

# Consumer Notes

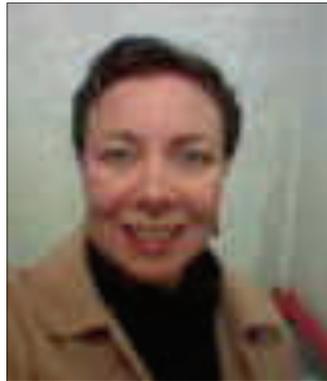
May - June 2005

Volume 7, Issue 2

## Meetings

Meetings are held on the last Wednesday of each month excluding December and January, in the Rona Okely meeting room, level 6, DOCEP, 219 St Georges' Terrace, Perth.

**Next meetings:**  
13th July  
at 1 pm  
&  
31st August  
starting at  
3.30 pm



## From the President

Welcome to the latest issue of Consumer Notes. The State Election/Referendum resulted (for better or worse) in the Trading Hours status quo being retained together with the Government. The Gallop Government's fifth Budget was delivered on Thursday, May 26 with Geoff Gallop promising to deliver on all of Labor's election commitments aimed at improving services; providing new jobs; protecting Western Australia's unique lifestyle; and supporting regional development. We'll see.

On 6<sup>th</sup> May, I attended the launch of the "Sustainable Home" *The Elements* at Harvest Lakes. The home was built to incorporate the elements of sustainability: energy efficiency, water conservation, resource and waste management, accessibility and liveability in an affordable project home, with ongoing savings in both fuel and water costs and benefits to the environment.

The review of Building Legislation continues with meetings held recently to consider whether monetary thresholds defined in the relevant building Acts should be changed. Since it is some years since these thresholds were last reviewed, in many cases participants felt that increases were necessary due to the increased and ever increasing cost of home building.

On 11<sup>th</sup> May, DOCEP released *inc. A Guide for Incorporated Associations*, developed by the Gosnells Community Legal Centre Inc. It summarises and guides readers around many areas of the law relevant to incorporated community organisations. Unfortunately, the cost of the manual is \$98 including postage.

Rhonda attended the first meeting of the Economic Regulation Authority Consumer Consultative Committee on the 17<sup>th</sup> March. The ERA wants more feedback from

continued on page 3

## *Profile on CAWA member, Nanette Bowden*

My introduction to Australia was at age 6 months. Soon after arrival Wall Street collapsed and the great depression followed, bringing a difficult time for my family. My father had served four years mainly in France with the New Zealand Expeditionary Force during World War 1. Had his adventurous spirit not prevailed, bringing us to Australia, he would have received support in New Zealand as an ex serviceman, but not here. I am very grateful for my family's coming to Australia however as I think it is a wonderful country.



Photo taken on a Murray River holiday cruise

Early years were spent in Greenbushes, where my sister won a scholarship to Perth Modern School. This meant a return to Perth. Some years later I also attended Perth Modern

School. This happened during the years of World War 2. My father had reenlisted, this time with the Australian Army, meaning no financial allowance was made for me when I turned 16, bringing about an end to my secondary schooling. With a business college scholarship, I was able to learn shorthand, typing and bookkeeping and then join the commercial world using all three of these skills. It is a great progressive step that some students now receive financial help with tertiary studies.

At twenty-three, my application to be an air hostess with TAA was accepted. This meant training in Melbourne, then being based in Adelaide, there being no base for air crew in Perth. For five years I happily performed the tasks this position involved, simultaneously seeing much of Australia and being in contact with many outstanding personalities of the era. Royalty, prime ministers and politicians, church leaders, stage and screen performers, opera singers, ballet dancers, football teams, financial gurus travelling for business purposes, even escorted prisoners, and ordinary people like myself going on holiday. The list is endless. As air travel was very much slower then, there was the opportunity to have friendly conversations when appropriate.

In those times when you married, you no longer qualified for this employment. My husband was a military officer and this brought about an introduction to an entirely different lifestyle with interstate moves and close association with army procedures. After twenty years my husband died. Our family was back in Perth with me operating early computers in the Finance Department of the City of Canning Council where I stayed until retirement. It was then that I enrolled part-time in fashion classes at Bentley TAFE. I am a member of Wings Away WA (ex TAA Hostesses Association which raises money for handicapped children) and the Balingup CWA.

continued on page 4

My contact with CAWA came about when I was greatly concerned to see the plastic

*From the President continued*

consumers. The ERACCC’s next meeting is on 23<sup>rd</sup> June so let us know if you have any gas, electricity, rail or water issues.

We have had an enquiry about the situation in WA with Unit Pricing. The DOCEP Policy and Education Directorate is undertaking a review of the Consumer Affairs Act 1971 and the Fair Trading Act 1987 which will encompass the issues of Unit Pricing and Uniform Trade Measurement.

We would love to hear your thoughts on unit pricing or any of the other subjects covered in Consumer Notes such as changes to building legislation you would like to see or any experiences you have had with the State Administrative Tribunal (SAT), Email can be sent via the website or directly to info@consumers.asn.au

Genette Keating

*Contents*

From the President.....1

Member profile - Nanette Bowden .....2

The CAWA website.....4

Unit Pricing.....5

Keep Australia Beautiful Council .....9

Economic Regulation Authority Consumer Consultative Committee .....11

EnergySafety.....12

Water Corporation Customer Advisory Council.....14

Consumer Advisory Council - Consumer Congress.....17

Professional Indemnity Insurance for Real Estate Agents and Business Brokers.....20

The Sustainable Home - *The Elements* .....21

Mandatory Comparison Rates .....23

Review of Consumer Protection Boards and Committees .....30

Petrol Products Prices Advisory Committee .....32

Referendum into Retail Trading Hours .....33

Taking Action, Gaining Trust 200-2010 A National Indigenous Consumer Action Plan .....36

General Review of all Building Legislation .....38

Review of thresholds for building by Unregistered Builders in Regional Areas of WA .....40

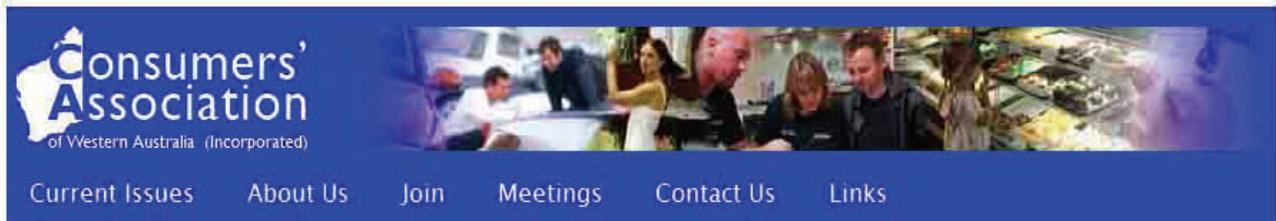
*Profile on CAWA member, Nanette Bowden continued*

knobs fall off the metal spokes of a closed child's umbrella, purchased in 1989 for a three year old granddaughter. The knobs came off without any pressure or force. They just fell off. I was afraid that eye damage could easily occur with little ones playing. This fear was confirmed by Dr Mary Bremner, paediatric ophthalmologist at PMH.

CAWA came to the rescue and the umbrellas were modified for safety. Since then I have joined with the other members of the Association to present a consumer's viewpoint. I hope my own varied experiences help me do this.

Nanette Bowden

*The CAWA Web site*



In recent months Philomena Humphries has been busy wrestling with the challenge of how to update our website, <http://www.consumers.asn.au/> Joan Milne and she attended an initial session with Nick Cowie, and found out just how much they didn't know! Since then Nick has been very generous with his time and expertise and Philomena is now about to approach the first update with a degree of confidence.

Currently, the main impediment to the update has been related to sourcing and formatting the information for the latest Newsletter. My apologies for the lateness, but heavy work commitments made the delay unavoidable. Now that the Newsletter is finally finished, Philomena will be able to take the web site information from issues raised in the Newsletter. Members can expect to see an update in the next two weeks.

Again, thanks must go to Nick Cowie at DOCEP for his generous assistance, and to Philomena in anticipation of the work she will be putting into the update. All comments and suggestions about the web site should be forwarded to her at [phumph@iinet.net.au](mailto:phumph@iinet.net.au)

Valdene Buckley

## *Unit Pricing*

In March, Ian Jarratt from the Consumers' Federation of Australia contacted CAWA about Unit Pricing. Ian does voluntary advocacy work for the Brisbane and Queensland Consumers Associations. He met recently with a Q trade measurement officer to be briefed about the current legislation re display of price per/kg on pre packaged foods and learned that WA may soon sign onto the national trade measurement legislation. He is concerned that consumers should get some assurance that signing the policy would not prevent WA at some time in the future from requiring that unit price be displayed on a wide range of packaged goods. At present only WA could probably easily introduce legislation to require this.

He attached a copy of the CFA policy on unit pricing (reproduced below) which he had prepared. Ian went on to say that he would be grateful if CAWA could advise him about the situation in WA.

