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VICTORIA

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CONSUMER AFFAIRS COUNCIL  
OF VICTORIA

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REPORT

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 1974

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PRESENTED TO BOTH HOUSES OF PARLIAMENT PURSUANT TO THE PROVISIONS OF SECTION 7 (2)  
OF THE CONSUMER PROTECTION ACT 1972.

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*By Authority.*

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## INTRODUCTION.

In accordance with the *Consumer Protection Act* 1974, Section 7, the Consumer Affairs Council of Victoria has much pleasure in presenting this report concerning the activities of the Council for the year ending the 30th June, 1974, to the Honorable the Minister of Consumer Affairs for tabling before both Houses of Parliament.

A most important development during the year was the creation of the Ministry of Consumer Affairs, including particularly the appointment of a full-time Director of Consumer Affairs and the establishment of the Small Claims Tribunal.

It should also be recorded that the membership of the Council was increased during the year to the maximum permissible of ten, and that five of the ten members appointed are women.

In addition to the work of the Council, the Report covers much of the work of the Consumer Protection Bureau, as all of the matters reported upon involve both bodies to some extent.

The Council is, of course, dependent upon the staff of the Bureau for all of its administrative and research work, and it again wishes to acknowledge and pay tribute to the staff for their unflinching support and co-operation. It also desires to draw attention to the tremendous growth in the volume of complaints lodged with the Bureau. Despite an increase in the staff early in 1974, there was a considerable backlog of complaints not actioned during the period ending 30th June, 1974, and despite special efforts which have been made to reduce the outstanding work subsequent to 30th June, 1974, it is the view of the Council that a review of the staff requirements of the Bureau should be undertaken as a matter of urgency. In this connection, the Council notes that, in Western Australia, with an input of 4,254 complaints, there is a staff of 29 personnel, including an Education Officer and a Legal Officer, whereas in Victoria, with an input of 5,832 complaints, staff totals but 22 personnel. Of the 5,832 complaints, 3,460 were received in the last six months reflecting a growth of approximately 48 per cent.

Not only does this apparent staff deficiency affect the ability of the Bureau to service the Council, more importantly, it impedes its ability to give a satisfactory service to the consumers, who have taken the time and trouble to register formally their dissatisfaction with some particular consumer transaction. Very often, time is the essence of the complaint and in too many cases, the Bureau has been unable to action the complaint in a timely fashion.

The impending move into the field of consumer affairs by the Commonwealth Government as envisaged in its proposed Trade Practices legislation, is of concern to the Council. Having regard to the mass of State legislation which exists in this area and to the fact that the States do have Consumer Protection Bureaux operating, but recognising that there are certain areas in which Federal legislation would be either desirable or necessary, the Council believes that in order to achieve a rational, economic and effective solution to consumer protection in Australia, there is an urgent need for a national conference of federal and state ministers and officers, and representatives of the main consumer groups in Australia. Whilst not wishing to pre-judge the many issues involved in this complex area, the Council does subscribe to the view that the ultimate answer must include provision for the continuation of the State Consumer Protection Bureaux.

The Council has noted the legislation, which has been enacted in the consumer affairs field during 1973-74. Whilst this represents further progress in giving protection to consumers, it draws attention to the old, as well as the new recommendations from the Council to the Government of legislative measures which it believes should be enacted in the interests of consumers.

The Consumer Affairs Council and the Consumer Protection Bureau have continued their well established working relationship with the Standards Association of Australia. Several standards which would assist the consumer in the market place, enhance the utility or increase the safety of particular products, have been finalised during the year and many more are in various stages of progress. However, all the time and effort put into the development of these standards is valueless if local manufacturers and importers do not produce goods which comply with these standards. The Council has recommended in this Report that certain of these standards should be made mandatory.

The Council has been disturbed throughout the year both from personal observation of Council members and from the complaints received by the Consumer Protection Bureau, at the continued appearance of advertising in all media which appeared to be misleading, despite the establishment during the year of the Australian Advertising Standards Advisory Authority. The Council therefore reiterates its previous view that an Advertising Justification Tribunal should be established.

The Council again wishes to express its sincere thanks for the assistance, advice and ready co-operation it and the Bureau has received from many sources, both Governmental and otherwise.

## SECTION I.

## SUMMARY OF RECOMMENDATIONS INCORPORATED IN THE CURRENT REPORT.

1. That the services of a legal officer should be available full-time to the Bureau.

*Reference Page No. 14.*

2. That a national conference of Commonwealth and State Ministers and Officers, and representatives of the main consumer groups in Australia, be convened as soon as possible, with a view to achieving a national allocation of work and co-ordination between the Commonwealth and the States, and to establish the machinery for future continuous joint consultation and co-ordination.

*Reference Page No. 14.*

3. That substantial and immediate increase in the staff with special emphasis on the research capabilities of the Bureau be approved.

*Reference Page No. 15.*

4. That Section 7 (1) of the 1972 Consumer Protection Act be amended to read in the same way as Section 4 1 (d) of the now superseded *Consumers Protection Act 1964*.

*Reference Page No. 15.*

5. That the Corporate Affairs Office should refuse to register company's or business names whenever such names confuse or mislead consumers or are obviously designed so to do or are designed to conceal for the purpose of confusing or misleading consumers the real identity of the beneficial owners of the business or company being registered.

*Reference Page No. 17.*

6. That the Postmaster General's Department should not accept such advertisements and greater care should be exercised in respect of advertisements inserted by service firms.

*Reference Page No. 17.*

7. That legislation should be introduced to outlaw all Chain Letter schemes in Victoria.

*Reference Page No. 18.*

8. That the Consumer Protection Act should be expanded to cover all door to door transactions irrespective of whether they are subject to a credit purchase agreement or not, whether or not the transactions are on a cash payment basis and whether or not they are initiated by the vendor or purchaser.

*Reference Page No. 18.*

9. That firms engaged in door to door selling activities should be licensed.

*Reference Page No. 18.*

10. That the Government examines the matter of regulating debt collection in Victoria with the object of introducing legislation to control such activities.

*Reference Page No. 19.*

11. That the Consumer Protection Act be amended in such a way as to make it obligatory for companies, firms or organisations to reply to any correspondence of the Ministry of Consumer Affairs.

*Reference Page No. 20.*

12. That whenever a specific Motor Car is advertised the registration number of the Motor Car is to be shown in the advertisement in a distinct manner.

*Reference Page No. 28.*

13. That legislation be passed requiring the year-model (the date of first registration) of the car to be shown on every document issued at the time of sale.

*Reference Page No. 28.*

14. That there should be legislative requirements for a trader to disclose the fact whenever he is acting as an agent for an insurance or finance company.

*Reference Page No. 28.*

15. That the Standard 1647/1974 entitled Children's Toys and Playthings (Safety Requirements) be made mandatory for both locally produced and imported toys and that the mandatory requirements be extended to Playground Equipment as soon as the relevant Standards become available.

*Reference Page No. 29.*

16. That the words "fruit" and "juice" should be prohibited from the labels of all drinks, except for those drinks that are undiluted liquid portion of fruit.

*Reference Page No. 30.*

17. That date marking in a clear, legible, direct and uncoded manner, of all perishable foodstuffs, packaged, tinned or otherwise, should be made compulsory.

*Reference Page No. 30.*

18. That the Government examine the practicability of establishing standards for any organically or biodynamically grown produce, as well as an efficient policing method to enforce those standards and any claims that the food is of special benefit to the consumer's health.

*Reference Page No. 30.*

19. That legislation be introduced whereby the Standards Association of Australia standards for size labelling of garments be made mandatory.

*Reference Page No. 30.*

20. That legislation be introduced to make labelling as to flammability of garments mandatory in accordance with the Standards Association of Australia standards.

*Reference Page No. 30.*

21. That legislation should be introduced whereby the Standards Association of Australia standards for care labelling be made mandatory as soon as such standards are fully developed.

*Reference Page No. 30.*

22. That a register of authorised servicemen who are competent to repair colour television sets be prepared for the guidance of consumers.

*Reference Page No. 31.*

23. That only portable fire extinguishers which had received approval of the Chief Fire Officer be distributed or sold, placed on display for sale or marketed in any manner whatsoever.

*Reference Page No. 33.*

24. That the standard dealing with Guard Coverings for Heaters be made mandatory once it is completed.

*Reference Page No. 33.*

25. That further consideration be given to the dangers of unenclosed swimming pools by the appropriate authorities.

*Reference Page No. 33.*

26. That the Standard dealing with Swimming Pool Covers be made mandatory once it is completed.

*Reference Page No. 33.*

27. That Aerosol cans containing liquids which are dangerous to humans should be properly labelled with warnings as well as with an appropriate and uniform colour code.

*Reference Page No. 33.*

28. That controls similar to those which apply to solicitors' trust funds and presumably similar to those which are envisaged for travel agencies should be extended to all groups, professional or otherwise, holding funds in trust on behalf of clients.

*Reference Page No. 35.*

29. That insurance companies be examined as to their economic soundness and financial backing and should be required to lodge more substantial guarantees at the time of incorporation than are presently required.

*Reference Page No. 36.*

30. That a registration scheme be established to control the operations of all insurance brokers and insurance consultants as soon as possible.

*Reference Page No. 36.*

31. That the activities of all mutual home loan fund schemes be rigidly controlled by the Government in the State of Victoria.

*Reference Page No. 36.*

32. That under the Ministry of Consumer Affairs an Advertising Justification Tribunal be established.

*Reference Page No. 39.*

33. That legislation be introduced to regulate the payment and refunds of rental bonds.

*Reference Page No. 39.*

34. That the Government allocate to the new Ministry of Consumer Affairs adequate resources in manpower and finance to undertake a comprehensive educational programme and to provide for an improved periodical on consumer matters.

*Reference Page No. 39.*

35. That all contracts be amalgamated into one single and uniform form of credit contract.

*Reference Page No. 41.*

36. That where there is some commercial link between supplier of goods and the financier, the financier should incur some liability for the quality of the goods they are financing and should be required to take an interest in the representations made by the supplier in relation to the finance contract.

*Reference Page No. 41.*

37. That uniform disclosure of interest rates should be introduced to enable credit users to make comparative studies of the cost of credit.

*Reference Page No. 42.*

38. That the programme of Consumer Education in the use and extension of credit, especially in reference to the low income earners, should be increased and sufficient funds for such a programme should be released.

*Reference Page No. 42.*

39. That there should be control over re-possession, especially in relation to the market value of the goods re-possessed.

*Reference Page No. 42.*

40. That a debt management scheme for over committed debtors who need assistance to regain control over their financial affairs and advice on budgeting and debt consolidation, should be incorporated into the functions of the Ministry of Consumer Affairs.

*Reference Page No. 42.*

41. That the Council considers that there should be a minimum deposit on all items purchased on credit.

*Reference Page No. 42.*

42. That annual conferences of representatives of Government Consumer Bodies of all States and Territories be held.

*Reference Page No. 42.*

## SECTION II.

COMMENTS ON THE IMPLEMENTATION OR OTHERWISE OF RECOMMENDATIONS  
MADE IN THE PREVIOUS REPORT.

In this section the Council reviews the 1973 recommendations in the light of developments during the year covered by this Report.

*Recommendation I.*

I. That whenever any consumer legislation is considered by the Government, the Council be consulted while the legislation is still in draft form.

In the light of the creation of the Ministry of Consumer Affairs and recent legislative developments the Council refrains from pursuing this recommendation at this stage.

*Recommendation II.*

II. That Section 7 (1) of the 1972 Consumer Protection Act be amended to read in the same way as Section 4 (1) (d) of the now superseded *Consumers Protection Act 1964*.

The Council feels that the implementation of this recommendation is necessary in order to facilitate the Council's pursuit of its objectives as set out in Section IV of this Report.

*Recommendation III. and IV.*

III. That the Motor Car Traders Committee which is to be established under the provisions of the *Motor Car Traders Act 1973* be expanded to include a representative of the Ministry of Consumer Affairs or of the Consumer Affairs Council.

IV. That the Roadworthiness Test (and certificates issued thereafter) be extended to incorporate mechanical and structural soundness, that the inclusion of an adequate tool kit and efficient jack should be ensured and where not in working order or missing the certificate should not be issued until they are put into working order or are replaced.

In the light of the legislative provisions of the *Motor Car Traders Act 1973* and liaison established with the Motor Car Traders Committee, the Council does not reaffirm these recommendations at this stage.

*Recommendation V. and VI.*

V. That the Companies Office should refuse to register Companies or Business Names whenever such names may confuse or mislead consumers or are obviously designed so to do, or are designed to conceal, for the purpose of confusing or misleading consumers; the real identity of the beneficial owners of the business or company being registered.

VI. That the Postmaster General's Department should not accept such advertisements and greater care should be exercised in respect of advertisements inserted by service firms. At the same time the Registrar of Companies should not register business names of service companies, designed to mislead consumers.

The Council is aware that there is legislation in existence which allows a certain control over the subject matter of these recommendations. Nevertheless, the Council was able to point in the current Report to specific cases which showed that confusing trade names were registered or advertisements were accepted.

The recommendations are therefore reaffirmed.

*Recommendation VII.*

VII. That the Government should legislate to outlaw all Pyramid Selling and Chain Letter Schemes throughout the State of Victoria.

Pyramid Selling Legislation has been introduced during the year under review. The Council reaffirms this recommendation only in so far as it relates to Chain Letter schemes.

*Recommendation VIII.*

VIII. That all door to door salesmen should be licensed and be required to carry identification papers which would clearly explain the purpose of their canvassing the householder.

The Council considers that the trading practices of door to door salesmen still require regulating but feels that this is best accomplished in the form of the current recommendation.



*Recommendation IX.*

IX. That the Consumer Protection Act should be expanded to cover all door to door transactions irrespective of whether they are subject to a credit purchase agreement or not, whether or not the transactions are on a cash payment basis and whether or not they are initiated by the vendor or purchaser.

The Council considers that the trading practices of door to door salesmen make this recommendation still relevant and reaffirms it in the current Report.

*Recommendation X.*

X. That legislation be introduced to prohibit inertia selling along lines similar to that enacted in the State of New York, or that the present legislation be expanded to prohibit all forms of inertia selling completely.

In view of the legislation dealing with inertia selling under the Consumer Protection Act, the Council does not wish to pursue this recommendation.

*Recommendation XI.*

XI. That once an adequate standard embracing all safety aspects of children's toys and playthings has been developed by the Standards Association of Australia, the standard be made mandatory and that it should be made to cover both locally produced and imported toys.

As a standard for children's toys and playthings has now been developed by the Standards Association of Australia, the Council considers that this recommendation should be fully implemented.

*Recommendation XII.*

XII. That dating, in a clear, legible, direct and uncoded manner, of all perishable foodstuffs, package tinned or otherwise, with the date of preparation for sale and/or packaging, or alternatively the date for final consumption, should be made compulsory.

In view of the fact that the Foods Standards Committee of the National Health and Medical Research Council is currently investigating this matter, the Council considers that, although this recommendation is still relevant, it does not wish to state the form these requirements should take.

*Recommendation XIII.*

XIII. That the Government establish standards for any organically or bio-dynamically grown produce as well as an efficient policing method to enforce those standards.

In view of the complexity of this matter, the Council considers that the practicability of establishing and/or enforcing such standards should be examined, therefore the recommendation in the current Report has been changed accordingly.

*Recommendation XIV.*

XIV. That legislation be introduced whereby the Standards Association of Australia standards for care and size labelling of garments be made mandatory.

Developments during the year have strengthened the Council's stand on this recommendation which is reaffirmed again in the current Report.

*Recommendation XV.*

XV. That legislation should be introduced to make labelling as to flammability of garments mandatory, in accordance with the Standards Association of Australia standards.

The Consumer Protection (Children's Night-Clothes Labelling) Regulations 1973 implement this recommendation only in relation to Children's Night-Clothes. The Council feels that the regulations should be expanded to cover all garments.

*Recommendation XVI.*

XVI. That only portable fire extinguishers which had received the approval of the Chief Fire Officer be distributed or sold, placed on display for sale or marketed in any manner whatsoever.

The Council reaffirms this recommendation in the current Report.

*Recommendation XVII.*

XVII. That a regulation be promulgated under the provision of Section 59 of the *Consumer Protection Act 1972* requiring that warning labels in English, Greek, Italian, Yugoslav and Turkish, regarding use of fuel other than methylated spirits, be incorporated on all methylated spirit stoves.

This recommendation has been implemented by the Consumer Protection (Product Safety) (Spirit Stoves) Regulations 1973.

*Recommendation XVIII.*

XVIII. That the Government pass legislation requiring the licensing of all builders and companies engaged in building. It should also cover the establishment of an independent tribunal to deal with complaints by consumers against builders as to unsatisfactory workmanship and delays in completion of building under the terms of the agreements entered into by the consumer with a builder.

In view of the prospective commencement date of 15 October, 1974 of the *Local Government (House Builders' Liability) Act 1973* the Council does not wish to reaffirm this recommendation at this stage.

*Recommendations XIX to XXIV.*

XIX. That controls, similar to those which apply to solicitors' trust funds, and presumably similar to those which are envisaged for travel agencies, be extended to all groups, professional or otherwise, holding funds in trust on behalf of clients.

XX. That insurance companies be examined as to their economic soundness and financial backing and that they be required to lodge more substantial guarantees at the time of incorporation than are presently required.

XXI. That a registration scheme be established to control the operations of all insurance brokers and insurance consultants as soon as possible.

XXII. That under the new Ministry of Consumer Affairs an "Advertising Justification Tribunal" be established.

XXIII. That the Government when formulating the duties of the new Ministry of Consumer Affairs provides adequate resources in manpower and finance to provide for an improved periodical on consumer matters and that this periodical be issued on a wide basis.

XXIV. That Annual Conferences of representatives of Government Consumer Bodies of all States and Territories of the Commonwealth be held.

The Council wishes to reaffirm the need to have these recommendations implemented in the coming financial year with a special emphasis on recommendation XXIII which has been expanded to include a comprehensive educational program.

## SECTION III.

## CONSUMER LEGISLATION.

*(a) Victoria.*

When introducing the *Consumer Protection (Amendment) Act 1972* in Parliament the Minister acknowledged that Consumer Protection legislation, being essentially social in nature, tends to be constantly changing in response to changing social needs. Continuous attention must be given to such legislation and it can therefore be expected that the Victorian Consumer Protection Act will be subject to constant amendment. This in fact has been the case and since the Consumer Protection Act was first proclaimed in 1964 it has been expanded several times, in order to regulate or prohibit the business practices or to impose certain standards of conduct and disclosure. The provisions in existence up to the year under review are as follows :

- Trading Stamps or Coupons
- False or Misleading Advertising
- Misleading Marking of Prices
- Mock Auctions
- Door to Door Sales
- Unordered Goods and Services
- Merchandise Marks
- Footwear Regulation
- Furniture Regulation
- Safe Design and Construction of Goods.

The major developments in Consumer Affairs which took place during the year were the creation of the Ministry of Consumer Affairs with the appointment of a Director of Consumer Affairs on the 3rd June, 1974 and the establishment of the Small Claims Tribunal.

Towards the end of 1973, the *Consumer Protection Act 1973* was promulgated. This Act made significant changes to the Principal Act in the following areas :

- (i) Proceedings on behalf of consumers. The Act now provides that the Director of Consumer Affairs, may institute or defend civil proceedings on behalf of consumers. Before undertaking any such action the Director must be satisfied that the consumer has a cause or a good defence and that such a case is in the public interest. The Director cannot undertake such action without the approval of both the Minister of Consumer Affairs and the consumer.
- (ii) Door to Door Sales. The sections of the Principal Act relating to door to door sales are basically the same as outlined in the Council's Annual Report for the year ended 30th June, 1972 and provide in part that the vendor must give the purchaser a prescribed statement which informs him that he has the right to cancel the whole agreement within ten days. However, the *Consumer Protection Act 1973* made two important amendments. Firstly, a door to door salesman whose activity comes under the Act must now carry an identification card showing his name in full, his business address, and the name of the firm he represents. This card must be produced on the salesman's first approach. Secondly, it is an offence for a vendor to assert a right to payment if he fails to give to the purchaser a copy of the credit-purchase agreement and a statement setting out the purchaser's right to terminate the contract within ten days.
- (iii) Pyramid Selling Schemes. The promotion of a Pyramid Selling Scheme was completely outlawed by the *Consumer Protection Act 1973*. Penalties of \$5,000 or imprisonment for one year (or both) can be imposed on persons who promote Pyramid Selling Schemes or invite or induce others to participate in such schemes. Similar penalties can also be imposed on persons lending money to enable people to participate in Pyramid Selling Schemes. A major problem faced by the Government in drafting this legislation was the formulation of an adequate definition of a Pyramid Selling Scheme. The resultant definition is therefore very wide and the Governor-in-Council has been given the power to exempt certain trading schemes from the provisions of the Act.
- (iv) Merchandise Marks. The sections relating to merchandise marks require that on certain items such as textiles, a trade description must be given. In the case of items that do not require a trade description under the Act but which have one attached, the description must be truthful and in this respect the definition of a trade description in the principal Act was extended by the *Consumer Protection Act 1973* to include any description, statement, indication, or suggestion, direct or indirect, as to—
  - “ (da) the suitability in relation to particular goods of particular methods of washing, cleaning, ironing or otherwise caring for the goods ;
  - (db) in the case of goods that are articles of wearing apparel, the size of the goods.”

