

Consumer affairs

November 2006

Contents

Putting a face to the name – the Consumer Affairs Contact Centre

OECD releases report on cross-border fraud p.2

Happy Birthday to us... p.3

Fair Trading Act 1986 – 20th Anniversary p.3



30 Years of the Metric System p.4

Award from the Governor-General p.5

Admission to the Bar p.5

Getting in the Festive Spirit p.6

New Guide to Aid Policy Analysts p.6

Who's new at the Ministry p.7

Consumer representatives and Ministry discuss dispute resolution schemes p.7

Reorganisation at the Ministry of Economic Development p.8

Putting a face to the name – the Consumer Affairs Contact Centre

The South Island, Christchurch. The 'Jewel in the Crown of the Commonwealth' as I call it. Producing a fair few of the All Blacks, punting on the River Avon, handbag incidents in night-clubs, relaxing in the botanical gardens...Christchurch has got it all. But by far the most important feature of the Garden City is this is where the Ministry of Consumer Affairs' contact call centre is based.

Situated in the Ministry of Economic Development's Southern Business Centre (which receives most of the calls for the Ministry of Economic Development) the Consumer Affairs contact centre takes calls from all over New Zealand.

The contact centre is part of the Ministry's wider strategy for handling consumer enquiries. The Ministry of Consumer Affairs provides information, training and helps fund community agencies, such as the Citizens Advice Bureaux, who provide direct advice and support to consumers. If those organisations require additional help with an enquiry, or if they need further information, they then contact the Consumer Affairs contact centre for assistance.

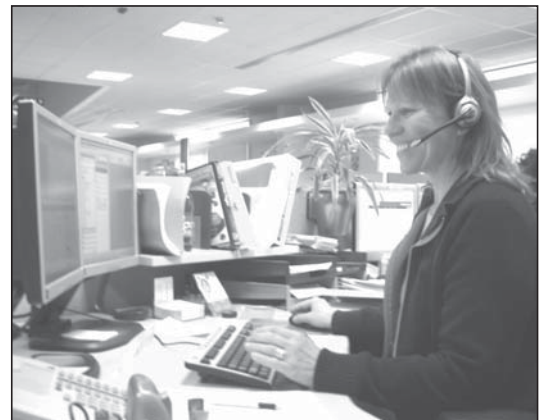
Last year, from June 2005 to June 2006, the contact centre received 6,866 calls and 5,171 email enquiries. Around half of these calls were from consumer agencies, which for many consumers are the first port of call, seeking guidance on issues and the other half from members of the public looking for advice.

Most of the time the contact centre advisors are able to answer the enquiries they receive

straight away. If an enquiry is complex, or involves the need for in-depth legal knowledge, these issues are then escalated to one of the Ministry's Consumer Issues Advisors situated in Auckland, Wellington and Christchurch.

One of the Consumer Issues Advisors, Debbie Bidlake, says, "We receive queries that the call centre have been unable to answer, a lot of the time those are complex cases involving credit agreements or used car sales."

So who are these champions of customer service who answer the cries for help from



Julie Nieman, above, and Rachel Homer, below, at the contact centre

members of the public and consumer agencies? Well, Julie Nieman and Rachel Homer are two of the Ministry's voices at the end of the phone, handling enquiries day in and day out.

"I enjoy the variety of the role and helping people over the phone. The diversity of the job ensures it's never boring," Julie says.

"It feels good to be able to give information out and empower people to help themselves."

A large number of the enquiries received are about scams. With a boom in the number of email, letter and phone scams,

the contact centre is constantly advising people to ignore, destroy and, most importantly, not to send any money to the fraudsters.

"We hear a fair few sorry tales from people, including one case where a member of the public had sent his passport off to the scammers to prove his identity. The most important advice to remember is that if something sounds too good to be true then it probably is," says Rachel.

The main enquiries received other than scams include asking for information about faulty goods and services and queries about credit and motor vehicle finance.

OECD releases report on cross-border fraud

The Organisation for Economic Co-Operation and Development (OECD) recently released its report on the OECD Governments' Implementation of the OECD Guidelines on Cross-border Fraud.

Recent statistics show an increase in cross-border fraud that victimises consumers and harms legitimate business in the global marketplace.

