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CONSUMERS PROTECTION COUNCIL

REPORT

FOR THE YEAR ENDED 30TH JUNE, 1968

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## INTRODUCTION.

In accordance with the terms of the *Consumers Protection Act 1964*, we have the honour to present the third annual report of the Consumers Protection Council. This report covers the period 1st July, 1967 to 30th June, 1968.

The consumer plays a very important part in our economy, yet it is appalling to see reports almost every day detailing the chicanery and deceit which is used to dupe and defraud consumers of their money. The consumer who is defrauded is likely to retrench on his purchases, with the result that even the businessman who carries out his operations with integrity, is a victim.

The Council has received sound support from reputable firms and business organizations and any criticism that has been launched against us has come from companies and business organizations whose ethics are questionable.

In examining the 2,024 complaints received for the year under review, it is clear that many consumers have been deprived of their money by obnoxious sales and service practices. Some companies seem to be of the opinion that if the methods used to extract money from consumers are not punishable by existing law, then there is nothing to fear.

There are imprudent consumers whose wounds are self-inflicted. Some will never know their rights, whilst others will not try to find out. The Council is often faced with an impossible task when trying to obtain redress for the foolish. We are conscious of the fact that all wrongs cannot be put right and imprudent people will suffer the folly of their mistakes. Fortunately, the number of complaints from the imprudent are few and far between.

The Council, besides complaints, has received many submissions from Consumer and Trade bodies. We have also received scores of enquiries from the public in relation to their rights as buyers of goods and services.

We present in this report, various recommendations to prevent unethical sales and service practices.

## SECTION I.—RECOMMENDATIONS.

### 1. PREVIOUS RECOMMENDATIONS.

In our Annual Report last year, various recommendations were made for the prevention of unethical sales and service practices.

With the exception of recommendations 11 and 14, which are withdrawn, the Council considers that all other recommendations should stand. We have arrived at this conclusion following an examination of the 2,024 consumer complaints received for the year 1967-68, and from investigations and enquiries which were carried out into unethical sales and service practices.

Recommendation 11 has been withdrawn because the Government provides a grant to the Standards Association of Australia ; therefore, it is unnecessary to suggest that any part of that grant should be earmarked for a specific purpose. With regard to recommendation 14, the Council does not wish to place any limitations on the number of complaints which consumers wish to have investigated.

The Council wishes to amend recommendations 5 and 7. In recommendation 5, the words, "and telephone", should be deleted. In recommendation 7, the words "Summary Offences Act", should be substituted for the words, "Police Offences Act".

In last year's recommendations which are listed below, we have, under each recommendation, given a reference to the section and the page in the 1966-67 report, in which they appeared.

- (i) That legislation be introduced, stipulating that if any money-lender provides finance for home improvements pursuant to an agreement whereby the service company has agreed to arrange finance, and should the householder recover judgment against the service company for breach of contract, and this judgment cannot be satisfied, then the money-lender's rights to recover its loan should be extinguished to the extent of the judgment remaining unsatisfied.

(Ref. Section III., Objectionable Sales Practices, sub-section 2—Role of Money-Lender in Cladding Contracts, page 8.)

- (ii) That in addition it be made an offence for a vendor not to supply a statement in the form of the schedule to the Act and that agreements with interstate companies may be terminated at their registered Victorian offices.

(Ref. Section I II., Objectionable Sales Practices, sub-section 3—Deception in Door Sales and Inadequacy of Door to Door (Sales Act, page 8.)

- (iii) That the Door to Door (Sales) Act be amended to cover all credit sales including lay-by and hire-purchase agreements on the doorsteps, whether or not the sales call was unsolicited.

(Ref. Section III., Objectionable Sales Practices, sub-section 3—Deception in Door Sales and Inadequacy of Door to Door (Sales) Act, page 8.)

- (iv) That the Door to Door (Sales) Act be amended to make cladding contracts subject to the five-day cooling-off period.

(Ref. Section III., Objectionable Sales Practices, sub-section 3—Deception in Door Sales and Inadequacy of Door to Door (Sales) Act, page 8.)

- (v) To prevent deceptive practices applied by persons and companies engaged in doorstep and telephone selling, the present hawkers and pedlars licensing system should be amended so that everybody engaged in direct-selling should hold a "Door Sales Licence" which could be withdrawn should it be proved that a company or salesman engaged in practices calculated to deceive the customer. Such a licensing system would not inhibit the activities of reputable companies which have for many years used ethical methods to sell reliable products on the doorstep.

(Ref. Section III., Objectionable Sales Practices, sub-section 3—Deception in Door Sales and Inadequacy of Door to Door (Sales) Act, page 9.)

- (vi) That referral selling, model home agreements and worthless long-term guarantees be banned by legislation.

(Ref. Section III., Objectionable Sales Practices, sub-section 3—Deception in Door Sales and Inadequacy of Door to Door (Sales) Act, page 9.)

- (vii) That the scope of the Police Offences Act, relating to false advertising be widened to counter such operations and that advertising media should be most cautious in accepting advertisements for these types of offer.

(Ref. Section III., Objectionable Sales Practices, sub-section 4—False Inducements for Part-time Earnings, page 9.)

- (viii) That consideration be given to introducing legislation to control these types of practice.

(Ref. Section III., Objectionable Sales Practices, sub-section 6—Accounts for Unrequested Services and Products, page 10.)

- (ix) That the entire legal aspect of the repairer's lien on goods be examined in the light of unscrupulous service companies exercising unwarranted control over goods, prior to the payment of accounts for repairs.

(Ref. Section IV., Objectionable Repair Practices, sub-section 1—Abuse of Tradesmens' Lien, page 11.)