In April, 1974 Section 26 of the principal Act was amended by the *Consumer Protection (Unordered Goods and Services Amendment) Act 1974*, in order to facilitate prosecution of companies seeking payments for unsolicited directory entries from interstate.

In December, 1973 the Government introduced regulations under the *Consumer Protection Act 1972* to prevent or reduce death or injury of children caused by flammable night-clothes. The Consumer Protection (Children's Night-Clothes Labelling) Regulations 1973 provide that certain prescribed garments must have warning labels attached as to flammability. These regulations came into operation on 1st January, 1974 but until 1st January, 1975 do not apply to garments manufactured in or imported into Victoria before 1st January, 1974.

As a result of a Council recommendation the Consumer Protection (Product Safety) (Spirit Stoves) Regulations 1973 came into operation on 1st January, 1974. The Regulations provide that a spirit stove cannot be sold unless it is marked with the words “ use methylated spirits only.” This warning must also be expressed in Greek, Italian, Yugoslav, and Turkish languages.

Under the provisions of the *Small Claims Tribunal Act 1973* the Small Claims Tribunal was established to arbitrate in disputes between consumers and traders as an alternative to court action. In some cases the Consumer Protection Bureau has not been able to satisfy a consumer's complaint and prior to the establishment of the Small Claims Tribunal the only course open to the consumer was legal proceedings. The Tribunal commenced operations on 4th February, 1974 and the Referee can hear any claim irrespective of the value of the goods and services in dispute. However, an order made by the Referee can only be enforced up to a maximum value of \$500. The cost of such a hearing to the consumer is \$2.

In the field of consumer legislation several other Government Departments have enacted legislation which provide additional protection to consumers. Two notable examples in this area are firstly the *Motor Car Traders Act 1973* which on present indications should come into operation later this year.

Secondly, amendments have been made to the *Local Government Act 1958*, which should provide protection to persons building a new home. It is also anticipated that these amendments, in the form of the *Local Government (House Builder's Liability) Act 1973* and *Local Government (House Builder's Liability Amendment) Act 1974* should be proclaimed later this year.

Whilst the Council welcomes these developments in Consumer Legislation it nevertheless wishes to draw the attention of the Government to the fact that an expansion in legislative provisions must be accompanied by a corresponding administrative expansion in order to be effective.

The enforcement of new legislation, for which quite often there are no precedents which could be used as guidelines by staff, should be under a continuous guidance of a fully qualified legal officer.

Sub-Committees of the Council which reviewed complaints files lodged with the Bureau in support of the Council's statements in the Annual Report have further noticed that a number of the complaints should have been handled by a legal officer as they depended on considerable legal expertise to bring them to conclusion. The Council therefore feels that the full-time services of a legal officer should be available to the Bureau and recommends that such a position be created in the Bureau.

(b) *Other States.*

Corresponding developments in legislative provisions have taken place in all other States as well as the Northern Territory and the Australian Capital Territory so that the whole of Australia is protected by legislation which is uniform to a very large degree and yet is sufficiently flexible to reflect any specific needs of individual States.

A comparison of consumer legislation in each State is given in Appendix C.

(c) *Commonwealth.*

It is anticipated that the Trade Practices Bill (first presented to the Commonwealth Parliament in 1973) will be passed later this year. This legislation will be of major significance to consumers. It also raises a number of questions, both of a policy and administrative nature, for state consumer affairs programmes.

The subject-matter of the Bill falls into two areas, restrictive trade practices and consumer protection, both to be administered by a new federal agency, the Trade Practices Commission.

(i) *Restrictive Trade Practices*—The legislation will ban outright

- Price fixing with respect to goods
- Resale price maintenance
- Monopolization
- Certain types of price discrimination.

It will control

- Contracts, arrangements and understandings in restraint of trade and commerce
- Exclusive dealing
- Mergers.

The aim is to promote a more competitive economy, and the general approach is to prohibit anti-competitive business practices unless they can be shown to give rise to substantial benefit to the public not otherwise available. For the most part the legislation is directed at the restrictive practices of corporations (being largely based upon the corporations power under the Commonwealth Constitution).

It may well be that these provisions will have a greater impact upon the consumer than those other provisions conventionally bearing the label of "consumer protection."

(ii) *Consumer Protection*—The legislation envisages both administrative and legal action. On the administrative front, the Commission will be given the functions of disseminating information and of undertaking research and law reform ; of investigating specific aspects of consumer protection at the request of the Attorney-General ; and of making available consumer guidance as to the rights and obligations of consumers under the law. On the legal front, the legislation will prohibit certain unfair and deceptive trade practices ; it will also establish a number of implied conditions and warranties in consumer contracts. However, the practices prohibited and contracts regulated will be mainly confined to those of corporations.

A number of specific business practices are to be prohibited :

false representations in the supply and promotion of goods or services,  
false representations about profitability etc. of home-operated businesses,  
bait advertising of goods or services,  
referral selling of goods or services,  
coercion at one's residence,  
pyramid selling,  
failure to comply with prescribed

(a) consumer product safety standards

(b) consumer product information standards

in circumstances that give rise to loss or danger,  
assertion of right to payment for unsolicited goods,  
assertion of right to payment for making entry in a directory,  
misleading conduct with respect to the nature etc. of goods to which the Industrial Property Convention applies.

In addition, there is a catch-all prohibition (clause 52) : " A corporation shall not, in trade or commerce, engage in conduct that is misleading or deceptive."

It is clear that a number of the provisions will enable controls to be exercised over advertising and trade descriptions, though (in view of the generality of the language) the ambit of those controls will need to be established by court decision. It is envisaged that the consumer product safety and information standards will be established by regulation (the responsible Minister being the Minister for Science).

Finally, the approach to conditions and warranties is of a kind made familiar by Sale of Goods Acts and hire-purchase legislation : for contracts between consumers and corporations governing the supply of goods there will be implied conditions and warranties as to title, merchantable quality and fitness for purpose, and correspondence with description or sample. In addition, for contracts between consumers and corporations governing the supply of services, there will be implied warranties as to the exercise of due care and skill, and of the fitness of materials for their purpose. The most significant aspect of all this is that contracting out (the use of exclusion clauses) by the parties with respect to any of these conditions and warranties is to be prohibited.

(iii) *Court Proceedings and Remedies Available*—The philosophy of the legislation is to establish desirable codes of business conduct by way of court-enforcement. Both civil and criminal proceedings will be available for alleged breaches of the consumer protection code with remedies ranging through fines, imprisonment, damages and injunctions. While only civil actions are available for restrictive practices matters, remedies will range through pecuniary penalties, damages and injunctions to divestiture in a merger case. It is notable that proceedings may be instituted by private parties (as well as the Commission and the Attorney-General) ; that legal and financial aid is to be available in cases of hardship ; and that the Court is to be given very wide powers to make ancillary orders to redress injury suffered by any person (not necessarily a party to the action). The Australian Industrial Court is to be given exclusive jurisdiction, pending the establishment of the proposed Superior Court of Australia.

(iv) *Anticipated Impact*—The proposed legislation is potentially far-reaching. Some of the provisions, especially the restrictive practices provisions banning the price fixing and resale price maintenance, can be expected to have an immediate impact. Yet the precise effects overall and in the longer run are difficult to predict, especially in the realm of consumer protection. This is for a number of reasons.

The consumer protection provisions overlap, duplicate and complement existing state legislation in a complex way. This is true both as regards "new-style" and "old-style" state consumer legislation, legislation which in the case of Victoria has been undertaken over the last 78 years. While the Bill states expressly that it is not intended that these Commonwealth provisions should exclude or limit the concurrent operation of any law of a State or Territory, there is clearly the possibility that some existing state laws will be found inconsistent with the federal law and hence (under s. 109 of the Constitution) invalid to the extent of the inconsistency ; and so a question mark hangs over much state legislation. Furthermore, where the federal and state legislation is potentially complementary in its action, the administrative basis for that complementarity has yet to be worked out.

Some of the consumer protection provisions are couched in very general terms (e.g. the control of advertising and the general prohibition of "misleading or deceptive" conduct). Important defences for persons charged with violations have been written into the Bill. The thrust of these laws will depend on court interpretation and will necessarily take time to be established.

Moreover, even with legal and financial aid, individual consumers may well balk at bringing actions in the Industrial Court though interestingly, the Court's powers to make ancillary orders could give rise to a species of class action. There is no provision for anything akin to the Small Claims Tribunals currently being developed by the states, and it is clear that these will continue to play an important role. It remains to be seen how effective the Commonwealth's enforcement procedures will be. Much will depend upon the vigour, acumen and budgets of the Trade Practices Commission.

The limitations upon the powers of the Commonwealth imposed by the Constitution will restrict the ambit of this legislation largely to the activities of corporation and to business conduct in interstate trade or commerce. The Council recognizes that there are many regulatory tasks involving corporations and interstate trade that are best undertaken at the national level (whether by the Commonwealth Government or through State co-ordination), such as the establishment and implementation of uniform product standards and the control of national marketing practices.

Nevertheless, much business activity is undertaken by small local enterprises; even the national (and multinational) firms have their policies implemented by decentralized, local managements. The impact of trade practices is upon individual consumers who will continue to look for advice and assistance to local consumer advice bureaux who, in turn, will often find that consultations, on the spot, with local managements offer the best hope of redress and reform. This Council believes that such consumer advice bureaux are most effectively organised at the state level of government. At the same time, there is a necessity for feed back of information from the field to state and national regulatory and legislative bodies. There is accordingly a real need for co-operation between state consumer affairs bodies, the new Trade Practices Commission, and the federal authority (possibly a Commission on Consumer Standards) yet to be charged with the responsibility for developing, co-ordinating and implementing consumer product standards.

The Council welcomes the entry of the Commonwealth Government upon the consumer protection scene, deplores that it has been done without systematic state consultation, but hopes that very soon, in the implementation of the legislation, regular consultations will be initiated with a view to achieving a rational allocation of work and co-ordination as between partners.

*Recommendations :*

That the services of a legal officer should be available full time to the Bureau.

That a national conference of Commonwealth and State Ministers and Officers, and representatives of the main consumer groups in Australia, be convened as soon as possible, with a view to achieving a rational allocation of work and co-ordination between the Commonwealth and the States, and to establish the machinery for future continuous joint consultation and co-ordination.

#### SECTION IV.

##### OBJECTIVES OF THE COUNCIL.

The Council confirms its previous statement that it envisages its role as revolving around five objectives.

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

The Council hopes that in line with its philosophy on Consumer Protection it will be able to achieve its objectives with the co-operation of the business sector of our community.

It is the Council's opinion that the community should not rely wholly on the Government to regulate the dealings between the business sector and consumers but industries should seek self-regulation through the observance of voluntary codes of ethics and standards.

Government control in some areas is necessary but should be introduced only where such self-regulation fails.

On the other hand the Council considers that it is an inalienable right of consumers to expect the business sector to give their service in a legal as well as ethical manner at all times.

In this respect the Council wishes to comment on a reported statement by the Executive Director of the Melbourne Chamber of Commerce who stated that business should be vitally concerned with consumerism but "there are more pressing problems at the moment, industrial unrest, labour shortages, inflation, shortages of raw materials, shipping delays—and all these have forced consumerism, in the short term, down the list of company priorities. The business man recognises that the consumer, especially in such areas as packaging and ethical advertising, does require attention, but the impact of consumer and Government action has been lessened somewhat by the more pressing problems. When these have been overcome commerce will be able to give consumerism the attention it deserves in the months ahead."

The Council does not accept this statement as it does not see any relationship between conducting business in an ethical manner and the hardships encountered due to economic circumstances in the country. Ethical standards of conducting business should be maintained by businesses at all times.

As already mentioned in the introduction to this Report the Council has to rely on the secretarial and research provisions of an understaffed Bureau. The recent staff increases which took place in anticipation of the formation of the Ministry of Consumer Affairs were based on a level of activity which did not take into account subsequent increases in demands on the Bureau by the public, as well as a shift in the complaints pattern towards more complex issues. (See also concluding paragraphs of Section III.—Consumer Legislation).

The stage has been reached where the Council feels that in order to be able to fulfil its objectives properly it also will have to impose further demands, especially for research, which, with the best of intentions, the current staff will not be able to meet. This would seriously limit the Council as an efficiently functioning advisory body.

Experience has proved to the Council that one of the most effective methods of promoting the Council's objectives is to ensure that adequate and timely publicity is given to any unethical trading practice. During the year the Council has examined cases reported to the Bureau where unethical business practices warranted immediate publicity. The Council therefore feels that reporting on such practices once a year is not adequate as consumers should be warned as early as possible.

Under Section 4, 1 (d) of the *Consumers Protection Act 1964* the Council was required

“At any time but at least once every year to furnish to the Minister for submission to the Parliament a report on its activities and on any matter affecting the interests of consumers which it thinks should be brought to the notice of Parliament.”

However, under Section 7 (1) of the current *Consumer Protection Act 1972* the wording was changed to

“The Council should prepare and deliver to the Minister an Annual Report on the activities of the Council.”

The Council feels that Section 7 (1) of the 1972 Act should be amended to read in the same way as Section 4, 1 (d) of the 1964 Act because of the possible need to report more often than once a year and because a report in the terms of the 1964 Act would be more flexible than a report on the activities of the Council.

#### *Recommendations :*

That substantial and immediate increase in the staff with special emphasis on the research capabilities of the Bureau be approved.

That Section 7 (1) of the 1972 Consumer Protection Act be amended to read in the same way as Section 4, 1 (d) of the now superseded *Consumers Protection Act 1964*.

## SECTION V.

### SUMMARY OF FIRMS NAMED IN THIS REPORT.

The following firms or companies have received comments in this report indicating that during the year some or all of their trading activities were not always desirable from the consumers' point of view.

Page numbers are given after each name as reference to the body of the Report as the Council feels that this Section is to be used only as an index and any value judgement should not be made unless the full text has been carefully studied. The point to be kept in mind, is that as the Council enters into constantly more complex and wider ranging consumer issues, its comments may be directed only to one segment of the overall activities of an otherwise reputable firm or company.

Milleradio, 554-562 Malvern Road, Prahran. (Page No. 16 and also Appendix D).

S.S. Appliances Pty. Ltd., 13 Aristoc Road, Glen Waverley. (Page No. 17).

D. H. Schlam, 199 Langridge Street, Abbotsford. (Page No. 17).

Zenith T.V. Service Workshop, 14 Raymond Street, Blackburn North. (Page No. 17).

Florist Collection Association (Credit Consultants), Room 5, 395 Punt Road, Richmond. (Page No. 19).

Florist Collection Agency, Room 5, 395 Punt Road, Richmond. (Page No. 19).

G. Kousal, (Trading as Anything for Hire), 80 Commercial Road, Prahran. (Page No. 19)

Clive Green Motors (Forest Hill) Pty. Ltd., 135 Whitehorse Road, Balwyn. (Page No. 22).

- Mini World Melbourne Pty. Ltd., 583 Elizabeth Street, Melbourne. (Page No. 23).  
 Minicars Centre Pty. Ltd., 422 Elizabeth Street, Melbourne. (Page No. 23).  
 Victorian Business Consultants Pty. Ltd., 87 Woodville Street, North Balwyn. (Page No. 23).  
 Edward Phillip Motors, Cnr. Riversdale Road, and Fairholme Street, Camberwell. (Page No. 24).  
 Ellis Motors Pty. Ltd., 452 Whitehorse Road, Mitcham. (Page No. 25).  
 Jaywood Motors Pty. Ltd., 434 High Street, Northcote. (Page No. 25).  
 Adams Car Sales Pty. Ltd., 199 Ballarat Road, Footscray. (Page No. 27).  
 Advert Sign Industries, 21 Warrigal Road, Surrey Hills. (Page No. 33).  
 Rite Bricks Pty. Ltd., 18 Alex Avenue, Moorabbin. (Page No. 33).  
 Insul-Rite Home Insulation, 18 Alex Avenue, Moorabbin. (Page No. 33).  
 Insul-Rite Pty., Ltd. 18 Alex Avenue, Moorabbin. (Page No. 34).  
 Helvetia Consolidated Industries Pty. Ltd., 18 Alex Avenue, Moorabbin. (Page No. 34).  
 Helvetia Engineering Co. Pty. Ltd., 20 Alex Avenue, Moorabbin. (Page No. 34).  
 Helvetia Chemicals Pty. Ltd., 20 Alex Avenue, Moorabbin. (Page No. 34).  
 Modern Building Products, 378 Warrigal Road, Oakleigh. (Page No. 34).  
 D.S.L. Distributors Pty. Ltd., 19 Culshaw Avenue, Westall. (Page No. 34).  
 D. Shearer & Shearer Homes Pty. Ltd., 2 Padua Court, Vermont. (Page No. 35).  
 Tukinya Mutual Home Loans Fund Ltd., 88 Northbourne Avenue, Braddon, A.C.T. (Page No. 36).  
 Mutual Home Loans Fund of Australia Ltd., 340 Pitt Street, Sydney, N.S.W. (Page No. 36).  
 Trade Force, 541 King Street, North Melbourne. (Page No. 37).  
 Neema Industries, 74 Mayston Street, Camberwell. (Page No. 37).

Reference should also be made to Appendix E of this Report.

## SECTION VI.

### OBJECTIONABLE SALES AND SERVICE PRACTICES.

#### A. ELECTRICAL AND HOUSEHOLD APPLIANCES.

This category covers a vast array of goods ranging from relatively cheap and simple to operate electric kettles or toasters to the most complex stereograms, automatic washing machines and television sets. The one common thing that relates to the full range of items is that if one of them ceases to function the average consumer must rely on a skilled tradesman to get it repaired. The consumer must also rely on the integrity of the same tradesman to inform him precisely as to the extent of the repairs required as in most cases it is beyond the technical knowledge of the consumer to form an opinion himself.

Many of the complaints received by the Bureau referred to the usual disputes which arise between consumer and retailers or repairers because of misunderstanding, omission, lack of communication or even carelessness of the sales staff.

In this respect the Council feels that management of retail stores or repair establishments should set up their own complaints sections which should be well publicized and within easy access of the public. With some goodwill and understanding of the problems facing consumers in the field of Electrical Household Appliances as well as in other areas of retailing many complaints should be resolved before they come to the attention of the Bureau.

If such problems can be resolved as an outcome of the Bureau's involvement there is no reason whatsoever, in the Council's opinion, why they cannot be resolved by direct negotiations between the consumer and management of the firm.

Nevertheless, judging from the nature of some complaints it is obvious to the Council that the activities of some firms are not conducted with a view of giving good service to consumers. Some firms pursued a conscious policy of taking advantage of unsuspecting consumers and of consistently gross unethical conduct. Others neglect sound business management to such a degree that the eventual result is that consumers are given a shoddy service whenever they approach the firm.

The company that stands out in this respect is the Milleradio group whose registered office is situated at 554-562 Malvern Road, Prahran. This group continues to trade under 24 different trade names and 5 company names in the pink pages of the telephone directory. For details see Appendix D. Allegations again have been made to the Consumer Protection Bureau that consumers are not aware that they are dealing with the Milleradio group when they ring up telephone numbers on advertisements in order to get their television set repaired. The recommendation listed at the end of this section relating to the Postmaster General's Department relates specifically to the practice of Milleradio.



The company S. S. Appliances Pty. Limited, is still listing such names as Frigicrest, Hoovex and Turnell in the telephone book. It is obvious that the similarity of the above names with popular makes of washing machines such as Frigidaire, Hoover and Turner must be intentional in order to confuse consumers into believing that they are obtaining the repair services of the manufacturer of the washing machine.

The recommendations mentioned in this section are again intended to stop such unethical practices of repair companies.

Complaints received against the firms of D. H. Schlam and S. S. Appliances show that they do not give good service to their clients especially at the point of call in the home of the consumer. There are far too many indications that the firms are careless and negligent in their promises to the householders and in their handling of the repairs of the television sets.

In the case of Zenith T.V. Service Workshops of 14 Raymond Street, Blackburn North, the firm advertises extensively as follows in the daily papers.

TV SERVICE WORKSHOP, 110  
UNCLAIMED, &c., PORTABLES  
(32) IDEAL 2ND SET, HOLIDAY,  
11 IN., 12 IN., 14 IN., 17 IN.,  
21 IN., 25 IN. PORTABLES.  
23 IN. LOWBOYS, &c., PERFECT  
COND. FROM \$20, \$30, \$40,  
\$50, \$60, \$70, HMV, GE, PYE,  
PEDIGREES. BUY FROM TECHNICIANS  
WHO KNOW AND SERVICE TV, CASH OR TERMS,  
WE TRADE ANYTHING.  
ZENITH TV SERVICE,  
WORKSHOP,  
14 RAYMOND ST.,  
BLACKBURN NORTH.  
OPEN FOR SERVICE ANY TIME.  
878 0785 (ALL BRANDS),  
ESTAB. SAME ADDRESS  
16 YEARS.

