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VICTORIA

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MINISTRY OF  
CONSUMER AFFAIRS

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REPORT  
OF THE DIRECTOR OF CONSUMER AFFAIRS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 1976

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*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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*By Authority:*  
C. H. RIXON, GOVERNMENT PRINTER, MELBOURNE.

MINISTRY OF CONSUMER AFFAIRS  
VICTORIA.

To the Honorable Robert Maclellan, M.P.  
Minister of Consumer Affairs,  
Victoria.

Sir,

Pursuant to Section 8A of the Ministry of  
Consumer Affairs Act 1973, I submit herewith  
the Annual Report of the Director of Consumer  
Affairs for the year ending 30th June 1976.

Yours faithfully,

C. N. GESCHKE

Director of Consumer Affairs.

Melbourne.

November 1976.

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## INTRODUCTION

- 1.1 This is the second Annual Report of the Director of Consumer Affairs. The structure of the Ministry and the roles of the Consumer Affairs Bureau and the Small Claims Tribunal were outlined in the previous report. Details of the organisation, powers and responsibilities are contained in the Acts:-

Act 8442 Ministry of Consumer Affairs Act 1973.

Act 8276 Consumer Affairs Act 1972.

Act 8486 Small Claims Tribunal Act 1973.

### AMENDMENTS TO LEGISLATION

- 2.1 During the period under review there were amendments to the three Acts.

2.2 Ministry of Consumer Affairs Act 1973

The Ministry is now responsible for the Disposal of Uncollected Goods Act 1961.

2.3 Small Claims Tribunal Act 1973

The definition of a small claim was revised to an amount not exceeding \$1000 and provision was made to allow inspection of the register.

2.4 Consumer Affairs Act 1972

During the year 1975-1976 the Consumer Affairs Act 1972 was again amended in that -

- 2.4 1. Action on Behalf of Consumers. Under the Act the Director had the power to defend or prosecute on behalf of consumers where the amount claimed or involved in the proceedings does not exceed \$2500. The amending Act increased this amount to \$5000.
- 2.4 2. Door to Door Sales. The provisions relating to door to door sales in the Act did not apply to transactions where the original approach was made by the purchaser. However, the Consumer Affairs Bureau found that over a number of years a practice developed whereby a telephone call on behalf of the salesman was made to a prospective purchaser. Few consumers were aware that this earlier agreement to see a salesman was treated as an original approach and consequently jeopardised their right

under the door to door sales provisions of the Consumer Affairs Act 1972.

The Act was therefore amended by extending the protection of the door to door sales provisions to cover all credit purchase agreements, except where the initial approach leading to the agreement or offer was made at appropriate trade premises or at a public fair or show.

- 2.4 3. Misleading Marking of Prices. There were no express penalty provisions in the Act for breaches of a misleading marking of prices section. The amending Act introduced an express penalty provision and the Act now provides a penalty of \$400 for breaches of misleading marking provisions of the Act.
- 2.4 4. Product Safety - Children's Night Clothes. In 1973 Victoria introduced Consumer Protection (Children's Night Clothes Labelling) Regulations 1973 which required that children's night wear carry labels, indicating the flammability of the material, and where the material has been treated to reduce its flammability then an appropriate warning as to the laundering of the garment. After consideration of further evidence on the burning characteristics of some materials, further regulations were promulgated which ban the use of certain fabrics in the manufacture of children's night clothes which have "flash burning properties" when such fabric is used as the outer surface of the garment. These regulations - Consumer Affairs (Product Safety) (Children's Night Clothes) Regulation 1975 were promulgated in October 1975.

ORGANISATIONAL AND FUNCTIONAL OPERATION OF THE  
MINISTRY

- 3.1 In 1974 the Ministry was created to handle Consumer Affairs matters. Previously the Consumer Affairs Council was responsible to the Minister of Labour and Industry, and the Consumer Affairs Bureau responsible to the Chief Inspector of Factories and Shops.

- 3.2 The Small Claims Tribunal was created on the 4th February 1974 and until the Ministry was formed in June 1974 was responsible to the Chief Inspector of Factories and Shops.
- 3.3 The establishment of a separate Ministry was to create a functionally autonomous body, to develop expertise on handling Consumer Affairs matters and to implement the provision of the relevant Acts.
- 3.4 For the purposes of the Public Service Act, the Permanent Head of the Department of Labour and Industry is also the Permanent Head of the Ministry. The Department of Labour and Industry provides the accounting, administration and personal services necessary to facilitate the operations of the Ministry.
- 3.5 In the main, the provision of these services has worked well and involved economies which would not have been achieved if the Ministry and the Department of Labour and Industry were to have been completely separate bodies.
- 3.6 Functionally there is still a tendency to operate as a division of the Department of Labour and Industry. However, Consumer Affairs is becoming a specialised area, in which there are often emotional and other pressures which need to be monitored and kept in perspective. Input in terms of complaints, claims, reports of practices and information or trends in other States and countries need to be considered, and value judgements constantly made in meeting objectively, and timely, the practices which operate against the promotion and maintenance of a fair market place.
- 3.7 The judgements made can involve different sets of values to those which traditionally or historically developed in the Department of Labour and Industry and which may not necessarily be relevant in resolving Consumer Affairs problems.

#### DEVELOPMENT OF POLICIES

- 4.1 The philosophy outlined in the first Report for the period ending 30th June 1975 has been pursued during the period of this report. Staff capacity however, has been a limiting factor.



- 4.2 The philosophy in implementing the policies of the Ministry rejects the concept of traders and consumers being traditionally and permanently engaged in a confrontation, each vying to outdo the other - rather it expresses the premise that traders and consumers are mutually dependent on each other for survival, and that a fair market place in which both consumer and traders meet in a balanced bargaining position is a prime objective of Consumer Affairs Agencies.
- 4.3 The objectives of the Ministry are stated in the Act; an interpretation of these involves -
- (a) promotion of a fair market place;
  - (b) the investigation of practices which prejudice such a market, and the enforcement of Consumer Affairs legislation;
  - (c) the improvement of consumer/trader relations;
  - (d) the encouragement by education of consumer awareness and consumer responsibility;
  - (e) the investigation of, and settling of disputes in a fair manner;
  - (f) the development and maintenance of a Ministry attitude which earns the respect of all parties.
- 4.4 The Consumer Affairs Bureau and the Small Claims Tribunal are the sections of the Ministry which have the responsibility for developing and maintaining these objectives, and their operations and effectiveness are discussed in relevant sections of this report.

#### RELATIONS WITH THE TRADE PRACTICES COMMISSION

- 5.1 There has been close liaison between the Ministry and the Trade Practices Commission, particularly the Victorian Regional Office of the Commission.
- 5.2 As a result of the co-operation, there has been no significant duplication of efforts in investigating complaints or breaches of the Act. The Commission staff have willingly assisted the Bureau and there has been an exchange of data enabling each office to more effectively pursue complaints or breaches.

5.3 With the approval of guidelines defining the desirable areas of activities of the State and Federal offices, there is now little problem envisaged in the future, and it would seem from a Ministry point of view, the work of each has been complementary; each assisting the other in achieving the objectives of the Acts administered by the Ministry of Consumer Affairs and the Trade Practices Commission in respect of consumer protection matters.

#### CONSUMER AFFAIRS BUREAU

##### Staffing

- 6.1.1 In the report for the period ending 30th June 1975 it was stated that staffing was the most serious problem inhibiting the Ministry but that approval had been given to increase the established staff from 23 to 36, including inspectors from 9 to 15.
- 6.1.2 Although staff were eventually appointed, the last member did not arrive until after the period covered by this report. This position was most crucial to the consumer education programme of the Ministry and the unfilled vacancy meant a twelve month deferment of proposals.
- 6.1.3 Although all staff requested have eventually been provided there have been protracted periods between the request and the new staff becoming effective. Promotions and transfers also cause vacancies which reduce effectiveness and this is further discussed at paragraph 6.2.9. The net result is that with the increase in work load the staff of the Consumer Affairs Bureau is still inadequate to effectively handle the workload and promote the objectives of the Ministry. It is recognised that the same could probably be said for most government departments involved with providing personal, educational or social services, and it is realised that there is a limit to the resources that can be made available for any purpose and, for this reason, requests for staff have been kept to a minimum.
- 6.1.4 Since the end of the period under report, additional staff have been approved to provide a consumer affairs service located in country centres and these will to some degree remove the pressure on the central office.

6.1.5 One of the additional positions established during the year was that of a Legal Officer to the Ministry, and an appointment was made in December 1975. This appointment was seen as critical for the effective handling of complaints and investigations of breaches of the Consumer Affairs Act. In fact, without appropriate and timely advice it was evident that much of the time of inspectors investigating complaints was being wasted and officers, although with the best of intentions, were giving erroneous advice to consumers which in some cases placed the consumer in a more serious position. In other cases officers withheld advice because they were unsure of the legal implications of such advice, thus creating a doubt in the mind of the public as to the effectiveness of the Bureau.

For some months of the year the Ministry had to rely on the assistance of the Crown Solicitor's Office, which had other priorities, and later had access to the Department of Labour and Industry Legal Officer, but pressures of work in that area meant that even on simple issues there was an elapse of some months before advice was received.

6.1.6 The arrival of the Ministry's Legal Officer enabled a dramatic increase in the effectiveness of handling complaints, and the investigation of breaches of the Act. In respect of alleged breaches, for the first time since the formation of the Ministry, was it possible to bring the backlog in the investigation of breaches under control. With many complaints it was possible to direct a consumer to immediately consult a solicitor when the circumstances warranted.

6.1.7 One of the major significant contributions to the effectiveness of the Ministry was the appointment of a Legal Officer. However, at the time of writing, the Legal Officer has been promoted and transferred and is not to be replaced within the Ministry.

#### Handling of Complaints

6.2.1 At the 1st July 1975 the Consumer Affairs Bureau was still suffering from the huge backlog of complaints in existence when the Ministry was formed, and although the delay in initiating action on a complaint had, in the period of the previous report,

been reduced from fifteen months in some cases to an average of four weeks, this was at the expense of finalising claims in progress.

- 6.2.2 As at the 1st July 1975, 1376 complaints were in progress. During the year a further 8922 complaints were received. Comparative figures for various years are -

		<u>Increase on Previous year</u>	<u>Index Base Year 1972</u>
1971/72	2359	-	100
1972/73	3718	1359	158
1973/74	5832	2114	247
1974/75	8215	2383	348
1975/76	8922	707	378

- 6.2.3 Appendix A. graphically depicts the trend by months in complaints lodged with the Bureau.
- 6.2.4 At 30th June 1976 there were 2353 complaints being processed. Appendix B. details the pattern in relation to complaints in progress and finalised.
- 6.2.5 During the year 977 more complaints were received than could be handled, and at the 30th June each inspector was responsible for the individual handling of 160 complaints in progress. This means that he must be pursuing each of these complaints, and in addition to receiving phone calls and correspondence from the consumer and trader, often carry out other investigations into the matter.
- 6.2.6 The inspectors of the Consumer Affairs Bureau have three main functions -
- (1) provision of information and advice;
  - (2) investigation of complaints lodged;
  - (3) investigations of breaches of the Act.

The most time consuming is the handling of complaints; it is also the function which lends itself to being used as a parameter in terms of measuring capacity of staff.

- 6.2.7 It has been estimated that an officer, in addition to the casual provision of information and advice,

can fully process on an average 45 complaints per month. Investigation of breaches will reduce this number.

6.2.8 The establishment of 15 inspectors would then allow for approximately 8100 complaints to be properly investigated each year. When breaches are also investigated this number will drop. A breach can take in excess of thirty hours of an inspector's time to process and attend court.

6.2.9 In terms of capacity there are a number of factors which reduce the capacity of the Bureau in effectively handling complaints. A summary in respect of inspectors only, shows this loss to arise from -

		<u>Man Weeks</u>
Time positions vacant after establishment		79
Time positions vacant after transfer, before replacement arrives		45
Training, period between arrival and effectiveness		<u>44</u>
		168
Recreation (entitlement 48)	42	
Sick, and other	27	
Study leave	<u>13</u>	<u>82</u>
		<u>250</u>

If this is expressed in terms of complaints processed, and assuming that an inspector can handle 11 complaints per week, the loss to the Bureau of 168 man weeks because of vacancies and training time means some 1848 complaints could not be handled because of transfers and unfilled vacancies. Leave, other than recreation leave, (40 man weeks) meant another 440 complaints were not handled.

6.2.10 In terms of effort, officers of the Consumer Affairs Bureau far exceeded the work norms considered appropriate and at present each officer handles more complaints per annum than is the case in other States. Unfortunately, in many instances, there was a case for further pursuing an area of complaint and staff shortages prevented this action.

- 6.2.11 The time involved in finalising a complaint varies enormously. Some are resolved by a telephone call to a trader, others take many hours of work, involving visits to the trader's or consumer's premises, on site meetings and discussions with various government departments, research organisations or consultants. Inspectors do not always accept replies given and will often attempt to validate the evidence tendered from other enquiries. In one case concerning damage to a garment some twelve months passed before an independent report could be obtained. During the course of this investigation the Ministry approached, in turn, five organisations before finding one with appropriate facilities that could do the necessary tests. Eventually, a little over two years after the complaint was lodged, full redress was obtained for the consumer - the case turning on evidence as to the probable cause of damage.
- 6.2.12 Some other complaints have also been under investigation for long periods; one at the time of writing is in its fourth year.
- 6.2.13 In the main, the complaints which are in progress for a long time, are thought justified by the Bureau and worth pursuing; legal action not always appropriate or the dispute involves a practice which may affect other consumers. Sometimes the relevant evidence or knowledge of the circumstances are held by a person who cannot immediately be located or is overseas.
- 6.2.14 The Consumer Affairs Bureau does not regularly keep statistics on the time taken to handle complaints, although there is a monthly summary made of the complaints outstanding so that attention can be given to those areas where an unacceptable backlog is occurring.
- 6.2.15 However, in order to answer a question in Parliament, research was directed to the time to complete complaints, and the details for complaints lodged in the months of June 1973, 1974 and 1975 were extracted.

This shows -

<u>Month of June</u>			
	<u>1973</u>	<u>1974</u>	<u>1975</u>
Complaints lodged	358	475	771
Average time to complete in months	7.42	6.25	5.75
<u>Percentage of complaints finalised</u>		<u>Months after June</u>	
10%	1.5	2.1	1.4
20%	1.9	2.6	2.1
30%	2.5	3.2	2.8
40%	2.9	4.0	3.3
50%	4.4	4.5	3.9
60%	5.5	4.9	4.5
70%	8.1	5.7	6.1
80%	14.5	7.1	8.0
90%	15.8	9.2	11.0
95%	18	11.9	17.2
100%	29	23	*

\* a number still in progress.

6.2.16 The figures for completion of 90% and 95% of complaints in 1973 are a reflection of the delay of 15 months before action could be commenced on some files whereas those for June 1975 are a reflection of the vastly increased workload and the greater complexity in the average complaint handled.

6.2.17 It is not unusual when pursuing a complaint for some traders to place the matter in the hands of their solicitor, who will use every means to either avoid answering the questions asked, give replies which have little relation to the matter under investigation or create red herrings in the belief that the Bureau will eventually drop the complaint. Fortunately, most traders and solicitors co-operate with the Bureau and appear genuinely interested in resolving a complaint on a fair basis.

#### Trend in Consumer Complaints

6.3.1 At Appendix C. is a classified summary of complaints lodged with the Bureau. The classification used varies from that for the years to the 30th June 1975 which was found to be inadequate in determining the

areas or causes of complaints.

- 6.3.2 This change in classification has meant that comparison with previous years, with the exception of a few items, is not possible as parameters used in determining the categories into which complaints are classified have been changed. However, in the long term the new classifications should be more useful.
- 6.3.3 It will be noted that motor vehicles generate some 24% of complaints, and household appliances, hardware and equipment 16%. The next largest category involves the building industry with 11%. Various matters arising from complaints are discussed under special sections later in the report.
- 6.3.4 From Appendix A. and the comparison given in paragraph 6.2.2 it will be noted that there has been a downturn in the rate of increase in the numbers of complaints lodged on an annual basis.
- 6.3.5 This apparent downturn in the growth of consumer complaints has also been evidenced in Queensland and Western Australia. The reason is unknown although there are a number of possibilities.
- 6.3.6 The work of the Ministry of Consumer Affairs is becoming more publicised and it would be expected from this alone that there would be an increase in the number of complaints lodged.
- 6.3.7 One possible reason for the downturn in complaints, is the diversion of complaints from the Bureau to claims in the Small Claims Tribunal.
- 6.3.8 If the claims lodged with the Tribunal were added to the complaints received by the Bureau the figures would be -

<u>To 30th June</u>	<u>Complaints</u>	<u>Claims</u>	
	<u>Bureau</u>	<u>S.C.T.</u>	
1975	8295	998	9293
1976	8922	1630	10552

- 6.3.9 Another reason could be implementation of the policy of the Bureau not to accept complaints unless the



consumer has made an effort to resolve them. A survey prior to the introduction of this policy indicated that in up to 30% of complaints lodged, there was no effort reported by the consumer to have them resolved. In a recent survey this pattern was evident in only 2% of complaints lodged. Without this policy the number of complaints lodged would have been greater.

- 6.3.10 Although the attempts by consumers to resolve a complaint themselves by approaching the trader is obviously in the best interests of traders, customers, and the Consumer Affairs Bureau, there is evidence that many traders are dismissing a consumer's complaint at too low a level of management and without adequate consideration. When the Bureau refers the complaint to an appropriate level of management it is either settled, or a reasonable explanation given as to why the trader does not accept the complaint as being justified.
- 6.3.11 Whether a complaint is justified or not it is essential that traders have a complaint handling system that will allow a proper evaluation of the consumer's complaint and if it is rejected then that this has been done at a level where there is authority vested to make a decision.
- 6.3.12 Some traders have established complaint handling systems which enable management to be aware of the complaints lodged, determine patterns of causes, and to take effective action where the cause of the complaints originate within their organisation. Any system should also allow consideration of a complaint at a level above that at which the emotional overtones of a confrontation between the salesman and the consumer is likely to prejudice a complaint being considered on its merits.
- 6.3.13 The Ministry has arranged a committee of traders and organisations with a view to preparing guidelines for the handling of complaints by traders.
- 6.3.14 A further possibility, and the most probable reasons for any downturn is the establishment of personal contacts with responsible management and traders.

- 6.3.15 Although the policy is not to accept complaints made over the phone, many consumers ring for advice, or ask how they can lodge a complaint. In the course of discussion it is often possible to explain to a consumer's satisfaction that the doubts they may have on a market practice do not justify a complaint, or alternatively, where the complaint warrants, advise the name of a particular person in a firm who should be contacted and can be relied upon to give fair consideration to the consumer's problem.
- 6.3.16 Quite often, but more particularly when a consumer calls at the Bureau to discuss a complaint, an officer will contact the trader concerned and the matter is resolved over the phone, as is the case with potential claims for the Small Claims Tribunal discussed later.
- 6.3.17 Each of these actions will mean that a complaint or claim is not lodged and formally recorded, thus giving the indication that the upwards trend in lodging consumer complaints has tapered off, whereas overall evidence is that the level of consumer dissatisfaction has not changed but the policies adopted by the Ministry have resulted in the resolution of consumer complaints before they become lodged and recorded as a complaint in the Consumer Affairs Bureau.

#### SMALL CLAIMS TRIBUNALS

- 7.1 The number of claims - 1630, was an increase of 63.3% over the 998 lodged in 1974-75. The trend has continued into the following period. At Appendix D. the monthly trend is depicted. These figures do not, however, alone disclose a true indication of the increase in workload. With the increase in the monetary limit of claims from \$500 to \$1000 the nature of many claims has become more complex, requiring not only longer hearing times but considerable increased work for the administrative staff in advising both claimants and traders. It is evident from some claims that although the amount in dispute is in excess of \$1000 many claimants are prepared to limit the claim to \$1000 so that it will be within the jurisdiction of the Tribunal.
- 7.2 The staff of the Tribunal have an express duty to give assistance to claimants in completing their claim. The Act provides that every Small Claims Tribunal shall have

control of its own procedures and in the exercise thereof shall have regard to natural justice. One consequence of this is that the Registrar and staff have an onerous commitment in advising both claimants and respondents on the operation of the Tribunal. In the course of this advice the Registrar has, in many cases, been able to bring both parties together and the potential claim has been settled. Without this role of the Registrar it is estimated that the number of claims lodged would be at least 30% greater with the consequent increase in administrative costs and Referees' time. The assistance and advice of the Registrar and staff are paramount to the efficient running of the Tribunals. To ask claimants to see a solicitor on how to present their case or lodge their claim would conflict with the principle of cheap justice in resolving consumer disputes. Equally, the referring of a trader to a solicitor, would in most cases be pointless as solicitors are not in the main familiar with the workings of the Tribunals. Where this has been done it is usual for the solicitor to ring the Registrar in order to obtain the information for advising his client.

- 7.3 The Tribunals, being of recent origin, were able to start the 1975-76 year with an acceptable backlog of work and with the appointment of the second referee in May 1975, this backlog was reduced to an optimum level where the period between lodgement of the claim and the date of hearing was governed by the need to give adequate notice of hearing and a time for the parties to "get together" to enable some negotiation if this was appropriate.
- 7.4 However, the continuing monthly increase in the number of claims lodged and their greater complexity has produced a workload which exceeds the capacity of the Tribunal staff. When this trend became apparent in August 1975 the Ministry was able to benefit from a Public Service Board Organisation and Methods team investigation of documentation and registry procedures. The adoption of these recommendations for the Tribunals considerably constrained the staff problem for most of the period under review and the position was stabilised where the Tribunals could finalise on an average of 150 claims per month. In the latter part of the period under review, (see the chart at Appendix D.) the number of claims increased above this level.

- 7.5 This uptrend has continued and in the three months ending 30th September 1976, 638 claims were lodged, a rate which will require a substantial increase in staff. Additional staff have been requested.
- 7.6 The Tribunals sat in Ballarat (2), Bendigo (4), Echuca, Geelong (4), Hamilton, Horsham, Mildura, Morwell, Sale, Seymour, Shepparton (2) and Swan Hill, during the year. Figures in brackets indicate where more than one visit took place; not hearings or days involved.
- 7.7 During the year 1587 claims were finalised, although some 1934 hearings were held. The difference arises from adjournments, and rehearings. It is not unusual for there to be two or three adjournments on one claim and, in one instance, there were five hearings.
- 7.8 From the Appendix E. listing the classification of claims determined in the year to 30th June 1976, it will be noted that claims concerning motor vehicles is still the largest category, but only just so. In terms of percentages, the figures have fallen by some 3%. That most claims arise over motor vehicles is not surprising. The car, in terms of units per head of population, probably ranks higher than any other durable (perhaps, more correctly, indurable) item. It is not unusual to find a family with one house, one television or refrigerator, but two, three, or four cars. The very nature of the use of a car with the requirements for regular servicing and repair, is likely to generate complaints and claims.
- 7.9 The Building Industry now accounts for 23.63% of claims (16.77% in 1975), in absolute terms, the number of claims has nearly trebled - 375 (128), as is the case with furniture and floor coverings - 111 (40) although the floor covering element has had the greater increase in this classification.
- 7.10 The percentage of claims on household appliances and general articles, which includes television, has dropped from 21.62% to 16.06%.
- 7.11 The number of claims against removalists (15) was considerably higher than in 1975.

