

1976-77

VICTORIA

CONSUMER AFFAIRS COUNCIL
OF VICTORIA

REPORT

FOR THE YEAR ENDED 30TH JUNE, 1977

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

By Authority:

F. D. ATKINSON, GOVERNMENT PRINTER, MELBOURNE

No. 107—12565/77—PRICE 50 cents

CONTENTS

	<u>Page</u>
INTRODUCTION	3
SECTION I - The Changing Role of the Council	4 - 5
SECTION II - Comments on Recommendations in Previous Reports	5 - 9
SECTION III - The Liquor Industry	9 - 12
SECTION IV - Legal Advice within the Ministry of Consumer Affairs	12 - 13
SECTION V - Consumer Standards	13 - 14
SECTION VI - Safety of Beach Umbrellas	14 - 15
SECTION VII - Electricity Supply - Damage to Consumer Appliances	16 - 17
APPRECIATION	17

INTRODUCTION.

In accordance with the Consumer Affairs Act 1972, Section 7, the Consumer Affairs Council of Victoria has much pleasure in presenting this Report concerning the activities of the Council for the year ended 30th June 1977 to the Honorable the Minister of Consumer Affairs for tabling before both Houses of Parliament.

The Council was pleased to have the opportunity during the year of having meetings with both the Honorable Robert Maclellan, Minister of Consumer Affairs, and the Honorable John Howard, Federal Minister for Business and Consumer Affairs.

The Council was again disappointed that to date the Model Bills being drafted to give effect to the recommendations of the Molomby Committee report on "Fair Consumer Credit Laws" have not been submitted to the Parliament. It understands that drafting of the Bills has been completed and it trusts that the Government will ensure that no undue delay occurs in introducing these legislative measures into Parliament. It further trusts that interested parties, including the Consumer Affairs Council, will be given the opportunity to study and comment on the Bills during their passage through the Parliament.

The Council was, however, pleased to note a significant improvement in the efforts made by the Ministry in the area of Consumer Education. The nature and extent of this improvement will undoubtedly be dealt with in the Annual Report of the Director of Consumer Affairs. The Council congratulates the staff of the Ministry responsible for this improvement and trusts that there will be no lessening of effort in this area.

SECTION I.THE CHANGING ROLE OF THE COUNCIL.

The functions of the Consumer Affairs Council were defined in the Consumer Protection Act 1964 and have remained unchanged since that date:

- (a) to investigate any matter affecting the interests of consumers referred to it by the Minister;
- (b) to make recommendations with respect to any matter calculated to protect the interests of consumers;
- (c) to consult with manufacturers, retailers and advertisers in relation to any matter affecting the interests of consumers; and
- (d) in respect of matters affecting the interests of consumers, to disseminate information and to encourage and undertake educational work.

Nevertheless, since then there have been some important shifts of emphasis in the Council's work.

From the time the Council was first appointed mid 1965 until late 1970, it was the only totally consumer oriented statutory body in existence and in consequence, despite severe staff and financial limitations, it nevertheless endeavoured to take action on the many complaints which inevitably flowed in from consumers as well as undertaking the broader role of submitting recommendations to the Government of legislative or administrative action which should be taken in the interest of consumers.

Largely as a result of representations made by the Council, the Consumer Protection Bureau was established in 1970, with the prime mission of dealing with the ever increasing number of complaints being received from consumers. The Council, however, continued its interest in the complaints field, particularly as it was then the only consumer body which submitted a report to the Parliament and hence the only body which could expose the objectionable practices being suffered by consumers. Its detailed involvement in the handling of complaints though virtually ceased once the Bureau was established.

The next major step in the evolutionary process of involvement by the Government in consumer affairs was the creation in 1974 of the Ministry of Consumer Affairs and the appointment of a full-time Director of Consumer Affairs. At the same time the Ministry of Consumer Affairs Act 1973 was proclaimed, requiring the Director of Consumer Affairs to submit an annual report to the Minister of Consumer Affairs on the activities of the Ministry for the preceding year. As a result the role of the Council in analysing and reporting on the nature and extent of complaints received by the Consumer Affairs Bureau was rightly assumed by the Director of Consumer Affairs and it is his report which now provides this vitally important information to the Parliament and the public generally. The Council's involvement for nearly a decade in this important role thus ended.