- (x) That the Registrar of Companies should not register service companies which choose business names close to the names of the manufacturers whose products they seek to repair.

That the P.M.G.'s Department refuse to accept advertising considered likely to mislead or deceive the public.

(Ref. Section V., Dishonest Advertising, page 12.)

- (xi) That a portion of the Government grant to the Association be specifically earmarked for publicity purposes.

(Ref. Section VI., Consumer Information, sub-section 5—Care Labelling, page 13.)

- (xii) That before buying such articles, a consumer should check the extent to which manufacturers and retailers are prepared to guarantee not only the article, but also the cost of any labour required if the article has to be replaced.

(Ref. Section VII., Redress for Typical Consumers' Complaints, sub-section 1—Faulty Merchandise, page 13.)

- (xiii) That the provisions of the Hire Purchase Act should be enforced to prevent such trade practices.

(Ref. Section VII., Redress for Typical Consumers' Complaints, sub-section 4—Hire Purchase, page 14.)

- (xiv) That a maximum of 2,400 complaints a year be accepted for investigation.

(Ref. Section IX., Staff Requirements, page 15.)

## 2. NEW RECOMMENDATIONS.

The Council, in considering the matters which have been brought to its attention in the year under review, has come to the conclusion that certain legislation should be amended, to protect the interests of consumers.

The recommendations are as follows :—

- (i) That the Hire Purchase Act be amended so that finance companies be obliged to show the rate of interest charged on hire purchase agreements as well as the amount of interest charged.
- (ii) That the *Motor Car Act 1964*, be amended so that it be made an offence to sell a second-hand motor car purported to be roadworthy, without producing at the time of sale a Roadworthy Certificate.
- (iii) That existing legislation be reviewed with a view to tightening controls over the use of gift tokens used in sales promotion.

## SECTION II.—COUNCIL'S FUNCTIONS AND OBJECTIVES.

### 1. FUNCTIONS.

Under Section 4 (1) of the *Consumers Protection Act* 1964, the functions of the Council are—

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

### 2. OBJECTIVES.

The Council's work revolves around five major objectives—

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

## SECTION III.—CLASSIFICATION OF COMPLAINTS.

1. From an average of 35 a month in the first year, the flow of complaints has increased to 169 a month in the year under review. The table below lists complaints received by the Council since it began operations on the 1st September, 1965.

### COMPLAINTS.

TABLE "A".

Month.	Period 1st September, 1965 to 30th June, 1968.					
	Period 1st September, 1965 to 30th June, 1966.		Period 1st July, 1966 to 30th June, 1967.		Period 1st July, 1967 to 30th June, 1968.	
	No.	Percentage.	No.	Percentage.	No.	Percentage.
July .. .. .	..	..	49	3·2	207	10·2
August .. .. .	..	..	62	4·0	155	7·7
September .. .. .	3	0·9	118	7·7	128	6·3
October .. .. .	16	4·5	70	4·6	108	5·3
November .. .. .	15	4·3	102	6·7	128	6·3
December .. .. .	20	5·6	63	4·1	98	4·9
January .. .. .	15	4·3	74	4·8	129	6·4
February .. .. .	27	7·7	113	7·4	185	9·2
March .. .. .	59	16·7	142	9·3	186	9·2
April .. .. .	66	18·7	134	8·8	158	7·8
May .. .. .	74	20·9	243	15·9	340	16·8
June .. .. .	58	16·4	360	23·5	202	9·9
Total .. .. .	353	100·0	1,530	100·0	2,024	100·0

2. There is always difficulty in classifying complaints because many contain two or more elements, such as false advertising, servicing and shop sales. In the table below, complaints were classified by what was judged to be their main points.

## ANALYSIS OF COMPLAINTS.

TABLE "B".

Type of Complaint.	Period 1st September, 1965 to 30th June, 1968.							
	Period 1st September, 1965 to 30th June, 1966.		Period 1st July, 1966 to 30th June, 1967.		Period 1st July, 1967 to 30th June, 1968.		Total.	Percentage.
	No.	Percentage.	No.	Percentage.	No.	Percentage.		
T.V. and Radio Repairs .. ..	51	14.5	231	15.1	207	10.2	489	12.5
Washing Machine Repairs .. ..	51	14.5	134	8.8	120	5.9	305	7.8
Refrigerator Repairs .. ..	36	10.2	72	4.7	42	2.1	150	3.8
Electrical Appliance—General Repairs	8	2.2	35	2.3	63	3.1	106	2.7
Household Improvements and Renovations .. ..	..	..	242	15.8	261	12.9	503	12.9
Door Sales .. ..	27	7.7	110	7.2	130	6.4	267	6.8
Mail Order .. ..	..	..	..	..	31	1.5	31	.8
Dry Cleaning and Laundering ..	14	3.9	65	4.3	90	4.4	169	4.3
Advertising .. ..	11	3.1	42	2.7	99	4.9	152	3.9
Packaging .. ..	..	..	30	1.9	37	1.8	67	1.7
Labelling .. ..	..	..	..	..	21	1.0	21	.5
Hire Purchase and Lay-by .. ..	..	..	51	3.3	64	3.2	115	3.0
Shop Sales .. ..	34	9.6	151	9.9	181	8.9	366	9.4
Motor Car Sales and Repairs ..	6	1.7	52	3.4	123	6.1	181	4.6
Faulty Merchandise .. ..	54	15.3	96	6.3	209	10.3	359	9.2
Furniture .. ..	..	..	33	2.2	46	2.3	79	2.0
Floor Coverings—Hard and Soft ..	..	..	26	1.7	50	2.5	76	2.0
Home Manufacturing Appliances ..	..	..	45	2.9	21	1.0	66	1.7
Services General .. ..	..	..	..	..	161	7.9	161	4.1
Decimal Currency .. ..	12	3.4	..	..	..	..	12	.3
Miscellaneous .. ..	49	13.9	115	7.5	68	3.6	232	6.0
<b>Total .. ..</b>	<b>353</b>	<b>100.0</b>	<b>1,530</b>	<b>100.0</b>	<b>2,024</b>	<b>100.0</b>	<b>3,907</b>	<b>100.0</b>