- 7.12 From Appendix F. "Determination of Hearings", it will be seen that the significant variation from 1975 occur in the number of claims struck out for want of jurisdiction - 80, 4.13% (24, 2.75%); applications for rehearing - 44, 2.28%, (9, 1.03%); settled between claimants and respondents - 263, 13.6%, (24, 2.76%); and dismissed - 208, 10.75% (131, 15.04%). Many of the claims listed as withdrawn have most likely been settled between the parties. The distinction between the categories settled, and withdrawn, is that in the case of settled - a settlement has occurred during a hearing - whereas with withdrawn, the settlement has occurred before the time set down for the hearing.
- 7.13 The apparent success of the Tribunals evidenced in the first year of operation has continued and they now provide a most satisfactory method for the handling of disputes between consumers and traders.
- 7.14 In many cases both parties are grateful to have an impartial person listen to their arguments and give a decision. This "arbitration" has many advantages and often is the optimum procedure. This suggests the greater use of "arbitration by consent" on a whole range of matters of dispute as a relatively economical and informal way of handling consumer/trader relationships.
- 7.15 The legislation is relatively new and to a degree untried, and it is inevitable that on occasions the decisions of the referees are not accepted. The loser in any Court tends to question whether justice has been done. Appeals against the decisions of the Tribunal may be made on two grounds only - (a) a denial of natural justice and (b) the Tribunal had no jurisdiction.
- 7.16 During the period under review, three decisions of the Small Claims Tribunal were the subject of Supreme Court Action.

They were:-

- (i) Walsh (Referee of the Small Claims Tribunals) V Palladium Car Park Pty Ltd. This Full Court decision is reported in the Victorian Reports (1975) pages 949-960. This decision concerned jurisdictional matters.

- (ii) R v The Referee of the Small Claims Tribunal and Helen Homewood ex parte Cameron Smith Car Sales. This decision concerned denial of natural justice and is not reported.
- (iii) R v The Referee of the Small Claims Tribunals and Morrow ex parte Brian Donald Gardiner and Jane Elizabeth Gardiner. This was a writ of certiorari based on the issue that the Tribunal granted an application for rehearing to the trader without having jurisdiction to do so.

#### ALLEGED BREACHES/PROSECUTIONS

- 8.1 At the 1st July 1974 there were 29 alleged breaches of the Act awaiting investigation; during 1974/75 - another 210 alleged breaches were reported to the Ministry. Of these 103 were dealt with, resulting in 72 Court actions.
- 8.2 At the 1st July 1975, 136 breaches were under investigation, and during the year a further 315 were reported to the Ministry.
- 8.3 The major impediment to the handling of alleged breaches arose because the Ministry did not have a legal officer. This deficiency meant that, in many cases, officers pursued investigations where it was unlikely to establish an offence had been committed or that many hours were spent by inspectors in pursuing unprofitable avenues of investigation.
- 8.4 Because of the pressure to handle complaints, the poor return in terms of effectiveness of time spent in complaints, and the inability to get legal advice in a reasonable time, it was not possible to handle all allegations of breaches and, as a consequence, a number of investigations of alleged breaches could not be completed within the twelve months following the offence, and the matter lapsed.
- 8.5 Again, because of the backlog, by the time it was possible to investigate an alleged breach, it was difficult to establish what had actually happened - memories dim, and records are often incomplete or unreliable.
- 8.6 With the arrival of the legal officer in December 1975,

it was possible to handle this area much more effectively, and for the first time in many years, the position looked like being brought under control - with 329 alleged breaches finalised compared with 103 in the previous twelve months.

8.7 During the year to 30th June 1976, 329 alleged breaches of the Consumer Affairs Act were finalised as follows:-

Prosecutions authorised		90
Prosecution action not proceeded		
with	8	
Prosecuted successfully	76	
Prosecuted unsuccessfully	4	
Case adjourned	2	
Offence established - decision		
not to prosecute (warning		
issued 18 cases)		35
No apparent breach, allegations		
unjustified		79
Investigations inconclusive,		
or evidence inadequate		68
Trader insolvent, in		
liquidation or disappeared		14
Elapse of time prevented		
prosecution		<u>43</u>
		<u>329</u>

8.8 As at the 30th June 1976 there were 122 alleged breaches being investigated.

8.9 Analysis of prosecution by sections shows -

	<u>Convictions</u>	<u>Adjourned</u>	<u>Dismissed</u>	<u>Total</u>
Sections 13(1)	5	-	1	6
Section 13(2A)	5	-	-	5
Section 13(2B)	-	1	-	1
Section 13 A(1)	7	-	-	7
Section 13 A(2)	46	-	3	49
Section 26	13	1	-	14
	<u>76</u>	<u>2</u>	<u>4</u>	<u>82</u>

RESEARCH

- 9.1 Research is essential to the efficient operation of the Ministry. It is therefore disappointing to report that the Section was again unable to make a major contribution to the Ministry due primarily to staff shortages. Although the Research Section was established with a Research Officer and an Administrative Assistant, it was necessary to employ the Administrative Assistant in the Registry to cope with the huge volume of complaints and correspondence and to handle company and business name searches.
- 9.2 Until December 1975 the staff of the Research Section was limited to one research officer which meant that only a few projects could be handled. In fact, several major investigations had to be undertaken by investigating officers, which in turn contributed to the increased work pressure on the investigations staff.
- 9.3 The Research Section, however, was able to prepare guidelines for lay-by sales and comparisons of consumer legislation and furniture labelling regulations in each State. Several minor papers (e.g. the labelling of sweets and the liability of car park companies) were prepared for the Consumer Affairs Council.
- 9.4 The constraints placed upon the work of the Research Section were eased in December 1975 with the appointment of a Research Assistant, Class RO1 and the release from the Registry of the Administrative Assistant in December 1975. The Section was also fortunate to have the assistance of a University student during the Christmas vacation.
- 9.5 During the latter part of the year, the main thrust of the Section's work was directed at Consumer Education, and at the time of writing some nine pamphlets are in various states of production. Details of these pamphlets are given in the Section on Consumer Education.
- 9.6 At the time of writing this report, the Ministry's library is well established with books, publications and periodicals - all catalogued, and the Research Section is gradually developing a cross reference/data system of this and other material received by the Ministry. A bibliography of this material is now in the course of production. The Ministry's library facilities have been



made available for use by consumer groups and the general public, and a number of university lecturers and students have availed themselves of this service.

### CONSUMER EDUCATION

- 10.1 That the market place is not fair to the consumer does not mean that traders are unfair in their dealings with consumers.
- 10.2 Many complaints arise when a consumer buys a product that will not do what was expected, or obtains services which have not given what was required. Often the consumer has signed a contract which covers only part of the arrangements and, in other cases, it is blank or grossly harsh in terms.
- 10.3 The answer is not the efficient handling of complaints by the Consumer Affairs Bureau or the hearing of claims by the Small Claims Tribunal; this would just devour staff and effort and tend to breed a race of consumers without responsibility and eternally dependent on government agencies to look after their interest.
- 10.4 The most practical solution lies in making the consumer more able to cope with the market situation before exercising a choice or making a decision. This aptitude can, to some degree, be achieved by consumer education.
- 10.5 Consumer education is seen as one of the most important objectives of the Ministry. The Consumer Affairs Council in its last Report noted the importance of this activity and recommended that ".....the Government allocate sufficient funds to expand the staff of the Ministry to ensure that a comprehensive consumer educational program can be developed and implemented in the State which pioneered consumer protection in Australia....."
- 10.6 For a consumer education program to be effective, it must be designed so that a consumer who exercises reasonable care and responsibility will be able to avoid pitfalls in the market and be able to decide what are their requirements and which good or service meets these.

- 10.7 The program must cover children and adults, of all socio economic levels and all languages, it cannot be done using one media alone, it cannot be achieved by letterbox drops of pamphlets on all subjects.
- 10.8 Funds will never allow the saturation of consumer materials to ensure a complete cover. Consumer education is seen as a multi media approach, in which the best return for funds spent must be a constant control.
- 10.9 Consumer education is not just a one way deal carried out by consumer agencies, both Government and voluntary. The trader and the consumer also have a responsibility.
- 10.10 It is not an achievement to have a consumer wanting to exercise a choice between products, if there is insufficient information available on the products to enable an effective choice to be made. A trader who stocks a line of products should know the use, scope and limitations on those products and be able to impart this knowledge to a consumer.
- 10.11 There is a responsibility for an industry to provide information on its type of products and their selection, use and care. Some industries are doing this now; there is, however, an urgent need for others to follow suit.
- 10.12 Because of a shortage of funds and lack of staff, the Ministry was unable to make significant progress in Consumer Education during the year.
- 10.13 In early 1975 a position of education officer was sought, with qualifications based on those found desirable in other State Bureaux. The position of an education officer was not approved; however, eventually an administrative officer position was approved in April 1976 but an appointment not made until after the end of the year under review.
- 10.14 The Research Section staff, though severely limited in numbers, handled the production of consumer pamphlets, and by the 30th June the following pamphlets were in various stages of drafting or printing -

- (a) Buying a car- details of steps that should be taken when purchasing both a new and used motor vehicle.
- (b) Hire purchase - this pamphlet outlines a consumer's rights and obligations under a hire purchase agreement.
- (c) Buying carpet - factors to be taken into account when purchasing carpet for the home.
- (d) Purchasing and servicing electrical appliances - this pamphlet deals with servicing and purchasing of such items as refrigerators, washing machines, televisions, etc.
- (e) Household removals - in response to a recommendation made by the Consumer Affairs Council, the Ministry is preparing a pamphlet giving advice on how to arrange for the removal of household effects.
- (f) Twenty ways not to be cheated - a pamphlet dealing with twenty common questionable sales practices. This pamphlet is also being translated into a number of foreign languages.
- (g) Funerals - this pamphlet advises consumers on how to arrange a funeral.
- (h) Directory of consumer assistance - this pamphlet sets out the functions of some sixty or so organisations that can assist consumers on a wide variety of matters.
- (i) Building a home - details of common pitfalls in having a home built.

10.15 Although the capacity of the Ministry to promote consumer education was limited for the reasons mentioned, every opportunity was accepted to address groups or associations of traders and consumers and by attendance at industry seminars, and it is pleasing to note that this has resulted in a greater percentage of traders being familiar with the Ministry's policies and more willing to discuss problems and complaints.

10.16 Although the Ministry's achievements in respect of consumer education were mixed and disappointing, it is

hoped that with the staff now appointed, considerably more progress will be made in the ensuing year.

#### CONSUMER PRODUCT STANDARDS

- 11.1 The Consumer Standards Advisory Committee of the Standards Association of Australia is responsible for consumer standards policy matters and the determining of priorities in the development of consumer standards. The Ministry is represented on this Committee.
- 11.2 The Ministry is also represented on the Committee developing standardised contracts for consumer transactions. Sub-Committees are now developing standardised contracts covering motor vehicle sales, household appliances and in-ground swimming pools, and it is proposed to next cover services, domestic leases, insurance and removals. These Sub-Committees, as do the other consumer product Committees, comprise representatives of manufacturers, contractors, trade associations and government and voluntary consumer organisations.
- 11.3 The development of standardised consumer accepted contracts is most important if misunderstanding and vagueness are to be avoided when a consumer contracts for services, or particular goods. The use of these contracts will, it is thought, eliminate a large number of complaints, particularly those arising from services such as painting, concreting, renovations, removals and swimming pool construction. These standardised contracts will be available for use by all businesses, and traders will be encouraged to use them. Consumers will be warned that contracts for services which are not standardised may operate against them. The value of the standardised contract lies in that it will cover the significant matters in the relationships between both parties and it will have been agreed by representatives on the Consumer Contracts Committee as being fair and protecting the interests of both parties. The use of such contracts ensures a uniform contractual approach of an industry towards consumers and eliminates the "advantages" an unethical trader may gain over reputable contemporaries

by using attractive but vague and unenforceable terms, and other devices of expression to hide that the contract is heavily loaded in his favour.

11.4 Many of the Consumer Product Technical Committee meetings are held in Sydney and unfortunately, due to lack of funds, the Ministry is not able to participate as actively in the Committee work in developing consumer product standards as is desirable. In a number of Committees, however, the Ministry is represented by the New South Wales Ministry of Consumer Affairs.

11.5 Consumer Product Standards in which the Ministry, through either the Bureau or Council or their nominated representative have been involved, are:-

Women's Wear, Bicycles, Burning Behaviour of Textiles and Textile Products, Car Jacks, Carpets, Car Ramps, Ceramic Ware, Care Labelling for Laundering and Dry Cleaning, Child-Resistant Cupboards for the Presentation and Application of Fire Test Methods, Household Detergents, Household Soaps, General Purpose Protective Helmets, the Guarding of Domestic Heating Appliances, Men's Wear, Performance Testing of Child-Resistant Closures for Therapeutic Substances, Playground Equipment, Hard Surface Cleansing (Scouring), Powder, Plastics Materials intended for Food Contact Use - Part 1, Polyethylene, Part 2 Polyvinyl Chloride (PVC) Compound, Prams and Pushchairs, Safety of Children's Toys, School and College Wear, Swimming Pool Covers, Toilet Soap, Laundry Tablet or Bar Soap, Fences and Gates for Private Swimming Pools, System of Sizing and Marking Shoes, Swimming Aids, Paint Brushes, Domestic Mattresses, Labelling of Household Chemicals and Precious Metals for Jewellery.

11.6 The participation in the development of standards for consumer products and consumer services is seen as an important role of the Ministry.

MATTERS ARISING FROM THE INVESTIGATION OF  
COMPLAINTS.

12.

MOTOR VEHICLE INDUSTRY

12.1.1

The comments made in the last Annual Report in connection with the Motor Car Industry can be applied to the current Annual Report. Co-operation in the Motor Car Industry has been actively continued and many areas of dispute clarified. There is no doubt that without such co-operation, the number of complaints would be much higher than the current rate. The motor car field comprises still the largest single area of complaints in the statistics of the Ministry. Although there are encouraging signs, it must be repeated that a general code of ethical practices, which would serve as a standard to traders and salesmen, is still sadly lacking in the industry.

12.1.2

Until such a code is compiled, and the trade itself embarks on a campaign of self enforcement of its own standards, the bad image of the trade will continue.

12.2

Sales Methods

12.2.1

Of all complaints dealing with the Motor Car Industry, it is considered that those dealing with sales methods are the most unethical. Complaints in this category quite often border on fraud and misrepresentation. Such complaints are a direct reflection on the behaviour of individual salesmen and reveal a lack of control by management over them.

- 12.2.2 In some cases, the salesman can be traced by the Bureau from one dealership to another by the number of complaints generated by the dealership due to the employment of such a salesman. Statements have been made to Investigating Officers of the Bureau, over and over again, that dealers would welcome the licensing of car salesmen by a Government body as such a licence would indicate to the dealers that a salesman is conducting himself in a responsible manner in relation to prospective clients. Motor car dealers claimed it would go a long way towards discouraging undesirable practices by salesmen and thus improving the image of the car salesmen and the motor car industry generally.
- 12.2.3 Nevertheless, the question arises whether in fact licensing of salesmen would not transfer the onus of ensuring the ethical behaviour of salesmen from the management of the company to a Government licensing body. After all, it is the responsibility of management to ensure that its staff is performing in an ethical manner and in conjunction with the policy stated.
- 12.2.4 An encouraging issue is that there was some decrease in the number of complaints dealing with sales methods received by the Bureau for the year under review. Some large dealers who in the past had an excessive number of sales methods complaints have managed to reduce them completely by management taking a controlling interest in the activities of their sales staff and even dismissing those who

continued their unethical pressure sales tactics.

12.3 Quality Control and Design

12.3.1 The Ministry accepts that it is virtually impossible to have 100% quality control on new vehicles.

If it were introduced, it would increase the cost of production of a vehicle by a prohibitive amount.

12.3.2 A further consideration to note is, that it is very hard, if not impossible, to duplicate in a test laboratory, the real driving conditions in which a vehicle will be used. The Ministry realizes that some cars will reach the market with faults or which will develop faults in the first few months of being driven by consumers. The Ministry notes that the manufacturers' marketing arrangements of issuing warranties for such vehicles is to allow shortcomings in quality control to be rectified free of charge to consumers. This practice as a final solution is not acceptable to the Ministry or to the many consumers who have had to return a vehicle over and over again in order to have a fault rectified by the dealer. Sometimes these faults are mentioned throughout the warranty period and are never properly fixed. Paintwork is superficially touched up, often leaving rust underneath which eventually (after the warranty period) breaks through. Oil leaks are claimed to be within specifications as is vibration or transmission noises. It would be a rare consumer



who purchases a fault free car, and while many faults, and by far the majority are satisfactorily rectified, there are quite a few in which the consumer never really has the pleasure of driving a trouble free new car.

- 12.3.3 For example, on Monday the 17th May, 1976, a consumer took delivery of a new \$10,000 vehicle.
- 12.3.4 On Saturday, the 22nd May, the car would not start and the Dealer's Service Department replaced the battery. On Saturday 29th May, the vehicle would not start but on this occasion, the Service Department would not come out to the consumer who eventually called the R.A.C.V. The R.A.C.V. representative using jump leads, started the car. The following day, the vehicle would not start again and jump leads were required with the use of a neighbour's car. On Monday, the 31st May, the vehicle was started with jump leads again and was taken to the dealer's Service Department. The consumer picked the vehicle up later that evening and was assured that everything was alright.
- 12.3.5 On Sunday the 6th June, the vehicle would not start and the R.A.C.V. were again called. The

following day it was left at the dealer's Service Department. It was picked up on the 8th June, with the faults supposedly rectified. On Wednesday, 23rd June, the same fault occurred and after assistance from the local garage, the vehicle was taken to the dealer's Service Department. The trouble was supposedly rectified but the fault re-occurred while driving home from the Service Department. It was towed back to the Service Department and on this occasion the problem was finally rectified.

12.3.6 Such instances are considered to be either a negligent attitude by the dealer towards the consumer, or an attempt to avoid responsibilities under a sales contract.

12.3.7 A further aspect to consider is that shortcomings in a new motor vehicle may not be attributable to a slip in the quality control system but to a faulty design. If the faulty design relates to certain safety features of the vehicle, a full recall campaign is instituted by the manufacturer but there are instances where the faulty design does not relate to safety aspects. Instances known to the Bureau have shown that manufacturers accept responsibility for such faulty design to varying degrees.

12.3.8 In the case of the Ford Motor Company, problems arose with the duco of the colour called "Wild Violet". Consumers have informed the Bureau that the paint was lifting off the car. The Ford Motor Company has accepted responsibility for such faults to the degree of removing all paint down to the base metal and re-spraying the whole vehicle. The job may cost over \$600. Should the car be over a certain age, or should it have been bought by the consumer as a second-hand car, then the cost of bringing the duco to a new condition, is apportioned between the consumer and the Ford Motor Company, and each case is considered on its merits. There are insurmountable difficulties associated with such allocation of cost of repairs as many cars may have been involved in accidents and reduced by panel beaters. Dints may have been filled in with filler compounds and painted over. Claims may be made to the manufacturer for re-ducoing purely to have the car in a better condition for re-sale.

12.3.9 Furthermore it must be realized that any duco on a vehicle is constantly deteriorating so that the question arises as to the extent of the manufacturer's obligation in circumstances where the car has been used by a consumer for two or

three years in harsh climatic conditions.

12.3.10 Chrysler have also experienced paint work problems, but unlike Ford, the problems were not confined to one particular colour. The faulty paintwork generally begins to appear after 18 months which is outside the warranty period resulting in an expensive repair bill for the consumer to have the vehicle resprayed. Approaches made to Chrysler by the Bureau and consumers themselves have often resulted in spray work being carried out, and the consumer being charged on a pro rata basis by Chrysler.

12.3.11 However there must be many vehicles on the road where the defective duco was repaired privately and the consumer bearing the cost because he accepted that he could not get any redress from the manufacturer outside the warranty period.

12.3.12 A further example, which should be quoted refers to General Motors Holden's Trimatic Transmissions. It appears that the transmissions contain a design fault so that breakdowns occurred in excessive numbers after the normal warranty expired. In order to remedy this fault, in June, 1972, General Motors Holden's advised all their dealers that they were providing an extended warranty policy on the transmissions. The policy was extended to three years or 50,000 miles, and was to apply to

vehicles delivered prior to the 1 June, 1974. Judging from the number of complaints received by the Bureau, it is evident that many consumers are not aware of this extended policy. They arrange for repairs to their trimatic transmissions to be effected by an automatic transmission specialist, not knowing that such repairs can be carried out by General Motors Holden's dealers free of charge.

12.3.13 One Kingswood owner wrote:-

"Having travelled only 37,983 km. and experiencing transmission trouble, I took the vehicle to an Automatic Transmission Specialist who diagnosed that the automatic filter was blocked with pieces of clutch linings. Being well out of the vehicle's warranty of twelve months or 20,000 km., I authorised them to carry out the necessary repairs for which I paid \$320.00. Sometime later after discussion with friends I was told that the automatic transmission carried a warranty of 50,000 miles or three years. My claim to General Motors Holden's was consequently rejected as the repairs were carried out by "other than an authorised dealer". Never having been told of the extended warranty by the selling dealer, I feel I have been harshly treated."

12.3.14 The Consumer Affairs Bureau made representations to General Motors Holden's on this issue on a number of complaints but all of these efforts met with a negative response.

12.3.15 An extract from Hansard of a matter raised in the House of Representatives on the 21 August, 1975 states as follows:- "I rise to draw attention to the material which I and no doubt other Members of Parliament have received from the Car Consumers Association of Victoria ..... This particular publication is titled 'The Secret Repair Policies of Car Manufacturers'. It draws attention to a Public Notice that was published in the 'Age' in Melbourne on Thursday 15th May, 1975 by the Association. It relates to Holden and Torana owners and says "Car Consumers Association wishes to advise Members of the existence of the General Motors Holden's policy relating to the extension of cover of Trimatic Transmissions from twelve months, 12,000 miles to three years, 50,000 miles. This policy only applies to vehicles built before June, 1974, fitted with Trimatic Transmissions. If need of such a cover arises, contact your General Motors Holden's dealer"."

12.3.16 It is the Ministry's contention that if a design fault happens such as with the Trimatic Transmissions of Holdens, the manufacturer should make all attempts to advise purchasers of vehicles whenever he is going to extend the warranty.

12.3.17 It is not sufficient just to inform dealers of such provisions and then adopt an intransigent attitude towards consumers knowing that it was virtually impossible for the consumer to find out about the additional offer made by the company. It may be stated that this was a case of negating all aspects of responsibility by a secretive attitude.

12.4 Pricing of Second Hand Motor Vehicles

12.4.1 The Ministry accepts the policy that there is no price control in Victoria. Nevertheless, it is important to mention prices in relation to the second-hand motor car market by way of warning consumers.

12.4.2 Under the Motor Car Traders Act, the dealer must disclose a Form L on the vehicle he intends to sell. Form L amongst other things must show the price the dealer intends to charge for the car. There is ample evidence that often the price shown on Form L is not the final price but is excessively inflated in order to allow the dealer to reduce the price to a particular purchaser and give him the impression that he was getting a real "bargain".