### **CONSUMERS FEDERATION OF AUSTRALIA**

#### **POLICY ON UNIT PRICING**

##### **WHAT WE WANT**

1. Mandatory unit pricing of specified retail goods (unit pricing involves showing the cost per specified unit of measure e.g. 100 g/mL)
2. A publicly funded education campaign to coincide with the introduction of unit pricing
3. All States and Territories to enforce the legislation and monitor compliance

##### **BACKGROUND**

For several years, the Australian consumer movement has advocated unsuccessfully for the provision of unit price information in specified retail outlets and for specified goods. (Unit pricing involves showing the cost per specified unit of measure e.g. 100 gm/mL.)

To date, Australian retailers have been unwilling to provide the information on a voluntary basis and have opposed a legislated approach. Their main objections to unit pricing appear to be the alleged extra costs and an assumed lack of demand from, and benefits for, consumers. Their position is in marked contrast to supermarkets in New Zealand where the information is widely provided voluntarily and in the UK where it was also widely provided voluntarily prior to the introduction of mandatory unit pricing in large stores in March 2000.

CFA believes that the provision and use of unit price information can deliver enormous benefits to consumers and the economy at minimal additional cost. The potential benefits include:

- ◇ increased price transparency
- ◇ easier comparison of the large and ever-increasing number of size-price combinations of products
- ◇ easier comparison of prices of similar or substitute products

continued next page

## *Unit Pricing continued*

- ◇ reduced shopping time and stress for consumers
- ◇ significant reductions in the cost of many goods for consumers prepared to change purchasing patterns etc.
- ◇ reduced difficulties for disadvantaged groups such as Indigenous, non-English speaking background and people with intellectual disabilities
- ◇ more direct feedback of consumer preferences to manufacturers and retailers
- ◇ increased competition between manufacturers and retailers.

A legislated scheme is required to ensure:

- ◇ rapid adoption
- ◇ uniformity of units of measure used and presentation of information
- ◇ provision of appropriate consumer education programs
- ◇ appropriate monitoring of compliance.

A legislated scheme can be provided via State and Territory Trade Measurement Legislation. The legislative requirements would be similar to those which require labels to display the price/kg, as well as the total price, of certain in-store pre-packaged meats, fish, cheese, fruit and vegetables, etc. The provision of unit price information for other food products/package types is a logical extension of this accepted principle and practice.

A well-organised and publicised education program for consumers should accompany the introduction of unit pricing in any State/Territory. This is required to facilitate awareness and use of the information provided. The need for such a program has been identified by UK research.

In the UK, prior to the introduction of the mandatory provision of unit price information on shelf labels, a survey of 1000 consumers in stores providing unit price information showed that 61% had used the information at sometime and 51% used it regularly. The study also demonstrated that only 7% of consumers could accurately calculate the cheapest option, ie the lowest unit price, when provided only with total price and the weight/volume etc information for 6 different sizes of baked beans yet when provided with unit price information 78% could identify the cheapest option. Providing unit price information also reduced greatly the average time needed to identify the cheapest option, from 58 seconds to only 18 seconds.

Price per unit measure is only one of several considerations that consumers may take into account when selecting goods. However, the provision of such information is basic and vitally important for efficient and effective consumer decision-making.

Details of: the goods to be included in a unit pricing system; the measures appropriate for various goods; labelling, and the types and sizes of stores to be included, would be developed in consultation with interested parties.

*Unit Pricing continued*

Shortly afterwards Ian Jarratt emailed the Consumers' Federation of Australia's policy on unit pricing, he emailed a second document that contained notes on unit pricing for WA. Following our March meeting which endorsed CFA's policy on unit pricing, CAWA sort to clarify the WA situation and wrote to DOCEP. We have had no response to the letter, but are aware, though further enquiries that it has been passed on within the Department to the relevant person.

Ian Jarratt's notes are reproduced below. However CAWA is unable to ratify the content. Currently we are awaiting a letter from Gary Newbury (DOCEP) re the situation in WA.

**Notes on unit pricing for WA Consumers' Association**

**Legislative Background**

1. All states except Western Australia have uniform Trade Measurement legislation. WA is expected to adopt the uniform legislation soon. Each state has its own legislation and there are some minor differences between the legislation in each state but each state is required to comply with some basic principles. Each state can change its legislation independently of other states if so required but only if the changes are minor.
2. In Queensland the unit price marking legislation for pre-packages **foods** is in Division 4 of the Trade Measurement (Pre-packed Articles) Regulations 1991. Other legislation - Trade Measurement (Miscellaneous) Regulations 1991 - requires that if the price of other goods is shown (which would be the norm!) then the price must be shown in terms of unit of measurement specified for the good eg per kilogram, per litre, etc (but there is provision for some the price of some items to be labelled only per piece).
3. **Regarding pre packaged foods**, Regulation 28 requires the price per kg to be shown for a wide range of foods packed in non rigid containers (rigid is not clearly defined but is generally taken to be a can). But, there is a major exception to this requirement – the price per kg does not have to displayed if the package is of a certain weight for example for cheese 100g, 125g, 200 g, 250g, 375g, 500g, 750g, 1kg and integral multiples of 500g. Since most manufactures of pre-packaged cheese and other products produce products of the specified weights the retailers do not have to and do not show the price per kg. Usually, the price per kg is only provided with pre packaged food (fresh meat, cheese, etc) pre packed in store at non standard weights – off store packagers usually produced in standard weights so that stores do not have to display the price per kg. Also, the range of foods covered by the regulations may not be comprehensive, eg yogurt seems to be excluded.
4. The Trade Measurement legislation will probably be amended soon [so that manufacturers will] not [be] required to display of the price/kg if all the packages are the same weight.

continued next page



## *Keep Australia Beautiful Council*

The last meeting of the Keep Australia Beautiful Council was 17<sup>th</sup> March. Due to a lack of items for discussion, the April meeting was cancelled.

The proposed date for the **Tidy Towns Awards** is currently the 2<sup>nd</sup> December 05 with a venue still to be decided. KABC would like to continue holding the gala night for the Tidy Towns Awards in conjunction with the WA Environment Awards, however because this tends to become a very long evening with lots of speeches, the acting Director General of the Department of Environment Mr Derek Carew-Hopkins has rejected the proposal. Unfortunately, holding the Tidy Towns Awards separately increases the cost to KABC.

There are now 78 towns entered for the Tidy Towns Awards, a 42% increase on last year. These include 9 indigenous communities – 3 from the Kimberley, 1 near Yalgoo in the Midwest and 5 extremely remote communities in the Goldfields region.

Nominations for the WA Environment Awards open on 23<sup>rd</sup> May 05.

KABC members had an opportunity on 23<sup>rd</sup> March to meet the **WA Litter Prevention Taskforce** chaired by Mel Hay. Mel has had 37 years experience in the Western Australian Police Force and a big interest in the background of the Taskforce. He is keen to see outcomes. The Taskforce has already suggested changes to the Litter Act. They had their second meeting on the 16<sup>th</sup> May.

Numbers at the City of Perth Lotterywest **Skyworks** were down by one third from last year with people arriving a lot later, after 5pm. South Perth Council were happy with the Special Events Local Law that was introduced this year including the road closures and exclusion zones. The recycling effort was unsuccessful however and glass was an issue, with patrons throwing discarded glass bottles into the crowd and at police. 208 bins were located long the foreshore areas, 70 of which were for recycling. 30 tonnes of waste was collected, all of which was sent to landfill, and comprised 16.1 tonnes from South Perth, 7.8 tonnes from Perth, 4.8 tonnes from Kings Park and 1.2 Victoria Park.

Stakeholders were very happy with how the event was run and stated that the speed of clean up was excellent.

**“Clean Site – Building a Better Environment”** is a new program to be run by Keep Australia Beautiful and the Department of the Environment. It aims to guide the building industry in managing litter and waste, resource recovery and recycling and the control of erosion and sediment. The program will be working with Local Councils, industry associations and developers and suppliers to encourage changes in

continued next page

*Keep Australia Beautiful Council continued*

building practices to achieve positive environmental outcomes and at the same time achieving positive gains for the building industry such as:

- ◇ Better resource utilisation
- ◇ Improved occupational health and safety outcomes
- ◇ Better community relationships
- ◇ For more information contact the Clean Sites Coordinator on 9278 0689.

2005 is the 16<sup>th</sup> year that **Clean Up Australia Day** has been run nationally. 32,000 volunteers participated at 392 sites in Western Australia, a little down from last year's over 400 sites, possibly because this year's event fell on a long weekend

Business Clean-Up Day site numbers have increased from 23 last year to 33 with an estimated 470 tonnes of litter collected. Volunteer hours equated to an around 2947 days of clean up. Sites included roadways and public bushland, and common items collected included cigarette butts, bags, bottles and fast food wrappers. Some unique items collected included an antique perfume bottle and a chair covered in barnacles.

The **Litter Reporting Scheme** is averaging revenue of approximately \$7,000 per month and beginning to receive good media coverage and was also targeting organisations to participate in the Scheme. KABC has made the decision that unpaid litter infringements go to the Fines Enforcement Registry (FER) with the potential loss of drivers licence for non payment. KABC has been registered with the FER for 12 years sending out two notices before sending outstanding infringements to the FER. The FER sends out a further 3 notices before a visit from the bailiff occurs. A safety net allows the infringements to come back to KABC.

