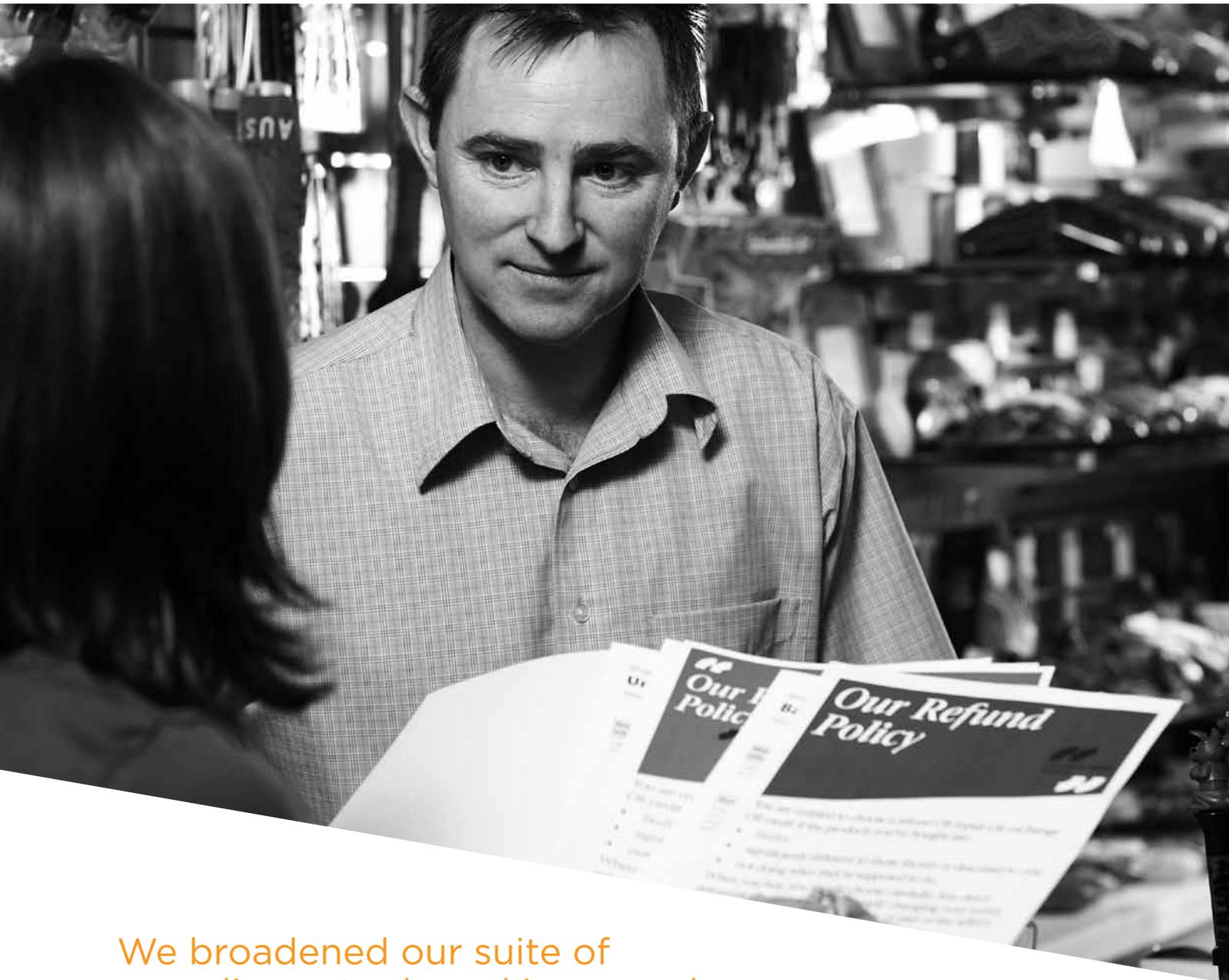
Consumer Affairs Victoria research continues to influence consumer protection policy and practice, both in Victoria and nationally. This year, three of our research projects contributed to the development of the ACL and other national law reforms. Other projects have investigated emerging areas of consumer concern and informed our integrated compliance strategies.

An independent research report we commissioned and published, *Working in Victorian brothels*, investigated the nature and scope of the illegal brothel sector and the intersection between licensed and unlicensed sectors. It will inform our compliance strategies for the licensed sex work industry, including education campaigns and material to assist licensees, and the integrated enforcement approach against unlicensed brothels.

Consumer Affairs Victoria, on behalf of states and territories, led the *National baseline study on warranties and refunds*, which was published in October. The study investigated consumers’ and traders’ knowledge of consumer statutory warranties and refund rights in relation to white goods, electronic and electrical goods and mobile phones, as well as consumers’ experiences in relation to warranties and refunds. The findings will help develop a national integrated education and information program on warranties and refunds, and inform education and compliance activities by consumer protection agencies. It will also assist the review of statutory warranties and refunds for the new ACL.

On World Consumer Rights Day, 15 March, Consumer Affairs Victoria Director Dr Claire Noone presented our discussion paper *Credence attributes: Making honesty the best policy* to the National Consumer Congress. Credence attributes are claims about product characteristics that consumers cannot reasonably check, for example, organic, fair trade or kosher. This paper contributes to the debate on what governments can do to address problems of consumer choice and governments’ role in increasing the economic benefits from credence attribute markets.

In May, we published online our discussion paper *Options for fair early termination fees in consumer contracts*, which described the economic benefits of consumer contracts with fair early termination fees. It also explored options for determining how a fair early termination fee might be calculated. This paper provides a rigorous basis for discussion of early termination fees in the context of the unfair contract terms provisions of the ACL.



We broadened our suite of compliance tools and increased our focus on working together as an organisation to achieve measurable improvements.



02 | STATE-WIDE INTEGRATED COMPLIANCE PROGRAMS

HIGHLIGHTS

- > Completed 514 rooming house inspections
- > Succeeded in bringing 80 traders before the courts
- > Finalised 40 criminal prosecutions and 40 civil actions
- > Distributed 17,000 kits during curtain and blind cords safety campaign
- > Completed 245 onsite conciliations of building disputes, successfully resolving 94 per cent
- > Conducted a real estate advertising blitz, inspecting about 1,000 files
- > Increased use of infringement notices, issuing 55 per cent more than last year

An integrated approach to compliance

This year, we expanded our compliance efforts by increasing our focus on integrated compliance – a model that encourages traders to comply with the law and provides strong deterrents to non-compliance. We broadened our suite of compliance tools and increased our focus on working together as an organisation to achieve measurable improvements.

Our integrated compliance model encourages effective compliance through:

- information, education and communication with consumers and traders to raise awareness of good practices and penalties for non-compliance
- conciliating disputes, leading to better practices for traders, and a more informed consumer
- engaging with stakeholders

Our model strongly deters non-compliance by:

- maintaining a comprehensive inspection program across the state, and cooperating with other regulators to increase the risk of non-compliance being detected

- using a targeted enforcement strategy to increase the risk of prosecution
- increasing the penalties for non-compliance
- publicising enforcement outcomes.

Our integrated compliance model uses education, dispute resolution and enforcement action to achieve our goals of increased trader compliance with the law and reduced consumer detriment.

IMPROVING TRADER COMPLIANCE THROUGH EDUCATION

Education is critical to Consumer Affairs Victoria's integrated approach to compliance. We educate traders about their obligations and we educate consumers so they know when traders are non-compliant. In 2009-10, we launched high-profile campaigns to educate consumers and traders about building and renovating (see p. 37), and curtain and blind cord safety (see p. 27).

We teamed with other fair trading agencies across Australia to educate traders and legal practitioners about national unfair contract terms law, being introduced on 1 July 2010 as part of the ACL. We worked with the Australian Competition and Consumer



Dr Claire Noone (far right) and Consumer Affairs Victoria inspectors conduct a 'trader walk' in Mildura. Photo courtesy of *Sunraysia Daily - Mildura*.



A warning from Consumer Affairs Victoria

Consumer Affairs Victoria has received complaints about some gas and electricity salespeople in this area.

A few salespeople appear to be misleading local residents about changing energy retailers (the company that bills you for your gas and electricity use).

Be alert if a salesperson knocks on your door or telephones, and gives the impression that:

- **they are from the government.** Not true. The Victorian Government does not own any energy retailers

- **they are taking over as energy suppliers in your area and you have no choice but to change.** Not true. Your retailer cannot change unless you agree. You can choose a different retailer to your neighbours

- **nothing will change if you transfer, or only your distributor will change.** Not true. If you change companies, you may have to pay exit fees to your current energy retailer. You may also have to pay a different rate (possibly more) for your gas and electricity.

Protect yourself if you change to a new company. Use our tips on the back of this flyer.

The door hanger used in the energy retailer campaign

Commission (ACCC), ASIC, and other jurisdictions to publish a *Guide to the Unfair Contract Terms Law* online, so traders knew their responsibilities under the law.

We improved the tools we used to educate traders, including updating the package of materials we give traders during compliance inspections to include posters that inform consumers of their refund and lay-by rights. We regularly inspected shops across the state to ensure their refund policies complied with consumer protection laws. We conducted compliance inspections and 'trader walks', which included talking to traders about their responsibilities under fair trading and other consumer laws.

We also educated traders during industry-specific audits and inspections. For example, during a regional compliance exercise in October, our officers visited registered builders to make sure they were aware of their rights and responsibilities. We also visited caravan parks to educate operators about travelling con men, who were known to stay at parks over summer.

We updated and improved our online information on traders' rights and responsibilities and sent industry newsletters and electronic bulletins to some trader groups, including rooming house operators and motor car traders. We also developed an industry-specific guide for rooming house operators, to help them understand their legal obligations.

In April, we launched a campaign to educate consumers about misleading sales tactics used by some energy retailers. Some salespeople were making misleading claims, such as claiming they were from the government.

We collaborated with the Essential Services Commission to send a letter to energy retailers confirming their obligations, and developed a door hanger for householders with tips and advice. We also wrote to 18 community-based organisations that vulnerable consumers might approach for help.

To educate people working in real estate, we delivered six workshops attended by more than 400 estate agents, their representatives and staff. The workshops provided practical advice to salespeople and property managers on matters highlighted through our complaints and dispute resolution service. We also used direct mail to educate agents.

We met with traders and industry groups to discuss specific matters and encourage development of internal dispute resolution processes. We encouraged traders to ensure their customer service systems not only dealt with complaints, but also recorded and analysed complaints data to identify causes. These meetings help reduce the level of dispute in the industry and raise standards, promote quality assurance practices and complaint handling systems, and identify opportunities for further engagement. Based on the success of this compliance measure, we are developing the approach further.



Action on rooming houses

Consumer Affairs Victoria has been leading a Victorian Government strategy to improve the regulation of rooming houses, get rogue operators out of the business and improve protections and living conditions for residents.

Rooming house residents are some of the state's most vulnerable tenants. They have few viable housing options, making them targets for rogue operators. The recent explosion in unregistered rooming houses, and concerns that some operators were preying on vulnerable tenants and deliberately offering sub-standard accommodation, prompted an urgent need for reform.

The Victorian Government asked the Member for Albert Park Martin Foley MP to chair a Rooming House Standards Taskforce to make recommendations on how to improve standards and make operators more accountable. The Taskforce's report, released in September, made 32 recommendations to improve rooming house standards, including mandatory registration of operators and premises, strengthened compliance and enforcement and increased supply of alternative housing. The government committed to introducing all of the 32 recommendations.

Many of the reforms added to ongoing initiatives already occurring as part of our residential tenancy program, such as compliance and enforcement, and education of operators and tenants. As part of our inspection program, in 2009-10 we inspected 514 rooming houses, including 193 inspections completed jointly with local councils. These inspections aimed to ensure rooming houses were registered and compliant with relevant health and safety requirements, and operators were complying with provisions of the *Residential Tenancies Act 1997*.

The Victorian Property Fund, administered by Consumer Affairs Victoria, supported the Taskforce's recommendation to lease, buy and build additional alternative affordable rental accommodation. It made grants this year of more than \$24 million, including \$10.7 million over three years to enable the Office of Housing to buy more rooming houses, and \$13.69 million for short-term projects to provide a wider range of housing options.

The Taskforce recommended that estate agents be required to report to the local council any properties they believed were operating as unregistered rooming houses. To inform agents of this responsibility, we joined forces with the Real Estate Institute of Victoria to present education forums throughout the state. We presented five forums in June and have planned a further three for July 2010.

We revamped our guide for rooming house residents in December and published a separate guide for operators in March. We established a dedicated hotline and an online form for people to report concerns about rooming houses, including suspected unregistered rooming houses. The hotline has taken 257 calls since its launch in July, mostly about living conditions and possible breaches of the law relating to bonds and evictions.

During November, we advertised in suburban and regional newspapers, encouraging people to call our hotline with concerns about rooming houses. The regional campaign over the summer targeted seasonal workers, and placed separate advertisements in the Chinese and Indian press to reach international students. Information and insights gained from our hotline were fed into our strategic planning and shared with our local council partners.

We prosecuted three rooming house operators who failed to fulfil their

responsibilities, including Cheng Zhang of Docklands who in October was convicted and fined a total of \$3,500 for breaches of the *Residential Tenancies Act 1997*.

