

VICTORIA

MINISTRY OF CONSUMER AFFAIRS

Report

of

**THE DIRECTOR OF CONSUMER
AFFAIRS**

For the year ended 30 June 1979

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

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No. 84

MINISTRY OF CONSUMER AFFAIRS

VICTORIA

To the Honorable J.H. Ramsay, M.P.,
Minister of Consumer Affairs,
Victoria.

Sir,

Pursuant to Section 8A of the Ministry of Consumer Affairs
Act 1973, I submit the Annual Report of the Director of
Consumer Affairs for the year ending 30th June, 1979.

Yours faithfully,

C. N. GESCHKE

Director of Consumer Affairs

Melbourne.
May, 1980.

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PART 1

INTRODUCTION

- 1.1 This is the fifth Annual Report of the Director of Consumer Affairs, and is made pursuant to Section 8A of the Ministry of Consumer Affairs Act 1973.
- 1.2 During the year the Market Court Act 1978 was proclaimed.
- 1.3 The Ministry of Consumer Affairs is now responsible for the following Acts :-
- Act 6815 Disposal of Uncollected Goods Act 1961
 - Act 6973 Building Contracts (Deposits) Act 1962
 - Act 8276 Consumer Affairs Act 1972
 - Act 8408 Motor Car Traders Act 1973
 - Act 8442 Ministry of Consumer Affairs Act 1973
 - Act 8486 Small Claims Tribunals Act 1973
 - Act 9196 Market Court Act 1978.

AMENDMENTS TO LEGISLATION

Market Court Act 1978

- 2.1.1 This Act, which came into operation on 1st June 1979, provides a judicial process to restrain persons from continuing undesirable trade practices.
- 2.1.2 The Court comprises a President, who is a Judge of the County Court, and two advisory members, one to represent the interest of traders and one to represent the interest of consumers. Only the Director of Consumer Affairs is able to apply to the Court for an order against a trader.
- 2.1.3 The Court is able to make an order against a trader either totally prohibiting him from engaging in unfair conduct or prohibiting him from entering into contracts with consumers unless those contracts comply with the terms and conditions specified by the Court.

- 2.1.4 Penalties up to \$5,000 are provided for persons who fail to comply with an order.
- 2.1.5 Provision is also made, as an alternative to Market Court action, for the Director to enter into deeds of assurance with traders that they will refrain from engaging in conduct which is unfair to consumers.

Consumer Affairs Act 1972

- 2.2.1 The principal Act was amended by the Consumer Affairs (Amendment) Act 1978 which, apart from the provisions relating to furniture labelling, was proclaimed to operate from 1st January 1979.
- 2.2.2 The Amendments -

Organisation of Consumer Affairs Bureau

- (a) Removed the existing references to Consumer Affairs Bureau and Chief Executive Officer from the principal Act. Powers of the Bureau and the Chief Executive Officer are now exercised by the Director of Consumer Affairs.

These changes will make the organisation of the work of the Ministry of Consumer Affairs easier to arrange and to understand.

Door to Door Sales

- (b) Extended the protection of the ten day cooling off period under the Door to Door Sale provisions of the Principal Act to cash sales in excess of \$50. Previously the cooling off period applied to credit purchase agreements only, and unscrupulous traders were circumventing the Act by various arrangements.

Furniture Labelling

- (c) Gave effect to provisions of a Model Furniture Labelling Bill agreed by the States and the Commonwealth. The Model Bill prepared by Victoria, largely followed the existing provisions of the principal Act, but provides for flexibility in the method of labelling furniture and extends the requirements to all furniture. It has been subsequently ascertained that manufacturers of upholstered furniture were experiencing considerable difficulty

in complying with the requirements for the labelling of such furniture as to filling with material. It is, therefore, proposed to further amend this legislation to overcome the difficulties and for this reason these provisions have not yet been proclaimed.

Advertising of Prices

- (d) Made provision for the Governor-in-Council, on the recommendation of the Minister, to prescribe the manner in which the offer of goods may be made. The existing provision relating to the marking of prices required traders to state the present price when they advertise that the price of goods or services has been reduced. This provision worked well for single items, but difficulties were experienced where there were large range of items on sale and individual prices could not be advertised or where there was a considerable range of sizes such as blinds, awnings or curtains and it was not practical to cover each size in an advertisement.

OPERATIONS AND EFFECTIVENESS OF THE MINISTRY

- 3.1 As stated in previous Reports, the prime objective of the Ministry is to create and maintain a fair market place. What is fair today may not be fair tomorrow, just as what was considered acceptable 10 years ago is not necessarily acceptable today. Social values alter as do business ethics. The market place is constantly undergoing changes as new products, new schemes and new services are developed or provided. It is also undergoing changes as unethical or fraudulent entrepreneurs develop new skills and ruses to deceive the unwary and the gullible.
- 3.2 Complaints on products or services do not necessarily mean the market place is unfair. Lack of communication, uninformed purchasers or traders can lead to the wrong product for a particular use being sold or else incorrect use by a consumer. Occasionally a product will fail because of an unforeseen fault. These are the hazards of the market place which common sense and reasonableness can overcome.
- 3.3 On the other hand, there is the small percentage of business people who realize there is a misunderstanding and rely on this to get a sale. Similarly, some advertising is used not to inform but to misinform. In these instances a penalty or control of the trader is necessary.

- 3.4 To create a fair market place the Ministry of Consumer Affairs has a number of tools to use :-
- . Education of consumers to enable them to make a proper choice
 - . Education of traders to encourage the use of codes of practice and the provision of adequate information on products to enable the consumer to make a proper choice
 - . Enforcement of legislation where intentional breaches of Acts, designed to promote a fair market, has occurred
 - . Development of consultative relationships with both consumers and traders to reduce the cause of complaints and ensure proper redress is given to justifiable complaints
 - . Examination of the market place to determine trends and practices and the provision of such information and opinion to other agencies, such as the Law Reform Commission, Trade Practices Commission to enable effective action to be taken
- 3.5 The use of all tools as appropriate are necessary if the objectives of the Ministry are to be achieved.
- 3.6 The progress during the year on the first three of these is discussed in the relevant sections :-
- . Consumer Education
 - . Country Services, and
 - . Alleged Breaches and Prosecutions
- 3.7 As to the fourth there is more work required in respect of traders and the plans to set up a trader relation section have not eventuated because of staff ceilings. This is an essential area if consumer complaints arising through inadequate communication and lack of information are to be reduced.
- 3.8 The need for ceilings is acknowledged, but its introduction during the formative years of the Ministry has meant that many commitments cannot be met. The larger, older departments have, in the main, been staffed to broadly meet their established tasks. But in the Ministry this is not the case. A review of the Annual Reports shows that each year there have been further tasks added and an increased demand to respond to externally generated pressures which, if not met, mean that an informed voice is not heard.

- 3.9 The Law Reform Commission's references involve many issues affecting consumers. It is only by providing information and opinions that changes for the better can be made. To date, the Ministry has submitted papers on :-
- Privacy Law
 - Debt Recovery and Insolvency
 - Insurance Law
 - Class Actions
- 3.10 At the time of writing, there is also a Law Reform Commission reference on Privacy: Credit Records.
- 3.11 The Trade Practices Commission also circulates the Ministry in respect of proposed information guidelines and applications for authorisations of various agreements under the Trade Practices Act. Some of these are :-
- Master Builders Association Contract
 - Interbank Agreement (Bank Card)
 - Insurance Council of Australia/Insurance Practices Agreements, etc
 - Media Council of Australia/Mail Order Advertising Code
 - International Air Transport Association - Accreditation and Bonding of Travel Agents
- 3.12 It is essential that the Ministry make comment on those matters which affect consumers or are likely to interfere with the fairness of the market place. Unfortunately staff capacity is not adequate to meet all of these commitments by the deadlines of the Trade Practices Commission.
- 3.13 There has also been a not inconsiderable amount of effort spent on examining the matters relating to Petroleum Marketing, Packaging and Labelling, Deceptive Packaging, Residential Tenancy and the development of standard contracts for some consumer transactions.

- 3.14 Although ceilings have been applied to staff there have been no ceilings applied to the level of complaints or enquiries nor to those other tasks which are constantly thrust at the Ministry. Having a small staff, the lack of capacity has had more deleterious effects than had there been a larger initial staff organised and adequate to broadly meet commitments.
- 3.15 In terms of investigation of breaches of the Consumer Acts, actions before the Market Court and action by the Director under Section 9 of the Consumer Affairs Act have lapsed or not been taken up because of a lack of legal staff capacity. The lack of legal capacity has been referred to in previous Reports, but because of the reliance of the Ministry on legal services provided by the Department of Labour and Industry, requests for additional staff must be made by that Department and priorities of the Ministry are not always met.
- 3.16 Despite shortages of staff, the Ministry has functioned surprisingly well; and credit is due to the devotion, enthusiasm and loyalty of all staff concerned.
- 3.17 Consumer Affairs is rather a unique area in that where staff of most departments give advice only on the Acts they administer, a consumer affairs officer is expected to be conversant not only with the Consumer Affairs Acts, Trade Practices Act but also every conceivable ramification of every consumer transaction in the market place. He is dealing with a situation which has irritated the hip pocket nerve of the consumer, a nerve which is more sensitive, more prone to emotion and makes him more persistent than any other.

ORGANISATION

- 4.1 Reference has been made in previous Reports to the difficulties that have arisen because of the split responsibility and authority that exists between the Director of Consumer Affairs and the Secretary, Department of Labour and Industry.
- 4.2 Although at the time of writing this Report, the situation has not changed, a Corporate Management Review has been made which raises a number of fundamental issues confronting the Ministry, one of which is the organisational and functional relationships between the Ministry and the Department of Labour and Industry, particularly between the executive staffs of each.

- 4.3 A number of recommendations have been made which hopefully should resolve these issues. It would clearly be more satisfactory if changes were made to allow a more effective operation of the Ministry by now defining the responsibility for executive implementation of policy to overcome the uncertain and anomalous position created by conflicting directives in the Consumer Affairs Acts and the Public Service Act.

COMPLAINT/CLAIM HANDLING

- 5.1 The trend in the number of written complaints received by the Ministry (the Consumer Affairs Bureau until 30th June 1974) is :-

	<u>CAB</u>	<u>SCT</u>	<u>MCTC</u>	<u>TOTAL</u>
30 June 1971/72	2,359			
1973	3,718			
1974	5,832			
1975	8,295	998		9,293
1976	8,922	1,630		10,552
1977	10,031	2,318	788+	13,137
1978	9,941	2,975	895*	13,811
1979	10,122	3,006	599*	13,727

* Financial Year

+ Calendar Year

- 5.2 The table does not disclose the number of complaints made to the Ministry verbally which some years ago would have resulted in a written complaint, but are now often settled by a phone call to the trader, or by giving the consumer the name of a person in the trader's organisation who should be contacted. This procedure has been further developed in the year under review, in both the Consumer Affairs Bureau and the Motor Car Traders Committee, and accounts for what at first appears to be a down-turn or levelling out of complaints.
- 5.3 Discussions on complaint patterns in the Small Claims Tribunal is in Section 6.1 and Appendices D and E and for the Motor Car Traders Committee in the separate report to Parliament.

- 5.4 In regard to the Consumer Affairs Bureau, a further table has been included this year which correlates complaints in terms of product and practice. This is at Appendix C. Appendices A and B provide a classification according to products/services and practices respectively.
- 5.5 In terms of product/service complaints there are a few significant changes from the pattern of the previous year. Some of these are the drop in complaints on television receivers from 212 to 142; the increase in complaints on new cars from 544 to 626; radio and hi-fi equipment from 34 to 68 and drapery 56 to 161.

SMALL CLAIMS TRIBUNALS.

- 6.1 During the financial year, the Small Claims Tribunals received 3006 claims as compared to 2,975 in the year 1977/78. At Appendix D and Appendix E are analyses of the claims determined during the year, classified as to product or service and as to the business practice.
- 6.2 An examination of these Appendices will show that with the exception of travel where the claims increased from 11 in 1977/78 to 49 in 1978/79, there were no significant variations. In terms of business practices, however, there was a significant decrease in the number of claims regarding unsatisfactory servicing or repair with a drop from 351 to 93, and in non-performance of contracts a drop from 136 to 24. These were offset by significant increases in claims for faulty or unsatisfactory products jumping from 847 to 1,424 and for unsafe or hazardous products or service from 11 to 46. As to the claims relating to guarantees and warranties, these dropped from 100 to 27. It should be noted that the appendices refer to claims determined showing an increase in claims determined from 2,794 for the year 1977/78 to 3,110 for the current year.
- 6.3 The large comparative increase in claims relating to the travel industry requires some special mention. The majority of the claims concerned damages for non-pecuniary loss with respect to package holidays, and to the interpretation of travel insurance policies for non-refundable advance purchase air fares for overseas travel. With respect to the travel insurance claims, the majority disputed the interpretation of the exclusion clause in all policies which precludes an

effective claim. In circumstances where there is a pre-existing illness or condition which causes the cancellation of the proposed trip. In almost all claims, it was clear that the claimants effecting the insurance did so without any clear explanation being given as to the nature of the exclusion clause and its effect. There is no doubt that the claimants before the Tribunal believe that the insurance policy covered all risks and in some cases specifically covered pre-existing illnesses.

- 6.4 Travel and Travel Insurance problems are discussed in Part 2 of the Report.

There seems to be need for changes in the restrictions imposed on refund of advance purchase air fares and a clear explanation of the exclusion clauses in the policies.

Suburban and Country Hearings:

- 6.5 During the financial year, the Small Claims Tribunals visited the following country and suburban centres :-

<u>Country Centre</u>	<u>No. of Times Visited</u>
Ballarat	4
Benalla	2
Bendigo	5
Bentleigh	33
Dandenong	15
Echuca	1
Geelong	9
Hamilton	1
Horsham	1
Mildura	1
Mooroopna	1
Morwell	7
Seymour	3
Wodonga	1
Warrnambool	2

Matters Referred to the Supreme Court

- 6.6 On 13th February 1979 the Honorable Chief Justice of Victoria (Sir John Young) in the matter of The Queen against the Referee of the Small Claims Tribunal and Amelia Ethel Burford ex parte Rostill Pty Ltd found

that prohibition proceedings issued in the Supreme Court by Rostill Pty Ltd against the Tribunal were issued without proper foundation and that questions of jurisdiction must be determined by a Referee of the Small Claims Tribunals and not the Registrar.

- 6.7 On 26th June 1979 the Full Court of the Supreme Court of Victoria decided in the matter of The Queen against The Small Claims Tribunal and Dr. John Graham Munro ex parte Escor Industries Pty Ltd that the manufacturer of the caravan which was the subject of a claim before the Small Claims Tribunals, could have an Order made against it within the terms of the Small Claims Tribunals Act 1973.
- 6.8 Escor Industries Pty Ltd the manufacturer claimed that as the consumer had no contract with it, the Tribunal had no power to make any Order.
- 6.9 During the year under review, three additional part-time referees were appointed in order to increase the flexibility of arranging sittings throughout Victoria.

Respondents in Claims Heard in Small Claims Tribunals which Require Special Mention:

Del Monte Home Furnishings Pty Ltd trading as
The Furniture Factory, 408 City Road, South
Melbourne & 330 Warrigal Road, Cheltenham

- 6.10 There were 22 claims lodged against this company which related to excessive delays in delivery of goods purchased. Between 3-6 weeks delivery times were quoted but these often extended to 12-13 weeks and even then the wrong suite or inferior products were delivered. There are allegations of high-pressure sales tactics and misleading advice given in respect of deposits and there were claims of faulty goods, goods not being supplied as ordered, and damaged goods being delivered with unreasonable delays in getting the company to accept responsibility. Of the 22 claims, 11 orders were made or settlements agreed during the Tribunal hearings, 7 were withdrawn after the company remedied the matter, 2 were dismissed and 2 adjourned sine die. The 7 claims withdrawn does not indicate they were not justified but show that the consumer, after negotiations had failed to achieve satisfaction from the company, had to resort to lodging a claim with the Tribunals before the company took appropriate remedial action.

Rinfune Pty Ltd trading as Yankee Bros
Cnr Waverley & Warragul Roads, Chadstone

- 6.11 8 claims were lodged during the year. These related to such matters as a television set sold as a demonstration model but in fact was claimed to be an ex-renal set of 7-8 years old, television sets which broke down after one hour and subsequently 1½ hours use, recurring faults with a television not fixed and faulty domestic appliances.

Filippone Brothers (Vincent, Victor & Peter)

- 6.12 2 claims were lodged during the year in which orders were made for the respondent to pay the claimants, however, the distress warrants have not been satisfied. There were further claims in the current year where orders have been made and again these have not been satisfied.
- 6.13 There have also been numerous complaints lodged with the Consumer Affairs Bureau. Consumers have great difficulty in finding out which one of the brothers they contracted with, Bailiffs and Ministry staff have similar problems. There seems little doubt that this confusion is deliberately brought about by the actions of the brothers who seem to ignore the decisions of the Small Claims Tribunal.
- 6.14 These businesses are currently being investigated by the Ministry.

ALLEGED BREACHES/PROSECUTIONS

- 7.1 As at 1st July 1978 there were 125 alleged breaches under investigation, and during the year to 30th June 1979, a further 294 alleged breaches were formally reported to the Ministry. Again in this year, because of pressure of other work, no spot investigations were made by inspectors.
- 7.2 As mentioned in the previous Annual Report, it was considered undesirable for an inspector who is negotiating with a trader over the resolution of a complaint to also investigate a breach of the Consumer Affairs Act with the same trader, as there is always the suggestion that a trade-off situation could arise. It would not be too difficult for a trader to believe that

if he gives redress on a complaint, perhaps even an unjustifiable complaint, this may in some way mitigate the offence for which he is being investigated. Obviously justice would not be done. A separate alleged breaches team was therefore set up within the Ministry and the 4 officers forming this team are completely removed from the investigation or resolution side of complaints. This reorganisation has worked particularly well and has avoided the possible conflict mentioned above. The role of the team has had to be expanded to cover not only alleged breaches but also the investigations preliminary to actions in the Market Court. This has imposed a considerable extra workload which is not reflected in the alleged breaches statistics referred to in paragraph 7.7.

7.3 Additionally, the workload has also increased in trying to establish some practical system of handling numerous enquiries to the Ministry where consumers believe that misleading advertising has occurred. There has been a growing tendency for trading groups and large stores to issue sale catalogues at various times during the year. The production of these catalogues requires a considerable effort, a lot of forward planning and an assumption that goods which have been ordered will arrive in time for the sale. Every now and then, goods do not arrive or despite the extensive checking made by the stores, an error will occur in the advertised price or in the drawing or illustration of a product. The Ministry has to be sure that such deficiencies or errors are as a result of a genuine mistake or a failure beyond the control of the trader and in the majority of cases investigated this has been found to be the position. There are a few instances, however, where it would appear that there has been an offence under the bait advertising provisions of the Act. The Ministry is, therefore, instituting a system whereby, if a trader is aware of an error in a catalogue, they can advise the Ministry of this error and take measures which will alert customers to the error by the placing of suitable signs within the store near the products being sold. The Ministry is then in a position to advise consumers of its knowledge of such errors and so put the consumer's mind at rest that there is no intention in that particular instance to deceive.

7.4 Unfortunately some of these errors are not discovered until after the catalogues have been distributed and it is, of course, impossible for a trader to take appropriate measures to advise all recipients of the changes. The alleged breaches team have been given the

responsibility for liaison with traders on these matters but, of course, still investigate some cases where it is suspected that the trader has not taken reasonable action or there is a suggestion of bait advertising.

- 7.5 With the current staff ceilings, there has to be a system of priorities in handling reported breaches and it is unfortunate that the vast majority of breaches cannot be pursued. Assessments have been made of the time involved in investigating a complaint and bringing it before a court and all too often the inspectors spend more time in a court waiting for a case to be heard than may be involved in investigation of the breach. It is not unusual to have 2 inspectors and the Ministry's solicitor sitting in court for some 4-5 hours before a case is heard. The work of the alleged breaches team of the Ministry is also inhibited by the lack of legal capacity available to the Ministry,
- 7.6 It is pleasing to be able to report that there has been excellent co-operation and advice from other authorities at Federal, State and local Government levels, especially the Victorian Police in facilitating the work of this section.
- 7.7 During the year 233 alleged breaches were finalised as follows :-

Prosecuted successfully	14
Prosecuted unsuccessfully	1
Case adjourned	Nil
Offence established - decision not to prosecute (warnings issued in 22 cases)	41
No apparent breach, allegations unjustified	113
Investigation inconclusive, evidence inadequate	48
Trader insolvent, liquidation or disappeared	10
Elapse of time prevented prosecution	3
Section 64 action resolved by reply	1
Referred to Trade Practices Comm.	2
	<u>233</u>

1978/797.8 Analysis of Prosecutions

	<u>Number of Informations</u>			<u>Total</u>
	<u>Convicted</u>	<u>Adjourned</u>	<u>Dismissed</u>	
<u>Consumer Affairs Act</u>				
<u>Section</u>				
13 (1)	14	-	1	15
13 (2A)	6	-	-	6
13 A(1)	1	-	-	1
15 (1)	1	-	-	1
20 A(1)	2	-	1	3
32 F	2	-	-	2
36	5	-	-	5
64	1	-	-	1
	<u>32</u>	<u>-</u>	<u>2</u>	<u>34</u>
<u>Motor Car Traders Act</u>				
<u>Section</u>				
40	3	-	-	3
55	2	-	-	2
<u>Regulation</u>				
403	4	-	-	4
405	1	-	-	1
	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
<u>Building Contracts</u>				
<u>(Deposits) Act</u>	2	-	-	2

CONSUMER EDUCATION

- 8.1 The Ministry continued with its consumer education programme of trying to reach as broad a cross-section of consumers as possible. This was done in a number of ways.