**Current littering fines in WA:**

◇ Littering - cigarette butt	\$ 75
◇ Littering – all other litter	\$200
◇ Breaking glass, metal or earthenware	\$200
◇ Bill posting	\$200
◇ Bill posting on a vehicle	\$200
◇ Depositing domestic or commercial waste in a public place receptacle	\$200
◇ Transporting load inadequately secured	\$200

Genette Keating

*Economic Regulation Authority Consumer  
Consultative Committee*

The Economic Regulation Authority (ERA) administers industry specific regulatory legislation in the gas, electricity, rail and water industries. The Consumer Consultative Committee (ERACCC) will play an important role in facilitating the exchange of information between the ERA and consumers on regulatory issues. More specifically the purpose of the ERACCC is to provide:

- ◇ a source of advice to the ERA from consumer representatives in relation to its decision making and policy development on regulatory issues affecting small use consumers;
- ◇ a means for the ERA to keep consumer representatives informed on regulatory issues;
- ◇ consumer representatives with the opportunity to present their views on specific issues to the ERA; and
- ◇ an avenue for broader consumer consultation on utility regulation issues.

It is anticipated that the ERACCC will meet quarterly with meetings to be chaired by Mr Chris Field.

Rhonda Algaba attended the first meeting of the Economic Regulation Authority Consumer Consultative Committee on the 17<sup>th</sup> March. The ERA wants more feedback from consumers, so if you have any gas, electricity, rail or water issues you would like canvassed on your behalf, please let us know. The ERACCC's next meeting is on 23<sup>rd</sup> June.

Genette Keating

**CAWA Executive for 2004 - 5**

**President:** Genette Keating

**Vice Presidents:** Glenda Lewis and Rhonda Algaba

**Hon. Secretary:** Verity Cripps

**Hon. Treasurer:** Joan Milne

**Newsletter Editor:** Valdene Buckley

## EnergySafety

Energy Safety has arranged for an extensive electrical safety campaign using three television advertisements to commence on Sunday 5 June 2005 and to run up until Saturday 16 July 2005 on all major metropolitan (TVW-7, STW-9 & NEW-10) and country (GWN & WINWA) television stations.

The three advertisements target the benefits of RCDs (2 advertisements) and the need to always use a licensed electrical contractor as opposed to 'doing it yourself' (1 advertisement). In summary the three advertisements are:

1. Man in roof space - final message: Don't do it yourself, always use a licensed electrical contractor.
2. Boy and knife/toaster - final message: Safety switches save lives. Do you have safety switch protection?
3. Woman and hair dryer dropped into bath - final message: Safety switches save lives, do you have safety switch protection?

Each advertisement ends with the slogan: "Use electricity safely" and a contact telephone number - 1300 654 325.

The telephone number is to a Call Centre which has prepared Question/Answers, however community questions that are unable to be answered by the Call Centre will be directed to Energy Safety for a response.

Kevin Rosher  
Principal Engineer Electricity Utilisation  
EnergySafety WA

**Thanks to members who contributed to this issue of  
Consumer Notes - Genette Keating, Nanette  
Bowden, Verity Cripps, Joy Sands, Rhonda Algaba, and  
Joan Milne.**

**Joan needs special thanks because she has once again  
generously proof read the Newsletter.**

## *Energy Safety*

Kevin Rosher, Principal Engineer Electricity Utilisation, has asked, on behalf of Albert Koenig, Director of Energy Safety, that CAWA publicise the following information in Newsletters in the coming months. Energy Safety is concerned about potential safety risks of wiring installed in housing in the 1970's and early 80's. Consumers are urged to remedy

### **Background information**

Energy Safety has recently introduced a policy to Electrical Contractors for dealing with unenclosed electrical cable joints in ceiling spaces, these are typically found in dwellings constructed during the 1970's and early 80's. As part of the new policy Energy Safety has also produced a uniquely numbered client leaflet that is intended to provide the necessary background and supporting information for clients of electrical contractors. The purpose for producing uniquely numbered pamphlets is to reinforce the importance of the leaflet notice to owners/occupiers.

### **Important Notice to Owners of Dwellings and Buildings Constructed During the 1970's and Early 80's**

#### **Unenclosed Electrical Cable Joints in Ceiling Spaces – Rectification Requirements**

##### The Problem

During the 1970's and early 80's unenclosed electrical cable joints wrapped only with insulating tape were often installed in the ceiling space of dwellings and buildings. It has been noted that the insulating tape may come off over time, and this can result in the risk of serious electric shock to persons who enter the ceiling space.

##### Rectification Requirements

As a consequence of this risk Energy Safety, Western Australia's electrical industry safety regulator, has introduced a policy for dealing with this risk, allowing ample time for affected owners to take remedial action. The policy states that where a dwelling/building is identified as containing accessible unenclosed joints, the onus is on the owner to have the remedial work carried out, using a licensed electrical contractor. The remedial actions can be either:

- a) Fitting appropriate joint enclosures, where joints are exposed (ie. liable to be disturbed); or
- b) Installing total RCD (safety switch) protection – covering both power and lighting circuits (preferably through 2 RCD's).

continued next page

## *EnergySafety continued*

Until 31 December 2007, an owner of the property who has been advised of the need to perform remedial work is required to arrange for the work to be performed by an electrical contractor within 3 years. Installations identified from 1 January 2008 containing unenclosed joints will be required to have the necessary work carried out within 12 months, and those identified from 1 January 2010 will be required to have the necessary work performed within 28 days.

If you are an owner/occupier it is likely that whilst an electrical contractor was carrying out some work at the premises he/she may have noticed this type of problem at the premises. Please note that Energy Safety has requested the contractor, in the interest of public safety, to point out where unenclosed joints (ie. the safety problem) exist and to hand this uniquely numbered explanatory leaflet to the owner/occupier and advise the electricity supplier of having done this.

A copy of this leaflet, the advice to the electrical industry and other safety information is available on the Energy Safety website at: [www.energysafety.wa.gov.au](http://www.energysafety.wa.gov.au)

Albert Koenig

**DIRECTOR OF ENERGY SAFETY**

2 June 2005

## *Water Corporation Customer Advisory Council*

Most of you will be aware that Joan Milne represents CAWA on the Water Corporation Customer Advisory Council. Recently a short report on the monthly meetings has appeared in the Water Corporation publication, *Flowing Forward*. Joan believes that the information gives an overview of the issues that the Council addresses in meetings and is of general interest to consumers. The Water Corporation kindly gave permission for the information to be reproduced in *Consumer Notes*. Thanks must be extended to Candace Warburton, Customer Strategy & Development for facilitating permission and the information.

### **CUSTOMER ADVISORY COUNCIL - February meeting**

This is the first in a series of articles about the Customer Advisory Council and the role it plays in helping the Corporation to understand customer perceptions of performance and expectations of service delivery.

The Customer Advisory Council was established in 1994 for the purpose of providing advice to the Water Corporation and to assist with strategy and policy development in relation to the Corporation's services and levels of service.

*Water Corporation Customer Advisory Council  
continued*

The role of the Council was subsequently confirmed within the Corporation's Operating License (Schedule 4), which requires that:

*The Corporation shall establish a "Customer Council", and shall consult with the Customer Council to facilitate community involvement in issues relevant to the exercise of the Corporation's levels of service under the License.*

Since 1996, there have been a number of changes in the way in which the Corporation engages with the community that complement the role of the Council, including:

- Establishing the Business Relationship Management team to manage key customers and some peak bodies;
- Increasing our use of market research to understand customer perceptions;
- Including community representatives in corporate planning sessions;
- Involving community reference groups in key issues, e.g. the Beenyup Wastewater Treatment Plant.

An outcome from the corporate Process Improvement Project (PIP) was that the day-to-day administration of the Council was transferred to the Customer Centre.

In reviewing the purpose of the Council and considering how it can provide more meaningful input to our business, the Customer Centre has strengthened the process for engaging with the members. This includes the use of business scenarios in which the Council is presented with a business issue and invited to select what they believe is most appropriate response. They are then informed of our policy (what we actually do) including the underlying principle and we then explore the basis for any varying opinions. In pursuit of excellence in customer service, our intention is to always exceed their expectations.

The Council meets on the 3<sup>rd</sup> Wednesday of each month. The most recent meeting on February 16<sup>th</sup> included a presentation by Steve MacCarthy on the Corporation's program for site security and public safety, as well as an interactive session on the effectiveness of corporate communications and advertising. Catherine Ferrari, General Manager Communications, has accepted an invitation to respond to the Council's comments and present an outline of the Corporation's communication strategy at their next meeting on March 16<sup>th</sup>.

**CUSTOMER ADVISORY COUNCIL - March meeting**

Two items were listed for the council's most recent meeting, which was held on March 16<sup>th</sup>:

continued next page

*Water Corporation Customer Advisory Council  
continued*

**Corporate Communications**

Catherine Ferrari, General Manager Communication, presented an overview of the Corporation's program for communication and advertising.

This program has 3 core themes (Source Planning and Development, Demand Management and Wastewater Management), which promote the Corporation's performance as a reliable and proficient planner / manager of the state's water services.

Catherine then previewed the Corporation's new advertising campaign, which was to be launched in "The West Australian" the following Saturday. This campaign, which is very different to previous corporation advertising, will run for 10 weeks on television and in state wide and community newspapers.