In February, we secured a conviction against St Kilda rooming house operator Sean Vanden Driesen. Mr Driesen failed to provide residents with bond lodgement forms, condition reports or statements of rights and duties. Residents' bonds, totalling \$1,500, had not been lodged with the Residential Tenancies Bond Authority, the bonds demanded were excessive, and they were not returned to them when they left. Melbourne Magistrates' Court fined Mr Driesen \$4,000 and ordered him to pay \$2,340 in costs.

We brought criminal proceedings against George Maatouk of Reservoir after he ignored a Victorian Civil and Administrative Tribunal (VCAT) order to compensate a tenant for unlawful eviction. Mr Maatouk pleaded guilty in the Melbourne Magistrates' Court, was convicted and fined \$800 and ordered to pay \$1,200 in legal costs. We also obtained \$360 in compensation for the tenant.



Dr Claire Noone addresses the Rooming House Standards Taskforce stakeholder forum hosted by Consumer Affairs Victoria in May.

IMPROVING TRADER COMPLIANCE THROUGH DISPUTE RESOLUTION

Our integrated compliance model includes dispute resolution services that help resolve disputes between consumers and traders, and landlords and tenants. We educate consumers about their rights, help facilitate agreement between parties, and help improve customer service by making traders aware of complaints and better ways of doing business. We use the opportunity of conciliation to educate traders, at the same time as helping consumers to resolve issues.

GENERAL DISPUTES

In 2009-10, we conciliated 12,649 disputes. This included 4,852 general disputes, of which we successfully resolved 82 per cent. The most common fair trading complaints this year related to refunds for airline services and clothing, and complaints about defective electrical appliances, computers, and mobile phone handsets.

CASE STUDY

Wig win for ill consumer

A consumer who was seriously ill with cancer contacted us for help in obtaining a refund on her \$2,300 custom-made wig, which was too small, matted, and had no suitable fastener. We contacted the trader, who suggested the consumer visit his premises to have the wig inspected and adjusted. The consumer did not feel well enough to attend the meeting on her own and requested we attend, which we did. Our discussions with the trader secured a full refund for the consumer and a \$200 allowance for the hair she supplied to make the wig.

CASE STUDY

Help to obtain refund on car part

A young Indigenous consumer sought our advice on getting a car part refunded. The woman had bought the part on the suggestion of a salesperson but discovered it was unsuitable for her car after talking to her mechanic. The salesperson said they would not give a refund, as the part was a special order. Our conciliators contacted the trader and secured a refund for the consumer.

DISPUTES FINALISED

| | |
|---------------------------------|---------------|
| General | 4,852 |
| Residential tenancies | 665 |
| Building | 2,038 |
| Estate agents | 661 |
| Regional offices | 4,433 |
| TOTAL DISPUTES FINALISED | 12,649 |

TENANCY DISPUTES

Consumer Affairs Victoria finalised 665 conciliations relating to residential tenancy in 2009-10, including matters relating to retirement villages and owners corporations. We used new technologies to expand our service, including establishing a 'virtual' phone line that enabled urgent matters to be referred immediately to a conciliator for attempted resolution. We trialled the practice of using SMS messages to request a callback from tenants and found this vastly increased the response rate. Following the success of the trial, all of our dispute resolution services now use SMS messaging, as well as telephone, mail and email, to prompt callbacks to our conciliators.

We provided information and made presentations to property managers of major estate agencies, retirement villages and organisations such as Aged & Community Care Victoria and the Council on the Ageing. We also engaged with operators of retirement accommodation to address concerns about matters such as delays in responding to residents' complaints.

CASE STUDY

Cooking up a solution

At a presentation we held for students, a Mongolian international student asked what she could do about a stove that was not working at her rental property. She had recently moved in and signed a 12-month lease. The stove was the only cooking facility at the property. The *Residential Tenancies Act 1997* classifies this as an urgent repair, so we immediately contacted her estate agent. It was found that the stove needed to be replaced. A new stove was installed within 48 hours of us contacting the agent.

CASE STUDY

New lease on rental life

A tenant living in a rooming house as a sub-tenant contacted us after receiving a 14-day Notice to Vacate from the owner. The rooming house operator had also received a Notice to Vacate, as his rent was in arrears. The tenant and her family were the only residents of the property at the time of the complaint. They wanted to stay at the property, were willing to pay higher rent, and wanted to enter into a rental agreement with the owner of the property. The owner and agent were reluctant to do this, as they couldn't work out the technicalities. However, we discussed the issues with the agent, and agreed that the agent would arrange a lease with the remaining tenant in the house, once a possession order was obtained against the rooming house operator, and a warrant executed, so the owner of the property could first sever all ties with the operator. Then the parties could start afresh, and the tenant could remain at the property under a private rental agreement.



RESIDENTIAL TENANCIES BOND AUTHORITY

The Residential Tenancies Bond Authority (RTBA) is a Victorian Government statutory authority that relies on the staff and resources of the Department of Justice, Consumer Affairs Victoria and external service providers. The Authority helps reduce disputes by holding all residential tenancy bonds in a neutral capacity for landlords and tenants, including for long-term caravan park and rooming house residents. This requirement, part of the *Residential Tenancies Act 1997*, protects tenants from having their bond misused by unscrupulous landlords or agents.

The RTBA performs numerous transactions, including bond lodgements, bond repayments and transfers. In 2009-10, the Authority registered about 180,000 bond lodgements, and at 30 June 2010, held 439,844 bonds valued at \$544.8 million.

The RTBA can only repay bonds where there is agreement between the landlord/agents and tenant, or where the RTBA is directed by VCAT or a court. The RTBA repaid approximately 166,300 bonds in 2009-10. Payees received their repayments within 24 hours of a successfully processed claim form. About 88 per cent of repayments were made by direct credit to the payee's bank account.

The Authority maintained its 2009-10 target performance levels, processing 99 per cent of all transactions on the same day as the form initiating the transaction and achieving error rates of less than one per cent.

In 2009-10, the RTBA:

- enhanced its RTBA Online web service to search for retained repayments, which arise when tenants or landlords do not provide repayment details on the bond claim form, or provide invalid or ineffective bank account details and no forwarding address.

- introduced the platform for electronic transactions, which will enable registered users to undertake bond transactions without using paper forms. All the required information and confirmations will be collected through a secure internet portal within RTBA Online.

| RESIDENTIAL TENANCIES BOND AUTHORITY ACTIVITY | |
|---|-----------------|
| Bonds lodged | 180,000 |
| Bond repayments | 166,300 |
| Bonds transferred | 48,200 |
| Bonds held | 439,844 |
| Value held | \$544.8 million |

DISPUTES INVOLVING ESTATE AGENTS

Consumer Affairs Victoria has a dedicated enquiry line and conciliation service to help consumers concerned about the conduct of Victorian estate agents or agents' representatives.

This year, we answered 10,804 calls and finalised 661 disputes, leading to settlements totalling \$223,284.

CASE STUDY

Helping a consumer understand his rights

A consumer paid a holding deposit on a block of land through an agent, but the block later sold to another buyer who paid a full deposit. The consumer had limited English and could not understand why he did not have first right to purchase. He considered he had been misled into thinking he owned the land. We explained the consumer's rights and helped him negotiate to buy another similar block in the same estate.

CASE STUDY

When a garage is only a carport

A buyer relied on representations from an agent regarding a lock-up garage being a feature of a new property. Unfortunately the buyer did not check the contract and after settlement discovered there was only a carport. After Consumer Affairs Victoria conciliated the complaint the agent and buyer agreed to split the cost of converting the carport to a lock-up garage.

CASE STUDY

Advertisements run hot and cold

Advertisements described a heating unit as being reverse cycle. After settlement the buyer found the unit was single function. Once Consumer Affairs Victoria intervened, the agent agreed to compensate the buyer.



Consumer Affairs Victoria has a dedicated enquiry line and conciliation service to help consumers concerned about the conduct of Victorian estate agents or agents' representatives.

DOMESTIC BUILDING DISPUTES

In 2009-10, we finalised 2,038 disputes between consumers and builders, resolving 81 per cent.

We almost doubled the number of disputes handled by our onsite conciliation process, completing 245 conciliations this year and successfully resolving 94 per cent. The fast-tracked process for eligible disputes brought the builder and consumer together onsite, with a Building Commission inspector to examine building work, and a Consumer Affairs Victoria conciliator to help conciliate a resolution based on the inspector's findings. In 2009-10, our onsite conciliation initiative expanded to:

- incorporate an interpreting service for culturally and linguistically diverse communities
- refine the administrative process to make onsite conciliations more timely
- include regional Victoria.

We are developing a model contract for the domestic building industry, to help prevent disputes. The advantage of the model contract is that it is fair, written in plain English, and clearly states the responsibilities of both parties. In April, we sent our draft contract for new homes to stakeholder groups for consultation, where it received excellent feedback.



We analysed our complaints data this year to provide the basis for integrated compliance action in the building sector. We subsequently met with representatives of two major building companies to discuss complaint levels, encourage improved complaint handling processes and ensure the companies responded in a timely and effective manner to complaints lodged with us. We also presented to the companies' management conferences during the year, explaining our role and underlining the importance of effective customer feedback systems.

CASE STUDY

Help for vulnerable consumer

A builder carried out renovation works at the verbal request of a friend who had an intellectual disability and was receiving government disability assistance. The friends did not have a written contract or clear scope of works, but it was understood the consumer would pay in full when building was complete. After completing the works, the builder sent the consumer a \$14,000 bill, which the consumer did not believe was correct or fair. The builder demanded payment and sent letters threatening debt collection and court action. The consumer contacted Consumer Affairs Victoria. Her social worker/advocate helped her understand legal and contractual issues during the conciliation process. After discussions to clarify issues and the scope of works, materials and labour costs, we negotiated for the consumer to pay \$7,500 to finalise the matter. A payment schedule was part of this agreement. The consumer learned about her rights and responsibilities when entering into a building contract and the builder was advised about their responsibilities under the *Domestic Building Contracts Act 1995*.

CASE STUDY

Friendly agreement turns sour on building project

An unemployed and pregnant 19-year-old, with no fixed address, entered into a contract for a new home. Her parents had a friendly business relationship with the builder and the parties agreed to a low building contract price, based on previous business deals. However, the builder stopped construction due to a partnership dispute, deterioration in the business relationship with the consumer's family and a dispute about variations and payments. This delayed the building project indefinitely. During the conciliation process, the consumer, now with a newborn baby, struggled to find suitable accommodation. We expedited conciliation, which led to an agreement that allowed building to continue. As construction progressed, the parties were able to communicate directly. Both the builder and consumer learned about their rights and responsibilities under building laws.

DOMESTIC BUILDING OUTCOMES

| | |
|--------------------------------|--------|
| Building enquiries answered | 35,155 |
| Onsite conciliations completed | 245 |
| Disputes finalised | 2,038 |



IMPROVING TRADER COMPLIANCE THROUGH LICENSING

The Business Licensing Authority (BLA) administers licensing schemes for estate agents, motor car traders, sex work service providers, travel agents and conveyancers, as well as registration schemes for secondhand dealers and pawnbrokers, introduction agents and owners corporation managers. Consumer Affairs Victoria provides the administrative support necessary to run the schemes; for example, we investigate and process licence applications.

Licensing helps protect consumers by limiting who can enter an industry and by imposing statutory obligations on licensees, including ongoing standards of conduct. Processes and sanctions are also in place to encourage compliance and address non-compliance. Unlicensed trading can remove protections normally provided to consumers, such as cooling-off rights, warranty protection, and access to guarantee funds. At 30 June 2010, the BLA had more than 19,000 licensees and registrants on its registers.

IMPROVING TRADER COMPLIANCE THROUGH ENFORCEMENT ACTION

As a regulator, Consumer Affairs Victoria uses a range of enforcement tools against traders who fail to comply with the law. These include warning letters, infringement notices, enforceable undertakings, civil penalties and criminal prosecutions. The increased focus on integrated compliance has broadened our options for action and strengthened our partnerships with other regulators and enforcement agencies, including local councils, federal agencies and Victoria Police.

ENFORCEMENT OUTCOMES

| | |
|--|-----------|
| Prosecutions finalised | 40 |
| Civil actions finalised | 40 |
| Compensation for consumers | \$263,452 |
| Fines and consent orders | \$183,115 |
| Court fund/VCAT penalties | \$21,200 |
| Costs orders obtained | \$149,367 |
| Parties signed to enforceable undertakings | 28 |
| Infringement notices issued | 119 |
| Warning letters issued | 302 |

COLLABORATING ON ENFORCEMENT ACTIONS

Successful partnerships led to better regulation of rooming houses, sex work and other industry sectors this year, including a new partnership with CrimeStoppers that curtailed the activities of travelling con men.

In March, we worked closely with Victoria Police to crack down on the sale of illegal knives, part of broader government efforts to address knife culture. During a weekend blitz on retailers, we visited 43 stalls at nine weekend markets, 16 knife retailers in Melbourne's CBD, 112 suburban and 57 regional knife retailers, providing intelligence to Victoria Police and educating traders about the laws applying to prohibited weapons.

As a regulator of product safety, we also worked with the ACCC and our state and territory counterparts on a national surveillance program to improve manufacturer and retailer compliance with mandatory product safety standards.

WARNING LETTERS

A formal written warning can be sent to a trader to deal with minor breaches of the law. We issued 302 warning letters in 2009-10.

CASE STUDY

We received a complaint from a property vendor alleging his selling agent had charged him the original commission fee, instead of an agreed reduced rate that was detailed on a signed statement from the agency. We discussed the details with the agent, warning the overcharge potentially breached the *Estate Agents Act 1980*. The agent agreed to honour the amount agreed, however we were prompted to intervene again when the amount was still outstanding after two weeks. After recovering the money, we issued the agent with a warning letter.