Press Releases

- 8.2 These were released when it was felt that specific warnings should be given to alert the public to particular unethical practices or hazards.

Radio Programmes

- 8.3 Again during the year each Monday morning the Ministry participated in the Elizabeth Bond programme on 3LO. This Monday segment involved discussion of particular topics, advice to consumers and business people and talk-back sessions.
- 8.4 The programme was particularly successful as it reached consumers and business people over most of Victoria. A regular segment was to inform country persons of the towns to be visited by the Consumer Affairs Mobile Unit during the week.
- 8.5 The dropping of the programme by the ABC was unfortunate and has inhibited the effectiveness of the Ministry in developing consumer awareness in the community. The programme was particularly useful in that it was heard by a larger section of the business community, alerted them to changes in legislation and trends in the market place. The Ministry is most grateful to Elizabeth Bond and the producers of that programme, and sincerely appreciated the assistance and co-operation given by traders, manufacturers and professional persons following various items or complaints discussed on the programme.
- 8.6 Officers of the Ministry participated in other radio sessions involving interviews, discussions and talk-back on both metropolitan and country radio. Seven 5 minute segments were recorded for 3EA.

Television Programmes

- 8.7 The Ministry was represented on a regular fortnightly basis on ATV-O's 'Everyday' programme from February 1979. In addition, several appearances were made on other channels including country television.

Press

- 8.8 The 'Consumer Watch' series in The Herald has continued to provide an effective service to consumers in awareness of pitfalls and information.

Articles and material were supplied for publication throughout the year to various newspapers and magazines.

Newsletters (Guidelines)

- 8.9 The Ministry is producing a Newsletter or Guidelines on specific topics as the need arises to explain the Ministry's position, and in the past year the following became available :-

The Use of Credit Notes
Lay-bys
Introduction Agencies
The Market Court, and
Suggested Clause for Sale Notes in relation to
the purchase of land or a house

Roneoed Information Sheets

- 8.10 These are made available mainly for the use of teachers and students and cover :-

The Motor Car Traders Act
Second Hand Vehicle Check List
Consumer Protection Legislation in Victoria
Pyramid Selling
Door to Door Sales, and
Mail Order Goods

Pamphlets

- 8.11 A pamphlet or booklet of consumer advice especially for migrant use has been drafted and it is anticipated this will be translated and available in the coming year.

The Ministry publications available are listed at Appendix F.

Videotape

- 8.12 Close liaison was maintained with Educational Television Services of the Education Department, which produced a 20 minute videotape on the Small Claims Tribunal suitable for use in schools. The video covers from the purchase of a dress by the consumer (a girl), attempts to get redress and finally a hearing of the Small Claims Tribunal. This video has been well received by schools.

Film

- 8.13 At the time of writing, approval has been given for the production of a second film. It is intended that this film will be produced in eight ethnic languages as well as English.

Addresses and Lectures

- 8.14 During 1978/79 the Ministry continued to address a cross-section of the community and accepted 126 speaking engagements, covering the metropolitan and country areas, for the following categories of groups:-

Trade and Professional Groups	28
Educational Institutions	36
Citizens Advice Bureaux/Legal Aid	5
Migrant/Welfare/Unemployed Groups	5
Community Groups/Service Clubs/ Church Associations/Parent Groups	52
	126

These are in addition to those listed in the Country Services section of the Report.

Consumer Education Officers Conference

- 8.15 Consumer Education Officers from all States met in Canberra in September 1978. Ways were explored to reach the most disadvantaged consumers. Suggestions were made as to how to combine resources most effectively to avoid duplication of effort. A quarterly newsletter now informs education officers of consumer education activities by other States.

COUNTRY SERVICES

- 9.1 The country service activities of the Ministry continued throughout the current year visiting 137 country centres and regularly attending the regional offices at Ballarat, Bendigo, Geelong, Moe and Traralgon. On 26th February 1979 a regional office was opened at Wangaratta.

- 9.2 Regional offices are mainly Department of Labour and Industry offices which are used on a regular 1 or 2 days per month basis. For those interested in statistics the following information on these operations is detailed :-

Regional Offices:

Interviews Conducted	651
Alleged Breaches Investigated	11
Discussions at Traders' Premises re. Complaints	49
Talks to Schools, Service and Community Organisations and Trader Groups	42
Complaints Taken	193

Country Towns:

Number of Visits to Country Towns	137
Interviews Conducted	1,663
Alleged Breaches Investigated	3
Discussions at Traders' Premises re. Complaints	124
Media Interviews, Talks, etc	58
Talks to Schools, Service and Community Organisations, and Trader Groups	290
Complaints Taken	139

- 9.3 The primary role of the Country Services unit is to provide information to consumers and traders, by personal discussion, addressing groups, and talks on the media. The above figures illustrate this role. Inevitably, however, there will be occasions when complaints are lodged and these are followed up by the Consumer Affairs Bureau in the normal way. It is considered that the Country Services operations have been most successful in achieving the primary aim although there is a need to expand these services to allow more frequent visits to some towns. It is far better to stop a complaint arising than to handle one, and the Country Services operations can make a valuable contribution to this objective.

- 9.4 At one time there was some diffidence in parking a Ministry of Consumer Affairs vehicle outside a particular shop in a country town and quite naturally some traders suspected that this may suggest some criticism of business or it may induce consumers to complain who would not otherwise have done so. Fortunately, there now does not appear to be any trader resentment and it is generally recognised as a service being provided to assist both consumers and traders. Furthermore the siting of the vehicle in the main shopping centre or adjacent to the shopping centre seems to have generated more interest by passers-by than would be the case by having an office opened in a particular area and consumers and traders readily approach the mobile unit because of its accessibility.
- 9.5 Quite often matters are raised which indicate the difficulties that small businesses are experiencing in country areas. In the main these are referred to the Small Business Development Corporation but there are others which are outside both the Charter of the Ministry and the Charter of the Small Business Development Corporation. These matters are referred to in the section headed 'Small Businesses'.
- 9.6 The Ministry is most grateful to the country radio, television stations and newspapers who gave publicity not only to the visits of the Ministry mobile unit, but also provided an opportunity for the officer to contact the general public and advise of trends in consumer affairs and problems faced by consumers and traders. Without this generous assistance the work of the Ministry would not have been as successful.

PRODUCT SAFETY

- 10.1 There are continuous references to the Ministry by consumers and traders on products which are considered dangerous in their normal operation or hazardous given certain circumstances. The Ministry has encouraged manufacturers to advise it of recall programmes or of instances where a product can become dangerous. This has proved extremely useful not only to the Ministry but also to manufacturers in that there are always those consumers who, despite what references or procedures are made in advertisements, will contact the Ministry of Consumer Affairs when they see a recall notice or a warning on a faulty product seeking information

as to what should be done. By being forewarned the Ministry is able to advise the consumer what person to contact or the procedure to be adopted.

- 10.2 Australia has become a national market and there is considerable pressure generated by the media operating on national television programmes highlighting the safety aspects of various products. There is also an arrangement between States and the Commonwealth that any State which is alerted to a hazardous product either in design or through a fault will contact the Secretariat of the Commonwealth/State Consumer Products Advisory Committee who will in turn alert other States as to the problem product. This system has worked well. In Victoria there is provision to call up mandatory standards for products under the Consumer Affairs Act however there is no provision to ban products which may be dangerous unless these products fall within the responsibility of another department; there are, however, many products that do not.
- 10.3 Although todate the Ministry has been reasonably successful in having manufacturers or importers withdraw items from sale which are found to be dangerous, there are a number of goods coming on to the Victorian market which have been banned by other States. These can be handled by a number of importers, wholesalers or retailers. On some occasions the Ministry has had difficulty in ascertaining source of supply or in ascertaining which retailers have certain products in stock which have been banned or are subject to a control order in another State.
- 10.4 The sale of a number of products is prohibited under the Trade Practices Act, but in the main the Act controls corporations and is not effective against non-corporate businesses, which often sell the prescribed items. If Victoria wishes to also control the sale of these products it will be necessary to amend legislation to provide the appropriate powers.

PROBLEMS OF SMALL BUSINESSES

- 11.1 Over the 5 years since the Ministry has been established there has been an increase in complaints from small businesses, including sole proprietors, farmers and owner drivers, that they have been disadvantaged in the market place. Although the Consumer Affairs Act does

not define what is a consumer, administratively, as a matter of principle, and because of limitation of resources, the policy has been to regard this group of persons as being beyond the responsibilities of the Ministry. Many people who may be good tradesmen or may have some entrepreneurial ability go into business for themselves perhaps as an electrician, plumber, motor car mechanic, or else purchase a corner milk bar or delicatessen or are attracted by the prospects of working for themselves by owning a delivery truck or becoming a farmer. This transition unfortunately does not immediately prepare them for coping with their business problems; had they been ordinary consumers they could have obtained some assistance from the Ministry of Consumer Affairs. It is not certain at what point a person who buys a franchise to deliver goods or make products in his own home, is transferred from a consumer to a business person. Similarly, if a person invests in a pine forest scheme, at what stage does his complaint about misrepresentation move out of the responsibility of the Ministry.

- 11.2 Often there have been complaints from single person business or family milk bars and other shops that they have been misled into buying various products which have turned out to be faulty and unuseable. In some instances, they have been the victims of an unscrupulous promotion activity to sell various goods which they have bought and then find there is no promotion. In other cases they have become the victims of publishing houses in respect of advertisements for charity or for their business. The farmer buying a tractor or other implements is at a loss as to his remedies against the manufacturer. There are many unfair and unethical practices which affect small businesses and farmers and it is considered that there should be some machinery or some agency to which they can turn for help to resolve their dispute. Approaching a solicitor is not necessarily the answer nor are the remedies available through the courts under the Trade Practices Act. Notwithstanding the above, the Ministry has resolved some of these complaints and has found that not only are the complaints justified, but the losses to the individual, especially with owner driver businesses, are considerably greater than to the average consumer in the normal course of complaints.

WORK OF CONSUMER AFFAIRS ORGANISATIONS

- 12.1 In Victoria there are some 43 voluntary consumer groups ranging from those that handle consumer problems generally, to those which handle specific areas. The groups are both metropolitan and country and comprise many people who devote a considerable amount of time and energy to help others. These regional groups, particularly those in Gippsland, have made a valuable contribution to consumer affairs, and their work is much appreciated by the Ministry.

CREDIT REPORTING ACT

- 13.1 Under the Credit Reporting Act 1978 Section 14 of the Act provided for the Attorney-General to submit an agreement to the Governor-in-Council for approval. The Governor-in-Council approved such an agreement which came into operation from 21st August 1978. This agreement provided a procedure so that when a credit granter obtained a bureau report on a consumer and such report was the principal reason for declining credit or hire facilities, then the credit granter would give the consumer a letter advising of this and the consumer may approach the credit granter for details of the credit record and where the consumer considered the record to be in error and it was not corrected by the bureau, then the consumer could refer the matter to the Director of Consumer Affairs for investigation.
- 13.2 For the year ending 30th June 1979, six persons had written to the Director advising that they had been refused credit as a result of a credit record which in their opinion was incorrect.
- 13.3 In two of these cases the credit reports were found to be incorrect and were appropriately amended. In one case, the credit record listed an outstanding summons for which there was unlikely to be a hearing in the foreseeable future, although the case was being defended. Following discussions with the credit applicant a court order was applied for under Section 7 of the Act and an order was made by the magistrate that the credit record should be deleted. This was done. In one case credit for a radio rental credit had not been refused but the address of the lessee was outside the normal operating area of the rental service. In two cases the Director did not agree that the credit records were incorrect and no change was made.

PART 2MATTERS ARISING FROM THE INVESTIGATION OF COMPLAINTS
AND REFERENCES TO THE MINISTRYBAD BARGAINS - NOT REALLY A CAUSE FOR CONSUMER
COMPLAINT

1.1

It is a fact of life that every now and again everybody will get a bad bargain. This can arise not through any misrepresentation or fault in the product, but simply because one's expectations of what a product will do are not achieved in the use of the item. Many products come on to the market with claims that they can achieve a certain performance. For example with soap powders, or detergents, or cleaning agents, it is possible to find a number of housewives each preferring a different product for a specific purpose. By trying various products, they decide on one which to them is the best. This does not mean that the other products are unsatisfactory. A similar situation would occur with interior and exterior paint. Some painters swear by one brand of paint, while others prefer another because with the first brand it does not perform as well as they would expect. Similarly, consumers have preferences for different cars, or clothes, or household goods, and in a properly competitive market, one's choice is influenced by performance and price. In exercising this choice, one often finds on trying a product that it is not satisfactory for their particular use, and so they have got a bad bargain.

1.2

A similar experience can be had with eating at different restaurants, or a visit to the theatre. One may pay a larger sum for a dinner but find there is not the same value as eating at a much less expensive restaurant. This is in essence a bad bargain but on the other hand it may well be a good bargain to others who have different tastes or place greater value on decor, atmosphere or service than perhaps on quality and quantity of the food; to this latter group it could well be a fair bargain. Similarly, seeing some films, despite a good review, can be considered a waste of money and time. In buying a used car or second-hand

goods, one exercises judgement as to whether it is fair for the price. When this judgement is wrong, it is a bad bargain. Occasionally a consumer will expect the Ministry to take action because of a bad bargain they have made, and it is not unusual to find that the complaint really arises through a change of mind on the part of the consumer, or that they have found the same product cheaper elsewhere. These bad bargains do not justify a complaint to the Ministry of Consumer Affairs. They are in essence the reflection of the good and bad choices that are made in every day living.

- 1.3 To reduce the incidence of bad bargains, the remedy lies with the consumer in determining what they need, listening to the experience of others, shopping around and making an informed decision. No amount of legislation or Ministry action can prevent all of us occasionally getting a bad bargain.

BANKCARD

- 2.1 During the year complaints were received concerning two aspects of Bankcard.
- 2.2 The first related to the due date, and customers considered that where they had paid the Bankcard account at a bank by the due date, they should not be charged interest for any delays in transmission of their credit to the central office of Bankcard. The customers said that invariably any cash advance given by a bank was debited to their Bankcard on the same day and if this could be done, it could not be seen why a credit could not be treated as expeditiously. This issue has been taken up with the Bankcard authorities over the years and at the time of writing, the Ministry has received advice that procedures are being altered so that credits paid to banks will be credited on the day the payment is made at a bank. The Ministry's argument, which has supported that of the complainants, is that a customer should not have to calculate how much time a bank should take to transmit a credit to the head office of Bankcard. It is accepted, however, that if they paid by cheque and mailed it direct to the Bankcard head office, then they would need to take into account the seemingly inevitable delays in the mail.

- 2.3 The second matter arose over the practice of some banks where a customer with a Bankcard changed his bank. A number of bank officers advised the Ministry that it was not an uncommon practice in these instances to pay out the customer's old Bankcard and debit his new Bankcard with their bank with a cash advance.
- 2.4 The effect of this is to deny the customer the interest free period between the date he changed banks and the due date on his old Bankcard's account. For example, a customer purchases goods on his Bankcard and a few days later changes banks. If he had not changed banks, he would have had until the due date of his Bankcard statement to pay for these goods without attracting an interest charge. However, the practice of cancelling the old Bankcard by paying it out with a debit to his new Bankcard means that the transaction on the new Bankcard is treated as a cash advance and so attracts interest from that day.
- 2.5 It is considered that this is an immoral practice and the Ministry would expect that bank officers would advise their customers to continue with the old Bankcard until it was paid out and then apply for a new Bankcard with their bank. There is, of course, no objection to a person having two Bankcards with different banks.

FRANCHISING

- 3.1 During the year under review, the Ministry received further complaints regarding fraudulent, misleading or unviable franchise schemes for the marketing or distribution of products or the carrying out of service. Franchising usually is a justifiable method of marketing products or carrying out services, however, a number of unethical people have been involved in franchising schemes where the emphasis is on the sale of franchises rather than on the sale of products or the carrying out of service.
- 3.2 Dubious franchise operations seem to come in cycles. In the main they have a number of points in common: the offer of attractive though rarely obtainable incomes, the payment of a high price to obtain the franchise, and the promotion of a product or a service which has often not been tested in the marketplace. All too often unemployed persons enter into a franchise

with a view to obtaining some employment and a reasonable income. Many have to borrow the franchise fee, usually between \$5,000 and \$8,000 and many have subsequently found that not only is there difficulty in earning a reasonable income, but there is often difficulty in earning sufficient to pay the interest on the loan.

- 3.3 Franchises have covered the distribution of chickens, eggs and fruit juices, the sale of smoke detection equipment, the smoking of chickens, the delivery of various products for which the purchase of a truck is necessary. Typical advertisements are :-

"Owner/Drivers cash jobs up to \$455 per week up to 2 ton vehicle or van"

"Opportunity to purchase an excellent business. Very high profit that will return your money back in under 12 months with no outlay for stock"

"Opportunity of a life-time. For the first time offered in Victoria brand new revolutionary concept enjoying tremendous success here in Australia. Exclusive territories available"

"Delivery Run. Here is an opportunity with an established company to secure a light pick-up and delivery run to contracted retail outlets in localised areas"

- 3.4 Over the years, Ministers of Consumer Affairs have issued press releases warning potential investors to be wary of schemes which offer high returns, as the work often turns out to be illusory or there are practical difficulties which prevent the person buying a franchise making a success of it. To alert consumers of the dangers of some of these schemes, the Ministry inserted advertisements in the press and established a recorded message on one of its telephone lines. It is essential that anybody considering a franchise opportunity must make independent checks of the scheme and not be satisfied with the words of the promoter. They should seek independent legal or accounting advice and contact other franchise operators as to their success with the particular franchise. If money is to be borrowed or trucks purchased, then be particularly wary.

- 3.5 At the time of writing, the Premier has announced that legislation will be drawn up to protect persons in the future who may be caught by unethical, irresponsible promoters of franchises.

VENDOR TERMS

- 4.1 Terms Contracts, or Vendor Terms Contracts, have a legitimate role in the sale of property in this State. They can provide attractive terms to purchasers who for one reason or another cannot, or do not, wish to use other forms of property finance.
- 4.2 However, as in any form of transaction, the unwary or unwise can, and do, come to grief.
- 4.3 The Ministry of Consumer Affairs has and continues to receive complaints from consumers who are the victims of onerous vendor term contracts for the purchase of homes. The people who complain are not businessmen or investors, but people purchasing a home for their family to live in. They are typically low income earners, with no savings. The properties, on the evidence supplied to the Ministry, are sold at very high prices, usually at about \$10,000 more than their cash market value. Repayments at \$70 to \$100 per week for three to five years barely cover the interest due, let alone make any inroads into the principal.
- 4.4 Whilst the Ministry realises that a purchaser should be able to know his financial position, too often such contracts are entered into with too little thought on the purchaser's part. Vendors and their agents recklessly assume competence on the purchaser's part, or even encourage them to enter into obligations they can never meet.
- 4.5 One case from the Ministry records for the period under review illustrates the worst features of such sales.
- 4.6 A married pensioner couple of fairly advanced ages, purchased a home for \$28,000. The Ministry's investigations show that the house had been purchased by the vendor some seven months previously for \$19,000. The local Council had the house on its books at an improved value for the purpose of rating at \$12,000.

- 4.7 The sale to the pensioners was by \$1,000 deposit, weekly repayments of \$68 per week for 30 months, when the balance would then be due. The interest charged was 12%, reducing quarterly. Thus, at the end of the 30 month period, they would have paid some \$8,840, yet the balance due would have been \$25,000 approximately - that is, the principal, after deducting the \$1,000 deposit, would have been reduced by only \$2,000. The principal sum would be in excess of the market price and there would be little possibility of obtaining a loan.
- 4.8 Their only income at the time of entering into the contract was a combined pension of \$82.20 per week, which later rose to \$88.70 per week. Even on the increased pension, they only had \$14.20 per week to live on, pay rates and maintain the house after the \$68 per week repayment.
- 4.9 They had previously lived in their own home in a small country town, but that home, as was subsequently discovered by the Ministry, had no value and no purchaser could be found.
- 4.10 The Ministry's opinion is that the vendor and his agent acted in an irresponsible manner. The vendor should have checked on the purchasers' assets and ability to enter into the contract, especially as they were pensioners. A quick trip to their previous home would have revealed the true position. The purchasers could not expect any wise counselling from their solicitor, as he was recommended by the vendors' agent and was acting for the vendor as well.
- 4.11 The purchasers eventually had to walk out of the house, and the Ministry understands that no action, which legally could be enforced against them, will follow.
- 4.12 Purchasers under vendor terms must be careful. They should request a written statement setting out the purchase price, deposit, interest rate, periodic repayments, and the balance due at the end of the terms contract. They should also be informed of legal costs associated with the contract, at signing and at the end of its term, rates payable, and likely costs of maintenance.

- 4.13 In the majority of 'vendor terms' complaints lodged with the Ministry, the purchaser has been introduced to the vendor's solicitor by the agent, and that solicitor has acted for both parties. Whilst it has been held in England that it is improper for a solicitor to act for two or more parties to a conveyancing transaction (refer *Goody vs. Baring* (1956) 1W.L.R. 448), that may not be the situation in Victoria. However, it must be recognised that the interests of vendors and purchasers may often be in conflict. At the very least, a solicitor so acting should be required to serve a formal note of advice to all parties of his position.
- 4.14 The Ministry strongly advises consumers, wherever possible, to get independent legal advice, and believes that a solicitor should not be permitted to act for both parties, unless there are exceptional circumstances. In the metropolitan area and most large country towns, there are sufficient solicitors for both parties to obtain independent advice. Consumers should try to save a realistic deposit before purchasing a home; they should seek expert advice as to the soundness and real value of any property; they should seek the advice of someone skilled in finance and budgeting.