The creation of the Ministry and the progressive growth in staff and funds made available by the Government over the years are clear recognition by the Government of the need to provide a greater capacity to handle the constantly growing involvement of government in consumer affairs matters.

As the size of the Ministry has increased, so has its ability to recognize the many areas causing or likely to cause concern to consumers, and to initiate administrative action to correct them or where necessary to recommend appropriate changes to legislation. This is a continuous process on which the Council is kept informed, the effect of which is that the Council does not generally concern itself further with these areas when it becomes aware that corrective action is already in hand by the permanent staff of the Ministry. This continuous action by the Ministry has considerably lessened the role of the Council in identifying areas of concern to consumers and recommending appropriate corrective action thereto. The Council remains, however, as a body, independent of the departmental structure, which can submit its own views on matters of concern to consumers, direct to the Minister.

Whilst the functions of the Council, as originally defined in 1964, remain unaltered, its role has certainly changed over the twelve years since its original meeting. The need for the continuance of an independent Council to advise the government on consumer affairs matters, however, remains as valid today as it was in 1965.

SECTION II.

COMMENTS ON RECOMMENDATIONS IN PREVIOUS REPORTS.

In this section the action taken upon the recommendations contained in previous reports is outlined, and where appropriate, the Council submits further comments thereon. This report of progress is made in two parts:

- (i) upon those recommendations contained in the 1976 report and,
- (ii) upon those recommendations made in earlier reports.

RECOMMENDATIONS MADE IN THE 1976 ANNUAL REPORT.

Recommendation 1.

That the position of Legal Officer in the Ministry of Consumer Affairs be re-instated.

No advice has yet been received on this recommendation.

Recommendation 2.

That urgent action be taken to finalize the machinery necessary to allow effective co-ordination of the prescription of consumer product standards.

The Council has been informed that since this recommendation was made the Commonwealth/State Consumer Products Advisory Committee has been established to make recommendations to the Federal Minister for Business and Consumer Affairs on those products which should be subject to product safety or product information standards. The Victorian Ministry is represented on this Committee and, at this stage, it should provide for the effective co-ordination of the prescription of consumer product standards.

Recommendation 3.

That the following standards, once finalized, should be made mandatory:-

Children's Toys and Playthings (Safety Requirements);
Flammability of Garments (other than children's
nightwear already covered by legislation); and
Guard Coverings for Heaters.

Currently the three standards to which the Council refers are not yet finalised to the degree of being embodied in regulations. There is not yet agreement on Guard Coverings for Heaters; as to flammability of garments other than children's nightwear, the Standards Association have questioned whether it is possible to introduce a standard similar to that used for children's nightwear. Statistics indicate that many of the injuries suffered with day wear occurred through accidents or irresponsibility and a legislative standard would not significantly reduce these. In respect of children's toys and playthings, this standard is currently being examined in respect of toxicity.

Recommendation 4.

That the Minister of Consumer Affairs requests the Federal Minister for Business and Consumer Affairs to refer for examination and report by the Trade Practices Commission the matters of "ingredient labelling" and "nutritional labelling" of goods.

The report by the Trade Practices Commission on packaging and labelling laws in Australia includes the subjects of "ingredient labelling" and "nutritional labelling". This report was initially discussed at the meeting of Officers for Consumer Affairs held in Melbourne in October 1977. The Trade Practices Commission supports the need for ingredient labelling where packaged food consists of more than one ingredient but considers that nutritional labelling should be required only for processed foods where the consumer would be unable to assess the food's nutritional content from a list of the food's ingredients. It was acknowledged, however, that this should be the subject of a further study by experts.

Recommendations 5 and 6.