Complaints have revealed that the firm is constantly misrepresenting the mechanical condition of the T.V. set to prospective purchasers and that subsequent attempts by the firm to give promised remedy often results in additional financial losses and considerable annoyance to consumers. (See also Appendix E).

The Council also feels that it is the responsibility of a manufacturer to ensure fully that an item he produces lives up to the standard of a reasonable performance. Should the performance fall below such a standard the manufacturer should adopt the policy of replacing the item with a better design free of charge to consumers or at least ensure that any repairs carried out would result in a correction of any shortcomings of the original fault. During the year several cases of such shortcomings in design were reported to the Bureau.

The Council is fully aware of the difficulties facing a manufacturer in the production of new designs of consumer appliances and the difficulties associated with their testing to ensure a good service to consumers. Nevertheless the Council wishes to stress the point that those difficulties should be ironed out before the items are offered for sale.

#### *Recommendations :*

That the Corporate Affairs Office should refuse to register company's or business names whenever such names confuse or mislead consumers or are obviously designed so to do or are designed to conceal for the purpose of confusing or misleading consumers the real identity of the beneficial owners of the business or company being registered.

That the Postmaster General's Department should not accept such advertisements and greater care should be exercised in respect of advertisements inserted by service firms.

#### **B. FURNITURE REMOVALS AND STORAGE.**

Reviewing the complaints received by the Consumer Protection Bureau in connection with furniture removals and storage the Council has come to the conclusion that many aspects of the industry deserve criticism.

In one case where the company informed the complainant that the loss of his furniture was due to theft the Bureau involved the Victoria Police in an investigation. The Police Department informed the Bureau that they were not able to establish the identity of the person or persons responsible for the effects stolen. They further informed the Bureau that it was not even possible to ascertain whether the goods had been stolen or misdelivered to another client. The conclusion reached by the Police was that this was partially due to the inefficient handling of client's property and the keeping of records by the furniture removalists and storer. They claimed the administration of the company left much to be desired.

The most common area of dissatisfaction reported to the Bureau referred to loss of furniture and damage of furniture in transit.

Associated with such loss or damage were allegations that the consumers believed that the removal company was insuring their furniture but when they submitted a claim to the company, the company maintained that they in turn had assumed that the complainant would arrange his own insurance.

Another frequent point for complaint relates to the refusal to hand over the furniture unless full payment was made for the removal, even if the payment required was in excess of the original quote.

The number of complaints referring to allegations that the truck removalists spent much less time than what appeared on the invoice was of such a frequency that there is no doubt in the mind that stricter controls must be instituted by the companies in this respect also.

It appears to the Council that there is a definite need for the whole industry to regulate its transactions, even to the point of designing a common set of rules of ethical conduct in relation to consumers.

The Council hopes that the industry will undertake such steps in the near future. Failing this, and considering the number of complaints lodged, the Council feels that some Government action in regulating such transactions would be justified.

#### C. PYRAMID SELLING AND CHAIN LETTER SCHEMES.

The Council notes that the various Pyramid Selling Schemes as outlined in the previous Annual Report have ceased to exist in the course of the year under review. In the early months of the year some complaints were received by the Consumer Protection Bureau which were fully investigated. The Council feels that the subsequent publicity given to Pyramid Selling Schemes as well as the introduction of Pyramid Selling Legislation in December, 1973 have resulted in the fact that no further complaints have been received by the Consumer Protection Bureau.

Nevertheless, the Council feels that such insidious practices may crop up within the community at any time. Intending promoters of Pyramid Selling Schemes are specifically warned that legislation exists in this State prohibiting such schemes and that the penalties are severe : \$5000 or imprisonment for one year or both.

The Council again advocates that legislation should be introduced to ban all Chain Letter schemes without waiting for such schemes to become prevalent in Victoria before taking any action.

#### *Recommendation :*

That legislation should be introduced to outlaw all Chain Letter schemes in Victoria.

#### D. DOOR TO DOOR SALES.

A review of complaints about door to door sales activities lodged with the Consumer Protection Bureau reaffirms the Council's opinion that the current legislation under the *Consumer Protection Act 1972*, dealing with door to door sales should be expanded to give better control over all such transactions.

Firms engaged in door to door selling activities should be licensed and should be required :

- (i) To maintain a register of all sales personnel
- (ii) To provide each salesman with an identity card which would also clearly explain the purpose of their canvassing the householder.
- (iii) To accept responsibility for enforcing ethical practices amongst its sales staff.
- (iv) To comply with such regulations as may from time to time be promulgated in respect of door to door sales.

The Council therefore makes the following recommendations :

#### *Recommendations :*

That the Consumer Protection Act should be expanded to cover all door to door transactions irrespective of whether they are subject to a credit purchase agreement or not, whether or not the transactions are on a cash payment basis and whether or not they are initiated by the vendor or purchaser.

That firms engaged in door to door selling activities should be licensed.

#### E. INERTIA SELLING.

In the past the Council has condemned inertia selling methods in each of its Annual Reports. The Council believes that the best way to control such methods would be on the lines of the New York State Legislation which ban all inertia selling methods.

Nevertheless in view of the legislation introduced in Victoria which controls such selling methods without actually banning them, and in view of what appears to the Council to be an effective result of the introduction of this legislation, the Council withdraws its original recommendation on this subject.

#### F. COLLECTION OF DEBTS.

The Council's attention has been drawn to instances of attempts to collect outstanding debts which were not only in breach of the provisions of the *Private Agents Act* 1966 but which were conducted in a most unethical manner.

One such case related to the Florist Collection Association (Credit Consultants) of Room 5, 395 Punt Road, Richmond, Victoria. Investigation by police revealed that the Association was not registered as a company nor was it registered under the Business Names Act. Nevertheless it was found that a Mr. John James Watson had registered a business name of Florist's Collection Agency under that address. Neither the Association, the Agency nor Mr. John James Watson were registered under the *Private Agents Act* as commercial agents.

The Collection Notice issued to a consumer under the name of Florists Collection Association was for \$9.50 including costs of \$3.50.

The notice stated as follows :

" Our instructions are that unless this amount is paid by 12 noon of 10th April 1974, then without further notice a summons will be issued, and the execution of your goods and chattels will be levied.

The costs of such shall considerably increase your debt.

In addition we have been instructed by our client to notify the recipient and people connected with the receiving of these flowers.

Also if necessary, all connected with the above flowers will be subpoenaed to attend the hearing and full information will be circulated to all florists as to your credit rating."

Another case disclosed to the Council highlighted the practice whereby debt collecting agencies sell blocks of their collection notices to individual retailers. The collecting agency has then no control whatsoever over the manner in which the notices are sent out to debtors by the retailers. In one case it was established by the Consumer Protection Bureau that a debt collecting agency sold to a retailer a six year supply of debt collecting final notices.

As with the previous case this notice left a lot to be desired. It stated at the bottom of the form :

" The principles governing the collecting policy are based upon debtors attitude and reaction. That is to say, the debtor who ignores the terms of notice given in this letter, has only himself to blame for the legal consequences. For it must be clearly understood that we are under strict contract to our clients to follow each account through to its lawful end, cost notwithstanding."

The Council feels that an effective control of debt collecting should be instituted in Victoria, and recommends that the Attorney General examines this matter with the object of introducing legislation to control such activities.

#### *Recommendation :*

That the Government examines the matter of regulating debt collection in Victoria with the object of introducing legislation to control such activities.

#### G. HIRING.

The firm Anything for Hire, owned by Mr. G. Kousal has a continuously bad record as far as giving an acceptable service to consumers is concerned. In the Annual Report for the year ended 30th June, 1970 the Council warned consumers about practices adopted by this firm.

The firm is using a contract of hire containing three pages of extremely fine print in such legalistic language that it would be impossible for the average consumer to read the form at the time of entering into the agreement let alone understand all his commitments.

The Council feels that the complaints against the firm disclose a gross disregard of ethical business practice and outlines some cases as an example of what consumers can expect when entering into agreement with the firm.

- (a) A consumer hired a sander paying two days hiring costs and a deposit of \$40. When he arrived at his destination and set the machine up and started to use it the casing inside collapsed completely and the machine was totally unusable. When the consumer returned the machine he was informed by G. Kousal that the machine must have been dropped and that he would lose his deposit plus the two days rental.

The consumer's solicitor wrote to the firm asking that the sander be examined by an electrical specialist but the letter was ignored. The firm subsequently sent a bill of \$47 to the consumer for repairs to the sander.

- (b) A consumer hired a tent paying a hiring fee of \$24 and a deposit of \$30. On returning the tent the consumer was refunded only \$25. The explanation being that there was a charge of \$1 for a tent peg and \$4 for clearing a cheque.
- (c) A consumer hired a sander and left a watch in lieu of a deposit of \$30. When the sander was returned G. Kousal claimed something was wrong with it and it had to go to the manufacturer for repairs and refused to return the watch. The consumer subsequently offered \$30 in cash to get his watch returned but G. Kousal then advised that he wanted \$80 as the sander had to be repaired. The consumer subsequently rang the manufacturer and was informed that the manufacturer had not heard of nor received the sander for repairs. The Bureau wrote to G. Kousal seeking information as to the circumstances. A letter was received back from a Cheryl Kousal, a pawnbroker, who claimed that the complainant pawned the watch stating its value to be \$120. Cheryl Kousal therefore made a loan of \$30 the same day against the watch and promised to have a valuation done and to increase the value of the loan if its value warranted it. The loan was subsequently raised to \$80. Cheryl Kousal further stated that the allegations regarding the sander were no concern of hers as she did not hire out any equipment and had no other dealings with the complainant except for the loan of the money. The complainant called to get the watch back and was advised by Mr. Kousal that it was not available but was in a warehouse. The complainant at no time met Cheryl Kousal.

#### H. CO-OPERATION.

The Council has always advocated that the concept of Consumer Protection should be developed on the lines of mutual co-operation between the consumer bodies and the business world.

In this respect the Consumer Protection Bureau has always relied on voluntary replies by firms to any inquiries made by the Bureau.

In the past cases did arise where certain firms failed to reply to correspondence from the Bureau. Such failures were usually made by small retailers or small firms on what could be termed minor consumer issues. The incidence of such cases has assumed such proportions during the year that the Council feels that comments should be made on this matter. Such a development may hinder the activities of the Bureau to a considerable degree and in specific cases it can make the Bureau completely ineffective.

The Council therefore recommends that the Consumer Protection Act be amended in such a way as to make it obligatory for companies or firms to reply to any correspondence of the Ministry of Consumer Affairs. Such provisions already exist in the Consumer Protection Legislation in Tasmania and Western Australia.

In Appendix E the Council lists a number of companies and firms that have failed to enter into correspondence with the Consumer Protection Bureau during the year on specific issues and assumes from the silence of the companies that the allegations made against them are true.

#### *Recommendation :*

That the Consumer Protection Act be amended in such a way as to make it obligatory for companies, firms or organisations to reply to any correspondence of the Ministry of Consumer Affairs.

### SECTION VII.

#### MOTOR VEHICLE INDUSTRY.

Throughout the year, both the Consumer Affairs Council and the Consumer Protection Bureau held negotiations and discussions with the major manufacturers as well as representatives of dealers of motor vehicles. The Council is fully satisfied that through these efforts and especially as a direct result of the Council's statements in its previous Annual Reports, the motor car industry has made an effort to resolve many difficulties facing consumers when purchasing both new and used cars.

The Council has further taken the initiative of making contact with the newly established Motor Car Traders Committee which should be able to stop many unethical practices currently perpetrated by dealers once the Motor Car Traders Act has been promulgated. From discussions with the Committee it became nevertheless quite clear that the Council would have to retain an interest in the motor car industry and the Bureau would have to remain the recipient of complaints from the public. Many complaints are of such complexity that they go beyond the powers of the Motor Car Traders Act. The Council is confident that mutual effort of the Motor Car Traders Committee, the Council and the Bureau will result in a better deal for the consumer.

The Council is concerned that despite the improvement in relations between the dealers, distributors and manufacturers on the one hand and the Consumer Protection Bureau on the other hand, the number, of complaints received by the Bureau during the 1973-74 period related to the automotive industry as a whole, have increased significantly from those received in 1972-73 as indicated in the figures in Appendix A. It recognizes to some extent these figures have been influenced by the greater awareness by the consumer of the existence of the Bureau following the publicity given by the mass media to the 1972-73 Annual Report of the Council.

However there appears to be little doubt that the fierce competition in the industry does lead to trickery and mis-representation by individual salesmen and that a substantial reduction in the number of complaints lodged by consumers can only be accomplished by more effective supervision by management of the sales force. The implementation of the provisions of the *Motor Car Traders Act 1973*, which the Council fervently hopes to see promulgated early in 1974-75 will undoubtedly also assist in this regard.

Further comments are made under the following headings :

#### A MANUFACTURING.

The Council accepts that as long as mass production techniques are involved, one cannot expect a 100 per cent. effective quality control and that deficiencies in the article produced will arise. It is the Council's opinion that such deficiencies should be fully covered by the warranty or guarantee given by the manufacturers to individual consumers, as well as by an efficient pre-delivery service. Although it could be argued that the warranties currently given to consumers fully cover any deficiencies in the quality of the motor car sold, in practice this is not always the case. It appears also to the Council that the pre-delivery service given by some dealers leaves a lot to be desired.

Representations have been made to the Council that the franchise agreements between manufacturers and retailers make it difficult for a motor car dealer to give good warranty service to the purchaser without incurring a financial disability on this service. This was related to the strict cost reimbursement structure imposed by the manufacturer on the dealer for any warranty work. The Council is therefore of the opinion that there is a tendency by the dealer to keep warranty work to a minimum and that this element in the marketing structure of motor cars is detrimental to consumers. The further implication is that the dealer could have a tendency to offset the warranty work done on a cost basis by higher charges on any work done on cars which are not under warranty. This in effect amounts to a "subsidy" payable by the motorist to the manufacturer and/or dealer to have cars properly maintained under warranty.

From the Council's discussions with manufacturers and representatives of dealers it is clear that these problems have been and will continue to be the subject of joint discussions between manufacturers and their dealers with a view to improving the overall situation for the consumer. The Council will watch with interest any developments arising from these negotiations.

#### B RETAILING.

The Council feels that the manufacturers should exert an active control over the activities of their authorised dealers and should take an interest in the service given by them to consumers. Although this is already the case with the major manufacturers the influence they exert varies.

In the year under review, a new type of complaint arose which was not predominant in previous years. This complaint can be related directly to the manufacturer in as much as it refers to the inability of the dealer to deliver the motor vehicle within a reasonable time.

The attitude taken by dealers is that they are justified in putting the words "as soon as possible" in the space provided for delivery date. Numerous complaints have been received on this issue. It was alleged that salesmen assure purchasers that the car would be delivered within a specific time limit, such as one month, and that the words "as soon as possible" are inserted only to fulfil a formality. As the date of the promised delivery approached, it would then be extended further and further into the future. The complainant in such cases would have no option but to continue with the contract and in some instances the retailer even threatened to take the complainant to Court if he did not want to continue with the contract on the grounds that the car could not be delivered on the promised date. The phrase "as soon as possible" in the Council's opinion is so vague that dealers should avoid it on contracts. A specific delivery date should always be shown in the contract and if the date cannot be adhered to by the dealer then the purchaser should be given the option of cancelling or continuing with the contract.

This particularly applies in times when price increases are the rule as has been the case in the period under review. In many cases reported to the Bureau consumers were thrown into confusion as to what their rights were under the purchase contract. Not only did they have to pay a higher price than originally quoted on the contract if they wanted to purchase the car but in many cases the trade-in valuations dropped considerably by the time the new car could be delivered.

It is further the opinion of the Council that this should be one area of consumer service where the manufacturers, who must be aware of delivery delays, should have taken the initiative and issued precise guidelines to their retail outlets in order to minimize any disputes arising from this issue especially in times when the industry is fully aware that such delays are bound to arise.

## C FINANCE.

The Council feels that misuse of finance, especially in the second-hand motor car field, has reached epidemic proportions. It appears to the Council that the lines of responsibility between the dealer, the purchaser and the finance company can be varied at the discretion of the dealer. It is not uncommon that a motor car dealer forces the purchaser to continue with a deal, even though the quality of the vehicle has been misrepresented, purely on the basis that the purchaser has signed a finance agreement which the finance company refuses to cancel. When this particular dealer is later confronted by undisputable evidence from the Consumer Protection Bureau as to unethical conduct he then agrees to cancel the whole deal and it is not infrequent that the finance agreement is then also fully cancelled by the dealer to the point of withdrawing the documents as if no agreement had taken place.

In the case of Clive Green Motors Pty. Ltd. investigation of complaints has revealed that the company's salesmen were actively involved in conspiring to misinform finance companies about details required on hire purchase documents in order to be able to make a sale.

In one case, the age of a purchaser who was under age was misrepresented to the finance company as 21 in order to obviate obtaining a guarantor for the purchaser. In another case not only was the deposit payable fictitiously increased by "jacking up" the price but the purchaser was misrepresented as being employed whereas at the time he was, and had been for several months, unemployed.

In addition the Consumer Protection Bureau has received numerous complaints where Schedule One Statements have not been given to purchasers, interest rates have been misrepresented and the total commitments under the purchase agreement not disclosed.

It is therefore the Council's firm opinion that finance companies who allow individual car salesmen to make use of their official forms and who in fact act as their agents should be held fully responsible for any misconduct of the salesmen when selling a car and in turn arranging finance for a consumer.

This principle has already been advocated on general lines in the Molomby Report on Consumer Credit, and the Council recommends that it should be fully implemented as soon as possible. (For recommendation see Section on Consumer Credit.)

## D ADVERTISING.

Advertisements are the first contact between manufacturers and consumers. As such the Council feels they should be used intelligently and in such a manner as to develop a responsible attitude towards the product marketed.

Replies to individual complaints lodged with the Consumer Protection Bureau were of the nature that the manufacturer could not be held responsible for any shortcomings in the motor car solely because the consumer "mistreated" it, drove it over rough roads, drove it flat out for long periods and did not give the motor car the consideration which he should have given it. The Council feels that if a manufacturer advertises a motor car as a winner of rallies which are conducted over the roughest roads, or shows pictures of the car being driven over railway sleepers, then the manufacturer is attempting to develop a consumer attitude towards his product which indicates that his product will stand up to such treatment. It is therefore unfair to claim at a later stage that the damage to the motor car arose because the consumer mistreated it in the way in which the motor car was portrayed to him in the advertisement.

In relation to the second-hand motor car field, it is evident that some retailers are using the daily papers to advertise "ghosts" i.e. cars that do not exist in the yard and whose advertised description and price is intended to attract the inexperienced and unwary buyer, who is then persuaded to spend much more money on a purchase.

The Consumer Protection Bureau has received a number of allegations in this respect which were also supported by a number of dealers who made representations to the Bureau on this matter. The Council recommends that legislation should be introduced which would require an advertisement of a specific car to quote the registration number of the advertised car. This would ensure that the car actually exists (and if it should not, this fact could then be easily established from the Motor Registration Branch) that the description of the car is valid and that the advertised price is genuine.

## E WARRANTIES AND GUARANTEES.

During the year the Council has considered the matter of guarantees and warranties for new and used motor cars and has come to the conclusion that generally speaking motor car warranties leave much to be desired.

The Council agreed with the proposal of the Consumers Association of Victoria for a standardised form of warranty for new motor cars.

The main points of concern to the Council are the short duration of some of the current warranties as well as the fact that some warranties negate all common law rights of a purchaser by including words such as "this warranty being expressly in lieu of all other warranties expressed or implied."

Another point of concern to the Council is the fact that some of the current warranties exclude automobile parts not made by the car manufacturer, such as tyres, batteries, accessories etc. The Council fully supports the point that the manufacturer of the vehicle should be liable for any defect in such parts. The implication is that if such parts breakdown the car manufacturer then can institute proceedings to recover any losses from the supplier of the component part.

The consumer should also be protected against any design defect in a vehicle which may cause serious problems with the operation of the vehicle or cause a car if not remedied, to be unsafe.

A draft form of a common warranty for new cars as submitted by the Consumer's Association of Victoria to the Council for consideration is reproduced in Appendix F.

The only qualifications which the Council feels it should make, refers to clause 6 dealing with the availability of another car where warranty work exceeds 24 hours. The Council feels this should not be made obligatory on the manufacturer but should be left to the manufacturer's discretion.

The Council further suggests that a provision should be added to the warranty whereby any authorised dealer must service the vehicle rather than as it is sometimes presently the case, the authorised dealer from whom the vehicle was purchased.

In the field of second-hand motor cars the Council is confident that the statutory warranties of the Motor Car Traders Act will help to regulate the conditions of warranties, and pending the introduction of this Act refrains from making any recommendations at this stage.

#### F MISREPRESENTATIONS.

This matter is of utmost concern to the Council as in many cases the circumstances are such that they throw grave doubt on the integrity and honesty of the whole dealership or of the individual salesman who conducted the transaction.