To address this problem, in 2003, the OECD adopted the Cross-border Fraud Guidelines to provide member countries with the tools to build-up closer, faster, and more efficient domestic and international consumer protection enforcement schemes.

As part of a trans-Tasman approach to combat consumer fraud and scams targeted at consumers, the Australasian Consumer Fraud Taskforce was established in March 2005.

The Ministry of Consumer Affairs and the Commerce Commission are members of the Australasian Consumer Fraud Taskforce, along with 16 agencies from across Australia. They are also members of the International Consumer Protection Enforcement Network (ICPEN), which provides a global perspective on fraud.

Earlier this year the Taskforce ran a trans-Tasman campaign to inform consumers about the most common types of scams and how to recognise whether an offer is genuine or false. This was part of a globally organised fraud awareness month.

Combating spam is also an important tool in protecting consumers from cross-border fraud. The Unsolicited Electronic Messages Bill, which is currently before Parliament, will help New Zealand's efforts to address

the problem of spam at an international level.

Co-operative enforcement activities have resulted in landmark cross-border fraud cases. Consumer protection authorities have been successful in compensating consumer victims of fraud both in their own countries and abroad.

In 2005, the Australian Securities and Investments Commission recovered AU\$119 million of consumer losses, while Competition Bureau Canada returned over US\$18,000 to 14 victims in Australia.

However, remaining challenges need to be addressed to combat cross-border fraud and ultimately preserve consumer confidence in the global marketplace. Simplified notification and information sharing procedures should be put in place to ensure effective

enforcement actions.

The need for more detailed statistics has been identified as a way to help measure the impact of cross-border fraud. The Ministry of Consumer Affairs recently undertook research into New Zealand consumers' exposure to and recognition of international scams.

The report released recently by the OECD shows that, over the past three years, OECD member countries have made continued progress in implementing the Guidelines. The full text of the Guidelines and of the report is available at www.oecd.org/sti/consumer-policy

The Australian Government has also recently released its SCAMwatch website, which can be viewed at www.scamwatch.gov.au



Happy Birthday to us...

The ripe old age of 20, leaving those teenage years behind and getting on with life!

The Ministry of Consumer Affairs celebrated its 20th Birthday in August this year. The Ministry was established on 28 August 1986 to provide a voice for consumers in government and allow consumers to transact with confidence in the marketplace.

Two of the biggest achievements for the Ministry in its first ten years were the introduction of the Fair Trading Act in 1986 and the Consumer Guarantees Act in 1993. These acts went a long way to define the responsibilities of traders, service providers and consumers in their dealings with each other before and after sale. More information on the Fair Trading Act's 20th anniversary is below.

More recently, the Motor Vehicle Sales Act 2003 created

a new registration regime for persons involved in the business of motor vehicle trading, revamped the Motor Vehicle Disputes Tribunal and provided for car information to be displayed through a revised window card.

The Credit Contracts and Consumer Finance Act 2003 brought in strong, innovative legislation to better protect New Zealand consumers in relation to credit contracts, consumer leases and buy-back transactions.

Consumer Affairs' General Manager, Liz MacPherson, comments on the Ministry's 20th birthday:

"It is great to see how much work the Ministry has achieved over the past 20 years to ensure our continuing goal of a marketplace where consumers and businesses can transact with confidence."

"Hopefully, the next two decades will see the work we have achieved be built upon to further our goal of creating confident consumers."

Fair Trading Act 1986 – 20th Anniversary

Along with the Ministry's 20th birthday, this year also sees the twentieth anniversary of the Fair Trading Act (FTA) being passed by Parliament. The Act was passed on 11 December 2006 and came into effect on 1 March 1987.

Twenty years ago, when the Fair Trading Bill was being debated in Parliament, it was considered to be "...a long over-due reform to trade conduct, consumer information and the safety of consumer goods and services." The Bill was also hailed as "...a modern measure that brings the law up to the level of New Zealand's trading partners by ensuring that competition centres on the key areas of quality, price and service, and that product comparisons are not distorted, misleading, deceptive or unfair."

Over the last two decades the FTA has provided consumers and honest businesses, who comply with the legislation, with protection against unfair and dishonest business practices, including unfair competition.

