

— Inside of this issue —

- *The Grand Plan for Consumer Affairs was established*
- *Test result of electric-assisted bicycles and motor-assisted bicycles with pedals*
- *The result of the 35th Survey of Trends in People's Livelihood*
- *Recent trend of security of children's personal information*
- *Survey result of inappropriate credit made by credit companies*
- *Survey result of personal information leakage mishaps caused by companies*
- *Survey result of the problem regarding group homes for elderly citizens*

◇ *Consumer Affairs Climate*

*Outline of the Grand Plan for Consumer Affairs*

In June 2004, the Consumer Protection Fundamental Act was revised to establish the Consumer Affairs Fundamental Act.

The general philosophy of the Consumer Affairs Fundamental Act is to respect consumer's rights and ensure their effectiveness. To achieve this, a general plan with a long-term vision is required. Therefore, Article 9, set forth in the Consumer Affairs Fundamental Act specifies that the government shall establish the Grand Plan for Consumer Affairs, a general plan regarding the promotion of consumer policies.

The Consumer Policy Council, which places itself within the Cabinet Office, establishes the Grand Plan for Consumer Affairs. When preparing a draft for the Grand Plan, the Consumer Policy Council is required to take into account the opinions of the Quality-of-Life Policy Council (Paragraph 3, Article 27, Consumer Affairs Fundamental Act). The Consumer Policy Council accordingly prepared a draft report for the Grand Plan by taking in the opinions from the Quality-of-Life Policy Council. The draft report, which reflects the public comments solicited from the end of December 2004 to the end of January 2005, was endorsed by the Cabinet as the Grand Plan for Consumer Affairs. The outline of the Grand Plan is stated below:

The Grand Plan for Consumer Affairs introduces a five-year-plan commencing from 2005, which contains the following three major points:

- Main direction of the consumer policies
- Important aspects of the consumer policies
- Strategies to ensure the effectiveness of the Grand Plan

First of all, the following three points are clearly specified in the 'Main direction of the consumer policies':

- 1) Ensuring the safety and peace-of-mind of consumers;
  - 2) Streamlining the foundation to promote consumer independence;
    - Supporting consumer independence in a comprehensive manner by streamlining the trade rules
    - Enhancing the opportunities for consumers to receive lifetime consumer education
    - Encouraging all consumers to engage in environmental activities
  - 3) Responding to urgent consumer issues in a flexible and intensive manner;
    - The government is to monitor and control shady operators by providing public relations activities as well as educational activities in one unified body.
- Secondly, the following points are defined in 'Major aspects of the consumer policies':
- 1) Strengthening and expanding the recall system;
    - Ensuring the effectiveness of the preventive steps regarding unjustifiable acts occurring in car recall
    - Examining the possible establishment of portal sites that can provide at-a-glance information on product recall
  - 2) Encouraging consumers to participate in the risk communication;
  - 3) Promoting the generalization of the food traceability system to ensure the safety and the peace-of-mind of the consumer;
    - Expanding the targeted items for the regulations related to publication of information on consumer products
  - 4) Establishing trade rules with a cross-sectional and comprehensive view of each category;
    - Examining the possible establishment of solicitation rules that are suitable for different consumer types

- Examining the possible establishment of solicitation restrictions for consumers unwilling to engage in trade
  - Examining the introduction of legislation to the industry providing financial investment assistance service
- 5) Introducing the Consumer Organizations Lawsuit System (Corrective Claims by a group of consumers);
    - Introducing the Consumer Organizations Lawsuit System in the Consumer Contract Law
    - Examining the introduction of the Consumer Organizations Lawsuit System in the Antimonopoly Law and Law for Preventing Unjustifiable Lagniappes and Misleading Representation
  - 6) Promoting consumer education in schools and social educational facilities;
    - Examining the possible systemization of consumer education and promotion strategies regarding consumer education
  - 7) Encouraging all consumers to engage in environmental activities;
    - Educating consumers to reduce the amount of waste and reuse and recycle waste
  - 8) Making good use of consumer's complaints and the information gained from consumer counseling;
    - Strengthening the core function of NCAC
    - Examining the ways of cooperation between consumer centers and other organizations such as the Japan Legal Support Center
  - 9) Responding to urgent consumer issues;
    - Strengthening cooperation systems to respond to social issues occurring as a result of IT advances
    - Eliminating fictitious bills and unreasonable charge
    - Preventing and relieving the damages caused by counterfeit bank cards
    - Preventing Internet fraud

Last of all, the following points are clearly stated in the 'Strategies to ensure the effectiveness of the Grand Plan':

- Enhancing and strengthening the promotion systems for the Grand Plan
- Verifying, assessing and supervising the Grand Plan
- Providing public relations activities and education for both consumers and traders
- Exchanging opinions with local authorities, trade associations and consumer organizations
- Taking flexible actions toward new consumer affairs

Promoting the Grand Plan for Consumer Affairs is critical to ensure that consumer's rights are respected and the effectiveness of those rights is assured. It is vital that the government promotes the Grand Plan in a positive manner.