Successful partnerships, including with local councils, led to better regulation of rooming houses.



Consumer Affairs Victoria inspectors completing a trader compliance exercise in Hamilton. Photo courtesy of *Hamilton Spectator*

INFRINGEMENT NOTICES

We issue infringement notices in clear-cut contravention cases where the trader does not have a history of breaching the law. There is no conviction or admission of guilt. Changes to our processes last year meant we could use infringement notices in a more consistent and transparent way. This increased our confidence in this enforcement tool and led to us issuing 119 infringement notices in 2009-10, compared to 77 last year.

PUBLICISING COURT OUTCOMES

In April, we initiated a campaign to publicly highlight our enforcement outcomes, warn consumers about non-compliant traders, and provide a further deterrent to traders doing the wrong thing. Advertisements now appear quarterly in a major daily newspaper and regional newspapers, highlighting actions taken against traders. Court outcomes are also published on our website and from this year, tweeted to our followers on Twitter.

COMPLIANCE VISITS

This year, we completed audits and inspections of 595 estate agents, 406 building premises and 117 audits, inspections and investigations relating to possible breaches of the *Fair Trading Act 1999*. We also conducted 5,146 trade measurement inspections, with results that included penalties for 11 delicatessens caught overcharging consumers.

Our trader compliance inspections extended across the state. For example, in October we visited more than 250 traders in Cobram, Echuca, Euroa, Kyabram, Murchison, Seymour, Shepparton and Tatura. Traders found breaching Victoria's consumer protection laws were issued infringement notices. Most were issued to motor car traders, mainly for failing to keep appropriate records. Travel agents also received a number of fines for not having correct signage or licence information.

In 2009-10, the *Consumer Affairs Legislation Amendment Act 2010* strengthened and enhanced our powers to crack down on unlicensed brothels by allowing inspectors to question people entering or leaving suspected premises. Fines of more than \$1,000 were introduced for people entering or leaving a suspected unlicensed brothel who refused to assist Consumer Affairs Victoria investigators with their inquiries. Enforcement strategies included a phone hotline and email to gather intelligence from the industry on alleged unlicensed brothels.

We completed 82 inspections of licensed brothels. We also inspected nine suspected unlicensed brothels and as a result of our inter-agency cooperation, Victoria Police were able to prosecute two people for operating unlicensed brothels, one offender receiving a six-month sentence and the other a \$3,000 fine.

| AUDITS/INSPECTIONS/ INVESTIGATIONS | |
|---|--------|
| Relating to the <i>Fair Trading Act 1999</i> | 117 |
| Estate agents | 595 |
| Building premises | 406 |
| Brothel premises operated by licensees | 82 |
| Alleged unlicensed brothels | 9 |
| Trade measurement inspections of premises | 5,146 |
| Trade measurement investigation of complaints | 276 |
| Trade measurement instruments tested/inspected | 21,350 |
| Trade measurement instruments rejected | 1,226 |
| Pre-packed articles inspected | 43,927 |
| Products investigated under product safety laws | 247 |
| Premises inspected for unsafe/banned products | 638 |
| Products seized | 30,815 |



Compliance in the real estate sector

Consumer Affairs Victoria takes an integrated approach to ensuring estate agents comply with the law. We educate and inform agents about good practices, whilst deterring non-compliance. In 2009-10, we completed 595 audits and inspections of estate agencies, 163 more than last year, checking for misleading price advertising, and checking licences and trust accounts were in order. We prosecuted six matters, finalised nine civil actions and signed eight parties to enforceable undertakings.

Misleading price advertising, also known as underquoting, is an unlawful practice that frustrates and disheartens buyers. To check agents were doing the right thing, we conducted a blitz in July, inspecting about 1,000 estate agent files to check compliance with price advertising laws. This led to two prosecutions or injunctions, and prompted behaviour change within the industry.

In addition, we undertook a three-month project to analyse complaints about misleading price advertising, establishing the level and extent of the practice. We found that in most of the 50 complaints analysed, there was no clear breach of the law, however, we found possible breaches in nine cases.

We issued formal warnings to six agents advertising less than the vendors' recorded asking/reserve price (but not below the agent's estimate of selling price), and sent letters to educate two agents whose estimated selling price ranges were more than 10 per cent of the lower amount of the range.

We took civil action against Stockdale and Leggo (Craigieburn/Roxburgh Park), alleging misleading price advertising of three Craigieburn properties last year. In May, Melbourne Magistrates' Court declared that the agent had engaged in misleading and deceptive conduct. One property was advertised as 'Private Sale: \$290,000 plus', despite the authorised sale price being \$330,000. The court declared the agency be restrained from advertising the selling price at less than the estimated price contained in a written agreement. The agent was also ordered to publish corrective advertising, highlighting the court outcome, in a local newspaper and pay \$4,687 costs.

Consumer Affairs Victoria takes an integrated approach to ensuring estate agents comply with the law. We educate and inform agents about good practices, whilst deterring non-compliance.

Anthony Stewart MacTaggart, Director of Bayside Residential Real Estate Pty Ltd, was convicted of unlicensed trading and fined \$7,020. Bayside Residential Real Estate Pty Ltd was convicted and fined \$10,020. The court ordered each to pay \$600 for our legal costs.

We inspect estate agency trust accounts, which can hold substantial amounts of money, to ensure compliance with relevant laws. Our inspections identified a deficiency in the trust account of Just Property Management Vic Pty Ltd (JPM).

This led to the Minister freezing the trust account and appointing another agent to wind up the business. We recovered more than \$500,000 and took legal action in VCAT against those involved. VCAT declared estate agent Elma Veglia Bird and JPM permanently ineligible to hold a real estate licence. William John Hussen, a JPM agents' representative, was declared ineligible to hold a licence for seven years or act as an agents' representative for five years. He was ordered to pay \$5,000 and gave an undertaking not to participate in the Pakington Central Pty Ltd or Newport Petroleum Pty Ltd estate agencies for five years.

In another case involving trust accounts, real estate agent Denis Sholl had his real estate agent's licence cancelled and was permanently disqualified from holding a licence after a deficiency was discovered in his estate agent's trust account, detected through our audit program. VCAT also ordered Mr Sholl to pay a penalty of \$2,500 to the Victorian Property Fund.

Also this year, we took action in VCAT to exclude former agents' representative John Michael Talia from the industry. Mr Talia was convicted and imprisoned in 2008 for obtaining property by deception in relation to the sale of a property. Consumer Affairs Victoria applied to VCAT for a disciplinary inquiry into Mr Talia's conduct. VCAT found that Mr Talia was not a fit and proper person and declared him ineligible to hold a licence or be an agents' representative.

ENFORCEABLE UNDERTAKINGS

An enforceable undertaking is a written promise, made by a person who admits they have breached a law, that they will stop certain activities. In 2009-10, we signed 28 parties to enforceable undertakings, including five matters relating to product safety (10 parties signed) and four matters involving estate agents (eight parties signed).

One case involved confectionery maker Cadbury Pty Ltd. During a supermarket inspection in October, we found a number of 77g twin pack Cadbury Boost bars for sale that were more than five per cent underweight. Further testing of 77g and 60g Boost bars identified similarly underweight bars. Cadbury acknowledged breaching the *Trade Measurement Act 1995* and *Fair Trading Act 1999* by selling the underweight products. In January, Cadbury signed an undertaking to ensure its compliance program met the Australian Standard and complied with the relevant Acts. It must also pay for a compliance professional approved by Consumer Affairs Victoria to audit Cadbury's compliance program, provide our Director with a copy of its compliance program and evidence of the program's implementation within 90 days and pay for independent compliance audits, reporting the findings to us for the next two years. Cadbury also undertook to ensure its compliance with legislation was reported at monthly operational reviews at Cadbury Australia and New Zealand leadership team meetings and that all relevant employees were aware of the compliance program.

An enforceable undertaking is a written promise, made by a person who admits they have breached a law, that they will stop certain activities.

Bayswater motorbike importer Powercycle Australia Pty Ltd admitted breaching the *Fair Trading Act 1999* by offering for sale more than 100 banned mini dirt bikes. Powercycle Australia's sole director, Yongming Tu, signed an undertaking in March to stop selling products that did not comply with mandatory product safety standards and ban orders or were subject to prescribed safety standards and ban orders. He consented to Consumer Affairs Victoria destroying and disposing of two bikes that were seized during an inspection, and agreed to disable another 109 mini dirt bikes, unless they were made to comply with the ban order or were dismantled and sold for spare parts.

In mid-2009, the Energy and Water Ombudsman of Victorian referred a number of complaints about Neighbourhood Energy Pty Ltd to Consumer Affairs Victoria. We asked Neighbourhood Energy for information about its telemarketing agreements, in relation to five complaints. Our analysis found that, prior to 4 December 2009, the 'welcome pack' received by consumers entering into a telemarketing agreement with Neighbourhood Energy did not comply with the Act, and some consumers did not receive their welcome pack within the 10 business days stipulated by the company in the agreement. In March, Neighbourhood Energy undertook to comply with the Act and to provide to Consumer Affairs Victoria, within 30 days, details of its complaints-handling procedures and staff training in relation to the Act.

In May, Deer Park company PC & TC Pty Ltd and Peter Cauchi gave an undertaking to stop trading as unlicensed conveyancers and to not promote or advertise themselves as a licensed conveyancing business. During a visit to Mr Cauchi's business address in December, we found the company and Mr Cauchi were making false representations that they were authorised conveyancers when neither held a conveyancer's licence.

2009-10 PARTIES SIGNED TO ENFORCEABLE UNDERTAKINGS

| |
|---|
| Jarrel Estate Agents Pty Ltd |
| Tanya Jarrel |
| Dahlsens Building Centres Pty Ltd |
| Paul Alexander Trevascus |
| John Donald Walters |
| Nancy Crupi |
| Taylor's Lakes Real Estate Pty Ltd |
| Melton Estate Agents Pty Ltd |
| Ezy Importing Pty Ltd |
| David Law |
| Blash Pty Ltd t/a L.J. Hooker Rosedale |
| Bruce Andrew Lobley |
| LSC Victoria Pty Ltd |
| Chong Huy Taing |
| Fullarton Motors Pty Ltd t/a Trevor Lee's Camperdown Auto Sales |
| Trevor John Lee |
| Cadbury Pty Ltd |
| Powercycle Australia Pty Ltd |
| Yongming Tu |
| Neighbourhood Energy Pty Ltd |
| PC & TC Pty Ltd |
| Peter Cauchi |
| Stephen Knight |
| Bernie O'Farrell Conveyancing Service |
| Bernard O'Farrell |
| Elizabeth Veronica O'Farrell |
| P&J To Pty Ltd t/a P&J Giftware Wholesalers |
| Peter To |



CIVIL ACTION

We use civil action when we must quickly stop a trader from ongoing unlawful conduct, a court ruling is needed to prove a trader is breaking a consumer law, and/or to seek compensation for consumers. Civil action is as serious a legal action as prosecution. It is part of the suite of tools we use to get the best outcome for the marketplace, given our aim is to stop unlawful conduct.

In 2009-10, we finalised 40 civil actions, including 11 cases we completed on behalf of the Business Licensing Authority or the Director of Liquor Licensing, or that were joined to applications (and are not listed in this report).

In September, the Director of Consumer Affairs Victoria took out a civil injunction against Richard Dennis Simmons for breaches of the *Motor Car Traders Act 1986*. Mr Simmons, who traded as Stik Performance Cars in Ivanhoe, was restrained from selling cars after he was found advertising them for sale on eBay, despite his licence having been revoked in September 2008. He was found to have offered 19 cars for sale between January and July 2009, and to have sold and transferred seven cars between February and June. The Melbourne Magistrates' Court ordered Mr Simmons be restrained from trading cars, including through any print or electronic media, unless he was licensed or given authority by the Business Licensing Authority. He was ordered to pay costs of \$2,000.

Melbourne Magistrates' Court made final injunctions against Michael Anthony Prichard in March, restraining him from carrying out conveyancing work while unlicensed. He was found to have breached the *Conveyancers Act 2006* and the *Fair Trading Act 1999* by operating as a conveyancer without a licence, and falsely representing that he was a licensed conveyancer. Mr Prichard was ordered to pay more than \$9,500 in costs. The court also ordered that Mr Prichard publish a notice in a daily and local newspaper highlighting the court's finding.

2009-10 FINALISED CIVIL ACTIONS

| |
|--|
| Wanda Jacqueline Robinson |
| Kim Shannon |
| Foo Wui Foh |
| Loretta Pavlovic |
| Wen Liang Li |
| Leo Tartaglione |
| Bennison MacKinnon Pty Ltd |
| Garifilia Athanasiou |
| John Athanasiou |
| Matthew Ryan O'Hare |
| Leanne Joy Lester |
| Lynette Elizabeth Farrar |
| David Wigney |
| Chris McLean |
| Richard Dennis Simmons |
| Midas Trading (Australia) Pty Ltd |
| Michael Anthony Prichard |
| Andrew Friend |
| Alan Leslie Davidge |
| Elma Veglia Bird, Just Property Management Vic Pty Ltd and William John Hussen |
| Abesta International Pty Ltd and Ze Min Hu |
| Infolio Corp Pty Ltd and Cameron James Deal |
| Laurence Glynne Hann and Vicki Ann Lowe |
| Stockdale and Leggo (Craigieburn/Roxburgh Park) Pty Ltd |
| Go Get Around Tours Pty Ltd and Peter Gerard Maloney |
| Christopher Davies |
| Rashid Mpota and Emerald Komba t/a Bora Homes |
| Denis Floyd Sholl |
| John Michael Talia |

CIVIL ACTION OUTCOMES

| | |
|------------------------------------|-----------|
| Civil actions finalised | 40 |
| Compensation secured for consumers | \$46,860 |
| VCAT penalties imposed | \$22,100 |
| Value of costs orders obtained | \$116,640 |

In April, we issued civil proceedings in the Supreme Court of Victoria against Abesta International Pty Ltd and its former director Ze Min Hu in relation to the supply of products in contravention of prohibition orders and prescribed safety standards.