## SECTION IV.—OBJECTIONABLE SALES PRACTICES.

## 1. DECEPTION IN SELLING FOOD FREEZER PLANS.

The Council received 43 complaints about Food Freezer Plans and we have interviewed representatives of the following companies :—

- Arctic Frozen Foods (Australia) Pty. Ltd. ;
- B.P. Deep Freeze Food Supply Company ;
- Key Foods Pty. Ltd. ;
- Glacier Foods Pty. Ltd. ;
- Premier Frozen Foods Pty. Ltd. ;
- Eskimo Frozen Foods. ;
- Young's Freezer Food Service ;
- Classic Frozen Foods ;
- Amana Food Products Pty. Ltd.
- Regal Wholesale Foods Pty. Ltd.

We tried to interview representatives of Commercial Frozen Foods and Food Freezer Plan, but the firms would not accept our invitation to discuss matters.

*(a) Advertising.*

Among promises made in advertising for Home Food Freezer Plans were :—

“ Three month’s food supply absolutely free.”

“ Savings of \$2–300 per year on food purchases.”

“ We guarantee that the combined cost of freezer and food will be less than you are now paying for food only.”

“ By buying in bulk (3 months’ supply) at wholesale prices, enjoy huge savings.”

Companies which made these offers could not support such savings and when challenged by the Council, admitted such advertising was misleading. (Eskimo Frozen Foods specialized in offering a three months’ free supply of frozen foods. However, the price of the food was built into the excessive overcharge on the freezer, and, to make matters worse, the company did not even fulfill its promise to supply the free food).

*(b) Price Reductions.?*

Many firms, because of the enormous profit margin on the sale of the freezer, were able to allow substantial reductions on the sale of the first supply of food, but subsequent deliveries of food were charged for at normal retail prices. Obviously, alleged savings to pay for freezers were impossible, thereby making a mockery of advertised savings.

*(c) Freezers—the prices the consumers paid.*

A variety of freezers were sold by food plan companies, the most popular being a 13 cubic ft. freezer, for which companies charged \$686, which was approximately \$200 above manufacturers suggested retail price and up to \$400 above discount house prices. Firms paid \$260, or thereabouts for these freezers.

*(d) Food—Wholesale Prices ?—and deliveries.*

All companies at some stage or other, said food was sold at wholesale prices. The Council examined many price lists, but could not find one that could be classified as a wholesale price list, and in some instances, prices charged were greater than some retail prices. Almost all firms purchased from well-known wholesalers and retailed food to consumers. Some food was delivered to consumers in unrefrigerated vans and we were told of deliveries made in saloon cars when the temperature was over 100° Fah.

*(e) Finance for Freezers.*

Few credit companies would allow hire purchase agreements ; generally freezers were bought on personal loans. Deposit and Investment, a finance house, appeared to extend many personal loans and, although advised by us about the activities of Eskimo Frozen Foods and others, continued to finance deals. One complaint has been lodged against this company for paying out money to Eskimo Frozen Foods, when advised not to by the consumer.

Arctic Frozen Foods (Australia) Pty. Ltd., wrote its own hire purchase agreements after it had been rejected by acknowledged hire purchase companies in the sale of freezers. Complaints against the company disclosed that it wrote hire purchase agreements on stationery belonging to another company and presented to consumers the required “ first schedule ” in the name of the same company, without its authority. Consumers did not know that the hire purchase agreements were with Arctic Frozen Foods until they received the copy of the hire purchase agreement, which showed that the original company’s name had been blotted out and Arctic Frozen Foods (Sales) Pty. Ltd. had been inserted.

*(f) Effect of Publicity.*

By publicising weaknesses in advertising and marketing methods adopted by Food Freezer Plan Companies, the Council was responsible for action taken by companies in correcting misleading advertising and giving to consumers more correct information on the type of services being marketed. The net result of this publicity was that consumers were better informed about Food Freezer Plan deals.

*(g) Doubtful Firms.*

The Council viewed with concern the marketing procedures of Arctic Frozen Foods (Australia) Pty. Ltd., B.P. Deep Freeze Food Supply Co., Premier Frozen Foods Pty. Ltd., Classic Frozen Foods, Eskimo Frozen Foods, Commercial Frozen Foods and Food Freezer Plan. Complaints about Eskimo Frozen Foods have been forwarded to the Police Department for investigation, but the owner has gone interstate, leaving many unpaid debts.

Many of these companies were operated by salesmen who had previously been engaged in the sale of cladding materials and had adopted the same objectionable sales practices to which the Council took strong exception in its Report for 1966–67.



Following the adverse publicity given by the Council earlier, we understand that the following companies have discontinued operations, or have gone Interstate :—

Eskimo Frozen Foods ;  
 Classic Frozen Foods ;  
 Food Freezer Plan ;  
 Key Foods Pty. Ltd.

(h) *Council's Attitude.*

The Council does not object to home food freezer plans ; it does object to companies which use false and misleading advertising and deceitful sales methods to sell heavily overpriced freezers, all as part of a "get rich quick" scheme. We have advised consumers to be careful in their dealings with salesmen and before entering into contracts, to check food prices in supermarkets. Finally check the company's credentials and make some effort to determine if the service would be continuous.