12.4.3 The Consumer Affairs Bureau has evidence that some dealers are specialising in what one may say to be 'Sales to idiots'. The price of a car is inflated well in excess of what the dealer expects to obtain and held for say one week. Then it is progressively

reduced from week to week until a sale is made. The dealer hopes that in the first week, a completely naive and uninformed consumer may turn up who could be easily convinced to buy the car at this excessive price; otherwise, the dealer can claim at a later stage that the car is a genuine bargain because he has reduced the price.

12.4.4 There are instances where the car is advertised in the papers for \$3,000 although the Form L on the car itself shows the price at \$4,000. There is evidence held by the Consumer Affairs Bureau that dealers will attempt to sell a car at \$4,000 unless the consumer refers to the specific advertisement in the paper.

12.4.5 In this respect the Ministry is considering that such advertisements are misleading and in breach of the Consumer Affairs Act, 1972. Second-hand motor car dealers who advertise a vehicle at a certain price must sell the vehicle for that amount or for less. Otherwise, the advertisement in relation to the selling price of the vehicle is deceptive and misleading.

12.4.6 The warning issued to consumers in this aspect is that they must familiarise themselves with the market value of vehicles before attempting to buy one. They must not accept the initial price quoted to them by the motor car dealer (even if that price is stated on an official looking document such as a Form L), but bargain with the dealer in order to get a reasonable deal.



12.5 Comprehensive Insurance

- 12.5.1 Consumers should realise that motor car salesmen are obtaining commission from the sale of the vehicle as well as from the sale of insurance.
- 12.5.2 Inspectors of the Bureau are often negotiating with representatives of the insurance, finance and motor car industry. The question of commissions payable to dealers and through them to individual salesmen from insurance premiums has often been discussed. Individual Insurance Companies have also been approached on this issue but as they regarded their commission structure as information of a highly confidential nature, their reluctance to provide this information was accepted by the Ministry. Nevertheless, it is the Ministry's understanding that commissions paid on comprehensive insurance, in some cases, is up to 40% of the total premium paid.
- 12.5.3 If one considers that comprehensive insurance on a car with a cash price of \$3,696 over a contract period of four years may amount to \$2,595, then one can see that there is quite a degree of incentive for the salesman to sell insurance to a motor car purchaser. See table at paragraph 12.7.1.
- 12.5.4 In respect to hire purchase and other contracts, the comprehensive insurance is added to the figure financed by the finance company and the interest is charged on the total amount.

There are many complaints lodged with the Bureau which reveal that consumers were not aware of the high comprehensive insurance charges and that they were made to understand that they had to insure the car on finance for the full duration of the finance contract, e.g., four years. For details of these kind of transactions, see table at paragraph 12.7.1.

12.6 Consumer Credit Insurance

12.6.1 When entering into finance agreements, consumers are usually advised by the motor car dealer or the finance company that insurance cover against accident, illness or death is desirable. That is to say, if a consumer cannot work because of injury or illness, then the insurance would cover his commitments to the finance company.

12.6.2 This in itself appears to be a sound proposition as it allows the consumer to ensure that he will not get into financial difficulties due to unforeseen circumstances. However, the Bureau has received many complaints from consumers who have suffered injury or illness, where the insurance company has refused to meet the claim because of exclusion clauses in the policy.

12.6.3 The following complaint was lodged with the Bureau:-  
The consumer purchased a caravan for monthly repayments of \$237 which he used as a permanent residence. He purchased also a car for \$73 repayments per month. On both finance contracts, the consumer paid consumer credit insurance premiums to two insurance companies. This particular consumer informed an Inspector of the Consumer Affairs Bureau that he could no longer work because of ill-health which was due to a chest complaint and therefore had difficulties in meeting his financial obligations to the finance company. The consumer's employer visited the Bureau and confirmed that the illness prevented the consumer from earning an income. This was further supported by the consumer's doctor. At this stage, the consumer was unaware that he had paid for consumer credit insurance on his hire purchase documents.

12.6.4 This fact was discovered by the Inspector of the Bureau when he examined the financial documents pertaining to the two transactions. An explanation was then given to the consumer and he was advised to submit claim forms with both insurance companies. The insurance companies refused to meet his claims because the illness was discovered to be due to a war disability and therefore excluded him from the insurance policy as a pre-existing condition.

- 12.6.5 There is no doubt whatsoever that the purchaser was not aware that he was entering into this particular insurance arrangement. There is no further doubt whatsoever that the conditions of the contract were not explained to him as the nature of his war disability was such that it would negate any consumer credit insurance cover. At no stage did the purchaser attempt to hide the fact that he was suffering from a war disability.
- 12.6.6 The only conclusion one can reach is that the car salesman wrongly induced the purchaser to enter into a useless consumer credit insurance contract.
- 12.6.7 The cost to the consumer on both transactions was in the vicinity of \$500, financed at a high interest rate over four years.
- 12.6.8 In another case, the consumer resigned from his employment in Melbourne on Friday in order to go to Sydney the following Monday to get married and settle there. On the way to Sydney, he was involved in an accident which made it impossible for him to resume employment. The resulting claim on his consumer credit policy was denied by the insurance company because he was unemployed at the time of the accident.

12.6.9 In these cases the insurance companies relied on their strict interpretation of their contract to avoid liability, ignoring the moral principles involved. There is ample evidence that second-hand car salesmen consider such an insurance as a further source of commission income and frequently adopt a careless attitude when selling it to consumers. In the final analysis it is up to the insurance companies to ensure that this particular service to consumers is not misused to such an extensive degree by their commission agents.

## 12.7 Finance

12.7.1 Considering some of the complaints dealing with motor car finance received by the Bureau, one is forced to describe the situations arising from them as pathetic. The three examples in the table below speak for themselves.

	Example I	Example II	Example III
Cash Price	\$ 2,890	\$ 3,696	\$ 5,498
Less - Deposit			\$ 100
Trade In Allowance	<u>\$ 500</u>	<u>\$ 800</u>	<u>          </u>
Residue	\$ 2,390	\$ 2,896	\$ 5,398
Plus Insurance			
Comprehensive	\$ 1,404	\$ 2,595	\$ 1,100
Consumer Credit	<u>\$ 301</u>	<u>\$ 301</u>	<u>\$ 198</u>
	\$ 4,095	\$ 5,792	\$ 6,696
Plus Stamp Duty	<u>\$ 50</u>	<u>\$ 68</u>	<u>\$ 114</u>
	\$ 4,145	\$ 5,860	\$ 6,810
Plus Terms Charges	<u>\$ 2,495</u>	<u>\$ 3,515</u>	<u>\$ 3,942</u>
	\$ 6,640	\$ 9,375	\$ 10,756
Plus Deposit paid as above	<u>\$ 500</u>	<u>\$ 800</u>	<u>\$ 100</u>
Total Cost to Consumer	<u><u>\$ 7,140</u></u>	<u><u>\$ 10,175</u></u>	<u><u>\$ 10,856</u></u>
	48 monthly payments	48 monthly payments	48 monthly payments
	@ \$138.33	@ \$195.32	@ \$224.00

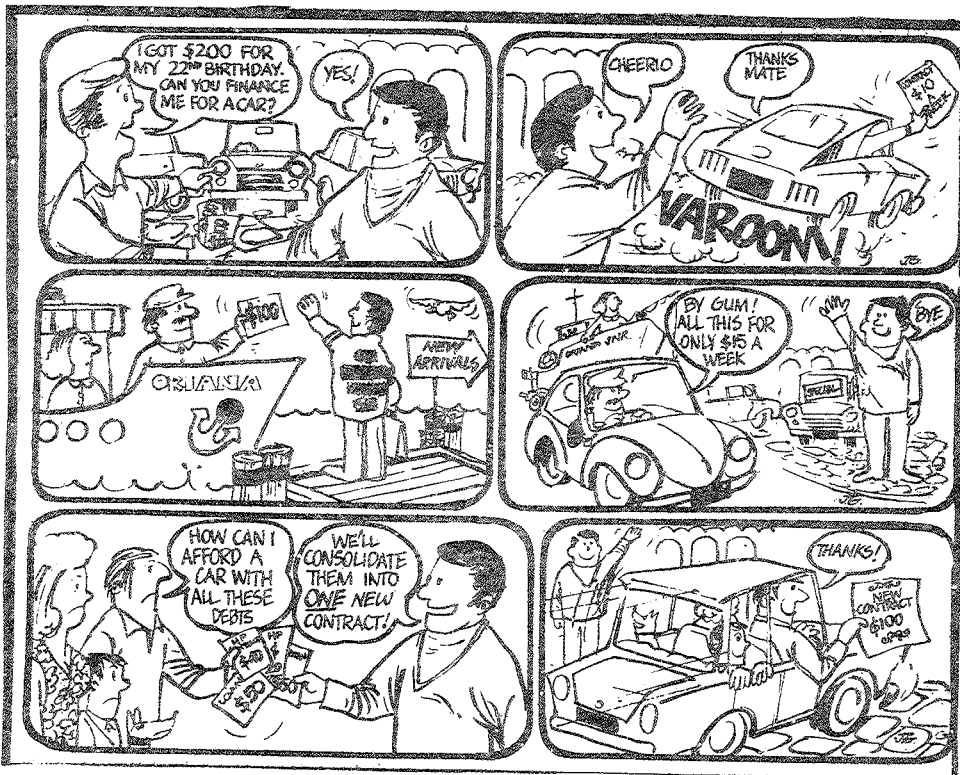
12.7.2 Much of the blame must be attributed to the consumer himself who agrees to sign such a finance document. On the other hand, it is most unethical to exploit the consumer's ignorance in the area of financial contracts and some responsibility in this respect must be attached to the finance companies and the dealers who act as agents on their behalf. As shown in one of the examples \$5,498 cash price car was financed on \$100 deposit. The finance company could not make a loss on this transaction as the dealership would be responsible for any loss incurred by the finance company, should the hirer default in his re-payments. In such circumstances, it is reasonable to suggest that finance companies may not be so particular about a hirer's inability to repay the loan.

12.7.3 This probably explains why hire purchase contracts are approved with little investigation of the personal details provided by the motor car trader to the finance company. For example, a 19 year old consumer, signed a hire purchase contract and had to pay a monthly repayment of \$279. The Bureau established that this youth earned \$324 per month and as board cost him \$40, this left him a nett of \$5.00 per month to live on.

One wonders what justification the finance company had for accepting such a hire purchase contract. On the other hand, the salesman is mainly concerned in selling his cars and his concern does not extend to cover the purchaser's ability to keep up the payments.

12.7.4 Advertisements in the papers, on television, and radio encourage consumers to buy vehicles on easy package deal finance. One prominent dealer advertised extensively on television "60 minute money. If the O.K. takes longer than one hour we will pay you one month's interest in cash immediately".

12.7.5 The following advertisements emphasize the availability of finance in promoting the sale of cars:-



# Car Finance No ifs... No buts... & no wild promises

Countless times people have been helped by me even though their previous credit history may have been tarnished through sickness, accident or no fault of their own. BY PHONING ME NOW AND GIVING ME YOUR PARTICULARS I will do my utmost to obtain you finance.

**BACK TRADE** and lower your repayments.

**CASH BACK** if you need it.

**CONSOLIDATE** pay out your debts and make one monthly payment.



## FINANCE

Anything traded  
Cash in hand  
Debts consolidated  
Back trade  
Same day finance

# NO FUSS FINANCE

on new and  
used cars

**\$500,000**  
readily available

Even if you've had previous finance problems, now at [redacted] you could drive away a new [redacted] or pre-owned car of your choice with minimum trouble from as low as

**\$50 deposit**

(And you need not necessarily be buying a home)

## FINANCE '76

99 P.C. ACCEPTANCE

If we can't get finance for you no one will be able to. Previous problems will not stop us so phone [redacted]

AAAAAAAAAAAAAAAA

## AVAILABLE FINANCE

Cars available, no dep. finance to anyone. No special requirements needed. 50 cars from £199 to \$4999. We have never failed to obtain finance for our clients. Anything traded. Back trade available. Ring now for same day acceptance. [redacted]

AAAAAAA

## FINANCE UNLIMITED

\*\*\*\*\*

Have you had previous finance problems? You may need advice in applying for finance or payouts. Ring our free advisory finance service. Cars available, \$99 to \$7999 on no deposit. [redacted]



- 12.7.6 The impression given to consumers is that all he has to do is buy a car and the dealer will look after him as far as finance and insurance is concerned. In reality, the purchase of a car on finance is too complex a matter to be finalised as a package deal and there is evidence that this complexity is used by the salesmen to their own advantage.
- 12.7.7 There are too many complaints made to the Bureau that the finance documents were not explained properly to consumers, total repayments and interest charges not disclosed to them, the nature of some additions to the hire purchase contract not fully revealed to them and even allegations have been made that they have been asked to sign blank documents.
- 12.7.8 In the examples shown in the above table, a car with a cash price of \$2,890 finally cost the consumer \$7,140, the car under hire purchase was a 1967 Falcon sedan. By the time the hire purchase contract ran its course, the car would be more than 12 years old and its market value then to the consumer would be negligible. It would virtually amount to a total loss to the consumer of \$7,140. It would have been cheaper for this particular consumer to have leased a new car for four years than to have bought this 8 year old car on hire purchase documents.

12.7.9 Unfortunately, most consumers are not familiar with the different possibilities of obtaining vehicles on time payment and even more importantly, too many salesmen are taking full advantage of the consumer's ignorance.

12.8 Repairs and Servicing

12.8.1 The number of complaints received in the area of motor vehicle repairs and services has increased considerably in the year under review. There is no doubt that many of the complaints would have been obviated if both the repairer and the motorist had ensured that all details and requirements associated with the service were properly conveyed to each other; too many of the complaints arose due to breakdown of communication.

12.8.2 In many cases, the vehicle is taken to a garage where a simple service or repairs is requested. After inspection by the mechanic a further malfunction is revealed and frequently repaired without the consent of the owner.

12.8.3 Many consumers request a quote, usually verbal for repairs, and invariably the amount stated is considerably less than the final account. Although it is impossible to furnish a reasonably accurate estimate for some repairs, more often than not, it is largely guess-work which results in a surprise account for the owner and subsequent claims that such expense was never authorised.

When a vehicle is repaired, some consumers seem to grudge payment for the job because of what they consider to be high labour charges; often as they are usually unaware of both hourly rates and time involved in mechanical repairs. In some cases, the cost for vehicle repairs may be higher owing to either the lack of expertise, or a deliberate attempt by the repairer to extract greater profit.

12.8.4 Many of the complaints received would have been precluded if:-

- a) the consumer would define precisely what work he wanted to be done;
- b) the trader would give the consumer a quotation for the work to be done and informed the consumer beforehand of any charges for giving the quotation; and
- c) the trader would seek an authorisation from the consumer whenever there is need for a substantial deviation from either the work to be done or the price originally quoted.

## 12.9 Accessories

12.9.1 The Ministry feels that consumers should be informed that in many instances accessories which are fitted to new motor cars at the time of sale carry a price tag much higher than if the purchase and fitting of the accessories were to be arranged by the consumer at a later stage.

- 12.9.2 A consumer purchased a new vehicle and paid an additional \$60 for the supply and fitting of four mud flaps. When the consumer saw an advertisement in the paper for "quality rubber flaps" at \$2.50 per pair, he felt justified to enquire why was charged \$60.
- 12.9.3 The Consumer Affairs Bureau investigated this matter and established that the retail price of the mud flaps if purchased over the counter was \$12.68. Nevertheless, the trader claimed that the cost of the mud flaps into his store was \$18.00. When the flaps were transferred from the Spare Parts Section to the Workshop Section within the dealership, another \$7.00 was added in addition to a labour charge of \$22.50. The cost of the flaps to the New Car Section of the dealership was therefore allegedly \$47.50, to which another \$12.50 was added, presumably representing the profit margin of the New Car Section.
- 12.9.4 The cost of the flaps excluding labour charges therefore increased from \$18 to \$37.50, which is in excess of 100% on its journey from one section to another of one and the same dealership, although the same mud flaps were sold to the public for \$12.68 over the counter.

12.9.5 Further investigations revealed that the trader had reduced the price of the car to the purchaser by \$50 and in order to offset at least part of this allowance, he decided to charge the purchaser \$37.50 for the mud flaps.

12.9.6 The Ministry does not intend to debate the charges made by the dealer, however it is obvious that this method of accounting for costs is a surreptitious way of giving respectability to what is commonly called a "rip-off" of unsuspecting consumers. It is believed that this practice is not uncommon in the trade.

13.

THE BUILDING INDUSTRY

13.1 The three areas of concern in the building industry are generally speaking those dealing with:-

- (a) construction of new homes;
- (b) renovations to existing premises; and
- (c) cladding.

13.2 Constructions of New Homes

13.2.1 With the proclamation of the Local Government (House Builder's Liability) Act, 1973, the number of complaints in this area have fallen off considerably. The Ministry has established liaison with the two guarantee bodies under the Act (the Housing Builder's Association and the Master Builders Association) and was able to resolve many complaints swiftly and to the satisfaction of the consumer. But complaints still continue to arrive. Their nature has changed from complex issues involving contractual obligations and alleged biased arbitrations, (although such complaints are still received to some degree), to relatively simple complaints referring mainly to shoddy workmanship and refusal to give any remedy to the householder.

13.2.2 In other words, the current complaints have to a large degree been created by a careless attitude of the builder and could have been prevented by a more responsible conduct of management.

### 13.3 Renovations of Existing Premises

13.3.1 With the escalation in the cost of new homes, many consumers are renovating their existing homes in order to meet increased requirements instead of purchasing new houses. This increase in demand for home renovators has attracted a large number of operators who either have not got the skill to perform the required alterations to a home or who lack a responsible attitude towards their client.

13.3.2 On the other hand, many householders, who would normally take extreme care in the purchase of a home, adopt a careless attitude in relation to renovations although the cost may amount to some thousands of dollars. With the cost of building in excess of \$2,000 per square, it is hard to comprehend how both the consumer and the builder may enter into an agreement without a proper form of written contract. When they do, it is not surprising that a large number of complaints arise in this area.

13.3.3 There is an ever increasing number of traders setting themselves up as specialty renovators in the fields of kitchen remodelling, bathroom remodelling, roof tiling and window renewals. Although there are a number of reputable traders in these fields, it is depressing to note the number of unpleasant experiences that have resulted from consumers dealing with the less reputable traders.

In the main, complaints hinge around various promises, misrepresentations as to cost, excessive deposits, faulty workmanship and no follow up service. Here again, consumers are advised to be cautious in their dealings with traders who purport to be experts in their field and to ask for specific references of previous jobs done by the traders in order to evaluate their capability to do a good job.

13.3.4 The area of home renovation also includes both structural additions and alterations of existing buildings. It covers kitchen renovations, bathroom and laundry extensions and additions, the erection of carports, garages, awnings and the installations of roofing, guttering, concreting and electrical and plumbing systems. In many instances, it requires a higher degree of skill and expertise than in the construction of new buildings, as with renovations the existing structure of an old home has to be evaluated and a decision, based on experience, has to be made whether existing timbers and materials will provide a suitable base for the alterations.

13.3.5 Compared to the new building industry, the home renovation industry is virtually left to develop its own trading standards and is not subject to any regulatory provisions.



- 13.3.6 It is believed that consumers will experience a lot of difficulties before this section of the building industry will settle down to a responsible attitude and it may require some form of legislative control on the lines introduced to regulate the new home building industry, before a satisfactory level of performance can be obtained.
- 13.3.7 The Ministry has evidence that properties are renovated in a shoddy and cheap manner in order to "window dress" them for the purpose of a sale at a profit.
- 13.3.8 The following case is quoted by way of illustration:-  
A complaint was received from a migrant with virtually no command of the English language, regarding an established house which he purchased. It appears that the vendor had purchased the house for \$21,000 shortly before it was sold to the consumer for \$32,000. The renovating carried out by the vendor consisted of painting the exterior over the old surface without any preparation of that surface and painting water heaters in laundry and bathroom. The consumer was assured by the vendor's agent that the house was in perfect condition. He inspected the house with the agent, this brief inspection being made in limited light conditions, as it occurred late in the day and the power supply was not connected. The consumer was encouraged to pay a deposit to secure the property, on the grounds that other prospective purchasers had expressed interest. On taking possession, after the power and water supplies were re-connected, it immediately

became obvious that there were extensive faults in the house, including peeling paintwork, inoperative water heaters and plumbing that delivered a mere trickle of water.

13.3.9 When the Bureau wrote to the vendor on behalf of the consumer, seeking a contribution towards the cost of repairs, the vendor's solicitor replied that they had been instructed that "the purchaser inspected the house prior to purchasing same, and on taking possession, the house was in exactly the same condition as when he inspected same. Mr. B..... (the consumer) was given full opportunity to see any defect. Accordingly we feel that the complaint of Mr. B..... is not justified".

13.3.10 The Bureau was unable to take any further action on the consumer's behalf and the consumer's solicitor advised that there appears to be no recourse available under the law, and also implied that the case outlined is typical of the operation of this particular vendor, a registered company, and their agent.

#### 13.4 Cladding

13.4.1 Now and again a trading practice develops which lends itself to gross unethical conduct towards consumers. It is quickly recognised by some unscrupulous characters and then fully used to exploit the unfortunate, less educated or unwary members of the public, giving a bad name to the whole industry and penalizing those who want to

establish their business on sound principles.

The inescapable conclusion reached by the Ministry is that the Cladding Industry has attracted such operators who are set on exploiting consumers under the disguise of providing a service to them.

13.4.2

The complaints received by the Bureau in this area refer to shoddy workmanship, faulty material and failure to honour contractual warranties and carry out rectification work.

13.4.3

There are two modes of marketing cladding products:

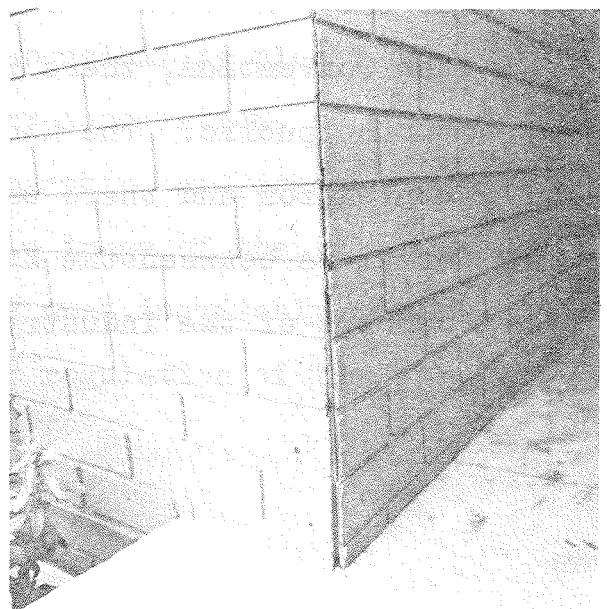
- (a) the householder deals directly with the manufacturer who sells, supplies and fixes the product to the house; or
- (b) the householder may deal with a sales company or an individual salesman operating under a business name who then in turn places the order with a manufacturer for the supply of the product and even a further contractor for fixing the product to the home. Such an arrangement usually places the householder at a disadvantage. The salesman may be selling products of a number of separate companies and as he has no manufacturing plant, he may wind up his sales activities any time without incurring any loss. The guarantee given to the householder may again be one given by the salesman and not the manufacturer in which case, it assumes usually the form of a

most impressive looking document without any value whatsoever. But even in the case where a manufacturer has issued the guarantee, quite often a dispute arises whether the deterioration of the product has arisen because of a fault in the material or careless application. The householder is then caught between three businesses, the salesman, the manufacturer and the contractor, and is referred from one to the other for redress without virtually any hope of obtaining any satisfaction.