SELF-SERVE LAUNDRETTES

- 5.1 Self-serve laundrettes generally operate under a cloak of anonymity. When a consumer complains about the operations of such establishments, there are usually considerable difficulties in tracing the owners.
- 5.2 There are several reasons for this unsatisfactory state of affairs. Laundrettes escape the Labour and Industry Act definition of a shop, so they do not have to be registered. They rarely use a business name and are, therefore, not required to be registered with the Commissioner of Corporate Affairs. Often the premises are rented from the owner, and local Councils may have a record of the name of the owner of a property but not the tenant.
- 5.3 Complaints received by the Bureau relate mainly to :-
- (a) Faulty machines which did not work properly or left grease or other stains on clothing;

- (b) Lack of operating instructions;
 - (c) Hidden price increases, especially on dryers where the operating time cycle was reduced so that a second coin was required to dry the washing;
 - (d) Lack of notices showing an address or telephone number where consumers can complain.
- 5.4 The Ministry of Consumer Affairs feels that it is essential for all premises providing self-service laundrettes to exhibit prominently the full name, address and telephone number of the proprietor, or any other person who is authorised to receive complaints, and provide sufficient operating instructions for the machines.

FUND RAISING FOR CHARITIES

- 6.1 The Ministry received a number of complaints and telephone enquiries in relation to various organisations which were claiming that they were collecting money in support of various charitable organisations without disclosing any details. In some cases, like the one involving Shoppers Bonanza, allegations were made that prospective purchasers were misled into believing that all the proceeds would be donated to the Australian Commonwealth Games Association. Irrespective whether these allegations are justified or not, the fact remains that the general public was not informed as to the proportion of monies that would go to the Australian Commonwealth Games Association.
- 6.2 Shoppers Bonanza operated by selling a book of vouchers to the public offering goods and services from traders in a local area for a cost of \$24.95. There were about 80 vouchers in each booklet representing a face value of over \$300. The vouchers were current for up to six months.
- 6.3 Shoppers Bonanza undertook all the business, including the printing of the booklets, advertising, signing up participating merchants, canvassing potential customers and collecting the price of the books.

- 6.4 The voucher books were sold by a saturation telephone campaign in the area where the merchants had offered the service. When a person expressed an interest in purchasing one of the books, it was followed up by a representative calling on him at a set time and collecting the subscription cost.
- 6.5 From discussions with purchasers there is little doubt that the impression given during the telephone campaign calls was that all the funds were going to the Australian Commonwealth Games Association, when in fact it was less than 6 cents in the dollar.
- 6.6 In May 1979, the Minister of Consumer Affairs advised that the Government would examine charity voucher booklet operations to ensure consumers are aware what happens to money collected and to protect the public against schemes which purported to support charities but made substantial profits for the entrepreneurs.
- 6.7 Subsequently, the Minister for Health established a working party on administration of charities which has as one of its terms of reference :-

To ensure public accountability for the raising of funds for charitable purposes and the expenditure of those funds.

PROFESSIONAL SERVICES

- 7.1 Complaints involving professional services increased from 284 in 1977/78 to 307 in the current year. 62 related to the legal profession, 50 related to the dental profession, 32 related to the medical profession and 18 to the optometrical services. The remainder were distributed amongst the other professions.

Legal Profession

- 7.2.1 Again, as in previous years, complaints involving the legal profession were mostly ones requiring clarification, and following discussions between officers of the Ministry and the Law Institute, the complaints were generally resolved.

- 7.2.2 Most complaints arose because there appeared to be a lack of confidence by the consumer in the advice given to him by the solicitor. The Ministry was then approached with the question of "Is my solicitor's advice correct?" or with the allegation that "My solicitor is incompetent". Inevitably the question of charges by the solicitor is raised as well.
- 7.2.3 In most cases the Ministry is able to clarify the situation and give appropriate advice to the consumer.
- 7.2.4 Recent amendments to the Legal Profession Practice Act 1958 provide for the setting up of Solicitors Disciplinary Tribunals and Barristers Disciplinary Tribunals to investigate allegations of misconduct of solicitors or barristers. The amending legislation also provides for lay representation on full hearings of these tribunals and for the appointment of a Lay Observer to whom complainants can write if they are dissatisfied with the way in which their complaint has been handled by the Law Institute or the Bar Council.

Dental Profession

- 7.3.1 Despite the overall increase in professional complaints, there was a reduction in dental complaints from 67 to 50.
- 7.3.2 Despite this reduction in formal complaints, there is still considerable concern within the community regarding charges for dental services. This has also been reflected in the number of telephone enquiries requesting advice regarding charges. There seems to be a wide range of fees charged by dentists for what appears to be similar services.
- 7.3.3 One way to overcome this problem would be for dentists to display a scale of charges in their waiting rooms and in so doing provide a basis for reference if the charges vary from the scale to any great extent.
- 7.3.4 In addition to querying dental charges, the majority of complaints related to the provision and fitting of dentures. These matters were in most cases referred to the Australian Dental Association for investigation and comment, and were generally resolved.
- 7.3.5 Three cases which could not be resolved were referred for an opinion to The Royal Dental Hospital, and following their report, those problems were also resolved.

Medical Profession

- 7.4.1 There was an increase of complaints involving the medical profession from 20 to 32. No record has been kept in relation to telephone enquiries, but just as in previous years, they have been numerous.
- 7.4.2 As with dental complaints, the question of fees was paramount, especially in relation to specialists and pathological services. In many cases, general practitioners refer patients to specialists, but have no idea of the specialists' charges, which can be considerably higher than other specialists. A similar situation exists with referrals to surgeons whose fees can be considerably in excess of the Association's recommended fee or scheduled fee for medical insurance purposes, while other surgeons may charge the schedule fee or a recommended fee. This practice can deny a patient the opportunity of selecting specialist advice at an average cost.
- 7.4.3 It is believed that general practitioners should be able to advise patients of the likely charges of the specialists they have been referred to and specialists reception staff should also advise a patient at the time of making the appointment the fees likely to be charged. It is easy to say that this approach suggests an interest in money rather than medicine, however, the present practice is deceptive and is not in accord with the practices adopted for other services.

SALE OF USED TRUCKS
OWNER DRIVERS

- 8.1 Although there was a marked decrease in the number of complaints received in this category, the offering of contract work as an incentive for the sale of a truck still presents a problem. In most cases the purchaser relies heavily on the earning capacity of the truck as represented to him by the vendor in order to be able to keep up the payments to the finance company. The earning capacity of the truck depends not only on the availability of constant contract work but also on the actual mechanical condition of the truck.
- 8.2 One serious mechanical breakdown can create a "vicious circle" which can lead to financial disaster: because of the breakdown, the driver loses the carting

contract, and in turn his income. He, therefore, cannot keep up the repayments to the finance company and loses his truck due to repossession. In addition, he may incur heavy repair costs exactly at a time when he stops earning an income.

- 8.3 Often the advertisements are deliberately deceptive, as are the assurances of adequate work if the truck is bought. Sometimes this work lasts for as little as three weeks. In some cases, it is felt that there is some collusion between the truck dealer and the proposed provider of carrying work.
- 8.4 All too often the truck purchaser has not driven a truck before and has no experience in the transport of goods. He is unable to carry out simple maintenance on the vehicle and if there is a minor problem often loses considerable time in getting technical assistance and minor servicing carried out.
- 8.5 With the downturn in the economy, and the excess capacity in the industry, it is no place for an inexperienced person to turn to in the mistaken hope of being able to earn a satisfactory income.
- 8.6 At Part 3 of this Report, Taylors Truck Sales Pty Ltd, is an example showing how short-lived and costly a purchaser's venture into the trucking business turned out to be.
- 8.7 Potential owner drivers are warned that the complaints to the Ministry over the years have shown many disasters where despite a person's enthusiasm, it is not possible to make an adequate living "Being your own boss" and owning a truck.
- 8.8 As with franchise schemes, you cannot believe the promises, or inducements of some truck vendors, and the following check list is suggested :-
 - (a) Independently check that there is a market for the type of service you intend to provide, talk to other truck owners, find out their experiences and remember that you are starting in an area of competition without training, knowledge and little to go on other than a cheap skillfully prepared advertisement.

- (b) Before buying a particular vehicle, talk to others who are operating similar vehicles and determine whether it is suitable for the job, is prone to breakdown or problems in servicing, remembering that when the truck is off the road so is your income.
- (c) Have the truck checked by an expert. A one hundred dollar check could save you thousands of dollars and a home.
- (d) Determine a fair price for the truck, shop around. Trucks sold for \$8,000 - \$10,000 have fetched as little as \$2,000 on a forced resale.
- (e) If the truck is to be financed, get independent advice so that you fully realise the financial commitments, and that these have to be deducted from your earnings before you have made a wage.
- (f) Find out the costs of operation, many purchasers have ignored this in their calculations as to earning capacity.
- (g) Work out the hours you will spend on the job and the time and costs of living away from home to make a living and ascertain whether it is a reasonable proposition.
- (h) Acquire basic mechanical skills so that minor breakdowns can be done at the roadside with minimum loss of time, towing charges, etc.
- (i) Check and double check the earning prospects held out to you as an incentive to you to purchase the truck.
- (j) Make sure you have some savings to fall back on which will make it possible for you to weather out any unforeseen setbacks.

INSURANCE

Fusion Cover

- 9.1.1 Household insurance policies usually contain a cover for damage to electrical machines due to a variation in power supply caused by a lightning strike or high tension wires falling over the electrical wires supplying the normal current to homes.

9.1.2 A policy may contain the following clause :-

The INDEMNITY provided by this Policy EXTENDS TO INCLUDE :

Loss of or damage to any part or parts of HOUSEHOLD ELECTRICAL MACHINES or apparatus (excluding radio and television installations or apparatus) forming part of

- (A) Buildings (where this Policy insures Buildings)
- (B) Contents (where this Policy insures Contents)

caused by the actual BURNING OUT of such part or parts by the ELECTRICAL CURRENT therein.

BUT EXCLUDING

- (i) loss of use, depreciation, wear and tear
- (ii) loss of or damage to -
 - (a) lighting or heating elements fuses or protective devices
 - (b) electrical contacts at which sparking or arcing occurs in ordinary working

PROVIDED that in the event of loss of or damage to any part or parts of sealed or semi-sealed refrigeration units caused by the actual burning out of such part or parts by the electrical current therein the Company at its option will pay the cost of rectifying the unit or of its replacement with a similar unit.

PROVIDED FURTHER that the Company will not be liable for repair or replacement of a sealed or semi-sealed refrigeration unit after 12 years from the date of manufacture of the unit.

9.1.3 In most cases drawn to the attention of the Ministry the fusion related to electric motors in air conditioners, refrigerator, washing machines and clothes dryers.

9.1.4 Some insurance companies in assessing their liability take into account the age of the appliance concerned, and pay on a pro-rata basis based on the age of the appliance, a practice which is understandable and not

objected to. Other companies have insisted on deducting \$50 from the repair costs, being their estimate of the value of the recoverable mechanical content of the unit.

- 9.1.5 After objection by consumers to this practice, an investigation by the Ministry has revealed that service companies conducting repairs to these appliances operate on a change-over basis, removing the damaged unit and replacing it with a new or reconditioned unit. The value of the fused unit is either minimal or its value is automatically taken into account when repair charges are calculated. Thus, the deduction of \$50 as a charge for recoverable mechanical content of the damaged unit must be considered to be arbitrary in the extreme.
- 9.1.6 Insurance companies who have been involved in this issue have changed their attitude on individual complaints after representations were made by the Ministry on behalf of the policy holders. Nevertheless, discussions are still going on in order to establish a principle which would reflect a fairer attitude in this matter.

Life Insurance - Children's Policies

- 9.2.1 It is common for many consumers on the birth of a child to take out an insurance policy to mature at the child's age of 21 years, to give the child a start in life. However, several consumers have complained that the policy they asked for is not the one they got.
- 9.2.2 Writes one consumer :-

"When we bought the Policy, we, my wife and myself were under the impression, we bought a Policy maturing at the age of 21. This is how the Policy was represented to us. To our disappointment, we found out later on, when we received the Policy, that in fact we bought a Whole of Life Policy.

At no time did we agree to a Whole of Life Policy and both myself and my wife are most disgusted, that a policy can be so much misrepresented.

We have so far paid \$304.00 and we do not want to continue with the policy at all.

We do not want a paid up policy or what ever they call it.

We have no intentions to further deal with a company, that misrepresents policies."

9.2.3 Another consumer writes :-

"Some 21 years ago, my husband and I took out what we thought was an Endowment Policy for our infant son, maturing at the age of 21 years - when it came due we were most surprised and disappointed to find it was a "Whole of Life Policy" and it simply meant handing it over to our son for him to continue paying the premium. This was not what we wanted at all!!"

9.2.4 In the first case, the policy had been in force three years, in the second case, over twenty years.

9.2.5 There is little doubt that life insurance salesmen, in many cases, do not properly explain the policy about to be written.

9.2.6 Generally the public finds the mathematical maze created by the insurance salesman hard to follow. However, complainants are adamant that they asked for an endowment policy, signed what was put in front of them, and twenty years later, on reviewing the policy, find they have a whole of life policy with an option to convert to endowment at the age of 21.

9.2.7 Commented one consumer who surrendered a policy at the age of 21, instead of continuing with the endowment option :-

"I have been paying, £9-6-4 per annum since May, 1958 making a total of approximately \$372 paid in. The surrender value is \$401 which means that the money has earned \$29 interest.

... from the bonus certificate the policy has "earned" \$756.30 in bonuses! Yet they offer me \$29 more than all the premiums I have paid in over 20 years ..."

9.2.8 Consumers are urged to check carefully any insurance document received and, if in doubt, seek expert advice.

9.2.9 Insurance companies on the other hand should ensure that consumers are provided with proper information by the salesmen, as it has become obvious from complaints received that some insurance salesmen in their quest for commission earnings, indulge in sales practices which border on the fraudulent.

Consumer Credit Unemployment Endowment

- 9.3 See comments on Geneva Insurance Corporation Pty Ltd and Sapphire Insurance Company Pty Ltd in Part 3 of this Report.

BUILDING INDUSTRYNew Homes

- 10.1.1 There was a marked decrease in complaints relating to construction of new homes over the last 3 years.

	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>
Number	229	187	136
Percentage of) Total) Complaints)	2.28%	1.88%	1.3%

During the year under review, the problems with the construction of new homes arose not because of the numbers involved, but because the handling of disputes raised a number of issues which caused concern to the Ministry.

- 10.1.2 It appears that the dispute solving mechanisms were not always seen to be impartial but might have had an unfair industry bias. The contracts used by the two Building Associations had an arbitration clause which appeared to deny a home owner the opportunity of referring the matter to a Small Claims Tribunal or to the Consumer Affairs Bureau. Arbitrators nominated under the provisions of the contract sometimes appeared to be closely connected with the Industry Associations and there was not then the appearance of being at arms length from one of the parties when a dispute was being determined.
- 10.1.3 In the handling of some disputes referred to the guarantor body the Ministry considered the interpretation of the House Builders' Liability Act provisions was against the interests of the home owner and it was felt that some justifiable complaints were arbitrarily dismissed under an unintended technicality of the Act.

- 10.1.4 The responsibility for handling all disputes over the construction of new homes rests with the Minister for Local Government, who administers the House Builders' Liability Act, and the Minister of Consumer Affairs, who administers the Consumer Affairs Acts, which empower the Ministry to investigate complaints and which establish a Small Claims Tribunal for the hearing of disputes in which a claim is up to \$1,000. Because of the concern arising from the problems referred to above, the Ministers for Local Government and Consumer Affairs and their officers have held meetings to discuss ways in which the alleged problems could be overcome. Considerable progress has been made and it is believed that further improvements to the system for resolving disputes on new homes will eventuate from these meetings.

Home Renovations

- 10.2.1 Home renovations are still a major cause for complaint. 673 complaints were received which is 6.6% of total complaints. As in previous years, they ranged from minor repairs to extensive alterations involving tens of thousands of dollars.
- 10.2.2 A large number of these complaints are virtually impossible to resolve satisfactorily, as there is no written contract or the quote details are insufficient on which to determine what work was to be performed. During investigation of the complaints, both parties often give conflicting views of the agreement, both at times believing their understanding to be correct. One example was the acceptance of a quote for \$33,000 for an extension to a house, but little detail, most matters being on an as discussed basis.
- 10.2.3 This is a hopeless situation with all the hallmarks of an impending disaster. It is surprising that any reputable tradesman, would undertake extensive renovations without reasonably detailed instructions or specifications in writing. It is equally surprising that a homeowner would trust to a verbal, or vague quote when the cost could be so high.
- 10.2.4 A further problem is that a home renovation area still appears to attract many unskilled operators, who are prepared to attempt any type of job although inexperienced and unqualified. It also attracts

builders who have been deregistered by the guarantor bodies or who would not qualify for registration. In one case investigated by the Bureau, a woman hired a man to paint her kitchen cupboards. When he discovered that there was some electrical work to be done, he offered to do it as well. This led him to do also some plumbing and bricklaying, although he was not qualified in any of these fields.

10.2.5 It is, therefore, not surprising that the woman did not get a workmanlike job for the money she paid.

10.2.6 A third notable area of complaints refers to cases where consumers were asked to pay large deposits, or progress payments, and then have to wait for months until the tradesman commenced work, or in some cases carried out no work at all, or as in the case above, made a hopeless botch of the job.

10.2.7 It is in relation to such complaints that the Ministry undertook a number of prosecutions under the Building Contracts (Deposits) Act 1962. This Act provides that whenever a contract for the construction, alteration, or addition to a dwelling house is entered into and a deposit exceeding \$500 is taken before commencement, the contract shall set out a time of commencement and the deposit shall be paid into a special purpose account in the names of the owner and builder. The Act further provides that if the contract does not contain either of these provisions, it shall be voidable at the option of the owner before work commences. Furthermore, if the deposit monies are not paid into the special account, the builder is guilty of an offence.

10.2.8 Many of the complaints received could have been avoided if the consumer followed the basic advice of:

- (1) Obtaining a number of quotes
- (2) Getting some references from the builder relating to jobs done by him previously and checking whether the work was to the satisfaction of house owners
- (3) Insisting on a detailed written contract
- (4) Insisting on written detailed amendments to the contract should changes arise in the course of the alterations.

- (5) Checking with the Building Inspectors of Municipal Councils and if necessary such other bodies as the S.E.C., M.M.B.W., and the Building Development Centre as to whether permits are required and if so have been applied for. Do not just accept the renovators word.
- (6) Insisting on compliance with the Building Contracts (Deposits) Act and other consumer legislation which may offer you protection.

House Cladding

- 10.3.1 During the year under review, complaints concerning house cladding numbered 133, representing 1.3% of overall complaints. This is an increase over the 107 complaints recorded in the previous year. The cause of complaints once again include questionable sales methods, poor quality products and bad workmanship and fixing. In addition, a few new untested products came on the market which will, in all probability, create additional problems.

Sales Methods

- 10.3.2 The ingenious method invented by some salesmen in order to boost their commission in marketing cladding material is definitely not to the advantage of consumers. The operating methods of such sales companies have been fully discussed in the 1978 Annual Report (Sections 1.3.1 to 1.3.13 of Part 2), and it should be sufficient warning to consumers to state that in the examples quoted last year, a cladding job done through one of those companies would have cost \$8,084 while done directly by the manufacturer of the cladding material would have cost only \$3,000.
- 10.3.3 The speciality sales staff, both men and women, of these companies are known to the Ministry for their hard sell. They usually follow-up leads from drop cards or engage in cold canvassing. Their activities often border on harrassment in the consumer's home and in many cases reference to the Door to Door Sales provisions of the Consumer Affairs Act are skilfully omitted. Furthermore, the specialty sales staff, represent a variety of companies, and the contracts offered by them are split between such companies. When the consumer eventually seeks

assistance under a warranty, the burden of responsibility is then denied by all of these companies and the consumer is left completely confused as to who is really responsible for any warranty work.

New Products

- 10.3.4 The new products introduced to the field in the year were in the form of "brick tiles and plastic cladding". The brick tiles were promoted for interior and exterior use. The method of application is first to cover the surface of a house with asbestos sheeting and then to attach on to the sheeting the tiles with an adhesive compound.
- 10.3.5 Complaints were received by the Ministry that individual tiles either fell off, or cracked, as the house structure moved. The advertising stated that "considerable savings are made by using U-Tile to clad the extension of buildings as expensive foundation and site-works are unnecessary". This may be the case when compared with real solid brick homes, but if the cladding is attached to weather-board, the weight of the sheeting and tiles would be considerably higher than the traditional cladding materials.
- 10.3.6 Representations by Building Inspectors of Municipal Councils to the Ministry have indicated that this weight factor could cause strain to the house framing and result in movements, which in turn would lead to the tiles falling off and cracking of the backing sheet.
- 10.3.7 No specific complaints have been received about the various types of plastic cladding now being marketed. Nevertheless, the Ministry is concerned that some of these products may not have been adequately tested for Australian conditions. It is held that only time can tell whether they will stand up to weathering. Furthermore, one sample tested by the Ministry burnt fiercely thus substantially increasing the fire hazard of the building.
- 10.3.8 The company is offering a 40 year guarantee on this product. The Ministry has always believed that such long term guarantees are usually worthless, as in the past experience has shown that often companies offering 15-20 years or lifetime guarantees have ceased trading after a year or so, making the guarantee worthless.

Action by the Ministry

- 10.3.9 The Ministry has negotiated with reputable as well as disreputable sales and manufacturing companies in this area. As mentioned in the previous Annual Report, the Ministry has encouraged some manufacturers to form an association of brick cladding manufacturers in order to introduce some self-regulation into the industry. Such attempts by the reputable manufacturers have failed as it would not be in the interest of the unethical element to put its own house in order.
- 10.3.10 The Ministry has then pursued the development of a Standard through the Standards Association of Australia to cover both the manufacture and fitting of imitation brick cladding. The Standards Association of Australia has now established a Committee to prepare a Standard, and at the time of writing this Report, the Committee, on which the Ministry is represented, has already met.
- 10.3.11 Further discussions on the undesirable activities of individual companies are in Part 3.