Wherever applicable the Consumer Protection Bureau in such cases is conducting an investigation with the view of obtaining redress for consumers and where applicable of prosecuting such offenders for either misleading advertising under Section 13 of the Consumer Protection Act or under the division dealing with trade descriptions under the same Act.

Such misrepresentations become more serious because often it is not only the consumer who is given the misleading information, but also the Finance Company and the Insurance Company. The Council warns that in future it will give special attention to such cases and disclose them fully wherever applicable particularly where they apply to misrepresentations of year-model.

##### (i) *Mini World Melbourne Pty. Ltd. and Minicars Centre Pty. Ltd.*

The number of complaints against the two companies has shown a continuous rate of increase in relation to Mini World Melbourne Pty. Ltd. since the beginning of the financial year and Minicars Centre Pty. Ltd. since it commenced operating in November, 1973. Despite the similarity in names there does not appear to be any connection between the two companies except that the nature of some complaints lodged against the companies bears similarity. The Council is sufficiently concerned to warn consumers to be extremely on guard whenever entering into transactions with the companies especially in relation to any information they may receive regarding the year-model of the car they intended to purchase.

With special reference to Mini World Melbourne Pty. Ltd. a number of complaints lodged with the Bureau have revealed that the cars which were misrepresented to consumers as to year of first registration were brought in from another State, mainly New South Wales. The current number plates therefore reflected the year the car was first registered in Victoria and it was virtually impossible for the purchaser to deduce from the current number plates that the car had been previously registered in another State. The majority of complaints related to the sale of Morris Minis and Morris Sedans which had little changes in appearance between the years covered by the misrepresentations.

Examining the complaints the Council noticed that salesmen avoided inserting the year of registration on any documents even where there was provision for such information e.g. on a Warranty Document requiring the information of "Vehicle Make" and "Year" the following information was given:

Vehicle Make: "Morris", Year: "Mini".

At the time of writing this Report the Council was informed that discussions had taken place between the management of Mini World Melbourne Pty. Ltd. and the Director of Consumer Affairs. The Council has been given to understand that the management of this Company will endeavour to stop such practices from occurring in the future.

The Council is of the opinion that all dealers should be required to give precise information on documents describing the car to be sold and recommends that as similar provisions already incorporated in the Motor Car Traders Act legislation be introduced requiring the year-model (date of first registration) of the car to be shown on every document issued at the time of sale.

(ii) *Victorian Business Consultants Pty. Ltd.*

In the case of Victorian Business Consultants Pty. Ltd. of 87 Woodville Street, North Balwyn, the incidence of such misrepresentations to consumers is too frequent to be attributed to mere misunderstanding or genuine error. The company was incorporated in Victoria on the 10th May, 1974, the directors being Mr. Bruce Ellis Kirk and Mr. Ross Henry Edwards, and in a short space of time 6 complaints were received out of which 4 referred to misrepresentations of the model of the vehicle sold.

The company advertises in the newspapers under the situations vacant column for owner drivers. A sample of this advertisement is shown here. This advertisement was taken from the Melbourne *Herald*, 6th March, 1974.

**OWNER DRIVER.** Earnings up to \$300 wkly. Are you tired of working for wages and a boss? Why not show your initiative and become your own boss as an Owner Driver. We can supply you with a vehicle and finance on no dep. with work guaranteed. For confidential information ph. 89-4377.

Investigations by the Bureau revealed that after a prospective client rings the company he is invited to call personally and discuss the matter.

Upon arrival, assessments are made as to his suitability for the transport industry. The company then arranges the purchase of a vehicle, finance to enable purchase of the vehicle and placement within the transport industry on a contract basis with transport companies. Three of the complaints investigated by the Bureau revealed that the vehicle had been purchased from Edward Phillip Motors, Riversdale Road, Camberwell. One of the Proprietors of this business, Mr. Ross Henry Edwards is also a director of Victorian Business Consultants Pty. Ltd.

Once a vehicle is selected Victorian Business Consultants Pty. Ltd. then take their client to a finance company to arrange purchase of that vehicle on credit. Four of these transactions were financed by a finance company at rates varying from 24 per cent. to 28 per cent. One vehicle was financed initially at 24 per cent. and when it was found to be defective another finance contract was entered into for a second vehicle at a rate of 30 per cent.

One complainant stated that at the interview with Mr. Bruce Kirk he was informed that the vehicle was a 1971 model and that the price was \$2,500 including interest and had a commercial registration for twelve months with a roadworthy certificate. The complainant further stated that the vehicle actually cost \$2,500 without interest, was a 1968 model and was registered privately for only about 6 months. The total amount of the loan was \$3,550 which included a consolidation of outstanding finance commitments of \$495 and insurance charges of \$443. This loan was at the rate of 26 per cent. and resulted in a total payment of some \$6,380.

Another complainant stated that in response to an advertisement he entered into a contract with a transport company after being told by Mr. Kirk that he could earn up to \$300 per week. He has since found that his earnings did not amount to this figure. The vehicle purchased was not a registered vehicle, and the finance agreement entered into was at an interest rate of 26 per cent. on a loan of \$3,290 resulting in a total payment of some \$6,827.

Another complainant stated that in response to an advertisement in one of the daily newspapers he contacted Victorian Business Consultants Pty. Ltd. and entered into a contract for the purchase of a truck and the subsequent placement in the transport industry as an owner driver. The complainant alleged to the Bureau that he was informed by Mr. Kirk that the truck was a 1973 model. It was established that the Bill of Sale indicates that it is a 1974 model. An extract from the Motor Registration Branch shows that it is in fact a 1971 model. Furthermore the Bill of Sale indicates that the truck has a capacity of 20 cwt. when in fact it is of a 13 cwt. capacity. In this instance the initial loan was for \$4,400 at a rate of 28 per cent. The total amount of repayment amounted to some \$8,220.

Another complainant again answered an advertisement for owner drivers and entered into an agreement to purchase a truck from Victorian Business Consultants Pty. Ltd. In this instance, outstanding financial commitments were consolidated in a Bill of Sale. Because of lack of work, and also difficulties experienced with the mechanical condition of the truck, this complainant contacted Mr. Kirk who then arranged purchase of another vehicle and it was stated that with this vehicle the complainant could earn between \$1,200 and \$1,400 a month. The complainant has since found that he has not been able to earn this amount of money. The initial purchase of the first truck amounted to the value of \$2,590. Under the new arrangement for the purchase of the second truck the complainant found that he had entered into an agreement for a loan of \$11,000 payable over ten years. This figure included an amount of \$4,244 as a pay-out figure on the financing of the first truck. The interest rate charged was 30 per cent. resulting in an overall financial commitment of \$34,697.60. The complainant alleged to the Bureau that he was under the impression that his total commitments under the second contract would be only \$11,000. He discovered that his commitments amounted to \$34,697.60 only after this fact was explained to him by an officer of the Bureau in the course of investigating the complainant's other allegations.



The vehicle concerned in the last transaction was stated to be a 1971 model on the Bill of Sale, whereas in actual fact it is a 1970 model.

Another complainant arranged with Victorian Business Consultants for the purchase of a vehicle. He was told by Mr. Kirk that it was a 1973 model and then subsequently that it was a 1968 model. In fact it is a 1963 model.

Another complainant stated that in April this year he started an Owner Driver business with a transport company. The vehicle was recommended to him by Victorian Business Consultants. He was told that it was a 1970 model. The comprehensive insurance policy was made out quoting 1970 insurance rates. The Bill of Sale stated that it is a 1969 model. When he received Motor Registration Branch renewal papers he found it was actually a 1968 model.

(iii) *Ellis Motors Pty. Ltd.*

Another series of complaints received by the Bureau related to the sale of Daihatsu vans by Ellis Motors Pty. Ltd. of 452 Whitehorse Road, Mitcham. These vans were extensively advertised by Ellis Motors in the daily papers at a recommended retail price of \$1,998.

The complainants allege with minor variations that Ellis Motors advertised the sale of the vans for use with a messenger service. When the complainants replied to the advertisements and entered into the contract to purchase the Daihatsu van as well as into a service contract with a messenger service company, they discovered that they were charged for the Daihatsu van between \$2,950 and \$3,200.

One of the complainants made the following allegations against Ellis Motors :

"I feel I have been done on the price of the van. The full price of the van is quoted to me and as can be seen on the enclosed order form and Hire Purchase Contract, is \$3,020. This price is to include registration, painting and sign writing for the messenger service. The basic price of the van as advertised is \$1,998 registration on the van is \$137.25 for the first year. This added to the basic price of the van equals \$2,145 which means the cost of painting and sign writing must be \$875. This I feel cannot be right the paint and sign writing of a small van such as this must surely only cost about \$200.

I no longer work for the messenger service as I found out that earnings and so on were not as advertised either. I finished with them on the 30th April, 1974, and contacted Ellis Motors to arrange for them to reimburse me the amount of the painting and sign writing which had not been done on my van when I left. I was told it would have to go through their books I should have it in the next week. So far I have not received anything. Also the petrol tank was damaged by Ellis Motors and they said that they would replace it but nothing has been done about it as yet.

I have since attempted to trade-in the van on a car as the van is of no use to me now but I have been unsuccessful because of the amount owing on it, and it is now only worth \$1,200 as a trade-in. The only way I can get rid of it is to sell it privately and get as much as I can for it and then finish paying off the rest of the loan as normal, which means I would be paying off a van I no longer have. I realise that there is not much that can be done as I have signed the contract and I am committed, but if perhaps you could investigate into this matter it may stop someone else falling into the same trap by answering the advertisement."

Eight days after the above complaint a further letter was received from the same complainant stating as follows :

"I have now received a cheque for \$218 from Ellis Motors as reimbursement for the cost of painting and sign-writing the van. I received a cheque on Saturday the 18th.

When I inquired as to what the rest of the money was for I was told it was for getting me the job with the messenger service. I think \$500 to \$600 was a bit much to charge for this service seeing as the messenger service was going to charge a \$50 joining fee."

In another case the Consumer Protection Bureau is holding a Statutory Declaration by a complainant stating that the salesman of Ellis Motors Pty. Ltd. informed him that the Daihatsu van was \$1,998 and that the salesman did not inform him that he had to pay for the sign writing or painting of the van or that it would cost him any more to have it painted.

These complaints were referred to Ellis Motors Pty. Ltd. by the Bureau for comments but despite persistent attempts the Bureau was unable to obtain any response from Ellis Motors Pty. Ltd. in respect of these allegations.

(iv) *Jaywood Motors Pty. Ltd.*

Complaints against Jaywood Motors Pty. Ltd. of 432-434 High Street, Northcote, suggest that gross misrepresentations take place in the company's dealings with consumers. The misrepresentations mainly relate to the financial commitments of prospective purchasers and their rights under the purchase contracts. In some cases the company accepted a deposit subject to finance being available, and when finance could not be arranged the deposit would not be refunded. When confronted with evidence from the Bureau, the company refused to enter into any further negotiations. In this relation it must be considered that the company advertised extensively stating: "Finance, no problem, need a motor vehicle? Sedan, Wagon or commercial we guarantee you finance even if you have had problems before and been refused credit elsewhere. From 10 per cent. deposit. Anything traded."

The Council feels that it will serve the interests of consumers if the following complaint is reproduced in full :

" Following an advertisement in the Sun, my father-in-law and I went to Jaywood Motors at Northcote to purchase a Triumph Sedan for the price shown as \$845. I applied for finance but was refused so I applied to the Credit Co-operative for a loan of \$800, which was granted but would not be through until (some months). I went back to Jaywood and put a holding deposit of \$50 on the car and by verbal arrangement was to pay off what I could until the loan came through. A fortnight later I paid \$10 and about a month after I paid \$30 making \$90 in all that I paid. When I received the loan I asked for a cheque for \$780 to be paid to Jaywood and \$20 for transfer fees etc. Thus the full amount paid to Jaywood was \$870. On payment of this I was told that the extra \$25 would be sent to me by cheque. What I am complaining about is :

1. The cheque has not arrived.
2. The car was not in a roadworthy state when delivered into my hands (indicators switch was broken, no front number plate, rear lights cover broken and spare wheel bald).
3. Car offered as trade-in was refused because staff member no longer employed by Jaywood.
4. Member of staff who received final payment also no longer employed by Jaywood.
5. We were told that witnesses could be produced to state there was a front number plate if we cause any trouble.
6. When we received the car we were told there was 12 months registration on it. There isn't any registration.
7. I was handed a note headed " Consumer Protection Act 1972 " and was asked to sign it. Then after I did it was filled in by Jaywood employee.
8. Receipts were returned to Jaywood so their accountant could check up to see if they owed me the \$25. I have kept one just in case they say I never tried to pay etc. and those sent were viewed by a police officer.
9. When asked what was going on about the registration of the car and asked for a roadworthy certificate, Jaywood employee was abusive and I was ordered off their property."

In relation to point 7. the Council and the Bureau are at a loss to understand the purpose of the note in relation to *Consumer Protection Act 1972*. It most definitely is not a requirement under the *Consumer Protection Act 1972*. The note referred to is produced in Appendix G.

#### G. MOTOR CAR INSURANCE.

As already mentioned in the Section dealing with Consumer Credit the Council is concerned that many motor car dealers make it a practice of charging consumers insurance for the full length of a Credit Contract which may run up to 4 or even 5 years. Interest becomes payable by the Consumer on such contracts on the Insurance Premiums in advance although the premiums do not become due until each year of liability has passed.

The Council is aware that many motor car dealers are acting as agents on behalf of Insurance Companies and that individual salesmen or the dealer firms were receiving commissions for any Insurance Contracts entered into on behalf of the Insurance Company. Nevertheless the extent of this practice has surprised the Council. By way of illustration the following complaint is presented.

The complainant writes,

" We purchased a car from (dealer's name) in 1971. At their suggestion we insured the vehicle with (insurance company's name). This policy has been renewed every year. This year on receiving their receipts we discovered that we had been paying an agency fee of \$38.18 to (dealer's name) of which we had no knowledge. The matter of (dealer's name) receiving an agency fee had not been disclosed either by the Insurance Company or Car Firm at any time. I feel that this is an exorbitant fee not only for ourselves but considering the volume of business transacted between these two companies."

The complainant further alleged that the fact that commission was payable to the Motor Car dealer on a yearly basis on the insurance policy was revealed to him quite accidentally when somebody in the insurance office forgot to detach a perforated slip from the renewal certificate which showed the commission payable.

Upon checking with the insurance company the following answer was received :

" This Insurance was introduced to us on 7th July, 1971 through (dealer's name) who completed the relative proposal for 12 months with finance being arranged through (finance company's name). The following year and subsequent years to July this year renewal has been effected by renewal notice direct to the insured from this Office and the policy is currently in force until 7th July, 1975.

We wish to advise that this general practice between Agency Introducers and General Insurances Underwriters in the terms of an Agency Agreement that commission is paid to the introducer for introducing the Proponent and completing the Insurance and there is an obligation upon the Underwriter to continue paying this commission during the currency of the Policy, which is the position in this case."

The Council does not object to any commercial agreements between insurance companies and their agents and the subsequent payment of commission for any business solicited. Nevertheless in this case it must be considered that the purchaser was dealing with a motor car dealer and not an insurance broker or agent. There was no indication whatsoever in the premises of the motor car dealer or in any documents presented to the purchaser that the dealer was receiving any commission or would be receiving any commission on any future renewals of insurance. The Councils feels that it is of utmost importance that consumers be made aware at the time of entering into the transaction that they are dealing with insurance agents as well as motor car dealers.

The Council therefore recommends that there should be legislative requirements for a trader to disclose the fact whenever he is acting as an agent for an insurance or finance company.

#### H. OPTIONS TO PURCHASE.

A number of complaints were received by the Consumer Protection Bureau involving a firm Adams Car Sales Pty. Ltd., of 199 Ballarat Road, Footscray. The complaints related to that Company's Option to Purchase. A typical complaint on this issue is as follows :

A complainant visited the premises of the Company on 21 March, 1974, and made inquiries about purchasing a Ford Mustang motor car. The sales representative told him that if he signed an Option to Purchase the vehicle and obtained finance within the period of the Option, then he would be able to drive the car away. The complainant then handed over the registration papers of his trade-in vehicle and signed the Option to Purchase.

Two days later the complainant returned to the premises of the Company and was informed by the sales representative that the Option to Purchase had expired and that he would have to pay a further \$160 in addition to the \$140 already paid if he wished to extend the Option for one more day. The complainant paid the additional \$160 and returned a few days later to advise that he was unable to obtain a guarantor for the finance agreement and that under these circumstances he could not proceed with the transaction.

The representative of the Company then demanded the keys to the complainants trade-in vehicle stating that he had forfeited both his vehicle and the \$300 already paid.

Solicitors who were acting on behalf of the complainant assured the Consumer Protection Bureau that the complainant was 20 years of age, had arrived in Australia from Malta only 7 months ago, and spoke only a little English.

Examining the Option to Purchase document which is reproduced in Appendix G, in all cases presented to the Consumer Protection Bureau the option was to be exercised within one day from the date of signing.

Clause 3 of the Option to Purchase stated that ". . . if you fail to exercise this option for any reason whatsoever the sum paid by you under this option shall be immediately forfeited to Adams Car Sales Pty. Ltd."

Clause 5 of the Option to Purchase under the heading "Special Terms" states that the purchaser agrees that his trade-in vehicle at a certain agreed trade-in value "be deemed to be the consideration of this option and that the said vehicle passes to Adams Car Sales Pty. Ltd."

This means that wherever a purchaser is not able to exercise the option within one day he not only loses the full deposit he paid but also his trade-in vehicle.

It is the Council's opinion that the Option to Purchase is an ingenious document designed not only to safeguard all possible interests of Adams Car Sales in any transaction but in connection with the methods adopted for its use it is also designed to ensure a profit to the company even if the consumer is not able to continue with the transaction through no fault of his own.

#### I. RESPONSIBILITY OF MANAGEMENT FOR ACTIONS BY SALES STAFF.

The majority of complaints lodged with the Consumer Protection Bureau relate to disputes between consumers and the individual salesman of motor cars. The Council feels that the companies or firms employing such salesmen should take full responsibility for any misrepresentations or any unethical conduct made by their sales staff.

This is especially relevant in the case of any misrepresentations made as to the condition of the vehicle sold.

For example, one particular case refers to the purchase of a second-hand panel van. The day after the purchase the consumer noted that the van was using an excessive amount of oil, and he returned the van to the company. He was promised that the car would be repaired and when it was returned to the consumer, a salesman from the company assured the consumer that everything had been corrected and even gave the consumer a signed written guarantee for 1 month or 1,000 miles showing the following ; "On behalf of (name of company) I the undersigned do guarantee Ford Falcon XW Panel Van to the extent that at the time of delivery it has no cracks in the head or is using an excess amount of oil which will render the engine inoperative before the 1,000 miles warranty should finish or one month, whichever ever shall occur first."

After driving the car for some time, the consumer noticed that the same problem kept occurring but when he returned the car again to the company he was refused any assistance whatsoever. The explanation given by the company was that there was no warranty issued with the car at the time of sale and that the guarantee given by the salesman was issued without the company's approval and therefore was invalid. The consumer was further informed that the salesman was no longer employed by the company.

The Council feels that in order to come within the concept of ethical business conduct the dealer should have honoured the guarantee given by the salesman on behalf of the company.

*Recommendations :*

That whenever a specific Motor Car is advertised the registration number of the Motor Car is to be shown in the advertisement in a distinct manner.

That legislation be passed requiring the year-model (the date of first registration) of the car to be shown on every document issued at the time of sale.

There should be legislative requirements for a trader to disclose the fact whenever he is acting as an agent for an insurance or finance company.

## SECTION VIII.

### TOYS AND PLAYGROUND EQUIPMENT.

The Council has always been concerned with safety aspects of children's toys. In the past, the Council has considered cases which revealed that manufacturers of toys do not always give sufficient consideration to safety features of toys. One of the Council members participated during the year on the Standards Association of Australia Committee on Safety of Toys. During the year, the Committee finalised the development of Standard 1647/1974 entitled Children's Toys and Playthings (Safety Requirements) Metric Units. The requirements established by the Standard cover the following areas :

- (i) *Materials*—Fire and fume hazards are eliminated by the use of textile fabrics which show no surface burning, and of fillings for stuffed toys which will not readily ignite or give off toxic fumes.  
Celluloid or cellulose nitrate or materials of a similar flammability may not be used for toys or playsuits (i.e. cowboy outfits). Playsuits which are not made of materials meeting low flammability requirements must be legibly marked with a clearly visible label.  
Toys, or materials used in toys, and foodstuffs sold as a part of a toy must comply with the relevant statutory requirements applying to poisons and to food and drugs. Metallic lead must not be used, and coating or plating material must be harmless. Certain regulations also apply to the use of dyes for colouring toys placed in the mouth or likely to be sucked by a small child. Other requirements relating to materials cover glass, fillings, strings and elastics.
- (ii) *Electrical*—All electrical materials and equipment in toys intended for connection to mains must comply with the requirements of the relevant electrical safety standard. Toys are restricted to extra-low voltage operation; any toy not suitable for direct connection to electricity supply mains must not be provided with a plug and must carry a warning label.
- (iii) *Noise*—Impulsive-type noise, such as that produced by capguns, must not exceed 105 dB (A); noise levels of long duration must not exceed 74 dB (A).
- (iv) *Construction*—Safety requirements for construction relate to edges, points, rigid projections, folding mechanisms and hinges, and clock-work. Toys which are intended to be ridden or sat on are subjected to certain tests to establish their stability and strength. Toys that are large enough for children to get inside are subject to requirements covering ventilation, if doors are provided they must be capable of being opened from both the inside and the outside. Toys that cover the nose and mouth must provide adequate means for breathing. Requirements are also set out for protective tips on projectiles, corrosion protection for metal toys intended to be used out of doors, for insulation of handles of toys submitted to a source of heat, and for protective helmets, hats and goggles.