The FTA along with the Consumer Guarantees Act 1993 (CGA) are the two main pieces of generic consumer protection legislation in New Zealand. The FTA is enforced by the Commerce Commission, but individuals and corporations can also take action under the Act. The CGA is enforced by individuals taking action themselves to assert their rights under the Act.

What does the Fair Trading Act cover?

The FTA prohibits misleading and deceptive conduct, false representations and unfair practices (including pyramid schemes). It also provides for consumer information standards for goods and services covering country of origin (clothing and footwear) labelling, fibre content labelling, care labelling and supplier information notices relating to motor vehicles.

Under the Act, there are also six product safety standards relating to baby walkers, pedal bicycles, flammability of children's night clothes, cigarette lighters, household cots and toys for children aged up to three years.

The FTA provides for both civil and criminal remedies. Individuals can be fined up to \$60,000 and companies up to \$200,000

Enforcement of the FTA

In the two decades since the FTA came into effect, the Commerce Commission has taken enforcement action against a wide range of businesses. It has undertaken some very high profile enforcement actions which have resulted in millions of dollars in fines and compensation for affected consumers.

These include recent prosecutions and settlements against:

- an electricity retailer that misled customers about a price freeze
- airline companies for misleading customers about the real price of airfares
- a telecommunication company for charging customers twice after a billing fault
- banks for failing to properly disclose fees charged for overseas currency transactions
- a retailer for advertising goods as being "on sale" when they had been available at the discounted price for months prior to the sale and, in some cases, the good were also available at the same "sale" price afterwards.

The FTA has not been significantly amended since it was enacted. To better understand how effective the enforcement of the FTA is in practice, the Ministry of Consumer Affairs is currently undertaking a review of the redress and enforcement provisions of this key piece of consumer protection legislation.

30 Years of the Metric System

December will see the 30th Anniversary of the metric system becoming finalised in New Zealand. Although there was no overarching law defining all of the requirements for metrification, the Weights and Measures Amendment Act 1976 became law on 14 December 1976, so this could be considered as the anniversary of metrification of trade measurement in New Zealand.

To celebrate this auspicious occasion, I had a look through some of the old files held at Archives New Zealand from the Metric Advisory Board (MAB), established in 1969 to raise awareness of metrification and to convince a relatively unconvinced public that metrics were the way forward.

A lot of work was put into the run-up to the introduction of the metric system, with the MAB issuing press releases and statements before the introduction of metrification. The MAB symbol, three rather odd-looking sausage-shaped objects, was used to symbolise the three elements of the metric system: length, weight and liquid capacity.

Publicity campaigns centred on the merits of metrification and the encompassing changes that would affect all aspects of life. One press release from the MAB, dated 20 March 1975 said:

“All petrol and oil are now retailed in metric quantities... You can say ‘fill her up’ or ‘give me \$3 worth’...”

\$3 worth?! That would barely get you to the corner dairy now!

Metrification even affected our national sport, as a press release from 19 June 1975 pointed out:

“New Zealand’s national game has changed the size of its rugby fields. What used to be the 25 yard line is now 22 metres from the goal line.”

There were also ramifications for weight-watchers, dress makers, the weather forecast, ordering a beer in the pub...the list went on.

In an effort to personify metrification, the MAB adopted Wellingtonian child Jean Preddey as their ‘Little Miss Metric’, whose picture would soon appear nationwide in the public awareness campaign.

Wanting to track down the Little Miss Metric some thirty-odd years on, I searched the White Pages and long-lost-school-pals websites for Jean’s contact details, but to no avail.



For each press release the MAB logo was adapted for the issue of the week. In this case, road signs changing to kilometres



One of the advertisements used at the time, featuring the Hammond Family, who had recently taken part in TV programme ‘New Faces’

I mentioned my predicament to a colleague of mine who, in the typical ‘everyone knows everyone in Wellington’ style, had happened to work with Jean’s father a few years back.

Leaving the celebrity world behind her and heading for the bright lights of Rotorua where she now lives, Jean (or Jean-nie as she prefers to be called, possibly to avoid the metric

limelight) explains how she became the ‘face’ of metrification in New Zealand.

“I can completely blame my parents for putting my birth weight in the newspaper in kilograms! As far as I know it was the first ever recorded weight in kilograms in New Zealand and the newly formed Metric Advisory Board adopted me when they found it in the newspaper,” she says.