Texture Coating and Spray-on Paints

- 10.4.1 In previous Director's Reports the activities of companies involved in the spray application of paint to homes have been mentioned.
- 10.4.2 Companies in this field were extremely active during the late nineteen sixties and early seventies, offering a spray-on coating to the home which was claimed to be sound-proof, mildew-proof, fire-proof weather-proof, maintenance free and at the same time insulates as well as beautifies the house.
- 10.4.3 Files held at the Ministry indicate these companies in the main were "fly-by-night" operators, and although they offered an impressive guarantee to the consumer, the product itself was extremely poor, deteriorated quickly, and the guarantee offered at the time of sale proved totally worthless as the companies invariably placed themselves in voluntary liquidation.
- 10.4.4 During the year under review, a number of companies have again been active, generating a considerable number of complaints. For detailed discussion see Part 3.

Concrete Drives and Pavings

- 10.5.1 In the previous Annual Report consumers were advised to obtain written quotations for the laying of concrete driveways and pavings. Advice was given that they should ensure that the quotation or contract specified the concrete mix, thickness, whether or not reinforcement was required, and the type of finish. It was stated that concrete needs curing and drying before the drives and pavings could be used. Complaints on drives and pavings are still being received by the Ministry and it, therefore, warrants that the matter be again raised in this Report.
- 10.5.2 Complaints indicate that there is a lack of knowledge of the inherent features of concrete, not only by consumers, but also by the tradesmen. It is also apparent that, in many cases, tradesmen who represent themselves as experts do not ensure that the job is done properly or fail to advise the consumer on how to care for concrete pavings while the concrete is still curing.
- 10.5.3 Another problem area relates to colouring of concrete where tradesmen are not using the correct proportion of the pigment required for an even surface colour on the concrete, or they are not applying the pigment in the correct manner.
- 10.5.4 A concerning feature is also that there are a number of traders who advertise in local papers claiming to be concrete specialists and offering a written guarantee for a number of years. The guarantee, if given at all, is usually handwritten on a piece of paper and in most cases does not state what it is supposed to cover. Experience has shown that in many instances the trader disregard their guarantee when approached by the householder to rectify faulty work.
- 10.5.5 The main problems facing officers of the Ministry in trying to resolve complaints is that insufficient details are agreed upon between a householder and a contractor prior to the commencement of the work. As with complaints on renovations the officer is then faced with the dilemma of conflicting statements without any corroborating evidence.

- 10.5.6 Any tradesmen who hold themselves out as being specialists in their particular field have a responsibility to fully advise householders on all aspects of the work which they are asked to undertake, and should not take advantage of ignorance or misunderstandings.

TRAVEL INDUSTRY

- 11.1.1 Complaints concerning the travel industry have declined from 116 (1977/78) to 101 (1978/79) but claims lodged in the Small Claims Tribunal have increased from 11 to 49.
- 11.1.2 The majority of complaints concerning the travel industry relate to travel overseas. A disproportionate number of these complaints relate to the operation of the advance purchase excursion fare system.

Advance Purchase Excursion Fare

- 11.2.1 The introduction of the Apex system (advance purchase excursion tickets) from Australia has resulted in a diversity of fares and conditions that have left both the travel industry and the consumer confused.
- 11.2.2 The travel section of this Report has been written four times, twice in the last week because of changes being made to regulations governing advance purchase excursion fares. At the time of writing further changes are mooted which could make this section out of date at the time of printing.
- 11.2.3 The most objectionable aspect of the Apex system is the cancellation charges levied on most routes to the United Kingdom and Europe. The cancellation charge (within 45 days of travel) is 50% of the fare. It was 100% for those who purchased tickets before 28th March 1980.
- 11.2.4 Without exception all of the complaints concerning the Apex fare system are in relation to travel to Europe. By contrast the Apex fare system to the United States and Canada has only a 25% cancellation

charge levied. This charge appears to be considered reasonable by most consumers in view of the advantages of the lower price offered by Apex tickets.

- 11.2.5 A 50% (was 100%) cancellation charge is unduly severe when it is considered that there are many circumstances which may require a passenger to cancel their travel. Changes of employment, changes by an employer of holiday dates, pregnancy, land content alterations outside the control of the passenger, important business reasons, illnesses of traveller, wife and relation (often determined as pre-existing by an insurance company) severe circumstances of a personal nature, are all reasons which are not necessarily a whim or a fancy which may result in the cancellation of travel.
- 11.2.6 A disturbing aspect of the application of Apex fares in relation to Asia is that they appear to discriminate against people originating their journeys in Australia. A cancellation fee for an advance purchase ticket from Australia to Asian destinations is 50% as against a 25% cancellation fee for travel from Asian destinations to Australia. It might be presumed that this is an inducement for inbound tourism being subsidised by Australian departures.
- 11.2.7 A discriminatory aspect of cancellation penalties is obvious when it is realised that airlines can, and do, alter their schedules well after flights have been confirmed and tickets issued.
- 11.2.8 Many potential travellers seek to cover themselves against the harsh cancellation penalties of certain of the Apex fares by taking out travel insurance. The Ministry has experienced a disturbing increase in the number of complaints concerning insurance company travel policies. Policies are often issued through travel agent's staff who are often unaware of the nature of the policies which they are selling. That this situation is occurring is an indictment on both the travel industry and the insurance industry.

- 11.2.9 A considerable proportion of claimants on travel insurance discover that the insurance companies will decline to make payment when a claim is lodged on the grounds of them having had a pre-existing illness. The link back to a pre-existing condition is often a tenuous one and often appears to be a convenient means of an insurance company avoiding its obligations.
- 11.2.10 In summary a simplification of the Apex system of ticket issuing and cancellation charges would be of benefit to both the consumer and the travel industry. The travel industry and the insurance industry have a responsibility to ensure that any product which is jointly promoted, is done so by trained staff, who can explain to the potential purchaser the limitations of the product being sold.

Flight Alteration Consequences

- 11.3.1 International airlines cancel and alter flights following the acceptance of bookings and issuing of tickets and this causes problems for example where consumers have had flight arrangements altered within a few days of travelling. Consumers expecting to arrive at their holiday destination at 6.00 p.m. have arrived instead at 3.30 a.m. the following morning. A question arises as to whether the advertised package deal is in fact now one night shorter and if the consumer is therefore entitled to a partial refund.
- 11.3.2 The alteration of flight schedule can also mean that a consumer is up for additional money. A consumer who had booked an advance purchase airfare discovered that his direct flight from Christchurch to Melbourne had been cancelled and that in order to arrive in Melbourne on the day previously organized he had to fly via Sydney and was subsequently charged an additional \$50.

Misleading Statements in Brochures

- 11.4.1 A continuing problem area within the travel industry is information contained within tour brochures. The travel industry is in a unique position in that all its products are sold by brochure rather than by personal inspection as is the case with almost all other consumer purchases. The accuracy and completeness of information contained within travel brochures is therefore of the utmost importance.

- 11.4.2 Complaints have been received where tourist promotional literature used by tour agents and wholesalers was misleading and where little effort was being made by the promoters to check that claims made would be met by sub-contractors. Consumers who holidayed on a Pacific Island discovered that the only airfield on the island was within 100 metres of the resort at which they were staying and was used for flight training during the day. They had a noisy holiday. This information was, of course, not in the tourist literature promoting the tropical paradise.
- 11.4.3 One consumer travelled on a package tour to Hawaii and discovered that she was the only person on the tour. Arriving at a condominium which was advertised as having a restaurant, she discovered that the restaurant had not even been built. The nearest food available was half a mile down the road. A championship golf course advertised within easy walking distance of the condominium was 15 miles away.
- 11.4.4 Operators within the travel industry are always far too ready to pass the buck when problems occur with arrangements for which they are responsible. The following is typical of excuses received at the Ministry, "that as we are only an agent selling "X" tours ... we cannot be held responsible for the quality of the tour once it has been accepted by the client".
- 11.4.5 The current confusing conditions surrounding international air fares has enabled some unscrupulous operators to prey on the ignorance of consumers as to exactly how much they are entitled to receive in refunds from international airline tickets. In one case, consumer ignorance had been exploited to the extent that a travel agent withheld \$845.00 from a refund cheque for the tour consumer. It was only after the Bureau had contacted the airline on whose ticket the agent had issued a refund, that the discrepancy of \$845.00 was established. The travel agent put the discrepancy down to a clerical error. When arrangements do go awry on tours, some agents reach for the small print in their brochures. For instance "we should point out that all our brochure conditions reserve the right to change tour

departure details and re-schedule on to alternative flights". This was a quotation from a letter concerning the reduction of a packaged holiday's duration by two days. The industry should be far more prepared to face up to responsibilities when arrangements do go awry.

MOTOR VEHICLE INDUSTRY

- 12.1.1 Extensive comments were made on the Motor Vehicle Industry in last year's Annual Report under the following headings :-

Complaint Trends
 Technical Complexity of the Motor Industry
 Manufacturing, Design, Quality Control
 Problems (Water leaks, Premature failure of Paint Work, Rust, Oil leaks, Penetration of Petrol Fumes, Excessive Vibration, Body Damage prior to Delivery)
 Advertising
 Marketing Methods
 Pricing of Second-Hand Cars
 Employment of Sales Staff
 Sales Morality
 "Uneven Contest"
 Financial Over-Commitments
 Insurance Proposals
 General Comments

- 12.1.2 These comments are still relevant and the entries under the heading of General Comments are repeated below as it is felt there has been no improvement in the situation.

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There are a number of areas in which the industry can and should take immediate action

- 2.12.2 A larger degree of co-operation between the manufacturers and dealers on the point of consumer service. The franchise agreement

should not be looked upon only as a commercial agreement regulating the relationship between the trading bodies, but also as an agreement to ensure proper and effective consumer service.

2.12.3 A larger degree of supervision by finance and insurance companies who allow the individual dealer and salesman to make use of their documents and to make representations to consumers on their behalf.

2.12.4 Closer supervision by management of dealers of the activities of their sales staff and motivation of the sales staff to look beyond the commission which comes with each sale to the development of an image of reliability, honesty and good service.

2.12.5 A public policy statement by manufacturers on such issues as replacement of a vehicle under warranty, life expectancy of new vehicles, recall campaigns in relation to all defects and, generally speaking, a larger degree of involvement in consumer issues.

12.1.3 Additional undesirable trading practices were investigated during the current year and are discussed in the following paragraphs.

Price Disclosure - New Vehicles.

12.2.1 In the year under review, the Ministry established that a practice has arisen in the industry which made the advertised price of any new car to a very large degree meaningless.

12.2.2 Most, if not all, new car prices shown in advertisements have an asterisk next to them which relates to statements such as the following :-

"Plus on road costs"

"Prices exclude options and on road costs"

"Manufacturer's recommended retail price effective 1.9.78. The prices do not include extra cost options, registration, insurance, dealer delivery charges, state duties and taxes".

"All prices plus registration and normal on road costs"

- 12.2.3 The "On Road Costs" are made up of cost items such as stamp duty, registration and third party insurance as well as a "Delivery fee" which is in effect a special fee imposed by the dealer on the consumer for selling the car to him.
- 12.2.4 As the "Delivery Fees" are as much a part of the price of the car as any other item, there is no justification for not including them in the advertised price.
- 12.2.5 The Ministry is not arguing whether such "Delivery Fees" are justified or not. The Ministry's objection relates to the failure to disclose the quantum of these "Fees". Non disclosure means that consumers are not able to realistically compare prices. Also, since the delivery charge is known to fluctuate between dealers on one and the same model, it is possible for a dealer to off-set either a relatively low price shown in an advertisement, or a high trade-in value, with an inflated delivery charge, thus gaining an unfair advantage over competitors as well as misleading consumers.
- 12.2.6 As this practice is being perpetrated on a national basis the Ministry has held discussions on this topic with the other State Consumer Agencies as well as the Trade Practices Commission.
- 12.2.7 At the time of writing legal advice is being sought whether this practice contravenes the advertising provisions of the Consumer Affairs Act 1972.

Price Disclosure - Used Vehicles - Misleading Charges

- 12.3.1 During the year under review, the Ministry came across attempts to extend the concept of not disclosing a part of the overhead cost in the advertised price, to the sale of second-hand cars.
- 12.3.2 In the course of investigating complaints an inspector queried a charge on the sale contract of \$50.00 - as a "Statutory Requirement Fee". The consumer was under the impression that this was some government imposed fee in addition to the Stamp Duty. When asked what gave him the impression, he replied that the salesman told him so.

12.3.3 The dealer made the following written submission to the Ministry in justification of the "Statutory Requirement Fee":

"The fee concept came up in discussion at the Australian Automobile Dealer Association meeting, due to cost elements which have to be carried out because of the law.

Some of these elements are to :-

1. Produce a Roadworthy Certificate
2. Hold a Motor Car Traders Licence
3. Hold a Secondhand Dealers Licence
4. Keep mileage statement declaration
5. Keep the Police Book for purchases
6. Check Proprietorship to give clear title
7. Transfer the vehicle with M.R.B.
8. Produce "Notice of Particulars" for all Used Cars to be sold"

12.3.4 The Ministry's view is that motor car dealers should be able to recover all cost elements associated with the sale of a motor vehicle. But it is dishonest to make an entry on a sales docket Statutory Requirement Fee, when there is no statutory fee. The items referred to above are considered to be part of the overheads of running a particular business, and their cost should be met in the margin of gross profit on the sale of a vehicle.

12.3.5 Most businesses incur licence and registration fees and must keep records, and make returns to various authorities. It would be quite wrong to add to the advertised price of a bottle of whisky, or refrigerator, a statutory requirement fee to cover some business costs. Used cars are no different.

12.3.6 In the final analysis the practice of charging a purchaser a "Delivery Fee" on the purchase of a new vehicle, or a "Statutory Requirement Fee" on the purchase of a second-hand vehicle and not disclosing the amount until after the purchaser has made a selection of a car and is ready to sign the contract, must be condemned as ranging in nature from a shrewd business practice to being grossly dishonest.

12.3.7 The Ministry will consider action for a prosecution for breach of Section 13 of the Consumer Affairs Act if such fees are charged in future unless disclosed in the advertised price.

Vehicles Purchased on Finance

- 12.4.1 The Hire Purchase Contract used by some dealers and Finance Companies contains the following details of cost items incurred by the purchaser.

(i) Cash Price	\$10,850.00
(ii) Less Deposit	
Cash \$	
Trade-in \$ 3,900.00	\$ 3,900.00
(iii) Residue	<hr/> \$ 6,950.00
Add:(iv) Insurance	\$ 213.00
(v) Maintenance	\$ 245.00
(vi) Freight	\$ 40.00
(vii) Vehicle Regn.Fees	\$
(viii) Stamp Duty	\$ 146.00
(ix) Total of Amts. in (iii), (iv), (v), (vi), (vii) & (viii)	<hr/> \$7,594.00
Add: Terms Charges	\$4,370.00
	<hr/>
Total balance originally payable	\$11,964.00
Add: Deposit as above	\$ 3,900.00
	<hr/>
Total Amount Payable	\$15,864.00

- 12.4.2 Item (vi) refers to a charge of \$40.00 - for "Freight". This charge is made only when the car is purchased on finance and the question arises what additional freight charge is incurred by the dealer when the car is sold on finance as compared to a cash sale? In addition the argument still applies that if a dealer incurs a freight cost of \$40 - it should be reflected in the overall cash price of the vehicle and should not be added as a special charge to the consumer on the hire purchase document.
- 12.4.3 The Bureau traced the \$40 - freight charge through the various documents of one dealer and established that the terms "Freight Charge" as used on the Hire Purchase contract underwent an unrecognizable metamorphosis on the other documents of sale.
- 12.4.4 The First Schedule statement under the Hire Purchase Act 1959 stated :

"Other Charges are :-
For Freight, Vehicle Registration, etc \$40.00

The actual Contract of Sale stated :

"Fees: Documentation and Establishment
Handling and Delivery \$40.00"

- 12.4.5 Under such circumstances one can be forgiven in making the observation that the lack of uniformity in terminology must have prevented consumers from realising that the price they are quoted for a car is never the price they eventually pay for it.
- 12.4.6 An inspector of the Bureau, when investigating a specific complaint, asked a dealer to justify the charging of \$40.00 - in light of the fact that the dealer was actually already making a profit on the sale of the car, and was also receiving commission on the sale of the comprehensive insurance, consumer credit insurance, the warranty extension and for arranging finance!
- 12.4.7 The following reply was received from the dealer on this issue :-

"I believe that our \$40.00 Handling Fee can be justified in a number of ways. Most important is the fact that we employ Settlement Clerks to fully explain to our customers all ramifications of the Finance commitment into which they are entering; though, in the case of Mr. - there may be a reason to suggest that they fell down in fully explaining his finance to him. Generally, however, the fact that a customer can deal with a clerical type fellow, is advantageous to him, and I believe it does cut down a lot of problems which could originate if the salesman is doing the settlement.

It is my impression that \$40.00 for this service, obtaining the Finance, settling the deal with the Finance Company, etc., is not too much to ask."

- 12.4.8 The odd thing in this particular complaint was that the details of the transaction were not properly explained to the consumer who finally came to the Bureau in order to find out what the conditions of the contract were.

12.4.9 As already mentioned above, the Ministry is not arguing that dealers are not entitled to reimburse their own costs and make a profit on each transaction, this is a legitimate method of running any business; the objection is in loading the advertised and originally disclosed cash price with additional "Fees" which should have been incorporated into the overhead costs of the dealership and reflected in the advertised price of the car.

12.4.10 There is no way that the word "Freight" could be linked with this \$40 charge. This deception is little different to the "Statutory Requirements Fee" discussed in Paragraphs 12.3.2 to 12.3.7 of this Part.

Exchange Reconditioned Engines

12.5.1 The Ministry received a number of enquiries from consumers who had fitted exchange reconditioned motors to their vehicles and had difficulty claiming under the warranty, following a breakdown.

12.5.2 In many cases investigated by the Ministry, it was found that the motor had not been fitted by the reconditioner and the reconditioner's fitting instructions had not been followed.

12.5.3 It is, therefore, important for prospective purchasers of reconditioned engines to realise that the fitting instructions must be strictly adhered to when an engine is being installed and that it is not just a case of "hooking up" an engine to the car but that additional costs are involved.

12.5.4 In most cases work is required in areas such as radiator, water pump, filters and distributor. However, because of the cost involved this extra work is often not done, or is not done fully.

12.5.5 In a subsequent breakdown the engine reconditioner can then rightfully claim that his fitting instructions have not been complied with, and that consequently the warranty has been voided.

12.5.6 Inspectors of the Bureau are convinced that the number of disputes in this area could be reduced drastically if purchasers ensured that :-

- The reconditioned engine is fitted by the reconditioner himself or a qualified mechanic

- All fitting instructions are followed meticulously
- The recommended maintenance procedure is adhered to and proper records kept in support of the service history of the reconditioned engine

Revaluations of Proposed Trade-in Vehicles

- 12.6.1 The Consumer Affairs Bureau has received many telephone enquiries and complaints from new car buyers who have been given a trade-in allowance which was reduced quite substantially by the time the new vehicle was ready for delivery.
- 12.6.2 In some cases, dealers have been justified in reducing the trade-in allowance, for example, where the trade-in vehicle had mechanical or body damage which was not present when it was originally valued, but in the majority of cases no justification could be found.
- 12.6.3 In other cases it was obvious that the reason dealers were giving unrealistically high trade-in valuation was to get the consumer's business and thus "take him off the market".
- 12.6.4 It is common knowledge throughout the industry that some dealers will deliberately give a high trade-in allowance knowing that they will revalue it to a lesser amount when the new vehicle is ready for delivery.
- 12.6.5 In one case investigated a consumer was given a trade-in allowance of \$5,678 for his V8 vehicle on 4th June, 1979. On 30th June his vehicle was revalued by \$2,000 less. It was in the same condition except for the addition of a few hundred kilometres.
- 12.6.6 The excuse given is that "the bottom had fallen out of the V8 market". Such an explanation cannot be accepted as there was hardly any unforeseeable fluctuation in the market for V8 vehicles between the 4th and 30th June 1979 as the V8 market had been depressed for several months and this was known to the dealer offering the trade-in value.

- 12.6.7 Other excuses proffered by dealers in justification for reduced re-valuations were that the car was mistreated or suffered damage or had done an unreasonably large mileage.
- 12.6.8 It is, therefore, in the interest of both consumers and dealers to safeguard their interests by signing a "Trade-In Declaration" which should specify the length of time for which the valuation is to be firm and detail such items as the odometer reading as well as the mechanical and cosmetic condition of the vehicle.
- 12.6.9 The Ministry is currently participating at the development of a Standard for Motor Vehicle Sales Contracts with the Standards Association of Australia, which will take such valuation details into account. The Contract was issued as a Draft Standard for Public Review late in 1979 and it is hoped that it will be finalised in 1980.

Faulty Servicing of Vehicles

- 12.7.1 A consumer bought a car from Bill Wyatt Car Sales on 18th October 1978 and on 17th November the rear wheel and axle came off the car. The car was taken back for repairs under warranty and collected on 23rd November. While driving home along a busy highway approximately 6 kilometres after collecting the vehicle, the same rear wheel and axle again came off the car. Fortunately, there were no serious injuries.
- 12.7.2 Although the motor repairer has paid for the cost of repairs, it is believed that there should be some further penalty incurred for an incident of this nature. The firm was not a member of the VACC, the Motor Car Traders Committee could not take disciplinary action, and the matter was referred to the Road Safety and Traffic Authority, who referred it to the Police Department, who in turn said they could not enter into civil disputes in relation to faulty workmanship on motor vehicles at the customer level.
- 12.7.3 It is considered a most unsatisfactory state of affairs. Here is a situation where a faulty repair could have resulted in death. Until the time of the first failure it is unlikely that the car firm would have known of the dangerous situation. However, following the first accident, it is

believed that Bill Wyatt Car Sales were irresponsible to a culpable degree in the repair of the vehicle, and it seems wrong that in addition to the meeting of the cost of repairs a firm should not attract some penalty for its negligence.