Other areas covered in the Standard are small objects in toys for use by children of less than 3 years of age, hazards arising from fasteners and polythene bags used in packaging, instructions for use, labelling and marking of toys and playthings and/or their packaging with the manufacturers name and/or brand or trademark.

The Council wishes to stress that although toys which comply with all the safety requirements contained in the Standard should not present any great danger in normal use and allowing for reasonable abuse, it is necessarily the responsibility of the purchaser to select a toy suitable for the particular child, taking into consideration the age of the child and the nature and stage of his or her mental and physical development. The Council has noted that some manufacturers already mark on the toys the age range of children for whose use the toys have been designed. The Council feels that this example should be followed by all manufacturers as well as importers of toys.

The Council warns parents that toys intended for use by older children should not be used by much younger children who may not understand the consequences of incorrect use ; neither should children be allowed to play with defective or damaged toys or to use toys in ways for which they were not intended.

In addition to the Standard on Toys, the Standards Association of Australia proposes to set up a separate committee to develop standards on playground equipment. The Council will have a representative on this committee.

*Recommendation :*

That the Standard 1647/1974 entitled Children's Toys and Playthings (Safety Requirements) Metric Units be made mandatory for both locally produced and imported toys and that the mandatory requirements be extended to Playground Equipment as soon as the relevant Standards become available.

## SECTION IX.

### HEALTH AND NUTRITION.

As mentioned in the previous Annual Report the Council is most reluctant to enter into the areas of nutritional values of food, because of the specialised knowledge and professional experience required before any opinion can be offered on this topic.

The comments and recommendations made by the Council in this section therefore are intended to reveal only consumers requirements in relation to labelling and information on foodstuffs which they are asked to purchase and consume. The best method to be adopted for implementing those recommendations, the Council leaves to the professional judgement of the Health Department.

#### A. FRUIT JUICES AND DRINKS.

In this respect the Council has received a submission from the Victorian Farmers' Union stating that citrus growers generally, and members of the Citrus Committee of the Victorian Farmers' Union particularly, have felt concern at aspects of the advertising and labelling of drinks represented as being fruit drinks.

Relating the comments made by the Victorian Farmers' Union to the inquiries and complaints lodged from members of the public the Council has arrived at the conclusion that there is a need to standardise the labelling of fruit juices as well as fruit juice drinks.

The Council is concerned that consumers are misled by the labelling and advertising of such drinks. Examples of such misleading practices have been quoted in the previous Annual Report and some of them are still current. In researching this matter the Council held discussions with representatives of the State Health Department and has arrived at the conclusion that the words "fruit" and "juice" should be prohibited from the labels of all drinks, except for those drinks that are undiluted liquid portion of fruit.

#### B. DATING OF PERISHABLE FOODS.

The Council recognises that present laws are ineffective in preventing the sale of stale food and that voluntary systems introduced by manufacturers or retailers are not adequate or dependable nor are they known or understood by consumers. The Council therefore feels that there is a definite need to introduce legislation for open dating of perishable foods.

The Council has been informed that the Food Standards Committee of the National Health and Medical Research Council is currently responsible for formulating recommendations for uniform food standards for adoption under State legislation and that the committee will meet shortly to consider requirements for the date marking of foods.

The Council fully supports the work of the Food Standards Committee and recommends that date marking of perishable foods should be made compulsory as soon as possible.

#### C. BREAD INDUSTRY.

In its previous Annual Report, the Council stated that an inquiry into the bread industry on the issues of bread production, the effect of wastage on the price, distribution, especially from the point of view of hygiene and labelling, as a control of the freshness of bread sold over the counter, would be of benefit to the consumer.

It has come to the notice of the Council that the Minister for Labour and Industry and Consumer Affairs in New South Wales has instituted an inquiry with wide terms of reference before the Industrial Commission of New South Wales into recent developments in the bread industry in that State.

The Council awaits the results of this inquiry before making any definite recommendation on this subject.

#### D. HEALTH AND ORGANICALLY GROWN FOODS.

The proliferation of "Health Foods" food with special vitamin and minerals and other additives, foods which have been processed in a special allegedly health inducing manner as well as fruit and vegetables which are claimed to be grown without the use of pesticides or chemical fertilizers has continued in Victoria.

The Council is concerned that the average housewife who is asked to pay considerably more for this kind of produce has no possibility whatsoever of distinguishing between the various grades or qualities of the produce.

The Council has been informed that there is no official standard by which to judge the various claims made by growers and retailers. The Council therefore feels that the practicability of introducing and policing of such standards should be examined.

#### *Recommendations :*

That the words "fruit" and "juice" should be prohibited from the labels of all drinks, except for those drinks that are undiluted liquid portion of fruit.

That date marking in a clear, legible, direct and uncoded manner, of all perishable foodstuffs packaged, tinned or otherwise, should be made compulsory.

That the Government examine the practicability of establishing standards for any organically or biodynamically grown produce, as well as an efficient policing method to enforce those standards and any claims that the food is of special benefit to the consumer's health.

### SECTION X.

#### TEXTILES.

It has always been a matter of concern to the Council that textiles be labelled properly as to size, care and flammability of garments.

Such labelling of textiles in the past has depended upon the development of efficient standards.

During the year under review the Standards Association of Australia has developed sufficient standards to introduce legislation to make size labelling of garments mandatory.

Standards have also been developed dealing with methods for determination of flammability of textiles from which clothing may be made. The Victorian Government has subsequently introduced legislation which prescribes compulsory labelling of children's night-clothing in accordance with the standards. The Council considers this a welcome move but also considers that the legislation should be expanded to cover all garments.

Judging by the large number of complaints involving dry cleaners, launderers, retailers, manufacturers and importers, the Council feels that there is a pressing need to make care labelling of garments mandatory in Victoria.

Introducing mandatory care labelling would remove a large area of annoyance and frustration for the above named bodies as well as for consumers.

#### *Recommendations :*

That legislation be introduced whereby the Standards Association of Australia standards for size labelling of garments be made mandatory.

That legislation be introduced to make labelling as to flammability of garments mandatory in accordance with the Standards Association of Australia standards.

That legislation should be introduced whereby the Standards Association of Australia standards for care labelling be made mandatory as soon as such standards are fully developed.

## SECTION XI.

## LAY-BY SYSTEMS.

The Consumer Affairs Council has embarked on a comprehensive survey of the various lay-by systems in use in Victoria.

The Council wishes to express its gratitude to the Retail Traders Association of Victoria for their assistance in this investigation.

At the time of writing the Annual Report this survey has not been brought to a conclusion and the Council will report further once specific conclusions have been reached.

Nevertheless, the Council does not doubt that there is a definite need to introduce some sort of control to regulate this practice. The opinion of the Council on this matter is supported by a preliminary investigation of the many complaints received by the Bureau on this particular issue.

## SECTION XII.

## COLOUR TELEVISION.

Most Capital cities and country stations plan to start colour transmission on the 1st March, 1975. The Council is convinced that the transition to colour television will create friction between consumers, retailers of colour television sets, manufacturers and service organisations. The Council fully supports the Minister's for Consumer Affairs press releases warning people to be aware of certain aspects of colour television and outlining the many pitfalls that may face the consumer when he decides to purchase a colour television set.

The Council warns consumers that before purchasing a colour television receiver the consumer should satisfy himself that the supplier has adequate facilities to provide the necessary service and maintenance in order to ensure that the consumer's investment in a costly piece of equipment is protected. Consumers should further check the warranty offered by the manufacturer on a receiver manufactured in Australia and purchased new from a retailer.

There is no doubt in the Council's mind that most manufacturers and retailers will attempt to give a good service to consumers but as it is always the case when a new complex technical consumer durable is introduced to a community, points of misunderstanding and therefore of dissatisfaction will arise. The Council is also aware of the problem that the trade may not be able to produce sufficient qualified mechanics to fully service the new colour television sets and recommends that a registry of authorised servicemen, who are competent to repair colour television sets, be prepared for the guidance of consumers. In addition the Council feels that certain unethical elements in our community will attempt to take full advantage of the consumer at the time of conversion to colour television. Consumers are therefore additionally warned to exercise the utmost care when purchasing colour television sets or when getting somebody to repair a colour television.

The Council also feels that a trained officer should be placed on the staff of the Consumer Protection Bureau to give guidance and assistance to consumers on any problems they may face at least in the initial stages of the introduction of colour television.

*Recommendation :*

That a register of authorised servicemen who are competent to repair colour television sets, be prepared for the guidance of consumers.

## SECTION XIII.

## SAFE DESIGN AND CONSTRUCTION OF GOODS.

The Consumer Affairs Council has always been interested in the safety aspect of goods offered by manufacturers to consumers. From this point of view, the Council welcomed the introduction of Part IV. of the *Consumer Protection Act, 1972*. This Part, dealing with Safe Design and Construction of Goods, provides that the Governor in Council may, for the purpose of preventing or reducing the risk of death or personal injury, make regulations for or with respect to imposing, with respect to any prescribed class or description of goods—

- “(a) requirements, whether as to the composition of contents, design, construction, finish or packing of, or otherwise relating to goods of that class or description or any component part thereof ;
- (b) requirements for securing that goods of that class or description or any component part thereof are in the prescribed manner (if any) marked with or accompanied by any prescribed warning or instructions of a prescribed nature.”

As a result of a recommendation in the Council's last Annual Report, the Consumer Protection (Product Safety) (Spirits Stoves) Regulations 1973 were proclaimed under this Part of the Act. The Regulations provided that spirits stoves should be labelled with the wording "use methylated spirits only" in English, Greek, Italian, Yugoslav and Turkish languages. Under the same Part some aspects of the Consumer Protection (Children's Night-Clothes Labelling) Regulations 1973 were also proclaimed. The Council feels that this Part of the Act should be extensively used in order to cover all safety aspects of consumer protection. Areas which need regulating under this Part of the Act are :

- (i) *Portable fire extinguishers especially those of the aerosol type*—The Council makes again the recommendation that only portable fire extinguishers which had received approval of the Chief Fire Officer be distributed or sold, placed on display for sale or marketed in any manner whatsoever.
- (ii) *Guard coverings for all heaters*—The Council has noted that the Standards Association of Australia is to prepare a draft standard on this matter and wishes to express its satisfaction of this action. The Council also makes the recommendation that as soon as the draft standard has been completed it be made mandatory under Part IV. of the *Consumer Protection Act, 1972*.
- (iii) *Enclosures for swimming pools*—One area of utmost concern to the Council is that of the safety of private swimming pools. It is an inescapable fact that children from the street can get to their neighbours' swimming pool even at a time when the neighbours are not at home and such action may result in a tragic death. Statistics released by the National Safety Council show that 48 children have drowned in backyard pools in the past 40 months. Section 602 of the Local Government Act states that— "Where lands in any municipality are in the opinion of the Council dangerous by reason of holes or excavations therein or other like cause the owner of such land shall upon being thereunto required by notice of the Council fill up such holes or excavations or remove such other cause of danger or erect or restore a fence of such kind and dimensions as are specified in the notice between the holes or excavations and any adjacent roads or land, as the Council thinks necessary or in such manner as is specified in the notice to cause the source of danger to the public to be removed."

It is the Council's contention that from the safety angle a swimming pool is not much different than a dangerous hole in the ground filled with water and recommends that further consideration be given by the appropriate authorities to the dangers inherent in this matter.

- (iv) *Swimming pool covers*—The Consumer Protection Bureau has received a number of complaints which revealed the need for some legislative regulation. One complainant stated that a pool cover allegedly made from polypropylene or woven fabric cracked and split after 15 months use. The complainant claimed that the cover had been sold to him as having a life of five years, and that it would support a 9 stone weight when it was over the swimming pool. Representations were also made to the consumer that the cover was completely child proof and advertising material for this cover stated that it would give protection to children and pets. When the complainant approached the manufacturer of the fabric he was informed that the retailer exaggerated many aspects of the cover.

The manufacturer claimed that the cover would break down as a result of exposure to sunshine within 12 to 18 months and that it was not child proof and that the retailer should not have presented the product as otherwise. A further complaint lodged with the Consumer Protection Bureau stated that the instructions given with the swimming pool cover did not give an indication of the correct tension required to fix the cover and that they were inadequate and misleading. The instructions stated that the consumer would have to allow the cover to lie on the pool water as this would help to absorb the heat and prevent the cover from shrinking and tearing itself apart at fittings. When the complainant followed the instructions he discovered that the wind could get underneath the cover and tear it off. On the other hand, when the cover was fitted too tightly it could tear away at its moorings.

At the time of writing the Annual Report the Council was pleased to note that at a meeting of the Consumer Standards Advisory Committee held on the 18th June, 1974 it was agreed that standards to cover private pools safety covers would be developed. The Council welcomes such a move and supplements it with the recommendation that once this particular standard is fully developed it be made mandatory under Part IV. of the *Consumer Protection Act, 1972*.



- (v) *Spray Adhesives*—The Council's attention was drawn to an adhesive which could be sprayed from an aerosol can. The Council feels that while such an implement may be safe to use in an office it may be extremely dangerous in a school, kindergarden or a home where children could use it without proper supervision. The Council therefore feels that such aerosol cans should be labelled in such a fashion, such as with a uniform colour code and wording, as to ensure that teachers or parents would become immediately aware of the potential danger of leaving such cans within the reach of children.

*Recommendations :*

That only portable fire extinguishers which had received approval of the Chief Fire Officer be distributed or sold, placed on display for sale or marketed in any manner whatsoever.

That the standard dealing with Guard Coverings for Heaters be made mandatory once it is completed.

That further consideration be given to the dangers of unenclosed swimming pools by the appropriate authorities.

That the standard dealing with Swimming Pool Covers be made mandatory once it is completed.

That Aerosol cans containing liquids which are dangerous to humans should be properly labelled with warnings as well as with an appropriate and uniform colour code.

## SECTION XIV.

### BUILDING INDUSTRY.

#### A. GENERAL.

In its last Annual Report, the Council made the recommendation that legislation should be passed requiring the licensing of all builders and companies engaged in building. The Council further recommended that an independent tribunal to deal with complaints from consumers against builders as to unsatisfactory workmanship and delays in completion of building under the terms of the agreement entered into by the consumer with the builder should be established.

As the *Local Government (House Builders' Liability) Act 1973* will come into operation on the 15th October, 1974, the Council does not want to pursue its original recommendation at this stage, as many of the objectionable practices in the building industry which gave rise to the Council's recommendation may be removed by the provisions of the Act.

#### B. CLADDING COMPANIES.

The Consumer Protection Bureau has received a continuous stream of complaints against a number of cladding companies. A pattern has emerged indicating that the service given to the consumers is far from adequate and in some cases elements of fraud are apparent.

The Consumer Protection Bureau has involved the Police Department in an investigation of the company Advert Sign Industries and the Bureau is awaiting the results of the investigation.

The Bureau has also approached the Corporate Affairs Office in the case of Rite Bricks Pty. Limited, of 18 Alex Avenue, Moorabbin, trading as Insul-Rite Home Insulation because of a number of complaints received. Investigation of the complaints revealed that principals of the company appeared to avoid responsibility deliberately, attempted to deter consumers from pursuing their rights, and misled potential customers as to substance of the companies which included the use of misleading letterheads.

The contract forms used by the company also alluded to an association with well known industrial companies and upon checking, the Bureau was informed that there was no connection with the industrial companies whose management threatened legal action if the use of the forms was not discontinued.

Complaints made against Rite Bricks Pty. Limited, were in respect of excessive charges, non supply of material, failure to perform work, non return of the deposit when conditions of contract were not met and misleading consumers as to contents of documents issued by the company. In one instance where a consumer instituted Court proceedings against the company to obtain a refund of a deposit, a Warrant of Distress was issued, but the Police advised that the company claimed it had no assets.

By way of information and as a warning to consumers the Council is publishing the names of companies which either through statements or letterheads or contracts or through interlocking directorates must be associated with the activities outlined in this section concerning Rite Bricks Pty. Ltd.

A Company search at the Corporate Affairs Office revealed that Rite Bricks Pty. Ltd. was the Proprietor of the business name of Insul-Rite Home Insulation until the 3rd June, 1974, when that business name was cancelled. On the same date the company Insul-Rite Proprietary Limited was incorporated. The other companies are Helvetia Consolidated Industries Pty. Ltd. also trading as Modern Building Products, Helvetia Engineering Company Pty. Limited and Helvetia Chemicals Co. Pty. Limited.

Many cladding complaints lodged with the Bureau relate to delays either in the commencement or completion of the contract. In one case the contract was signed on the 16th November 1973 and a Clause of the contract provided that the company would commence work within 60 days. The material was actually delivered during February, 1974 but the actual work did not commence until 26th April, 1974, a delay of over five months.

The incidence of cladding material being faulty is most pronounced in the case of the firm D.S.L. Distributors Pty. Ltd.

The company coats weatherboard homes with a vinyl paint which carried a purported 15 year guarantee. However in cases reported to the Bureau the paint has peeled and blistered in a very short period, in one case the paint was peeling and blistering within six days of application. The company uses such names as Bonded Vinyl, Bonded Liquid Vinyl, and Texcote to describe the product it uses.

Instances have also been reported to the Bureau where cladding companies have approached prospective clients with an offer to erect a sign on their property advertising the company's services.

In cases involving activities of D.S.L. Distributors Pty. Limited in the Ballarat area, householders were told that a rental of \$26 per month would be paid for a sign to be erected on their properties after the house was painted by the company. The firm's promotional manager furthermore assured the householder that six months rental would be paid in advance which would substantially reduce the householders commitments to the finance company.

Shortly after the job was done by the firm the paint started blistering and peeling. The display boards were never erected on the properties and the rental for same never paid. The finance company is now demanding full monthly payments from the householders. D.S.L. Distributors Pty. Limited has so far ignored all representations made by the Bureau on behalf of the complainants.

In another case reported to the Bureau involving D.S.L. Distributors Pty. Limited, the complainant was told that she won second prize in an introductory scheme and was given a purported \$200 discount on any work to be done on her home. The complainant subsequently found out that at least another four people in the same area had been told they had won second prize.

A further point of objection refers to the issuing of guarantees for 15 to 20 years by the companies. Quite often unknown to the householder, such guarantees cover only materials. In one case where the nails holding the cladding sheeting to the walls came off after 12 months, the company refused to remedy the situation.

Householders should also consider that such guarantees are not transferable in cases where the property has been sold to another person.

Most cladding complaints reported to the Bureau were of such high value that they required financing by finance companies. The average value of such contracts amounted to about \$2,000 and the Council felt sufficiently concerned to write to the Victorian Secretariat of the Australian Finance Conference suggesting that they circularize members of the Conference advising them that they should take into account the Council's investigation into this area whenever they are involved in financing of cladding contracts.

The Council further believes that the whole industry of house cladding needs regulation. The Council is aware that under the Local Government Act, Municipal Councils have the right to demand a building permit from cladding companies before any work can be commenced.

In one case reported to the Bureau the cladding company had failed to obtain a building permit from the Local Council. The company applied for a permit after the work was completed and the Municipal Council refused to issue the permit and required that the house be repaired structurally before any cladding could commence. Although the cladding company originally agreed to do the necessary repairs to the home it protracted the repair action to such a degree that to the time of writing this report no such repairs had been made. The householder was left to his own devices to see to it that the job would be completed by the company.

The Council believes that although there is legislation in the Local Government Act which would allow some sort of control over cladding companies by Municipal Councils such legislative provisions should be enforced in a manner that would give full protection to the householder.

The Council has therefore approached the Minister of Local Government through the Minister of Consumer Affairs with a request to issue instructions to all Municipal Councils that no cladding work is to be undertaken without a building permit having been obtained from the Municipal Councils beforehand.

Pending this approach the Council refrains from making any specific recommendation in this area.

#### C. HOUSE REMOVALS.

To most consumers house removals conjures pictures of the spectacle of seeing a complete house cut into sections on a low loader creeping along a road or highway under police escort. What most people may not realize is that the actual transporting of the house is only one aspect of the whole transaction and that numerous other details have to be considered if the owner is to enjoy use of the house on the new site. The details mentioned refer to re-assembling of the house, re-siting it and re-stumping and even the weather conditions must be considered. In addition Local Council permits must be obtained which take into consideration even the health factors involved in moving a house which is infested by vermin.