13.4.4 Currently complaints are being received by the Consumer Affairs Bureau from consumers who had their houses clad several years ago and are now finding that the product which was stated to be covered by a "lifetime guarantee" is deteriorating and requires replacement. However the companies who sold the product are no longer in business and the consumer does not know where to obtain redress.



Brick Cladding fallen off wall



Corner joint deterioration

13.5 Swimming Pool Industry

13.5.1 In the Report for the year ended 30th June, 1975, criticism was levelled at the industry because of the number of complaints relating to individual companies marketing operations in relation to delays in completion, broken promises, poor workmanship, etc. It was stated that the Industry must accept some responsibility for the growing promotion of private pools and hence, the Ministry was looking to the Swimming Pool Industry to bring its own house into order.

13.5.2 It is pleasing to note that some of the fringe operators in the industry have now departed from the scene, and although leaving behind some disasters, future dealings of consumers with members of the Industry should be more compatible to the hopes of the prospective pool owner.

13.5.3 From the 28th March through to the 2nd April, 1976, the Victorian Swimming Pool Association hosted the 1976 Australian Swimming Pool Industry Convention at the Exhibition Buildings. In conjunction with the Convention, there was a trade exhibition open to the public. The Ministry was represented at the Convention and there was valuable informal exchange of views between the Ministry representative and members of the Industry.

On several occasions, during the Convention, mention was made by speakers that the Industry did not have a very good name in the community and that the various Industry Associations should look to improving that image by putting their own house in order and establishing lines of communication with the Consumer Affairs Organisations.

13.5.4 Although it appears that some of the unethical practices noted in previous years are on the decrease, some individual companies need to seriously consider the contracts they are presenting to consumers. Contracts referred to are those which offer little or no protection to the consumer, whilst offering the company a free hand which often is expensive and harrowing to the consumer. The Standards Association of Australia, Consumer Contracts Sub-Committee is currently developing a standard contract which if adopted will overcome some of these problems.

13.5.5 As the private swimming pool industry grows, there will be an increasing responsibility placed on the Swimming Pool Industry Association, to ensure proper standards of workmanship, and creation and maintenance of a reputable image of the industry. A failure to achieve this must inevitably result in consumer pressures for regulation of the industry.

14.

THE CARAVAN INDUSTRY

14.1

The Caravan Industry has experienced an unprecedented development over the last few years. Caravans have increased in value to the point where they equal motor vehicles as to cost, and possibly also sophistication and mobility. The complaints received by the Consumer Affairs Bureau have increased in line with this development. In 1971/1972, there were four complaints, 1973/1974 - fourteen; 1973/1974 - twenty-six; 1974/1975 - forty-six; 1975/1976 - one hundred and seven. Expressed as a percentage of overall complaints, caravan complaints increased from 1971/1972, 0.17% to 1975/1976, 1.19%.

14.2

Unlike motor vehicles, there are virtually no controls over the manufacture, sale or use of caravans and in many cases, consumers, finance companies, as well as insurers are left at a loss as to the identification of individual caravans. Unless some positive action is taken either by the Caravan Trade and Industry Association or by the Government to impose some regulatory measures, the Ministry can foresee a problem arising from the sale of caravans in Victoria.

14.3

In the previous Annual Report, the Ministry suggested the introduction of a standardised serial number system to be embossed on the chassis of each caravan which would give an indication to a purchaser as to by whom, where and when the

caravan was manufactured. Currently there is no legal requirement in Victoria to attach such a number to any caravan. The Bureau knows of cases where a consumer could not obtain finance on a second-hand caravan and therefore came to an agreement with the vendor to specify on all contracts that the caravan was new. Not only did he obtain finance on the "new caravan", but he obtained it at a lower interest rate. There was no way that the finance company could establish that the caravan was used prior to purchase. For insurance purposes there is also a need to identify individual caravans in case they are stolen or damaged on the road.

14.4 The complaints which the Bureau received show that many problems relate to the quality of caravans and the difficulties experienced by consumers to have repairs effected under warranty. The majority of complaints received were from consumers who permanently reside in caravans. In these cases, the caravan is a permanent residence and not a recreational vehicle. If something goes wrong with such a caravan and the consumer requests repairs under the warranty provisions, the manufacturer should not request that the caravan be returned to the factory for a lengthy period. Such an action would render the owner practically homeless. A further consideration is that on site caravans are not registered for road use and cannot be towed to the factory for repairs.



14.5 A Croydon resident complained to the Bureau that the caravan he was sold developed a number of faults and that in addition the State Electricity Commission of Victoria would not issue an Electrical Certificate for the caravan. The faults listed by the S.E.C. were:-

Metallic sheet enclosure not directly earthed;  
Cables used to connect lights are not of a suitable heat resisting insulation;  
Cupboard door hitting on ceiling light;  
Power switches are insecurely fixed to walls;  
Instruction notice re connection to supply not installed.

14.6 When presenting his case to the manufacturer, the consumer received the following reply:-

"I refer to your recent letter of the 31st ultimo regarding the electrical certificate for your caravan.

At the moment, I cannot provide you with an electrical certificate. Could you let me know if you intend making a trip north in the near future, if so, we could arrange for an inspector to be here to check and issue with same. Your complaints appear many, and it is not practical to try and sort these out in this letter. Once again, if you intend coming to Sydney in the near future, I could arrange to have the complaints checked out here at our factory and wherever necessary and possibly correct.

I await your advice."

- 14.7 It was only after the Consumer Affairs Bureau made representations on behalf of the consumer that the manufacturer agreed to do the repairs through his office here in Melbourne.
- 14.8 The Ministry feels that manufacturers when attending to warranty complaints should take into consideration the difficulties experienced by consumers in presenting the caravan to a factory for repairs, especially when the caravans are occupied on a permanent basis.

TRADING PRACTICES.15.1 Carpets.

The number of complaints received by the Consumer Affairs Bureau in connection with the purchase and laying of carpets shows that this is an area of considerable consumer dissatisfaction. The conclusion reached by the investigating officers is that the dissatisfaction is largely the result of lack of consumer awareness of the potential problems associated with the purchase of carpets. On the other hand one must admit that the expectancy of consumers in connection with carpets is in many cases too high, as quite often they may forget that a carpet is something that is being trampled under foot constantly in a home. It therefore cannot be compared with furniture or other home fittings which never receive such hard wear.

15.2 There is also a large lack of uniformity in the terminology used to describe carpets. Retailers have a tendency to talk about the lifetime of a carpet although it is virtually a meaningless term. "Appearance retention life" under the circumstances of traffic in which the carpet is subject to, is a better indication.

15.3 These problems point to the necessity of supplying the consumer with sufficient information to enable him to form an opinion as to what to expect from the carpet at the time of purchase as well as how to look after it. There is evidence that the staff of retailers are not sufficiently trained to give this advice to consumers on carpets. The advice usually offered is limited to such commonsense statements that carpets of a light colour show up soil spots to a larger degree than darker coloured carpets.

15.4 The purchase of a carpet for a home is usually a major expense to a consumer and he must be able to determine which type of carpet meets his requirements. Currently the Victorian Ministry of Consumer Affairs, with the assistance of the Carpet Council of Australia, is finalising a pamphlet on "What you should know about carpets for the home". This pamphlet will be made available to the public upon request. A further pamphlet on care of carpets is being produced by the Carpet Council of

Australia. Nevertheless, it is up to each manufacturer to ensure that sufficient labelling is attached to a carpet to fully inform a consumer of the proper care of the carpet. Information should also be available on the burning characteristics of the fibres from which a carpet is made. Some fibres, especially the artificial ones, may give off poisonous fumes which may easily result in the death of a consumer well before the actual fire has sufficiently developed to become a source of danger to him. Other fibres may have a strong resistance to fire and give off poignant burning smells which serve as a warning to consumers but are of a limited danger to a consumer. Again further fibres may melt and be relatively fire resistant. These safety aspects should be made known to the consumer at the time of the sale of a carpet.

- 15.5 The Standards Association of Australia /has for some time been trying to formulate a number of specific tests for the care of carpets but as yet there is no specific standard available. In the U.K. the majority of carpets are labelled according to a national carpet classification scheme:-

Light domestic  
 Medium domestic  
 General domestic and/or light contract  
 Heavy domestic and/or medium contract  
 Luxury domestic and/or heavy contract.

- 15.6 There is also a standard in existence in Britain for carpet labelling which also includes fibre content and cleaning instructions. Under the Consumer Affairs Act there is a requirement to label carpets as to the fibre content. This is only a small part of the overall information which is required by the consumer.

- 15.7 The Ministry considers that manufacturers and retailers have a responsibility to provide sufficient information at the point of sale on the nature and quality of a carpet and advice on the care to be given.

16.1 Drycleaning.

Complaints against dry cleaners have risen slowly over the years and perusal of the complaints received reveal that the majority relate to clothing.

16.2 It is evident that a large percentage related to new garments being dry cleaned for the first time where the consumer is caught in the centre of a dispute between dry cleaner and manufacturer as to where the responsibility lies for a ruined garment. The manufacturer maintains that the garment has been incorrectly dry cleaned, the dry cleaner is equally adamant that the fabric of the garment is at fault.

16.3 Where the truth lies in these cases is often impossible to establish unless the consumer is willing to go to further expense and have the garment expertly tested. In many cases the actual cost of the garment does not warrant the expense of testing and consumers take the practical way out and absorb their losses.

16.4 This is not a satisfactory state of affairs, and it is essential that a garment be labelled with instructions as to its proper care. With the publishing of the Australian Standard "Care Labelling for Laundering and Dry Cleaning" (A.S. 1957, Parts 1 and 2 - 1976,) the way is now open for mandatory labelling of garments.

16.5 It has become fashionable among some manufacturers to voluntarily attach care labelling instructions to garments but there is evidence that some manufacturers consider care labelling as an advertising means of their product rather than as an information source for consumers. A manufacturer admitted when approached by an officer of the Consumer Affairs Bureau that a batch of garments had been incorrectly labelled and marketed through retailers interstate without any attempt to remedy the situation prior to complaints from customers being received.

16.6 In another case, a manufacturer interviewed regarding a dry cleaning complaint, admitted a garment was wrongly labelled, but produced a stock of over fifty different labels and explained his problems with migrant factory workers who speak and read little English and can, on occasion, attach the wrong label to a garment.

16.7 It is cases like these which suggest that some manufacturers take their responsibilities lightly with regard to care labelling of their products. With the multitude of fabrics available to a manufacturer, more care must be taken in the testing of fabric performance, and proper care labelling of both imported and locally produced clothing.

17.1 Door to Door Sales.

Door to door sales has always been a problem area mainly because of the difficulties encountered by companies in controlling their field staff. The individual salesman is virtually on his own when doing his rounds and should he indulge in some unethical activity such as pressure selling in order to enhance his income from commissions, the company is not always aware until the consumers start complaining in large numbers. Even then it may be a case of "who to believe" as in many cases the resolution of the complaint depends on the word of the consumer against the word of the salesman.

17.2 Some companies will go to extreme lengths to obtain entry for one of their salesmen into the home of a prospective client. Consumers who approach an exhibition stand at a trade fair and show even a passing interest in the product, are promised further information if they leave their name and address. Such information usually turns out to be a commission salesman who obtains entry into the consumer's home and commences to "hard-sell" the particular product. Consumers can expect to encounter similar experiences whenever they mail back a card dropped in their letter-box inviting them to post it to the company for further information.

17.3 This practice is applicable mainly in the area of encyclopaedia sales, sewing machine sales, forestry schemes and home renovation, in particular brick cladding, kitchen renovations, home insulation and roofing.

17.4 There are some companies who have taken positive action in order to retain control over their field staff. One well known direct selling company has informed the Bureau that they obtain permission from all their door to door salesmen to use electronic recording devices in order to check on their performance in a consumer's home. The company installs at random such devices in a home of a consumer where a salesman is scheduled to call and, in this fashion, obtains firsthand information about the behaviour of the salesman in the home of the consumer. It is not surprising that very few complaints are being received against this company and that the company is well regarded by the general public.

17.5. 1. Rena Ware Distributors Pty. Ltd.

Over the last three years door to door sales complaints have gradually decreased in number as well as in seriousness of allegations but, in the year under review, there was again an increase. This increase was mainly due to the number of complaints received against Rena Ware Distributors Pty. Ltd. Rena Ware is a Sydney-based company but operates in Victoria through "independent contractors". It is therefore doubtful whether the company can exert strict control over those contractors. The contractors in turn may employ salesmen and women and there is evidence in the Bureau that the contractors may influence their sales staff during training periods into adopting questionable tactics towards householders.

17.5. 2. The complaints received by the Bureau state that the salesmen mislead consumers as to the quality of the goods and the conditions incorporated in the contract of sale. In some cases, prospective buyers were told that the goods were sold on a trial basis, which was not the case. In other instances, allegations have been made to the Bureau that the salesman informed the householder that they would have more time than the ten days statutory provision to cancel the contract. There were other allegations of pressure selling and of supplying goods which were not the same as those specified by the salesman at the time of entering a contract.

- 17.5. 3. Many of the complaints would have been obviated if the consumers took the trouble to read the contract in detail before signing. Unfortunately, a housewife can be lulled into a false sense of security by a salesman in her home, much easier than on retail premises. Consumers must therefore be alert if they are approached by a Rena Ware door to door salesman and always examine critically any statements and claims made by him so that the transaction which is represented as a "unique opportunity" does not turn into a financial burden of the future.
- 17.5. 4. It must be said that Rena Ware is fair in the resolution of those complaints which are brought to their attention by the Consumer Affairs Bureau. However, there is a need for the company to take a stronger interest in the activities of their "contractors" and salesmen who are allowed to handle the company's goods, contracts and trade name.
- 17.6. 1. East Coast Reader's Service and Co., Davenport Street, Southport, Queensland.  
This firm is employing salesmen in Victoria who approach householders on a door to door basis in order to sell books, publications, or cassettes. The salesman usually informs the householder to allow for 120 days until the goods can be supplied as they are shipped from overseas. All complaints stem from non-receipt of the orders, even well after the stated delivery period. In all cases reported to the Bureau, East Coast Reader's Service have transferred the responsibility for the delay in supplying the goods to the supplier in the United Kingdom who are said to be sending the orders directly to the consumers in Australia.
- 17.6. 2. Consumers placing orders with East Coast Reader's Service may expect delays of more than six months before they get the ordered goods and some unresolved complaints held by the Bureau indicate that some goods may not be delivered at all.



- 17.6. 3. East Coast Reader's Service overprint their documents with the statement "not a student organisation". However, consumers claim that they have been induced into purchasing the goods because the youths selling the goods claimed that the commission they earned would contribute towards their student scholarship.
18. Filled Land.
- 18.1 The problems of filled land continue to cause heart-break to many. Quite often the land has been purchased for some years, and it is only when the owner starts to build that it is found that the land has been filled to a considerable depth. Where the filling is away from the foundation area there are few problems; however, in some complaints lodged with the Bureau, there is evidence that the salesman has convinced the purchaser that the filling is limited to a small area of the land, or that it has been to a maximum of 18".
- 18.2 Two complainants with adjoining blocks have stated that the salesman advised them that there was some filling on the land but this was in respect of a 6' easement at the rear edge of the blocks. In fact, the filling is in relation to a gully which extended across the centre of the blocks and filled to at least 15', making building extremely expensive if not impractical.
- 18.3 Many problems occur because there is no record of sites of old quarries, tips or dams, others occur because the land developer deliberately fills in gullies or other areas to get rid of spoil from grading, or to make the block more attractive for selling. The evidence suggests that at times some developers or land salesmen have no scruples in offloading land quite unsuitable for reasonable cost building. Some information is given to the prospective purchaser, but often not enough or the costs and practicalities are played down. Potential purchasers of land are well advised to get statements in writing from the vendors in clear terms as to the filling on any land, and the areas of the land it covers - this can be useful if a dispute arises as to what representations are made. A verbal representation by a salesman has no value.

- 18.4 If a vendor or salesman is unwilling to give this detail, then don't buy, there are other blocks available.
- 18.5 The comments made in last year's report are repeated, and potential purchasers should be aware that filled land can turn a dream into a nightmare.
- 18.6 There is no public authority charged with the duty of keeping any register or record of filled land. Local Councils are required to issue or refuse building permits and, independently of this question, are therefore concerned to collate information as to filled land.
- 18.7 It seems essential then that proper records be kept by Councils and that rate certificates or information issued by Councils to parties interested in dealing with land disclose whether or not Council records indicate that the land is filled.
- 18.8 It also seems that it should be mandatory for vendors and agents to disclose whether, to their knowledge, land has been filled.
- 18.9 Of paramount importance, however, is that the intending purchaser must make adequate inquiries to ascertain whether there are any defects in the land which would prevent it being used for the purpose acquired.
- 18.10 As to filled land, it is often too late to get the assistance of a solicitor once the sale note has been signed.
19. Furniture Removals and Storage.
- 19.1 There are two main types of complaints received at the Bureau against removal firms. These are generally related to:-
- (a) loss and damage to belongings; and
  - (b) overcharging.
- 19.2 The majority of complaints are connected with Interstate Removals, particularly the long distance removals such as to Queensland or Western Australia where many extra charges seem to be incurred by the consumer or there is more chance of belongings being damaged or going astray.

- 19.3 The complaints over loss or damage usually arise because insurance cover was inappropriate or non-existent. Consumers stated that at the time of entering into the removals contract, insurance was not mentioned to them or else that they requested it but the contractor failed to arrange it.
- 19.4 A number of interstate removal problems seem to stem from the agents of the Melbourne firm taking over and delivering to the final destination. Cover generally stops when the goods arrive in this agent's storage depot. Consumers, on the other hand, generally require and expect cover from the time the goods are picked up until they are delivered to their final destination .
- 19.5 Standard cover provided by the removalists over goods in storage is for loss by fire only, and while in transit, damage as a result of fire, collision or overturning. Additional cover over goods in transit may be taken under Limited All Risk policies or All and Every Risk policies.
- 19.6 As the average consumer has a limited knowledge of what insurance cover is available for their belongings, misunderstandings arise on this issue, giving rise to complaints.
- 19.7 The Consumer Affairs Council of Victoria has undertaken an investigation into this area and the Council's findings, backed by recommendations designed to alleviate this consumer problem area, are published in the Council's current Annual Report.
- 20.1 Health Insurance Funds.  
The number of complaints received by the Ministry relating to Health Insurance Funds increased during 1975/76. These complaints concerned misleading advertising, claims being rejected, and contributors being wrongly informed as to the benefits of particular schedules.

- 20.2 With the introduction of Medibank in Victoria on the 1st August 1975, a number of "Funds" engaged in advertising which was misleading to consumers. A similar situation occurred with the changes in Medibank on the 1st October 1976. It is realized that many of the "Funds" staff were at times as confused as the general public as to the consequences and issues relevant to August 1975 and October 1976.
- 20.3 Although it must be acknowledged that representations made by the Ministry to the Private Health Funds generally resulted in full or partial redress for consumers, the Ministry is concerned that a large number of consumers who did not lodge complaints may not have obtained redress when their claims were wrongly rejected by the Funds.
- 20.4 The Ministry is also concerned that a number of Funds do not keep their contributors aware of changes in their regulations.
- 20.5 One particular area of confusion related to the payment by the Funds for maternity cases. Most Funds treat a maternity case as a pre-existing ailment. In other words, the Fund's regulations precluded payment of benefits at a higher rate when the birth occurred during the nine month period from the date of joining. Because of the Commonwealth Government's concern that a number of people were unable to receive health insurance benefits against the cost of confinement, the National Health Act was amended with effect from April 1975.
- 20.6 This amendment gave the Private Health Funds the authority to transfer contributors to a system of special accounts from which payments were met entirely by the Commonwealth Government, where the contributor received treatment for pregnancy more than two months after the date of becoming a contributor.
- 20.7 However, with the introduction of Medibank in Victoria on the 1st August 1975, the special accounts benefit was fixed at \$30 per day for private ward accommodation. Consequently, in a number of cases brought to the attention of the Ministry, the benefits paid to consumers by Private Health Funds, although the consumer perhaps contributed at the highest rate, were limited to \$30 per day for private ward accommodation. Payment of

additional benefits was refused; this despite contributors being told by the Funds, or their agents, that by contributing at the higher rate they would receive the higher benefits.

- 20.8 The arrangements between the Commonwealth Government and Private Funds during the period April to July 1975 in relation to the special account were the basis for the advice given to women who were pregnant when they became contributors, that they would be covered for private ward accommodation. When these arrangements were terminated on the introduction of Medibank, no advice was given to these contributors that they would not be covered to the extent that they were previously advised, and so the claims were rejected.
- 20.9 The Ministry believes that when consumers rely on advice given to them by Private Funds or the Funds' agents and, due to a change in circumstances, such advice is no longer correct, the Funds have a moral obligation to advise contributors accordingly, or else bear the costs involved.
- 20.10 By far the greatest number of complaints lodged against Health Insurance Funds had been made against Hospital Benefits Association Ltd., 620 Bourke Street, Melbourne. In one respect this is perhaps understandable since this is probably the largest Fund in Victoria. However, the Bureau is concerned with some features which appear to be common in a number of these complaints.
- 20.11 Until early 1974, H.B.A. required that contributors qualify for a probationary period of two months. This is, in fact, common to most Funds. However, H.B.A. in their brochures pointed out that this two month period was offset by allowing contributors two months contribution free benefits following the termination of contributions. In April 1974 the Association changed its rules to the effect that no benefits would be payable immediately a member's contributions were in arrears. This action was undoubtedly taken to prevent contributors ceasing the payment of contributions two months prior to the introduction of Medibank.

- 20.12 Contributors were not advised of this change in the Association's rules either by the Association or its agents. The first a contributor knew of this change was when his claim was rejected.
- 20.13 Complaints have also been received where consumers have acted upon advice given to them by the Association's agents. When a claim is lodged it is found that the advice given was incorrect in the first place or has been made incorrect by unilateral changes to the Association's rules.
- 20.14 With H.B.A. most complaints referred by the Bureau have been satisfied, even though they had been rejected by the Fund or its agents. There is no doubt that there must be many consumers who have had claims rejected but, if the principles stated in paragraph 20.9 are accepted, these consumers are morally, if not legally, entitled to have their claims met by the Fund.

### 21.1 Jewellery.

Complaints in this category range from the sale of faulty goods (such as clocks, watches), failure to satisfactorily repair items and excessive time taken for repairs. Most complaints are satisfactorily resolved on representation to the jeweller concerned.

21.2 Some other complaints allege the return of an inferior item to that lodged for repair. In one case it was stated that the jeweller had replaced a stone in a ring with another of inferior quality. In another case a consumer lodged an opal ring for repairs but, on return of the ring, he complained that the stone had been replaced with an imitation stone, made of epoxy-resin with a small opal sliver embedded in the top. The jeweller, on approach by an inspector of the Consumer Affairs Bureau, rejected the consumer's allegations and maintained that in his daily business he handled thousands of dollars of customers' jewellery and found it extremely objectionable to have his honesty questioned.

21.3 Despite investigations by the Consumer Affairs Bureau and the police it was not possible to resolve these complaints; neither consumer could produce valuations of the rings prior to the repair work being done. Discussions indicate that many persons hold jewellery that has not been valued; some of it being in the family's possession for many years.