However, we are conscious that there are imprudent people who will still believe sales stories about "something for nothing".

## 2. DECEPTION IN HOUSEHOLD IMPROVEMENTS AND RENOVATIONS.

Again we received a large number of complaints and 127 referred to the activities of cladding companies engaged in the sale of aluminium siding, wallboard siding and spray-on textured coatings. However, the majority of these complaints were received prior to the publishing of the Council's Report for 1966-67 and obviously, our remarks about cladding sales had the desired effect. We passed to the Company Squad, many complaints, and investigations are still in progress.

The Council was disturbed by referral selling tactics and by meaningless discounts offered to consumers as part of a model home agreement. Alumclad Home Improvements was charging consumers \$160 per square for siding, but the manufacturer has told the distributors not to exceed \$130 per square, which allows for all contingencies and a fair margin of profit. The \$30 added to the cost of every square, was later deducted by salesmen as a phoney discount.

The strong words said in our Report last year about long term guarantees issued with textured coatings, were true. Home owners who had their homes sprayed with Visa-Kote could not get repairs done, subject to the 15-year warranty issued by Visa Industries, N.S.W. The Victorian distributors, Heywood Building and Finance Co. Pty. Ltd., Cleveland Coatings Pty. Ltd., and Austracote Constructions Pty. Ltd., were prepared to obtain quantities of Visa-Kote and give it to householders, who would be expected to hire applicators to do repairs. What would be the cost of hiring applicators, is not known. Judging by the original costs of spraying, we assume that it would be considerable and we doubt if many consumers would be prepared for such costs.

One disgusting sales practice designed to avoid the provisions of the Door to Door (Sales) Act, has been introduced by some cladding contractors. Notices were left at the homes of consumers, requesting them to ring a certain telephone number. When consumers rang the number, a salesman and his accomplice later called and tried to inveigle the house owner into signing a contract for wall board siding. When consumers tried to cancel, subject to the Door to Door (Sales) Act, it was claimed that home calls were solicited and therefore outside the terms of the Act.

Complaints about roof tiling have also been received, but so far, these have not been serious.

## 3. DECEPTION IN DOOR TO DOOR SALES.

The Sony Readers' Club of N.S.W., told us that "they are only a clearing house to various international publishers for orders taken by dealers, who are entirely self-employed, and monies paid to these dealers cannot be refunded, as fees and commissions have already been deducted".

This was the reply we received about complaints raised in connexion with periodicals and magazines sold over the door step by representatives of the company. Consumers who placed orders for "Town Magazine" and paid \$10, were advised that the publisher of the magazine had gone into liquidation and received a list of other magazines to choose from. When they said they did not want any other magazines, and demanded the return of their money, they were informed that they could have another magazine, but not their money back. Repugnant sales practices of this nature should not be tolerated.

Encyclopaedia publishers such as P.F. Collier Incorporated, Caxton Press Pty. Ltd., and Spencer International Press, continued to give the encyclopaedias away "free of charge". However, the purchase of the "Year Book", or some other supplementary information, seemed to work out at exactly the same price at which the encyclopaedias were previously sold. Salesmen did not call upon consumers to sell books, they were there to carry out "educational surveys", planning "educational courses", or working for some municipal authority.

Problems with door to door sales were not confined to book salesmen. We encountered problems with Pest Control Exterminators, who were only too willing to crawl under someone's house and later tell the unsuspecting householder that he should have his home sprayed immediately, whether or not borers had been discovered. The Council has no absolute proof that these companies were engaged in fraudulent activities, but certain complaints which were under investigation indicated that some householders may have been duped into having their homes sprayed for borers which did not exist.

A consumer who received a piece of wood taken from the timber bearers under the house, was told it was badly affected, but when he had it tested, the wood was declared free from borer.

Complaints about salesmen selling goods to migrants living in hostels in Melbourne, showed that some unscrupulous salesmen were prepared to take down newly arrived settlers in order to make a sale. Commonwealth Hostels Ltd. is very concerned over the activities of these salesmen and warnings were to be issued to migrants, telling them to be careful about salesmen selling houses, land, motor cars, television and radio sets, refrigerators and washing machines, insurance, cosmetics, photographs and recordings, at the hostels. Notices were placed at the entrances to hostels telling hawkers, canvassers and salesmen, that they were not permitted to enter, but these regulations have been flouted.

The Council has received reports of salesmen selling photographic and voice recording services for transmission to relatives overseas at Christmas time. Migrants were charged \$5 deposit, the balance to be paid later. Salesmen never returned and the migrants have been duped out of their money.

It is often easy to sell goods at high prices to newly arrived settlers, unfamiliar with local prices and marketing conditions. We have received copies of several hire purchase contracts accepted by Canberra T.V. Service, for the sale of television sets at varying prices. However, in some instances, contracts have shown an extraordinarily high cash price, but no terms charges; where the latter should have been entered, the word "free" appeared. The Council firmly believes that the cash price stated included terms charges and these migrants have been misled into believing that there were no interest charges involved. It is our opinion that these contracts were a violation of the Hire Purchase Act.

The Council deplores the exploitation of newly arrived settlers by unscrupulous salesmen and condemns companies responsible for using these preying tactics. No doubt, some of these migrants were unable to understand sufficient English to comprehend the simplest of contracts.

It is the Council's intention to explore the feasibility of preparing literature which could be passed on to new settlers about obnoxious sales practices.

#### 4. DECEPTION IN MAIL ORDER.

A number of complainants advised the Council that they had been invoiced for entries in business directories, which they had not requested. The three directories complained about were :—

The Australian Trade and Business Directory.