That the Food Standards Committee give further consideration to the labelling requirements prescribed or being prescribed for fruit juices and fruit juice drinks with a view to eliminating any possibility of confusion to consumers.

That regulations be prescribed to require that when fruit juice is reconstituted from concentrate the labels of the product container indicate that this is so.

The Trade Practices Commission has issued a guide in which they recommend that where a product is reformed from a concentrate, this should be included in the label. These guidelines are normally acted upon by industry and the situation should be re-examined in twelve months or so to see whether there is still need for some other action.

Recommendations 7, 8 and 9.

That the Ministry of Consumer Affairs produce a pamphlet setting out the arrangements which are necessary to accomplish a satisfactory removal, and highlighting the pitfalls associated with this type of transaction.

That the Ministry of Consumer Affairs, including representatives of the Council, open negotiations with the Furniture Removalists Division of the Road Transport Association regarding the development and use of new forms of documentation which are equitable to both parties involved in removal and storage transactions. In particular consideration should be given to the development of documentation which allows the simplest forms appropriate to the particular transaction to be used.

That consideration be given to including removal and storage contracts within the list of consumer contracts being developed under the auspices of the Standards Association of Australia.

A pamphlet has been produced and is now awaiting printing.

An initial meeting has been held with the Furniture Removalists Division of the Road Transport Association on the development of new forms of documentation and this is currently being considered by the Ministry.

Victoria has undertaken to prepare the initial draft standard contract on removal and storage of furniture and this will be done as soon as time allows.

Recommendation 10.

That legislative action be taken to prohibit misleading advertising of employment opportunities.

No advice has yet been received on this recommendation.

Recommendation 11.

That the Government place a higher priority upon consumer education and allots sufficient funds to ensure that a comprehensive education programme is developed and implemented in the State of Victoria.

With the appointment of an administrative officer to handle consumer education, there has been a considerable achievement by the Ministry in this field. Victoria has undertaken to review consumer education programmes and report to a future Ministers' conference. However, it is understood that South Australia has commissioned a firm of management consultants to examine the effectiveness of consumer education. It is to be hoped a copy of their report can be obtained by the Ministry to enable a decision to be made as to the more effective areas of consumer education.

RECOMMENDATIONS MADE IN PREVIOUS REPORTS.

In their report for the year ended 30th June 1976, the Council included advice of the action taken in respect to a number of wide ranging recommendations made by it in earlier reports. There were several instances, however, where the Council received no advice or inconclusive advice as to the fate of the Council's recommendations. These recommendations are listed hereunder with additional comment where necessary:

Recommendation

That if there is any doubt in respect to the rights of the Ministry as regards professional services then appropriate amendments should be made to Victorian legislation. The attention of the Government is drawn to the definition of "services" contained in the Trade Practices Act 1974.

The Minister of Consumer Affairs did advise the Council in August 1976 that he was giving further consideration to this recommendation. No further advice has been received since that time.

Recommendation

That the Treasurer be requested to undertake an immediate review of the current State probate duty benefit associated with funerals.

The Council was previously advised that the State probate duty associated with funerals will be considered when the Act is next under review. The Council notes that no change has been effected and it now recommends that at least \$500 should be allowed under State probate law for funeral expenses.

Recommendation

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

The Council noted with regret that the envisaged legislation to control travel agents' funds did not eventuate. Its concern in respect to travel agents' funds was further substantiated by the difficulties experienced during the year by yet another travel agency. The Council urges the government to support any action which can be taken to minimize the difficulties and great mental stress suffered by consumers who happen to make their travel arrangements through agents whose financial controls appear to be inadequate.

The Council further believes that the broader aspects of this recommendation are still valid in the consumer interest and commends the subject for further study by the government.

The Council has also previously requested that the matter of assignment of insurance policies to funeral directors be reconsidered in conjunction with this recommendation.