Other civil cases included Garifilia and John Athanasiou, who contravened the *Motor Car Traders Act 1986* by selling 13 cars in a 12-month period and advertising the sale of cars on eBay whilst unlicensed to trade in motor cars. They also breached the *Fair Trading Act 1999* by representing

they were a licensed motor car trader and receiving money for cars, then failing to supply them. Melbourne Magistrates' Court granted injunctive orders against each respondent and ordered costs of \$1,000. A compensation order of \$500 was also made.

Several civil proceedings this year involved sex work service providers. Matthew Ryan O'Hare, licensee of Georgie's Place Melbourne, was the subject of a disciplinary inquiry for contraventions of the *Prostitution Control Act 1994* and its Regulations. VCAT reprimanded Mr O'Hare and



ordered him to pay a penalty of \$7,800 into the Prostitution Control Fund. Conditions were added to his licence. Leanne Joy Lester, the approved manager of Georgie's Place, was also reprimanded and ordered to pay \$4,000 into the Fund. Lynette Elizabeth Farrar, trading as Club Keys, was the subject of a disciplinary inquiry for contraventions of the Act. VCAT ordered her to pay a penalty of \$1,000 into the Prostitution Control Fund. She also made several undertakings in relation to the running of the brothel.

Two promoters of a business opportunity, that in part claimed to raise funds for charity, were ordered to compensate four investors a total \$45,500. Consumer Affairs Victoria took civil action against Laurence Glynne Hann and Vicki Ann Lowe for breaching the *Fair Trading Act 1999*, the *Fundraising Act 1998* and the *Business Names Act 1962*. Investors were asked to buy \$5,000 contracts for the packaging or distribution of household and domestic products bearing the 'Heartlink' or 'Heartlink Australia' brand. In May, Ballarat Magistrates' Court declared that Mr Hann and Ms Lowe made false, misleading or deceptive claims about the business, and found Mr Hann made false or misleading claims about its profitability. Aside from ordering compensation, the court required them to publish a notice detailing the court orders in local newspapers.

We use civil action when we must quickly stop a trader from ongoing unlawful conduct, a court ruling is needed to prove a trader is breaking a consumer law, and/or to seek compensation for consumers. Civil action is as serious a legal action as prosecution. It is part of the suite of tools we use to get the best outcome for the marketplace, given our aim is to stop unlawful conduct.

PROSECUTION

We pursue criminal prosecution for serious breaches of the law, when it is in the public interest to do so, because of the significant or potential loss or detriment to consumers, and when prosecution would act as a deterrent to others. We also prosecute to stop repeat offenders. We do not hesitate to use such strong enforcement action when it is the best option for protecting the state's consumers.

In 2009-10, we completed 40 criminal prosecutions, resulting in fines of \$186,615, costs orders of \$32,727 and compensation orders of more than \$216,592.

In January, we prosecuted a builder who breached the *Fair Trading Act 1999*, *Domestic Building Contracts Act 1995* and *Building Act 1993*. Guy Anderson of Ceres, trading as The Patio & Verandah Company, The Little Patio & Verandah Company and Access Design & Construction, pleaded guilty to 38 offences in Melbourne Magistrates' Court. Mr Anderson entered into domestic building contracts with eight customers and carried out work while unregistered. He accepted payment for some building work but did not carry it out. He also made false and misleading representations to five consumers that he would obtain building permits and failed to do so. Mr Anderson was convicted and ordered to pay a \$12,000 fine, court costs of \$1,266 and compensation of \$42,038.

In April, Melbourne Magistrates' Court ordered a South Melbourne builder to pay more than \$104,000 in compensation to a Werribee couple. The couple had engaged Davlan Construction Pty Ltd in 2005 to build their dream home on Hindmarsh Island. The company failed to complete the house and what they built had numerous serious defects. The company's former director, Alan Leslie Davidge, was convicted of breaching the *Fair Trading Act 1999* and the *Domestic Building Contracts Act 1995* and fined \$16,000.



A Dandenong car dealer was convicted and fined \$45,000 in April and ordered to compensate consumers after being found guilty of odometer tampering and falsifying records. Melbourne Auto Group Pty Ltd pleaded guilty in the Melbourne Magistrates' Court to breaches of the *Motor Car Traders Act 1986*. The court found the company wound back odometers on four cars and sold three of them to unwitting consumers. One of the odometers was wound back almost 300,000 kilometres, making it one of the state's worst cases of odometer tampering, in terms of the size of the windback.

An unlicensed motor car trader who sold almost 180 cars worth more than \$2.6 million was given a two-month jail sentence, suspended for 18 months, and ordered to pay \$24,750 in fines, court costs and compensation by Melbourne Magistrates' Court in October. Michael Kingston evaded arrest until he was caught trying to sell a car to an undercover inspector from Consumer Affairs Victoria. He admitted to unlicensed motor car trading and criminal charges of tampering with an odometer and making false representations.

We launched criminal proceedings against Brooksyde Pty Ltd (trading as Concept Motors) for dealing with Ms Loretta Pavlovic, who was the subject of a separate court action for unlicensed trading of motor vehicles. We successfully prosecuted Brooksyde in the Melbourne Magistrates' Court for consignment selling and aiding/abetting an unlicensed trader (Ms Pavlovic). An employee of Brooksyde accepted an offer by Ms Pavlovic for the sale of a vehicle on consignment for a fee. At no time did Brooksyde own the vehicle. Brooksyde was fined \$6,000, had its motor car trader's licence cancelled and was disqualified from applying for another licence for two years.

2009-10 FINALISED PROSECUTIONS

| |
|--|
| LBC Nominees Pty Ltd |
| Paul Graham Cutler |
| Robert Ewan Day |
| Zoran Mladenovski |
| Brooksyde Pty Ltd |
| Imad Numan |
| Robert Lorich |
| Vincent Teh |
| Krzysztof Burghardt |
| Klaus Kreliaus |
| Michael Kingston |
| Cheng Zhang |
| FP Geelong Pty Ltd |
| Frank Robin Main |
| Alija Ivankovic |
| Edita Ivankovic |
| Bayside Residential Real Estate Pty Ltd |
| Andrew MacTaggart |
| Paul James |
| Comande Auto Gallery Pty Ltd |
| Hocking Stuart (Albert Park) Pty Ltd |
| Nathan James Smith |
| Rafi Azadzoi |
| Guy Anderson |
| David Tromans |
| George Maatouk |
| Christopher Ackerley |
| Aaron's Outdoor Creations Pty Ltd and Aaron Giddings |
| Sean Vanden Driesen |
| Wen Hui Xu, also known as William Xu |
| Alan Leslie Davidge |
| Melbourne Auto Group Pty Ltd |
| Murray Lu Developments Pty Ltd |
| Murray Heyhoe |
| Patricia Lauricella |
| Anthony Dean Murison |
| RN & JR Beer Pty Ltd |
| Christopher Williams |
| The Roof Guys (Vic) Pty Ltd |
| Johann Heinrich Preller |

PROSECUTION OUTCOMES

| | |
|------------------------------------|-----------|
| Prosecutions finalised | 40 |
| Compensation secured for consumers | \$216,592 |
| Value of fines | \$186,615 |
| Value of costs orders obtained | \$32,727 |

PROTECTING CHILDREN FROM UNSAFE TOYS

Consumer Affairs Victoria continued to protect Victorian children from dangerous toys this year with an integrated compliance effort that included safety campaigns, a strong focus on educating consumers and traders about how to recognise hazards, and tough action on non-compliance.

We handled almost 800 enquiries and complaints about the safety of products, including 170 calls to our dedicated Toy and Nursery Safety Line, which answered queries on the safety of toys and other infant products. We revamped our website to provide up-to-date advice for carers and traders and distributed more than 15,300 copies of *Keeping Baby Safe: A guide to nursery products*. To educate traders about banned and unsafe toys, we distributed *Product Hazard Alert* books, including a Chinese version, when inspecting retailers' and wholesalers' premises.

We inspected 638 suppliers' premises, which led to us seizing more than 30,800 dangerous products in 2009-10, of which about 25,600 were toys, and destroying and disposing of more than 20,000 banned or regulated products, including 15,000 dangerous toys seized during a pre-Christmas blitz.

We took action that led to the national ban of novelty cigarette lighters. Many novelty lighters looked like toys and some made animal sounds that would appeal to children. After investigating complaints from the Melbourne Metropolitan Fire Brigade, the Royal Children's Hospital Safety Centre, other community groups and consumers, we determined that the lighters posed a serious risk to children, which could result in fires, injuries or deaths. In September, we introduced a ban on the novelty lighters. We lobbied the Commonwealth to introduce a similar ban on these dangerous products and on 30 December, the ACCC introduced an 18-month interim ban. Victoria introduced a permanent ban on novelty lighters in February.

We continued to work with the ACCC on product safety, agreeing to survey childrens' toys, portable cots and novelty cigarette lighters as part of a national surveillance program that will focus on whether outlets and industry are complying with eight nominated mandatory product safety standards. The strategy includes education, media and enforcement.

We took tough action on traders caught breaching product safety laws, resulting in one prosecution, two civil actions and 10 parties signed to enforceable undertakings, which included publishing warning notices in major newspapers, and destroying and disposing of seized goods.

We took civil action in the Supreme Court of Victoria against Abesta International Pty Ltd, trading as Spare Change, and its former director Ze Min Hu after we seized more than 10,000 dangerous toys and baby products from their stores across Victoria. Abesta and Mr Zu were restrained from trading and Abesta required to instigate a stringent compliance program, pay to destroy the toys and publish full-colour public notices in *The Age* and *Herald Sun* to publicise the court outcome and warn against the dangers of the toys supplied.

We prosecuted Wen Hui Xu, also known as William Xu, for breaches of the *Fair Trading Act 1999* in relation to the sale of unsafe hot water bottles, puffer balls (yo-yo balls), animal bumper cars and a military play set, in contravention of the relevant safety standards and ban orders. Mr Xu was sentenced to a 12-month good behaviour bond, without conviction, in the Magistrates' Court at Moorabbin Justice Centre. He was ordered to donate \$200 to the Royal Children's Hospital within two months, publish corrective advertising in the *Herald Sun* within seven days and refund any retailer who had provided a refund on the prohibited goods.



Consumer Affairs Minister Tony Robinson MP helps destroy some of the unsafe toys we seized this year.



Unsafe cords campaign

In January, Consumer Affairs Minister Tony Robinson MP launched a campaign to educate consumers and traders about the strangulation risk to babies and young children from looped curtain and blind cords.

Unsafe cords have contributed to numerous child deaths, near misses and serious injuries in Australia and overseas, including two Victorian deaths in late 2009. New standards introduced in December 2008 require all new curtains and blinds to be free of strangulation risk, but older curtain and blind cords continue to pose a risk to young children and babies.

We commissioned qualitative research to assess levels of consumer awareness and test information materials, then rolled out a campaign encouraging parents to request free safety kits from Consumer Affairs Victoria to make their curtain and blind cords safe. The kits contained a device that attached looped cords to a window frame, under tension, so they were no longer loose, reducing the likelihood of a child placing the loop over their head or becoming entangled.

Swimming great Nicole Livingstone appeared in television commercials that referred viewers to our website to order a kit. We produced media releases, postcards, posters, sample articles for community newsletters, an online educational video and letters to schools, distributing more than 17,000 kits during the two-month campaign.

We wrote to suppliers to ensure consumers could access a range of solutions to hanging looped cords, as the devices in the kits did not suit all window furnishings. We used online forums, such as mothers' internet chat groups, to promote curtain and blind cord safety and our community and multicultural educators included curtain and blind cord safety in their presentations. We translated the safety message into various languages for use on foreign language radio programs and our regional offices carried the safety message into rural areas.

New standards introduced in December 2008 require all new curtains and blinds to be free of strangulation risk, but older curtain and blind cords continue to pose a risk to young children and babies.





Our reach into regional Victoria and metropolitan areas improved this year with the addition of extra staff and the opening of three new locations.



03 | HELPING CONSUMERS AT A LOCAL LEVEL

HIGHLIGHTS

- > Answered more than 532,000 calls for information and advice
- > Launched MoneyHelp financial counselling service for Victorians in financial distress
- > Completed successful campaign to prevent Victorians being swindled by travelling con men
- > Launched domestic building education campaign
- > Increased our reach into regional and metropolitan areas, putting more staff into regions and opening at three new locations
- > Launched our new user-friendly website

Providing information and advice

Our free telephone enquiry service provides information and advice to more than half a million callers each year.