“For ten years I was photographed with various politicians and even made a brief appearance on TV. It was really exciting when I got to school-age and the whole class got to



Little Miss Metric makes her mark in the Mataura Ensign in 1974

celebrate my birthday with gifts and edible goodies provided by the Metric Advisory Board.”

Although we use metric measurements daily now, from speed signs to shopping, the responses from the public at that time weren’t all positive. One letter to the MAB commented: “...metrics are not easy. They are difficult, expensive and unrealistic.”

The main reason for switching to the metric system was for trade and export. New Zealand feared that if it were to retain the imperial system while most of the world moved toward a metric based system of measurement, they would lag behind and make trade and the exporting goods to other countries more difficult.

Now, only a few countries do not have the metric system as their official unit of measurement, most notably the United States.

Even in New Zealand though, 30 years after the introduction of the metric system, there are still one or two carry-overs from the imperial measurement age. How many times have you heard someone ask for a 'pint' in the pub? Or give their height in feet and inches? I asked Little Miss Metric if she's ever succumbed to these colloquialisms:

"Well, with metrification instilled in me from a young age I always measure my height in centimetres and weight in kilograms and if anyone tells me their baby's weight in pounds I'll ask what that is in kilograms!" she says.

The Measurement and Product Safety Service administers the Weights and Measures Act 1987. To find out more, visit www.consumeraffairs.govt.nz and click on 'Measurement'.

The Weights and Measures Act 1987 states how traders must use the metric system:

Traders are obliged to use the metric system of weights and measures:

- In relation to any matter, work, goods, or entering into any contract or transaction, when using a reference to any weight or measure
- When using for trade any weighing or measurement system

Obligation to use metric system in advertising goods for sale

- Traders and businesses must package, price, advertise and display units of weight or measurement using the metric system.

Some exemptions exist for products that have been imported from countries that allow non-metric units of measurement, but only if the metric equivalent is also used.

The above information is an interpretation of the obligations and does not represent the full requirements of the Weights and Measures Act 1987. Please visit www.legislation.govt.nz for more detailed information. If you have any questions regarding these obligations please contact the Measurement and Product Safety Service at the Ministry of Consumer Affairs on 0508 627 774.

Award from the Governor-General

In the last edition of Consumer Affairs we reported that the Ministry's Senior Capability Advisor for Maori, Kitty Bennett, had received an MNZM (Member of the New



©Wolf Photography

Zealand Order of Merit) in the Queen's Birthday Honours list.

On 6 September Kitty made her way to Government House to receive her award from the Governor-General, the Honourable Anand Satyanand.

Kitty (pictured receiving her award from the Governor-General) said: "It was a very special day, but once again I'd like to emphasise that this award is for all those who make a contribution to the community, not just for me!"

Kitty's role is to ensure that there is an understanding of consumer issues regarding Maori and bring that knowledge into the Ministry. Kitty engages with the Maori community

to ensure that consumer information is passed on into the communities and building a solid knowledge base to allow consumers to make informed decisions and choices

Admission to the Bar

And not the sort you find on Wellington's Courtenay Place. Jennifer Miller was admitted to the bar as a barrister and solicitor in a ceremony held at Wellington High Court in October.



Jenny, a Consumer Issues Advisor who has been with the Ministry for just over a year, recently successfully completed her professional law studies through the

Institute of Professional Legal Studies.

Jenny (pictured above) is relieved that the studying is finally over. "It has been a pretty hectic few months, so I'm pleased that it is all over now."

Manager Liz Stretton said, "Jenny has been working extremely hard over the past year juggling work and her studies for her professionals. Everyone at the Ministry is delighted to see her perseverance come to fruition."

Getting in the Festive Spirit

“Cool, a Paul Holmes CD, just what I always wanted Dad, yeah, thanks...”

“What a lovely luminous green jersey Gran, that’s, erm, great...”

“Another ceramic turtle?! Wow, thanks Uncle Jimmy...just like the one you got me last year...”

There are some bad presents coming your way this year. You know it, I know it, and it’s as inevitable as having to pretend your Mum’s turkey isn’t overcooked when you sit down to lunch on Christmas day. (Sorry Mum, but you had to find out somehow, and I thought this newsletter would be the best way...)

