

Direct Selling Association of New Zealand Code of Practice Annual Report - 2004

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.

The Code was reviewed during the 2001 year and modified to include an anti-enticement clause and an extra territorial clause along with some minor amendments. This was ratified early in 2002.

The next review of the Code is due by the end of 2005

This report tables the performance of the Code of Practice for the 2004 calendar year as prepared and to be presented at the Annual General meeting of the DSANZ on 12 May 2005.

Complaints

Total Complaints received - 8 (Eight)

Member complaints - Consumers (1) One

The DSA received 1 complaint from a member of the public during this period. The complaint related to an order which had been delayed unduly and as a result cancelled by the customer. A refund was sought from the distributor who had delayed and not advised the company of the issue.

Once the complaint was received, the company was immediately advised and the refund issued by the company. An apology from the company was also sought and this was facilitated with agreement on the appropriate wording with the DSA.

The distributor was advised of the correct procedure by the company.

No further action was required by the DSA.

Member complaints - Distributors/agents (1) One

The DSA received one complaint from a distributor during the year relating to a termination of that distributors contract by the company.

The distributor freely admitted to the DSA that he had pursued other opportunities and had offered those opportunities to others in his downline and upline distributors. He was adamant he wished to complain on the basis that he had not received refunds for all stock returned.

The Company was requested to give an explanation of the events and reasons for both the termination and any failure to refund all stock under 12 months old in good condition.

The company explained that it had refunded according to the DSA Code all stock under 12 months old in good condition however there was some stock which was not in a saleable condition and this had been returned to the distributor.

The explanation of the company was accepted and this communicated to the former distributor which was accepted as correct. No further action was deemed required.

Member complaints – Member to Member (0)

The DSA received no complaints from members about members during the 2004 calendar year.

Non - Member Complaints - Six (6)

The DSANZ received (6) complaints regarding non-member companies/organisations/individuals.

All but one complaint related to mobile home shopping sellers where refunds had not been made when over payments had occurred.

In each case a letter had been sent to the companies to advise them that this was neither good practice and in some instances were likely to be in breach of the Fair Trading Act. Refunds were achieved in all instances where such letters were written.

There was one complaint regarding refunds and recruiting practices by a Multi-Level/Network Marketing company in which the potential distributor had cancelled the agreement within a week of being recruited and had sought a refund for the sales kit. This company did not hold membership in any DSA and while the distributor was advised what possible options could be pursued the DSA was unable to assist in this instance.

This year saw no complaints lodged against vacuum cleaner door to door sellers however we are aware of some instances where concerns were raised with the DSA but did not result in a formal complaint. In those instances it was clear that the letter of the law had been complied with although clearly the outcomes were not satisfactory from an ethical perspective.

This lack of complains shows the message may be getting through to these non member companies about compliance with the law as a minimum.

An assessment of the total dollars involved is

Member Companies -	\$200
Non-member companies/organisations/individuals	\$1600 (excluding pyramid schemes)

Signed: _____
Executive Director