

Direct Selling Association of New Zealand Code of Practice Annual Report - 2005

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 last review was completed in October 2005 with no changes recommended.

This report tables the performance of the Code of Practice for the 2005 calendar year as prepared and to be presented at the Annual General meeting of the DSANZ on 17 May 2006.

Complaints

Total Complaints received - 10 (Ten)

Member complaints - Consumers (1) One

One complaint was received from a consumer about a party plan where the payment had been received by the distributor but no product delivered. It appeared the funds had been retained by the distributor. The Company once contacted made good the order and ensured the consumer was satisfied. The company undertook to locate the distributor and take appropriate actions to either recover the funds and/or lay criminal actions if required.

Member complaints - Distributors/agents (1) One

One complaint was received about the refund of products returned under an auto-ship arrangement. The Company refunded the products in full. The complainant also requested a formal apology which the company undertook to give.

Member complaints – Member to Member (0)

The DSA received no complaints from members about members during the 2005 calendar year.

Non - Member Complaints - Eight (8)

The DSANZ received Eight (8) complaints regarding non-member companies/organisations/individuals.

Complaints about mobile shopping continued with three being about a single company about refunds of overpayments. Letters were written to the offending company and refunds in all

cases were achieved. Copies of these letters were also sent to the Commerce Commission for information purposes. It is understood this company has since gone into receivership.

One complaint was received regarding the promotion methods being used by one Multi-level company which was considered likely to constitute a pyramid scheme and referred to the Commerce Commission for action. The company was issued a formal warning and amended its promotion and sales plan to comply with the Fair Trading Act. An application for membership of the DSA was also lodged by the same company.

4 (Four) Complaints were received regarding vacuum cleaner sales during the year with most relating to the suitability of the product and one relating to supply of second hand equipment when portrayed as being new. Advice was given to the consumers involved on appropriate actions they might take and with the exception of the second hand equipment were deemed legal activities.

Refunds were however achieved for 2 of the complaints including the second hand equipment.

An assessment of the total dollars involved is

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

Signed: _____
Executive Director
17 May 2006