21.4 Problems arise, in addition to the incidents stated, if the jewellery is lost or stolen and an insurance claim made. Identification, or a successful claim, can be very difficult unless the owner has taken the precaution of having the jewellery valued periodically and holds a sketch or photograph of the setting.

21.5 Other complaints relate to terminology in describing jewellery, or gift ware. Many consumers are often confused by the use of terms such as gold plated, rolled gold, solid gold, silver plated or sterling silver, and often believe they are purchasing a quality of higher value than is the case. In some instances there is evidence that this confusion has been nurtured by sales staff who increase the prospect of making a sale by failing to give proper information, or to correct a consumer's wrong impressions about the quality of an item.

- 21.6 The Ministry welcomes the setting up of a committee of the Standards Association of Australia to consider standards for precious metals used in the jewellery trade. There is a genuine need for such a standard which will benefit manufacturers, retailers and consumers.
- 22.1 Metropolitan City Retailers - Clothing and Footwear.  
The majority of complaints in this area relate to women's clothing and footwear. Complaints are usually directed against items purchased and later found to be faulty and refusal by the shop to make a cash refund or replace the garments in question. After intervention by the Consumer Affairs Bureau most complaints are settled satisfactorily.
- 22.2 However, there are several points which arise from the investigations by Bureau officers. An increasing number of complaints are received from people who, before purchasing the item, do not exercise sufficient care in making sure that it is the right size and the colour they require. It is emphasised that in such cases it is at the discretion of the shop concerned whether or not the goods are exchanged for more suitable ones or money refunded. In cases where goods are faulty most traders are happy enough to exchange them, but there are instances where no suitable alternatives are available and a problem may arise with the refusal of a trader to make a cash refund. This is complicated by the fact that there is no legislation governing the issue of credit notes. A considerable number of complaints concern shops, especially the smaller ones, within the central business area of Melbourne. In most cases, the complaints arise because the trader refused to adopt a reasonable attitude in relation to the issuing of a credit note or refunding the purchase price for faulty goods.
- 22.3 The Ministry considers that retailers should ensure that their clients are made aware as to the policy adopted by management in relation to returns and exchanges of faulty goods at the time of purchase.



22.4 It appears that many shops are not interested in "repeat customers" because of a high volume of passing trade and therefore adopt a more intransigent attitude than similar retailers in the suburbs or the country areas. This is evidenced in the numerous allegations made by consumers in their correspondence, telephone calls or personal visits to the Consumer Affairs Bureau. Consumers allege that their attempts to sort out complaints on a reasonable basis with the management are quite often frustrated by an abrupt refusal of the sales staff to consider the issue involved. Such an attitude of the sales staff is not as pronounced in the suburban areas where it appears a more personalised service to consumers eliminates such areas of friction.

23. Mutual Home Loan Funds.

23.1 The Consumer Affairs Bureau continues to receive enquiries and complaints concerning mutual home loan funds.

23.2 Such funds usually claim to be able to offer its members long term loans on the purchase of a home at interest rates from  $2\frac{1}{2}\%$  to  $6\frac{1}{2}\%$ . The funds are companies which grant loans to its members in proportion to the number of shares the member holds in the company. In one particular fund a person is first invited to take up one option for every \$100 of loan required and he is told that when the options are paid off he has the right to convert them to shares which carry the loan entitlement.

23.3 Many consumers do not realise that in order to obtain a loan entitlement of \$10,000 they would have to take out 100 options, pay them off and convert them to shares. By the time the shares are paid off consumers would have incurred an outlay of at least \$4500 and left with shares of a dubious market value. Should a company be wound up a shareholder is immediately liable to the liquidator for any amount unpaid on shares he holds. This liability could be considerable as the nominal value of each share is \$40. In addition, the loan entitlement is not absolute but at the discretion of the directors. The prospectus states:

"Under these circumstances it is not the policy of the directors to make statements in relation to the time at which a loan will be received."

Representatives of mutual home loan funds are required to be licensed under the Securities Industry Act 1970. This Act is administered by the Commissioner for Corporate Affairs.

- 23.4 During the year 1975/1976, a total of five complaints were received against mutual home loan funds. All of these complaints concerned the Mutual Home Loans Fund of Australia Ltd. None of these complaints could be resolved in favour of a consumer, as the consumer in each case had bound himself by the signing of the prospectus.
- 23.5 Many phone enquiries were received, and the consumers were given an explanation of how such funds operate and advised to seek expert legal and financial advice.
- 23.6 It also became quite clear that consumers were not aware of all their obligations and rights in relation to the funds. There were by far too many statements made by consumers that they would have never committed themselves by joining the fund had the "Salesman who called at my place to explain the working of the fund fully explained the conditions to me".
- 23.7 The warning issued in previous consumer reports is therefore repeated here - consumers are urged not to join these funds without careful thought and legal advice. There are very complex issues involved which may take even a qualified solicitor some time to analyse. The risks inherent in such a scheme on the other hand are such that a consumer would be foolish to join such a scheme without proper professional guidance.

Overseas Suppliers.

- 24.1 A number of companies situated overseas, especially in Hong King, send their representatives to Australia to gain orders for such items as clothing, footwear and jewellery. The representatives show samples of the goods, take measurements, and then promise to supply the items by mail. The Consumer Affairs Bureau holds evidence that, although in many instances the goods supplied are to the satisfaction of consumers, there are many other cases where goods of inferior quality have been supplied or orders have not been fulfilled although full payment has been made by consumers.

24.2 The Ministry believes that this may be a case where a consumer cannot resist the temptation of a bargain and purchases goods without examining the contingent hazards properly. The Ministry has constantly issued warnings that consumers should never buy and pay for goods unless they can satisfy themselves as to their quality and to the integrity of the company with which they are dealing. It is therefore hard to apportion the blame in such instances as there is a certain responsibility for the consumer to use a critical attitude and not to be blinded by offers of reduced prices and bargains. In one instance, some hundreds of dollars were paid by a consumer to the representative of a Hong Kong company without any security that the goods would actually be supplied.

24.3 In the case of Solar International of Post Office Box K 4566, Kowloon, Hong Kong, the Bureau checked with the Consumer Council in Hong Kong and was informed that the proprietor of that business had left Hong Kong and his whereabouts were unknown. Furthermore, it was established that the Hong Kong Police were also looking for the proprietor. The chances that the consumers who paid the representative in Melbourne would get their money back or obtain the goods are now very remote.

24.4 Consumers are warned not to involve themselves in such schemes as they are too risky, with the prospect that all their investments will be lost.

25. Prices.

25.1 In Victoria there is no general system of price control and it is usually assumed that when a person pays the amount stated they consider the item is of this value considering the time and place. That an item may be sold in one store for a higher price than it could have been bought in another does not mean the consumer has been overcharged or has a right to a refund of the difference. Similarly, if a trader subsequently reduces the price of an item for a sale or to clear stocks, a consumer who has bought at a price prior to this decision has no right to a refund. Most consumers will not disagree with this concept.

- 25.2 With prices, however, there is ample evidence that when a price is not disclosed on a product it will cost more than it could be purchased for elsewhere. The trader is relying on the consumer's interest overcoming the tendency to say "no" when the price is revealed. This sales psychology is in evidence in a range of goods from antiques to sandwiches.
- 25.3 The Australian national dish, the standard meat pie, sold in Melbourne take-away lunch shops, will vary in price from 30 cents to 36 cents; with tomato sauce the price will increase from 1 to 5 cents. It is usual for some kiosks to display prices of a limited range of lunch snacks. Where prices are not listed it is usual for the goods to cost more. This is certainly the case with the meat pie, when the cost of 30 to 32 cents was associated with displayed prices, the 33 to 36 cents being charged by shops when prices were not evident. If this statement is doubted, the consumer should do their own research. They will be surprised at the variations in prices of some common items.
- 25.4 Take-away lunch shops or kiosks are labour intensive in terms of production, and with increases in weekly wages and raw materials the costs must rise. There is little excuse, however, for not displaying prices of the most popular sandwiches or luncheon items and giving the consumer a choice of deciding what they will purchase for a particular cost.
- 25.5 Investigation of other complaints has shown that some kiosks have a menu for "take away" items but the prices are not disclosed if the customer decides to eat on the premises. The cost in this case should be higher and there is no argument with this. However, it is considered quite wrong to have a list of prices - which apply to takeaway items, if the price for eating the same items in the establishment is greater and this is not evident from the prices board or menu.
- 25.6 At some kiosks, particularly self-service, where prices are not indicated, the customer reaches the cash desk and is asked to pay, say \$1.60. There is no indication how this is made up and most people are too embarrassed to ask how it is determined and accept the total - often to their cost.

- 25.7 An equally misleading situation arises in licensed restaurants where aperitifs are quoted from, say 90 cents, or where wine is offered but there is no wine list.
- 25.8 These practices are usually designed to take advantage of the consumer. The advice of the Ministry is - if the price is not disclosed in any shop, then go elsewhere and tell your friends to do so.

#### Professional Services.

- 26.1 88 complaints were received in the year - an increase of 100% over the previous year.
- 26.2 The dental profession generated most complaints. One of the reasons for this is no doubt that most patients are not in receipt of dental benefits and must find all the fee. It is suspected that concern over the fees charged often initiates the dissatisfaction rather than any real cause for complaint because of the services rendered. Another perhaps is that there appears to be a psychological rejection of dental treatment as a basically unpleasant procedure.
- 26.3 Most dental complaints were in respect of dentures. Rarely could a denture be as comfortable as natural teeth, and there is little doubt that it takes patience and persistence before one's mouth and mind accept a denture for the first time. The shape of supporting structures also changes and this is greater when dentures are not worn. A few consumers, after being fitted with immediate dentures, decided not to use them until some weeks after the natural teeth were extracted and then complained that the dentures would not fit.
- 26.4 In handling dental complaints, the Ministry has been most fortunate in being given outstanding co-operation from the Dental Board of Victoria and the Victorian Branch of the Australian Dental Association. There has been a genuine desire to resolve complaints in a fair manner and advice given to the Bureau officers has been most helpful. Most of the investigations have been carried out by the Association and the Ministry is impressed by the thoroughness of the investigation and consideration given to a patient's views. At

times, arrangements have been made for an independent opinion where this is necessary to resolve a complaint and the assistance of the Dental Hospital in this is most appreciated.

- 26.5 In respect of the medical profession, there have also been a large number of complaints, particularly by phone, in which case the consumer has been asked to contact the appropriate department or professional association. The complaints against the medical profession, in the main, relate to unwarranted or excessive charges, and off-handed treatment.
- 26.6 Often when a patient consults a general practitioner, he is referred to a specialist. There is no choice given as to the specialist, nor is there any indication of fees. Occasionally the specialist is not the appropriate one.
- 26.7 In one case a boy, seeking contact lenses, was referred to a specialist. The specialist, after examining him, said he was not involved with prescribing contact lenses and referred him to a second specialist, who prescribed the lenses. The cost of the first specialist was \$22 and the second \$60. On querying why he should have to pay for the first specialist when it was unnecessary to visit him, it was found that the G.P. did not know that the specialist did not prescribe contact lenses, and the specialist's comments were that as most of the fee was recovered from a medical fund, he could not understand the patient's concern.
- 26.8 In investigating this complaint, it was found that specialist fees for prescribing contact lenses and with two subsequent consultations, varied from \$40 to \$80.
- 26.9 It is believed that a consumer has a right to know what fees are likely to be charged by a specialist or other medical practitioner before being committed to that particular person. It is not accepted that because Medibank or medical benefit funds cover the major part of the fee, the fees should not be disclosed or the wishes of a patient ignored.
- 26.10 There is possibly an analogous situation in car repair charges where experience is that if covered by insurance

the charges are much higher. Most patients on their initial visit to a specialist are queried as to their medical insurance cover and it is not uncommon for a patient to be told - the fees appear high but you will receive the majority back.

- 26.11 A number of consumers complained that they were charged for consultations which they did not have - this particularly when a patient was in a hospital. Investigations and discussions with some members of the medical profession indicate that this is not rare. It is appreciated that a doctor may not have to see a patient before being entitled to charge a fee. His visit to a hospital may be to review a medical file and reports, and vary the treatment, or alternatively, spend just a few seconds with a patient and half an hour or more with the resident medical officer discussing the case.
- 26.12 In respect of para-medical attention, there is also evidence of wrong charges. In one case recently investigated, a patient was charged for a number of visits from a physiotherapist which she claimed had not been made. The patient, an elderly woman, kept a diary of events at the hospital, who visited her, how she felt, etc. The diary records that on a particular day the physiotherapist introduced herself for the first time. The physiotherapist's account showed four visits before this date.
- 26.13 Investigation of hospital records indicated that on only one occasion was it mentioned that the physiotherapist had called, although there were numerous entries referring to exercises given by hospital staff. The patient did not dispute the visits charged for after the initial visit she recorded. It is not surprising that another elderly patient also disputed the number of visits charged for by this physiotherapist at this hospital. The doctor, the matron, and the hospital staff were unable to say when visits were made by the physiotherapist, and it would seem that some of the treatment given by the nursing staff, was charged for by the physiotherapist.

- 26.14 Quite often when these disputes arise with elderly persons, the professional reply is that the patient was confused - discussions with the patients indicate that they were far from confused.
- 26.15 There is obviously a need for better recording of consultations. At present it seems to rest entirely on the integrity of the consultant concerned.
- 26.16 Perhaps the most dominant feature of professional complaints is the lack of communication between the parties. A lot of professional persons live in a world of their own using their own verbal shorthand, and terms which are unfamiliar to a client/patient. They often expect the client to have an intimate knowledge of the way things are done in their profession. In any disputes they usually assert they are right and have fully informed the client. In discussions with both parties it is evident that, in many cases, the client or patient was not told all the facts and that knowledge was assumed by the professional person.
- 26.17 In the handling of complaints against solicitors, the Ministry refer most to the Law Institute of Victoria for investigation and advice. It is pleasing to note that this body is also extremely co-operative and its assistance has been invaluable.
- 26.18 Had there been better communication many, perhaps most, of the professional complaints received would not have arisen; it seems a pity that those most qualified to establish rapport so often fail to do so.

#### Tenancy Disputes.

- 27.1 Of the 113 complaints received in this area, 56 referred to the refusal of the landlord or agent to return bond moneys to tenants when they vacated the premises. The most common excuse used for withholding such bond money was that the carpet in the leased residence had to be professionally cleaned before a new tenant could be admitted. Other reasons given referred to general cleaning of the residence and repairing or repainting of damaged doors, walls and fittings. On the other hand, the tenant usually insisted that the leased residence was cleaned thoroughly and that the repairs should be considered as general maintenance and therefore their cost should be borne by the landlord.



- 27.2 Lack of evidence as to the condition of the property before its occupation by the tenant as well as its condition immediately after its vacation, makes the resolution of such complaints extremely difficult. In some cases the agent has stated that the premises were in a better condition at the end of the tenancy than at the beginning and the rental bond should be refunded. Despite these statements, the landlord has refused to return the bond money. In one instance with a block of flats, the owners and managers could not show one case over a number of years when the bond money had been repaid.
- 27.3 Tenants are advised before moving into leased premises to make a list of the condition of the premises, as well as any furniture and fittings, and have the owner or his agent sign the list. A similar list should be compiled at the time when the premises are vacated. The two lists can then be used as a basis for settling any disputes arising out of the retention of bond moneys.
- 27 .4 Currently an inter-departmental working party has been set up to examine material relating to the Landlord and Tenant Act 1958, particularly the matter of security deposits and the bonding of tenants, and to report to the Attorney-General of Victoria.
- 27.5 Other complaints involving tenancy disputes related to cases where the tenant had brought faults with the leased residence to the attention of the landlord or his agent, without being able to obtain the necessary repairs or improvements. Such faults referred to unsatisfactory or faulty fixtures, matters of hygiene, faulty plumbing etc.

28 Travel - Overseas.

28.1 Insurance.

- 28.1.1 Overseas holidays have become popular and, for most, leave pleasant memories. Unfortunately, for a few the pleasant experience is dimmed by a confrontation over baggage losses, or high costs of obtaining their baggage items or goods sent back to Australia.
- 28.1.2 On deciding to travel, a prudent person will usually take out insurance to cover loss of deposit, medical costs incurred if sick or injured on a tour, loss of baggage, and protection against other contingencies which can arise.
- 28.1.3 In taking out this cover it is essential that the traveller examines the policies or conditions to ensure that the cover is what is wanted, and if value is important, that policies of various companies are compared against cost. A reasonable decision can then be made.
- 28.1.4 There have been a number of persons complain that, despite advice given by a travel agent, the cover received was different and they were not covered for the risks expected.
- 28.1.5 In most cases with insurance it is impossible to obtain a copy of a policy until after the premium is paid. It is then often too late to change. In one recent case investigated by the Bureau, a traveller was advised by the travel agent to take out a policy with the company promoting the tour. He did this on the 27th May 1976 and asked for details of the policy.
- 28.1.6 From this date he tried to get details of the policy from the agent. Initially he was given a copy of the travel brochure which states that it is "subject to exclusions relevant to specified items of personal baggage. Such exclusions are clearly shown on the policy and details can be obtained at the time of reservation."

- 28.1.7 He advised the agent that this did not explain the cover and was advised the policy would be sent with the tickets at least two weeks before his travel date. Despite further attempts, which were monitored by a member of the Ministry, he did not obtain a copy of the policy or of its details until 2 p.m. on the 2nd July, the last working day before his tour commenced. The policy stated that the insurance did not cover cameras, jewellery, tape recorders, radios, records, furs, binoculars or watches. At this stage the traveller arranged extra cover through another company, but at a much greater cost than he could have obtained complete cover, had he been properly advised by the agent, and given proper details of the cover.
- 28.1.8 The tour company has supplied the Consumer Affairs Bureau with copies of its insurance brochure which adequately describes the exclusion on baggage, but still states that the information is only a summary and specific details of cover can be obtained on application. The company also claims that copies of this brochure are distributed to their travel agents and this is not questioned. During investigation of this complaint it was discovered, however, that the tour company was unaware of the involvement of the travel agent that arranged the travel, and only knew of another agent through whom the first agent made the bookings. The insurance policies were sent to this agent on the 28th May and this agent failed to send it on to the sub-agent. This highlights one of the problems of dealing with some agents. One would expect some personalised service for a suburban agent; there was none.
- 28.1.9 Some other travel insurance schemes are equally as vague as that discussed above.
- 28.1.10 It is believed that any person taking out insurance is entitled to know the significant conditions of a policy before they are committed, and should have the opportunity of shopping around to get the cover to meet their needs.

28.1.11 That a policy is given to a traveller on the last working day before travel, when he has been trying to get the details for some five weeks, is unacceptable.

28.2 Returning Goods to Australia.

28.2.1 Many persons who travel overseas wish to return personal baggage (usually clothes, shoes) to Australia and carry with them goods bought overseas. This is more frequent now as to enjoy the privilege of duty free or limited duty, goods must be in the personal possession of the traveller on returning through Australian Customs.

28.2.2 There are various methods of returning this baggage. The Bureau investigated a complaint that a small suitcase weighing 20 lbs. had been sent from England to Australia and the total costs were \$101.42, thus exceeding the value of the items. This sum was made up: Freight \$36.72; Wharfage, Import Agencies, Container Consortium charges \$64.70.

28.2.3 At the time a 20 lb. parcel sent from London by other methods would have cost -

Surface Parcel Post	\$10.50
Air Parcel Post	\$46.24
Passenger accompanied Air Baggage	\$38.80
Air Freight	\$75.08

28.2.4 Investigations showed that the importing agents involved did not appear to be making excessive charges, the method just had inbuilt costs not applicable if the alternatives were used.

28.2.5 The agents, equally concerned with the high costs involved, advised that on behalf of another traveller they sent a suitcase of personal effects to London, the cost - \$193. This parcel had incurred quite high dock rental charges because the customer could not arrange collection.

28.2.6 Since the introduction of container shipping, uncollected or unclaimed items attract punitive storage charges. A traveller who is delayed, or does not receive the advice of arrival of an item, can very quickly incur enormous charges. Delays, lost mail or breakdown in communication are hazards facing the owner of personal effects who is obliged to ship them unaccompanied by sea through today's sophisticated transport system.

28.2.7 Travellers purchasing insurance or sending goods are warned of the risks they may encounter and are advised to shop around before making a choice and to assess the contingent costs that may be involved with any policy or method. Certainly to avoid unnecessary storage charges, goods must be cleared and collected as quickly as possible.

TRADERS WHOSE ACTIVITIES OR ATTITUDES  
WARRANT SPECIAL MENTION

Boat Sales

- 29.1 Most of the complaints received in this area refer to the mechanical condition of the motor in a boat. A negligible number relate to the condition of the hull of the boat. In this respect the nature of the complaints is very similar to those encountered in the second-hand motor car trade even to the degree that a considerable number of complaints relate to finance documents. Consumers alleged that the salesman did not reveal to them the full extent of their commitment and when they received the finance documents from the finance company at a later stage, they discovered that the periodical repayments amounted to more than they originally expected to pay. Consumers are therefore warned, just as in relation to the second-hand car trade, to get all mechanical parts of a boat tested before purchasing it and to examine thoroughly all documents before signing them.
- 29.2 The activities of Bardo Sales Pty. Ltd., Cnr. Wren and Warrigal Roads, Moorabbin, whose directors are Thomas Bardebes and Peggy Joy Bardebes, must be drawn to the attention of consumers as they may present an unexpected contractual disadvantage to them.
- 29.3 The general theme of complaints has been that the mechanical parts of the boats broke down sometimes the first time they were used. The company refused assistance on the grounds that : "the goods were sold on consignment and as we were acting as agents and brokers on behalf of the previous owner, we incur no liability". The purchasers on the other hand claim that they were not made aware of this fact and that they thought that they were dealing with motor boat specialists.

The letterhead of Bardo Sales Pty. Ltd. claims that the company is an agent for :-

Johnson O/B Motors  
 Riviera Craft Boats  
 Clark Aluminium Boats  
 Comet Yachts  
 Comet Power Boats  
 International Folkboat

With such an impressive list of boating trade names, consumers may well be forgiven for assuming that Bardo Sales Pty. Ltd. are selling all their boats in their own right and not on consignment.

29.4 A complainant wrote to the Bureau as follows :-

"On 24th January I brought a Bondwood Boat and 40 H.P. Euinrude motor and trailer off Bardo Sales, Cnr. Wrens and Warrigal Roads, Moorabbin, believing that they were the owners of the boat. When I got the boat back to Ouyen, I took it to the Walpeup Lake to try it out. It was then that I found out that the motor would not run on two cylinders. I could not find the fault, so I took it to G..... Motors in Ouyen where they pulled the motor down and found that the magneto, flywheel and bearing was worn out. So then I rang Bardo Sales and asked them what they were going to do about it. They said they would do nothing about it as they were only selling it for some fellow called D....."

29.5 In another instance a consumer purchased a boat from the company through a finance company for \$2,250. However three weeks later he was informed by a different finance company that the previous owner still owed \$179 and as this person had "absconded" he would be required to pay this amount immediately or the boat would be repossessed. In this case Bardo Sales Pty. Ltd. agreed

to pay half (\$89.50) but they pointed out that as the boat was sold on consignment, they could not be held responsible and their contribution of \$89.50 was entirely gratuitous .