So what do you do when you’ve recovered from your Christmas over-indulgence and realised that some of your gifts from family and friends have turned out to be turkeys too? (Hopefully not as dry as my Mum’s turkey though...)

Contrary to popular belief, retailers do not have to refund or exchange gifts if they’re the wrong size or colour, or simply if they’re not liked. But many retailers do choose to do so. Your best bet is to take the gift back and ask. If they’re unable to give you a refund, ask if they’ll exchange the gift, or give you a credit note for the store. (Wish I could get a credit note instead of Mum’s cooking...)

However, retailers may be obliged to refund or replace or repair gifts if they are faulty or damaged. When you buy something, the law says it must be of acceptable quality. That means the goods must be fit for its normal purpose, acceptable in finish and appearance, free from any kind of fault, safe, and last a reasonable time.

Some tips for returning/exchanging goods:

- Check whether the sender thoughtfully gave you an exchange card. Exchange cards should allow you to swap

the goods for something of equal or more value (if you pay the difference) from that store. Make sure you use them promptly; exchange cards may only be valid for a short time after Christmas.

- Didn’t get an exchange card? If you know where the gift came from, and it’s in its original wrapping, take it back to the store to ask whether they will agree to exchange it. Otherwise, you may have to ask the person who gave you the gift if they could exchange it for you, or have the receipt.
- If a gift turns out to be faulty, the Consumer Guarantees Act gives the receiver of the goods rights to have the goods repaired, or if the fault is serious you also may have the right to a refund or replacement.
- A manufacturer’s warranty should apply to you too, even if you didn’t buy the goods yourself.

So it just leaves us to wish you all a very merry Christmas and an enjoyable summer holiday. I hope that your turkey is as moist and tender as mine won’t be, and that the gifts you receive do not end up shoved, unused, at the back of the wardrobe come Boxing Day.



Ministry worker Debbie Bidlake gets in the festive mood

New Guide to Aid Policy Analysts

What do consumers really think about when making decisions? Who do they turn to for advice? What information do they use? What motivates them to act in a particular way? Forming consumer policy can be a daunting task. So many things to think about, so little time.

A team across the Ministry of Economic Development and including Consumer Affairs has just published a guide to give policy analysts government-wide a helping hand in understanding the way that people think when they make decisions.

Entitled 'Behavioural Analysis for Policy: New lessons from economics, philosophy, psychology, cognitive science, and sociology', the guide examines the complex issues surrounding how policy makers need to understand human behaviour

and characteristics.

One of the authors of the guide, Geoffrey Leveritt, a Senior Policy Analyst with the Ministry, says “I hope that this publication will build a better understanding of consumer behaviour and help ensure that government policies are more responsive to the needs of consumers.”

You can view the new publication on the Ministry of Consumer Affairs website at www.consumeraffairs.govt.nz and by clicking on ‘Policy, Law and Research’.



Who's new at the Ministry

Name: Alan Collins

Section: Measurement & Product Safety Service

Job title: Product Safety Advisor

Background: Alan has previously studied German at Victoria University, completing a BA Hons and is about to complete his LLB. Before joining the Ministry, Alan worked for AJ Park in Wellington as a Trade Mark Executive before taking a year off to study and travel in Germany and Europe.

Alan says of his new role: "It's great to make a real impact on consumer product safety issues, from hot water bottles, to baby dummies and laser pointers. Occasionally I get the odd quirky issue such as a complainant who called to say that out-of-date cigarettes were being sold in her township and threatening the health of everyone who bought them."

Alan lists his interests as cooking, travelling, and foreign languages.



Name: Barbara Robson

Section: Research, Information and Capability

Job title: Senior Capability Advisor (Community)

Background: Barbara joins the Ministry bringing with her consumer advocacy and networking skills gained from working for many years in the community.

Barbara is an elected board member of the MidCentral District Health Board and is on the Health and Disability Commissioner's Consumer Advisory Group.

Barbara says: "The main ethos of my role is to develop community capability ensuring consumer rights messages reach consumers through their communities so that everyone has the skills necessary to transact with confidence in the marketplace."