In closing, Catherine responded to a question raised at the February council meeting by providing details from our December 2004 Customer Satisfaction survey to demonstrate the effectiveness of the *Garden Gurus* campaign.

**Retrospective Charging**

Riley Nelson, Manager Customer Centre, and Bob Espie, Manager Customer Policy Development, engaged the Council in a discussion about our process for adjusting customer's charges where errors or omissions are detected in our records.

While the Corporation's legislation allows for charges to be adjusted for the current financial year, with a retrospective adjustment for the previous 5 years, in practice we limit adjustments to the period of current ownership. Our current guidelines also consider whether the customer was aware of the error in determining whether an adjustment to charges is appropriate.

The council members were divided into two groups, with one representing customers affected by the adjustment and the other representing customers in general, and presented with 5 case studies to consider, each of which gave them 4 options.

Overall, council felt that where increases in charges were necessary, adjustments should be limited to a maximum of the current financial year and one previous year. Where decreases were necessary, the adjustment should be for the full period, subject to the limits within our legislation.

Our aim is to ensure that the Corporation's policies and guidelines are "customer friendly" and this feedback will be considered in the forthcoming review of this element of our business.

## *Consumer Advisory Council*

Rhonda Algaba represents CAWA on the Consumer Advisor Council. In March this year Gwynneth Haywood, Manager of the Pilbara Community Legal Service, represented the Consumer Advisory Council at the Consumer Congress held in Sydney. Rhonda forwarded Gwynneth's report to *Consumer Notes* so members could see the breadth of issues that were covered. The report is reproduced on the next pages. The papers from the Congress are not yet available.

### **Report Consumer Congress – Sydney 2005**

Firstly thank you for providing me with the opportunity to attend this very interesting and exciting event. All the sessions were very extremely interesting and created some quite robust debate both in the formal sessions and informal networking. Prior to the conference I attended the New South Wales Art Gallery for the Ruby Hutchinson address. Unfortunately the event was cancelled and we were treated to a private viewing of the Bill Henson exhibition and cocktails. Please note copies of the papers are being mailed out so my report provides a brief overview of pertinent points.

Maxine MC Kew was the MC and she was extremely skilled and proved that she had a very good understanding of the topics discussed.

The theme of the conference was behavioural issues - mainly changing the behaviour of the consumer which raised some interesting debate. Louise Sylvan asked "do people know their rights" and answered that in most circumstances people do not need to know it is only when something falls apart that they need to know. She also underpinned this with the analogy of Omega fatty acids. Just because we know about it does not mean that we change our diet. Louise spoke about sensible society laws that include cooling off periods etc. Then she went on to discuss the importance of preventative education and the costs and benefits of such campaigns such as smoking. Other matters Louise raised were in relation to vulnerable consumers and how we make too many assumptions with insufficient scientific underpinnings.

### **Moselle Thompson**

**Wrong question** – Why do people still get into trouble?

**Right question** - Are there people we need to protect and we are not doing so?

Are we equipped to identify future matters that are harmful?

Moselle suggested that these are the sort of questions we should be asking and that we should be looking into the future for answers and preventative strategies. However he was not able to provide any insight into what strategies the future might hold. Moselle did not have any answers except to say that the challenge for consumer protection

continued next page

*Consumer Advisory Council continued*

agencies is getting people to take ownership. His presentation did raise observations from the floor including “when you put out fires every day it is hard to take a step back and think about prevention” and “it’s hard to think of the future when dealing with the present” For most consumers they are dealing with the here and now so it is difficult to focus on what might be.

**Peter Kell**

Peter Kell talked about preventative measures and asked what we are trying to prevent. He also talked extensively about behavioural economics and cited that we need to know why we buy first and think later. I think I could have told him the answer to this but I am not sure that my purchasing practices would have helped his argument. However he did say that how we develop education programmes was at odds with the way we behave ourselves and I can relate to that. He discussed the notion that developing more competitive markets will mean that consumer protection can be stepped back, which is based on poor and unproductive understanding of consumer issues.

**Kate Mackenzie**

Unfortunately Kate came over as “towing” the Telstra line as her presentation appeared prepared by the media department and she simply read it. However she did outline various strategies for assisting vulnerable people including message box for homeless people. In itself a good idea so “the homeless” can leave messages for family however it relies heavily on a telephone being available.

**Elizabeth Dengar**

What makes consumers tick? Elizabeth was probably the most engaging speaker of the day as she spoke in language that people understood. Elizabeth talked about shifting values and underpinned it with the example of 20 years ago where a woman lazing in the bath was deemed lazy now you are lazy if you don’t. The focus of the presentation was that if we understand people’s values and behaviours we are better equipped to help them. Also, that in terms of changing behaviours, people’s behaviour will not change if they do not know or have the information. In addition, [advertising re] brands are a more important motivator as “other people will respect and admire you” Elizabeth’s suggestion was that it was easier for consumers to keep on doing what they are doing so changing behaviour is slower. Also that it is not easy to change behaviour but social pressure is a powerful agent for behaviour change. The most interesting comment Elizabeth made was that people are happy to be assertive to argue their rights but they don’t want to because it is hard work. I understand that Elizabeth has done considerable research so there is possibly some supporting data however it was not presented.

*Consumer Advisory Council continued*

**Ross Honeywell**

From here the conference became controversial! Ross gave a most interesting and enlightening talk on his new book and his research into Traditionalists, NEO'S and Evolvers. The basic premise of his presentation was that society can be divided into Traditionalists and NEO's. The former are rather conservative and cautious and the NEO'S are not concerned with cost they are more for experience. In addition NEO'S are six times more likely to use the Internet and three times more likely to have a degree. This caused a great deal of concern for the social service sector as it completely overlooked the vulnerable consumers in society, as Ross Honeywell admitted they all earned above \$40,000 per year and didn't need any hand holding. From his discussion we moved into a workshop on how to deliver education and what strategies were good and what we needed to stop doing.

I attended the conference dinner at the Sydney Opera House and wined and dined viewing the Harbour Bridge. I networked with the NSW Department of Fair Trading.

**Day 2** Lisa Corbin, Andrew Penman both outlined their successful education campaigns including environment, litter, water, smoking and melanomas.

**David Tenant**

David was very vocal and critical of the Ross Honeywell presentation and gained a lot of support with his comments from the floor that supported his views that Honeywell ignored the most vulnerable groups in society. He emphasized that instead of the focus on changing behaviour there should be more emphasis on need and working with what we have got. He outlined his plan for a National Consumer Council to be established and he directed SOCAT to do this. This was the only recommendation made in the presentations however I am not sure that anyone has taken up the challenge.

Gary Moore from NCOSS followed and supported David Tennant's views. Gary is a quiet speaker and it may have been better if he had spoken before Davis Tenant as his views were a little overshadowed by David's passionate talk.

The conference ended with a panel discussion on a hypothetical case study about teenagers and credit cards. Patrick Walker participated in the hypothetical which I thought was very brave as the panel was not quite sure what would be thrown at them particularly by Maxine McKew who is used to putting people on the spot.

All in all the conference provided me with the opportunity to listen to some diverse speakers and afforded me a valuable networking opportunity and once again I thank you for the opportunity.

Gwynneth Haywood 2005

*Mandatory Professional Indemnity Insurance  
for Real Estate Agents and Business Brokers in  
Western Australia*

Verity Cripps made the following submission on behalf of CAWA.

**SUBMISSION**

**QUESTION 1:** *Should the holding of professional indemnity insurance be made mandatory for all real estate agents and business brokers in Western Australia?*

CAWA's response:

For the protection of consumers in particular, there should be mandatory professional indemnity insurance.

This insurance is necessary because an Agent may not be sufficiently financially viable to fund a claim against him/her or to pay compensation and costs if these are awarded to a complainant consumer.

**QUESTION 2:** *Should agents be compelled to disclose to clients whether or not they hold professional indemnity insurance, and if so, the amount of cover held?*

CAWA's response:

It is considered that relying on Disclosure by Agents as to whether or not they hold professional indemnity insurance is not satisfactory, particularly from the consumer point of view. It would give consumers more confidence if they were covered by a mandatory professional indemnity insurance should problems arise during or after the real estate or broker transaction.

A consumer may not be aware of the need to check that an Agent holds professional indemnity insurance and some Agents could be less than forthcoming with the information.

**QUESTION 3:** *What is a reasonable minimum level of professional indemnity insurance cover that should be held by real estate agents and business brokers?*

CAWA's response:

If REIWA has determined that its members need to hold a policy to a minimum of \$1,000,000 it is presumed they have decided there is a need for such a high cover. However, REIWA would also be aware that this rate of cover may preclude small Agents with a low yearly turnover from being able to afford the high premium of such a policy. Agents, particularly in some country areas where the cost of many transactions is low could be disadvantaged.

*Mandatory Professional Indemnity Insurance  
for Real Estate Agents and Business Brokers in  
Western Australia continued*

A policy with a minimum level of cover of \$500,000 would seem fairer and not be as costly to smaller Agents.

**QUESTION 4:** *What model should be adopted if professional indemnity insurance is made mandatory for real estate agents and business brokers licensed in Western Australia?*

CAWA's response:

The Master policy applying to all members of the industry would possibly be most effective. However, it may be able to include an "Excess" which would apply to those Agents who have a poor claims history but not preclude them from having some cover.