"You Be The Judge" - Car Dealer Professionalism

- 12.8.1 In previous Annual Reports, the Ministry has highlighted some actions by used car dealers which, although legal, are considered immoral or unethical. For other traders, a case could be made for Market Court action, however, the Market Court Act does not allow actions against motor car traders because they are licensed.
- 12.8.2 This story begins when a young girl purchased a new Toyota Corolla on 27th August 1979, trading in her Honda Civic at \$2,564 and paying \$436 cash, a total of \$3,000.
- 12.8.3 The cash price of the new car was \$5,749 and after registration she had to borrow \$3,149.00 (\$6,149.00 less \$3,000 deposit) which she obtained through a hire-purchase contract with repayments of \$99 per month.
- 12.8.4 On 7th November 1979, she was retrenched from her job and felt she could not maintain the payments required. She did in fact make the payments due until February 1980 out of her retirement pay.
- 12.8.5 She went back to the car yard and explained her problem and a deal was arranged with her now taking a 1957 Mercedes Benz at a price of \$999 (you will note one dollar below that which would have gained her a warranty). Her Toyota was taken by the car yard on the basis they would pay out the balance owing. She then had to take out finance for the full \$999.
- 12.8.6 So from 27th August to 7th November when she bought the Mercedes, she had lost \$3,000 trade-in and deposit, plus \$495 paid under the hire-purchase contract.

- 12.8.7 There was no argument that the trade-in of the Honda in August 1979 was other than of fair value. The market value for her Toyota at the time of sale was at least \$5,300. The Ministry considered that this young girl had been given a raw deal, and made a number of approaches to the car trader. It was met with the response that they are in business to sell cars, not to assist anybody who may have become unemployed and had a problem. That she paid two months premium in advance and could have this time to get another job and so keep the Corolla was not put to her by the dealer - again, he was there to sell cars, not give advice. In fact, she got a job before the next payment would have been due.
- 12.8.8 The repayments on the Mercedes were to be \$40 per month. The dealer traded back the consumer's Corolla for \$3,194 which happens to coincide with the pay-out figure owing to the finance company and as mentioned was over \$2000 below the market price, this was put down to "we occasionally make mistakes in our estimates of the value of a car". Can it be believed that a firm which sold a new car two months previously and could see its mileage and condition could make a mistake of \$1,500 or more in estimating its value?
- 12.8.9 There is a moral to the story that while you can go to most businesses who will give some sympathetic understanding and friendly advice, you cannot expect this from some car dealers.
- 12.8.10 This is unfortunate as, in the main, the used car industry has improved considerably over the years, and of the over 2,000 used car dealers, the Ministry received serious complaints against less than 30. It is this small percentage which are continuing to damage the reputation of the industry, and when one finds complaints such as that related above, one can be excused for thinking that a fast buck is more important to some than any compassion or morality.
- 12.8.11 What do you think?

Datsun Conversions

- 12.9.1 As a result of an allegation in Parliament in September 1978 that Datsun dealers have been "changing the badge work on cars to give the impression that the customer is buying a more expensive model" the Consumer Affairs Bureau embarked on one of its most comprehensive investigations ever undertaken.

- 12.9.2 It was established that the difference between a Datsun 180B DLX model and the more expensive Datsun 180B GL model was in the following accessories:
- Vinyl Roof
 - Push Button Radio
 - Body Side Protection Strips
 - Cut Pile or Loop Pile Carpet
 - Bumper Overriders
 - Radial Ply Tyres
 - Chrome Exhaust Extension
 - Badges
- 12.9.3 Factory fitting of these accessories designated the 180B model as GL model but when accessories were fitted by the dealer the model would remain a DLX model.
- 12.9.4 It was also established that in 1977 Datsun dealers were faced with an over supply of the Datsun 180B DLX model and a short supply of the 180B GL model. In addition the new Datsun 200B series was to be released in October 1977 so that there was considerable pressure on all dealers to sell their existing stocks of all 180B models.
- 12.9.5 A preliminary investigation of the records of some dealers was made in order to establish the extent of the practice and the most economic way of conducting the enquiry. This preliminary investigation indicated that a full scale investigation was warranted.
- 12.9.6 The Nissan Motor Company (Australia) Pty Ltd co-operated with the Bureau and provided a computer print-out for all Datsun 180B DLX sales in 1977 and the Bureau subsequently wrote to 1,872 owners and requested them to complete a questionnaire.
- 12.9.7 The following considerations had to be taken into account :-
- (a) Would the car be valued as a DLX model with accessories or a genuine GL model when the present owner offered it as a trade-in on another model? The evidence obtained was that it would be valued as a DLX model and the present owner would lose on the deal.

- (b) Was the dealer conversion made with the approval of the purchaser? The evidence obtained showed that because of the short supply of the GL models 28 consumers agreed to accept a DLX model to which the appropriate accessories would be fitted to bring it to the standard of a GL model.
- (c) Whether the purchaser got all the accessories where he agreed to a dealer conversion, and were the accessories of a comparable quality? The evidence obtained showed that in most cases the purchaser either did not get all the accessories or he obtained accessories of an inferior quality.
- (d) Was any dealer conversion made without the approval of the purchaser? 48 cases were established where purchasers thought they were getting a GL model but were actually supplied with a DLX model to which accessories were fitted.
- (e) Where a dealer conversion was made without approval did the purchaser get all the accessories and were the accessories of a comparable quality? The evidence obtained showed that in most cases the purchaser either did not get all the accessories or he obtained accessories of an inferior quality.
- (f) To what extent should consumers be compensated by the dealerships? It was beyond the capacity of the Bureau in terms of time to negotiate on this matter with the individual consumers and dealers. The Bureau took, therefore, the initiative and in consultation with the Nissan Motor Company (Australia) Pty Ltd arrived at a figure to compensate those consumers who had not agreed to a conversion and lesser figure to those who did agree.
- (g) Should dealers be prosecuted for selling the converted vehicles in breach of Part III Division 1 of the Consumer Affairs Act 1972? By the time this matter was brought to the attention of the Bureau only 3 prosecutions could have been undertaken as the others were outside the 12 months statutory limit for initiating prosecutions. The decision was therefore made that it would not be fair to focus attention only on 3 cases and that it would be more appropriate to pursue the issue of compensation on an equal basis with all dealers.

Paintwork on Vehicles

- 12.10.1 In the last Annual Report mention was made of the number of cases where paintwork had been unsatisfactory with the paint blistering or powdering away from the body of the car, and that this failure could be traced to the marketing of a faulty product rather than to any lack of care on the part of the consumer. In the 1977 Report, the Ministry's view was that the paintwork which failed within the first 7 years of the life of a car should be made good by the manufacturer. During the year under review, the Bureau has received 10 complaints in relation to the paintwork of Volvos. 5 of these related to Volvo 164, 3 of which had metallic paint and of the 10 complaints, 5 consumers stated that they had reported the matter to the authorised dealer within the first 2 years of ownership. It is thought that only one of the 5 consumers received any assistance from Volvo. None of these were owners of the Volvo 164.
- 12.10.2 In discussions with the Volvo company it was stated that the policy on warranties which was formulated and authorised in Sweden covers vehicles for the first 12 months at no cost to the consumer, between 12 and 24 months the consumer's contribution varies and after 4 years irrespective of the cause the consumer must bear full cost of repairs.
- 12.10.3 It is understood that the problem with the paintwork of Volvos was that it deteriorated in the Australian sun although it was apparently satisfactory in European climates. The Ministry's view is that any Volvo sold in Australia should be suitable for use in Australia. The Ministry does not accept that Volvo's reliance on a policy formulated in Sweden is sufficient to exonerate it from meeting the cost of rectification of the paintwork arising from a manufacturing fault, or the selling of a vehicle which is not of merchantable quality in terms of Australia's weather conditions.

How Not to Buy Your Own Car on Hire Purchase

- 12.11.1 A consumer approached a dealer to purchase a car for his wife (Autoville Quality Used Cars of Sydney Road, Coburg).

- 12.11.2 The vehicle he was interested in was a GT Falcon priced at \$4,000 and he paid \$150 deposit subject to finance being available.
- 12.11.3 After waiting 4 days he approached the dealer again who said that finance was available for \$2,000 only. The dealer told him that the deal could still be done by trading in his own car for \$2,000 and using this as a deposit.
- 12.11.4 The consumer's own car would then be sold back to him the following day for \$2,000 and financed with another finance company.
- 12.11.5 At first the consumer agreed to this and took delivery of the GT Falcon. Unfortunately the vehicle caught fire due to a mechanical fault causing about \$200 damage. The consumer returned the GT Falcon to the dealer and realising that he would have to pay additional insurance and stamp duty on both transactions asked that his own car and the deposit be returned to him.
- 12.11.6 He was then told that the vehicle had been lent out but should be back in a day or so, and in the meantime he was given a Monaro to drive. After waiting over a week he was told that to get his own vehicle he would have to buy the Monaro. The consumer by this stage confused and upset agreed to sign papers for this vehicle but after thinking overnight about it, he returned the following morning and pleaded with the dealer to simply give him his own vehicle back and cancel the deal.
- 12.11.7 He was informed that he could have his own vehicle back "at a price" and a contract was drawn up with a finance company for a loan of \$577. On the hire purchase agreement the consumer's own vehicle was shown as the vehicle to be purchased at a price of \$4,000.
- 12.11.8 The GT Falcon which the consumer drove only over the weekend and which had caught fire was shown on the hire purchase document as a trade-in vehicle at a value of \$3,500 leaving a residue of \$500 to which \$10 stamp duty and \$67 terms charges were added. The total commitment to the finance company was \$577 repayable over 12 months.
- 12.11.9 Confused, well let's start again - a consumer approached a dealer to purchase a car for his wife .
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Extended Warranties

- 12.12.1 It has become a common practice in the motor vehicle industry for dealers to sell to consumers an extended warranty following their purchase of a new or used vehicle.
- 12.12.2 The premium quoted for an extended warranty can vary between \$150 and \$500 depending on the extent of the policy cover and the gullibility or ignorance of the consumer. It appears that the dealer "sizes up" the purchaser and extracts the maximum amount possible from him. The more the dealer can obtain for the sale of an extended warranty, the more commission he is able to retain as there is a basic charge to him from the warranty insurance company for the policy.
- 12.12.3 Other misuses by dealers of extended warranties are :
- The cover is usually limited to the differential, engine and transmission. In many cases consumers have not been informed of these limitations in the cover, when agreeing to purchase the extended warranty.
 - The amount of cover per claim is usually limited to an amount not exceeding \$500. Again, consumers are not informed of this limitation when agreeing to purchase the extended warranty and only realise the limit per claim when engine reconditioning or replacement is necessary. The Ministry has examples of repair costs exceeding \$1,500.
 - Some dealers claim against the extension warranty for repairs effected within the statutory warranty period. In other words, by selling the extended warranty, dealers are covering themselves for repairs that may be necessary to the engine, differential or transmission, during the statutory warranty period while the purchaser pays the premium. In effect the purchaser pays twice.
 - When purchasing the extended warranty the consumer is not aware of the bona fides of either the company with whom the warranty has been placed or the insurance underwriter. In many cases he may not be aware that he is buying an insurance policy with a separate company and that the dealer will not accept any responsibility in case of a dispute under the insurance policy.

For further discussion of Extended Warranties see Part 3 Section 3.

A Simple Case History With a Warning

"It would be simpler to have your car repaired"

- 12.13.1 The following case is quoted as an indication of the risk that faces a purchaser in his dealings with motor car dealers. The risk may extend far beyond the actual value of the vehicle purchased and may involve the purchaser's home and threaten his financial stability for many years.
- 12.13.2 In November 1978, the young consumer purchased an XY panel van with a hire purchase commitment of 48 monthly payments of \$144.
- 12.13.3 In May 1979, after he made 5 payments off the hire purchase contract he approached a motor car trader with the intention of trading in his XY panel van. At that stage his total remaining commitment to the finance company was \$6,192 but when applying the statutory rebate the finance company required \$4,295 to pay out the account. The consumer was interested in trading the XY panel van on a Holden Sandman valued at approximately \$4,400.
- 12.13.4 The trader applied to a finance company for a personal loan for the consumer and was told that a guarantor would be required. The trader then made contact with the consumer's parents who were not prepared to allow their son to purchase another vehicle.
- The XY panel van was not in a very good condition and it required repairs to the motor and transmission. The trader then suggested to the consumer, once he realised that a new purchase could not be transacted that "it would be cheaper to have your car repaired". The trader quoted repair costs of \$2,300. The pay-out figure to the finance company who held the hire purchase contract was \$4,295. It was the traders intention to acquire a personal loan which would pay for the repairs and pay-out the existing hire purchase contract.
- 12.13.5 The trader then introduced the consumer and his parents to a finance company and a personal loan was obtained for \$7,700 with 60 repayments at \$244.41 each. Thus, the total amount payable in the course of 5 years was \$14,664.60.

- 12.13.6 According to the consumer and his parents the papers were signed at the finance company on a Friday evening. According to the consumer a caveat was not mentioned and it was few days later after he received a finance contract through the mail that he realised that "my house was on the line".
- 12.13.7 At the time he decided to have the repairs effected the consumers total commitment to the finance company who held the hire purchase contract was \$6,192. After entering into the personal loan contract, which really eventuated because he required a loan to repair his vehicle, his commitment was now \$14,664.60. Thus, in order to obtain a loan to repair his vehicle the consumer was put to an additional expense, over a longer period, of \$8,472.60. Was it really cheaper to have his vehicle repaired?
- 12.13.8 It puzzled Bureau Inspectors as to why the motor car trader was involved. He was not selling a vehicle, he was merely organising repairs.
- 12.13.9 By his own admission the motor car trader said that he went to some trouble to organise the repairs and the loan for the consumer. At first it looked like a good samaritan deed that somehow had misfired; but soon the real motive was discovered by the Inspector.
- 12.13.10 The motor car trader had obtained \$500 - for himself, because the repairs came to \$1,800 and not \$2,300 as shown on the finance contract.
- 12.13.11 Following a meeting between all parties in the Bureau the following arrangements were made :-
- (a) The motor car trader returned the \$500 to the consumer
 - (b) The motor car trader undertook to make further repairs to the gear box and motor as the original repairs were not done in a proper manner
 - (c) The finance company agreed to a \$5,000 pay out figure

- (d) The Bureau advised the consumer to discuss his financial situation with his bank where he obtained a bank loan which enabled him to pay the finance company.

PART 3TRADERS WHOSE ACTIVITIES OR ATTITUDES
WARRANT SPECIAL MENTIONBUILDING/HOME RENOVATIONS INDUSTRYBestex Paint and Chemical Company of Australia Pty Ltd
Bestex Paint and Chemical Company Pty Ltd

- 1.1.1 The Directors of the two companies are Ernest Sidney Green and Nancy Green.
- 1.1.2 Mr. Green is active in the area of spray-on painting to exterior walls of homes.
- 1.1.3 It is interesting to note that the complaint rate against Bestex Paint and Chemical Company of Australia Pty Ltd from the period 1975 to 1978 was quite small. However, the year 1979 has seen a dramatic increase in claims by customers who have in the main indicated they are dissatisfied with the service offered by Mr. Green, inasmuch as they have experienced difficulty in having him return to honour his guarantee commitment. The product, which was claimed to have certain qualities, is deteriorating. It is flaking off and appears to be unsatisfactory.
- 1.1.4 Attempts by the Ministry to contact Mr. Green and have the complaints resolved have also been relatively unsuccessful, as he appears reluctant to reply to the Ministry's correspondence, is unwilling to return telephone calls, and is generally unco-operative in making some endeavour to have complaints recorded against his company rectified.
- 1.1.5 The company generally solicits business from consumers through mail drop cards placed in letter-boxes offering the incentive to consumers of having their home made a display home in a certain area.
- 1.1.6 Recently Mr. Green diversified his activities into a wider range of home renovations and improvements, offering to supply aluminium windows, sliding doors, security doors, fly-screen doors, shower screens,

replacement of spouting, roofing, ceiling insulation, and re-blocking. Complaints have also been received in this area of Mr. Green's business.

- 1.1.7 On 21st September 1979, Bestex Paint and Chemical Company Pty Ltd was placed in voluntary liquidation, and it is almost certain that the company will not be able to meet most of its commitments or honour any guarantees.
- 1.1.8 More recent discussions with Mr. Green have revealed that Bestex Paint and Chemical Company of Australia Pty Ltd, the company with which most consumers contracted, may also be in financial difficulties, and unable to meet its guarantee commitments.

Raymond Bruce Bradley - Gerald Franciscus Langelaan

- 1.2.1 Mr. Bradley and Mr. Langelaan came to the attention of the Ministry in the year under review for their activities in selling brick cladding manufactured by Amalgamated Brick Industries Pty Ltd. They operated under the names :-

Carolina Marble Brick Co (Aust)
Carolina Heritage Brick
Bonded Brick Discount Company (Aust)

- 1.2.2 The proprietors of these business names are :-

Carolina Homes Pty Ltd

Directors : Raymond Bruce Bradley
Mary Jocelyn Bradley
Caryl Loxton

Cardinia Homes Pty Ltd

Directors : Gerald Franciscus Langelaan
Jillian Mary Langelaan

- 1.2.3 Messrs. Bradley and Langelaan operated by using drop-cards in letter-boxes, general advertising and offers in a competition to have a home clad free of charge. Once the name and address of a prospective client was obtained, Mr. Bradley and Mr. Langelaan were prepared to spend hours in the home of the client in order to convince him to complete the deal.

1.2.4 One consumer wrote :-

"I have never met anyone who could talk as this man did, he completely exhausted me (I have a heart condition) and finally agreed to sign."

1.2.5 Complaints have been received from areas ranging from Morwell, Yallourn, Ballarat, Geelong, Hamilton, as well as the metropolitan area.

1.2.6 The complaints are depressingly similar :-

- . Cracks in the joints between the sheets
- . Cracks in the actual sheets
- . Sheets of different textures

1.2.7 Efforts by consumers to have their complaints rectified were met by unanswered letters and fruitless telephone calls, as neither Mr. Bradley nor Mr. Langelaan would accept any responsibility. In their correspondence to consumers, they claimed that :-

"We have contacted our manufacturers, Amalgamated Brick Industries Pty Ltd as they supplied and fixed your Carolina Brick Siding product and they are responsible for the guarantee and repairs."

1.2.8 This is a typical example how many cladding sales companies are operating. They claimed that they were only selling the product, but at the time of entering into the contract, the house owner was asked to sign two documents: one with a sales company, another with a manufacturer. In this case one contract could be with Carolina Marble Brick Co (Aust) and the second contract with Amalgamated Brick Industries Pty Ltd. The salesman would also sign both contracts as a representative of the two companies.

1.2.9 A series of meetings between Bradley, Langelaan and officers of the Ministry initially achieved some success in obtaining repairs. At the last meeting it was disclosed that Amalgamated Brick Industries Pty Ltd were in financial difficulties. An undertaking was given that the problems would be rectified by that company when money became available. This has not eventuated. At the time of writing this Report it is understood that this company is no longer trading.

- 1.2.10 In all the negotiations, Mr. Langelaan would not consider meeting any of the costs of warranty repairs as he claimed that he only sold the product.
- 1.2.11 Again this demonstrates the hazards of the house cladding industry where all the representation, sales brochures and approaches are made by a business which denies responsibility for the product.

Cloverleaf Services Pty Ltd

- 1.3.1 The directors of Cloverleaf Services Pty Ltd are :-
- Easel MOORE
Peter EVANS
John Kevin MOSS
Coral Mary MOSS
- 1.3.2 The company is trading from 3 Bond Street, Braeside, and is in the business of restoring cement tile roofs.
- 1.3.3 The publicity pamphlet of the company states as follows :-

"WE OFFER

- * Pressure Cleaning to remove dirt and fungus
- * Waterproof Sealing to retard moisture absorbency
- * Pointing repaired and strengthened
- * Broken Tiles Replaced ... to stop leaks
- * Recolouring ... a lavish coating of Lollypop tile toner to protect and beautify your roof
- * Modern Colours for you to choose
- * GUARANTEE we invented this system we guarantee it (in writing)
- * NOTE ... same process for fibro and Terra Cotta roofs"

- 1.3.4 Cement tile roofs have a tendency to fade over the years and in some cases moss grows on the tiles. Cloverleaf Services Pty Ltd clean the roof by using a detergent under high pressure and then spray paint and seal the tiled roof.

- 1.3.5 Many consumers are impressed by the warranty which is given by the company. Nevertheless, on examination of the wording of the warranty, it must be concluded it can be virtually a useless document. Complaints to the Ministry indicate that Cloverleaf Services will rigidly apply the letter of the warranty and will do no more than they must.
- 1.3.6 The second paragraph of the warranty states that :
- "If, after inspection it is determined that the material is defective in accordance with the terms of this guarantee Cloverleaf Services will supply replacement materials at no charge to the original purchaser."
- 1.3.7 As most of the cost for the roof restoration is in the labour charge by the company, this provision is virtually useless to the householder. If the company should present him with a few gallons of paint in answer to his claim that the work done was not up to standard, a householder would not have the know-how or the necessary equipment to re-apply the paint to the roof.
- 1.3.8 The third paragraph of the warranty states :-
- "This guarantee does not cover material breakdown due to - fungus regrowth - fire - or other compounds being applied over it."
- 1.3.9 Here it should be realised that the main object of having a tile roof cleaned and repainted is to get rid of unsightly moss and fungus growth, which discoloured the roofing tiles. Not many consumers realise that the fungus is likely to grow back on the roof in a relatively short time since the moss spores are imbedded in the tiles, and it is likely that the re-growth will break up the paint and sealer.
- 1.3.10 The company itself advised officers of the Ministry that according to world renowned chemical companies, there is no known substance that will permanently inhibit mildew or fungus growth on roofs.
- 1.3.11 Considering the above points and the exclusion clauses in the Cloverleaf Services Pty Ltd Five Year Warranty, consumers should consider very carefully whether to enter into a contract with the company. Complaints

show that the company is most reluctant to remedy any shortcomings in its work, that the warranty itself is of little use, and that there is grave doubt whether the overall service as provided by the company has any resemblance to the claims made by the company prior to undertaking the work.