Recommendation

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

The Council was previously informed that legislation in respect to the control of mutual home loan fund companies prepared along similar lines to that of New South Wales had been drafted by the Minister for Housing but this legislation has not yet been introduced into Parliament. The Council understands that the staff of the Ministry of Consumer Affairs is still receiving many enquiries from concerned consumers and it therefore again urges the Government to introduce the proposed legislation into Parliament without further delay.

Recommendations

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

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

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

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

That further consideration be given by the appropriate authorities to the dangers of un-enclosed swimming pools.

The Council has received no firm advice in respect to the consideration of these recommendations. It still believes that they are valid and again commends them for consideration by the Government.

SECTION III.

THE LIQUOR INDUSTRY.

Following the Government decision to implement the recommendation contained in the Report by Mr. L. S. Brokenshire, that legislation be introduced giving the Liquor Control Commission power to fix a minimum price for packaged beer, the Council immediately issued a press release in the following terms:-

"The Consumer Affairs Council at its meeting this morning unanimously decided to issue the following press release.

The Council notes with grave apprehension the announcement by the Government that it will legislate to impose a minimum price for packaged beer.

This departure from established principles of free competition would appear to be against the interests of consumers and could lead to further transgressions against the operation of a free market.

It is difficult for the consumer to reconcile this new move with the Government's long-standing policy against price control in Victoria."

Arising from its discussion of the Brokenshire Report the Council concluded that it should initiate a research project into the licensing and distribution systems used in the beer industry. However, before work on this project had commenced, the Government announced its decision to appoint a Board of Inquiry into the Operation of the Liquor Control Act 1968 (the Davies Board of Inquiry) with wide ranging terms of reference.

The Council was delighted therefore when the Minister of Consumer Affairs advised the Council that it was his view that a consumer viewpoint ought to be put to the Board of Inquiry and then agreed to the Council making a submission direct to the Board of Inquiry.

The Council duly forwarded a submission to the Board of Inquiry, a summary of the main points made in the submission being as follows:-

The general thrust of the Act and the institution of the Liquor Control Commission.

In the opinion of the Council, the overall thrust of the Act is to promote a costly regulation of the liquor industry in accordance with, firstly, the Commission's own view of desirable standards and secondly, the protection of the commercial interests of existing members of the trade. Much of today's regulation appears to run counter to the forces of demand and supply, and in ways which cannot be explained by some over-riding "public good". Particular aspects which the Council wishes to criticize are:-

- a) the tremendous discretion enjoyed by the Commission;
- b) the considerable restrictions upon numbers of suppliers;
- c) the protection of existing property values and sources of supply from the competition of newcomers; and
- d) the insistence upon unduly uniform and lavish standards for facilities.

The Council's general philosophy.

Our general philosophy is that much of the "regulation" of the industry can be left to the functioning of the market. We believe that serious consideration should be given to a relaxation of the licensing system to permit much greater competition than hitherto. Essentially we believe that licences should be very liberally granted, with a reversal of the current practice in that the Commission should have to show cause why a licence should not be granted.

Price fixing should be abandoned.

We accept the view that alcohol is a commodity with some special features, capable of creating serious social problems. We accept that there is a need for some formal regulation of the industry. But we believe that the kind of regulation used should be logically related to these social problems. There is no point - worse, waste and arbitrary control - if a great regulatory apparatus such as we have today, produces results unrelated to solving liquor's social problems.

Fundamentally controls have been imposed on the supply of liquor in the belief that the effects of over-indulgence of alcohol would be lessened by such controls. The Council questions whether the nature of the controls which have been imposed over many years have, in fact, achieved this prime objective. The extent of alcoholism in the community, the failure to control effectively juveniles' access to liquor and the strongly held view that over-indulgence of alcohol is a major contributory cause to the tragic road toll seems to lend some credence to this belief.

Section 3 of the Liquor Control Act 1968.

The Council made particular comment in respect to Section 3 of the Liquor Control Act 1968.