Consumer representatives and Ministry discuss dispute resolution schemes

When is a trader not a trader?

The answer to this question and others were discussed at a get together for Ministerial appointments on industry-led alternative dispute resolution schemes held recently by Ministry of Consumer Affairs.

The five consumer appointees who attended the event provide consumer representation for the Banking Ombudsman Scheme, the Electricity and Gas Complaints Commission and the Insurance and Savings Ombudsman. David Russell from the Consumers' Institute also attended.

The purpose of the get together was to create an opportunity for consumer representatives on the various schemes to discuss issues of mutual concern and to create a dialogue between the consumer representatives, Ministry officials and the Minister of Consumer Affairs, the Hon Judith Tizard.

The event started with a round of introductions and it seemed almost instantly that consumer issues came to the fore. There were discussions of how crucial it was to get information about the dispute resolution schemes to those most vulnerable in society, debate about various industries that urgently need to improve their mechanisms for dealing with consumer complaints and 'when is a trader not a trader'.

This issue relates to the fact that 'traders', however defined, have obligations to consumers under the Consumer Guarantees Act 1993. Private individuals do not have the same duty. Online, it can be impossible to tell whether someone is a trader or an individual. Online auction sites have blurred the

boundaries too. Is it someone selling off some of their old stuff or are they making a sizeable amount of income?

After these and other weighty topics were discussed, Minister Judith Tizard came to speak to the consumer representatives. The Minister reiterated how much she appreciated the time and effort the appointees put into the schemes and that she would endeavor to provide any assistance they felt they needed to better do their jobs.

For further information on the Consumer Representatives nomination service, visit the Ministry of Consumer Affairs website and click on 'About Us' followed by 'Consumer Representation'. Contact details for the industry schemes listed above can be found in the White Pages.



Anishka Jelichich, Private Secretary to Hon Judith Tizard, talks to Consumer Representative Pat Hanley

Reorganisation at the Ministry of Economic Development

Over the last two months a reorganisation of the Ministry of Consumer Affairs' parent department, the Ministry of Economic Development, has taken place.

The Ministry of Consumer Affairs is now part of the new Branch called the Effective Markets Branch. The work of the Branch focuses on ensuring that markets work for businesses and consumers leading to more globally competitive firms and an environment in which consumers and business are able to transact with confidence.

While other parts of the Ministry of Economic Development take responsibility for focussing on specific markets such as those for telecommunications, electricity, financial services or intellectual property, the Effective Markets Branch provides advice and guidance on the quality of market design its impact on consumers, business (particularly small business) and the economy as a whole.

As well as the Ministry of Consumer Affairs, which includes the Consumer Policy Group, the Research, Information and Capability (RIC) Group and the Measurement

and Product Safety Service (MAPSS), the Effective Markets Branch also includes three groups from other parts of the Ministry of Economic Development. These are the Regulatory Policy Team, Small and Medium Enterprises (SME) Policy Team and Environmental Regulation and HSNO Team.

The new branch aims to be a recognised centre of expertise on making markets work for businesses and consumers. To achieve this it will draw and build on the expertise of the various teams in 'what matters' and 'what works' for consumers and business, in environmental regulation and quality regulatory design and implementation.

Energy Safety Service

Prior to 1 October, the Ministry of Consumer Affairs shared a Branch with the Energy Safety Service. From 1 October the operational and research functions of the Energy Safety Service have been co-located with the Radio Spectrum Management (RSM) Group of the Ministry Economic Development's Business Services Branch. The Energy Safety Service is now part of an enlarged Radio Spectrum Management and Energy Safety Group.

Consumer affairs is the official newsletter of the Ministry of Consumer Affairs

Post: PO Box 1473, Wellington

Ph: +64 4 474 2750

Fax: +64 4 473 9400

Email: mcainfo@mca.govt.nz

Web: www.consumeraffairs.govt.nz

Consumer affairs is now available as a PDF on our website.

Feedback

We welcome your feedback and suggestions for *Consumer affairs*. Please contact us by email editor@mca.govt.nz or post PO Box 1473, Wellington 6140.

Contact us to receive the newsletter electronically, for further printed copies or to be removed from our mailing list.



MINISTRY OF CONSUMER AFFAIRS

MANATŪ KAIHOKOHOKO