- 1.3.12 Since the end of the 1978/79 financial year, there have been further complaints against this company.

Trevor Philip Hyland

- 1.4.1 For some years the activities of Trevor Philip Hyland have been known to the Ministry, both as a salesman operating in the cladding industry and as a director of various home improvement companies.
- 1.4.2 Companies in which Mr. Hyland is a director include :-

Trevor P. Hyland and Co Pty Ltd
Glentower Investments Pty Ltd
Nevada Manufacturing Company (Aust) Pty Ltd

The directors of these companies are :-

Trevor Philip Hyland, and
Jennifer Kaye Hyland

- 1.4.3 During 1975/76, Mr. Hyland operated in the Sunraysia district selling and installing brick cladding to consumers and trading through the company Glentower Investments Pty Ltd.
- 1.4.4 The complaints generated in Sunraysia have not been resolved in that efforts to have Mr. Hyland return and rectify the faults reported by the consumers have been unsuccessful. Mr. Hyland's attitude to the Ministry is one of total lack of co-operation. The complaints relate to faulty products and the company's failure to return and rectify faults.
- 1.4.5 There have been further complaints in both the year 1978/79 and in the current year. Consumers have in statements to the Ministry claimed that they answered drop cards or telephone calls relating to real brick veneering of their homes but were induced to accept brick cladding. In one case the initial approach was allegedly with the sponsorship of the Master Builders Association of whom it was said had also backed the

product of Nevada Manufacturing Company Aust Pty Ltd (one of Mr. Hyland's companies). The Master Builders Association denied both the sponsorship and the backing of the product.

- 1.4.6 Other consumers told of the high pressure sales tactics and the imposition of unconscionable and illegal conditions. The offering of discounts for using the home as a display purpose and pressures to accept the offer immediately when only an obligation free quote was originally requested.
- 1.4.7 It seems that Mr. Hyland's general method of operation includes advertising "Real Brick - Veneering of Homes". However, when potential customers repond to his advertisement they are generally switched to the brick cladding product.
- 1.4.8 At the "Update '79" home renovation and improvement show at the Exhibition Buildings, Mr. Hyland was observed with his own stand under the name of Trevor P. Hyland and Company Pty Ltd. The stand indicated that he was in the "real brick veneering" business. The stand also displayed samples of bricks manufactured by a reputable company. However, a recent check with that company indicated that Mr. Hyland bought these bricks for one job only.
- 1.4.9 The Ministry officers believe that Mr. Hyland is actually in the business of brick cladding and not veneering and that he uses the real brick veneering concept only to attract customers.
- 1.4.10 Presently Mr. Hyland is marketing a form of plastic cladding and complaints continue to be received against him.
- 1.4.11 Despite protestations by Mr. Hyland, there seems little doubt that his house cladding activities are unethical and have all the hallmarks of the unsatisfactory practices which have been a feature of this industry and mentioned in previous Reports.

M.R. and Sons Co

- 1.5.1 M.R. and Sons Co is a trading name owned by Milo Radovanovic and is involved in the sale and construction of concrete water tanks.

- 1.5.2 The activities of Mr. Radovanovic came to the Ministry's notice during 1976/77 and he was named in the Director's Annual Report for the year ended 30th June, 1977.
- 1.5.3 Since that Report, Mr. Radovanovic started trading under the current name of M.R. and Sons Co and advertised in the following manner:-

CONCRETE WATER TANKS
M.R. & SONS CO.
(Established for nearly 21 years)

**Strong Construction up to 8" thick. Sealing
 Inside. Full Guarantee.**

12,000 gallon	Diameter	19' 4"
15,000 gallon	Diameter	21'
20,000 gallon	Diameter	24'
25,000 gallon	Diameter	27'
30,000 gallon	Diameter	29' 6"
35,000 gallon	Diameter	32'
40,000 gallon	Diameter	34'
100,000 gallon	Diameter	52'

From 100,000 to 300,000
 AND ROOF LID IS EXTRA
 and any size silo for barley, wheat, etc.
 SUPER AND STANDARD JOB

Phone ANYTIME 380-5501, 367-1585
 Flat 4, 5 Solly Av., Nth. Carlton.

- 1.5.4 After naming Mr. Radovanovic in the 1976/77 Report, the Ministry had discussions with him concerning outstanding complaints. As a result of these discussions, a written undertaking was received from Mr. Radovanovic stating :-

"We do regret seeing our business mentioned in the consumer report. We will attend to the complaints immediately.

The complaints discussed in your office will be attended to as soon as possible. And your office would be advised in the outcome in each case."

1.5.5 Despite this personal undertaking and further efforts by the Ministry officers to have Mr. Radovanovic satisfy the complaints, most of them are still outstanding.

1.5.6 The warning issued to country consumers in 1977 to exercise care when purchasing or arranging for a water tank from Mr. Radovanovic or M.R. and Sons Co is still relevant at the time of writing this Report.

Nutec Paints and Chemicals Pty Ltd

1.6.1 Nutec Paints and Chemicals Pty Ltd, 17-19 Hamilton Street, Mont Albert, traded in the area of spray-on application of paints to the exterior walls of homes during the period under review.

1.6.2 The initial directors of the company were :-

Raymond John Mack, and
Malcolm John McCaskill

1.6.3 On 1st February 1979, the Ministry was advised that both Mr. McCaskill and Mr. Mack had sold their interests in the company to :-

Vaughan Antony De Riggs, and
Teresa Marie De Riggs

1.6.4 Complaints have been received against the company whilst under the control of all directors mentioned above. Allegations of bad workmanship, lack of preparation, coating becoming defective and lack of maintenance service from the company were the main problems reported by consumers, and there were constant attempts to avoid the obligations of the 15 year guarantee.

1.6.5 The method the company used to obtain business was through the use of mail drop cards extolling the virtues of the product the company was marketing.

1.6.6 The company whilst under the control of Mr. De Riggs incorporated in its publicity material the logo of British Paints Ltd and the Master Painters Association. To enquiries made by officers of the Ministry, British Paints advised that they did not endorse the 15 year guarantee offered by the company, and were concerned at the indiscriminate use of their company's logo.

- 1.6.7 Similarly, the Master Painters' Decorators' and Signwriters' Association of Victoria advised that Nutec Paints and Chemicals Pty Ltd were merely Associate Members, and as such were not permitted by the Association rules to advertise the membership to the general public.
- 1.6.8 At this stage the company has ceased trading, although Mr. De Riggs currently trades as the Victorian Paint Company, which is involved in general home renovation.

Style Trend Industries Pty Ltd
Trading as Minimum Maintenance Construction Company

- 1.7.1 The directors of this company are :-
- Karl Konrad, and
 Mirjana Konrad
- 1.7.2 The registered office of the company is at 98 Lower Plenty Road, Rosanna, and the company trades from 8 Droop Street, Footscray.
- 1.7.3 It is noted from company documents held at the Office of Corporate Affairs "Konrad" is spelt "Conrad". On all correspondence on company letter-head the name is, however, spelt "Konrad".
- 1.7.4 The company is involved in the field of home renovations including the application and the sale of artificial brick cladding, installation of aluminium cladding and other general renovations.
- 1.7.5 The most objectionable aspect of Mr. Konrad's operations is the fact that he has accepted from householders substantial amounts of money as deposits for work to be carried out, without carrying out the necessary work.
- 1.7.6 When complaints started increasing in number, Mr. Konrad was asked to visit the office of the Ministry in order to discuss his business activities. During the interview, Mr. Konrad admitted that his company is in financial difficulties, giving this as the reason for delaying any new work or attending to any complaints. The impression gained by the officers of the Ministry who spoke to Mr. Konrad was that his enterprises suffered from lack of expertise in the area of home renovations as well as his own mismanagement.
- 1.7.7 As an outcome of negotiations with the Ministry, Mr. Konrad gave a written undertaking that he would repay to consumers the deposits paid to him. However, he has not honoured the undertaking.

- 1.7.8 The stationery used by Mr. Konrad's company is most impressive, to say the least. Both the advertisements placed by him and his letter-heads lead consumers to believe that the company is more substantial than in fact it really is. Consumers are lulled by this fact into a sense of security and are influenced into paying substantial deposits before the commencement of any work.
- 1.7.9 Mr. Konrad's activities are condemned in the strongest of terms, as in the final analysis, consumers stand to lose a lot of money irrespective of whether the inability to perform promised work after accepting deposits was due to inadvertent mismanagement or premeditated fraud.

MOTOR CAR TRADERS

K & J Cashmore Nominees Pty Ltd Trading as New Footscray Auto Sales

- 2.1.1 The directors are Kenneth John Cashmore and Josephine Theresa Cashmore. The company is trading at 199 Ballarat Road, Footscray. Prior to 1st February 1979 the directors were trading as Ken Cashmore Motors.

It is evident from complaints received that sales staff of the company will go to extreme lengths to force a sale onto a consumer and that they will not stop short of actual deception in order to make the sale.

- 2.1.2 One consumer complained to the Ministry that she approached this company to purchase a 1971 MG which had been advertised in a daily newspaper for \$3,990. She queried the year model of the vehicle as the registration label had been scratched off but was assured by the salesman that it was a 1971 model. A contract was eventually signed (not stating year model) and the consumer took delivery of the vehicle. Still being suspicious of the year model she made enquiries at the Motor Registration Branch as to the year of first registration. She was informed that the vehicle was first registered on 28th January 1969.
- 2.1.3 After complaining to the dealer she was told "the car had been standing for one year (unused) so that it did not make much difference".

- 2.1.4 The Ministry in turn was told that the advertisement was a mistake. The dealer still insisted that the purchaser had to continue with the purchase under the same terms as originally agreed to and drew up a fresh contract on which the correct year of first registration was shown.
- 2.1.5 The Ministry did not accept the offhanded explanation by the dealer and prosecuted him successfully for breach of the advertising provisions of the Consumer Affairs Act 1972.
- 2.1.6 In another case of "mistaken advertising" a consumer stated that he saw advertised a 1971 Hillman Hunter, one owner low miles \$1,990, \$60 deposit, \$9 per week. He further states "After I signed both the Sales Agreement and the Hire Purchase Agreement I was told that the payments would be \$99.08 per month which I found hard to believe because of the advertisement, so I took delivery of the car thinking I would check this figure when the documents arrived". Further investigation by Ministry Inspectors revealed that an additional \$300 had been added to the deposit of \$100 on the Hire Purchase Agreement and the cash price of the car was increased by an equivalent amount. This was done in order to show a substantial deposit of \$400 as on only \$100 the finance company would not finance the transaction. In addition, it was discovered that the vehicle had had four previous owners not one as the advertisement stated.
- 2.1.7 When confronted with the complaint Mr. Cashmore stated that "there was a mistake in the advertisement regarding the monthly repayment. It should have been \$19 per week not \$9 and I didn't know about the one owner". In explaining the \$300 extra deposit he stated that "the car had been resprayed" which had put the price of the car up and that a total deposit of \$400 had definitely been paid". He refused to cancel the contract.
- 2.1.8 The Ministry holds a copy of the Sales Contract which shows the cash price of the car as \$1,990 and a deposit as \$100 and a copy of the Hire Purchase Contract which shows a cash price of the car as \$2,290 and a deposit of \$400. This in itself is proof that Mr. Cashmore had misinformed the finance company as to the actual transaction and had resorted to untruthful statements when questioned by the Ministry.

- 2.1.9 When the facts were presented to the finance company the transaction was cancelled and the deposit was returned to the consumer.
- 2.1.10 The Ministry again prosecuted the dealer successfully for misleading advertising.

Yet another example illustrates even further the dishonest attitude of that dealer.

A consumer lodged the following complaint with the Ministry :-

"I bought a car from car yard for \$4,300 and I thought it was little bit too much. So I went back to see the car salesman who sold me the car, but he had left about a week before. So I found out where he was working and went down there. I told him that I couldn't afford it and I asked him to try and get me out of it and he said the only way that I can get you out of it is to buy another car off me, so I had to buy another car and I just can't afford it because I am unemployed and I am married with one child and one on the way. When he got me the finance I wasn't working so I don't know how I passed that. So I am just wondering if you could do anything for me."

- 2.1.11 The investigation by the Ministry revealed that the consumer had found a friend of his who was prepared to take over the payments to the finance company, but as his friend was unemployed he did not know whether the finance company would agree to it. The consumer traced the salesman to New Footscray Auto Sales and approached him for advice.
- 2.1.12 The salesman assured the consumer that he could arrange the transfer to a third party (the friend) provided the consumer purchased a cheaper vehicle from him. The consumer informed the salesman that he had not worked for several months and had no money to use as a deposit, but was assured that there would not be any difficulties.
- 2.1.13 The consumer purchased a 1974 Marina sedan for \$2,300 for 48 monthly repayments at \$99.77 at no deposit. The hire purchase document on the other hand showed a cash price of the car was \$3,290 with a cash deposit of \$990. In addition the finance company was told by the salesman that the consumer had been employed for the

last 12 months in a local panel beater's shop. Needless to say, the consumer had not even seen the panel beater's shop in question. Mr. Cashmore claimed that he knew nothing about the deal and attempted to lay the blame on his salesman. After informing the finance company of the truth behind the transaction, the Ministry was able to cancel the contract for the consumer.

- 2.1.14 In this complaint and others the attitude of Mr. Cashmore has been to direct the complaint to his salesmen and attempt to exonerate himself from any responsibility. This attitude is not acceptable by the Ministry.
- 2.1.15 Management cannot abdicate its responsibility for any unacceptable behaviour of its employees and ought to take action to preclude repetition of such instances.

Francal Pty Ltd Trading as Frankston Chrysler

- 2.2.1 The directors are Terance Charles Reilly and Lynette Nina Reilly and the company trades in Wells Road, Frankston.
- 2.2.2 Fifteen complaints were received, three of which warrant mention because they revealed that Frankston Chrysler were prepared to deceive finance companies in order to secure the sale of a vehicle.

Case No. 1

- 2.2.3 On 18th January 1979, a consumer signed an agreement for sale for the purchase of a 1977 Ford Utility. The price of the vehicle was \$4,295 with a trade-in allowance of \$95 for his 1962 Ford Wagon.
- 2.2.4 The consumer claimed that he had approached Frankston Chrysler because he had sighted an advertisement in the daily newspaper inviting people to telephone the advertised number if they had previously experienced financial difficulties. Some years previously the consumer had voluntarily surrendered a motor vehicle which was under hire purchase to a finance company.
- 2.2.5 Frankston Chrysler were to arrange a hire purchase contract with the finance company. The consumer informed them of his voluntary surrender and it was arranged that he should return on the following day with the \$300 deposit.

- 2.2.6 On 19th January, the consumer returned to Frankston Chrysler and he was assured that finance had been approved. Upon paying the \$300 deposit, he was then told that there was a problem with the finance. He was informed that the finance company had rejected the loan because of his voluntary surrender of some three or four years ago. However, he was told that the loan would be approved if he had a "new identity".
- 2.2.7 A new contract was completed on which his name was changed by deleting the first letter (i.e. like changing the name from "STEAD" to "TEAD"). The price of the Ford Utility was jacked up \$200 as was his trade-in allowance. He was informed that this increase in deposit plus his "new identity" should be able to obtain the approval of the finance company.
- 2.2.8 According to the consumer, the dealer informed him that if anything should go wrong with this new arrangement, then they would accept full responsibility.
- 2.2.9 Furthermore, the consumer did not have a licence to drive a motor vehicle and the dealer suggested to him that he should go to the local Police station and apply for a Learner's Permit using his correct name. The arrangement was that the dealer would then photocopy the permit, blot out the first letter in the name, photocopy this altered document and forward it to the finance company.
- 2.2.10 According to the consumer, approximately one hour after he signed a false name on the contract, he contacted the dealer and stated that he was not happy with his dishonest arrangement and he did not wish to continue negotiations for the purchase of the vehicle.
- 2.2.11 The dealer refused to refund the consumer the deposit and consequently this whole issue was brought to the Bureau's attention.

Case No. 2

- 2.2.12 Consumer wanted to purchase a Chrysler GL Regal Station Wagon using his VJ Station Wagon as a deposit. His trade-in was under finance and the pay-out figure was approximately \$6,300. However, the consumer stated that as the trade-in value did not exceed the pay-out figure, an adjustment was made on the cash price of the new vehicle with the same adjustment being made to the trade-in allowance. This "jacking up" of the prices was intended to give the consumer a better opportunity to obtain finance.

- 2.2.13 However, the finance company required an additional cash deposit of \$1,000. In fact the finance company wanted proof that the consumer could pay the \$1,000 deposit before they would accept the deal.
- 2.2.14 The consumer did not have this sort of money, and Frankston Chrysler decided to "assist".
- 2.2.15 They gave the consumer \$1,000 in cash and took him to the finance company to show them the money. The finance company then agreed to accept the deal. The consumer went back to the dealer and returned the \$1,000.

Case No. 3

- 2.2.16 When investigating a complaint involving a car purchased from Frankston Chrysler, the following statutory declaration was made by the complainant:-
- "..... do solemnly and sincerely declare that I paid a total of \$500 deposit and received a trade-in allowance of \$290 for my XP Ford on a XL Ford Escort (Registration Number shown) from Frankston Chrysler on (date shown). I did not pay \$1,000 money deposit. I paid only \$500 deposit. Contract was signed at my home and the figures were added later. The figures on the right hand side of the contract were not completed. The man from Frankston Chrysler, Mr. Jim Howard, told me not to worry about the figures. When I saw the completed contract in the presence of Mr. Howard he told me they were written in such a way so to make them look good for the finance company."
- 2.2.17 In the first case Frankston Chrysler took refuge behind the pretext that management were not aware of this deal as it was allegedly perpetrated by two salesmen who were later dismissed. On the other hand the consumer claimed that the General Manager was in fact fully aware of all proceedings. Irrespective of what the case may be, management cannot abrogate the supervision of its business and must accept always full responsibility for the actions of its employees.
- 2.2.18 In the second case Frankston Chrysler completely ignored correspondence from the Ministry on the question of the \$1,000 cash which was loaned to the consumer to mislead the finance company.

- 2.2.19 All three cases must be viewed in the light of previous discussions between Ministry staff and Mr. Reilly, the Managing Director, in which Mr. Reilly agreed that he would take a personal interest in consumer complaints and ensure that effective preventive action would be taken to control all operations of his company, especially in the area of minus equity deals.

EXTENDED WARRANTIES - MOTOR VEHICLES

Rispin Lenik (Autoguard) Pty Ltd Trading as Autoguard
Stromark Australia Insurances Limited

- 3.1 Autoguard commenced operations in December 1977. The company representatives would visit motor car traders inviting them to sell the extended warranties with any second-hand cars.
- 3.2 The benefits to dealers became immediately obvious and it became a lucrative business to market them. See also Part 2 of this Report on Extended Warranties.
- 3.3 Dealers not only stood to earn considerable commission, but were able to transfer their obligations under the statutory warranty provisions to Autoguard at no cost whatsoever, as it was always the purchaser who paid the premium.
- 3.4 As Autoguard claimed that there was no age limit on the vehicle covered by the extended warranty, it became possible to sell "any old bomb" as a mechanically sound car and then claim the repair costs on the extended warranty instead of bringing the car to an acceptable standard prior to the sale.
- 3.5 To underwrite this policy, Autoguard entered into an agreement with Stromark Insurances. The conditions of the warranty were similar to other extended warranty companies in that they basically cover the major components of the vehicle i.e. motor, gear box and differential, with a limit of \$500 per claim on each component, with the consumer paying the balance of the repair costs.

- 3.6 Until early 1979 the Ministry had received a small number of complaints against Autoguard and they mainly related to the delays in payments of claims, rather than the actual denial of the claim. These complaints were all resolved to the consumers satisfaction after the Ministry's representations.
- 3.7 Then the complaints increased quite dramatically and preliminary enquiries established that Autoguard and Stromark were in financial difficulties.
- 3.8 The Managing Director of Rispin Lenik (Autoguard) Pty Ltd informed the Ministry that consumers claims for repairs were not being paid because a dispute had arisen with the underwriter (Stromark) over a condition contained in the original master policy. This clause stated the following: "this policy shall not apply to vehicles over 5 years of age".
- 3.9 According to Autoguard this clause had been deleted at a later date with the mutual agreement of directors of Stromark.
- 3.10 On the other hand, Stromark was claiming that no such mutual agreement regarding the deletion had occurred and, in fact, only Autoguard's copy of the master policy had been altered. Almost all complaints at the Bureau concerned claims on vehicles which were over 5 years of age. It was obvious what had happened; dealers on behalf of Autoguard had been selling the Autoguard Warranty irrespective of the mechanical condition or age of the vehicle - in one case an extended warranty policy was sold for a vehicle manufactured in 1962.
- 3.11 Autoguard was acting as a middleman between Stromark and the dealers. Each dealer in turn acted as a middleman between Autoguard and the purchaser of the car who became the policy holder.
- 3.12 From discussions held with management of both Autoguard and Stromark it became obvious that Stromark had little knowledge how, and with what conditions, their extended warranty policies were sold to consumers.
- 3.13. It is also hard to believe that such an essential clause as the age limit on cars which are to be covered by the policy could have been the cause of a dispute because of an alleged deletion from the master policy by way "of a gentleman's agreement" without any written confirmation whatsoever.