*The Sustainable Home - The Elements*

On the 6<sup>th</sup> May, Genette Keating attended the opening of the State's first sustainable project home *The Elements* located at Lot 155 Serene Bend, Harvest Lakes Estate at Atwell south of Perth.

The sustainable home, *The Elements*, is a joint venture between Landcorp and National Homes with support from DOCEP, DSC, Murdoch Uni, HIA, Kidsafe WA and a host of suppliers.

*The Elements* is in essence a standard "off the plan" home but demonstrates the ease with which the key elements of sustainability can be incorporated into any home to reduce energy and water consumption and make the home naturally more comfortable and affordable.

**Water conservation** measures in the home include fixtures like AAA rated shower heads and taps, a rainwater tank and landscaping to waterwise guidelines, including sub-surface drip irrigation, native and drought tolerant plants, soil conditioners and mulch.

Strategies adopted to achieve **Energy efficiency** include insulation, special glazing, a smart power meter, a gas-boosted solar hot water system and draft-stoppers to all exhaust fans. Like all homes at Harvest Lakes, *The Elements* has been designed to passive solar principles, keeping it cool in summer and warm in winter without

continued next page

*The Sustainable Home - The Elements continued*

artificial heating and cooling devices. Temperatures in the house are expected to be within the range 18 – 28C throughout the year.

**Resource and waste management** have been incorporated using split-system recycling bins and the use of recycled materials in the paving. In February 2005, the home was the venue for WA’s first HIA supported “clean site” workshop. The “Clean Sites” program was introduced to facilitate best environmental practice throughout the building and construction industry due to a concern about site litter, sand erosion and pollution from construction sites entering creeks, rivers and beaches through the stormwater system.

**Liveability** is enhanced through the maximisation of natural light and natural ventilation, the use of low allergen paints and building materials, safety plugs in unused power points, smoke detectors and a lockable cabinet to store medicines and poisons.

Wide doorways and corridors and a level, step-free path from the front roadway boundary to and throughout the home ensure **Accessibility** together with a spacious toilet, level entry to the shower and a shower head with flexible hose, flickmixer taps, lever door handles and touch-control switches.

**Affordability** is demonstrated through savings on water and energy bills and benefits to the environment. Incorporating all the sustainability options available in the Elements (and I haven’t mentioned them all) would add about 12 percent to the price of a project home and could result in savings within two to four years of moving in.

(Information from “The Elements, sustainability in a home you can love” brochure issued by Landcorp and National Homes)

Genette Keating

The home is open to the public from May 2005.

**Home Open Details:**

*The Elements*  
Lot 155 Serene Bend  
Harvest Lakes, Atwell.

**Opening Times:**

2pm - 5pm Mondays to Wednesdays  
1pm - 5pm Saturdays  
12pm - 5pm Sundays and Public  
Holidays



## *Mandatory Comparison Rates*

In April Lorraine Scherpenzeel, Policy and Education, DOCEP, approached CAWA to provide representatives at a consultation meeting with Hawkless Consulting (from NSW) who are undertaking the national review of the mandatory comparison rate provisions under the Consumer Credit Code. A representative from the Swinburne Institute for Social Research also planned to be involved in the workshop.

Joy Sands and Ann Healey represented CAWA at the meeting. The notes Joy took at the meeting have been reproduced on pages 27-29.

### **Background Information on Comparison Rates**

From 9 July 2003, whenever banks and other credit providers advertise an interest rate on a fixed term loan, they are also required to provide consumers with a comparison rate. This includes advertising on the Internet.

### **What is a comparison rate?**

Take a particular loan amount, say \$150,000, and a particular fixed term, say 30 years, and a particular interest rate, say 6%. Work out how much you would have to pay back over the 30 years. Add any compulsory establishment and ongoing fees and charges to the total. Now work out the rate at which you're paying back that money over the term of the loan - that's the comparison rate.

### **How are comparison rates calculated?**

Comparison rates are calculated using a standard formula that takes into account:

- ◇ The interest rate for a particular credit product, such as a housing loan
- ◇ All fees and charges related to the loan that a borrower **MUST** pay under the loan contract, eg establishment and valuation fees you have to pay the lender to enter the loan, plus any sort of ongoing fees
- ◇ The amount of money that is borrowed
- ◇ The term of the loan
- ◇ The repayment frequency

### **but excludes:**

- ◇ Government charges, such as stamp duty or mortgage registration fees
- ◇ Fees and charges which you incur separately, such a fees charged by your settlement agent or solicitor
- ◇ Fees and charges that cannot be known in advance because you may not incur them, such as late fees; or fees and charges that are for optional features of a loan that you may, or may not use, such a redraw fees or early repayment fees.

continued next page

## *Mandatory Comparison Rates continued*

### **What kind of credit is covered?**

All personal credit arrangements or loans that:

- ◇ are fixed term, ie that are for a specific amount that is repaid over a specified time, and
- ◇ are primarily for personal or domestic purposes

This includes, for example, home loans, car loans, and personal loans, but excludes “continued credit” products where the amount and repayment term cannot be known in advance, such a credit cards. It also excludes loans that are wholly or predominantly for investment or business purposes.

### **What are credit providers required to do?**

From 9 July 2003

- ◇ Credit providers, finance brokers and suppliers linked to credit providers must provide consumers with a list of comparison rates - called a comparison rate schedule - for a standard range of loan amounts and terms for their fixed term credit products.
- ◇ Comparison rate schedules must also be made available whenever credit products are advertised on the Internet.
- ◇ Any advertisement for fixed term credit that gives an interest rate must also provide a comparison rate and a warning that the comparison rate applies to the example given in the advertisement.

### **What credit providers are covered?**

All major financial institutions and other providers of personal credit, including:

- ◇ Banks
- ◇ Building societies
- ◇ Credit unions
- ◇ Finance companies
- ◇ Friendly societies
- ◇ Retail stores and other businesses
- ◇ Government bodies offering credit
- ◇ Payday lenders

## *National Review: Mandatory Comparison Rates*

### Background Summary to the Review

#### Purpose

The aim of the review is to produce a report which:

- ◇ assesses the effectiveness of mandatory comparison rates;
- ◇ makes recommendations as to the continuation of comparison rates;
- ◇ examines options for improving the current regime; and
- ◇ makes recommendations for change.

#### Concurrent Research Project: Swinburne Institute for Social Research

- ◇ Consumer Affairs Victoria is managing a concurrent research project which will be undertaken by the Swinburne Institute for Social Research.
- ◇ The purpose of the research project is to contribute vital information about mandatory comparison rates in Australia through comparative research, sample surveys of consumers and interviews with key individuals and focus groups.
- ◇ This research will provide information about whether mandatory comparison rates are achieving their stated objectives and provide data on areas where mandatory comparison rates are failing.
- ◇ It is envisaged that the national review can be accomplished more comprehensively by reference to the Swinburne research project.

#### National Review: Stage One

- ◇ Undertake research, survey work and **targeted consultations** to provide draft analysis and conclusions on the effectiveness of the comparison rate regime and consideration of options for change to the regime.

#### Key Topics

- ◇ Assess the effectiveness of the mandatory comparison rate regime in achieving the statutory objective of assisting consumers to identify the true cost of credit offered by credit providers
  - How well do consumers understand the comparison rate regime?

continued next page

•

*National Review: Mandatory Comparison Rates  
continued*

- Has the comparison rate regime assisted consumers in ascertaining the total cost of fixed term loans and to compare the total cost of fixed term credit as offered by different credit providers?
- What is the extent of the benefits obtained by consumers as a result of the publication of comparison rate information?
- The level of industry compliance with the comparison rates provisions.

◇ **Do the benefits of the comparison rate provisions outweigh the cost to industry and would changes to the provisions further enhance the benefit/cost balance.**

- Undertake a quantitative analysis of the current system of comparison rates and any options for change to the current system.
- Consider a variety of options for change to the current system. Changes which may be considered include:
  - credit advertising guidelines; and
  - timing of disclosure of comparison rate schedules.

◇ **Assess the appropriateness and feasibility of extending the requirement of comparison rates.**

◇ Using the information gathered during the process of reviewing mandatory comparison rates undertake a quantitative analysis of extending the requirements to:

- pre-contractual disclosure; and
- continuing credit contracts.

◇ Undertake an analysis of these changes.

◇ The reference to extending comparison rates to pre-contractual disclosure is to include consideration of the viability of including within the disclosure documents the comparison rate for the particular credit contract.

◇ There are various models for determining the comparison rate of continuing credit contracts including that used in the United Kingdom. Consider the appropriateness and feasibility of various models, and consult on these models.

## *National Review: Mandatory Comparison Rates Meeting notes*

Many thanks to Joy Sands for making the notes she took at the meeting available for inclusion in *Consumer Notes*. Please note that the views below represent both facts and opinions raised at the meeting, and so not all the ideas should not be 'relied upon'.

### **History**

In the mid 1980s there was product complexity and financial institutions were competing for consumer business. There was no standard disclosure, fee type or fee triggers. Consumers displayed loyalty to banks and understood the concept of interest rates as indicated by loan costs. Griffin University research shows that consumers were more likely to shop around for a home loan, than for car loans. With car loans there appeared to be more pressure to make quick decisions.