In the case of D. Shearer and Shearer Homes Pty. Ltd., of 2 Padua Court, Vermont, a most inconsiderate attitude was adopted against the owners of houses which were to be shifted, resulting in a loss of thousands of dollars.

In one case a consumer paid \$1,600 on 4th March to have a house removed to a new site. The house was cut in half and left on original site. Rain and weather has extensively damaged the house to a degree that it is no longer suitable for removal.

In another case a consumer contracted for a house to be removed from Glenroy to Cobram at a cost of \$4,500 of which \$4,100 has been paid. The house was cut in half and transported to a site 100 yards from destination on 17th April, 1974, where it was placed on the ground on an assortment of tins and stumps. It was left in this condition although the contract called for restoration within 14 days of its removal. Despite many requests for the work to be completed, the contractor has failed to re-site and restore the house. Cost of repairs to the house is estimated now to be in excess of \$3,500.

The above examples should serve as a warning to consumers to carefully consider all aspects of such transactions and, where appropriate, to seek advice from such bodies as municipal councils in charge of the original and the new sites.

### SECTION XV.

#### FIRMS HOLDING TRUST MONEY.

In the past the Council referred to a number of travel companies that went into liquidation disrupting the travelling arrangements of many people who stood to lose money paid to such companies in anticipation of travel.

These events occur at regular intervals not only in Victoria but all over the world. As mentioned in the last Report publicity was given to proposed legislation to cover the licensing of travel companies.

The Council considers that the fate of those travel agents is highlighting the need for control of any organisation which holds money in trust for its clients. In this regard the following recommendation is made.

#### *Recommendation :*

That controls similar to those which apply to solicitors' trust funds and presumably similar to those which are envisaged for travel agencies should be extended to all groups, professional or otherwise, holding funds in trust on behalf of clients.

### SECTION XVI.

#### INSURANCE.

It is understood by the Council that the Federal Government is legislating to control the general insurance field. The Council welcomes such action. As already outlined in the previous Annual Report, the Council feels that some control in the general field of insurance is warranted.

This remark refers especially to the description of "Insurance Brokers" and Consultants. Such terms convey to the general public an impression of certain professional standard and standing.

In reality there does not appear to be any control whatsoever in relation to the usage of such terms, and almost anybody can call himself an "Insurance Broker" or "Insurance Consultant".

For further comments on this subject please see under the heading of—Motor Vehicle Industry, the paragraph on Insurance.

The Council wishes to reiterate the recommendations that it made in previous reports.

*Recommendations :*

That insurance companies be examined as to their economic soundness and financial backing and should be required to lodge more substantial guarantees at the time of incorporation than are presently required.

That a registration scheme be established to control the operations of all insurance brokers and insurance consultants as soon as possible.

## SECTION XVII.

### MUTUAL HOME LOAN FUNDS.

The purchasing of one's own home is the biggest single expenditure that a consumer will ever make and can entail most of his working life to pay off. Young people plan and save for years to raise a deposit on a block of land or home, hoping that they can eventually obtain a loan. The amount of deposit required and rate of interest to be paid on a home loan are of vital concern to prospective home purchasers. Therefore a mutual home loan fund scheme which claims to offer its members up to 100 per cent. of valuation loans for up to 25 years at from 2½ to 6½ per cent. per annum interest must appear to be an attractive proposition.

Inquiries have been made to the Consumer Protection Bureau in relation to the operation of two of these Funds. Tukinya Mutual Home Loans Fund Ltd., and the Mutual Home Loans Fund of Australia Ltd.

Each fund examined by the Bureau is a company which grants loans to its members in proportion to the number of shares that the member holds in the company. A member is invited to first take up options which are priced from \$4 to \$9.60 plus \$1.20 brokerage per option. He is asked to take up one option per \$100 of loan required and pays it off at 20 cents per month. This takes from about 2 years to more than 4 years. During this time a member is not entitled to a loan but he has the right to convert any fully paid options to shares which carry a loan entitlement. These latter shares have a value of either \$40 or \$48 per share, depending on the company, again to be paid off at 20 cents per share per month, which takes from 12½ years to 18½ years. Thus a member is under a continuing liability for up to 18½ years for quite a considerable amount of money until the shares are fully paid off.

If during that period the company should go into liquidation a member can be forced to pay the amount unpaid on his shares. Needless to say his entitlement to obtain a loan under such circumstances, would be non-existent.

A member seeking a \$20,000 loan first expends \$9,840 on shares in the company. This sum does not come off his liability for any loan granted, and the Council is convinced that there is little likelihood that he could ever recoup the cost by selling the shares or by redeeming them to the company. The amount paid on the shares can be equated to an interest free loan to the company for many years as there is no definite undertaking by the directors to pay dividends on the shares.

Loans, are stated to be made to members in the order in which they become members but the companies in their prospectuses do not hold out any specific time when a loan will be made. Allegations have been made that shareholders, who cannot keep up their monthly payments on their shares, would lose their place on the loan list. In addition, the directors have the right to charge shareholders whose payments are in arrears, penalty interest rates.

Such schemes have also been likened to a chain letter where the benefits depend entirely on the presence of an evergrowing commitment from people who are prepared to invest in the company. The Council is convinced that the scheme as outlined by its promoters is far too complex for the householder to comprehend or to understand all its implications. The Council therefore strongly urges all consumers not to join these funds without careful thought and legal advice. There are very complex issues involved which may take even a qualified solicitor some time to analyse. The risks inherent in such a system on the other hand are such that a consumer would be foolish to join such a scheme without proper professional guidance.

The Council has studied a report to the Honourable F. M. Hewitt M.L.C. Minister for Labour and Industry and Consumer Affairs, New South Wales, entitled "Report of Committee Appointed to Inquire into the Operations of Companies known as Mutual Home Loan Funds". The conclusions reached and recommendations in that report are reproduced in Appendix I.

*Recommendation :*

That the activities of all mutual home loan fund schemes be rigidly controlled by the Government in the State of Victoria.

## SECTION XVIII. OFFERS OF WORK.

### A. OFFERS TO TRADESMEN.

It is the Council's opinion that few practices are more unsavoury than to ask people who are in need of work and therefore have no fixed income to pay relatively large amounts of money in order to obtain a job. Whenever such a service is provided the Council feels management of the firm which offers the work should be extremely cautious that the added burden of finding the required money does not result in an insurmountable financial difficulty to the client. Only by providing such safeguards and by resolving any difficulties in an equitable manner could such an organisation be considered to be in the interest of our community. Unfortunately this cannot be said in respect of an organisation called Trade Force, 541 King Street, North Melbourne.

Numerous tradesmen have complained that they were promised work at high hourly or contractual rates if they joined Trade Force by paying an annual fee of \$495. Their experiences afterwards were that no jobs were referred to them or that the jobs which were given to them were of such a nature that they would infringe on other trades as controlled by unions and could therefore not be accepted by that particular tradesman. It was not uncommon that the tradesmen seeking work could not pay the full amount of \$495 in which case Trade Force referred them to a finance company which would finance the balance of the traders commitments. The Council feels that finance companies should not involve themselves in financing tradesmen for such propositions. The Council further warns all tradesmen to consider carefully any such propositions and read the contract carefully or obtain further advice from a solicitor before committing themselves to such an outlay. The contract of Trade Force is worded in such a way that the tradesman cannot expect any refund of money if the agreement does not come up to their expectations.

### B. PART-TIME WORK.

In its Annual Report for the year ending 30th June, 1971, the Council warned people not to send money in answer to advertisements which appeared mainly in suburban newspapers offering part-time work.

The advertisements were inserted under the name of Mamco Industries.

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

“ Fortune telling

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

The Bureau forwarded complaints against the firm to the Police Department for investigation and the proprietor was prosecuted and was convicted on a charge of deceptive advertising.

Exactly the same kind of practice has been revealed by the Bureau early this year under the name of Neema Industries. The advertisement circulated by suburban newspapers stated :—

“ Part-time. Earn \$4.00 per hour at home. No experience. Send stamped addressed envelope to Neema Industries. Post Office Box 267, Richmond.”

Again the case has been forwarded to the Police Department who are investigating it.

The Council warns people not to reply to such advertisements as they stand to lose all money forwarded to such firms. The Council further appeals to all newspapers to refuse publication of any such or similar advertisements.

## SECTION XIX.

### FUNERALS.

During the year under review the Minister, pursuant to the Provisions of Section 6 (a) of the *Consumer Protection Act 1972*, requested that the Council investigate the activities of funeral directors. A sub-committee of the Council was formed and Mrs. J. Fleming Secretary of the Combined Pensioners Association was co-opted to the sub-committee as the Council realised that pensioners had a vital interest in this investigation.

The investigation was prompted by the claim by an ex-welfare officer that some large funeral directors were claiming to arrange funerals for aged persons when they die, by holding their Insurance Policies as a guarantee of payment. Furthermore a number of allegations of a rather serious nature were made by the Citizens Action Federation and at the request of the sub-committee of the Council the Secretary was asked to clarify the issues.

It is appreciated that the arrangement of a funeral is a complex business transaction and in some cases may involve, as well as the wishes of the deceased, the hospital, the coroner, the police, the doctor, the funeral director and the relatives of the deceased. In addition most funeral arrangements are entered into at a time of high emotional stress which is not conducive to sober deliberations and selections as to the services offered in relation to the prices charged.

Interviews have been conducted with representatives of the Victorian Funeral Directors Association, the Undertakers and Cemetery Employees Union and the Hospital and Charities Commission. A number of funeral directors have also been interviewed. Since the provision of the coffin or casket as well as other fittings is an essential part of a funeral the sub-committee also visited the premises of a funeral supplies manufacturer. It is anticipated that before the inquiry is completed further meetings will be held with representatives of the Victorian Funeral Directors Association as well as Consumer Organisations and at the time of writing this report a visit to the Coroners Court and morgue was being arranged.

Information has also been collected from Consumer Affairs Councils and Bureaux in other States and from the major Cemetery Trusts in Victoria. The sub-committee has also considered several written submissions prepared by members of the public.

The investigations have covered such wide ranging aspects as the services provided by funeral directors, the use of trust funds and the mortuary facilities in both public and private hospitals. A Funeral Benefit Scheme operated by the Western Australian Division of the Australian Pensioners League which enables members of the league to contribute to a fund to cover the payment for their funeral has also been studied.

The enquiry is still continuing and no firm conclusions have been reached nor any recommendations made at this stage. Nevertheless it appears that some of the allegations made to the Council about the activities of funeral directors seem to be unfounded.

## SECTION XX.

### ADVERTISING.

It is a well accepted appearance of today's times that many business transactions, as well as whole industries, are subject to some sort of control by the law. There is no specific objection to this fact from the business world and many businessmen accept it as a natural occurrence.

It is the Council's opinion that the advertising industry should accept in a similar fashion some form of control. The reasons for it are evident in the numerous complaints, either on specific topics or of a general nature, that are presented to both the Consumer Protection Bureau and the Council.

In previous Annual Reports the Council mentioned that it had established contact with a large number of voluntary bodies. Each of them gave the impression that they were speaking on behalf of the whole industry. Unfortunately, the Council came to the conclusion that none of the bodies adequately embraced or controlled all aspects of the advertising industry.

The Council therefore looked forward to the establishment in 1973 of a new body—the Australian Advertising Standards Advisory Authority, and invited the Authority, in its last Annual Report, to establish contact with the Council on consumer matters. At the time of writing the current Annual Report the Council was not yet able to establish such a contact.

The Council is especially concerned with advertising which is directed at children who can be termed as a most susceptible audience.

In this respect the Council has noted that the Australian Code of Advertising Standards contains a paragraph which relates to advertisements for children. It states that advertisements directed to the primary attention of children shall contain nothing in illustration or otherwise which may result in harm physically, mentally or morally, or which exploits their natural credulity.

The Council is of the opinion that the industry is constantly trying to circumvent this particular provision, especially in relation to television advertising. An editorial in the latest issue of "Cancer Forum", a Journal circulated by the Australian Cancer Society, illustrates perfectly the Council's contention that many advertisements are geared to influence children.

"Cigarette advertising, at least the type aimed at children, offer them attractive images to which they aspire. It is well known in the advertising world that the best way to attract teenagers is not to offer them realistic pictures of what they are, it is to offer them attractive pictures of what they would like to become. The Marlboro man, sophisticated, handsome, cantering around idyllic scenery and obviously not short of a shilling, provide just such an image, as do the many other image building advertising campaigns. The Winfield campaign offers a high class cigarette attractively to young people, as does the Benson and Hedges campaign. The recent unsuccessful attempt to launch Braddock, perhaps represented the ultimate in advertising irresponsibility, with its blatant and direct appeal to the risk-taking teenager."

The Council stresses that such a diverse industry as the advertising industry should come under some legislative control and should justify its claims and its representations to the public through a Government body. In this respect, the Council reiterates the stand it took in its last Annual Report that within the Ministry of Consumer Affairs there should be established an Advertising Justification Tribunal. This Justification Tribunal could be on similar lines to that now operating in the United States. It could deal with cases referred to it by the Council where it is believed that the advertising is unrealistic in so far as it is misleading and/or unduly pressurising the consumer.

*Recommendation :*

That under the Ministry of Consumer Affairs an Advertising Justification Tribunal be established.

**SECTION XXI.  
RENTAL BONDS.**

The Council is aware of a considerable number of complaints received by the Consumer Protection Bureau involving disputes between landlords and tenants in connection with the return of bond money paid.

The Council feels that this area should be brought under some control in order to ensure that such disputes receive an equitable settlement.

Legislation which would cover requirements for inspection at time of entry and departure, documentation of such inspection and where on departure there is a failure to reach an agreement as to conditions, the referral of such to an independent arbitrator or a tribunal for a final ruling, would be advisable.

*Recommendation :*

That legislation be introduced to regulate the payment and refunds of rental bonds.

**SECTION XXII.  
CONSUMER EDUCATION.**

The Council considers that in the long run Consumer Education is the best means of achieving harmony and co-operation between the business sector of the community and consumers.

Both the Council and the Bureau have been very active in this field during the past year pursuing the aims of

- (a) Education of Children
- (b) Education of Adults
- (c) Education of the Business Man

Members of the Council and the Bureau have accepted a large number of invitations as guest speakers from schools, mothers clubs, school councils, universities and a large number of civilian bodies. The demand for the Council's Information Bulletin has continued and a reprint in excess of 15,000 copies during the year, had to be made in order to satisfy the demand.

It is therefore of utmost concern to the Council that during the current year only one new issue of the Information Bulletin could be produced.

The demand for other work on the Bureau was such that it was impossible to release sufficient research staff in order to research subject matters for new Bulletins. This situation in the Council's opinion is most unsatisfactory and the Council contends that in the newly created Ministry of Consumer Affairs, sufficient new positions should be created in order to ensure the printing of an appropriate Information Bulletin on regular basis.

*Recommendation :*

That the Government allocate to the new Ministry of Consumer Affairs adequate resources in manpower and finance to undertake a comprehensive educational programme and to provide for an improved periodical on consumer matters.

**SECTION XXIII.  
CONSUMER CREDIT.**

In the past the Consumer Affairs Council refrained from making detailed comments on this topic as it felt that the research and legal expertise available both to the Council and the Bureau were not sufficient to arrive at set conclusions and remedies which would resolve the many problems in this field which face consumers.

The Council therefore fully supported the " Report on Fair Consumer Credit Laws " submitted by a Committee of the Law Council of Australia to the Attorney General for the State of Victoria. This submission, usually known as the Molomby Report, was made in January, 1972, and the Council is most disappointed that no action has yet been taken on this report in Victoria.

It is the Council's view that there is a strong need to regulate Consumer Credit in this State. In its last Annual Report the Council made a number of observations which were based on experiences encountered by consumers when entering into consumer credit transactions. The Council now feels that the majority of those observations should be incorporated by the Government in some legislative controls and lists them as recommendations at the end of this section.

The granting of easily obtainable credit to overcommitted people is a matter of continuing concern to the Council and the Council is planning to investigate this matter in the coming year with a view to making firm recommendations.

During the year the Council has had drawn to its attention statements made by finance companies that most of the difficulties arising out of consumer credit transactions were created by fringe operators and not by the bulk of the consumer credit industry. The Council accepts the contention that the consumer credit industry desires to give a good and ethical service to consumers. Nevertheless, the Council wants to make the point that in the current position of the finance industry, fringe operators are active not only in relation to the whole of the industry, but in relation to each individual finance company. This view can be justified in the case of finance companies by the fact that most transactions which eventually lead to the granting of credit do not originate in the office of the finance company but either in a retail store, a car dealer's yard, or even in the home of the consumer.

The fringe operator in such a case is the individual motor car salesman whose main concern is to make a sale, who will therefore not shy away from either doctoring the finance agreement to suit his needs or make straight out misrepresentations to the purchaser which eventually reflect on the purchaser's ability to keep up with the payments.

In the case of retail store credit, the fringe operator could be the individual collector who, under one scheme in Victoria, calls on the householder on a weekly or less frequent basis in order to collect the outstanding instalments. This collector also doubles as a salesman who receives commission on the sale of goods.

The Council feels that under such conditions the credit provider cannot have full and effective control over the many fringe operators who are his first line contacts with his clients.

One needs to have only one "bad apple in the barrel" in order to create the impression that the whole company is conducting a policy of pressurizing consumers into purchasing goods on credit without any regard as to their ability to pay. The Council also feels that credit providers must take full responsibility for any unethical conduct of such fringe operators who are connected with their business.

Judging from many complaints received by the Consumer Protection Bureau, it has become clear to the Council that many consumers are not aware of what their rights and obligations are under the various finance agreements which they are asked to sign. This situation acquires serious proportions when one considers that, in many cases, discrepancies in the understanding of the commitments under a finance agreement come to light only after the consumer lodges a complaint with the Bureau on some other issue, e.g. such as the mechanical condition of the goods sold.

On many occasions the full implications of the commitments become clear to the complainant only after the investigating officer requests the financial documents and discusses them with the complainant.

The Council is satisfied that many such complaints against finance transactions would not have come to light if the complainant had not complained on some other matter. The Council is therefore concerned that many consumers faithfully keep up with their instalment payments under a financial agreement without realising that some aspects of those documents have been misrepresented to them.

As an illustration of the above points, the Council has selected some specific examples.

- (i) A complaint was lodged with the Consumer Protection Bureau on the issue that a motor car which was financed under a mortgage agreement with a finance company was not fully insured. The car was involved in an accident and when the complainant tried to claim on an insurance which was mentioned on the finance agreement, he discovered that he was not covered by that insurance. The complainant pointed to an entry in the finance agreement which stated the name of an insurance company followed by the letters C.I. The representations made to the purchaser were that the C.I. stood for Comprehensive Insurance. Upon checking with the insurance company, the Bureau was informed that the C.I. stood for "Credit Insurance". Credit Insurance is intended to cover cases where the purchaser defaults in payments under the contract and where the finance company has exhausted all possibilities of obtaining a full payment from the purchaser. If that happens then the finance company is entitled to make a claim on the insurance company for any outstanding amounts under the contract.



In addition to the C.I. insurance, the document showed a C.C.I. insurance (Consumer Credit Insurance) which was correctly understood by the complainant to cover him in cases where sickness or unemployment made it impossible for him to keep up with the repayments. This insurance was also financed for the duration of the finance agreement which in this case was 72 months. The interest charged for both insurances was 22 per cent.

Investigating this complaint further, the Consumer Protection Bureau discovered that at the time of sale of the motor car, the purchaser was unemployed. In order to ensure that the purchaser would be acceptable to the finance company, the salesman rang up the finance company informing them that the purchaser was employed by that particular dealer as a cleaner. On the basis of this statement, the finance company accepted the application form of the purchaser.

- (ii) As mentioned already in the Section—Motor Vehicles, numerous complaints have been lodged with the Consumer Protection Bureau alleging that the salesman did not give the purchaser a statement as prescribed in the Hire Purchase Act. This statement, called the "First Schedule Statement" gives the purchaser information as to his overall commitment and insurance, maintenance and other charges. The Council is convinced that as a general practice many individual salesmen avoid giving this statement to purchasers.

Some finance companies have incorporated as part of their Hire Purchase agreement a clause stating that the purchaser acknowledges that such a First Schedule Statement was handed over to him by the salesman. Nevertheless, this statement is incorporated in some other general provisions and conditions relating to the hire purchase transaction and, in cases reported to the Bureau, the purchaser did not realise that he was acknowledging receipt of a statement which in actual fact he has never received.

It is the Council's opinion that such a clause incorporated in other provisions of the Hire Purchase Agreement, does not give any protection whatsoever to the purchaser but covers the individual salesman who fails to give the appropriate First Schedule Statement to the purchaser. In this case it is of significance to note that this particular clause is not incorporated in the sample hire purchase agreement form as issued by the Australian Finance Conference to its members. The Council feels that if a consumer is asked to acknowledge the receipt of a First Schedule Statement, it should be done by way of a receipt pertaining to this particular statement, and not by way of a signature prime purpose of which is to acknowledge the conditions of the hire purchase agreement itself.