- 3.14 Subsequently Stromark went into liquidation because the company could not meet all the claims, and the best that can be said for the company is that it paid the penalty for not taking sufficient interest in the marketing of its policies.
- 3.15 Autoguard also went into liquidation because Stromark ceased to meet the claims; but this company must have enjoyed considerable income while the going was good without incurring any liability or taking any risks.
- 3.16 The motor car dealers in turn must have earned lucrative commissions and covered themselves for most statutory warranty claims and repairs for misrepresented quality of vehicles without any cost to them.
- 3.17 And, finally, the consumer who paid the premium demanded by Stromark, plus the remuneration of Autoguard, plus the commission of the dealers was left holding the proverbial baby! The extended warranty policy suddenly was not worth the paper it was written on.

INSURANCE

Geneva Insurance Corporation Pty Ltd and Sapphire Insurance Company Pty Ltd

- 4.1 The directors of Geneva Insurance Corporation Pty Ltd of 213-215 King Street, Melbourne, are :-

Alan Gregory Scott
Judith Isobel Scott

The directors of Sapphire Insurance Company Pty Ltd which is a company registered in New South Wales, whose office in Melbourne is at 213-215 King Street, Melbourne, are :-

Robert John Payne
Alan Gregory Scott
Adrian Ernest Freeman

- 4.2 Objections were raised against the activities of the companies in the last Report in relation to commission arrangements with agent-dealers, lack of disclosure of the identity of the underwriters and excessive delays in payment of premium rebates.

- 4.3 Extensive discussions took place with the management who undertook to employ additional staff and streamline their accounting procedure in order to avoid any further unwarranted delays.
- 4.4 Subsequently the Ministry was informed that Sapphire Insurance Company Pty Ltd was ceasing to accept new business and renewals, and had entered into an arrangement with another company to take over liabilities on new policies and renewals. Nevertheless, Sapphire Insurance Company Pty Ltd was to continue to run off its portfolio until all liabilities under existing policies were fully discharged.
- 4.5 The Ministry assumed that after such arrangements complaints would drop off considerably. Unfortunately this did not eventuate and complaints on excessive delays in the payment of premium rebates even increased in number.
- 4.5 Since the Ministry's involvement 56 complaints were received resulting in the payment of \$3,776 - on consumer credit insurance and \$10,859 - on comprehensive insurance to consumers by way of rebates.
- 4.7 It is not an unfounded belief that there must be some hundreds of consumers with genuine claims totalling tens of thousands of dollars who have not considered obtaining help from the Ministry.
- 4.8 The company's reluctance to refund rebates is also reflected in its attitude to pay what the Ministry considers to be genuine claims under insurance contracts.
- 4.9 The Consumer Credit Insurance Policy issued by Geneva Insurance Corporation with Sapphire Insurance Company as the underwriter, makes provision for unemployment benefits to be paid. The section is headed "Unemployment Endorsement forming part of Sickness and Accident Policy".
- 4.10 If the insured is in receipt of unemployment benefits paid by the Commonwealth of Australia, the consumer credit insurance policy indemnifies him for a maximum period of 60 days on any one claim during any one continuous period of unemployment. However, there are various exclusions and the policy does not cover an inability to work where the unemployment was due to "directly or indirectly attributed to riot, civil commotion, strikes, lock outs or financial recession,

war, invasion ...". The key words in this exclusion clause are "financial recession". According to Geneva and Sapphire, unemployment claims are not being met because the country is in a state of financial recession. When queried as to how this conclusion was reached the answer given was that the Leader of the Opposition and the Arbitration Commission have both stated that the country is in a state of recession.

- 4.11 Consumers who took out the policy in order to gain security in times of unemployment, will suddenly find themselves without insurance because of an arbitrary decision by the company.
- 4.12 It must be concluded that in the current economic climate the only purpose of such an Unemployment Endorsement is to attract business for the company without creating any liability as what the Endorsement proclaims in bold print in its heading is excluded in small print in the body of its text.

DOOR TO DOOR SALES

Smart Time Pty Ltd and Others

- 5.1 The Ministry has received over a hundred complaints against Smart Time Pty Ltd and its associated companies - Smart Time Promotions Pty Ltd, Smart Time W.A. Pty Ltd, The House of Grenadier Pty Ltd, Argus Imports International Pty Ltd and Safe Time Pty Ltd.
- 5.2 Safe Time Pty Ltd was originally registered as Argus Imports Pty Ltd and on 21st June 1976 the name was changed to Argus Imports (Australia) Pty Ltd. The name was again changed on 3 August 1977 to Safe Time Pty Ltd.
- 5.3 These companies have interlinking directorships and the names of Ross James Sorbello, Rodney Druce and Carl Roberts are prominent.
- 5.4 Specialising in door to door lay-by sales of household linen and goods to young girls on a pre-payment plan, many problems have arisen around Australia with the companies in this group.
- 5.5 Problems cover :-
- (1) Deceitful door to door selling techniques
 - (2) High pressure sales tactics
 - (3) Failure to advise consumers of their rights under the Door to Door Sales Acts and regulations that exist in the various States

- (4) Non delivery of goods
- (5) Delivery of shoddy goods
- (6) Complaints from people who have answered advertisements for employment with the companies concerned - the advertisements have been misleading as to the nature of the work offered.

- 5.6 In December 1978 the Ministry issued a press release advising consumers who had signed contracts and who had not yet received the goods to contact the Ministry for advice. Persons were also warned not to make further instalment payments before receiving advice from the Ministry.
- 5.8 During April 1979, Smart Time Pty Ltd went into voluntary liquidation. The inability of Smart Time Pty Ltd to fulfil its obligations as a supplier of goods meant that all associate companies were unable to meet their orders.
- 5.9 The extent of the losses by consumers can be gauged from advice received that as at January 1979, 450 consumers have paid in full but received no goods, some 450 had paid in full but received some of the goods only and approximately 2,700 had paid the bulk part of the purchase price of the goods but had not received any goods. Most agreements with the Smart Time Group were for amounts between \$500 and \$700.
- 5.10 At the time of writing this Report, there is evidence that the directors continued to accept payments into a bank account associated with Argus Imports International Pty Ltd even though Smart Time Pty Ltd had gone into liquidation and the directors had announced that the company would not be able to meet its liabilities to other companies in the group.
- 5.11 Currently, the New South Wales Corporate Affairs Commission, the New South Wales Fraud Squad and the Victorian Corporate Affairs Office, are investigating to establish if any charges will be laid against the directors.

HOUSEHOLD REMOVALSBelmuda Transport Services

- 6.1 During the period under review, 12 complaints were received against Belmuda Transport Services of McKinnon.
- 6.2 Belmuda Transport Services was a business name used by John and Santino Belmuda, carrying on the business of carriers and household removalists.
- 6.3 Of the 12 complaints reported to the Ministry, 11 concerned interstate removals from Victoria to Queensland, and occurred between November 1977 and April 1978, but were not lodged immediately, Consumers complained of damaged furniture or items missing from their loads.
- 6.4 The Ministry sent at least two letters on each complaint to the firm requesting information. None of these letters were answered, or answered in any responsible way. Consumers experienced the same difficulty in establishing any contact with the firm to get satisfaction for their claims, which they believed were covered by insurance.
- 6.5 The contracts consumers held were with Belmuda Transport Services and they had no knowledge of an insurance company against whom they could claim direct. Their predicament was compounded by their distance from Belmuda, and that firm's lack of response to their correspondence.
- 6.6 When officers of the Ministry visited Santino (Sandy) Belmuda at the firm's then place of business, he claimed that during the period the complaints arose, the firm had sub-contracted interstate work out, and blamed these sub-contractors for the trouble. He stated that inexperienced drivers damaged and lost furniture and that breakdowns delayed deliveries.
- 6.7 Belmuda Transport Services had arranged through a broker for insurance for goods with Stromark Australia Insurances Ltd.

- 6.8 The contract of insurance was a general one with the premium payments by Belmuda Transport Services to be calculated on a turnover basis and paid monthly. Belmuda Transport Services was required to furnish monthly statements, which they neglected to do. There was a dispute between the firm and the brokers as to whether the premiums were paid in full, and for the whole of the contract period.
- 6.9 The brokers expressed concern to the Ministry that it had not received all the consumers' claims from Belmuda Transport Services.
- 6.10 Mr. Belmuda in turn claimed to be confused as to how the claims should be lodged, whether by the consumer or by his firm.
- 6.11 Belmuda Transport Services adopted the attitude that the problem was not theirs but one between each consumer and the brokers who claimed that it could not meet the claims unless they were submitted, or submitted properly, and further, that perhaps claims would not be met as premiums had not been paid, or paid in full.
- 6.12 At this stage, it appeared that the claims of the consumers, ranging from \$100 to \$1,000 could depend for resolution on a legal battle between Belmuda Transport Services and the brokers. If Belmuda Transport Services had no valid insurance cover for the consumers' goods, then the consumer would only have a right of recourse against that firm.
- 6.13 That right subsequently proved to be valueless, as not all judgements against Belmuda Transport Services could be executed. Santino and John Belmuda were declared bankrupt on 21st December 1978, after a meeting of their creditors.
- 6.14 Stromark Australia Insurances Ltd went into liquidation on 26th July 1979.
- 6.15 It can be concluded that John and Santino Belmuda were grossly incompetent to run the business, even to arrange the transport of goods from one place to another without losing or damaging them; that they took money from consumers to cover insurance and were not capable of arranging that insurance or paying the required premiums.

- 6.16 The Ministry has prepared a pamphlet on household removals outlining the pitfalls that can be met. For insurance cover consumers should insist on a full explanation of the policy, who is the underwriter and with whom a claim should be lodged. Goods should be insured for their real value.

SALE OF SECOND HAND TRUCKS

Taylor Truck Sales Pty Ltd

- 7.1 The directors are :-

Russell Ian Taylor
John Tedge

The company was trading in Albert Street, Preston.

- 7.2 The following example reveals the extreme dishonesty in this company's dealings with its clients whenever there was a prospect of earning a large profit.
- 7.3 In October 1978, a consumer answered an advertisement in the newspaper indicating that a good living could be made as an owner driver. The advertisement was placed by Taylor Truck Sales Pty Ltd. He was shown a Daihatsu van and he was told the price was \$8,300. He was then taken to a transport company where employment could be arranged if he purchased the van. The motor car trader and the transport company informed him that his earnings would be approximately \$400 per week.
- 7.4 This particular consumer was previously employed as a process worker. It was his first venture into the owner driver business. He did not have a deposit to effect the purchase of the \$8,300 van. The representative of Taylor Truck Sales then made approaches to a bank for a personal loan for \$4,000. However, the policy of the bank was not to issue unsecured personal loans for vans or trucks.
- 7.5 The Ministry subsequently established that a loan application was approved by the bank showing that the loan was for the purchase of a station wagon priced at \$5,400. As the loan application was for only \$4,000 it was an indication to the bank that the purchaser had paid a deposit of \$1,400 on the fictitious station wagon.

- 7.6 The \$4,000 was then used as a deposit on the van and a hire purchase contract was submitted and accepted by a finance company.
- 7.7 Neither the bank nor the finance company were aware of each others dealings.
- 7.8 In his first week the consumer earned \$120, \$150 in his second week, \$180 third week and then work became almost unavailable. His only jobs were to pick up rubbish from a furniture store and take it to a local tip. Consequently after making one payment to the finance company he decided he could not make a living or earn the advertised income and so voluntarily surrendered the van and he became re-employed as a process worker.
- 7.9 The finance company then sold the van for \$1,800 and sought recovery of \$3,000 from the consumer. At the same time the bank was seeking repayment of the \$4,000 loan plus interest.
- 7.10 Investigation revealed that :-
- Taylor Truck Sales Pty Ltd originally had purchased the truck for \$2,000 and sold it for \$8,300. This explains also why the finance company sold the truck for only \$1,800.
 - The salesman who was instrumental in arranging the finance deals and who knew that the purchaser had no experience in the trucking business earned a 20% commission on the gross profit of the sale of the truck
- 7.11 The purchaser probably would have been able to maintain the payments to the bank and finance company if the earning prospects held out to him by both the truck dealer and the transport company had eventuated.
- 7.12 This case again highlights the need for controls on advertising of employment offers, particularly in respect of owner/driver opportunities.

RURAL INVESTMENT SCHEMESNut Farms of Australia Pty Ltd

- 8.1 The registered office of the company is at 16 Cook Street, West Perth, in Western Australia. The directors are Cyril Edward Swain and Gordon Murray.
- 8.2 In the Annual Report for the year ended 30th June 1978, the following comments were made on Nut Farms of Australia Pty Ltd
- "Over the last few months a number of Victorians have received cards in their letter boxes offering participation in a project involving the growing of trees in an area in Western Australia to produce nuts. The promotion was by Nut Farms of Australia Pty Ltd. The Department of Agriculture in Perth have advised that irrigation would be necessary in this area if the nut trees are to be successfully grown; however the potential of water storage to allow irrigation is limited.
- The Department has also advised that the marketing potential of the nuts is still uncertain. As at the date of writing, the Western Australian Government has revoked the licence given to Nut Farms of Australia to clear the property to plant nuts."
- 8.3 During the year under review the company was again active in this State and advertising material prepared by the company was left in letter-boxes (see Appendix G for copies of advertising material).
- 8.4 The property referred to above is known as Chowerup. Nut Farms of Australia Pty Ltd advised the Ministry in a letter dated 23rd May 1979 that following the licence revocation and a second opinion that "the land was unsuitable in the long term for our project" the company purchased "a far more suitable section of land".
- 8.5 The new location near Gingin was subsequently investigated by the Western Australia Department of Agriculture, who reported to the West Australian Commissioner for Consumer Affairs. The Western Australian Minister for Consumer Affairs tabled his Commissioner's report in the Western Australian Parliament on 28th August 1979.

8.6 The report is reproduced here in full :-

Report on Land at West Wannamal Road,
Acquired by Nut Farms of Australia
Pty Ltd for Growing Pecan and Chestnut
Trees for Nut Crops and Black Walnut
Trees for Timber

"I am advised by horticultural and resource management specialists of the Department of Agriculture, that the extremely sandy nature of the area makes commercial nut production an impractical proposition. Even assuming the availability of adequate supplies of underground water for irrigation, the frequency of watering required and the volume of water required, would be substantially in excess of that needed for a preferred loamy soil type. Walnut, pecan and chestnut trees are generally considered to need a deep, fertile, well drained soil for satisfactory growth and cropping. They also have a high soil moisture requirement during the active growing period. Walnut and pecan trees, in particular, have relatively succulent leaves with an associated high transpiration rate. The trees are large in size when fully grown and the extensive root system draws heavily on soil moisture reserves. Regular summer irrigation, adjusted to evaporation rates, would be essential under Western Australian conditions. An irrigation programme sufficient to maintain and stimulate root growth is therefore essential. Healthy shoot growth is essential for satisfactory cropping, a critical factor being the inherent characteristic for the female flowers to be borne only on new season's shoot growth.

Provision for irrigation is essential from the year of planting to promote acceptable tree growth in the early years. This is especially important in view of our high summer temperatures, and the proneness of trees to wilt severely, and possibly die, if soil moisture is not maintained. The need to water newly planted trees is critical in view of the high cost of trees currently brought in from the Eastern States at a cost of up to \$20.00 per tree.

To achieve the high level of fertility required for successful cultivation of nut trees, a liberal and well balanced fertilizer programme is required to supply the major elements, phosphorus, nitrogen and potash.

On a sandy soil type, heavy rates of fertilizers would be needed. Sandy soils are also notoriously deficient in the trace elements, copper, zinc, manganese and magnesium. Nut trees have a high requirement for these elements. For optimum uptake, relatively heavy soil dressings of trace elements, combined with foliage sprays, would be needed.

The expense of maintaining acceptable levels of soil moisture and nutrients in the sandy soils inspected at the site would add considerably to establishment and management costs of the project. Another factor which throws doubt on the feasibility of walnut and chestnut growing at Gingin is the need, characteristic of temperate tree crops, to receive a fair degree of winter chilling. Without such chilling, trees will not break dormancy effectively. This results in erratic foliation and flowering, retarded shoot growth and reduced cropping. Pecan nuts, a subtropical crop, originating from southern USA, do not have as high a chilling requirement as walnuts and chestnuts, and in this regard the site at Gingin would be suitable for pecans. In view of the close proximity to the coast and location north of Perth, the Gingin area (average winter temperature of 12-13°C with a mean minimum coldest month of 8.3°C), would not meet the winter chilling needs of walnuts or chestnuts.

Taking the location of the site and the sandy nature of the soils into account, the suitability of the site for the commercial cultivation of pecan, walnuts and chestnuts is seriously questioned.

8.7

Investment in Nut Farms of Australia Pty Ltd is risky in the extreme and prospective investors are warned of the dangers in being impressed by advertising claims of various promotions.

APPENDIX AAnalysis of Consumer Complaints - Product/Service
Classification - 1977/78 and 1978/79

	<u>1977/78</u>		<u>1978/79</u>	
	<u>Number</u>	<u>°/o</u>	<u>Number</u>	<u>°/o</u>
<u>Food and Beverages</u>				
Food Products	115	1.16	106	1.05
Beverages	47	.47	36	.35
Other	<u>7</u>	<u>.09</u>	<u>9</u>	<u>.09</u>
SUB TOTAL	169	1.70	151	1.49
<u>Clothing, Footwear and Drapery</u>				
Clothing	364	3.66	332	3.28
Footwear	210	2.11	171	1.69
Accessories	23	.23	27	.27
Drapery	56	.56	161	1.59
Other	<u>7</u>	<u>.07</u>	<u>9</u>	<u>.09</u>
SUB TOTAL	660	6.64	700	6.92
<u>Consumer Durables</u>				
Electrical Goods, etc:				
Washing Machines, Dishwashers, Drying Cabinets	107	1.08	94	.93
Stoves	59	.59	44	.43
Refrigerators and Freezers	109	1.10	91	.90

(Cont'd)

Electrical Goods, etc. (Cont'd)

Television	212	2.13	142	1.40
Air Conditioners	38	.38	39	.38
Heaters	80	.80	74	.73
Vacuum Cleaners	10	.10	8	.08
Radio, Hi-Fi, etc.	143	1.44	94	.93
Other	138	1.39	112	1.11
Used Electrical Goods, etc.	59	.59	55	.54
Repair of Electrical Goods, etc:				
Washing Machines, Dishwashers, Drying Cabinets	90	.91	121	1.19
Stoves	12	.12	18	.18
Refrigerators and Freezers	48	.48	54	.53
Television	97	.98	98	.97
Air Conditioners	10	.10	14	.14
Heaters	24	.24	38	.37
Vacuum Cleaners	2	.02	5	.05
Radio, Hi-Fi, etc.	34	.34	68	.67
Other	35	.35	28	.28
Furniture	269	2.70	303	2.99
Furnishings:				
Carpets and Other Floor Coverings	167	1.68	198	1.96
Curtains and Blinds	75	.75	70	.69
Other	20	.20	13	.13
Hardware and Kitchenware	69	.69	59	.58
Other	<u>13</u>	<u>.13</u>	<u>6</u>	<u>.06</u>
SUB TOTAL	1920	19.31	1846	18.24

Motor Vehicles and Other
Transport Equipment

New Motor Vehicles	544	5.47	626	6.18
Used Motor Vehicles	1256	12.63	1219	12.04
Repair and Servicing Of Motor Vehicles:				
Mechanical	373	3.75	436	4.31
Electrical	22	.22	19	.19
Panel Beating	101	1.02	105	1.04
Other	33	.33	57	.56
Parts and Accessories	259	2.61	243	2.40
Motor Bikes and Trail Bikes	52	.52	43	.42
Other Transport Equipment:				
Caravans and Campervans	142	1.43	117	1.16
Boats and Out- board Motors	61	.61	52	.51
Trucks	79	.79	60	.59
Other	53	.53	47	.46
Other	<u>25</u>	<u>.25</u>	<u>6</u>	<u>.06</u>
SUB TOTAL	3000	30.18	3030	29.93

Building and Construction

New Home Construction	187	1.88	136	1.34
Extensions and Renovations:				
Concreting, Block- work, Brickwork, etc.	211	2.12	64	.63
Fences and Walls	41	.41	29	.29

(Cont'd)

Extensions and Renovations (Cont'd)

Carpentry	29	.29	16	.16
Painting and Decorating	64	.64	68	.67
Plumbing	79	.79	77	.76
Electrical Work	35	.35	25	.25
Roofing and Insulation	87	.88	100	.99
Cladding	107	1.08	133	1.31
Other	76	.76	161	1.59
Supply of Packages - Kitchens, Garages, etc.	86	.87	76	.75
Building Products	86	.87	110	1.09
Swimming Pools	67	.67	70	.69
Gardening	74	.74	72	.71
Other	<u>7</u>	<u>.07</u>	<u>7</u>	<u>.07</u>
SUB TOTAL	1236	12.43	1144	11.30

Miscellaneous Products

Communications - Newspapers, Books, Periodicals, etc.	210	2.11	220	2.17
Tools and Equipment	29	.39	40	.39
Sporting Goods	55	.46	47	.46
Jewellery, Watches and Clocks	224	2.25	231	2.28
Toys and Musical Instruments	47	.47	43	.42
Photographic Equipment	33	.33	43	.42

(Cont'd)

Miscellaneous Products (Cont'd)

Chemical Products	47	.47	44	.43
Animals, Pets and Livestock	27	.27	37	.36
Other	<u>213</u>	<u>2.14</u>	<u>207</u>	<u>2.04</u>
SUB TOTAL	885	8.90	912	9.01

Transport and Energy
Services

Postal and Telephone Services	15	.15	32	.32
Public Utilities and Fuel Supplies	80	.80	86	.85
Travel	101	1.02	101	1.00
Other	<u>15</u>	<u>.15</u>	<u>52</u>	<u>.51</u>
SUB TOTAL	211	2.12	271	2.68

Insurance and Finance

Insurance:

Life	43	.43	52	.51
General	70	.70	98	.97
Health	28	.28	41	.40
Motor Vehicle	182	1.83	224	2.21
Other	72	.72	91	.90

Finance:

Credit Cards	3	.03	10	.10
Store Credit	16	.16	14	.14
Chattel Mortgage	7	.07	18	.18
Lay-by	2	.02	3	.03
Hire Purchase	110	1.11	136	1.34

(Cont'd)

Finance (Cont'd)

Lease	27	.27	30	.30
Other	53	.53	58	.57
Other	<u>2</u>	<u>.02</u>	<u>4</u>	<u>.04</u>
SUB TOTAL	615	6.18	779	7.70

Real Estate and
Accommodation

Investment	22	.22	4	.04
Purchase	113	1.14	115	1.53
Lease and Rental	125	1.26	125	1.23
Short Term Accommodation	51	.51	37	.36
Other	<u>15</u>	<u>.15</u>	<u>15</u>	<u>.15</u>
SUB TOTAL	326	3.28	296	2.92

Miscellaneous Services

Professional Services	284	2.86	307	3.03
Semi-Professional Services	220	2.21	248	2.45
Household Services	276	2.78	290	2.86
Educational	24	.24	42	.41
Entertainment, Restaurant, Catering	79	.75	76	.75
Other	<u>36</u>	<u>.30</u>	<u>30</u>	<u>.30</u>
SUB TOTAL	919	9.24	993	9.81
<u>T O T A L</u>	<u>9941</u>	<u>100.00</u>	<u>10122</u>	<u>100.00</u>

NOTES

1. Percentage sub-totals may not total exactly because of rounding of decimal places.
2. The above table is only a summary. Any person interested in a particular classification may obtain a copy of that classification on request to the Ministry.