In 1996 the Credit Code was implemented, and capacity to pay based on a 'honeymoon rate - standard variable'. Consumers needed to make their own understandings of effective rates. Although there was more disclosure, consumers were told 'the Government is trying to confuse them' and 'don't bother reading all the information'.

The Mandatory Comparison Rate is one tool to help consumers choose credit. However there was some anecdotal evidence that consumers are still being told 'it doesn't mean anything', and the value of the MCR is being subverted by financiers. Representatives from Consumer Legal Credit stated that there were now fewer complaints from consumers about not realising what their home loan would cost. Fewer people are seeking assistance to understand the fees they are required to pay.

### **Difficulties for consumers**

- ◇ They trusted the financier to assess their capacity to pay.
- ◇ The cost of credit changed over time.
- ◇ They lacked understanding of what the fees meant to them.
- ◇ Disclosure was often made later - ie after the consumer had been given in-principal approval.

With advertising on interest rates in the past there were fewer credit providers and large margins between base rate and interest rate so consumers had 'more room to move'. There is now a lot more 'locking in'. Advertisements now centre on 'skinny' margins and don't dwell so heavily on rates, though rates are still popular in advertisements for credit cards.

continued next page

*National Review: Mandatory Comparison Rates  
Meeting notes continued*

**The role of mortgage brokers**

- ◇ 'Lightly regulated' industry, with large and small players and some 'cowboys'.
- ◇ They had a bad reputation in the past, with consumers being pushed to the provider who offered the biggest 'kick back'.
- ◇ Added an extra layer of confusion for consumers.
- ◇ Perceived to be 'self-interested' - might only list their top commissions and not present a 'true' picture.
- ◇ Currently required to provide comparison rates as part of the information they provide consumers.

**Perceived benefits from MCR**

- ◇ More informed decision making because information is provided that can be relied on with more confidence.
- ◇ Removes advertising focus on interest rates. In the past credit providers used the 'loss leader style honeymoon rates' which were misleading to consumers as the effective rate once the standard variable came into play.
- ◇ Encourages banks to focus on other services, and the ease of processing/acquiring loans.
- ◇ Empowers consumers - simplifies information. They do not have to synthesis ten separate pieces of information, and even those with limited financial skills can use MCR to inform their decisions.
- ◇ Timely to include in advertisements so consumers do not waste time focusing on loans that are unsuitable for their purpose. However there is a need for consumers to have specific comparison information relating to their amount and term.
- ◇ More competitive re provider product costs, however may lead to a proliferation of 'back end' fee charges

**Have the benefits been achieved?**

- ◇ Transparent information that allows the 'average' consumer to understand it and make comparisons.
- ◇ Ensures that the loan rate is known earlier than at the time of signing.
- ◇ Interest rates can no longer be used as a 'bait' to mislead the public.

**Disbenefits**

- ◇ Has encouraged credit providers to include clauses in contacts allowing them to

*National Review: Mandatory Comparison Rates  
Meeting notes continued*

amend fees, charges and interest rates. Thus the information may only be 'real' at one point in time.

- ◇ There were some views that interest rate information may have been 'removed' from the public arena, and it was suggested that a comparison between advertisements prior and post MCR should be made.
- ◇ The term implies that the comparison is made to another credit provider's rate.
- ◇ The warning devalues confidence in the information. The long warnings in media messages were not developed initially with appropriate input. Again this viewpoint needs to be checked against consumer feedback.

**How can Mandatory Comparison Rates be improved?**

- ◇ A warning should appear in advertisements and schedules, informing consumers that MCR assumes that the contract will always stay in its present form.
- ◇ Better and more professional communication of MCR to the consumer, especially in schools and education institutions.
- ◇ When shopping around for credit consumers should be able to phone/use the Internet to get specific MCR information that applies to their credit needs.

**Alternative sources of information**

- ◇ Cannex - table of contents including comparison rates.
- ◇ Money choice - Australian Consumers' Association initiative.
- ◇ Brokers.
- ◇ Credit providers being required to do a credit rating on a case by case basis without confusing schedules.
- ◇ Thorough quotation process with a mandatory pre-contractual period (difficult when borrowing money for cars).
- ◇ Friends, family and 'word of mouth'.
- ◇ Continuing credit - why not a simple scenario - here is the credit limit, there is the monthly repayment with MCR providing 'real figures' as worst case scenario.

**June 2006 - What may happen if MCR disappears?**

Likely result is to be confusion, with banks removing disclosure clauses, refocusing on interest rates and pushing the boundaries. Consumers are likely to be disempowered to make decisions. The risk is that they will seek out brokers and ultimately pay more by way of commission. There is the potential 'rise' of independent (non-broker) information providers.

## *Review of Consumer Protection Boards and Committees*

Following the release of the consultation papers in 2002, Joan Milne and Valdene Buckley, through their work on the Building Disputes Tribunal, worked with industry representatives to investigate this issue. After numerous meetings with industry, discussion with the consumer representative on the BRB and consultation with consumers interstate they concluded that a self regulated industry with an independent Board able to direct its own staff is a better option than a Board sitting within a Government Department. They believe the current Board arrangement is open and accountable, and has the flexibility to deal with issues in a timely, cost effective manner.

This conclusion is supported by the scandal attached to the Finance Brokers' Board which was a Board already incorporated into DOCEP. Ironically this case was cited in the consultation documents as reason for incorporating the independent Boards into DOCEP.

Despite considerable opposition from consumer and industry groups, Mr Kobelke decided to press ahead with the incorporation process, and in June 2003 he released a model for Consumer Protection boards and committees. This proposal was again opposed by consumers and industry representatives because it failed to address the concerns raised in the submissions. Instead it argued that it would replace an efficient, self-funded, self-regulated system that is open and accountable with a system the Report **said** 'would be more efficient' .

This issue was placed on hold while the SAT legislation was enacted. Recently, a final report has been released that completes the review of Boards and Committees in the Consumer and Employment Protection Portfolio. Various options for the future role and functions of boards and committees were presented in the Consultation Draft. The report provides an updated analysis of these options and outlines the final model for implementation. For further information on this report, please contact Mr Norm Griffiths, Senior Policy Officer (Tel: 9282 0946 Email: [ngriffiths@docep.wa.gov.au](mailto:ngriffiths@docep.wa.gov.au)).

CAWA members who made submissions have received a copy of a letter from Patrick Walker, Executive Director and Commissioner for Fair Trading, which is reproduced on the next page.

Valdene Buckley

*Review of Consumer Protection Boards  
and Committees continued*

EXECUTIVE DIRECTOR and COMMISSIONER FOR  
FAIR TRADING

## *Petrol Products Prices Advisory Committee*

PPPAC last met on 21st March 05, welcoming Susan Nulsen, Acting Director, Trading Standards and Fuel who has replaced Barbara Macnish and Ros Kirwin who has taken over from Brad Jolly as Manager of the PPPU.

Concerns were raised that focusing solely on fuel pricing as a key performance indicator does not take into consideration some of the potential negative long-term implications of highly competitive pricing. It was suggested that, whilst lower fuel prices might benefit consumers in the short term, in the long term they could result in a higher closure rate of sites owned by independents and smaller operators. The independents and small retailers may find it difficult to compete against supermarkets and company-owned or operated sites, which are able to get better contract wholesale prices because of the large volumes they purchase. Consumers could then be faced with having fewer sites to choose from and may be inconvenienced by having to drive longer distances to purchase fuel or to have access to driveway service.

It was suggested that consideration be given to incorporating the levels of site ownership including the number of independent sites verses company owned sites, franchisees, commission agents and multi-site franchisees into the performance indicators.

Ros Kirwan indicated that whilst the legislative role of FuelWatch was to provide for price transparency and to prevent excessive prices, the Department had a wider mandate to protect consumer rights and welfare. As such, it was proposed that the performance indicators be reconsidered in light of the role of FuelWatch and the Department.

The Federal Government intends to repeal existing Commonwealth Acts and replace them with the OilCode. Peter Fitzpatrick (MTA) said that, whilst the OilCode was accepted in principle by the MTA, the proposed Code did not protect franchisee's rights. He suggested that the current Terminal Gate Pricing structure was not acceptable and needed to be transparent and equitable, and to deal with the issue of 'below cost' selling.

Members also discussed "drive way service" at service stations. Ros Kirwan confirmed that the FuelWatch website [www.fuelwatch.wa.gov.au](http://www.fuelwatch.wa.gov.au) displays information for each site. The issues of shopper-dockets and access for disabled people to service stations were not covered at the meeting. The next meeting has been rescheduled to 27 June 2005.

Genette Keating

## *Referendum into Retail Trading Hours*

As you are aware both questions on the February Referendum into Retail Trading Hours were resoundingly defeated. Voters, through their decisions, indicated that they supported extended hours for smaller retail traders but did not see the need to extend the hours of the large retail outlets such as Coles and Woolworths.

CAWA holds the same view, believing that diversity in shopping will give consumers the best long term choices and options. Unfortunately the move by retail giant Woolworths to buy a substantial number of the smaller independent grocery stores will probably mean that WA consumers have less diversity in future.