This year, we answered 532,153 calls, including 138,471 on general consumer issues, 103,314 on renting, 91,514 regarding the Residential Tenancies Bond Authority and 35,155 calls on building. We also answered 13,061 calls on credit, referring 4,132 to financial counsellors, including more than 700 to the new MoneyHelp service.

We answered 91,914 calls on registration matters and 26,681 on occupational licensing. Our enquiry line for real estate matters answered 10,804 calls and our regional offices answered 7,918. Our pre-recorded information and faxback service handled 5,647 enquiries and we provided a telephone response to 7,674 email enquiries.

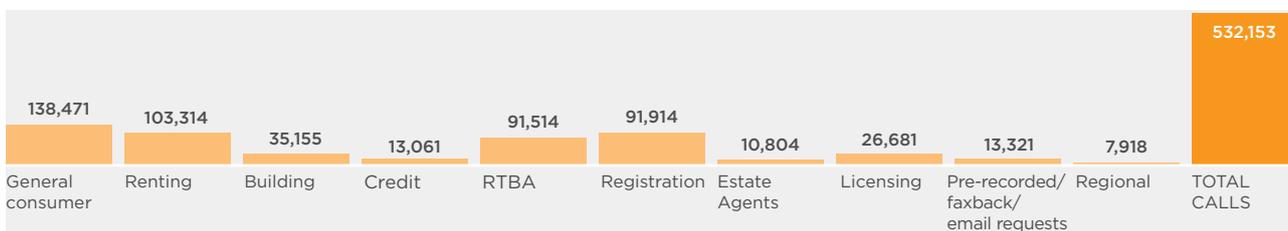
March was our busiest month on record for calls to our building line, after the launch of our domestic building education campaign prompted more than 4,000 calls. Our successful curtain and blind cord safety campaign in early 2010 prompted more than 1,000 calls to our general consumer line.

Helping consumers in debt

In 2009-10, the State Government funded a \$2.86 million financial counselling initiative to help Victorians in financial stress due to the global economic downturn. This included substantial contributions from the Consumer Credit Fund and the Victorian Property Fund. It enabled the establishment of the MoneyHelp financial counselling service, launched in September, which helped Victorians who had recently experienced job loss or reduced working hours and were concerned about their finances as a result.

MoneyHelp provided free, confidential and independent financial advice through six telephone financial counsellors and 11 face-to-face financial counsellors in agencies across Victoria. In partnership with the Consumer Action Law Centre, we created a self-help website, www.moneyhelp.org.au, with information and tools to help consumers budget, manage debts and find appropriate help. We also developed the marketing and communications strategy. In April, the eligibility criteria for referral to MoneyHelp was expanded to include Victorians experiencing mortgage and rental stress.

From its launch until 30 June, MoneyHelp received 3,576 calls and almost 46,000 visitors to the website. According to an interim evaluation report, clients said MoneyHelp had significantly contributed to reduced anxiety, increased confidence and improved knowledge of creditors' obligations and clients' rights.



Partnering to help vulnerable consumers

Consumer Affairs Victoria has strong partnerships with other organisations, which we fund and support to deliver services on our behalf. Working with the community sector has always been part of our service model, as it enables us to target our resources and reach a greater number of vulnerable and disadvantaged consumers.

For example, we fund three metropolitan and six regional community agencies to provide vulnerable and disadvantaged consumers with face-to-face intensive support, including information and advice, dispute resolution services and representation at VCAT hearings. From 2008-2011, we will provide funding up to a total of \$2.683 million for these advocacy services, which in 2009-10 helped about 3,800 vulnerable Victorians. Tenancy issues, including eviction matters, comprised 90 per cent of this advocacy work, with Consumer Affairs Victoria providing almost all referrals.

Consumer Affairs Victoria has strong partnerships with other organisations, which we fund and support to deliver services on our behalf. Working with the community sector has always been part of our service model, as it enables us to target our resources and reach a greater number of vulnerable and disadvantaged consumers.

We funded the Tenants Union of Victoria and the Peninsula Community Legal Centre to provide outreach services in metropolitan Melbourne to residents of caravan and residential parks, rooming houses and commercial student accommodation. We funded the Consumer Action Law Centre to support vulnerable and disadvantaged Victorians with general consumer issues.

We continued to fund the Housing for the Aged Action Group (HAAG), which provides housing support and advice to vulnerable and disadvantaged seniors. This year, HAAG received additional funding to pilot a retirement housing information worker. This worker provided specialist help to vulnerable and disadvantaged seniors living in retirement villages, rental villages, residential parks and permanent accommodation in caravan parks. We also continued funding Residents of Retirement Villages Victoria to provide workshops for residents and operators on their rights and responsibilities.

The Grampians Housing Network (Grampians region), Quantum Community Care (Gippsland), Delatite Community Health Care (Hume) and the Advocacy & Rights Centre (Loddon Mallee) provided regional advocacy services. Diversitat and Community Connections Victoria delivered advocacy services in the Barwon South West region. We provided almost all referrals to these services.

Our quarterly Working Together Forum brought together representatives from peak consumer and community groups to identify and discuss emerging issues affecting vulnerable and disadvantaged consumers and to canvas ways we could work together. The input from these forums was extremely valuable and fed into our strategic plans and integrated approach to compliance. We invited a wider range of interested parties to attend the forums this year and broadened the range of topics discussed.

At our September meeting, Minister for Consumer Affairs Tony Robinson MP outlined to members the impact of national reforms of consumer legislation, and our current initiatives in residential accommodation and building. Issues affecting farming families were also discussed.

In December, we raised issues relating to rooming houses and travelling con men, and gave an overview of the Justice Department's regional initiatives and compliance and enforcement case studies. Our strategic change program was the topic in March, which incorporated our Festival of Ideas (see p. 39) and invited members to make suggestions on how we could improve our reach and services.

In June, we invited the Justice for Refugees Project to present on how the Justice Portfolio was addressing the needs of newly-arrived migrants and consumers from a culturally and linguistically diverse background. We invited additional relevant groups to attend the session and discuss ways we could improve how we worked together to help migrant groups.



Engaging regional consumers

Our reach into regional Victoria and metropolitan areas improved this year with the addition of extra staff and the opening of three new locations. We now have staff in Justice Service Centres in Box Hill, Berwick, Broadmeadows, Geelong, Bendigo, Ballarat, Morwell and Wangaratta, with mobile outreach services to many other Victorian towns.

Our presence in regional areas enables us to address issues and problems at a local level, increase our ability to provide face-to-face services, better meet community needs for education and information and improve trader compliance.

To increase consumers' awareness of a range of consumer and tenancy issues, and to provide advice, we held information stalls at local shopping centres. At Forest Hill Chase, Centro Box Hill, Whitehorse and Oakleigh, for example, we engaged with almost 2,000 consumers.

Our integrated compliance program was highlighted after a presentation on renting to 200 international students at Deakin University prompted five students living in a rooming house to visit our office for advice on amenities, maintenance and bonds. We consequently reported the rooming house to Whitehorse City Council, conducted a joint inspection with the council and obtained orders for compliance with residential tenancies, health, building and planning laws.

We helped inspect about 150 show bags prior to them going on sale at the Berwick Show in February. About 1,000 items were checked and three were deemed unsafe. With the cooperation of vendors, the items

were removed or modified to eliminate the hazard. Follow-up inspections were conducted over the two show days to ensure continued compliance. This was the first show bag inspection conducted in the region and follows similar inspections at the Geelong and Shepparton Shows in late 2009.

We hosted a major event during Law Week in May, conducting mock fair trading and residential tenancy hearings at the Bendigo and Mildura Court complexes. These helped consumers, tenants and students understand the workings of legislation and VCAT. We supported Bendigo's Neighbourhood Renewal Program by providing presentations on fair trading, renting and motor car traders to local residents at Neighbourhood Houses. We also delivered more regular consumer information sessions to pre-release prisoners throughout Victoria.

We gave a successful presentation on building to almost 40 members of Shepparton's Afghani community. The presentation highlighted how building disputes can be avoided and the help we provide if a dispute arises. As a result of the presentation, several members of the community contacted our regional office for information and advice.

CBD services for business and consumers

The Victorian Consumer & Business Centre (VCBC) in Melbourne's CBD enables consumers, tenants and traders to receive face-to-face information and advice on consumer matters or tenancy issues. It is also a one-stop-shop for enquiries and payments in relation to our licensing and registration schemes. In 2009-10, we served an average of 800 people per week.

This year, we noticed a 40 per cent increase in enquiries as a result of our new domestic building education campaign. From the campaign's launch in March until 30 June, our VCBC staff advised more than 200 people with building issues and distributed more than 2,700 copies of our building and renovating guide.

| VISITORS TO THE VICTORIAN CONSUMER & BUSINESS CENTRE | |
|--|---------------|
| Business name counter transactions | 21,822 |
| Consumer enquiries | 2,900 |
| Residential tenancies enquiries | 1,658 |
| Occupational licences and registrations | 2,519 |
| Liquor licence/permission | 4,764 |
| Building | 777 |
| Bonds | 1,731 |
| Other (including concierge/fast service) | 6,913 |
| TOTAL VCBC COUNTER ENQUIRIES | 43,084 |

Consumer Online

This year, we revealed the first stage of our new, user-friendly website – Consumer Online. Since September, we have been progressively updating and improving our web content in line with best practice web communications and usability principles. Product safety, scams, owners corporations, motor cars, building and renovating, retirement villages, renting, and buying and selling property were among the subject areas we revamped this year.

On 16 March, we unveiled a new look home page and easier navigation throughout the site. This coincided with, and supported, the launch of our domestic building education campaign. The new home page features quick links to our key program areas and their most popular pages, a rotating display of information related to current communication campaigns, and more prominent placement of online enquiries and complaints.

The second stage of the update is underway, and includes consultation with stakeholders to ensure we create a site that best meets our users' needs. We expect to complete the site by late 2010, when it will become our primary service channel and will enable us to better manage the demand for our enquiries and dispute resolution services.

| WWW.CONSUMER.VIC.GOV.AU 2009-10 | |
|---|-----------|
| Number of visitor sessions | 1,409,491 |
| Number of unique visitors | 805,034 |
| Consumer Affairs Victoria publications/forms downloaded | 471,632 |

Reaching multicultural consumers

Consumer Affairs Victoria works with communities, community service providers and other government agencies to reach consumers from culturally and linguistically diverse backgrounds. We work with Springvale Community Aid and Advice Bureau, South East Migrant Resource Centre and other organisations to inform and educate non-English speaking consumers and traders in their own languages.

For example, in July we held an information session on credit and managing bills for the Atherton Gardens Chinese Neighbourhood Group. The group's members, many of whom are recent migrants, said the knowledge gained would help them settle in their new home and they especially appreciated Consumer Affairs Minister Tony Robinson MP's attendance. Also in July, we attended a forum organised by Centrelink and the Communities' Council on Ethnic Issues about working with newly-arrived Chin and Karen refugees from Burma, a significant number of whom have settled in Melbourne.

Our regional offices provided targeted education and advice to multicultural consumers in their areas. For example, we presented to a group of newly-arrived migrants who were receiving driver training in Geelong, focusing on rights and responsibilities when buying a car. In October, we hosted a workshop in Ballarat for newly-arrived residents from Sudan, Togo and Iran.

We expanded the *Smart Shopping and Money Matters* DVD, launched in November 2008 and reported on last year, from three languages to 10. Two bilingual financial counsellors at Footscray Community Legal Centre completed the Smart Shopping and Money Matters Trainer Program

this year and are now delivering the training to new migrants in Melbourne's west.

We also educated international students on their rental and consumer rights (see p. 34).

Helping Indigenous consumers

Many Indigenous consumers are particularly vulnerable or disadvantaged and face challenges exercising their rights for a combination of economic, social or cultural reasons. Consumer Affairs Victoria works with Indigenous communities and other agencies to increase access to consumer information and advice for Indigenous Victorians, and support Indigenous community members when problems arise.

In July, we launched *Renting in Victoria: a guide for Indigenous tenants*, an education program and DVD resource to empower Indigenous tenants with knowledge about their rights and responsibilities. An Indigenous production company produced the DVD in consultation with service providers and community members. We are distributing the DVD through libraries and Indigenous community groups and are delivering the education program across Victoria.

The program was part of our two-year Sunraysia Indigenous Private Rental Project, to support Koori tenants and prospective tenants in the area. This year, we finalised partnership agreements with Murray Valley Aboriginal Co-op, Swan Hill Aboriginal Health Service and Mildura Aboriginal Co-op and as agreed, a Consumer Affairs Victoria Indigenous tenancy liaison officer provided a fortnightly outreach service for Indigenous consumers and tenants.



In October, we took part in the Indigenous Health/Healing Expo, where attendees sought our advice on tenancy, business names and incorporated associations.

In November, we were one of six organisations to share the Managing in Two Worlds award conferred by the Business/Higher Education Round Table (B-HERT). The award recognised our contribution to B-HERT's Indigenous Business Governance Program, which helps ensure Indigenous organisations are effective and accountable by developing the skills of directors and senior staff.

Helping seniors

Many seniors face specific consumer or housing-related problems because of factors such as decreased income, social or geographic isolation, declining health, or age-based discrimination. Consumer Affairs Victoria delivers education programs, funds advocacy services and works with other agencies to inform and empower senior consumers in the marketplace.

In 2009-10, we delivered 239 presentations to seniors, carer groups and retirement village residents throughout Victoria. Our workshops provided advice on topics such as retirement village living, owners corporations, home equity loans, scams, unlawful telemarketing practices and travelling con men.