Section 3 of the Act reads in part:-

The object of this Act is to ensure in the interests of the public generally -

- a) that there is an orderly and continuous improvement in and development of facilities and arrangements for the supply of accommodation, meals and liquor to the public;
- b) that all persons concerned in the supply of accommodation, meals and liquor, shall be of good character; and have the training, skill and capacities necessary to provide an orderly and proper service; and
- c) that the provision for the orderly and economic development and improvement of that supply should also promote the interests of the businesses of all persons concerned in that supply and advance the security and stability of the same.

In respect to Section 3(a), the Council believes that hotels should not be obliged by law to provide accommodation for the public. Having regard to the extent and spread of accommodation now available throughout the State, and other diverse forms of accommodation in many tourist class areas, the place of the hotel as a prime source of accommodation has considerably diminished. The Council firmly believes that there is no longer a continuing relationship between the supply of liquor and the provision of accommodation.

As regards Section 3(c), the Council strongly objects to the extremely protective nature of this Section. It imposes upon the Liquor Control Commission an obligation to promote the interests of all persons concerned in the supply of liquor, regardless of whether the management and operating efficiency of the enterprise is satisfactory and regardless of changes to the factors which originally led to the decision to establish the hotel, the nature of its facilities, etc. It could also be interpreted as providing a "closed-shop" system into which no newcomer could enter if the new entry is likely to interfere with the profitability of existing suppliers.

The Chairman of the Council, without the assistance of legal counsel, subsequently appeared before the Board of Inquiry to substantiate and amplify the Council's submission.

At the time of preparation of this Report, the Report of the Board of Inquiry into the Operation of the Liquor Control Act 1968 had not been presented to the Parliament.

SECTION IV.

LEGAL ADVICE WITHIN THE MINISTRY OF CONSUMER AFFAIRS.

In its Report for the year ended 30th June 1976, the Council made reference to the decision to transfer the sole Legal Officer in the Ministry of Consumer Affairs to a Central Legal Section within the Department of Labour and Industry and recommended, in the interest of consumers, that the decision be reconsidered.

In support of these representations, the Council made the following observations:-

"The Council holds the view that an effective permanent staff in the Ministry of Consumer Affairs is vital to the interests of consumers and it cannot help feeling that the removal of an intimate, readily available, continuous legal service to the Director, senior executives and staff of the Ministry of Consumer Affairs is a retrograde step. The availability of a legal service, located separately from the staff of the Ministry, and not intimately associated with the continuing daily activities of the Ministry, and whose efforts are not solely devoted to the particular legal problems involved in consumer affairs, is no substitute for the arrangements existing at present.

The Council also notes that in the New South Wales Ministry there are five full-time solicitors, in Western Australia there is one full-time and one part-time solicitor (three days a week), and in South Australia there are four full-time. The solution arrived at by these States seems to support the views of the Council that the legal officer should continue to be established within our own Ministry of Consumer Affairs and not in a separate Department.

As already stated, the Council believes that the interests of consumers will be best served by a continuance of the present arrangement in which the Ministry of Consumer Affairs has available the exclusive services of a fully qualified legal officer, able to specialize in the laws associated with consumer affairs, and able to be closely identified and associated with the continuing activities of the Ministry."

No advice has yet been received in respect to this recommendation.

Furthermore, the Council believes that its recommendation was further supported by its experience during the year in endeavouring to present a consumer viewpoint to the Board of Inquiry into the Operation of the Liquor Control Act 1968. As indicated in Section III, the Council prepared and presented a written submission to the Board. The Chairman of the Council also attended as an observer several of the earlier sittings of the Board. From these attendances it was evident that there was grave inequality in "appearances" before the Board. Each of the major sectional interests, e.g., the Australian Hotels Association, Carlton and United Breweries Ltd., the Retail Liquor Merchants' Association and the Wholesale Liquor Merchants' Association, were represented by learned counsel on either a full or part-time basis, where as no such legal representation existed to represent the interests of consumers.