An issue that concerned CAWA during the lead up to the referendum was the advertising campaign endorsed by Norm Crothers of the Australian Consumers' Association. When he contacted CAWA members we advised him that the situation in WA was not as clear cut as in the Eastern States and our small population and large distances had to be taken into account of any decisions. We clearly indicated CAWA's views in the referendum questions, and yet found these views were completely overlooked in the subsequent statements that appeared in the press.

CAWA has since written twice to Norm Crothers. We are still awaiting a response. The letters are reproduced below.

25 February, 2004

Mr Norm Crothers  
General Manager ACA  
57 Carrington Road,  
MARRICKVILLE, NSW 2004

Dear Mr Crothers

### **RE WESTERN AUSTRALIAN REFERENDUM ON EXTENDED RETAIL TRADING FOR GENERAL SHOPS**

The Consumers' Association of Western Australia is disappointed in the advertisement under the name of ACA which has been appearing in the Western Australian media indicating that voters should vote YES to both the questions put.

Our members feel that ACA is not fully aware of trading conditions and the actual concerns of Western Australians in promoting the YES vote. This does not take into account the fact that the two questions represent two quite different choices in trading hours, one or the other of which may suit some consumers.

#### **“More Choice”**

Yes, more choice if the large supermarkets and retailers can trade longer hours, but with the likely demise of small retailers who are unable to cope with the costs

continued next page

*Referendum into Retail Trading Hours  
continued*

associated with longer hours. This would mean less choice in the future for consumers. There can be an adverse impact on smaller local producers if large retailers promote eastern states and imported produce, resulting in reduced shelf life of produce and fewer choices for consumers.

**“More Convenience”**

Yes, for two working parents, except when one may have to work during the extended hours.

**“More Jobs and Investment”**

At present small retailers can open when they like, they will be forced to open longer hours to try and compete with large retailers if the YES vote goes through. It is the large supermarkets and retailers with more than 10 employees who at present have restricted hours. There are many small retailers who do open and provide service to consumers when they see a need.

ACA has merely responded to an approach from large business interests to produce the VOTE YES advertisement without really considering the various points of view of Western Australian consumers.

Would it be possible to access the results of the extensive research you imply you undertook in order to reach your conclusions and attempt to justify the nexus between ACA, the Retail Traders' Association and the Shopping Centre Council.

Yours sincerely

Verity Cripps

*Referendum into Retail Trading Hours  
continued*

SECRETARY CAWA

8 April, 2005

Mr Norm Crothers  
General Manager  
ACA  
57 Carrington Road  
MARRICKVILLE NSW 2204

Dear Mr Crothers

**RE WESTERN AUSTRALIAN REFERENDUM ON EXTENDED RETAIL  
TRADING FOR GENERAL SHOPS**

In the Email from this Association to ACA dated February 25<sup>th</sup> concern was expressed at ACA's media profile in promoting the YES vote for the above Referendum.

As you may know, Western Australian voters reflected their opinion by voting NO to both questions.

Would it be possible for the Association to –

1. Access the extensive research it was implied ACA undertook in order to reach their conclusions for recommending the YES vote.
2. The connection between ACA, the Retail Traders' Association and Shopping Council which were tied in with the advertisements.

As we have heard nothing from ACA we would appreciate some comments on the above questions.

A copy of our Email is attached.

Yours sincerely,

Genette Keating  
PRESIDENT

## *Taking Action, Gaining Trust 2005 - 2010 A National Indigenous Consumer Action Plan*

The Strategy seeks to;

- o Improve Indigenous consumers' knowledge of their rights and obligations under consumer protection laws, and achieve greater access to consumer protection programs by Indigenous consumers to build positive economic outcomes and economic sustainability for Indigenous people.
- o Improve the behaviour of traders in the market-place, through education and compliance which will reduce potential detriment to Indigenous consumers.
- o Promote effective engagement and partnership between consumer protection agencies, Indigenous organisations, business and other government agencies to improve consumer outcomes for Indigenous people.

### **Eight national priorities were identified in the document:**

- ◇ 1 - Financial Management and Banking
- ◇ 2 - Sale of Motor Vehicles
- ◇ 3 - Trading Practices in Remote Communities
- ◇ 4 - Housing
- ◇ 5 - Arts/Industry
- ◇ 6 - Corporate Governance
- ◇ 7 - Employment of Indigenous Staff in Consumer Affairs and Fair Trading Offices
- ◇ 8 - Advocacy of Indigenous Consumers, Interests

Each priority dealt with 'What are the issues?' and 'What can be done about them?'

CAWA's feedback was a combined response from Joan Milne, Rhonda Algaba and Valdene Buckley

### **1. Strategy Content**

*What comments do you have about the 8 key priority areas; are there any other priorities areas or issues that should be included?*

CAWA thought all important issues have been successfully pinpointed in the 8 priority areas. The problems and suggested action for each priority area are clearly identified. We were pleased to see the interaction of so many consumer protection agencies in a nationwide initiative.

*Taking Action, Gaining Trust 2005 - 2010*  
*A National Indigenous Consumer Action Plan continued*

*What comments do you have about the actions/issues identified under each of the priority areas? Are there any other solutions that should be considered?*

It is important to make business and industry aware of the National Indigenous Consumer Action Plan, and if possible develop partnerships between Governments, industry and consumers so all have ownership of the Action Plan. All parties need to understand their rights **and** responsibilities. Positive discussion and problem solving should be facilitated at community levels by consumer protection agencies.

Education seems to be the key to addressing all but one of the priority areas. This needs to be a flexible, two pronged approach – one at a school level and the other at a community level aimed at adult consumers. The needs of urban Indigenous consumers are probably very different from Indigenous consumers living in remote communities, so both programs would need to be flexible.

Perhaps Commonwealth money could be used to developing a flexible, Australia wide school education program that could be modified and adapted at community level according to needs. The education model in the Northern Territory Open Education Centre may be worth investigating. Program materials are produced by the NTOEC and then modified and delivered according to needs identified by local Indigenous communities.

Assuming schools have Internet access, Indigenous students may benefit from the development of interactive online learning that gives opportunities to problem solve in case studies and real life scenarios. Programs would need to be designed to cover a range of literacy levels.

Adult consumer education is more likely to be successful with face to face contact, and the use of simple brochures.

Both education strategies should be concerned with teaching rights **and** responsibilities as a consumer.

## **2. Communication**

*What is the best way to inform Indigenous people about the Strategy?*

Many Indigenous people living in remote communities are not computer literate, nor are they confident about speaking on the telephone. Therefore face to face contact with trained teams of people (comprised of Indigenous and non-indigenous staff) who have local knowledge and the trust of the local community would be best. There is a need to do much more than 'inform' – adults will have to take on ownership of strategies if they are actively involved in their implementation at community level.

continued next page

*Taking Action, Gaining Trust 2005 - 2010*  
*A National Indigenous Consumer Action Plan continued*

**3. Access to information about consumer protection**

*How can consumer protection agencies be more accessible and responsive to the needs of Indigenous consumers? What do they need to do better?*

It is unlikely that information can be successfully disseminated by one or two Indigenous staff centred in capital cities. Indigenous staff need to be trained and mentored at regional level.

*What are the difficulties for Indigenous people making a complaint to consumer protection agencies?*

The first problem Indigenous people have is understanding their rights and responsibilities in contractual situations and being aware that they have the right to complain.

A second issue is a lack of knowledge about who they can complain to and how they can lodge a complaint. Often they are hampered by a lack of understanding of the codes associated with English and the business world. It may be preferable to have one agency identified as the point of contact, and have this agency liaise with others on behalf of the consumer.

*Are there any other comments you would like to make?*

**Priority 5** – Would there be any value in a ‘registered logo’ to distinguish and help protect authentic Indigenous art?

*General Review of all Building Legislation*

Genette Keating, represented CAWA at a series of focus group discussions on the 19th and 20th of April, to look at the following issues:

- ◇ Builders' Registration Thresholds and Limits
- ◇ Home Building Thresholds and Limits
- ◇ Painters' Registration Thresholds and Limits
- ◇ Home Builders Indemnity Insurance

These issues are part of the general review into all building legislation that is currently taking place. They were isolated and dealt with separately because it is believed they were relatively straightforward, could be resolved readily, and then

*General Review of all Building Legislation continued*

taken back into the wider review. Genette reported that industry and consumers were generally in agreement and that only one significant change was mooted - to increase the upper threshold for the Home Building Contracts Act from \$200,000. DOCEP will circulate a final report when all comments have been compiled.

Lucy Gunn, Building/HII Project Manager, Legal/Policy Officer at DOCEP attended CAWA's May meeting to speak about the general review of all building legislation. She was keen to know if CAWA members had identified any further issues not addressed in the Review document. CAWA members associated with the Building Disputes Tribunal identified the following concerns:

- ◇ The upper threshold of the Home Building Contracts Act being too low
- ◇ The lengthy contract times builders are insisting on to counter the shortfall of skilled tradespersons in the building industry.
- ◇ The role and responsibility of the architect - where poor design decisions and inappropriate material choices impact adversely on consumer and builder. Current dispute resolution does not encompass the architect's role. (Lucy mentioned that there is a new Architects' Act that may alter this situation.)
- ◇ Variations to contracts - the need for written, signed variations makes dispute resolution easier
- ◇ Promises made by sales persons to clients at prestart meetings that are not conveyed to the builder, or acted on.