We presented a number of workshops as part of the Council on the Ageing Victoria's information series, gave an interactive presentation on scams to a VICDEAF seniors group, and presented to National Seniors Australia members on retirement villages. We participated in the RSL Victorian Branch Volunteer Support Expo, where volunteers talked about issues related to their work, including general consumer issues. We have also been working on an information and education strategy to improve consumers' understanding of retirement village issues, which we will launch next year.

Tackling the issue of travelling con men

Consumer Affairs Victoria used its integrated compliance approach to protect Victorians from con men offering cheap deals on jobs such as painting, roof repairs and sealing driveways, who usually used pressure tactics to get the job and then failed to complete it.

Following analysis of enquiries and other intelligence, we worked in partnership with Crime Stoppers to develop an education campaign that included television and radio commercials in regional Victoria, where the con men were most active. It encouraged Victorians to report such activity to authorities and alert their neighbours. The commercials, which reached an audience of more than 3.6 million, asked consumers to record as much information as they could, including the con man's name and vehicle registration.

We worked closely with Victoria Police and shared our information with interstate agencies, who reported that known con men had moved from Victoria into their jurisdictions due to our campaign. This was reflected in the number of enquiries and complaints we received about travelling con men, which declined 75 per cent during the first quarter of 2010, compared to the same period last year. Other agencies have expressed interest in using our approach as a model for their own action against travelling con men.

We presented to seniors groups and other community groups to alert them to the issue, distributed a new brochure we developed, and engaged with local councils and caravan parks.

Can you pick the travelling con man?

They all could be. You can't tell they are dodgy just by the way they look. Victorians are being ripped off by con men offering cheap 'today only' deals on jobs such as painting, roof repairs and sealing driveways.

What should I look out for?

- Be suspicious of people who:
- knock on your door unexpectedly
 - offer cheap deals for 'today only'
 - ask for cash up front
 - offer to drive you to the bank to get money for payment
 - pressure you to accept their offer
 - disappear and leave the job unfinished or of poor standard.

What should I do if a con man calls on me?

- don't open the door if you are unsure of who the caller is
- say no
- record as much information as you can
- report them to Consumer Affairs Victoria at consumervic.gov.au or call 1300 55 81 81

Spread the word and help us protect our community.

Helpline 1300 55 81 81
consumervic.gov.au



Helping international students

International students face several obstacles when moving to Victoria, including language barriers and a lack of knowledge of the rental process when looking for suitable accommodation. This year, we pursued new avenues to inform international students of their rental and consumer rights.

We provided information to students prior to them leaving their country, via Victorian Government offices in Shanghai, Dubai, Tokyo and Bangalore. As students were arriving from overseas, we provided them with information and advice through our involvement with the City of Melbourne Welcome Booth at Melbourne Airport.

We advertised in the Chinese and Indian press, encouraging students, and their Australian-based relatives and friends, to contact us for advice and help. We provided materials, including DVDs available in 10 languages about renting in Victoria, via the International Student Care Service, the International Indian Students Advisory Centre, and the international student offices and housing services at Victoria's major universities and education providers. We engaged directly with students at orientation and induction weeks, including distributing posters and postcards that featured our web address and contact numbers for our interpreter service.

Supporting consumers affected by bushfire

Consumer Affairs Victoria is supporting Victorians affected by the Black Saturday bushfires as they recover and rebuild. Throughout the year, we stayed in contact with local councils, community leaders and support agencies, and monitored the emergence of bushfire-related consumer issues. We also continued to provide community information sessions on request. For example, we attended the Mirboo North

bushfire recovery day in October to provide information on building, and helped the community-building efforts of local organisations in the Hume region by providing specialist knowledge and presentations on the *Associations Incorporation Act 1981*. We also continued to handle a range of bushfire-related enquiries and complaints about renting, building and traders.

In February, we conducted seven free building and renovating seminars across the Bass Coast, La Trobe Valley and East Gippsland, including a seminar focusing on the specific needs of bushfire-affected locals. We provided a well-received information session for bushfire recovery caseworkers, to help them advise their clients on building issues. We also advised consumers at a rebuilding workshop in Kinglake in June. Most of those attending were about to select builders and enter contracts.

Following Black Saturday, we registered nearly 80 fundraising applicants, and have since followed up to ensure they comply with the conditions of their registration. We continued to monitor these fundraisers to ensure they distributed funds to the nominated beneficiaries or projects.

Helping consumers with a disability

This year, we continued to expand the ways we reached consumers with a disability. We gave 34 presentations to disability groups, including presentations at six meetings of the Victorian Advocacy League for Individuals with Disability (VALID) and a further 10 sessions for consumers with an intellectual disability. We exhibited at VALID's 'Have A Say' conference in Geelong in February, attended by 800 consumers with an intellectual disability, their carers and agency representatives.

We presented to agency staff and volunteers at the Victorian Mental Illness Awareness Council in April, and addressed residents of the Footbridge Community Care Unit, part of

the St Vincent's Hospital mental health program. We also addressed staff at Matchworks Employment Services, which helps people with disabilities find work or satisfy Centrelink requirements, educating them on renting rights, and credit and debt support for their clients. We continued our partnership with VicDeaf and with the help of Auslan interpreters, gave two presentations to consumers who were deaf or had a hearing impairment.

We developed and improved our community education program at the Austin School, which caters for young people being treated for mental illness at the Austin Hospital, and our information sessions were officially added to the curriculum of the Northern Melbourne Institute of TAFE (NMIT) Access Program, for young people with cognitive or learning disabilities. During the sessions, students visited the Victorian Consumer & Business Centre and learned about Consumer Affairs Victoria and consumer refund rights, before taking part in information-finding activities and discussion.



Empowering young consumers

We expanded our highly-successful consumer education in schools program this year – our key strategy to empower young Victorians to become more informed, responsible and confident consumers. Our research shows that young people are making consumer decisions at a younger age and are increasingly the target of advertisers and traders. Our ongoing program builds consumer literacy in this vulnerable group by providing teacher resources, support and learning opportunities for teachers and students.

This year we launched two new teacher resources, adding to our existing suite. We launched *Responsible Gambling: Building Resilience in Young Learners*, the eighth publication in our Consumer Stuff series, and *Consuming Clips*, a multimedia DVD highlighting key consumer issues affecting young people, suitable for Years 5-12. We produced these in partnership with the Office of Gaming and Racing.

We distributed 6,515 copies of these and our other Consumer Stuff teaching resources, which include *Maths, English, Commerce, Health and Wellbeing, Consuming Planet Earth*, the upper primary school resource *Consumer Stuff for Kids*, and the *Applied Learning Handbook*.

More than 500 students entered our 2009 Consumer Stuff Challenge, in which students develop their knowledge of consumer issues by creating a consumer information product for young people. The major winners were from NMIT Preston (for a short film on using recyclable timber in furniture manufacture), Lilydale High School (for an interactive quiz on mobile phone ownership) and Luther College in Croydon for a responsible gambling advertising promotion using credit

cards and ATMs. Minister for Consumer Affairs Tony Robinson MP presented students with their awards at a ceremony in November.

In May, we held an educators' conference aimed at building resilience in young consumers, attended by about 120 educators from schools and community agencies. Consumer Affairs Victoria Director Dr Claire Noone opened the conference, which included keynote addresses from Professor Alun Jackson, Director of the Problem Gambling Research and Treatment Centre, and adolescent psychologist Dr Michael Carr-Gregg.

As a partner of the Victorian Curriculum Assessment Authority, we presented Victorian Certificate of Applied Learning (VCAL) awards at a ceremony in May. Jamie Curtis, from Lavalla Catholic College in Traralgon, won outstanding student achievement at the VCAL Intermediate level. James Scully from St Joseph's College in North Melbourne won at the VCAL Senior level.

In November, we visited five metropolitan and regional centres where 120 teachers learnt about our schools program and new resources. We displayed our resources at 12 conferences and at teacher network meetings across Victoria, conducting workshops for teachers at six conferences, and delivering a keynote address at the 2009 Maths Association of Victoria conference.



Consumer Affairs Minister Tony Robinson MP with Consumer Stuff Challenge winner Cameron Jones from Luther College.

THE REGULATOR 15

Follow rules for a happy home



Claire Noone
CONSUMER AFFAIRS
VICTORIA

“You have three days to change your mind about your offer. However, you will have to pay a small penalty if you cool off.

IF YOU'RE making an offer to buy a property by private sale, a few simple rules will help you avoid common pitfalls.
Before deciding how much to offer, do your research. Look at results of recent sales in newspapers and online.
You can find sources through the Buying and Selling Property page on consumer.vic.gov.au.
Offers to buy at a private sale can be made subject to conditions such as a building or pest inspection, or arranging finance.
Make sure any conditions are in the contract. If a



Get the facts: look in newspapers or go on the internet to research prices being paid for houses.

example, if you do not qualify for a loan – you are not bound to buy the property.
Formal offers need to be made in writing by signing the contract of sale. This tells the seller you are serious about buying their property. Put a

time frame on your offer, so you can be certain about whether it has been accepted.
The agent will also ask you to pay a deposit, usually a cheque for 10 per cent of the total price, made out to the agent's trust account.

This deposit will be refunded if your offer is not accepted.
Offers must be taken to the seller for consideration, unless the agent has instructed the agent not to bring them offers under a certain amount or before an auction.

You can also expect the agent to tell you if someone else offers a higher price or better terms for the same property.
Don't rely on advice from an agent who tells you the seller has verbally accepted your offer. The property is not yours until the seller has accepted in writing by also signing the contract of sale.
If you change your mind, you can withdraw an offer in writing at any time before it is accepted by the seller.
Even if the seller has signed the contract, you may still have a right to cool off on your offer.
Under most circumstances in the case of a private sale, you have three clear business days, counting from the day after you sign the contract, to change your mind about your offer.
However, you will have to pay a small penalty if you cool off.
For more information, visit consumer.vic.gov.au or call Consumer Affairs Victoria on 1300 737 070.

Dr Claire Noone is director of Consumer Affairs Victoria

In October, we began contributing a fortnightly column to the *Herald Sun's* Saturday real estate supplement.

Our dedicated service for advice, information, complaints and dispute resolution on real estate matters helps consumers know their rights.

Educating consumers about real estate

Consumer Affairs Victoria research indicates one in four Victorians do not know their legal rights when buying or selling property. We have been working to reduce detriment in this area by educating agents and consumers about their rights and responsibilities.

Our dedicated service for advice, information, complaints and dispute resolution on real estate matters helps consumers know their rights. This year, we answered 10,804 calls and conciliated 661 disputes. We also presented more than 40 real estate information sessions to consumers throughout Victoria and real estate topics were included in more than 120 presentations on general consumer issues.

In September, we published a revised edition of our free publication *Real estate: a guide for buyers and sellers*, which included new checklists for buyers and sellers, case studies to help consumers understand the steps involved in selling or buying, and updated information about sustainability requirements for new and existing homes. We also revamped the real estate section of our website.

Protecting residential and caravan park residents

This year, we worked towards identifying legislative and other means to help owner-tenants in caravan and residential parks achieve greater security of tenure. Over the past 10 years, these communal parks, where some residents own their own homes but lease the underlying land in a park environment (owner-tenants), have emerged as a source of long-term accommodation. Existing laws were not designed to deal with these unique circumstances. An extensive review and public consultation of the issues and options, which we completed this year, highlighted the need for specific regulation to enhance rights for owner-tenants, whilst maintaining the viability of the park industry.

We are currently working on an appropriate regulatory framework as well as a range of non-legislative initiatives designed to improve tenants' rights.

Smart idea for licensing

As reported last year, Consumer Affairs Victoria and the Business Licensing Authority have been working on a project to enable Victorians to apply online for all occupational licences and registrations we manage. In August, the remaining occupations came online – sex work service providers, conveyancers and owners corporation managers – so now all applicants can apply, pay and attach documentation in one easy process.



This year, we progressed development of a new licensing and registration information system to improve the speed and efficiency of our licensing and registration activities.

The online application process uses interactive SmartForms to cut the time taken to complete an application and reduce administrative costs for business. In 2009-10, we received 5,650 online applications. We are now working towards making the system available for non-profit organisation registrations.

This year, we progressed development of a new licensing and registration information system to improve the speed and efficiency of our licensing and registration activities. The system will enable us to collect data automatically from SmartForms, once it is fully operational in 2011.

Educating consumers to avoid building disputes

Animated family 'The Dwellings' starred in our new domestic building education campaign, launched in March. Through television, online information, radio and press, the education campaign encouraged Victorians to use our building and renovating advice service.

Each year, one in three Victorian adults is involved in building, renovating or maintaining their home, and this market is a major cause of financial hardship for Victorians. According to our research, the cost to the state's consumers in money, time and effort to deal with problems in this sector is estimated at \$1.6 billion a year.