Buildings - Home Improvements

30.1 Grason Homes Pty. Ltd.

- 30.1 1. Again it is thought necessary to draw the attention of prospective home purchasers to Grason Homes Pty. Ltd. of 23 Blaxland Avenue, Thomastown.
- 30.1 2. The major problem encountered with that company is associated with faulty workmanship and failure of the builder to rectify same and attend to normal maintenance items.
- 30.1 3. During the year under review, the Ministry thought that headway was made with the company when a representative of Grason Homes Pty. Ltd. called at the Bureau and gave assurances that all outstanding matters would be finalised and that any complaints received by the Bureau would be promptly attended to. About a fortnight later the Bureau found out that this particular representative ceased employment with the company and the attitude of non co-operation by the company re-commenced.
- 30.1 4. It is a sad state of affairs that consumers must be warned of the irresponsible attitude of Grason Homes Pty. Ltd. for the third time in an Annual Report and yet the company's management does not feel inclined to exert a stricter control on its activities. Nevertheless at the time of writing this report, a new contact has been established with the Managing Director of Grason Homes Pty. Ltd. who gave assurances that the company will give a fair and equitable consideration to all consumer complaints. The



Ministry is hopeful that this move will further reduce this area of conflict in the building industry.

30.2 James Gosios

- 30.2 1. The Bureau has received several complaints against Dallabrick Industries Pty. Ltd., whose Managing Director is James Gosios, alleging poor workmanship and the failure of the company to carry out rectification work. Officers of the Bureau visited the registered address of the company and found that the premises had been vacated some months earlier.
- 30.2 2. Mr. Gosios was then located by the inspectors at 18 Roper Street, Moorabbin, the registered office of the Brite Brick Co., and the Kational Brick Co. An outside sign also showed that it was the office of the National Brick Co., although that company was not registered with the Office of Corporate Affairs.
- 30.2 3. Investigations revealed that Mr. Gosios was in attendance at this address but he maintained that he was employed only as a manager and had no other connections with the above mentioned companies.
- 30.2 4. Mr. Gosios further informed the Bureau's inspectors that Dallabrick Industries Pty. Ltd. was in financial difficulty and had ceased trading and the present companies which he is managing have no connection with Dallabrick Industries Pty. Ltd. However during the interview the inspectors of the Bureau noticed Dallabrick Industries stationery and order forms usually associated with an active office procedure.
- 30.2 5. A company search in the Corporate Affairs Office revealed that Brite Brick Co. and Kational

Brick Co. were not companies but registered business names, the proprietor of which was an Ane Bostanze. When questioned by the inspectors of the Bureau, Mr. Gosios admitted that Ane Bostanze was his mother-in-law, although when the same inspectors called at the address shown on the company documents, a woman informed them that she had never heard of Ane Bostanze.

30.2 6. At the time of the visit, Mr. Gosios gave the officers of the Bureau an undertaking that outstanding complaints against Dallabrick Industries would be attended to, yet to-date, despite reassurances from Mr. Gosios, several complaints remain unresolved and consumers are left with cladding on their home which continues to deteriorate and the guarantee issued at the time of sale is found to be useless.

30.2 7. It is very doubtful whether consumers who enter into a contract with a company under management by Mr. Gosios will obtain a service commensurate with sound business practice.

Dimitry Chernikeeff, Adrian Eric Morton, and others

30.3 1. Most of the companies listed in the table hereunder have been named in two previous Annual Reports for unethical activities, and in the current year, the Ministry feels it should again publicise by way of warning to consumers the company and business names associated with these persons. All of them are related through their directorates.

## T A B L E

NAME	ADDRESS	DIRECTORS/PROPRIETORS
Helvetia Consolidated Industries Pty. Ltd.	378 Warrigal Road, South Oakleigh	MORTON, Adrian Eric, CHERNIKEEFF, Dimitry, MORTON, Robyn, (Resigned 28/4/75)
Modern Building Products	14 Montrose Avenue, Elsternwick	Helvetia Consolidated Industries Pty. Ltd.
Helvetia Chemicals Company Pty. Ltd.	20 Alex Avenue, Moorabbin	BERTSCH, Hans, CHERNIKEEFF, Dimitry,
Insul-Rite Pty. Ltd.	20 Alex Avenue, Moorabbin	BERTSCH, Hans, HADEN, George William, PAGE, Henry, CHERNIKEEFF, Dimitry, MORTON, Adrian Eric,
M.B.P. Discounters Pty. Ltd.	Factory 7, 124 Keys Road, Moorabbin	MORTON, Adrian, CHERNIKEEFF, Dimitry,
W. & T. Consulting Sales Pty. Ltd.	15 Amiens Street, Hampton	CHERNIKEEFF, Dimitry, CHERNIKEEFF, Arkady,
Easy Flex Ducted Systems	N O T R E G I S T E R E D	
Rite Bricks Pty. Ltd.	18 Alex Avenue, Moorabbin	PAGE, Barry John, PAGE, Henry, CHERNIKEEFF, Dimitry, BERTSCH, Hans,

30.3 2. The Ministry has been advised that some of these companies are in liquidation or have ceased to trade, some others have been unable to meet distress warrants which have been returned "nulla bona".

30.3 3. During the past year, the Consumer Affairs Bureau has continued to receive complaints against Helvetia Consolidated Industries Pty. Ltd, trading as Modern Building

Products whose office was located at 378 Warrigal Road, Oakleigh.

- 30.3 4. The principals of this company have since vacated that address and the company has closed trading, leaving complaints unresolved.
- 30.3 5. It was then reported to the Bureau that the principals of the company were operating from Factory 7, 124 Keys Road, Moorabbin, with a new company, M.B.P. Discounters Pty. Ltd. When inspectors called at that address, they were informed that that company has also ceased trading.
- 30.3 6. Several complaints have been received as to the operation of M.B.P. Discounters Pty. Ltd., particularly relating to the company's failure to fulfil its contractual obligations and the method of payment it requires the consumer to adopt for work to be carried out.
- 30.3 7. It should also be noted that during the Sun Home Show held at the Exhibition Building, a stand was booked in the name of M.B.P. Discounters Pty. Ltd. but inspectors of the Bureau who attended the show noted that no company was in attendance trading by that name. However, in the space allocated for the company, it was established that a business known as EasyFlex Ducted Systems was operating. Easy Flex Ducted Systems is not a registered business name with the Office of Corporate Affairs.
- 30.3 8. The conclusion reached by the Ministry is that the principals are using this rather complex structure of succeeding companies in order to confuse consumers and thereby create a smokescreen which would make it virtually impossible to see through their unethical activities.

Car Sales31.1 The Car Ranch Pty. Ltd.Wells Court Prestige Pty. Ltd.

- 31.1 1. A large number of complaints were received against The Car Ranch Pty. Ltd. The directors are Nicholas Theodossi and Carol Theodossi. During the year under review, the Car Ranch Pty. Ltd., ceased trading and a liquidator was appointed on the 14th May, 1976. Mr. Theodossi was traced to Wells Court Prestige Pty. Ltd., of 90 Holmes Street, Brunswick. This company has the same directors as Car Ranch Pty. Ltd.
- 31.1 2. Again complaints started coming in against the second company, covering selling unroadworthy vehicles, use of fictitious deposits in order to secure finance, failure to pass on pay out figures to finance companies from consumers' trade-in allowances and general misrepresentation of quality and performance of vehicles.
- 31.1 3. Perhaps the most unsavoury practices were inflicted on migrants. One migrant complained to the Bureau that he had to change a car three times because of unsatisfactory performance. At all times he believed that he was exchanging one vehicle for another on one and the same contract. In fact three different deals were involved with the corresponding profit to the company on each deal.
- 31.1 4. The co-operation of Mr. Theodossi with the inspectors of the Bureau is virtually non-existent, although at one time promises to consider consumer complaints were obtained from him.

31.2 Jim Vernon Motors

- 31.2 1. Jim Vernon Motors Holding Pty. Ltd., 326 Victoria Street, North Melbourne. The directors are Francis James Vernon and Evelyn Mary Vernon.

31.2 2. With this company there have been far too many instances where the manager of the company promised inspectors that he would look into consumer complaints but he has not done so. The complaints usually referred to warranty work to be done on second-hand cars. It was not uncommon for the manager to promise the inspector of the Bureau that he would repair any mechanical defects under the warranty provisions if the consumer returned the car, only to go back on his undertaking. In one case, attempts were even made to distort the arrangements with the Bureau to repair the car by attempting to charge the consumer for labour cost instead of doing the whole warranty work without a charge. The only conclusion that can be reached is that the policy of the company is one of unco-operation and unethical behaviour towards consumers.

31.3 Mid West Auto Wholesale

- 31.3 1. Mid West Auto Wholesale, 38 Young Street, Frankston. The proprietor is Hendrich Cornelius Van Harselaar.
- 31.3 2. It was impossible to establish any lines of reasonable co-operation with Mr. Van Harselaar as he usually adopted an off-hand and conflicting attitude towards consumer's complaints.
- 31.3 3. The complaints covered the full gamut of unethical behaviour of a trader towards his clients. Mechanical defects were not revealed to consumers, unroadworthy cars were misrepresented as roadworthy, a minor was advised to mis-inform the finance company about his age in order to obtain finance on the purchase of a car and in one case, Mr. Van Harselaar promised the inspector of the Bureau to give redress of \$100 only to go back on his undertaking when approached by the consumer.

Door to Door Sales32.1 Protectelec Pty. Ltd.

1. Core balance earth fault protection devices have been marketed in Victoria for a number of years. These are designed to protect a person against serious electric shock when that person provides a path through his body for the flow of current from a live part or conductor to earth.

32.1 2. One such device was promoted by unscrupulous salesmen posing as electrical advisers or representatives of the State Electricity Commission who began to sell this device on a door to door basis within the inner metropolitan area. These salesmen were employed by a company called Protectelec Pty. Ltd., of 50 Cardigan Street, South Carlton. This company was incorporated on the 9th March, 1976 with Richard Jonathan Wallace and Paul Bishop as directors. Richard Jonathan Wallace is manager of the company. The principal shareholder in Protectelec Pty. Ltd., as at the 5 May, 1976 was Richard Jonathan Wallace.

32.1 3. The activities of this company were of grave concern to the Consumer Affairs Bureau. Their salesmen preyed mainly on migrants with little or no knowledge of the English language, suggesting to the householders that they were employees of the State Electricity Commission and telling the householders they had to install one of their protective devices. If this method was not entirely successful, they then resorted to scare tactics, showing householders pictures of severely burnt children and adults, suggesting that if they installed one of their devices, this type of accident would not occur.

- 32.1 4. In buying these devices, the purchaser had the option of paying cash or purchasing the device on hire purchase. At completion of the sale arrangements were made to install the devices.
- 32.1 5. State Electricity Commission requirements for this type of installation are that the State Electricity Commission or the local electrical authority must be advised so the safety of the installation can be checked when the work is completed: the installation must be carried out by a registered contractor. The Bureau has no evidence that this was ever done.
- 32.1 6. Subsequent inspection of these installations revealed that in many cases the device was not correctly installed, and in some cases it was not wired into the circuits at all but only screwed to the fuse box. In these cases the consumer was under the dangerous and false impression that the family were safe from a serious electrical accident.
- 32.1 7. Of the 327 known units sold by the company in Victoria, approximately 200 were sold on hire purchase and the remainder were sold for cash. Of the 200 sold on hire purchase, 70 accounts were written off by the hire purchase company involved, and 130 contracts are still current.
- 32.1 8. Because of the activities of Protectelec Pty. Ltd. the Police were notified, but at this stage the officers of the company could not be located.
- 32.1 9. In addition to the complaints received from consumers regarding the operations of Protectelec Pty. Ltd., the basis for the Bureau's broader investigation into the activities of this company was the direct result of representatives of the importers approaching this



office to discuss the problem.

- 32.1 10. The importers arranged to supply Protectelec Pty. Ltd., an independent company who would sell the device in its own right, but became extremely concerned when they learnt of the unethical manner in which the product was being sold and provided the Bureau with all sales information, including a list of the known purchasers of this unit. Because of this co-operation, the Bureau was able to interview consumers, and any other involved parties, and then take action in an endeavour to curtail the operations of Protectelec Pty. Ltd.
- 32.1 11. It is gratifying to the Ministry to know that a company on becoming aware of this activity referred it to the Ministry. Such action helps prevent the continuance of dishonest marketing activities which can be detrimental to reputable traders, reflect badly on a product, and are fraudulent to consumers.
- 32.2 Rena Ware Distributors Pty. Ltd.  
The comments on this company are in paragraph 17.5.
- 32.3 East Coast Readers Services Company  
The comments on this company are in paragraph 17.6.

#### Failure to Supply Goods

- 33.1 1. Hadco Sales and Service and Concept Heating and Air Conditioning Pty. Ltd.  
Mr. Cross' activities were written up in the Annual Report for 1974/75. During the current year, the Consumer Affairs Bureau received further complaints against David Brian Cross who was trading as Hadco Sales and Service and occupied also the position of director of Concept Heating and Air Conditioning Pty. Ltd.

- 33.1 2. Virtually all complainants stated Mr. Cross obtained moneys from them for the installation of heating and/or air conditioning in their homes, commenced the job but never finished it.
- 33.1 3. Despite frequent requests for information and particulars pursuant to Section 64 of the Consumer Affairs Act 1972, the Bureau received no satisfactory replies and as the activities of this company and Mr. Cross were under investigation by the Fraud Squad, these complaints were also referred to that body.
- 33.1 4. Discussions with officers of the Fraud Squad reveal that it is unlikely any consumer will receive satisfaction, as Mr. Cross does not appear to have any assets, and was declared bankrupt in March 1976.

33.2 Optimus Holdings Pty. Ltd.

1. The Managing Director of Optimus Holdings Pty. Ltd. is Mr. Maxwell Newton. He is also a director of Regal Publications Pty. Ltd., Newton Comics (Australia) Pty. Ltd. and Interpersonal Holdings Pty. Ltd.
- 33.2 2. The business names registered by the company are :-  
 Melbourne Observer  
 Sunday Observer  
 Midweek Observer  
 Melbourne Sunday Dispatch  
 Scream
- 33.2 3. The publications issued by the company are  
 Sunday Observer  
 Scream Magazine
- 33.2 4. Complaints against Optimus Holdings Pty. Ltd. started coming in in January 1976 and by the 30th June 1976 eighteen were received. There is every indication

that in the coming year the complaint rate will increase even further. The complaints come from consumers who had responded to advertisements in one of the company's publications. The advertisements related to the sale of articles which were supplied by the company itself. The goods advertised included "Calorie Cook Books", blow up photographs, adult books, "pop" books, posters, "porn tee shirts", etc.

- 33.2 5. All complainants stated that the company failed to supply the ordered goods or to refund any moneys paid:

Miss B..... ordered two books on the Bay City Rollers advertised in *Scream* in December. She forwarded \$4.50 on 21st December and has not received the books.

Mrs. H..... advises that her daughter ordered three posters "Bay City Rollers", "Sweet" and "Status Quo" advertised in *Scream*. The order was made in April and the cheque for \$6 cashed on 21st April 1976. She is seeking either the goods or a refund.

Miss K... ordered 3 copies of "Standing Room Only" from Interpersonal Holdings Pty. Ltd. advertised in *Scream*. The cheque for \$8.25 was cashed on 5th March 1976. She is seeking supply of the magazines.

Mr. B.... ordered two blow up photographs on 16th February and forwarded a cheque for \$13.90. He has since been advised that the orders could not be filled and a refund would be made. He states that he has been waiting on the refund and the return of his two photographs since April.

Mrs. K..... forwarded \$3.75 for a Low Calorie Cook Book on 24th March and has not received the book. She is seeking either the book or a refund.

Mr. S..... ordered a reproduction pub mirror in October 1975. He states he paid \$11.95 and that as he had not received it, he telephoned the company and was promised an immediate replacement or refund. He has received neither and is now seeking a refund.

Miss W..... paid \$7.50 four months ago for five separate Sherbert posters advertised in Scream. She has not yet received them, although she states she has rung twelve times and been promised delivery.

Mrs. M..... ordered a Calorie Cook Book on 6th April 1976. She forwarded \$3.70 and has not yet received the book.

- 33.2 6. Consumers are advised to seek other sources for their purchases as complaints to the Bureau indicate that Optimus Holdings Pty. Ltd. may not fulfil its obligations, even though the company is still advertising in its publications, especially the Sunday Observer.

33.3 Regal Brass Bed Company Pty. Ltd.

1. Regal Brass Bed Co. Pty. Ltd. of 136 - 140 Victoria Street, Richmond, whose directors were Michael Charles Taylor and John Zakis, traded in brass beds, mattresses and coffee tables but in December 1975, it ceased trading.
- 33.3 2. Twelve complaints were received against the company ranging in allegations of pressure selling, misrepresentation of quality but mainly, non supply of the goods.

- 33.3 3. Consumers further alleged that in all cases they were requested to pay for the goods at the time of placing the order with the assurance that the goods would be supplied in four weeks time. In all cases reported to the Bureau, the goods were not supplied. In one case, a consumer did finally receive a bed but as it was faulty, he returned it to the company. The bed which cost \$550 was never returned to the owner nor was any money refunded.
- 33.3 4. As the company has gone into liquidation, no redress could be obtained for the consumers who must have lost thousands of dollars in their dealings with the company. Although a number of orders were made by the Small Claims Tribunal, it is understood that none of these have been satisfied.

#### 33.4 Solar International

The comments on this trader are in paragraph 24.3.

#### Fitness Courses

#### 34.1 Brendan Edwards Sports Centres Pty. Ltd.

In the twelve months ending June 1976, the Consumer Affairs Bureau received sixty-six complaints against Brendan Edwards Sports Centres Pty. Ltd. This is an excessive number of complaints and there is no doubt that the company's policy is to adopt an intransigent attitude towards their clients after they have been caught in a skillfully set trap of high pressure selling.

- 34.2 Complaints against Brendan Edwards Sports Centres Pty. Ltd. fall into two main categories: those dealing with unsatisfactory provision of services to members, and those dealing with unethical techniques to obtain new members.

- 34.3 A complainant wrote to the Bureau as follows :-

"The reasons that my wife and myself are no longer continuing with our membership with Brendan Edwards (Forest Hill) Pty. Ltd., are as follows:-

1. Failure to provide gym facilities as stated.
2. Failure to inform us that guests on special passes were to be given priority on all equipment over members.
3. Failure to provide adequate care in looking after our young daughter in their creche.
4. Unreasonable demands (harassment) on learning that we would no longer continue membership with their company.

On more than several occasions the Suana and Jet Bath were not available for use. On mentioning that we were disappointed at this, we were given a very discourteous reply from one of the staff.

On each occasion that my wife left our young daughter at the creche, she returned to find our daughter in an extremely distressed condition, even to the point of physically being sick. The staff made no effort in looking after her. Once again when we complained, we were told in no uncertain terms where to go.

When we joined as members, we were informed that, along with other members, we would have complete use of equipment at all times. On too many occasions, I was told that I would have to wait while a guest on a special pass was to have first use. The gym instructors were only interested in showing the guests what each piece of equipment was to be used for."

- 34.4 Brendan Edwards Sports Centres Pty. Ltd., may recruit new members by issuing "guest passes" to persons who then visit their Tooronga or Forest Hill Centres in order to

make use of the free trial offer.

34.5 The experiences of one of the many complainants were summarised as follows in a letter to the Bureau.

"On the 9th of February, my friend and I visited Brendan Edwards Sports Centre at Nunawading as a visit on a guest pass, which my friend received as an introductory offer at Eastland Shopping Centre, Ringwood. After we had a 'try-out' morning, we were shown into the office where we were asked how we had liked the work-out. We said it had been all right. Mr. Stephenson asked if we would like to start a course but we told him we were not interested at this time as my daughter was getting married in May and I would definitely not be doing anything until after the wedding - if even then. We were asked particulars, which we gave because of the persistence of Mr. Stephenson, although we did not intend to go ahead with any course. He said that in case we decided to go ahead, it would save time to fill in the forms now. He stressed that unless we came back and paid the deposit, these forms which we had signed would be invalid and therefore disposed of.

We signed the forms with the understanding we would be under no obligation whatsoever, unless a deposit was paid, which it wasn't."

34.6 Some time later the consumer received the following letter from Brendan Edwards (Forest Hill) Pty. Ltd.

"In spite of our many attempts to resolve the matter of your membership amicably, we have so far been unsuccessful.

It now becomes necessary for me to request that this matter be finalised to our mutual satisfaction within

the next seven days in order to avoid any future unpleasantness."

34.7 A fortnight later, a further letter was received by the consumer stating :-

"We are disappointed by your lack of response to all our previous communications, which we can only assume is a deliberate attempt to avoid your contractual obligations to our company.

Unless this matter is finalised within the next 72 hours, I am policy bound to resort to legal action."

34.8 The following month the following Final Notice was received from a Debt Collection Agency :-

FINAL NOTICE

"We are instructed by Brendan Edwards (Forest Hills) Proprietary Limited that an amount of \$132.00 is owing to them in respect of a contract entered into by you with the company.

Unless this amount is paid to our Clients within seven days, we are instructed to commence legal proceedings through our Solicitors for the recovery of same, the costs of which will be to your account."

34.9 After receipt of the final notice the consumer lodged a complaint with the Consumer Affairs Bureau who were able to negotiate a cancellation of the contract.

34.10 A check of the Melbourne Court Register revealed that during the year under review, 273 special default summonses were issued by the company, out of which 74 were settled before the court hearing. The Ministry is not contending that the court cases resulted from similar instances as the examples quoted above, but that together with the



large number of complaints received by the Bureau they must be taken as an indication that the Brendan Edwards companies are running a most unhappy health and fitness club.

- 34.11 The Ministry warns persons who accept a guest pass or any other invitation to attend a Brendan Edwards Centre, they do so at their own peril. They are likely to be subject to unethical high pressure sales tactics, embarrassing intimidation and be deliberately misled as to other obligations with the company. The organisation appears to be more interested in selling courses than in giving service.

#### Horse Sales

##### 35.1 Horserama

Around the outer Melbourne metropolitan area are a number of horse dealers catering for the increased popularity in horse riding and the associated "status" symbol of horse ownership.

- 35.2 It would appear from complaints received by the Consumer Affairs Bureau that several horse dealers are most unethical in their conduct towards the public. The areas of misrepresentation include false statements as to age, physical condition, and background including the degree to which the horses have been trained and broken in. The greater percentage of purchases are made by parents for their children. In this respect, many purchasers, because of their own lack of knowledge of livestock, rely on information given to them by the dealer and as already stated, this information often contains untruths.

- 35.3 Just as in many other areas of consumer transactions, prospective purchasers of horses are advised to shop around in order to familiarise themselves with the market

value of horses. In too many cases, it happens that purchasers pay more than double the market value as they are not familiar in this respect.

