

15 October 2007

(General Purpose Standing Committee No. 2)

Portfolio

Fair Trading

**ANSWERS TO QUESTIONS TAKEN ON NOTICE DURING
HEARING**

Question 1

The Hon Catherine CUSACK: Madam Chair, I ask you to ask the Minister to answer my question about why New South Wales has nearly double the national figure on bankruptcy.

Answer

I have been advised by the Office of Fair Trading that accurate aggregate data which might help explain the current level of NSW bankruptcies compared to the national average is not presently available.

The figures quoted are provisional. Verified annual figures are published in the Annual Report on the operation of the *Bankruptcy Act 1966*. The Insolvency and Trustee Service Australia has advised that the 2007 Annual Report is due to be published shortly and will be available on their website at www.itsa.gov.au.

Question 2

The Hon Catherine CUSACK: Financial Counselling Services –17 per cent increase – That is a 17 per cent increase for the next three years on the previous three years? In real terms what is the increase?

Answer

I have been advised by the Office of Fair Trading that the increase in funding of Financial Counselling Services for the triennium from 1 July 2007 to 30 June 2010 represents an annual increase of 17 per cent (i.e. \$340k per annum) in real terms compared to the previous triennium.

In addition the Financial Counselling Services program will be subject to an annual escalation determined by NSW Treasury that allows for salary increases under the relevant Award.

Question 3

The Hon Catherine CUSACK: What data do you have on mortgage repossessions in New South Wales and the impact that is having on tenants?

Answer

I have been advised by the Office of Fair Trading that information regarding mortgage foreclosure activity is collected by the Supreme Court of New South Wales. The Supreme Court's 2006 Annual Review indicates that 5,368 repossession orders were filed in 2006, an increase of 10.16% on the number in 2005. This report is available on the Supreme Court's website at www.lawlink.nsw.gov.au/sc.

However, it is not possible to draw conclusions from these figures. The number of repossession orders issued by the Court does not necessarily equate with the number of default related sales, because some mortgagees may not enforce the orders. Of those properties which are sold, there is no data on owner-occupied or tenanted properties and no data on the number of tenants actually evicted as a result of the sale.

Question 4

Ms Lee RHIANNON: Residential Tenancies Act – Is it the case that the amending legislation will not be ready for introduction into Parliament before the latter half of 2008? I am wondering why it has taken so long.

Answer

I have been advised by the Office of Fair Trading that the Residential Tenancies Law Reform Options Paper was released for public comment in July 2005. More than 100 submissions were received and analysed. Many issues dealt with in tenancy law are complex and contentious, and consensus among stakeholders is difficult to achieve. The Government is currently assessing the often competing objectives of the parties involved in the tenancy relationship in order to achieve a balanced package of reforms.

The NSW Government is committed to ensuring that regulation is appropriate, effective and efficient, with the objective of maximising net benefit to the community and minimising regulatory burden and red-tape. Business and community consultation must inform regulatory decisions. The comprehensive reform proposals, comprising 102 separate recommendations, will be subject to consultation until 31 December 2007.

During the early part of 2008, the submissions will be analysed, further face-to-face consultation will take place, and once the Government is satisfied that the best possible reform package has been developed, legislation will be drafted.

Question 5

The Hon Dr Gordon MOYES: I seek permission to give an example of this to the Minister and ask her to give me a reply on notice. Letter from Byron Wu tabled regarding issue: "If your neighbour's builder damages your home, Fair Trading will not help you despite having the authority to in law. Fair Trading will only help if you were the person that contracted the builder."

Answer

Mr Byron Wu wrote to me on behalf of Ms Kerry Wyer in August regarding damage to her property after building work at her neighbour's house. He stated that work undertaken at Ms Wyer's neighbour's home had apparently left a hole in her wall, exposing her property to water damage.

Mr Wu has said that Fair Trading told Ms Wyer that it could offer her no assistance as the builder involved had not contracted with her, rather with her neighbour. Mr Wu has written to a number of Members of the House and I received representations from several MPs.

I can advise that there is no record of a formal complaint being lodged by Ms Wyer and that she only made verbal inquiries with Fair Trading over her dispute. I can confirm that Fair Trading is able to deal with matters such as these, where secondary damage has occurred as the result of the actions of a licensed contractor, and has done so on numerous occasions in the past.

I am advised that a Fair Trading inspector has been in contact with Ms Wyer. I understand that she advised the inspector that she has since taken the matter to court. Ms Wyer also confirmed that she has not lodged a complaint with Fair Trading and does not require any assistance at this time. However, Fair Trading stands ready to provide whatever assistance it can, should Ms Wyer later decide she would like to take up this offer.

Question 6

The Hon Catherine CUSACK: Hot water bottle standard – The issue is that a new British standard, which is accepted in the United Kingdom, America, Europe – it is the world standard – was introduced on 31 October 2006 but the Department of Fair Trading on 1 January 2007 adopted a redundant standard. The claim is Fair Trading is using a redundant standard.

Answer

I have been advised by the Office of Fair Trading that:

The NSW Products Safety Committee conducted an inquiry into the safety of hot water bottles in 2005.

The Committee recommended that hot water bottles should conform to various parts of the British Standard BS 1970:2001. In response to these recommendations, the Fair Trading Regulation was amended in November 2006 to set a product safety standard based on some parts of the 2001 British Standard which came into effect on 1 January 2007.

While the 2001 British Standard was updated in November 2006 at about the same time that the Fair Trading Regulation was amended, the thickness requirements are the same under both the old and the new Standard. Both Standards require rubber hot water bottles with a capacity of two litres or more to have a minimum surface thickness of 1.4mm.

Question 7

The Hon Catherine CUSACK: Are you aware of allegations that inspectors from the Motor Vehicle Repair Council are so intimidated by car repair shops in Bankstown that they refuse to visit unless accompanied by a police escort?

Answer

No. I am advised by the Office of Fair Trading that inspectors routinely visit motor vehicle repair workshops in Bankstown without police in attendance to ensure compliance with the provisions of the Motor Vehicle Repairs Act 1980 and to mediate disputes between motor vehicle owners and repairers.

Question 8

The Hon Catherine CUSACK: I am interested in the Ipsos market research that was conducted last year. Would you mind making a copy of the report of available to our Committee?

Answer

A copy of the report prepared by Ipsos Australia Pty Limited is attached.

Question 9

The Hon Catherine CUSACK: What online consumer surveys were conducted during the year and what were the results?

Answer

I have been advised by the Office of Fair Trading that during 2006/2007 Fair Trading conducted two online surveys. The Property Survey was available on-line for one month from 8 September to 8 October 2006. The survey sought to establish respondents understanding of key rights and obligations when making real estate transactions; as well as identify what information respondents used and where more education is needed. 1945 people participated in the survey. A report outlining the

survey findings, called “Home Sweet Home- How much do people really know about buying, selling and renting?” is available on the Fair Trading website.

The second online survey conducted was the Motor Vehicle Cooling-Off Periods Survey. It was available on-line for three months from 22 December 2006 to 22 February 2007. Respondents were able to record their knowledge of the one-day cooling-off provision in the Motor Dealers Act that applies when buying motor vehicles using credit provided or arranged by a motor dealer (linked credit); and indicate their actual usage of the provision. Fair Trading received 194 completed surveys. The survey data is being used to inform Fair Trading’s regulation review and consumer education programs.

The Hon Linda Burney MP