The Australian Credit Register.

The Australian Building and Allied Trades Directory.

The cost of entries varied from \$6 to \$18.

Consumers were very annoyed about these unsolicited entries and were advised by the Council to disregard them.

Other complaints concerned unsolicited book mail orders. Many people were annoyed about receiving books through the post which they had not requested and did not like to be put to the inconvenience of returning books.

#### 5. DECEPTION IN HOME MANUFACTURING APPLIANCES.

All 21 complaints were received before the publication of the Council's last Report. Evidently, the publicity given to the activities of Rowell and Company, Jewellery Academy, House of Vidal and Renshaw Wire Products, had the desired effect.

Recently, we learned that the management of Renshaw Wire Products was operating in Canada and we have been approached by authorities in Toronto for our observations on the sale of wiremaking machines.

## SECTION V.—OBJECTIONABLE REPAIR PRACTICES.

### 1. EFFECT OF ADVERSE PUBLICITY.

The Council believes that over the past three years, its publicising of rackets in the repair industry has caused many unscrupulous repair organizations to reconsider their attitudes and we have noticed a decline in the number of complaints received. In the first year of operations, 39 per cent. of all complaints were associated with electrical appliance repairs, in the following year, this figure had been reduced to 28 per cent. and in the year under review, has been further reduced to 18 per cent.

### 2. T.V. AND RADIO APPLIANCE REPAIRS.

T.V. servicing calls for special training and experience, but need not be charged for at a level likely to embarrass the owner of the appliance. Consumers should not leave sets with a repairer with an order to proceed with repairs, without a firm quote and an agreement to supply a fully itemized statement of work done and the charge for labour and each part fitted.

In the year under review, 82 complaints were received against the firm Milleradio, and over the past three years, 234 complaints have been lodged against this firm.

The public has complained about excessive overcharging faulty workmanship and extreme delays in returning appliances.

Owners were requested to sign complicated documents, which most did not understand. By their signatures on these documents, consumers gave to Milleradio, authority to carry out whatever repairs the firm considered necessary, without regard to cost. Many were not prepared for the high prices charged.

The company was quite prepared to give quotes, but in many instances, these quotes were flagrantly disregarded. When consumers queried high quotations and demanded the return of appliances, they received accounts advising that half the quoted price would be charged for preparing the estimate.

Here are three examples of complaints received :—

An elderly consumer gave to Milleradio, the chassis of her television set, after being told that the tuner needed repairs. The cost was to have been small. After a considerable delay, the consumer was advised that the cost of repairs would be \$80 and that she would have to pay in cash outside her home before the appliance would be reassembled. The consumer, an elderly lady, was advised by us to take legal action, which she did, and the result was most favourable.

Consumer gave to Milleradio, his television set for repair, but demanded a firm quote before any repairs were made. He was told that the cost would be small, but to ring for a firm quote. When he contacted the firm, he was advised the cost would be \$50 ; he told the firm he could not afford that much and demanded the return of his appliance, but was advised that he would have to pay \$25 before the set would be returned, although no repairs had been effected.

Consumer gave to Milleradio, his television set for repair. When he signed the repair order form, he demanded that he be advised of the cost before any work was done, and the order form was endorsed "estimate required". The consumer rang Milleradio on eight occasions before obtaining any information. Eventually, he was advised that the set had been repaired at a cost of \$78.50 and to pay in cash before delivery. The consumer was extremely annoyed and indicated to the firm that it had no authority to do these repairs as he had requested a quote first. Consumer was informed that he would have to pay, or his property would not be returned. Eventually, he submitted to these demands, but to his regret, found that the appliance was not in working order.

The Council does not refer complaints to this firm, because it would be pointless. We advised consumers to consult with their solicitors and many have been highly successful in obtaining redress through civil action. However, we have asked all consumers to let the firm know that a complaint has been lodged with us.

We have also received complaints against the firms, King Size Television Services and B. H. Schlam.

### 3. WASHING MACHINE REPAIRS.

Two companies, Dome Refrigeration and Manual & Auto Washing Machine Service, accounted for exactly half of all complaints received. Dome Refrigeration was wound up after the owner/manager had received a prison sentence late last year, therefore, the thirteen complaints lodged against that firm were of no further consequence. However, the 47 complaints lodged against Manual & Auto Washing Machine Service have been of considerable concern to this Council. In all, the Council has received, over the past three years, 66 complaints against the firm. The company is also known as "Washing Machine Service", "Hoovex" and "Frigicrest". Once it was known as "Frigidaid" and "Kelvinaid".

Complainants have claimed overcharging, faulty workmanship, long delays in returning appliances and misleading advertising. In 30 cases, consumers found after paying for repairs, machines were inoperable. This was a source of great inconvenience to mothers of young families, and the cause of additional expenditure in laundry bills.

Delays in returning appliances were another source of worry and when the firm was contacted by us, the main excuse tendered was "could not obtain the necessary parts". We were aware the firm would not be supplied with parts by most washing machine manufacturers. The question that arises, is, how did the firm obtain parts?

The company acted fairly with respect to quotes which were given and if not accepted, machines were returned at no cost to the owner. However, quotes were generally high and when consumers contacted other organizations to have repairs effected, found that repair costs were much less.

The company advertised extensively in the Pink Pages Telephone Directory and consumers have complained bitterly about being misled. The firm usually advertised with the name of a leading manufacturer at the head of the advertisement, and its own name appeared in the body part of the advertisement in small letters. Unsuspecting housewives have told us that when they first contacted the company, they believed they were on to the service division of the manufacturer required for service.