- 35.4 A number of complaints have been made against Mr. John Caller, the proprietor of Horserama of Wellington Road, Mulgrave. Mr. Caller's operations in the sale of horses, ponies, etc., has all the unsatisfactory aspects which are prevalent amongst some fringe operators in the second-hand car industry.
- 35.5 A consumer alleged that he paid \$310 for a bay gelding which was represented to him to be 7 years old and in a good condition. A report by a veterinary surgeon on the horse listed a number of physical disabilities and proclaimed the horse to be unsound.
- 35.6 A Shetland pony advertised for \$415 was claimed to be heavy in foal and due in 6 to 8 weeks. Six months later the mare had not foaled and the proprietor of Horserama was approached on this issue. He promised to get the mare in foal once he had a stallion available. Even this promise was not kept.
- 35.7 A horse was sold but before it could be picked up by the purchaser, it was claimed that it dropped dead. The purchaser was therefore forced to make another selection from a limited range of existing horses. An allegedly eleven year old horse was eventually selected but when it was examined by the veterinary surgeon, it was estimated to be 20 years old and a potential danger to its rider as it could collapse under him any moment.
- 35.8 A holding deposit of \$40 was paid on a horse and when the purchaser returned to pay the balance, he was informed that the horse had been shot. The purchaser was offered a selection from a limited range of horses, but as they

all were below an acceptable standard, the purchaser requested return of his holding deposit. This was refused and he was informed that if he did not continue with the transaction, Horserama would press for the balance owing on the horse which had been shot.

- 35.9 If considering buying a horse, it is essential that any prospective purchases are thoroughly checked by a veterinary surgeon or an experienced rider. If any documents are to be signed prior to such an inspection, they are to be clearly endorsed with words to the effect "Subject to further examination" and signed by both parties.

Mutual Home Loan Funds .

36. The comments on Mutual Home Loan Funds of Australia Ltd. in paragraph 23.4.

Promotional Activities

37.1 Raymond McCormac

1. The Consumer Affairs Bureau has received many complaints concerning a number of businesses conducted by Raymond McCormac.

- 37.1 2. These complaints cover a diverse field. If a consumer wanted a freezer, food to put in it, a career in management, counselling, acting, modelling, and as an added bonus, free flight academic training to private pilot standard and practical training at substantially reduced fees, offshore sailing instruction and free use of boats, advanced driving lessons, free film and T.V. training, courses in photography, snowskiing, etc., etc., then Raymond McCormac was or is his man.

37.1 3. Freezers and Freezer Service

Over a period of some 4 to 5 years from early 1969, Raymond McCormac was actively involved in the selling

of freezers and food freezer plans through Direct Food Supplies (Vic) Pty. Ltd. He was a director of the company and held 4,999 of its 5,000 shares.

- 37.1 4. It is understood that, after the consumer had signed a contract to pay \$17.70 per month from 30 to 60 months, the contract was assigned to Direct Food Supplies Holdings Pty. Ltd. Mr. McCormac held 20,000 of this company's 40,000 shares and was a director.
- 37.1 5. For their \$17.70 per month, consumers rented the freezer and had it maintained. Additionally, the contract required them to buy bulk frozen food, for which they paid, according to what was ordered.
- 37.1 6. Consumers were offered the allurements of being able to buy the freezer after five years renting for a cost of 10 c. Usually this promise was verbal. There was a clause in the contract that the company may transfer ownership but at its ABSOLUTE DISCRETION and on conditions negotiated at the time of transfer.
- 37.1 7. Even if consumers were allowed to purchase the freezers at the end of the five years period, they would have paid more than \$1,000 for each freezer. Through normal retail outlets, similar freezers cost at that time less than \$300.
- 37.1 8. Mr. McCormac was also a director of Permanent Pantry Food Services (Vic) Pty. Ltd., and Discount Food Services (Aust) Pty. Ltd.
- 37.1 9. Before the verbal agreements could be tested against the contracts, the companies went into liquidation. Direct Food Supplies (Vic) Pty. Ltd., were wound up by Order of the Supreme Court on 6th February, 1974 and Direct Food Supplies Holdings Pty. Ltd., went into

provisional liquidation by Order of the Supreme Court on 10th December, 1974.

37.1 10. It is understood that there is disagreement between the principals of the companies as to who owns the freezers. The consumers who hold contracts are not able to obtain ownership as the provisional liquidator has a duty to preserve the assets of the company until liquidation is finalised. Therefore ownership cannot be transferred. Consumers have the goods under protest in the hope they may obtain some redress when the liquidation is completed.

37.1 11. Film and T.V. Careers

The Ministry has been advised that the local production of television programmes is on the decline with a number of shows being wound down and not being replaced, and new shows few and far between.

37.1 12. Actors Equity has approximately 6,000 active members in Australia, and some thousands who are affiliated in an honorary capacity being totally unemployed in the industry at the moment. Of active members, it is understood 80% are unemployed in the industry, therefore it is foolhardy for consumers to respond to advertisements offering work to the man, woman and child who is not an experienced actor or model.

37.1 13. "The Academy of Professional Sales Career Management Pty. Ltd., seeks new faces and talents for modelling assignments in local and overseas T.V. and film productions." The advertisement is addressed to men and women 18 - 50 years of age, and promises, under the heading "Your Guarantee of Success", that on completion of training, the applicant will be

placed in professional work and managed by the Academy, assuring an entry into a career as a professional model. The fees for this training do not come cheaply.

- 37.1 14. One hopeful 20 year old unemployed girl formerly a clerk typist, signed up as "I want to become a fully competent actress and to learn all I can of the acting profession", and listing her special objective as "Not sure yet" at a cost of \$499, \$99 deposit and the balance at \$20 per week.
- 37.1 15. Raymond McCormac is not a director or shareholder in the Academy of Professional Sales Career Management Pty. Ltd., but is the Marketing and Promotion Manager. The company is described as the Australian Agent for International Colour T.V. Productions Ltd. This latter company is based in Hong Kong and is owned and controlled by Raymond McCormac.
- 37.1 16. Another enterprise was Video Network Productions Pty. Ltd. which sought children for a projected series of children's television shows, yet to eventuate. Some 100 - 120 started training at a cost of \$10 per lesson. Some parents paid in excess of \$300 for these lessons.
- 37.1. 17. The directors of Video Network Productions Pty. Ltd. are Alan Harvey Davis and Kathleen Monica Moregold, both of New South Wales, although by the admission of Raymond McCormac, the two directors are related to him and he is the marketing promoter of the company.
- 37.1 18. Yet another business controlled by Raymond McCormac was the Television and Film Training Academy.

37.1 19. Management and Career Opportunities

Two enterprises in this field associated with Mr. McCormac are Image Makers (Melbourne) and Esse-Career-Centre Pty. Ltd. The business Image Makers (Melbourne) ceased trading on 24th July 1974 and on 1st August 1974, a new company, Image Makers (Melbourne) Pty. Ltd. was formed. Subscribers to the scheme run by Esse-Career-Centre Pty. Ltd. are asked for a fee of \$2850. In return they are given a course of training as a company instructor which would qualify a candidate to conduct Personal Management Seminars, Personal Awareness Seminars and Counselling Interviews for the company clients.

37.1 20. Appendix G contains advertisements and pamphlets issued by Raymond McCormac's companies.

37.1 21. Below is the known list of companies with which Raymond McCormac is associated either as a director, major shareholder or through some other connection which would give him managerial control.

Company Names

Permanent Pantry Food Services (Vic) Pty. Ltd.,  
C/o. G.D. Burnett & Co., 464 St. Kilda Road, Melbourne

Direct Food Supplies Holdings Pty. Ltd., 28 Chapel  
Street, Windsor

Academy of Professional Sales Career Management Pty. Ltd.,  
C/o. G.D. Burnett & Co., 464 St. Kilda Road, Melbourne

Discount Food Services (Aust) Pty. Ltd., C/o. G.D. Burnett  
& Co., 464 St. Kilda Road, Melbourne

Australian United Securities Pty. Ltd. Not registered  
with Office of Corporate Affairs.

Lifetime Home Improvements Pty. Ltd. Not registered  
with the Office of Corporate Affairs.

Stuttgart Motors Pty. Ltd., C/o John P. Hyman & Co.,  
130 Bourke Street, Melbourne

Australasian Properties (Secured) Pty. Ltd.,  
C/o. G.D. Burnett & Co., 464 St. Kilda Road, Melbourne

Brick and Mortar Investments (Aust) Pty. Ltd.,  
C/o. G.D. Burnett & Co., 464 St. Kilda Road, Melbourne

Esse-Career-Centre Pty. Ltd., C/o. G.D. Burnett & Co.,  
464 St. Kilda Road, Melbourne

Video Network Productions Pty. Ltd., C/o. G.D. Burnett  
& Co., 464 St. Kilda Road, Melbourne

Image Makers (Melbourne) Pty. Ltd., C/o. G.D. Burnett &  
Co., 464 St. Kilda Road, Melbourne

Business Names

The Television and Film Training Academy, 135 Swanston  
Street, Melbourne

Image Makers (Melbourne) - ceased 24/7/1974


37.2 William Ronald McPherson, Winegrowers Club of Australia

1. The Consumer Affairs Bureau has received fourteen complaints against Winegrowers Club of Australia, 683 Queensberry Street, North Melbourne.
- 37.2 2. The Winegrowers Club of Australia is an un-incorporated association. William Ronald McPherson by his own admission is the sole executive and controller of the association.
- 37.2 3. The Winegrowers Club of Australia conducted an extensive advertising campaign throughout Victoria and Queensland. Prospective members were invited to join the club and by way of inducement were offered the facilities of a club, wine tastings, dinners and a variety of other social activities. Members were asked to contribute moneys to be paid in advance which would provide bottles of wine over many years. A typical agreement specified one dozen bottles per year over 25 years at a cost of \$96 paid on joining.
- 37.2 4. To the Bureau's knowledge, very few members received any wine, and have little prospect of ever getting their money back, despite the Club's promises of a Money Back Protection clause in its literature.



- 37.2 5. Mr. McPherson appears to have run this enterprise without the benefit of business management ability. Correspondence from consumers and the Consumer Affairs Bureau have been ignored, or answered with reckless undertakings to supply wine or refund money. Those undertakings have not been honoured.
- 37.2 6. Mount Ophir Estate Society  
An extensive advertising campaign has been conducted through newspapers and magazines soliciting membership of Mount Ophir Estate Society. The Society is an un-incorporated association with the stated aims of preserving, redeveloping and maintaining the winery buildings and vineyards on the property known as Mt. Ophir at Rutherglen.
- 37.2 7. Prospective members were asked for \$10 membership fee which would give them notional ownership of a brick in the winery and of a vine in the vineyard. Later advertisements solicited a \$10 per week contribution.
- 37.2 8. The Consumer Affairs Bureau spoke with the Secretary of the Society. He is William Ronald McPherson. He was asked for the names of the other office bearers, but could not name them: his reply was "I'm not sure. I could obtain their names for you."
- 37.2 9. It would appear that William Ronald McPherson is the sole executive of the Society, which he admits has a membership in the vicinity of 8,500 persons.
- 37.2 10. The funds of the Society were in fact to be invested on behalf of its members in Mt. Ophir Wines Pty. Ltd., a company which owns the property at Rutherglen. Members were also approached to become shareholders.

- 37.2 11. That company it is believed is controlled by another company, Nansen Investments Pty. Ltd., which in turn is beneficially owned and controlled by William Ronald McPherson and Freda McPherson.
- 37.2 12. The property at Mt. Ophir is subject to a mortgage, and a charge has been given over the company's assets. It is understood that the company has not enjoyed any financial success. Mr. McPherson has continued to seek funds for the enterprise and labourers for his vineyard. Two recent advertisements are set out below :



**ON HOLIDAYS  
OR TEMPORARILY  
UNEMPLOYED?**

Try a farming  
holiday for \$10

Members of the Mount Ophir Estate Society a non-profit mutual help preservation society are currently restoring the once great vineyards and buildings at "Mount Ophir" Rutherglen in North Eastern Victoria adjacent to Albury

You are welcomed to life membership of the Society and are invited to spend a week on the property as guests. If you are at least prepared to spend a few hours daily assisting in the redevelopment, we will provide you with accommodation (sleeping bag style), three meals a day and an opportunity to taste the wines of the world famous area. All for \$10 (ten dollars) a week.

We urgently need help with final pruning, and such farming tasks as tractor driving (experience necessary).

Live the life of a vigneron on one of Australia's historical wine growing properties. There are 14 district wineries for you to visit during your stay.

Phone Melbourne 329 0973 (all hours) or Rutherglen 32 9466. We are limited to 50 persons at any one time. Weekends are O.K. too.

**BECOME A PART OWNER OF A VINEYARD AND WINERY**

In sunny Rutherglen in North Eastern Victoria members of a wine society have located a fascinating old winery which has recently planted a new vineyard and need help to further develop the proposition.

They offer you the opportunity of joining them if you are able to contribute \$10 per week for a number of months (as selected by you) and thereby become a part owner of this historic project.

You can take part in such activities as grape picking, foot treading, bottling parties, bar-b-ques, wine tasting dinners and stay at the property initially without charge. If you wish you could be a Collins Street Farmer and spend a few hours pruning or helping cultivate the vineyard.

Phone Melb. 329-0522, Ruth. 32-9466. Or write Box 79 North Melbourne

- 37.2 13. Consumers would be well advised not to contribute to the Mount Ophir Society or Mt. Ophir Wines Pty. Ltd.

in the expectation of any financial reward.

### Rental Information Centres

#### 38.1 Bills Rental Information Centre, 275 King Street, Melbourne Proprietor Mr. W.R. Keyte

The service offered by the firm costs prospective tenants \$30. They are asked to give details as to the type of accommodation they would like, the area desired and the amounts they wish to pay. Prospective tenants must ring the firm periodically in order to obtain listings of suitable accommodation. In the majority of the complaints it is stated that either the consumers could not get an answer when they rang the given numbers, or despite several assurances, were not given any suitable accommodation to peruse.

38.2 Allegations have also been made that the listings given by the firm were taken from the classified advertisement sections of the daily papers, so that the purported service was virtually non existent.

38.3 The Rental Information Centre was registered on the 16th August 1975, and in October 1975 complaints started to be lodged at the Bureau at a considerable rate. By the end of the financial year, 15 written complaints were received and a considerable number of telephone allegations were made. Towards the end of the year under review, inspectors of the Bureau established a personal contact with Mr. Keyte and negotiations led to the resolution of most complaints. This however was short lived and again the Bureau is having difficulty in resolving the increasing number of complaints.

### Television Rentals

#### 39.1 Steeles Colour Television

The proprietor of Steeles Colour Television of 400

Lonsdale Street, Melbourne, is Steeles Glacier Freezers and Food Service Pty. Ltd. The directors of this company are Kenneth Raymond Steele and Ruth Edith Steele.

- 39.2 A high proportion of complaints against Steeles Colour Television refer to the practice of misleading a prospective client about the difference between a television rental arrangement and a lease/purchase arrangement.
- 39.3 Many consumers are led to believe that they are renting a colour T.V. and subsequently find that they are lease/purchasing a set over a number of years at amounts greatly in excess of the cash price.
- 39.4 1. The following extract of a consumer's complaint is typical of the allegations made in other complaints. The consumer stated: "On Saturday, 24th July, an advertisement on Television showed that Steeles Colour Television would demonstrate "Colour T.V. in your home tonight". As a result of this, I rang to enquire about renting a set and was told that the minimum rental period was 12 months and that a salesman would **contact** me the same evening.
- 39.4 2. A salesman called later in the evening and almost his first statement was "Don't expect a demonstration of Colour T.V. as I stopped carrying a set in my car 6 months ago". I made it clear to the salesman that I wanted to rent a Colour T.V. for 12 months. My reason for not buying a set was that I board with my sister and brother-in-law and that they intend buying a set of their choice in about 12 months time.
- 39.4 3. The salesman produced a folder showing various sets in different size screens and different hiring

rates. He said that to save time he would start filling out the forms as we talked. My brother-in-law was present for the whole time of the discussions and at no time did he indicate that after the initial renting period of 12 months would he buy the set that I had rented, even though the salesman said that there was an option to purchase after 12 months.

- 39.4 4. The salesman said that on Tuesday 27th July, a new 20" G.E. set would be delivered, that being the set that I had agreed to rent. The salesman then asked me to sign two forms.
- 39.4 5. The first of these forms being Steeles Colour Television Customer Agreement. In the first paragraph the words rent/lease/sell, the word sell has been crossed out. Even though I was informed that after 48 payments the residual value of the set would be \$79. The other form was a lease agreement.
- 39.4 6. I still thought that after 12 months the set would be removed from the premises of my brother-in-law and I would cease to make any more payments.
- 39.4 7. After about three weeks from the set being installed, I received a book of payment vouchers from the ..... (name of finance company). As soon as possible I rang Steeles and a Mr..... (name of employee) said that he would arrange for the salesman to contact me. This was on Friday, 20th August about 10.00 a.m., and it took another telephone call from me to the Sales Manager to get the salesman to ring me. The salesman rang about 5.30 p.m. the following Monday. Please note the difference of time taken. When inviting a salesman to call about renting a set, the salesman was in the

home about 1½ hours after the telephone call, but in answer to a complaint it took almost two full working days.

39.4 8. When I told the salesman that I had at no time intended to lease a T.V., he said there was nothing he could do as I had signed the forms and that he had not altered or added anything to those forms. When I said that I had rung Steeles to rent a T.V., he answered that the company policy was to talk leasing. I asked him why he had not talked rental and he said that it was not his job to get people to sign Rental Agreements.

39.4 9. My complaint is that I was duped into leasing a set when I made it clear that my intention was rental. I am now left with either continuing to make payments or pay out an enormous amount for a set which I do not want ....."

39.5 A considerable number of complaints have been received making similar allegations to the one in the example quoted above. Even a larger number of telephone allegations were also received about this practice. Were it an isolated case, one could conclude that it arose out of an unintended breakdown in communication between the salesman and the consumer. In the case of Steeles Colour Television, such a conclusion cannot be reached as the number of complaints indicate that the practice was consciously propagated by the sales staff and the management of the company.

#### Truck Sales

##### 40.1 Road Runner Truck Sales

Complaints received at the Bureau in recent months regarding Road Runner Truck Sales of 781 Heidelberg Road, Alphington, indicate that this firm generates the most offensive of

complaints associated with the purchase of used trucks. The proprietors are Mr. F.A. Curcio and Mr. G.J. Dridan.

40.2 The firm commenced trading in February 1976 and generated 3 complaints in relatively quick succession. Inspectors of the Bureau visited this firm and interviewed the proprietor, Mr. F. Curcio. A brief inspection of the vehicles offered for sale on that day revealed that the quality left something to be desired. It appeared that the majority of trucks were well used prior to being obtained by Road Runner. Mr. Curcio stated that his trucks were purchased "through the trade".

40.3 Migrants appear to make up the majority of clients of the firm and judging from the complaints brought to the attention of the Bureau, they appear to be inexperienced in truck driving.

40.4 Road Runner Truck Sales have advertised in the Age newspaper under the heading of "Job Opportunities" as follows :-

40.4.1. "OWNER-DRIVER

We have a vacancy for a man willing to purchase the listed vehicle to carry furniture interstate. In return the company will issue a written agreement for 3 years.

COMMER 1970 Perkins Diesel, 45 cub. ton Luton Peak Van average weekly return \$800. Full price \$ 6495  
Dep. \$1000

ROAD RUNNER TRUCK SALES,  
781 Heidelberg Road, Alphington  
LMCT 2567 49 5621"

40.4 2. "OWNER-DRIVERS wanted by 3 of Melbourne's biggest transport operators, persons wishing to work for themselves to get maximum returns. A 3 year written

agreement will be supplied, with the following :  
 Diahatsu and Toyota Luton Peak 2½ ton vans, general  
 freight, average weekly return \$285. Full price \$3995  
 Dep. \$650

Ford D400 Luton Peak Van, contract furniture,  
 average mthly return \$1800. Full price \$7,500  
 Dep. \$1250

Inter. Acco. 18 ft. tray, set run, average wkly  
 returns \$310 Full price \$4490 Dep. \$800

ROAD RUNNER TRUCK SALES, 781 Heidelberg Road, Alphington  
 LMCT 2567 49 5621"

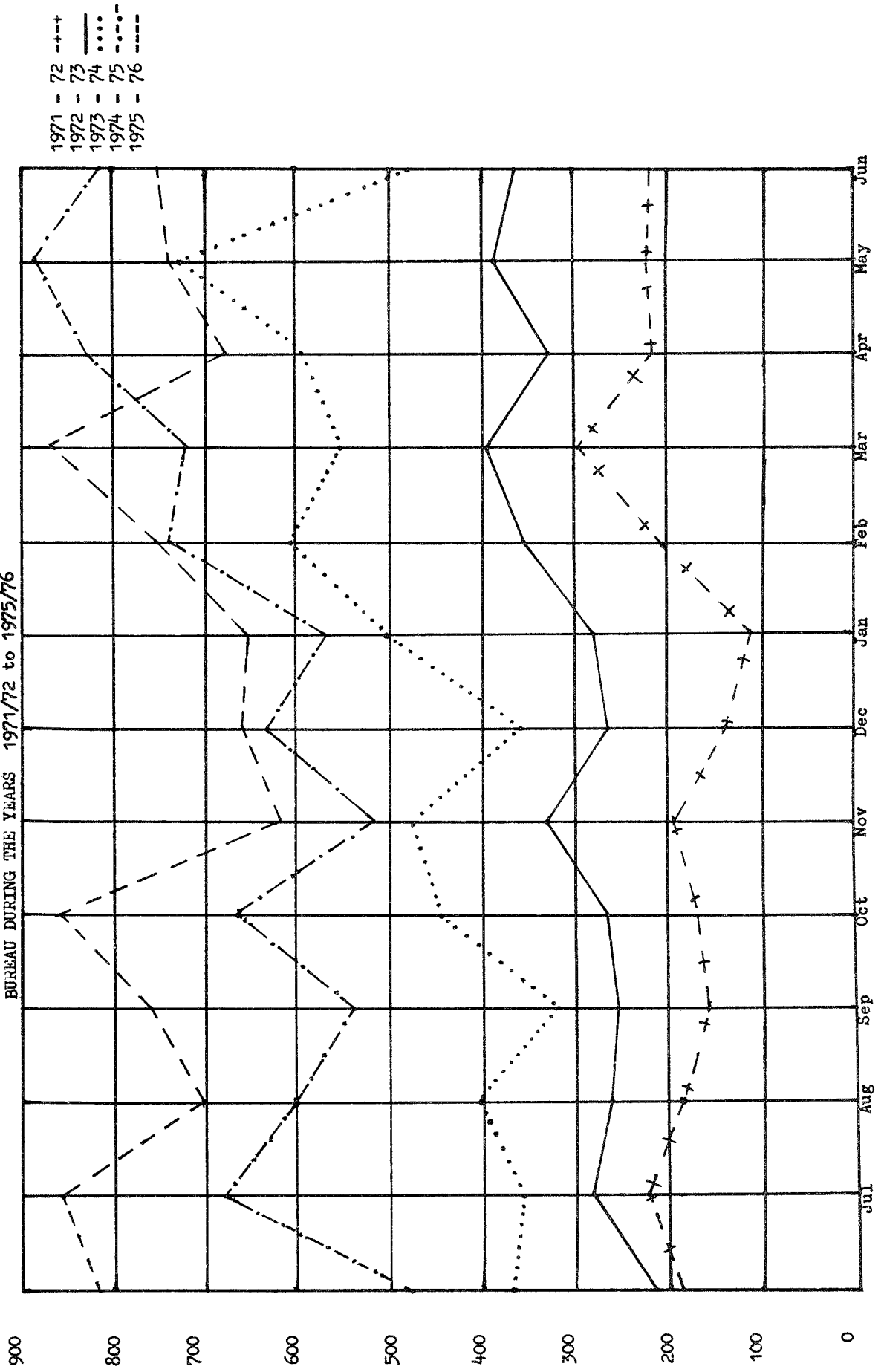
- 40.5 The offers of a "three years written agreement" in the advertisements could not be substantiated by Mr. Curcio during an interview with inspectors of the Bureau. Subsequent interviews with representatives of the firm with which the prospective purchaser would obtain employment denied that they entered into any three years written agreements with truck drivers.
- 40.6 Complaints against the firm are associated with the mechanical failure of the truck, usually occurring shortly after the consumer takes delivery. The firm does not give any warranty on the trucks although Mr. Curcio stated that if the complaint was genuine he would offer the purchaser some assistance. The Bureau was not able to obtain any satisfactory resolution on any of the complaints received against the firm.
- 40.7 It must be considered that in each case the truck was purchased in order to earn an income and that a breakdown usually resulted in considerable loss of such income. In addition, the amount paid for a truck was usually quite high and could be in the vicinity of \$10,000 with a resulting



commitment to the finance company far in excess of this figure. A mechanical failure of the truck could therefore be associated with virtual financial ruin of the unfortunate man who answered the advertisement of the firm.