Lucy mentioned that DOCEP, the Builders' Registration Board and the HIA and MBA are working closely with the Department of Housing and Works to produce a series of joint discussion papers that would be available for comment in September or October.

**Consumer complaint**

Coincidentally CAWA has received its first complaint via its new web site. A dissatisfied consumer contacted CAWA re a lengthy Building Tribunal Dispute. Genette has investigated the matter and written to DOCEP and the BDT on behalf of the consumer requesting that the matter be resolved in a timely manner.

## *Review of Thresholds for Building by Unregistered Builders in Regional Areas of Western Australia*

### SUMMARY OF FINDINGS AND RECOMMENDATION COMPILED BY DOCEP

#### Introduction

At the request of the Minister for Consumer and Employment Protection a review was undertaken of the threshold price of building by unregistered builders in those regional areas of Western Australia that are covered by the provisions of the *Builders' Registration Act 1939*. The review focussed, in particular, on areas above the 26<sup>th</sup> parallel.

The key issues considered during the review were whether to change the threshold for building by unregistered builders in regional areas and, if so, by how much and where the geographic boundary for the regional areas should be drawn. Related to this issue was the matter of whether the threshold for home indemnity insurance should be increased to be in line with the threshold for building by unregistered builders.

#### Findings

##### ***Increasing the Building Threshold for Building by Unregistered Builders in Regional Areas***

Responses were not clear-cut on the issue. There was support for an increase in the threshold, although a number of key stakeholders were opposed to any change. There was no broad consensus on the geographic areas to which any increase should be applied.

There was some strong support for increasing the threshold for building by unregistered builders in regional areas, especially amongst local government authorities. However, key stakeholders with a considerable number of constituents, and two of the five North West local government authorities who responded, were against such a change. The Housing Industry Association and the Department of Housing and Works did not state a preference but felt the review of this issue should be part of a wider review of building legislation.

The majority of respondents, 29 out of 45 respondents, supported an increase in the threshold for building by unregistered builders but were divided as to whether the increase should be statewide, for the North West or for regional areas otherwise defined. There were a number of respondents who argued for a statewide increase or who supported a regional increase with arguments that also indicated the need for a statewide increase, citing for example CPI and GST as reasons for the increase.

##### ***Increasing the Unregistered Building Threshold in the North West***

General support for an increase in the threshold for regional areas does not appear to equate to support for an increase in the threshold for building by unregistered builders in the North West only, as most respondents defined 'regional areas' more broadly.

Only three of the nine major stakeholders that might be considered to represent the

*Review of Thresholds for Building by Unregistered Builders in Regional Areas of Western Australia continued*

interests of consumers and builders in the North West supported an increase in the threshold.

Notably only three of the five North West local governments who responded to the review supported an increase in the threshold for building by unregistered builders in the North West.

***Threshold for Home Indemnity Insurance in Relation to the Threshold***

There was unequivocal support for linking the threshold for building by unregistered builders with the threshold for home indemnity insurance. A clear majority, 21 of the 23 respondents who addressed the issue of the home indemnity insurance threshold, said that if the threshold for building by unregistered builders was increased then the threshold for home indemnity should be increased in line with it.

No submissions were received from members of the insurance industry on this issue. As such, issues relating to the economic viability of increasing home indemnity insurance to levels higher than the industry has set in other states were not addressed.

***Effects of Increasing the Threshold for Unlicensed Building***

The majority of respondents indicated that there would be little or no adverse effect if the threshold for building by unregistered builders in regional areas was increased. However, nine respondents suggested that there would be adverse effects citing a lessening of consumer protection, lowering of building standards and occupational health and safety issues.

***Effects of Introducing Different Thresholds for Regional Areas***

There was support for a regional differential in the threshold for building by unregistered builders. Twenty-six respondents expressed support for a higher threshold for regional areas, while 15 respondents supported a statewide threshold instead. Generally those respondents who thought the effect would be negative expressed concern about problems of administration.

A number of stakeholders neither supported nor rejected different thresholds. The Builders' Registration Board suggested alternative methods of addressing issues caused by the threshold for building by unregistered builders in regional areas. The Housing Industry Association and the Department of Housing and Works both suggested other issues they wanted considered in conjunction with the threshold.

continued on next page

***Particular Implications of Unregistered Building in Regional Areas***

Most respondents who supported an increase in the threshold for regional areas

## *Review of Thresholds for Building by Unregistered Builders in Regional Areas of Western Australia continued*

suggested that there would not be adverse effects for building standards and many pointed out the safeguards that exist in current local government building inspection processes. Respondents, who did not support an increase in threshold for regional areas pointed to concerns of building standards and occupational health and safety.

### **Other Ways of Addressing Higher Costs in the North West**

Respondents outlined a number of possible methods of addressing higher costs in regional areas of Western Australia. Suggestions included special licenses for Class 10a building or raising the threshold for Class 10a buildings. Class 10a buildings are defined in *The Building Code of Australia* as non-habitable buildings being private garages, carports, sheds or the like. Respondents did not raise and may not be aware that changes to the Builders' Registration licences for Class 10a buildings would require legislative amendment.

Other suggestions included: changing the definition of estimated value of the construction; changing the licensing restrictions relating to owner builders; and gazettal of a weighting percentage for areas of the North West. These issues may need to be canvassed more widely to assess the level of support they have amongst all the respondents.

### **Issues Raised by Stakeholders**

DOCEP conducted this review to examine specific issues about the threshold for building by unregistered builders in regional areas, however in the submissions stakeholders consistently sought to extend the issues to encompass other aspects of licensing and building by unlicensed builders covered in building legislation. Notably key stakeholders have raised wider issues relating to other relevant building legislation.

Concern about broader issues seems widespread. Six respondents raised the issue of increasing the threshold for building by unregistered builders statewide. Seven respondents raised the issue of special registration or licences for Class 10a buildings or other minor works. Other issues raised included: decreasing the threshold for unlicensed building; the licensing of owner builders; the role of shed and patio builders; and the position of house transporters. Also raised was the geographic jurisdiction of the *Builders' Registration Act 1939* and inconsistencies in the way value is measured in various pieces of legislation.

### **Conclusions**

While there is some support for increasing the threshold for building by unregistered builders in regional areas it may not be sufficient to warrant implementation of such an increase.

There does not appear to be significant support for a separate increase in the threshold for building by unregistered builders in the North West only.

*Review of Thresholds for Building by Unregistered Builders in Regional Areas of Western Australia continued*

There is some support for an increase in the threshold for building by unregistered builders statewide but the extent of that support is unclear since the issue of a statewide increase was raised by respondents, rather than being part of the original review.

There are issues around the threshold for building by unregistered builders that have been raised by industry, State Government agencies and local government authorities that are wider than the original terms of reference for this review.

**Recommendation**

It is recommended that any decision about changing the threshold for building by unregistered builders in regional areas, under the *Builders' Registration Act 1939*, be considered as part of a wider review of all the monetary thresholds and limits contained in the building legislation that falls within the portfolio of the Minister for Consumer and Employment Protection.

This recommendation is made in light of the concerns raised in submissions about the scope of the current review and the fact that the Minister has since agreed to DOCEP conducting a review of each of the building thresholds and limits contained in the *Builders' Registration Act 1939*, the *Home Building Contracts Act 1991* and the *Painters' Registration Act 1961*.

Please pass on your views about any of the issues in  
this Newsletter by logging onto our web site -  
[www.consumers.asn.au](http://www.consumers.asn.au) - and emailing us through the  
'Contact us' button.

## Consumer Notes

*Consumers' Association of WA  
Locked Bag 14  
Cloisters Square WA 6850*

### Consumers' Association of Western Australia

#### Membership and Fee Payment Form

CAWA was established in 1974 to provide consumer representation to business and government.

Our main objectives are to:

- represent the views of consumers in Western Australia
- investigate and act on issues of concern to consumers
- provide a forum for the discussion of matters of common interest to consumers
- encourage consumer education.

#### New Membership

Name \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Ph \_\_\_\_\_

Fax \_\_\_\_\_

E-mail \_\_\_\_\_

Areas of interest \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Ordinary membership        \$15

Concessional membership    \$10

payable to:

The Secretary

Locked Bag 14,

Cloisters Square WA 6850

Membership is tax deductible,

A reminder that annual subscriptions were due in October 2004, and should be forwarded to the Treasurer.

### *Contributions to Consumer Notes*

I am delighted with the contributions made by CAWA members to the second *Consumer Notes* newsletter for 2005.

There are several ways in which you can make a contribution. You can bring a short keyed or hand written report to meetings, or mail your contribution to my home address. However, to save typing time I would prefer to receive an emailed, electronic copy or be given the information on floppy disk. The material should be formatted as a word document.

Please keep up the contributions in the next three months for inclusion in the third 2005 - August/September issue of *Consumer Notes*.

#### **Postal address:**

Valdene Buckley,  
17 Warton Street,  
Cottesloe 6011

#### **Telephone:**

9384 5295

#### **email address:**

buckley4@bigpond.net.au