The Council raised the company's advertising in its Annual Report for 1966-67. The firm claimed that its advertising was fair and was its only means of obtaining business.

We have asked why all repairs were effected in the workshop, when leading service and manufacturing companies have told us that the majority of repairs can be done in the home. It was alleged that the factory repairs were best and cheapest.

We have discussed complaints with the firm and have asked that action be taken to prevent complaints arising. The company has attended to some complaints about faulty workmanship, but overall has not taken these complaints seriously. Like other companies, it believes that if it can't be prosecuted under existing legislation, all is well.

We do not suggest that the activities of this company were comparable to those of Rewind Services Pty. Ltd., but a similar procedure for obtaining possession of machines for repair seems to be practised by the firm.

Here are three examples of complaints received :—

*Consumer No. 1.*

Gave Turner washing machine to company for repair and was advised that the motor would have to be rewound and was promised that *her* motor would be returned. Consumer took note of the motor number, but on return, found that the number had been freshly filed off and would not fit her machine.

Later it was discovered that her motor was in another customer's machine.

*Consumer No. 2.*

Consumer noticed that when his machine was returned, the panels did not fit correctly. On taking up the matter with the firm he was advised that the panels of his machine had been used for the repair of another machine. He went back and demanded the back panel of his machine. He sighted a machine on the premises similar to his own and asked that the back panel be given to him. He was told that it belonged to another consumer, but nevertheless, it was handed over to him.

*Consumer No. 3.*

A consumer who paid for a new motor to be fitted to his machine, was disturbed when he learned that the motor fitted was not new and had been taken from another person's machine, which was an old appliance.

#### 4. REFRIGERATION REPAIRS.

With the closing down of Rewind Services Pty. Ltd., there was a considerable drop in refrigeration complaints. Of the 42 received, 8 concerned Dome Refrigeration, which is now defunct. Questions of faulty workmanship were usually rectified by firms after contact by the Council, and in cases of overcharging, reputable firms usually arrived at some compromise with the consumer. However, one or two snide operators refused to do anything for aggrieved owners and would not reply to our letters.

## 5. MOTOR CAR SALES AND REPAIRS.

During the past year, complaints about the selling and the repairing of motor cars have more than doubled. Out of 123 complaints registered, 57 concerned repairs and the remainder were associated with the sale of second-hand motor cars.

### (a) Repairs.

When complaints were received about faulty workmanship, the Council communicated with the companies concerned, and as a rule, reputable firms corrected faults. Complaints about alleged overcharging for repairs were referred to the V.A.C.C., or to the companies direct. Consumers should realize that repair charges laid down by the V.A.C.C. are only guide lines for companies to follow and are not definite price fixtures.

### (b) Sales.

It was surprising to learn that consumers contemplating purchasing second-hand cars were sometimes denied the right to have cars tested by the R.A.C.V. Certain firms would withdraw the advertised warranty period if a consumer decided on having the car tested by the R.A.C.V.

The Council views with grave concern the sale of second-hand motor cars without roadworthy certificates. Complainants have stated that they were unable to obtain R.W.C.'s, although promised at time of purchase. When the Council contacted the companies concerned, we were told that the cars had been sold for renovation and repair work and not for road use. However, consumers claimed they were misled into believing such vehicles were roadworthy and were sold as such.

Whilst major firms honoured warranties with second-hand cars, a few firms seem to be of the opinion that a warranty is a nice gimmick to clinch a sale, never intending that the warranty should be honoured.

Points for consumers to note :—

- (i) Have the R.A.C.V. test the car.
- (ii) Do not sign blank Notice of Disposal and Notice of Acquisition forms.
- (iii) Check the year of manufacture, do not take the salesman's word as final.
- (iv) Do not pay too much attention to low mileage claims.

## SECTION VI.—DISHONEST AND MISLEADING ADVERTISING.

Complaints about advertising doubled in the past year and consumers have been more searching in their criticism than ever before. There is no doubt that further criticism is inescapable, unless advertisers realize that consumers are becoming more sensitive to misleading claims made in advertisements.

The Council has received a number of complaints concerning gift tokens associated with merchandizing and we view with great concern the increased growth of this type of sales promotion. We urge the Government to give consideration to reviewing existing legislation to tighten controls over this type of sales promotion.

Advertising by second-hand car dealers was often misleading. One car dealer suggested that items which had been fitted by manufacturers as basic equipment, were added extras. Another advertised cars in good condition at low prices, but when consumers showed interest, the prices were steeply increased.

Advertisements regarding employment for salesmen were sometimes false. We know of two companies advertising which gave the impression that jobs were immediately available for salesmen, but when approached, the companies were found to be selling courses in salesmanship and not offering immediate employment.

Health Studios offering slimming and body building courses, often used trick photography in advertisements. Photographs of people in different poses often gave a misleading impression.

“ Simulated Japanese Cultured Pearls, \$7 value for \$2.” The Council examined these pearls and found they were plastic-coated beads, which sell in stores at approximately 80 cents a set. We brought this advertisement to the notice of the A.A.N.A. The advertisement has been discontinued.

One remarkable complaint received concerned fuel economy claimed by a car manufacturer. When we raised the issue, the company declared that there was no such advertisement. We directed the company's attention to its own press advertising.

Misleading advertisements about grocery lines were referred to the companies concerned and were attended to promptly.

News media were most co-operative in curtailing advertising which was considered by the Council to be false or misleading, and excellent support was also received from the A.A.N.A. and the A.A.A.A.

## SECTION VII.—SEEKING REDRESS FOR CONSUMERS.

### 1. HIRE PURCHASE AND LAY-BY.

Some specific comment has already been made about Hire Purchase contracts, and here we have commented on general aspects of credit problems.