APPENDIX B

Analysis of Consumer Complaints
Practice Classification - 1977/78 and 1978/79

	<u>1977/78</u>		<u>1978/79</u>	
	<u>Number</u>	<u>o/o</u>	<u>Number</u>	<u>o/o</u>
<u>Advertising and Representations</u>				
Health and Safety	4	.03	4	.03
Price	177	.45	174	1.53
Quality	272	2.23	169	1.49
Quantity	40	.33	36	.32
Performance, Benefit	174	1.42	142	1.25
Sponsorship, Approval	17	.14	13	.11
Other	<u>300</u>	<u>2.46</u>	<u>315</u>	<u>2.76</u>
SUB TOTAL	984	8.05	853	7.52

Packaging and Labelling

Safety Label, Instructions	2	.02	-	-
Operating Instructions	24	.20	18	.16
Contents, Description of	18	.15	5	.04
Deceptive Packaging	12	.10	11	.10
Date of Manufacture on Packaging	6	.05	3	.03
Other	<u>11</u>	<u>.09</u>	<u>12</u>	<u>.10</u>
SUB TOTAL	73	.60	49	.43

Sales Methods

Unsolicited Product or Service	93	.76	93	.82
Door to Door Sales	188	1.54	195	1.72
Auctions	15	.12	16	.14
Mail Order Sales	230	1.88	297	2.62
Over-Ticketing	6	.05	-	-
Other	<u>193</u>	<u>1.58</u>	<u>570</u>	<u>5.02</u>
SUB TOTAL	725	5.93	1171	10.32

Prices and Charges

Charge Above Quote	236	1.93	158	1.39
Industry Pricing Policy	97	.79	59	.52
Overcharging	510	4.17	443	3.90
Other	<u>87</u>	<u>.71</u>	<u>92</u>	<u>.81</u>
SUB TOTAL	930	7.61	752	6.63

Quality of Product or Service

Product Faulty or Unsatisfactory	3872	31.69	2878	25.37
Installation	96	.79	112	.99
Servicing or Repair	1188	9.72	1425	12.56
Unavailability of Product, Component or Service	369	3.02	372	3.28
Unsafe or Hazardous Product or Service	59	.48	47	.41

(Cont'd)

Quality of Product or Service (Cont'd)

Unauthorised Repairs	45	.37	30	.26
Other	<u>54</u>	<u>.44</u>	<u>53</u>	<u>.47</u>
SUB TOTAL	5683	46.51	4917	43.34

Credit Practices

Repossession	71	.58	69	.61
Debt Collection	79	.65	67	.59
Deposits or Lay-by	422	3.45	308	2.71
Incorrect Interest or Credit Charge	116	.95	63	.55
Other	<u>56</u>	<u>.46</u>	<u>114</u>	<u>1.00</u>
SUB TOTAL	744	6.09	621	5.47

Contracts

Harsh or Unconscionable Contracts	198	1.62	86	.76
Non-Disclosure or Misrepresentation of Terms	217	1.78	174	1.53
Non Performance	1483	12.14	1311	11.55
Retention of Bond	81	.66	76	.67
Other Landlord/Tenant Disputes	35	.29	41	.36
Other	<u>230</u>	<u>1.88</u>	<u>394</u>	<u>3.47</u>
SUB TOTAL	2244	18.37	2082	18.35

(Cont'd)

108.

Guarantees and
Warranties

SUB TOTAL 835 6.83 901 7.94

T O T A L 12218 100.00 11346 100.00

APPENDIX C

Comparison Of Complaints By Product And Practice 1978/79

PRODUCT	Advertising & Representations	Packaging and Labelling	Sales Methods	Prices and Charges	Quality of Product or Service	Credit Practices	Contracts	Guarantees and Warranties	TOTAL
Food, Beverages, & Tobacco	83 51.0 9.7	15 10.0 30.6	19 12.0 1.6	23 14.0 3.1	13 8.0 0.3	3 2.0 0.5	6 3.0 0.3	- - -	162
Clothing, Footwear, Drapery	41 4.7 4.8	21 2.4 42.9	157 18.3 13.4	8 0.9 1.1	452 52.3 9.2	34 3.9 5.5	151 17.5 7.3	- - -	864
Consumer Durables	112 5.6 13.1	2 0.1 4.1	85 4.2 7.3	110 5.5 14.6	1385 68.7 28.3	57 2.8 9.2	125 6.2 6.0	139 6.9 15.4	2,015
Motor Vehicles & Other Transport Equipment	196 5.7 23.0	- - -	452 13.0 38.6	200 5.8 26.6	1438 41.7 29.4	172 5.0 27.7	326 9.4 15.7	668 19.4 74.1	3,452
Building & Construction	39 3.2 4.6	1 0.1 2.0	65 5.3 5.6	113 9.2 15.0	779 63.6 15.9	29 2.4 4.7	152 12.4 7.3	47 3.8 5.2	1,225
Miscellaneous Products	120 10.2 14.1	9 0.8 18.4	294 24.9 25.1	42 3.6 5.6	440 37.2 9.0	29 2.5 4.7	204 17.3 9.8	41 3.5 4.6	1,179
Transport & Energy Services	81 28.7 9.5	- - -	15 5.3 1.3	88 31.3 11.7	35 12.4 0.7	17 6.0 2.7	46 16.3 2.2	- - -	282
Insurance & Finance	13 1.6 1.5	- - -	11 1.3 0.9	6 0.8 0.8	20 2.5 0.4	204 25.5 32.9	542 67.8 26.0	4 0.5 0.4	800
Real Estate & Accommodation	38 12.1 4.5	- - -	19 6.2 1.6	10 3.2 1.3	30 9.6 0.6	28 8.9 4.5	187 60. 9.0	- - -	312
Miscellaneous Services	130 12.4 15.2	1 0.2 2.0	54 5.1 4.6	152 14.4 20.2	325 30.8 6.6	48 4.5 7.7	342 32.4 16.4	2 0.2 0.2	1,055
TOTAL	853	49	1171	752	4891	621	2082	901	11,346

APPENDIX DAnalysis of Claims Determined - Product/Service
Classification - 1977/78 and 1978/79

	<u>1977/78</u>		<u>1978/79</u>	
	<u>Number</u>	<u>°/o</u>	<u>Number</u>	<u>°/o</u>
<u>Food and Beverages</u>				
Food Products	-	-	1	.04
Beverages	3	.11	1	.04
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
SUB TOTAL	3	.11	2	.09
<u>Clothing, Footwear and Drapery</u>				
Clothing	134	4.96	179	5.96
Footwear	69	2.26	101	3.36
Accessories	3	.11	8	.27
Drapery	6	.22	15	.50
Other	<u>3</u>	<u>.11</u>	<u>3</u>	<u>.09</u>
SUB TOTAL	215	7.97	306	10.18
<u>Consumer Durables</u>				
Electrical Goods, etc:				
Washing Machines, Dishwashers, Drying Cabinets	10	.37	33	1.09
Stoves	8	.30	4	.14
Refrigerators and Freezers	26	.96	30	1.00

(Cont'd)

Electrical Goods, etc: (Cont'd)

Television	34	1.26	40	1.32
Air Conditioners	16	.59	16	.55
Heaters	18	.67	32	1.05
Vacuum Cleaners	-	-	1	.04
Radio, Hi-Fi, etc.	22	.82	20	.68
Other	14	.52	11	.36
Used Electrical Goods, etc.	16	.59	7	.23
Repair of Electrical Goods, etc:				
Washing Machines, Dishwashers, Drying Cabinets	33	1.22	27	.91
Stoves	2	.07	3	.09
Refrigerators and Freezers	22	.82	30	1.00
Television	40	1.48	42	1.41
Air Conditioners	4	.15	4	.14
Heaters	11	.41	8	.27
Vacuum Cleaners	-	-	-	-
Radio, Hi-Fi, etc.	13	.48	15	.50
Other	4	.15	6	.18
Furniture	119	4.41	137	4.55
Furnishings:				
Carpets and Other Floor Coverings	92	3.41	130	4.32
Curtains and Blinds	38	1.41	59	1.95
Other	5	.19	8	.27
Hardware and Kitchenware	5	.19	13	.45
Other	<u>11</u>	<u>.41</u>	<u>10</u>	<u>.32</u>
SUB TOTAL	563	20.86	686	22.82

Motor Vehicles and Other
Transport Equipment

New Motor Vehicles	31	1.15	49	1.64
Used Motor Vehicles	323	11.97	322	10.69
Repair and Servicing Of Motor Vehicles:				
Mechanical	264	9.78	283	9.41
Electrical	1	.04	10	.32
Panel Beating	53	1.96	49	1.64
Other	25	.93	17	.55
Parts and Accessories	61	2.26	56	1.86
Motor Bikes and Trail Bikes	8	.30	11	.36
Other Transport Equipment:				
Caravans and Campervans	23	.85	20	.68
Other	26	.96	35	1.18
Other	<u>19</u>	<u>.70</u>	<u>-</u>	<u>-</u>
SUB TOTAL	834	30.90	852	28.33

Building and Construction

New Homes	38	1.41	32	1.05
Extensions and Renovations:				
Concreting, Blockwork, Brickwork, etc.	110	4.08	104	3.46
Fences and Walls	40	1.48	35	1.18
Carpentry	19	.70	10	.32
Painting and Decorating	44	1.63	59	1.95

(Cont'd)

Extensions and Renovations (Cont'd)

Plumbing	91	3.37	57	1.91
Electrical Work	15	.56	18	.59
Roofing and Insulation	12	.44	47	1.55
Cladding	5	.19	7	.23
Other	61	2.26	124	4.14
Supply of Packages - Kitchens, Garages, etc.	21	.78	20	.68
Building Products	43	1.59	52	1.73
Swimming Pools	29	1.07	15	.50
Gardening	34	1.26	30	1.00
Other	<u>11</u>	<u>.41</u>	<u>1</u>	<u>.04</u>
SUB TOTAL	573	21.23	611	20.33

Miscellaneous Products

Communications - Newspapers, Books, Periodicals, etc.	5	.19	5	.18
Tools and Equipment	2	.07	8	.27
Sporting Goods	6	.22	18	.59
Jewellery, Watches, and Clocks	62	2.30	70	2.32
Toys and Musical Instruments	9	.33	4	.14
Photographic Equipment	4	.15	8	.27
Chemical Products	-	-	3	.09
Animals, Pets and Livestock	10	.37	18	.59
Other	<u>57</u>	<u>2.11</u>	<u>34</u>	<u>1.14</u>
SUB TOTAL	155	5.74	168	5.59

Transport and Energy Services

Post and Telephone Services	1	.04	4	.14
Public Utilities and Fuel Supplies	5	.19	14	.45
Travel	11	.41	49	1.64
Other	<u>14</u>	<u>.52</u>	<u>-</u>	<u>-</u>
SUB TOTAL	31	1.15	67	2.23

Insurance and Finance

Insurance	9	.33	14	.45
Finance	4	.15	5	.18
Other	<u>1</u>	<u>.04</u>	<u>1</u>	<u>.04</u>
SUB TOTAL	14	.52	20	.68

Real Estate and Accommodation

Investment	3	.11	1	.04
Purchase	9	.33	3	.09
Lease and Rental	4	.15	-	-
Short Term Accommodation	7	.26	7	.23
Other	<u>2</u>	<u>.07</u>	<u>3</u>	<u>.09</u>
SUB TOTAL	25	.93	14	.45

Miscellaneous Services

Professional Services	40	1.48	37	1.22
Semi-Professional Services	38	1.41	41	1.36
Household Services	106	3.93	133	4.41

(Cont'd)

Miscellaneous Services (Cont'd)

Educational	4	.15	4	.14
Entertainment, Restaurant, Catering	10	.37	11	.36
Other	<u>88</u>	<u>3.26</u>	<u>54</u>	<u>1.77</u>
SUB TOTAL	286	10.60	280	9.26
<u>T O T A L</u>	<u>2699</u>	<u>100 %</u>	<u>3006</u>	<u>100 %</u>

NOTES

1. Percentage sub-totals may not total exactly because of rounding of decimal places.
2. The above table is only a summary of the full classification. Any person interested in a particular classification may obtain a copy of that classification on request to the Ministry.

APPENDIX E

Analysis of Claims Determined - Practice
Classification - 1977/78 and 1978/79

	<u>1977/78</u>		<u>1978/79</u>	
	<u>Number</u>	<u>°/o</u>	<u>Number</u>	<u>°/o</u>
<u>Advertising and Representations</u>				
Health and Safety	-	-	-	-
Price	-	-	-	-
Quality	7	.25	1	.03
Quantity	1	.04	1	.03
Performance, Benefit	-	-	1	.03
Sponsorship, Approval	-	-	-	-
Other	<u>39</u>	<u>1.04</u>	<u>9</u>	<u>.29</u>
SUB TOTAL	47	1.68	12	.39
<u>Packaging and Labelling</u>	-	-	-	-
<u>Sales Methods</u>	12	.43	4	.13
<u>Prices or Charges</u>				
Charge Above Quote	16	.57	14	.45
Industry Pricing Policies	1	.04	4	.13
Overcharging	145	5.19	96	3.09
Other	<u>115</u>	<u>4.12</u>	<u>44</u>	<u>1.41</u>
SUB TOTAL	277	9.91	158	5.08

Quality of Product or Service

Product Faulty or Unsatisfactory	847	30.31	1424	45.79
Installation	42	1.50	44	1.44
Servicing or Repair Unsatisfactory	351	12.56	93	2.99
Unavailability of Product Component or Service	7	.25	89	2.86
Unsafe or Hazardous Product or Service	11	.39	46	1.48
Unauthorised Repairs	16	.57	12	.39
Other	<u>890</u>	<u>31.85</u>	<u>1120</u>	<u>36.01</u>
SUB TOTAL	2164	77.45	2828	90.93

Credit Practices

Depossession	-	-	-	-
Debt Collection	-	-	-	-
Deposits and Lay-Bys	21	.75	31	1.00
Incorrect Interest or Credit Charges	1	.04	-	-
Other	<u>4</u>	<u>.14</u>	<u>8</u>	<u>.26</u>
SUB TOTAL	26	.93	39	1.25

Contracts

Harsh and Unconscionable Contracts	-	-	3	.10
Non-Disclosure and Mis- representation of Terms	3	.11	11	.35
Non-Performance	136	4.87	24	.77

(Cont'd)

Contracts (Cont'd)

Retention of Bond	-	-	-	-
Other Landlord/Tenant Disputes	-	-	-	-
Other	<u>29</u>	<u>1.04</u>	<u>4</u>	<u>.13</u>
SUB TOTAL	168	6.01	42	1.35
<u>Guarantees and Warranties</u>				
All	100	3.58	27	.87
<u>T O T A L</u>	<u>2794</u>	<u>100 %</u>	<u>3110</u>	<u>100 %</u>

APPENDIX FPublications Available From The Ministry

- MCA 1 - Small Claims Tribunals
- This pamphlet explains what the Small Claims Tribunal is, who may lodge a claim with the Tribunals, and an outline of the procedure to be taken in lodging a claim.
- MCA 2 - Directory of Consumer Assistance
- As the name indicates, a directory of various organisations which can aid the consumer, including the Ministry of Consumer Affairs and other consumer affairs authorities.
- MCA 3 - The Informed Consumer - What You Should Know
About Hire Purchase
- Explains what hire purchase means - about the law and repossession and points to remember. It also sets out an example of a First Schedule.
- MCA 4 - The Informed Consumer - What You Should Know
About Buying A Car
- This small booklet covers selecting a new or used car, credit, insurance, what you should look for in a used car, what your rights and obligations are under the Motor Car Traders Act. The booklet also gives some advice on servicing motor vehicles.
- MCA 5 - The Informed Consumer - What You Should Know
About Purchase and Servicing of Household
Appliances
- A pamphlet drawing attention to points to consider when selecting electrical goods, such as suitability for use, capacity, spare parts and terms of the warranty. It also tells you how to go about arranging service for the appliance.

MCA 6 - Twenty Ways Not To Be Cheated

A booklet illustrating 20 ways consumers can get "ripped off" or cheated if they are unsuspecting.

MCA 7 - Customer Dissatisfaction Reporting Systems

This pamphlet is available to traders and commercial organisations only.

MCA 8 - Be Sure Before You Sign !

Before you sign any contract or agreement there are a number of things you should consider first, and this pamphlet contains this advice.

MCA 9 - The Informed Consumer - What You Should Know
About Household Removals

This pamphlet gives tips on how to go about arranging household removals with the minimum of problems.

MCA 10 - What You Should Know About Funerals

To assist people in knowing what is involved when ordering a funeral and how costs can be reduced by planning ahead.

MCA 11 - The Informed Consumer - What You Should Know
About Carpets For The Home

Advice to help you select the most suitable carpet for your home. It explains fibre characteristics, methods of carpet constructions, underlays and also covers carpet cleaning and common complaints.

Additional Pamphlets available but not published by the Ministry -

1. The Traps in Household Renovating

This is a reprint from the National Times and gives advice on how to go about arranging home renovations and how to avoid the pitfalls.

2. Children's Nightwear: The Burning Question

This pamphlet is published by the Standards Association of Australia and covers the labelling requirements of children's nightwear, advice on avoiding burns and a draft pattern of suitably designed nightwear.

3. Buying a House or Land

Published by the Law Department. It is one of a series which includes "What Is A Will?". These are available in English, Greek, Italian, Serbo-Croat, Turkish, Maltese and Spanish.

Poster published by the Ministry -

Be A Responsible Consumer

This poster outlines the do's and don'ts of being a responsible consumer. It is available in English, Greek, Italian, Turkish, Arabic, Serbo-Croat, and Spanish.

APPENDIX G

Advertising Material

Issued by Nut Farms of Australia Pty. Ltd.

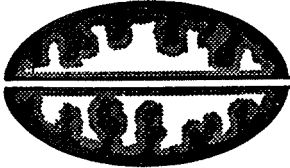
News Flash!!

POSTAGE
PAID
PERTH
AUSTRALIA

WHY RICH MEN GET RICHER

Mr. INVESTOR

**THE SECRET OF MAKING MONEY CAN BE
YOURS SIMPLY BY READING THE ENCLOSED**



Nut Farms of Australia Pty. Ltd.

Registered Office: 16 COOK STREET, WEST PERTH, WESTERN AUSTRALIA 6005

Correspondence to: P.O. BOX 422, WEST PERTH, WESTERN AUSTRALIA 6005

Telephones 322 2219, 322 1630 Area Code 09

WHY RICH MEN GET RICHER

Dear Sir or Madam,

It is a fact of life that generally speaking, the working person is restricted to how much he can earn by the amount of time he can work.

This is so different with a person who has the ability to place his money so that it can increase his income by its earning capacity. In the past this was restricted to people who had large sums of money to invest, however, I am pleased to say this is no longer the case.

The above company, after a lot of research has put together an investment project that is within the reach of most.

The programme offers:

- ☆ Security
- ☆ Income after year 6
- ☆ Tax Savings
- ☆ Tremendous Capital Gains

PLUS, no big cash outlay is necessary as interest-free terms are available on a nominal deposit, which means whilst you are paying it off, the full investment is already working for you.

Should you be interested in receiving further details regarding this unique project, please fill in and post the enclosed card. This places you under no obligation whatsoever.

In closing, I would like to thank you for taking the time to read this letter.

Yours faithfully,

A handwritten signature in cursive script, appearing to read 'C. E. Swain'.

C. E. SWAIN,
Managing Director,
NUT FARMS OF AUSTRALIA PTY. LTD.

News Flash!!

WHY RICH MEN GET RICHER

POSTAGE PAID PERTH AUSTRALIA

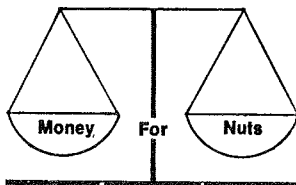
Mr. INVESTOR

THE SECRET OF MAKING MONEY CAN BE YOURS
SIMPLY BY READING ON . . .

Nut Farms of Australia Pty. Ltd.

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**FOR FURTHER DETAILS PLEASE FILL IN AND POST
THIS CARD ATTACHED TODAY!!**