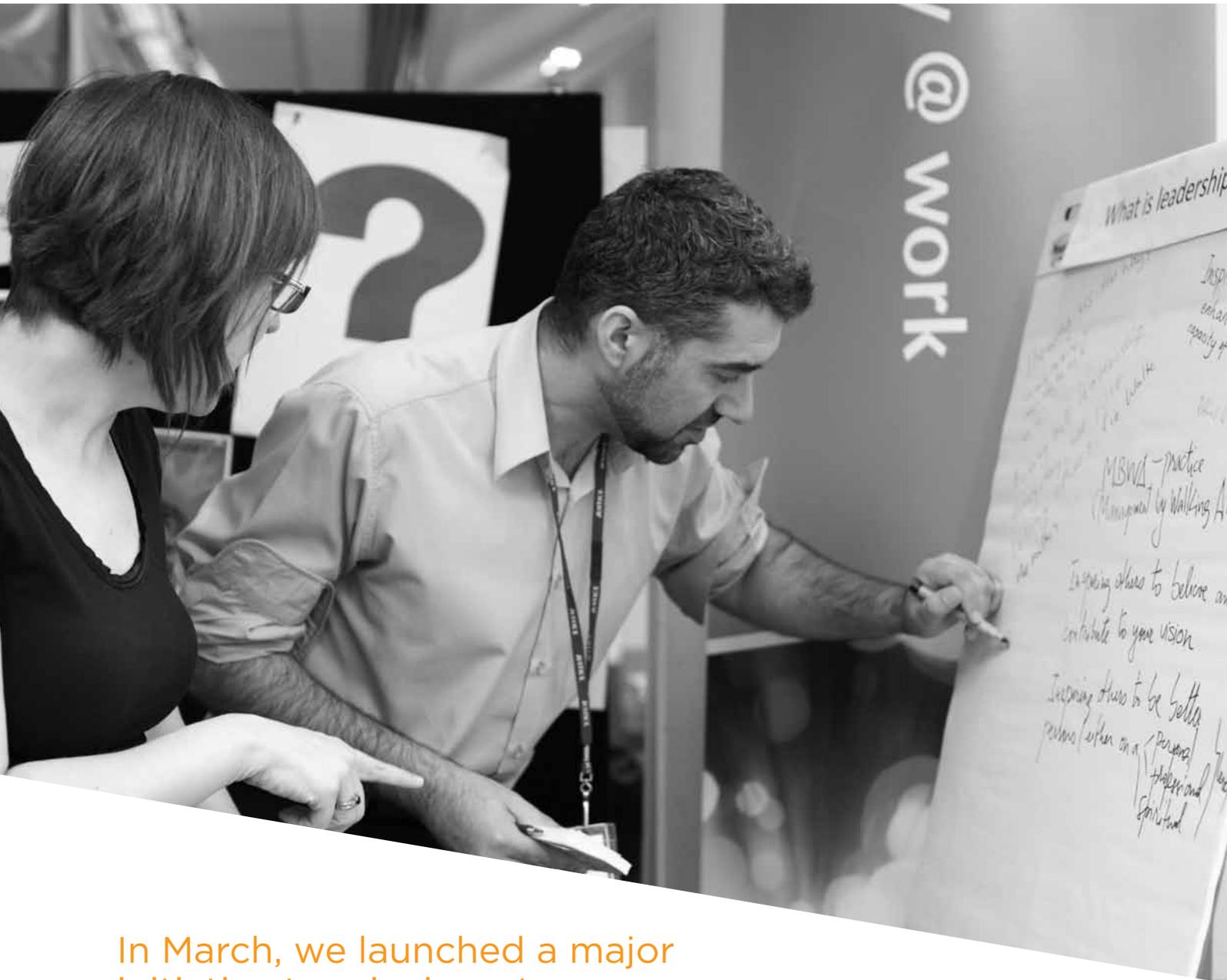
We worked closely with focus groups, stakeholders, and the Building Commission, to refine the campaign, and completed a major refresh of our web content for both consumers and builders. The campaign encouraged consumers and builders to contact us when they were preparing to build or renovate, or if they had a dispute. The campaign led to a 13 per cent increase in calls to our building line, which totalled 35,155 calls this year, and doubled the number of visitors to our domestic building web pages.

The education campaign was an important part of our integrated compliance strategy for the building sector, which also includes dispute resolution and enforcement action.

The education campaign was an important part of our integrated compliance strategy for the building sector, which also includes dispute resolution and enforcement action.



Animated family 'The Dwellings' starred in our domestic building education campaign.



In March, we launched a major initiative to reinvigorate our organisation and maximise the opportunities provided by national reform, legislation modernisation and regionalisation.



04 | BUILDING OUR CAPABILITY

HIGHLIGHTS

- > Launched a major initiative to reinvigorate our organisation
- > Offered 15 new or updated staff training courses
- > Analysed our training and development needs to ensure the effective implementation of the Australian Consumer Law
- > Expanded our use of the knowledge management tool Wiki
- > Launched on Twitter, enabling us to connect with target markets that were traditionally hard to reach

Reinvigorating our organisation

In March, we launched a major initiative to reinvigorate our organisation and maximise the opportunities provided by national reform, legislation modernisation and regionalisation. The Refresh, Reform & Realign initiative will:

- refresh our role and function as a regulator, optimising our capability as an organisation through the use of innovative systems, improved skills and strategic planning
- extend our program management business model to all areas of our work
- enhance our integrated compliance model to measurably improve trader compliance
- implement national reforms, best practice regulation and modernisation
- enable us to better respond to new and emerging issues
- improve governance arrangements and performance measurement and reporting
- further develop our service delivery
- empower consumers to help themselves
- introduce new options for dealing with complaints.

At the launch, staff received a 'toolbox' of information outlining the organisation's new structure, new systems, and the greater focus on integrated compliance. Regular workshops and information sessions have been keeping staff informed and engaged in the change program, and have provided important forums for feedback.

On 29 March, as part of the initiative, we held the Festival of Ideas – an informal event that empowered staff to generate ideas on topics such as technology, sustainability, and career development. Inhouse stallholders hosted creative and thought-provoking activities that stimulated thinking and sharing about ways to improve our effectiveness. Guest speakers presented on topics related to the future of consumer affairs. The event enabled staff to be engaged in an innovative way in our business planning process, fulfilling a need identified in our Employee Attitude Survey.

Investing in our people

Making sure our staff maintain skills that are up-to-date and relevant to their roles is an important and ongoing process at Consumer Affairs Victoria, especially as we embrace new ways of working. In 2009-10, we introduced several new courses and updated existing courses to match our future strategic needs, recording 1,305 training attendances across the organisation.



Consumer Affairs Victoria staff checked out 'books' from our living library during the Festival of Ideas.



Making sure our staff maintain skills that are up-to-date and relevant to their roles is an important and ongoing process at Consumer Affairs Victoria, especially as we embrace new ways of working.

Fifteen courses offered new or refreshed content this year, included coaching for performance, presentation skills, finance training, policy skills and statutory interpretation. Legislation training was particularly popular, and we tailored training sessions for all regional offices. We also did a comprehensive analysis of our training and development needs to ensure the effective implementation of the Australian Consumer Law.

Our focus on best practice investigations continued this year, and we continued to train our investigators in the nationally-recognised Certificate IV in Government (Investigations). Thirteen investigators completed the course in 2009-10, with another 13 currently enrolled. We have already noted increased consistency in how our staff report on investigations.

As an organisation built on the input and commitment of our staff, we regularly provide forums for feedback. In February, staff completed the confidential and anonymous Employee Attitude Survey, a biennial survey that canvasses opinions on issues such as management practice and staff engagement. The survey gave management a clear understanding of staff perceptions. The information gathered will help improve productivity, performance, quality of work and morale.

Expanding our use of technology

This year, we expanded our use of the knowledge management tool Wiki, which we introduced in March 2009. Wiki provides a relevant and dynamic knowledge base of information, enabling real time updates and encouraging staff to contribute. It now has 25 unique spaces, including a Director's blog, an Ideas Exchange, a multimedia space and our fortnightly staff newsletter. Branches and programs also have their own space to communicate change within the organisation.

We used the updated Wiki in new and innovative ways this year, including blogging live updates from the Festival of Ideas to keep regional and other staff informed on the day's progress. We are now working on improving the capabilities of Wiki by adding project management tools, e-learning and other Web 2.0 functionality.

In May, Consumer Affairs Victoria launched on Twitter. We now tweet court outcomes, consumer alerts, media releases, advice and tips to help consumers, traders and industry. Twitter enables us to disseminate information quickly and connect with some target markets that were traditionally hard to reach.

| PROGRAM AREA | ATTENDANCES |
|---|--------------|
| Legislation and policy | 504 |
| Consumer Affairs Victoria systems, skills and knowledge | 578 |
| Communication and customer service | 139 |
| Leadership and management | 67 |
| Occupational health and safety | 17 |
| TOTAL | 1,305 |



APPENDICES

| | |
|--|----|
| APPENDIX 1 | 42 |
| TRUST FUNDS MANAGED BY CONSUMER AFFAIRS VICTORIA 2009-10 | |
| APPENDIX 2 | 42 |
| MOTOR CAR TRADERS GUARANTEE FUND 2009-10 | |
| APPENDIX 3 | 43 |
| GRANTS APPROVED 2009-10 - Consumer Credit Fund - Victorian Property Fund | |
| APPENDIX 4 | 44 |
| FINANCIAL INFORMATION 2009-10 | |
| APPENDIX 5 | 46 |
| REGISTERS ADMINISTERED BY CONSUMER AFFAIRS VICTORIA 2009-10 | |

APPENDIX 1

TRUST FUNDS MANAGED BY CONSUMER AFFAIRS VICTORIA

Consumer Affairs Victoria manages eight distinct funds established by Acts of Parliament. The funds, and their expenditure purpose, are as follows:

Consumer Credit Fund (Grants relating to consumer credit education and research as permitted by s.86AB of the *Credit (Administration) Act 1984*), Secretarial support to the Consumer Credit Fund Advisory Committee)

Domestic Builders Fund (Administration of the *Domestic Building Contracts Act 1995*, Costs relating to the Domestic Building List of VCAT)

Motor Car Traders Guarantee Fund (Administration of the *Motor Car Traders Act 1986*, Guarantee claims)

Prostitution Control Fund (Administration of the *Prostitution Control Act 1994*)

Residential Tenancies Fund (Administration of the *Residential Tenancies Act 1997*, Costs relating to the Residential Tenancies List of VCAT)

Victorian Property Fund (Administration of the *Estate Agents Act 1980* and other real estate related legislation as permitted by s. 75 of the Act, Grants relating to real estate as permitted by s. 76(3) of the Act, Operation of the Estate Agents Council, Guarantee claims, Costs relating to the Owners Corporation List of VCAT)

Residential Bonds Account (Repayment of bonds)

Residential Bonds Investment Income Account (Administration of the Residential Tenancies Bond Authority)

APPENDIX 2

MOTOR CAR TRADERS GUARANTEE FUND

The Motor Car Traders Guarantee Fund indemnifies consumers against certain categories of loss incurred in dealings with motor car traders, up to a maximum of \$40,000. Most of the money in the fund comes from licence fees paid by motor car traders. The Motor Car Traders Claims Committee determines applications for compensation, reducing the need for legal action and offering an easy and simple alternative process. This is especially important for vulnerable and disadvantaged consumers. In 2009-10, there were 123 new claims made on the fund, 51 claims admitted for a total payout of \$343,794.10, 24 claims refused and 43 claims withdrawn. Of the 43 withdrawn claims, 19 were resolved by the trader after being contacted by the Committee, in the claimant's favour. The Committee recovered \$77,961.77 from motor car traders that had claims allowed against them. Claims admitted in 2009-10:

| TRADER | NO. OF ADMITTED CLAIMS | TOTAL VALUE OF ADMITTED CLAIMS |
|--|------------------------|--------------------------------|
| Boronia Quality Used Cars Pty Ltd | 3 | \$9,237.06 |
| Corporate Fleet & Leasing Pty Ltd | 1 | \$1,182.00 |
| Credit Starters Pty Ltd | 1 | \$665.40 |
| Farelli Autos Pty Ltd | 1 | \$372.90 |
| Gulmen, Mehmet | 1 | \$26,264.37 |
| Kambouris, Theodore Nicholas | 1 | \$110.00 |
| Kamikaze Motors Pty Ltd | 2 | \$18,217.54 |
| Kew Motors Pty Ltd | 1 | \$500.00 |
| Li, Wen Liang | 2 | \$27,360.56 |
| Maintenance Overload Pty Ltd | 1 | \$8,000.00 |
| P R Truck Sales Pty Ltd | 1 | \$40,000.00 |
| Prestney Bros (Motors) Pty Ltd | 1 | \$1,056.15 |
| Reilly, James Michael | 2 | \$2,932.00 |
| Sale Auto Centre Pty Ltd | 6 | \$4,822.15 |
| Spruceby Pty Ltd | 3 | \$47,918.57 |
| T & A Mastrakoulis Investments Pty Ltd | 4 | \$5,044.00 |
| Taranto, Anthony Edward | 1 | \$7,189.87 |
| The Packard Motor Company Pty Ltd | 2 | \$1,243.30 |
| Towarra Investments Pty Ltd | 11 | \$13,598.73 |
| Phoenix Motor Brokers Pty Ltd | 5 | \$127,228.30 |
| Wayne Aigner Motors Pty Ltd | 1 | \$851.20 |
| TOTAL | 51 | \$343,794.10 |

Payments for some claims may extend over more than one year. Expenditure shown in Appendix 4 includes some payments on the claims above plus payments on claims approved in previous years.