Of the 64 complaints received, 42 concerned hire purchase agreements and the remainder lay-by transactions.

Some salesmen, in endeavouring to make a sale, would quote a specific figure to a prospective customer and indicate that it included interest charges and, in certain instances, obtained the purchaser's signature to a blank hire purchase form. These imprudent consumers did not know that interest charges were excluded from the quoted price until they received copies of the hire purchase agreements.

The practice of inserting false deposits and allowances for false trade-ins continued. We also noticed that secondhand goods were often deliberately described inaccurately.

The Council strongly advises consumers not to sign blank hire purchase agreement forms and not to be a party to any false or misleading statements concerning deposits or trade-ins.

If consumers know their rights they should insist that they be observed. Do not rely on verbal arrangements or assurances which are not contained in a written contract. Most sellers are honest and ethical. If a salesman makes verbal assurances or promises which would have a marked influence on your reasons to purchase, ask that they be put in writing, otherwise ignore the sale.

Consumers were not clear about interest charged on hire purchase agreements and when loans were paid before the agreed time, many were surprised to find that they did not receive a full remission of the interest charged for the period outstanding. Many were also in doubt about interest rates and thought that the rate charged should be shown on the agreement form.

The Council suggests that consumers should discuss with the companies concerned, rebates on interest charges when finalizing agreements before the set time. It is also our opinion that the rate of interest charged should be shown on hire purchase agreements.

During the year, the Council has received assistance from hire purchase companies and discussed consumer problems with the Australian Finance Conference Ltd.

#### *Lay-by.*

Lay-by transactions were generally associated with the purchase of clothing by business girls. When disagreements arose about goods on order, many shopkeepers were reluctant to refund deposits, to extend credit, or to exchange the goods. No doubt, seasonal changes in fashion had something to do with these disagreements, but we found that departmental stores were most willing to reach a compromise with the buyer.

On the question of lay-by, the Council would like to remind consumers that these agreements are purely domestic arrangements between the buyer and the seller, and if the goods are of merchantable quality, a shopkeeper need not exchange the goods or refund the money paid.

### 2. SHOP SALES.

Although consumers sometimes tended to exaggerate events leading up to their grievances, on the whole complaints about shop sales appeared to be genuine. In most instances, a phone call by the Council brought about the required remedy. The larger departmental stores had surprisingly few complaints lodged against them, and when approached for redress, gave every consideration to the customer. Any difficulties experienced by the Council were generally associated with small city boutiques, or small suburban shops catering for teenage girls.

Many shop sales complaints were of a minor nature, yet the Council was disturbed by the efforts of a few dishonest shopkeepers trying to pass off second-hand goods as "new", or goods in poor condition as "reconditioned", or "as new" articles.

"Bait and switch" selling continued to be practised by a few firms who advertised goods at low prices to induce customers to come to their shops and then sell high priced merchandise which the consumer may not have been prepared to buy. Often advertised goods did not exist and in some cases, where goods were purported to be reconditioned, were inoperable.

The advertised hiring of television sets at extremely low rentals, was often a very useful piece of bait. The unsuspecting consumers would ring to hire a television set, but later found that a salesman would turn up with a very expensive new appliance, which he would endeavour to sell on hire purchase. In such instances, there was never any intention to hire out a set. A salesman knows that entry to a house at night is the most difficult feature of making a sale; obviously these advertisements have been designed with a view to selling goods in the home.

To consumers, we suggest that if in doubt about the quality of an article, don't purchase ; if in doubt about a salesman or shopkeeper, go to the reputable business house.

### 3. FAULTY MERCHANDISE.

Although a high percentage of our complaints were concerned with faulty merchandise, a comparison with the enormous number of goods sold would indicate that complaints were fewer than would be expected.

Most complaints were about matters such as ladies' shoes and clothing, household appliances, grocery lines, space heating appliances, wigs and knitting wools.

Manufacturers and retailers were quick to satisfy consumers needs. For example, one leading manufacturer was so concerned about a faulty diaphragm in the governor attached to a gas cooker, that a new type of diaphragm was designed and fitted to all faulty appliances which were reported. The Council strongly commends the action of the manufacturer concerned.

Unfortunately, there were a few firms which appeared to disregard all business ethics. Many complaints were lodged against the firm "Pianos for Beginners". The firm specialized in selling secondhand pianos purported to be reconditioned, but usually these were wooden framed pianos in poor condition and could not be tuned successfully.

A firm in the eastern suburbs, known as "East Side Electrics", marketed second-hand television receivers alleged to be reconditioned, but complainants have found that these appliances were often in a very poor state of repair. We received many complaints about this firm when it was known as "Blackburn Disposals Mart".

### 4. FURNITURE.

Generally complaints were about upholstering of old furniture and Master-Craft Upholstering Co. Pty. Ltd., was responsible for a high percentage.

However, firms were generally co-operative and helped resolve problems satisfactorily.

### 5. FLOOR COVERINGS.

Of the 50 complaints received, 31 were about carpets and 19 about linoleum and vinyl floor tiles. Most complaints were associated with the laying of floor coverings rather than with quality or performance. Retailers and manufacturers were most co-operative in correcting faults which we brought to their notice.

Consumers should realize that when buying expensive items such as carpets, there is a relationship between price and quality. We agree that expensive items do not necessarily give the best performance, but this is more often the exception rather than the rule.

### 6. DRY CLEANING AND LAUNDRY.

The number of complaints in this field were relatively few when compared with the enormous volume of garments which were cleaned daily.