- (iii) A further aspect of concern to the Council is the fact that in many cases comprehensive insurance is charged on the hire purchase contract for the full duration of the contract. This implies that premiums are financed for a period of 3 or 4 years and interest is charged for those premiums. It goes without saying that premiums on insurance contracts are payable on a yearly basis. A finance company in such a case would have the use of the money financed for the second and third and maybe the fourth year's premiums, charging interest rates on such premiums while in effect holding such moneys in trust on behalf of the consumer.
- (iv) A further area of complaint in relation to Hire Purchase documents is that salesmen fail to add to the prescribed "Total Rent" amount the deposit figure in order to arrive at the total amount payable. That figure is added on by the salesman after the purchaser has signed the hire purchase document and after he has left the premises. Allegations have been made to the Bureau that the consumer has been informed by the salesman that his full commitment, and the total amount payable under this agreement would be the figure shown opposite "Total Rent". In actual fact, it is the figure of "Total Rent" plus deposit paid.

As already mentioned under the section of Motor Vehicles, the Council wishes to stress the fact that the behaviour of some salesmen, especially in the second-hand motor car field, is such as to throw grave doubt on the finance company's awareness of what is actually going on at the point of the retail sale, when all the hire purchase documents are filled in and commitments are finalised. The Council feels that finance companies should take a much stronger interest in the full transaction right from the very point where it originates either in the retail store or in the home of the consumer, or in the second-hand motor car dealer's yard.

#### *Recommendations :*

That all contracts be amalgamated into one single and uniform form of credit contract.

That where there is some commercial link between supplier of goods and the financier, the financier should incur some liability for the quality of the goods they are financing and should be required to take an interest in the representations made by the supplier in relation to the Finance Contract.

That uniform disclosure of interest rates should be introduced to enable credit users to make comparative studies of the cost of credit.

That the programme of Consumer Education in the use and extension of credit, especially in reference to the low income earners, should be increased and sufficient funds for such a programme should be released.

That there should be control over re-possession, especially in relation to the market value of the goods re-possessed. (It has been brought to the attention of the Council that when a repossessed car is sold by the finance company it is usually sold at wholesale prices to the trade, while the consumer had to pay the retail price of the vehicle.)

That a debt management scheme for over committed debtors who need assistance to regain control over their financial affairs and advice on budgeting and debt consolidation, should be incorporated into the functions of the Ministry of Consumer Affairs. (This function is already performed to some degree by Investigating Officers of the Consumer Protection Bureau. The Council feels that a specialized body should be created to deal purely with the service mentioned above, and should be staffed with appropriately trained Officers.)

That the Council considers that there should be a minimum deposit on all items purchased on credit.

## SECTION XXIV.

### INTERSTATE COLLABORATION.

Many of the issues involving Consumer Protection are Australia wide transcending individual State borders.

There is in existence an efficient exchange of information and co-operation by correspondence between the individual Consumer Protection Bureaux of each State as well as the Northern Territory and Australian Capital Territory.

Nevertheless the Council feels that such co-operation by correspondence should be supplemented by regular conferences by the Heads of Bureaux as well as representatives of Councils in each State.

The fact that the Commonwealth Government has involved itself in the field of Consumer Protection through its Trade Practices Bill should not lessen the need for such conferences of State bodies but on the contrary should increase it in order to ensure a proper operation as well as co-ordination between the State and the Commonwealth Governments.

#### *Recommendation :*

That annual conferences of representatives of Government Consumer bodies of all States and Territories be held.

## SECTION XXV.

### OVERSEAS COLLABORATION.

The amount of publications, pamphlets and correspondence received from overseas countries on consumer matters is constantly increasing and is of a surprisingly large volume indicating that tremendous developments are taking place in this field overseas.

The Council is therefore pleased that the 8th International Organisation of Consumer Unions World Congress will be held in Sydney in March, 1975. The Council and the Ministry will send representatives to the Congress.

The Council hopes that this will set a precedent for attendance at such functions in future by consumer representatives from the Victorian Government.

## SECTION XXVI.

### WORK OF THE CONSUMER PROTECTION BUREAU.

The Consumer Protection Bureau provides the direct interface between the Ministry of Consumer Affairs and the community.

The reaction of the community to this service has been unprecedented and is reflected by the constant increase in the number of complaints received by the Bureau. This can be seen from the details given in Appendices A and B.

In addition to the numerical growth, running at approximately 50 per cent, the nature of many of the complaints is becoming far more complex.

Whilst the Bureau has made considerable progress in overcoming the backlog in initial consideration of complaints, their efforts have highlighted the difficulties which the Bureau must inevitably encounter in trying to accomplish a satisfactory solution, both for the individual complainant and the consumer in general, if the complaints are not handled expeditiously. These difficulties include :

- (a) difficulties in tracing the original complainants, due to change of address ;
- (b) in the intervening period, the firm against whom the complaint was lodged, had gone out of business and/or into liquidation ;
- (c) with the lapse of time establishing the precise details of what transpired in a particular transaction becomes well nigh impossible when reliance has to be placed on individual's memories ;
- (d) with the lapse of time, the situation often progresses to a point where it is not possible to restore it to its original position.

Clearly, if the Ministry of Consumer Affairs is to carry out its charter, it is vital that the Bureau be able to establish quickly those traders who are operating unethically, (in some cases illegally) and, after thorough research, to cause details of these traders and/or their practices to be made public in the interests of consumers.

The Council is satisfied that the present staff of the Bureau is carrying on its tasks with great dedication, but it views with concern the inability of the Bureau to undertake all of the tasks facing it effectively.

The Council reiterates in the strongest terms the recommendations made earlier in this Report that substantial and immediate increase in the staff of the Bureau, with special emphasis on research capability, be approved.

J. D. PURCELL, Chairman.

Council Members

M. BRUNT

J. O. DOWNING

H. R. HOBSON

E. M. MacGREGOR

H. J. MEIN

D. G. MOSS

A. W. MUDDYMAN

J. T. PATRICK

J. L. WATERS

## APPENDIX A.

## GENERAL SUMMARY OF COMPLAINTS

RECEIVED BY THE CONSUMER PROTECTION BUREAU.

	1971/72		1972/73		1973/74	
	No.	%	No.	%	No.	%
<i>Advertising—</i>						
General .. .. .	36	1.53	70	1.88	107	1.83
Electrical Appliances .. .. .	11	.47	18	.48	13	.22
Food .. .. .	14	.59	11	.30	21	.36
Furniture, Floor Coverings .. .. .	2	.08	4	.11	8	.14
Finance and Insurance .. .. .	2	.08	1	.03	—	—
Services .. .. .	20	.85	9	.24	8	.14
Clothing and Footwear .. .. .	4	.17	1	.03	6	.10
Motor Vehicles .. .. .	7	.30	10	.27	15	.26
Drugs .. .. .	—	—	—	—	1	.02
Misleading Prices .. .. .	—	—	32	.86	73	1.25
Sub-total .. .. .	96	4.07	156	4.20	252	4.32
<i>Building—</i>						
General .. .. .	30	1.27	116	3.12	142	2.43
Renovations .. .. .	47	1.99	47	1.26	93	1.59
Plumbing .. .. .	20	.85	26	.70	30	.51
Concreting .. .. .	19	.81	16	.44	27	.46
Wall Cladding .. .. .	26	1.10	72	1.94	102	1.75
Painting and Decorating .. .. .	24	1.02	41	1.10	47	.81
Household Improvements (Garages) (Awnings, etc.) .. .. .	38	1.61	73	1.96	181	3.10
Sub-total .. .. .	204	8.65	391	10.52	622	10.67
<i>Motor Vehicle Sales—</i>						
General .. .. .	1	.04	8	.22	33	.57
New Vehicles—Faulty .. .. .	38	1.61	161	4.33	250	4.29
Used Vehicles—Faulty .. .. .	95	4.03	149	4.01	273	4.68
Motor Spares .. .. .	28	1.19	36	.97	54	.93
Motor Vehicles Sales Method .. .. .	99	4.20	231	6.21	440	7.54
Sub-total .. .. .	261	1.07	585	15.74	1050	18.00
<i>Furniture and Floor Coverings Sales—</i>						
General .. .. .	9	.38	39	1.04	77	1.32
Furniture—Faulty .. .. .	72	3.05	107	2.88	158	2.71
Carpet—Faulty .. .. .	34	1.44	40	1.07	56	.96
Floor Coverings, Hard—Faulty .. .. .	11	.47	15	.40	14	.24
Floor Coverings—Laying .. .. .	14	.59	34	.95	52	.89
Sub-total .. .. .	140	5.93	235	6.34	357	6.12
<i>Electrical Sales and General Articles Sales—</i>						
General .. .. .	1	.04	5	.13	6	.10
T.V.—Faulty .. .. .	24	1.02	29	.78	47	.81
Radios, Stereograms and Tape Recorders— Faulty .. .. .	5	.21	9	.24	27	.46
Refrigerators—Faulty .. .. .	17	.72	44	1.17	85	1.46
Washing Machines—Faulty .. .. .	23	.97	41	1.09	51	.87
Other Electrical Appliances—Faulty .. .. .	20	.85	44	1.17	82	1.41
T.V. Sales Methods .. .. .	6	.25	10	.27	17	.29
Radios, Stereograms and Tape Recorders Sales Methods .. .. .	12	.51	6	.16	16	.27
Refrigerators Sales Methods .. .. .	5	.21	10	.27	15	.26
Washing Machines Sales Methods .. .. .	21	.89	5	.13	13	.22
Other Electrical Appliances Sales Methods .. .. .	6	.25	19	.51	28	.48
General Articles—Faulty .. .. .	133	5.64	151	4.03	220	3.77
General Articles Sales Methods .. .. .	97	4.11	108	2.88	147	2.52
Sub-total .. .. .	370	15.67	481	12.83	456	7.82
<i>Clothing and Footwear Sales—</i>						
General .. .. .	19	.81	50	1.34	70	1.20
Clothing—Faulty .. .. .	121	5.13	144	3.87	159	2.73
Clothing—Lay-by .. .. .	9	.38	9	.24	14	.24
Footwear—Faulty .. .. .	48	2.03	84	2.26	135	2.31
Footwear—Lay-by .. .. .	3	.13	2	.05	1	.02
Clothing—Incorrect Labelling .. .. .	8	.34	15	.42	28	.48
Footwear—Incorrect Labelling .. .. .	2	.08	—	—	2	.03
Textiles—Incorrect Labelling .. .. .	—	—	1	.03	—	—
Sub-total .. .. .	210	8.90	305	8.21	409	7.01

## APPENDIX A.—continued.

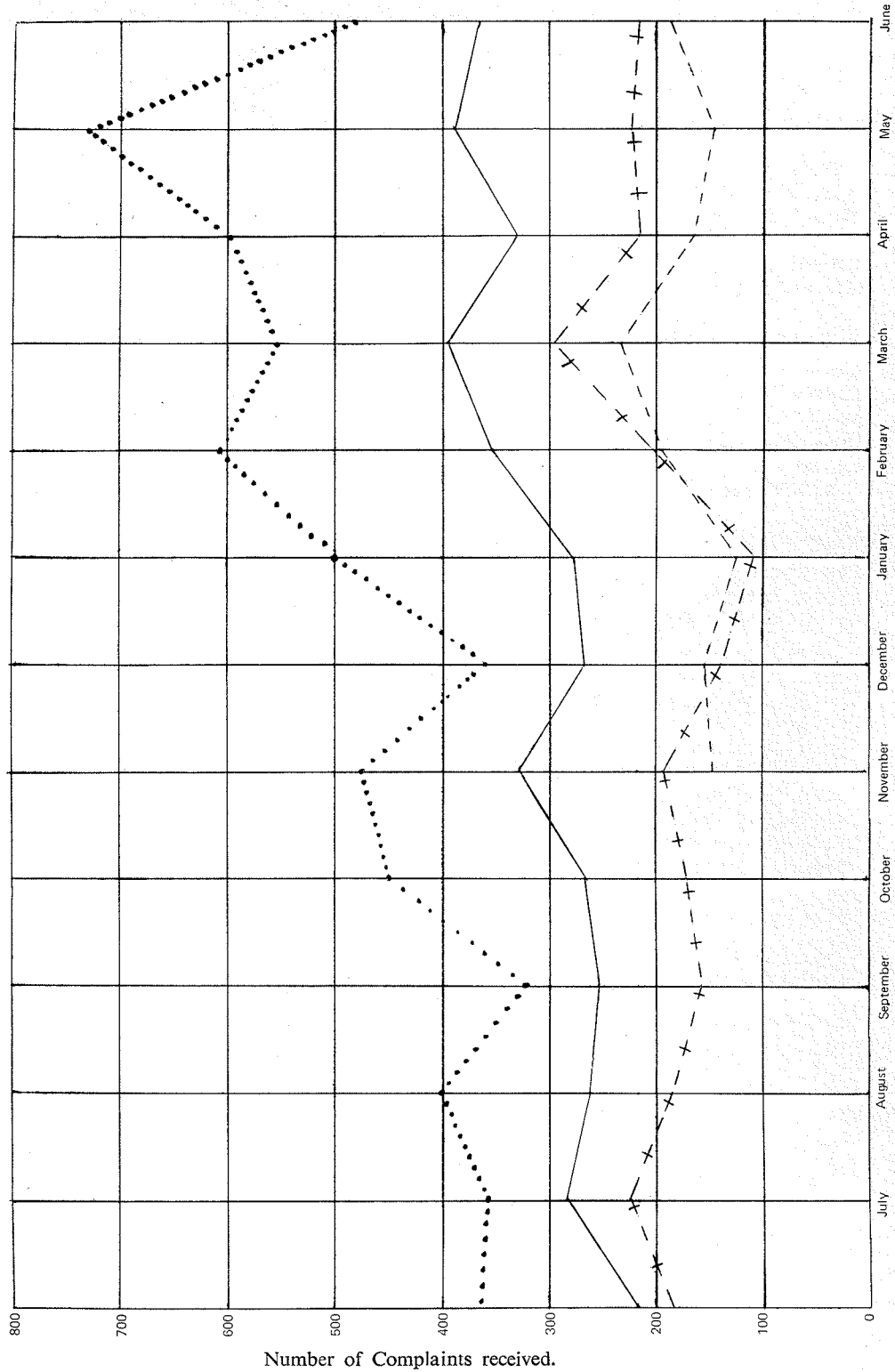
	1971/72		1972/73		1973/74	
	No.	%	No.	%	No.	%
<i>Services—</i>						
General .. .. .	33	1.40	58	1.54	94	1.61
New Vehicles .. .. .	10	.42	34	.94	53	.91
Used Vehicles .. .. .	50	2.12	89	2.37	210	3.60
Lawn Mowers .. .. .	5	.21	7	.19	9	.15
T.V. .. .. .	123	5.21	156	4.17	147	2.52
Radios, Stereograms, Tape Recorders ..	45	1.91	24	.65	60	1.03
Washing Machines .. .. .	53	2.25	75	2.05	66	1.13
Refrigerators .. .. .	12	.51	40	1.08	47	.81
Other Electrical Appliances .. .. .	16	.68	51	1.37	43	.74
Other Appliances .. .. .	50	2.12	35	.96	16	.27
Sub-total .. .. .	397	16.83	569	15.32	745	12.77
<i>Dry-cleaning and Laundry—</i>						
General .. .. .	7	.30	5	.13	4	.07
Clothing .. .. .	43	1.82	47	1.26	55	.94
Floor Coverings .. .. .	1	.04	—	—	2	.03
Linen .. .. .	—	—	4	.11	4	.07
Sub-total .. .. .	51	2.16	56	1.50	65	1.11
<i>Hirings—</i>						
General .. .. .	7	.30	1	.03	7	.12
Clothing .. .. .	2	.08	1	.03	3	.05
Televisions and Radios .. .. .	6	.25	12	.32	12	.21
Builders' Equipment .. .. .	—	—	3	.08	3	.05
Motor Vehicles .. .. .	—	—	1	.03	6	.10
Caravans .. .. .	—	—	2	.05	—	—
Sub-total .. .. .	15	.64	20	.54	31	.53
<i>Insurances—</i>						
General .. .. .	1	.04	10	.27	18	.31
Life .. .. .	1	.04	4	.11	7	.12
Fire and Accident .. .. .	6	.25	10	.27	17	.29
Motor Vehicles .. .. .	26	1.10	26	.70	47	.81
Sub-total .. .. .	34	1.43	50	1.35	89	1.53
<i>Finance—</i>						
General .. .. .	13	.55	21	.56	15	.26
Motor Vehicles—Used .. .. .	12	.51	4	.11	19	.33
Electrical Appliances .. .. .	4	.17	6	.16	3	.05
Housing .. .. .	6	.25	3	.08	5	.09
Motor Vehicles—New .. .. .	—	—	3	.08	4	.07
Sub-total .. .. .	35	1.48	37	.99	46	.79
<i>Education—Health and Fitness—</i>						
General .. .. .	2	.08	2	.05	2	.03
Coaching Colleges .. .. .	5	.21	4	.11	12	.21
Correspondence Courses .. .. .	1	.04	5	.13	5	.09
Health and Fitness Courses .. .. .	13	.55	17	.46	48	.82
Medical and Pseudo Medical, etc. ..	8	.34	10	.27	9	.15
Sub-total .. .. .	29	1.22	38	1.02	76	1.30
<i>Packaging—</i>						
General .. .. .	10	.42	24	.65	20	.34
Food—Weight .. .. .	4	.17	11	.30	10	.17
Food—Contents .. .. .	9	.38	15	.42	22	.38
Soaps and Detergents—Contents .. .. .	2	.08	1	.03	—	—
Pressure Packs .. .. .	1	.04	4	.11	—	—
Inadequate Labelling .. .. .	1	.04	7	.19	8	.14
Soaps and Detergents—Weight .. .. .	—	—	—	—	1	.02
Sub-total .. .. .	27	1.13	62	1.70	73	1.26
<i>Dangerous and Hazardous Products—</i>						
General .. .. .	14	.59	3	.08	15	.26
Toys .. .. .	6	.25	6	.16	9	.15
Housewares .. .. .	—	—	2	.05	3	.05
Sporting Equipment .. .. .	—	—	1	.03	2	.03
Insecticides .. .. .	—	—	2	.05	—	—
Detergents .. .. .	—	—	2	.05	—	—
Drugs .. .. .	—	—	—	—	1	.02
Toiletries and Cosmetics .. .. .	—	—	—	—	2	.03
Children's Apparel and Equipment ..	—	—	3	.08	3	.05
Sub-total .. .. .	20	.84	19	.50	35	.60

## APPENDIX A—continued.

	1971/72		1972/73		1973/74	
	No.	%	No.	%	No.	%
<i>Door Sales—</i>						
General .. .. .	4	.17	8	.22	6	.10
Cash Purchases—Solicited .. .. .	1	.04	1	.03	2	.03
Cash Purchases—Unsolicited .. .. .	17	.72	14	.38	7	.12
Credit Purchases—Solicited .. .. .	7	.30	6	.16	5	.09
Credit Purchases—Unsolicited .. .. .	30	1.27	59	1.60	56	.96
Sub-total .. .. .	59	2.50	88	2.39	76	1.30
<i>Mail Order Sales—</i>						
General .. .. .	2	.08	5	.13	2	.03
Goods—Solicited .. .. .	55	2.33	66	1.78	163	2.79
Goods—Unsolicited .. .. .	43	1.82	46	1.24	38	.65
Services .. .. .	33	1.40	69	1.86	63	1.08
Sub-total .. .. .	133	5.63	186	5.01	266	4.56
<i>Miscellaneous—</i>						
General .. .. .	102	4.32	184	4.95	363	6.22
Food Freezer Plans .. .. .	9	.38	19	.51	51	.87
Hairdressing .. .. .	3	.13	4	.11	3	.05
Hearing Aids .. .. .	5	.21	5	.13	13	.24
Photography .. .. .	12	.51	17	.46	32	.57
Auctions .. .. .	15	.64	11	.30	4	.07
Caravans—Sales—Repairs .. .. .	4	.17	14	.38	26	.45
Metric Conversion .. .. .	—	—	32	.86	20	.34
Bonds—Flats and Houses .. .. .	—	—	—	—	30	.51
Removals and Storage .. .. .	—	—	—	—	13	.22
Sub-total .. .. .	150	6.36	286	7.70	559	9.59
<i>Prices and Charges—</i>						
General .. .. .	108	4.58	140	3.77	236	4.05
Medical and Dental .. .. .	9	.38	9	.24	15	.26
Motor Vehicles .. .. .	—	—	—	—	4	.07
Electrical Appliances .. .. .	—	—	—	—	2	.03
Repairs .. .. .	—	—	—	—	41	.70
Sub-total .. .. .	117	4.96	149	4.01	298	5.11
<i>No Jurisdiction—</i>						
General .. .. .	—	—	—	—	4	.07
Company versus Company .. .. .	—	—	—	—	25	.43
Sub-total .. .. .	—	—	—	—	29	.50
TOTAL .. .. .	2 359	100	3 718	100	5 832	100

APPENDIX B.  
 WRITTEN OR PERSONAL COMPLAINTS LODGED WITH THE CONSUMER PROTECTION  
 BUREAU SINCE THE BUREAU'S INCEPTION IN NOVEMBER 1970

-- 1970-71  
 - + - + 1971-72  
 — 1972-73  
 ..... 1973-74



Number of Complaints received.