The Council therefore made representations to the Minister of Consumer Affairs that if it were to put an effective consumer viewpoint to the Board, it would be necessary for the Council to be supported in its efforts by the appointment of legal counsel. The Council acknowledges that the Minister of Consumer Affairs gave prompt and earnest consideration to its representations, but in the final analysis it was not until very late in the Board's deliberations that it was decided that the Legal Officer, Department of Labour and Industry, would provide the assistance requested. By this stage, it was really too late for the Council to take full advantage of such an appointment and it had to accept that its efforts to put a consumer viewpoint before the Board were not as effective as they might otherwise have been.

The Council believes that this situation could perhaps have been avoided if the Ministry of Consumer Affairs had had its own Legal Officer integral within its own organisation, and it therefore more strongly than ever recommends that further consideration be given to reinstating the appointment of a Legal Officer in the Ministry of Consumer Affairs.

SECTION V.

CONSUMER STANDARDS.

The Consumer Affairs Council has continued to be associated with the work of the Standards Association of Australia in the development of consumer standards.

This has been effected firstly by members of the Council participating in the work of the sub-committees charged with the responsibility of developing various standards whenever this has been possible, secondly by offering comments on the draft standards when they are released for public review, and thirdly, by submitting recommendations to the Minister of Consumer Affairs that particular standards should be made mandatory.

The following draft standards have been examined and subjected to comment by the Council at the public review stage. They are still being processed within the Committee system of the Standards Association of Australia:-

Guarding of Domestic Heating Appliances,
System of Shoe Sizing,
Prams and Pushchairs,
Marine Distress Flares and Signals for Pleasure Craft,
Plastics Materials intended for Food Contact Use (3 standards),
Composition and Marking Requirements of Gold Articles,
Composition and Marking Requirements of Silver Articles and,
Standard Contract for Supply and Construction of a Swimming Pool.

Some of these standards are highly technical. On the other hand, there are a number on which this Council is well qualified to comment and has been happy to do so.

The Council has also been informed that regulations are to be drafted to implement recommendations previously submitted by the Council that the following standards should be made mandatory:-

A.S.1698-1974, Protective Helmets for Vehicle Users,
A.S.1957 - Parts 1 and 2, 1976, Care Labelling for Laundering
and Drycleaning,
A.S.1647-1974, Children's Toys and Playthings (Safety
Requirements),
A.S.1927-1976, Pedal Bicycles.

The Standards Association of Australia during the year issued Australian Standard A.S.1994-1977 Part I - School Wear for Boys and Girls - Manufacturing Requirements. The Council has recommended for the Minister's consideration that this standard should be made mandatory. This recommendation is still under consideration.

The Council commends the Standards Association of Australia for its continuing work in this field and welcomes the opportunity to contribute by way of comment on its proposals. At the same time while recognizing that safety standards should be mandatory, the Council wishes to point out that it is not always in the interests of consumers that all consumer product standards be made mandatory.

SECTION VI.

SAFETY OF BEACH UMBRELLAS.

Following the publicity given to this subject by the media when the Annual Report by the Consumer Affairs Council was issued late in 1976, the Council was gratified to receive a number of suggestions from interested people as to how the safety of beach umbrellas could be enhanced.

Most of the people who wrote to the Council were under the impression that the Council could in some way endorse their ideas and even arrange for them to be put into production. This, of course, is completely outside the functions of the Council and the correspondents were informed accordingly.

The Council did, however, inform the Standards Association of Australia of the suggestions submitted to it and of the fact that some commercial interests were marketing umbrellas incorporating anchoring devices, and sought advice from the Standards Association of Australia on the feasibility of developing a standard which would prescribe performance characteristics and/or testing methods to ensure the safety of beach umbrellas.

The Standards Association of Australia advised the Council that in their view a standard may not be the best means of remedying the problem. The behaviour of a beach umbrella cannot be easily predicted, particularly when it has been put up in what may be a fairly haphazard manner. Although it would be possible to specify a test method such a test may not be truly indicative of the way an umbrella might actually perform in service. A standard method would have to assume that the user had followed the instructions carefully and fully. In the case of a product whose safety is dependant almost entirely on the user, results based on a test method could be misleading. The Standards Association therefore felt that an approach similar to that taken by the Minister of Lands which specifies the means of providing safety is preferable to a method relying on a test method.