The Council has been able to obtain redress for nearly all complainants and this speaks highly of the co-operation of dry cleaners in examining these matters. The only criticism the Council had, was that delays in settling claims after the companies acknowledged liability, were sometimes unnecessarily long.

### 7. PACKAGING AND LABELLING.

Complaints in this category were generally attended to readily by manufacturers and retailers. Consumers expressed concern about the contents of some packets not measuring up to their stated description . . . products such as potato chips and toothpaste being sold without any indication of net weight . . . packages that were larger than the contents warrant.

The proposed new legislation concerning pre-packaged goods should correct these existing defects.

We have also received a number of complaints about the non-labelling of garments with washing or dry cleaning instructions. We urge manufacturers, wholesalers and retailers to label garments and apparel in accordance with the Standards Association of Australia's Standard AS/L38.

## SECTION VIII.—SUBMISSIONS BY CONSUMER AND TRADE BODIES.

Over the past three years, the Council has received over 200 submissions by consumer and trade bodies. Most required some investigatory work.

Last year, two submissions were of particular interest :—

### 1. LABELLING OF VOLATILE SUBSTANCES.

The Council was concerned about the marketing of small containers of volatile substances, which were not adequately labelled.

Under present regulations, volatile substances with a flash point below a temperature of 73° Fah. Abel Close Test, are required to be labelled with the name of the contents and followed by the words, "highly inflammable, beware of vapours, keep away from fire". Our investigation found that certain small containers were not labelled in accordance with the prescribed regulations, subject to Part 27 of the Local Government Act. In other cases, we found that labels were of such poor quality they became detached quite easily.

The Council recommended to the Department of Local Government that under the new proposed regulations, consideration be given to the labelling of small containers of volatile substances with permanent labels.

### 2. PACKAGING, LABELLING AND ADVERTISING OF COOKING MARGARINE.

The Council believes that statements on packs should be plainly visible and easily readable.

During the year, we investigated the packaging of "Eta" and "Astra" cooking margarines ; we found that many people were of the opinion that these products could in all cases, be used for table purposes and in some instances, consumers were of the opinion that "Astra" was manufactured solely from vegetable oils.

These margarines had stamped on the packets "for cooking purposes only", but on the "Eta" pack, the statement was printed in yellow on a gold background and on the "Astra" pack, in bronze on a white background. In both cases, under certain light, these statements were very difficult to read. The "Astra" pack also carried the statement, "Contains safflower oil". Existing law states that no cooking margarine may contain more than 10 per cent. vegetable oil.

The Council also found that advertisement pertaining to these margarines were heavily weighed in favour of creating the impression that they were for table purposes.

The Council holds no opinion as to the quantity of margarine, table or otherwise, which should be manufactured, neither does it object to any margarine being used for table or cooking purposes, but, in the interest of consumers who may be allergic to animal fats, or who may be on an animal fat free diet for health reasons, we consider that labelling of cooking margarines should be plainly visible and easy to read. We also consider that when ingredients are stated, they should be followed by the percentage in the descending order of their related proportion, without any qualifying statement.

The Council recommended to the Minister for Agriculture, that the Margarine Act be amended with regard to the labelling of these cooking margarines.

## SECTION IX.—STAFF REQUIREMENTS.

The Council wishes to express its sincere thanks to the staff of four for their efficiency in carrying out the day to day administration of the Council and in handling complaints and submissions received.

The Council, in its Report last year, suggested that a staff of five would be able to handle 2,400 complaints. However, to process that number of complaints and also the increasing number of submissions from consumer and trade bodies, we would require a staff of at least six. In our estimates of expenditure for 1968-69, we have requested the appointment of a male clerk and a stenographer. With this additional staff, the Council would be in a position to handle consumer complaints more speedily. At present, we are often up to three months behind in processing complaints.

Because of the lack of staff, the Council has been unable to do much research work as distinct from investigations. However, if additional staff was appointed, more time could be devoted to the research functions which are so important in understanding existing consumer legislation and in gaining a better appreciation of marketing techniques and associated problems.

The Council is submitting a separate report to the Minister on staffing and budgeting problems.



The Council would like to express its sincere thanks to the law Department and the Department of Labour and Industry for helping out with staff and assistance in other fields. At the same time, we would also like to extend our sincere thanks to the Company Squad, Police Department.

Council Members :—

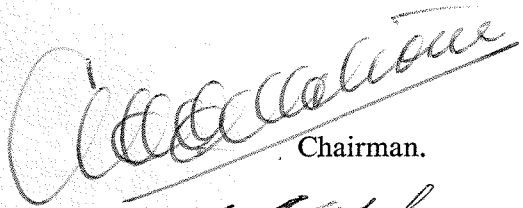
MRS. A. T. H. READER

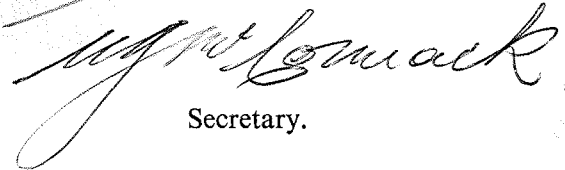
MRS. D. G. MOSS

MR. J. L. WATERS

MR. T. M. RAMSAY

MR. G. L. MCCOWAN.

  
Chairman.

  
Secretary.

The Council would like to express its sincere thanks to the Law Department and the Department of Labour and Industry for helping out with the report. At the same time we would like to extend our sincere thanks to the Company Staff, Police Department.

Council Meeting  
1968  
1st Meeting  
2nd Meeting  
3rd Meeting  
4th Meeting  
5th Meeting  
6th Meeting  
7th Meeting  
8th Meeting  
9th Meeting  
10th Meeting

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