## APPENDIX C.

## COMPARISONS OF CONSUMER PROTECTION LEGISLATION IN EACH STATE AND IN N.T. AND A.C.T. (AS AT JUNE 1974).

	Vic.	N.S.W.	Qld.	S.A.	Tas.	W.A.	A.C.T.	N.T.
<i>Consumer Redress</i>								
Complaints handling .. ..	C	C	C	C	C	C	C	C
Consumer Claims Tribunals ..	C	C	C	X	X	X	C	X
Civil action on behalf of consumers ..	C	X	X	C	X	C	X	X
<i>Dishonest and Undesirable Business Practices</i>								
Misrepresentation—False and Misleading Advertising .. ..	C	C	C	C	X(1)	C	X	C
Pyramid Selling .. ..	C	C	C	C	X	C	C	X
Mock Auctions .. ..	C	C	C	C	C	C	X	X
Trading Stamps or Coupons .. ..	C	C	C	C	C	C	C	X
Unsolicited Goods and Services .. ..	C	C(2)	C	C	C	C	X	X
Referral Selling .. ..	X	C(3)	X	C	X	C	X	X
<i>Regulation of Specific Marketing and Sales Activities</i>								
Door to Door Sales .. ..	C	C	C	C	C	C	C	C
Lay-by Sales .. ..	X	C	X	X	X	X	C	X
Motor Dealers .. ..	C(4)	C	C	C	X(5)	C	C(6)	X
Book Purchases Protection .. ..	X	C	X(7)	C	X	C	X	X
Conditions and Warranties in consumer transactions (Generally) .. ..	C(8)	X	C	C	X	—	X	X
<i>Consumer Credit</i>								
Hire Purchase .. ..	C(9)	C	C	C(10)	C	C	C	X
Money Lenders .. ..	C(11)	C	C	C	C	C	C	X
Credit-Sales Arrangements .. ..	X	C	X	C	X	C	X	X
<i>Consumer Product Standards</i>								
Weights and Measures .. ..	C(12)	C	C	C	C	C	C	C
Packaging .. ..	C(13)	C	C	C	C	C	C	C
Safe Design and Construction of Goods ..	C	C	C	X	X	X	X	C
Truth in trade descriptions .. ..	C	C	C	C	C	C	X	C
Labelling of textiles .. ..	C	C	C	C	C	C	X	X
Labelling of imitation leather or leather goods ..	C	C	C	C	X	X	X	X
Branding of Footwear .. ..	C	C	C	C	C	C	X	X
Marking of Furniture .. ..	C	C	C	C	X	C	X	X
<i>Pricing of Consumer Goods and Services</i>								
Control of Prices .. ..	X	C	C(14)	C	X	X	C	X
Misleading marking of prices .. ..	C	X	C	C	C	—	X	X

CODE—C = Legislation either currently in force or being prepared.  
X = No Legislation.

## NOTES :

- Advertisement (Terms of Purchase) Act covers only prices in advertising.
- and 3. Legislation to be enacted.
- The registration of motor car traders is covered by the *Motor Car Traders Act 1973* which is not yet in operation. This Act will be administered by the Motor Car Traders Committee, Chief Secretary's Department.
- A Bill is before Parliament and at the time of writing this report the Tasmanian Government has appointed a Select Committee to investigate this legislation.
- Legislation to be enacted.
- Covered, in certain aspects, by Door-to-Door (Sales) Act
- Guarantees and Warranties are covered in part by the provisions of Section 15-19 of the *Goods Act 1958* which is administered by the Chief Secretary's Department.
- Covered by legislation administered by Law Department.
- Consumer Credit Act and Consumer Transactions Act cover all credit matters.
- Covered by legislation administered by the Registrar of Money Lenders and Finance Brokers.
- and 13. Administered by Department of Local Government. Packaging is covered, in certain aspects, by the *Weights and Measures Act 1958*.

The Profiteering Prevention Acts provide for the control of prices.



## APPENDIX D.

## TRADING NAMES OF THE MILLERADIO GROUP.

Milleradio is listed under five company names and twenty-four business names in the Pink Pages. These are listed hereunder :—

*Company Names.*

A.A.A.A. Ability T.V. Service Pty. Ltd.  
 A.A.A.A. Action T.V. Service Pty. Ltd.  
 A.A.A. Trade Services Pty. Ltd.  
 A.C.D. Television Service Pty. Ltd.  
 Fastest T.V. Service Pty. Ltd.

*Business Names.*

Always Available T.V. Service of Any Suburb.  
 Bayside T.V. Service.  
 Emergency Television Service.  
 Evening Television Service.  
 Fire Alarm Television Service.  
 Holiday Television Service.  
 Mighty Television Service.  
 Milleradio.  
 9 a.m. to Midnight Television Service.  
 Northland T.V. Service.  
 Radio Controlled Television Service.  
 Round the Clock Television Repair Service.  
 24 Hour Television Repair Service.  
 Saturday Television Service.  
 Seaside T.V. Service.  
 Seven Days a Week Television Service.  
 Sunday Television Service.  
 Swiftest T.V. Service.  
 Telefix.  
 Transistor Television Service.  
 Weekend Television Service.  
 Williams Wonderful Fire Alarm Television Service.  
 Your Local T.V. Repair Man.  
 Zippy Television Service.

N.B. The following firms were mentioned in the 1972 Annual Report, but are not in the phone book for 1973/74.

Central Debtors Directorate.  
 Insurance Television Repair Service.  
 Transistor Radio Service.  
 Tele Patrol.

## APPENDIX E.

## TRADERS WHO HAVE FAILED TO REPLY TO CORRESPONDENCE FROM THE CONSUMER PROTECTION BUREAU.

The following are suppliers of goods and services who have not co-operated with the Bureau in relation to complaints lodged against them.

A short description of the complaint is given below as the Council contends that the silence of the particular trader is an indication that the complaint is justified.

*Altona Roofing Service of 409 Abbotsford Street, North Melbourne.*

This firm was engaged to de-moss the roof on the complainant's home. In the course of the work numerous tiles were broken and the guttering was damaged. Despite repeated requests by the complainants, no action was taken by the firm.

*Brenlyn Industries of 51-53 Crissane Street, Heidelberg West.*

The complaints against this firm relate to faulty gates or garage doors manufactured and installed by the firm. In some cases this firm has replied to correspondence from the Bureau, however in the majority of cases no replies have been received.

*Bob Calvert of 38 Mountaingate Drive, Ferntree Gully.*

The complainant contracted to have his existing swimming pool re-rendered. However, several days after the work was completed, the re-rendering began to crack and break away. The complainant has since advised that the whole work has collapsed.

*A. Dentis of 23 Wordsworth Street, St. Kilda.*

In a complaint lodged against this trader a consumer advised that his new home had only been partially completed and that the trader had refused to complete construction and also refused to rectify faulty work.

*Ellis Motors Pty. Ltd. of 452 Whitehorse Road, Mitcham.*

The complaints on which Ellis Motors Pty. Ltd. refused to co-operate are mentioned in Section VII—F. Nevertheless it must be acknowledged that the company co-operated on other issues.

*Flackertons Furniture Warehouse of 15 Chapel Street, Windsor.*

The complainant purchased a lounge suite from this firm and subsequently found it to be faulty. Despite repeated requests by the consumer the firm failed to repair the suite.

*Hillman Spares of Alfred Street, Blackburn.*

The complainant purchased a re-conditioned carburettor from this firm. He subsequently found that the carburettor was not re-conditioned and when he approached the firm, they denied all knowledge of that unit.

*K. C. Bonded Vinyl Aust. Pty Ltd., of 23 Burwood Highway, Burwood.*

The company coated the complainant's home with vinyl bonding. The work was guaranteed for 20 years, but two years after completion, the coating began to come off.

*K. K. Services of 55 McIntyre Road, Sunshine.*

This firm, which repaired the complainant's refrigerator, would not honour its guarantee.

*J. Kousal (trading as Anything for Hire) of 80 Commercial Road, Prahran.*

See Section VI—G.

*Mr. Kuehne of 19 Dorothy Street, Tullamarine.*

The complainant ordered and paid for 6,000 bricks but only 4,000 were delivered. The complainant has been unable to obtain a refund from this trader.

*Magree A. & H. Knitting Mills, 3 Little Grey Street, St. Kilda.*

The complainant purchased a school jumper manufactured by this firm, and found after washing that it had shrunk excessively.

*Maceys Floor Coverings Pty. Ltd. of 102 Boronia Road, Boronia.*

The company laid carpet in the complainant's home. However, after several months holes appeared in the carpet and the company tried unsuccessfully to rectify these. The complainant's requests for a refund or replacement of the carpet were refused.

*Premier Re-Blocking Co. of 51 Brampton Street, Cheltenham.*

Re-Blocking carried out by this company was unsatisfactory and was not passed by the local Council. All attempts by the consumer to have the work rectified were unsuccessful.

APPENDIX E.—*continued.*

*Realistic Brick of 6 Buckingham Street, Springvale.*

This firm applied brick cladding to homes and several complaints were received about poor workmanship and non-completion of contracts. The firm ceased trading and the Proprietor (N. F. Blundell of 10 Darvall Street, East Doncaster) refused to reply to correspondence from the Bureau.

*Salonika Carpet Co. of 279 Smith Street, Fitzroy.*

The complainant had carpet laid by this company and after several months noticed several holes. The company however refused to inspect the carpet.

*Mr. G. Sequenzia of 679 High Street, East Kew.*

The complainant purchased surgical shoes from this firm at a cost of \$80. The complainant then found that these were unsatisfactory and the firm advised that they would pay her back in instalments. However, no instalments were paid.

*Vitreous Plastic Engineering Pty. Ltd. of Suite 10, 596 St. Kilda Road, Melbourne.*

The complainant contracted with the company to construct a swimming pool however, the local Council refused to issue a Permit. The company refused to return the complainant's deposit.

## APPENDIX F.

## DRAFT FORM OF A COMMON WARRANTY FOR NEW CARS AS SUBMITTED BY THE CONSUMERS' ASSOCIATION OF VICTORIA TO THE CONSUMER AFFAIRS COUNCIL.

*Proposed Common Warranty For New Cars.*

1. The vehicle shall be guaranteed by the manufacturer/retailer or authorised agent against faulty materials, faulty design, and/or faulty workmanship, including parts or accessories supplied or made by persons other than the manufacturer/retailer or authorised agent which could result in :
  - (a) hardship due to recurring defect(s) resulting in financial loss and/or loss of time and/or loss of use of the vehicle,
  - (b) discomfort due to non-compliance of the vehicle to an appropriate standard,
  - (c) accelerated depreciation due to premature or unreasonable deterioration of materials including rust.

This warranty covers a period of 24 months or 40,000 kilometres or for such greater period (stated below) offered by the manufacturer/retailer or authorised agent.

2. Nothing in this warranty shall have the effect of negating any other rights which the purchaser shall have in law.

3. Any parts or accessories in or on the vehicle fitted by the manufacturer/retailer or authorised agent covered by any other warranty shall be deemed the responsibility of the manufacturer/retailer or authorised agent.

4. Any damage to the vehicle, property or persons, occasioned by or attributable to, a defect or malfunction of the vehicle (which defect or malfunction is covered by this warranty) shall be the liability of the manufacturer/retailer or authorised agent.

5. Should the vehicle be immobilized due to a defect covered by this warranty it shall be the responsibility of the manufacturer/retailer or authorised agent at his cost to collect the vehicle and to return it to the owner after rectifying the defect.

6. Where warranty repairs prevent the return of the vehicle to the owner the same day a similar vehicle shall be made available to the vehicle owner at the expense of the manufacturer/retailer or authorised agent.

7. This warranty may be enhanced by the manufacturer/retailer or authorised agent. Such enhancement shall be noted in writing on or attached to this warranty to be signed by the manufacturer or his agent and shall become appendices of this warranty and subject to clauses 1, 2, 3, 4, 5, 6, 7, 8, 9, 10.

8. Any terms of an agreement purporting to exclude, limit or modify the operation of this warranty, except as under clauses 7 and 8 above or to preclude any right of action or defence based on or arising out of any failure to comply with the terms of this warranty shall be void and of no effect.

9. The vehicle owner shall undertake to have the vehicle serviced by the manufacturers/retailers or authorised agents as near as possible to the reasonable recommended intervals and in the manner specified by the manufacturer. Failure to do this may invalidate this warranty to the extent of parts found defective due to lack of service, which may cease to be the responsibility of the manufacturer/retailer or authorised agent.

10. This warranty shall be void if the vehicle is used in any motor-sport and/or it can be shown that failure is due to unreasonable abuse.

N.B. It is implied that where the term "manufacturer/retailer or authorised agent" appears in this warranty that the manufacturer's appointed retailer or authorised agent becomes liable under the provisions of this warranty where the manufacturer resides outside Australia.

APPENDIX G.

DOCUMENT REFERRING TO CONSUMER PROTECTION ACT 1972 AS USED BY JAYWOOD MOTORS PTY. LTD.

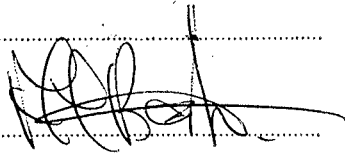
CONSUMER PROTECTION ACT 1972

I/WE HEREBY ACKNOWLEDGE AND CONFIRM THAT MY/OUR TRANSACTION WITH **JAYWOOD MOTORS PTY. LTD.** ORIGINATED AT MY/OUR OWN REQUEST AND THAT I/WE WERE NOT APPROACHED BY THE SAID **JAYWOOD MOTORS PTY. LTD.** OR ANY PERSON OR PERSONS ACTING ON THEIR BEHALF. I/WE CAME TO BUY FROM **JAYWOOD MOTORS PTY. LTD.** BECAUSE

I/WE SAW CAR WHILE PASSING  
YARD  
.....  
.....  
.....

DATE.....

SIGNED

.....  
  
WITNESS.....  
.....

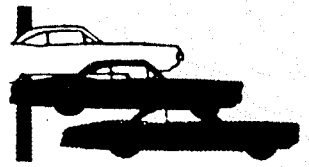
APPENDIX H.

"OPTION TO PURCHASE" AS USED BY ADAMS CAR SALES PTY. LTD.

**ADAMS CAR SALES** Pty. Ltd.

199 BALLARAT ROAD, FOOTSCRAY, VICTORIA. 3011

Telephone: 317 7496  
317 8264



OPTION TO PURCHASE

No 506

IN CONSIDERATION of the sum of \$ 150 paid to ADAMS CAR SALES Pty. Ltd. (the receipt whereof is hereby acknowledged) ADAMS CAR SALES Pty. Ltd. hereby grants to

of

an option to purchase from it the motor vehicle/goods chattels described in the schedule below for the sum of \$ 1190 upon the following terms and conditions:

1. This option may be exercised by you at any time within ONE days from the date hereof.
2. Upon the option being exercised the sum of \$ 150.00 now paid to ADAMS CAR SALES Pty. Ltd. by you will be credited as part of the deposit.
3. If you fail to exercise this option for any reason whatsoever, the sum paid by you under this option shall be immediately forfeited to ADAMS CAR SALES Pty. Ltd.
4. ADAMS CAR SALES Pty. Ltd. warrants that it is the true owner/agent of the owner of the said motor vehicle and that it has not for itself/agent for the owner entered into any agreement for the sale of the motor vehicle described in the schedule below and it agrees for itself/agent for the owner that it will not enter into any such agreement without your written consent.
5. Special terms— Mr. .... agrees that his vehicle ..... No ..... at an agreed value of \$ ..... be deemed to be the consideration of this option and that the said vehicle pass to ADAMS CAR SALES Pty. Ltd.

SCHEDULE

MODEL EM MAKE HOLDEN TYPE WAGON REGISTRATION No. ENGINE No.

INCLUSIONS (if any)

DATED this 16 day of APRIL 19 74.

ADAMS CAR SALES Pty. Ltd.

Per [Signature]  
Authorised Officer.

ACKNOWLEDGMENT

I/WE ..... the person/persons described in the Option to Purchase hereby acknowledge that prior severly and carefully read and understand I/WE to signature of this Option to Purchase the same including the terms and conditions thereof.

WITNESS: [Signature]

## APPENDIX I.

RECOMMENDATIONS AND CONCLUSIONS FROM A REPORT TO THE HON. F. M. HEWITT, M.L.C. MINISTER FOR LABOUR AND INDUSTRY AND MINISTER FOR CONSUMER AFFAIRS, N.S.W., ENTITLED "REPORT OF COMMITTEE APPOINTED TO INQUIRE INTO THE OPERATIONS OF COMPANIES KNOWN AS MUTUAL HOME LOAN FUNDS."

1. *Recommendations.*

After investigating the matters raised in the terms of reference and other associated areas relating to the operation of the companies known as mutual home loan funds, the Committee has defined three distinct problem areas which require separate remedial action.

(1) *Public Information.*

The complexities of the funds warrant the issue of a general report on the character and operations of the funds detailing the advantages and disadvantages associated with public investment for the purpose of obtaining home finance.

This report should be issued as a matter of urgency.

(2) *General Complaints from Members of the Public.*

A Tribunal empowered with the authority to deal with unsatisfactory consumer contracts should be created.

Dissatisfied fund members would have access to this Tribunal to show cause why they should be released from their home loans contract.

The existence of this Tribunal would force the funds to tighten their marketing and sales procedures to ensure persons joining the funds are fully conversant with all aspects of the funds and accordingly should prevent misrepresentations to prospective members.

(3) *Control of Fund Operations.*

The Committee is of the opinion that special legislation is needed to ensure that the funds are operated in such a manner as to protect the public interest and that this legislation should be administered by a public officer charged with the necessary discretionary powers.

The Committee generally believes that the Registrar of Co-operative Societies is the most appropriate officer to perform this function, although some members consider that the Minister should decide whether this task should be allocated to the Registrar of Co-operative Societies or to the Commissioner for Corporate Affairs or to some new authority.

Consideration should also be given to the appointment of an advisory board, capable of providing financial, actuarial and marketing expertise, to assist the regulating authority in determining, controlling and arbitrating these matters.

*Legislation should cover the following areas :*

(a) Control of the administration of the funds, e.g. all rules and regulations of fund should be reviewed and approved by the regulatory body to ensure that funds have adequate resources to properly conduct business. These include :—

- (i) Capital resources
- (ii) Management expertise
- (iii) Ability to borrow
- (iv) Marketing plan
- (v) Arrangements to finance subsidies of expenses in early years
- (vi) Adequate systems
- (vii) Plans to develop finance company component
- (viii) Controls over marketing (prospectuses, advertisements, salesmen).

(b) Security of the funds, that is capability, in extreme circumstances, of the particular fund being flexible enough to continue operations as well as achieving a reasonable, equitable balance between the interests of existing loan holders, future loan holders and paid up shareholders (e.g. controls relating to interest rates, waiting time, dividends etc.).

(c) The desirability of funds being controlled by management companies should be closely examined. If this function is essential the roles of both companies should be clearly defined together with the nature of transactions between them.

(d) The setting of reasonable brokerage and expense charges with close scrutiny of front-end loadings, management fees and expenses of management.

(e) The requirement of regular actuarial projections and certification relating to expectations in normal circumstances and flexibility in extreme conditions (including a report on the current and projected position of the fund as regards equity and security). All actuarial reports should be reviewed by the Government Actuary.

APPENDIX I.—*continued.*

(f) The requirement of gearing of the finance element to the home loans element (disposition of funds) and of borrowing to subscriptions in accordance with prescribed limitations.

(g) Consideration of surrender values according to actuarial opinion and implementation of cooling off periods.

(h) Safeguard the relative equity of all members, old and new, to ensure loans are made to all members after a reasonable waiting period and that realistic dividends are available.

(i) Control of priority numbers, forfeitures, fines, ballots, auctions and transfer of shares generally with power to nominate a person to the boards of the funds and suspend fund raising, lending and advertising where public interests may be at risk.

(j) Provision to the regulating body of auditors reports on ability to borrow, security of assets, source and application of funds, liquidity etc. together with regular presentation of adequate accounting information and statistics relating to new subscriptions, new loans, forfeitures and surrenders etc. Essential information (e.g. waiting time, number of loans allocated, number of members etc.) should also be available to members upon request.

(k) Power to investigate and obtain information from the funds and associated companies.

(l) Procedures for amalgamation of funds.

(m) Procedures for voluntary termination of funds together with judicial management and winding up provisions.

(n) Consideration of equal voting rights for shareholders.

(o) Consideration of value to members of option nominations in some funds.

(p) Dealings by directors, employees etc. should be prohibited or alternatively full disclosures should be made.

(q) Control over "package" finance deals, i.e. where bridging finance is provided pending allocation of a fund loan.