

Direct Selling Association of New Zealand Code of Practice Annual Report - 1999

Code Background

In December of 1997 the Direct Selling Association of New Zealand (DSANZ) undertook the signing of our voluntary code of Practice with the Minister of Consumer Affairs setting in place a compliance requirement for DSANZ members and an Annual Report for the Calendar Year.

This report tables the performance of the Code of Practice for the 1999 year as prepared and presented to the Annual General meeting of the DSANZ on 18 May 2000.

Complaints

Total Complaints received - 19 (Nineteen)

Member complaints - Consumers (2)

During the calendar year the DSANZ received two complaints involving end consumers. The first complaint was outside of the coverage of the Code of Practice in that the consumer wished to cancel three months after the purchase. The Cancellation was initiated by the children of the purchaser and was not wholly supported by the purchaser himself. The Second complaint was covered by the Code of Practice in that the sale was within the 10 day period specified by the Code. A trade in product, which had been upgraded for on-sale complicated this complaint, and some costs had been incurred with the knowledge of the consumer.

Resolutions

The first complaint was dealt with by the member company with a full refund made regardless of Code coverage as goodwill by the member company. The second was dealt with by accepting the cancellation of the original contract and arranging the trade in product to be sold on behalf with costs to be deducted for the upgrade only. This was accepted by the consumer as a suitable resolution.

Member complaints - Distributors/agents (nil)

During the calendar year of 1998, the DSANZ received no complaints relating to distributors or agents of member Direct Selling Companies. While some queries of a very general nature were received none of these were considered a complaint and were more of a question of advice being sought and some were potential distributors checking to see that the Company was a member of the DSANZ.

Non - Member Complaints - Seventeen (17)

The DSANZ received seventeen (17) complaints regarding non-member companies/organisations/individuals.

Six were complaints of illegal pyramid schemes and were deemed to be in breach of the Fair Trading Act. Formal complaints were despatched to the Commerce Commission on these schemes. Prosecutions have occurred on two with the High Court still to rule on one travel based scheme. The remainder now appears on the Commerce Commission published list of scams and schemes that have been warned or prosecuted.

Eight complaints related to vacuum cleaner sales made by three franchise operators of one vacuum cleaner brand. While most were within the letter of the law, the tactics of excessive pressure and three-hour demonstrations were key components of the complaints made. If these sales had been covered by the Code, then it is likely that a breach would have occurred in most instances.

The remaining complaints were related to services and products sold door to door by unknown salespersons and in two of the three were to commercial premises and related to books or vouchers type sales.

Of the Total Complaints only four (4) were received in writing including the two involving members. The remainder was by telephone and resolved where possible by telephone for the sake of speed.

An assessment of the total dollars involved is

Member Companies -	\$6,000
Non-member companies/organisations/individuals	\$30,000

Signed: _____
Executive Director