The approach taken by the Minister of Lands, as mentioned by the Standards Association of Australia, referred to the issue of regulations covering Mentone and Mordialloc Beach Park, Crib Point Foreshore Reserve and the Cowes and Phillip Island Foreshore Reserve in the following terms:-

"No person shall use in any part of the Parks or Reserves a beach umbrella or similar device for providing shade or protection unless it shall be securely anchored -

- (a) by means of a disc of weatherproof plywood at least 30 centimetres in diameter fitted over the shaft immediately above the tip and the disc buried in the sand to a depth of at least 30 centimetres, or
- (b) by means of a bag filled with at least two kilograms dry weight of sand securely tied to the shaft at sand level, or
- (c) by and other means approved by the Committee."

In the Council's view a pre-requisite to a recommendation that a regulation be prescribed under the Product Safety provisions of the Consumer Affairs Act 1972 is the ability of the Standards Association of Australia to develop an appropriate standard. In view of the advice received from the Standards Association of Australia, the Council decided to recommend to the Minister of Consumer Affairs that no further action be taken by the Ministry to solve the problem of the safety of beach umbrellas under the Product Safety provisions of the Consumer Affairs Act, and that he should refer the matter for further consideration by the Minister of Lands.

SECTION VII.ELECTRICITY SUPPLY - DAMAGE TO CONSUMER APPLIANCES.

The Consumer Affairs Bureau referred to the Council a complaint that an expensive tape recorder and quadrophonic amplifier located in a country area had been extensively damaged as a result of lightning striking an S.E.C. power pole and that when the consumer submitted a claim on the insurance company and the S.E.C., she was allegedly informed that both the insurance company and the S.E.C. rejected the claims because lightning is an act of God. It was further alleged as S.E.C. power poles in country areas were not earthed and S.E.C. lines in metropolitan areas were, that country consumers were being treated as second-class citizens.

The Council accordingly consulted the Insurance Council of Australia and the State Electricity Commission for their comments on the validity of the allegations.

The advice received from each of the bodies completely refutes the allegations made to the Bureau, but it is of such a nature that the Council believes it should be included in this Report so that consumers can be aware of their situation should a similar misfortune befall them.

Firstly the allegation that insurance claims are rejected from what might be described as an act of God (such as lightning).

The Council was advised:-

- a) no major classes of personal property insurance such as a Houseowners and Householders policy or a motor-vehicle policy included the phrase - act of God.
- b) damage caused by lightning, not to mention storm and tempest and earthquakes, is covered under a Houseowners and Householders policy

but

- c) the items of the type referred to in the complaint, viz., rectifiers, radio, television, amplifying or electronic equipment of any description are normally specifically excluded from cover against such damage.
- d) the S.E.C.'s liability for damage to customers' appliances from high voltage injections resulting from storm damage depends upon the amount of control which the Commission has over the circumstances.

Consumers should accordingly be aware that appliances of the type referred to in paragraph (c) above are generally specifically excluded under Houseowners and Householders policies from damage arising from such circumstances. Should a consumer believe, however, that damage to such appliances arose from circumstances over which the S.E.C. had control, then he should submit a claim to the S.E.C. for its consideration.

Secondly in respect to the allegation regarding the earthing of overhead distribution lines, the Council was advised by the State Electricity Commission that it adopts the same standards for both country and metropolitan areas.

APPRECIATION.

The Council wishes to express its thanks for the support given to it by the staff of the Ministry of Consumer Affairs and for the ready co-operation received from those government departments and other organisations from whom the Council sought advice during the year.

J. D. PURCELL, Chairman.

Council Members:

M. BRUNT
J. O. DOWNING
K.T.H. FARRER
D. G. HOBSON
H. R. HOBSON
A. W. MUDDYMAN
J. L. WATERS.