40.8 Under such circumstances prospective purchasers are warned to examine all aspects in detail of a deal with Road Runner Truck Sales before entering into any contracts with the firm.

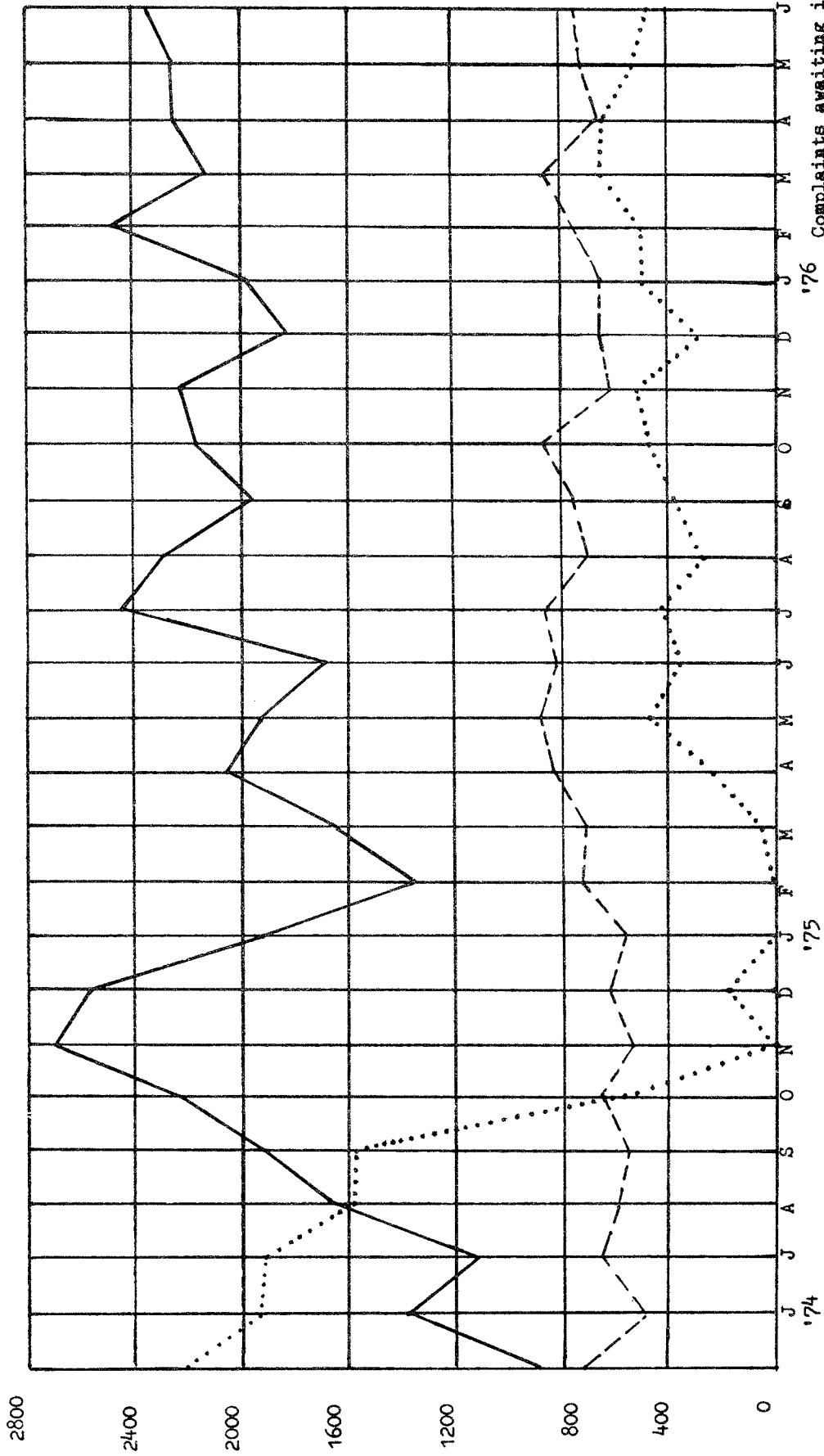
APPENDIX A  
WRITTEN OR PERSONAL COMPLAINTS LODGED WITH THE CONSUMER AFFAIRS  
BUREAU DURING THE YEARS 1971/72 to 1975/76



APPENDIX B.

COMPLAINTS AWAITING INVESTIGATION, IN COURSE OF INVESTIGATION AND COMPLAINTS

REGISTERED - 3rd JUNE, 1974 to 30th JUNE, 1976



'76 Complaints awaiting investigation .....  
 Complaints in course of investigation -----  
 New complaints registered .....

APPENDIX C.

TABLE 1. General Summary of Complaints received by the  
Consumer Affairs Bureau.

<u>Advertising</u>		99	1.10
<u>Boats</u>		40	.45
<u>Books, Periodicals, Printing and Typing</u>		49	.55
<u>Building -</u>			
General	71		.79
Renovations and Repairs	478		5.33
House Cladding	92		1.03
Painting and Decorating	103		1.15
Construction of New Homes	165		1.84
Home Improvements	<u>106</u>		<u>1.18</u>
		1015	11.32
<u>Clothing Footwear and Accessories</u>			
Women's Clothing	223		2.48
Men's Clothing	55		.61
Children's Clothing	16		.18
Women's Footwear	155		1.73
Men's Footwear	20		.22
Children's Footwear	20		.22
Dress Accessories	<u>13</u>		<u>.15</u>
		502	5.60
<u>Door to Door Sales</u>		84	.94
<u>Dry Cleaning and Laundry</u>		92	1.03
<u>Education, Health and Fitness</u>		147	1.64
<u>Entertainment</u>		40	.45
<u>Finance</u>		150	1.67
<u>Food Beverages and Tobacco</u>		70	.78
<u>Furniture and Floor Coverings</u>			
Furniture	236		2.63
Carpets	151		1.68
Other Floor Coverings	45		.50
Bedding	34		.38
Other	<u>80</u>		<u>.89</u>
		546	6.08

APPENDIX C—continued

<u>Hiring and Rentals</u>		62	.69
<u>Household Appliances, Hardware and Equipment</u>			
Guarantee/Warranty Disputes	139	1.55	
Faulty New	583	6.50	
Faulty Used	91	1.02	
Service and Repairs	521	5.81	
Other	<u>149</u>	<u>1.66</u>	
	1483		16.55
<u>Insurance</u>		196	2.19
<u>Insurance Funds</u>			
Medical	28	.31	
Dental	<u>1</u>	<u>.01</u>	
	29		.32
<u>Investments and Shares</u>		16	.18
<u>Jewellery, Watches and Clocks</u>			
Jewellery	70	.78	
Watches and Clocks	86	.96	
Other	<u>5</u>	<u>.06</u>	
	161		1.80
<u>Mail Order Sales</u>		177	1.97
<u>Motor Vehicles</u>			
New Vehicles - Faulty	225	2.51	
New Vehicles - Warranty Dis-			
putes	84	.94	
New Vehicle - Other	86	.96	
Used Vehicles - Faulty	569	6.35	
Used Vehicles - Warranty Dis-			
putes	153	1.71	
Used Vehicles - Other	157	1.75	
Parts, Accessories and Care			
Products	132	1.47	
Mechanical Repairs and Service	488	5.44	
Tyres and Batteries	48	.54	
Caravans and Trailers	107	1.19	
Motor Cycles	28	.31	
Heavy Vehicles	<u>66</u>	<u>.74</u>	
	2143		23.91
<u>Musical Instruments, Records, Cassettes and Tapes</u>		51	.57
<u>Pharmaceutical, Cosmetics and Toiletries</u>		15	.17
<u>Prices -</u>			
Misleading	10	.11	
Level of Price	<u>142</u>	<u>1.59</u>	
	152		1.70
<u>Professional Services</u>		88	.98

APPENDIX C—continued

<u>Real Estate and Tenancy -</u>			
Buying and Selling	70	.78	
Rental	57	.64	
Rental Bonds	<u>56</u>	<u>.62</u>	
	183		2.04
<u>Sales Methods</u>	439		4.90
<u>Services</u>	34		.38
<u>Soaps, Detergents and Other Household Care Products</u>	22		.25
<u>Swimming Pools</u>	78		.87
<u>Toys, Sporting and Hobby Equipment</u>	73		.81
<u>Travel</u>	84		.94
<u>Miscellaneous</u>	643		7.17
	<u>8963</u>		<u>100.00</u>

NOTES:

1. In the Director's First Report for the year ended 30 June 1975, a summary of complaints received for the years 1971/72 to 1974/75 was included in Appendix C. It is not possible to give a comparison between the above summary and that included in the First Report due to a change in complaint classification introduced on 1st July 1975.
2. The above table is only a summary of complaints received as the full classification includes over 400 categories. Any person interested in a particular classification may obtain a copy of that classification on request to the Bureau.

APPENDIX C—continued

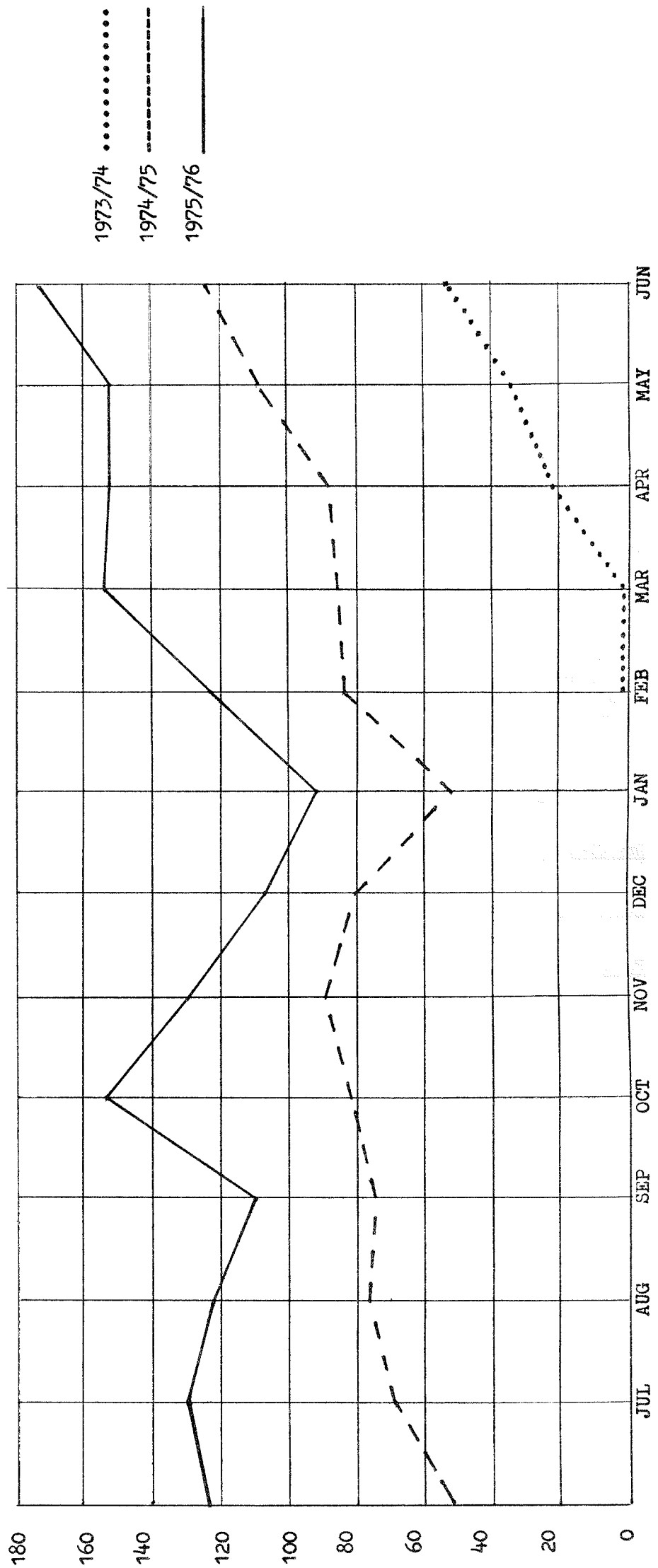
TABLE 11 - Alternative Classifications of Household Appliances and Equipment Complaints

	Guarantee/ Warranty Disputes	Faulty New	Faulty Used	Service and Repairs	Others	Total	% of Total household complaints	% of total complaints
Television - Black/White	6	15	22	105	9	157	10.59	1.75
Television - Colour	10	52	5	29	21	117	7.89	1.31
Radio, Stereogram and Tape Recorders	16	82	4	56	11	169	11.40	1.89
Air-conditioning	12	23	-	15	24	74	4.99	.83
Refrigerator	31	95	22	74	10	232	15.64	2.59
Washing Machines	23	75	24	103	4	229	15.44	2.55
Other Electrical Appliances	12	63	9	43	16	143	9.64	1.60
Other Household Articles	7	70	5	9	18	109	7.35	1.22
Tools Workshop Equipment	1	4	-	2	2	9	.61	.10
Gardening Equipment	2	20	-	12	1	35	2.36	.39
Hot Water Systems	2	6	-	10	4	22	1.48	.25
Heaters	9	36	-	34	22	101	6.81	1.13
Stoves	4	33	-	22	5	64	4.32	.71
Clothes Dryers	4	9	-	7	2	22	1.48	.25
TOTAL	139	583	91	521	149	1483	100.00	16.55

APPENDIX D.

SMALL CLAIMS TRIBUNALS

CLAIMS LODGED FEBRUARY, 1974 to JUNE, 1976





APPENDIX E.

SMALL CLAIMS TRIBUNALS

Classification of Claims Determined

	<u>1974/75</u>		<u>1975/76</u>	
	No.	%	No.	%
<u>Boats</u>	*		12	.76
<u>Building</u>				
Renovations and Repairs	106	13.89	286	18.02
Home Cladding	9	1.18	12	.76
Painting and Decorating	9	1.18	37	2.33
Construction of New Homes	4	.52	31	1.95
General	-	-	9	.57
	<hr/>	<hr/>	<hr/>	<hr/>
	128	16.77	375	23.63
<u>Clothing, Footwear &amp; Accessories</u>				
Women's Clothing	-	-	47	2.96
Men's Clothing	-	-	13	.82
Children's Clothing	-	-	1	.06
Women's Footwear	-	-	24	1.51
Men's Footwear	-	-	2	.13
Children's Footwear	-	-	1	.06
Accessories	-	-	4	.25
Dressmaking & Tailoring	-	-	11	.69
	<hr/>	<hr/>	<hr/>	<hr/>
	58	7.61	103	6.49
<u>Door to Door Sales</u>	*		5	.32
<u>Dry Cleaning Laundry &amp; Dyeing</u>	20	2.62	24	1.51
<u>Education Health &amp; Fitness</u>	*		7	.44
<u>Furniture</u>	27	3.54	67	4.22
<u>Floor Coverings</u>				
Carpets - Laying	-	-	16	1.01
- Other	-	-	11	.69
Other Floor Coverings				
- Laying	-	-	13	.82
- Other	-	-	4	.25
	<hr/>	<hr/>	<hr/>	<hr/>
	13	3.45	44	2.77

APPENDIX E—continued

<u>Hiring and Rentals (excluding Real Estates).</u>	9	1.18	11	.69
<u>Household Appliances &amp; Equipment</u>				
Television	-	-	91	5.73
Radio Stereograms	-	-	33	2.08
Air Conditioners	-	-	10	.63
Refrigerators	-	-	27	1.70
Washing Machines	-	-	27	1.70
Other	-	-	67	4.22
	<hr/>	<hr/>	<hr/>	<hr/>
	165	21.62	255	16.06
<u>Insurance</u>	*		14	.88
<u>Jewellery, Watches and Clocks</u>	9	1.18	19	1.20
<u>Motor Vehicles</u>				
Faulty	-	-	53	3.34
Warranty Disputes	-	-	26	1.64
Contractual Disputes	-	-	77	4.85
Repairs - Faulty	-	-	163	10.27
- Excessive Costs	-	-	19	1.20
- Unauthorised	-	-	5	.32
- Replacement Engines	-	-	20	1.26
Motor Cycles	-	-	7	.44
Caravans	-	-	9	.57
Parts & Accessories	-	-	14	.88
General	-	-	4	.25
	<hr/>	<hr/>	<hr/>	<hr/>
	219	28.70	397	25.02
<u>Musical Instruments</u>	*		9	.57
<u>Swimming Pools</u>	5	.66	13	.82
<u>Travel</u>	9	1.18	20	1.26
<u>Miscellaneous</u>				
Food Freezer Plans	-	-	5	.32
Hairdressing	-	-	5	.32
Photography (including Equipment)	-	-	7	.44
Pets	-	-	8	.50
Petrol (adulterated)	-	-	6	.38
Household Removals	-	-	15	.95
Pest Control	-	-	4	.25
Finance	-	-	4	.25
General	-	-	78	4.91
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	77	10.09	132	8.32

APPENDIX E--continued

<u>Sub Total</u>	739	96.85	1507	94.96
<u>Claims Struck-Out</u>	24	3.15	80	5.04
TOTAL	<u>762</u>	<u>100.00</u>	<u>1587</u>	<u>100.00</u>

\* In 1974/75 such claims were not separately classified.

NOTES

A. Renovations and Repairs under Building classification is made up of the following sub-classifications.

	<u>No.</u>	<u>% Total Renovations and repairs Claims</u>	<u>% Total Claims</u>
Carpentry	13	4.55	.82
Bricklaying	4	1.40	.25
Concreting	38	13.29	2.39
Plumbing	57	19.93	3.59
Fencing (including erection of gates).	32	11.19	2.02
Electrical	16	5.59	1.02
Roofing	19	6.64	1.20
Re-Blocking	11	3.85	.69
Tiling	20	6.99	1.26
Garages	11	3.85	.69
Insulation	6	2.10	.38
Kitchen Package Deals	18	6.29	1.13
Other	41	14.33	2.58
	<u>286</u>	<u>100.00</u>	<u>18.02</u>

APPENDIX F  
SMALL CLAIMS TRIBUNALS  
DETERMINATION OF HEARINGS

	1974/75		1975/76	
	No.	%	No.	%
Struck out	24	2.75	80	4.13
Adjourned	131	15.04	308	15.92
Application for Re-hearing	9	1.03	44	2.28
Dismissed	131	15.04	208	10.75
Withdrawn	207	23.77	390	20.17
Order for Services	14 (a)	1.61	27 (b)	1.40
Full Monetary Order	241 (a)	27.67	456 (b)	23.58
Partial Monetary Order	90	10.33	158	8.17
Settled	24	2.76	263	13.60
	(c)		(c)	
	871	100.00	1934	100.00

NOTES:

- (a) Of the 241 claims included in this category in 79 cases that claimant requested an "appropriate" order, and the order made may not necessarily have been for the full amount sought.
- (b) Of the 456 claims included in this category in 266 cases the claimant requested an "appropriate" order, and the order made may not necessarily have been for the full amount sought.
- (c) The number of hearings listed is in excess of the claims determined as some have been adjourned a number of times or a re-hearing was granted.

APPENDIX G.

ADVERTISING MATTER USED BY  
RAYMOND McCORMAC COMPANIES

**YOUR  
GUARANTEE  
OF  
SUCCESS**

THE ACADEMY OF PROFESSIONAL CAREERS &  
MANAGEMENT PTY.LTD. HANDLES THE PLACE-  
MENT OF EVERY STUDENT WHO COMPLETES  
THE TRAINING PROGRAMME IN PROFESSIONAL  
WORK.



ON COMPLETION OF YOUR TRAINING YOU  
WILL BE MANAGED AND PLACED IN PROFES-  
SIONAL MODELLING ASSIGNMENTS BY THE  
ACADEMY MANAGEMENT.

**Phone NOW for Interview  
63-7595**

**The Academy of Professional  
Careers & Management Pty. Ltd.**

THE ACADEMY OF PROFESSIONAL CAREERS &  
MANAGEMENT PTY. LTD.  
Cann's Building, Cnr. Swanston & Little Collins Street,  
Melbourne, 3000.

Sole Australian Agents For:—

INTERNATIONAL COLOUR T.V. PRODUCTIONS LIMITED

**WOULD  
YOU  
LIKE  
TO  
WORK  
AS A  
MODEL  
IN  
COLOUR T.V.  
& FILMS ?**



**Here is Your Opportunity  
to be Trained in this  
Wonderfully Exciting Medium**



The Academy of Professional Careers & Management  
introduce Professional Training for those who desire  
to work as Professional Models in Film Productions —  
Colour T.V. and Pictorial Advertising \_\_\_\_\_

# WANTED NEW FACES & TALENTS

FOR MODELLING ASSIGNMENTS IN LOCAL  
AND OVERSEAS COLOUR T.V. AND FILM  
PRODUCTIONS.

Men and Women 18–50 years are Required

**A Satisfactory T.V. Screen Test  
is Necessary for Enrolment  
CLASSES ARE LIMITED.**

You are trained, directed and groomed under  
actual studio conditions. The professional preparation  
necessary to enable you to work as a professional  
Model.



## YOUR GUARANTEE OF SUCCESS

On completion of your training you will be placed  
in professional Modelling work by The Academy  
Management. Your Modelling assignments in pictorial  
advertising, T.V. and films will be promoted and  
directed by The Academy Management, assuring you  
of the entry into a career as a Professional Model.

**Phone NOW for Interview  
63-7595**

THE ACADEMY OF PROFESSIONAL CAREERS &  
MANAGEMENT PTY. LTD.

Sole Australian Agents For:—

INTERNATIONAL COLOUR T.V. PRODUCTIONS LIMITED

Your training Programme at The Academy is carried  
out in professionally equipped studios — you are  
trained, directed and groomed under actual studio  
conditions. 21 sessions of approximately 3 hours  
duration per session (a total of over 60 hours pro-  
fessional tuition)

### **Professional Training Syllabus Includes:—**

- T.V. Make-Up
- Script Reading
- Microphone and Camera Techniques
- Building Self Confidence
- Projecting your Personality
- Correction of Speech Problems
- T.V. Commercials (read Idiot boards)
- Compering
- News Reading
- Interviewing
- The Sell
- Handling the Product
- Timing
- On Camera Movement
- T.V. Acting
- Photographic Modelling
- Manner
- Attitude
- Dress
- Grooming
- Working with Floor Crews, etc.

The professional preparation and grooming necessary  
to enable you to work as a professional Model  
in Colour T.V. — Films — and Pictorial Advertising.