APPENDIX 3

GRANTS APPROVED 2009-10

CONSUMER CREDIT FUND

The *Credit (Administration) Act 1984* allows the Minister for Consumer Affairs to make grants from the Consumer Credit Fund. On the recommendation of the Consumer Credit Fund Advisory Committee, the Minister may approve grants for the purposes of providing education, advice, help and research regarding credit. In 2009-10, grants approved by the Minister were distributed as follows:

| GRANT RECIPIENT | DESCRIPTION OF FUNDED PROGRAM | VALUE* |
|---|--|-------------------|
| Ostara Australia Ltd | Indigence: An Annual Report Card on Poverty and its Drivers | \$46,000 |
| Monash University Centre for Regulatory Studies | Evaluation of the impacts of interest rate caps | \$47,000 |
| Odyssey House Victoria | Odyssey Financial Counselling | \$100,000 |
| Spectrum Migrant Resource Centre Inc | Refugee Women Getting Credit Smart | \$60,000 |
| Barwon Disability Resource Council | My Choice, My Money | \$30,840 |
| Centre for Philippine Concerns Australia Inc | Intergenerational financial and credit literacy for young Filipino Australians in Victoria | \$19,462 |
| First Nations Foundation | My Moola: Opening financial pathways in the Goulburn Valley | \$85,700 |
| Mental Health Legal Centre | Financial Literacy for Inside Access II | \$53,311 |
| Multicultural Sudanese Centre Inc | Credit Card Spending for Emergent African Australians | \$16,100 |
| TOTAL | | \$ 458,413 |

*Value is exclusive of GST, representing the net cost to the Fund.

Payment of the above grants will extend over more than one year. Expenditure shown in Appendix 4 reflects part payment on these grants plus payments made in 2009-10 on grants approved in previous years, including the \$1,614,000 approved in 2008-09 for financial counselling services and the MoneyHelp website through the Retrenched Workers Program.

VICTORIAN PROPERTY FUND

The *Estate Agents Act 1980* allows the Minister for Consumer Affairs to make grants from the Victorian Property Fund for the purposes specified in section 76(3) of the Act. The Minister makes his decision on grants after consultation with the Estate Agents Council and Consumer Affairs Victoria and with any industry associations, government departments and other bodies he thinks appropriate. In 2009-10, the Minister approved the following grants:

| GRANT RECIPIENT | DESCRIPTION OF FUNDED PROGRAM | VALUE APPROVED* |
|--|--|---------------------|
| Consumer Action Law Centre | Financial counselling for Victorians in housing stress (MoneyHelp) | \$692,313 |
| Department of Human Services | Rooming house acquisition program 2009-10 | \$10,700,000 |
| Real Estate Institute of Victoria | Professional development program 2009-10 | \$232,700 |
| Department of Human Services | Rooming house supply and access initiatives | \$13,695,000 |
| Australian Livestock and Property Agents Association | Professional development program 2009-10 | \$118,849 |
| Department of Justice | Victorian Native Title Dispute Resolution | \$ 4,800,000 |
| Yarra Community Housing | CommonGround Environmentally Sustainable Housing | \$ 2,909,000 |
| TOTAL | | \$33,147,862 |

*Value is exclusive of GST, representing the net cost to the Fund.

Payment of the above grants will extend over more than one year. Expenditure shown in Appendix 4 reflects part payment on these grants plus payments made in 2009-10 on grants approved in previous years, including the \$200 million over four years for affordable housing approved in 2007-08.

APPENDIX 4

CONSUMER AFFAIRS VICTORIA (CAV) FINANCIAL INFORMATION 2009-10

| | CONSUMER CREDIT FUND | DOMESTIC BUILDERS FUND | MOTOR CAR TRADERS GUARANTEE FUND | PROSTITUTION CONTROL FUND |
|--|-------------------------|---------------------------|--|------------------------------|
| CONSUMER AFFAIRS VICTORIA REVENUE | | | | |
| Revenue recognition from Estate Agent and Conveyancer trust accounts | | | | |
| Revenue recognition from Residential Tenancy Bonds | | | | |
| Appropriations | | | | |
| Interest income | 95,886 | 337,000 | 14,615 | 7,078 |
| Gain on investment realisation | | | | |
| Transferred from Building Commission Victoria (Note 1) | | 8,774,928 | | |
| Fees income | | | 3,156,358 | 851,441 |
| Grants received and other revenue | | | 8,429 | |
| Recoveries related to claims previously paid | | | | |
| Penalty income | | 36 | 53,843 | 36,413 |
| Transfers | | | 200,000 | 650,000 |
| TOTAL CAV REVENUE | 95,886 | 9,111,964 | 3,433,245 | 1,544,932 |
| CONSUMER AFFAIRS VICTORIA EXPENDITURE | | | | |
| Audit services | | | | |
| Claims on consumer guarantee funds | | | 403,348 | |
| Consumer Utilities Advocacy Centre | | | | |
| Contractors, consultants and professional services | 21,650 | 264,061 | 148,892 | 77,089 |
| Departmental governance and support costs | | | | |
| Employee-related costs | | 4,040,894 | 2,347,636 | 1,142,245 |
| Grants paid | 2,398,928 | | | |
| Information technology | | 51,807 | 17,666 | 11,256 |
| Occupancy costs | | 349,660 | 240,196 | 112,233 |
| Other operating costs | | 1,955,742 | 239,803 | 100,412 |
| Outsourced contracted costs | | | | |
| TOTAL CAV EXPENDITURE | 2,420,578 | 6,662,164 | 3,397,541 | 1,443,235 |
| VICTORIAN CIVIL AND ADMINISTRATIVE TRIBUNAL (VCAT) (NOTE 3) | | | | |
| Fees revenue offset | | (274,482) | | |
| Employee-related costs | | 1,984,713 | | |
| Other operating costs | | 719,514 | | |
| NET VCAT EXPENDITURE | | 2,429,745 | | |
| TOTAL CAV + NET VCAT EXPENDITURE | 2,420,578 | 9,091,909 | 3,397,541 | 1,443,235 |
| Trust Funds, opening equity 1 July 2009 | 3,728,214 | 8,677,305 | 298,957 | 169,890 |
| Current year operating surplus /(deficit), CAV + VCAT | (2,324,692) | 20,055 | 35,704 | 101,697 |
| Adjustments | | | | |
| TRUST FUNDS, CLOSING EQUITY 30 JUNE 2010 | 1,403,522 | 8,697,360 | 334,661 | 271,587 |



| RESIDENTIAL BONDS INVESTMENT INCOME ACCOUNT | RESIDENTIAL TENANCIES FUND | VICTORIAN PROPERTY FUND | TRUST FUNDS TOTAL 2009-10 | CAV APPROPRIATIONS & OTHER 2009-10 | CAV TOTAL OUTPUT 2009-10 |
|---|----------------------------|-------------------------|---------------------------|------------------------------------|--------------------------|
| | | 36,828,474 | 36,828,474 | | 36,828,474 |
| 20,091,763 | | | 20,091,763 | | 20,091,763 |
| | | | | 25,402,587 | 25,402,587 |
| | 1,586,587 | 10,501,460 | 12,542,626 | | 12,542,626 |
| | | 9,405,173 | 9,405,173 | | 9,405,173 |
| | | | 8,774,928 | | 8,774,928 |
| | | 3,088,201 | 7,096,000 | 12,807,118 | 19,903,118 |
| 9,837 | | 161,845 | 180,111 | 3,809,789 | 3,989,900 |
| | | | | | 0 |
| | | 700 | 90,992 | 26,761 | 117,753 |
| (13,700,000) | 13,700,000 | | 850,000 | (850,000) | 0 |
| 6,401,600 | 15,286,587 | 59,985,853 | 95,860,067 | 41,196,255 | 137,056,322 |
| 20,280 | | | 20,280 | | 20,280 |
| | | 120,784 | 524,132 | | 524,132 |
| | | | | 552,000 | 552,000 |
| 487,750 | 676,595 | 1,893,634 | 3,569,671 | 2,252,512 | 5,822,183 |
| | | | | 5,509,859 | 5,509,859 |
| 734,022 | 6,685,245 | 6,199,278 | 21,149,320 | 15,906,129 | 37,055,449 |
| | 1,360,691 | 68,232,115 | 71,991,734 | 793,263 | 72,784,997 |
| 14,313 | 152,425 | 79,666 | 327,133 | 936,328 | 1,263,461 |
| 81,479 | 656,313 | 488,219 | 1,928,100 | 2,477,629 | 4,405,729 |
| 576,973 | 1,267,116 | 1,059,870 | 5,199,916 | 3,863,629 | 9,063,545 |
| 3,985,585 | 122,186 | | 4,107,771 | 1,662,520 | 5,770,291 |
| 5,900,402 | 10,920,571 | 78,073,566 | 108,818,057 | 33,953,869 | 142,771,926 (Note 2) |
| | (1,756,532) | (73,625) | (2,104,639) | | |
| | 8,496,019 | 1,000,577 | 11,481,309 | | |
| | 2,247,145 | 127,071 | 3,093,730 | | |
| | 8,986,632 | 1,054,023 | 12,470,400 | | |
| 5,900,402 | 19,907,203 | 79,127,589 | 121,288,457 | | |
| 2,529,178 | 45,893,063 | 358,787,267 | 420,083,874 | | |
| 501,198 | (4,620,616) | (19,141,736) | (25,428,390) | | |
| 3,030,376 | 41,272,447 | 339,645,531 | 394,655,484 | | |

Note 1 - Domestic Building Dispute Levy and Registration Fees

Note 2 - CAV Total Output for 2009-10 was \$142,771,926 (CAV 2008-09 Output was \$127,107,042) which includes \$50 million grant to Office of Housing for public housing but does not include \$17,154,193 for Responsible Alcohol Victoria

Note 3 - VCAT activities are partly supported by CAV trust funds.

APPENDIX 5

REGISTERS ADMINISTERED BY CONSUMER AFFAIRS VICTORIA 2009-10

| | 2007-08 | 2008-09 | 2009-10 |
|--|---------|---------|---------|
| BUSINESS NAMES REGISTER | | | |
| New applications lodged | 63,030 | 61,452 | 68,066 |
| Total on register | 376,672 | 380,598 | 389,677 |
| ESTATE AGENTS REGISTER | | | |
| New applications lodged | 669 | 719 | 972 |
| Total on register | 8,067 | 8,429 | 8,789 |
| CREDIT PROVIDERS REGISTER | | | |
| New applications lodged | 100 | 118 | 88 |
| Total on register | 915 | 802 | 767 |
| MOTOR CAR TRADERS REGISTER | | | |
| New applications lodged | 145 | 168 | 204 |
| Total on register | 2,223 | 2,211 | 2,230 |
| INCORPORATED ASSOCIATIONS REGISTER | | | |
| New applications lodged | 1,401 | 1,464 | 1,439 |
| Total on register | 34,385 | 35,290 | 35,991 |
| COOPERATIVES REGISTER | | | |
| New applications lodged | 13 | 13 | 11 |
| Total on register | 750 | 708 | 707 |
| TRAVEL AGENTS REGISTER | | | |
| New applications lodged | 67 | 61 | 45 |
| Total on register | 934 | 925 | 903 |
| FUNDRAISERS REGISTER | | | |
| New registrants | 330 | 348 | 445 |
| Renewals | 743 | 808 | 970 |
| Total on register | 1,073 | 1,156 | 1,415 |
| SECONDHAND DEALERS AND PAWNBROKERS REGISTER | | | |
| New applications lodged | 429 | 401 | 419 |
| Total on register | 5,875 | 5,626 | 5,241 |
| INTRODUCTION AGENTS REGISTER | | | |
| New applications lodged | 15 | 5 | 2 |
| Total on register | 57 | 57 | 56 |
| PATRIOTIC FUNDS REGISTER | | | |
| New applications lodged | 3 | 2 | 0 |
| Total on register | 622 | 621 | 613 |
| LIMITED PARTNERSHIPS REGISTER | | | |
| New applications lodged | 26 | 15 | 17 |
| Total on register | 141 | 155 | 167 |
| CONVEYANCERS REGISTER | | | |
| New applications lodged | N/A | 655 | 54 |
| Total on register | N/A | 599 | 636 |
| OWNERS CORPORATION MANAGERS REGISTER | | | |
| New applications lodged | 355 | 102 | 81 |
| Total on register | 352 | 464 | 508 |



APPENDIX 5 CONT...

REGISTERS ADMINISTERED BY CONSUMER AFFAIRS VICTORIA 2009-10

| | 2007-08 | 2008-09 | 2009-10 |
|--|---------|---------|---------|
| RETIREMENT VILLAGES REGISTER | | | |
| New applications lodged | 2 | 15 | 9 |
| Total on register | 37 | 389 | 400 |
| FUNERAL SERVICE PROVIDERS REGISTER | | | |
| New applications lodged | 349 | 21 | 10 |
| Total on register | 349 | 370 | 380 |
| SEX WORK SERVICE PROVIDERS (LICENSEES) REGISTER | | | |
| New applications lodged | 13 | 16 | 20 |
| Total on register | 146 | 144 | 145 |
| SEX WORK SERVICE PROVIDERS (BROTHEL MANAGER APPROVALS) REGISTER | | | |
| New applications lodged | 192 | 172 | 180 |
| Total on register | 706 | 682 | 696 |

This report was printed on 100% recycled paper using vegetable-based inks. As part of our commitment to sustainable consumption, we have printed a minimum number of hard copies. Copies of this report, and other years' reports, are available on our website.

Authorised by the Victorian Government, 121 Exhibition Street, Melbourne VIC 3000

Big Print-Print Mint, 45 Buckhurst Street, South Melbourne VIC 3205

Designed by Design and Production Unit, Public Affairs, Department of Transport

ISBN: 1-92-1079-31-2 C-05-01-1581