## ◇ *Activities of the NCAC*

### — Product Testing —

#### *Electric-assisted bicycles and motor-assisted bicycles with pedals*

The electric-assisted bicycle seems to have established itself in our daily life. However, we have received several inquiries and complaints concerning mileage and quality of the ride. Given this, NCAC conducted product tests focusing on the lightweight and low priced electric-assisted bicycle brands. Furthermore, NCAC compared the findings of these product tests with the past product tests conducted in March 1998 to see if there was any improvement. The findings are as follows:

- Major improvements
  - The weight has been lightened 20% to 30%, which provides more stability when walking a bicycle.
  - The electric power has become adjustable which provides a reduced load when pedaling a bicycle.
  - Energy-saving and long-life functions such as automatic switch-off lights and functions to prevent excessive discharge of batteries have been enhanced.
- Major points to keep in mind
  - During a monitoring test, there was a case where the wheels of the bicycle suddenly started spinning without pedaling.
  - The weight reduction and miniaturization of batteries result in providing a bit less mileage. Each brand provides a different mileage from others.
  - Although electricity costs required for a 10km ride is approximately 1 yen, it becomes 13 to 40 yen for a 10km ride when including consumable battery costs.
- Advice for consumers
  - The mileage depends on how you ride your bicycle. Try to ride smoothly by using appropriate gear changes.
  - If the front light's power source is a traction battery, carry a battery-powered front light as a spare in case the traction battery runs out.

There have been several products such as 'Full-electric bicycle' or 'Electric bicycle' that have been mainly sold over the Internet. They resemble electric-assisted bicycles in appearance and have self-running functions without pedaling. From the legal point of view, however, they fall into the motor-assisted bicycle category even if they have electric-assisted functions. Therefore predetermined components should be mounted on them.

These products also require riders to adhere to several obligations/ conditions such as wearing a helmet and carrying a driver's license when riding such products. It is also important to note that they

are not allowed on public thoroughfares, even if the self-running function is not in use. The same instructions have been released from the National Police Agency.

### —Surveys and Studies—

#### *The 35th Survey of Trends in People's Livelihood*

NCAC conducted 'The 35th Survey of Trends in People's Livelihood' from October to November 2004. This survey covers 3,000 housewives who live in large cities throughout Japan. The ratio of valid respondents is 63.3%.

The survey was conducted on the basis of the following two themes:

- 1) Specific theme: Issues that are often brought up in consumer counseling and phenomena that have become social issues
- 2) Timeline theme: Fixed point observations to understand the consumer environment and the changes in consumer awareness

The specific theme of the survey this time is 'Housewives' awareness of and attitudes toward health food'. We also brought up fictitious bills as they have become a consumer issue in recent years. The outline of the findings is as follows:

● Housewives' awareness of and attitudes toward health food;

- Concerning health information that draws their attention, almost half of the respondents pointed out that they pay attention to the information concerning illnesses caused from daily life habits. This was followed by the information regarding obesity and aging.
- Almost 70% have tried 'health food' and 25% take it 'almost daily' .
- More than 70% 'have experienced solicitation for health food purchases' .
- 1.5% have experienced 'illness' after taking health food.
- The purchase expenses become higher as consumers age. More than 10% of the respondents in their sixties purchase health food for 10,000 yen and above a month.
- Concerning the respondents' expectations of traders, 80% pointed out that 'the safety of the products must be assured' and more than 50% stated the importance of 'immediate information services and product recall' .

● Complaints and damages regarding products and services (timeline theme);

- More than 40% 'have complaints regarding products and services and have suffered damages' .
- Regarding the respondents' expectations of consumer centers, 70% pointed out the importance of an 'enhanced handling of complaints and improved counseling' . This

became the number one expectation for the first time.

• 14.7% are familiar with the 'laws that protect personal information'

● Cases of receiving fictitious bills and attitudes toward these bills;

- 13.5% have received fictitious bills, which present an increase of 10% when comparing the previous survey of 3.5%.
- They received the bills without discrimination of age, and more than half of them were asked to pay 10,000 yen or more.
- Nearly 80% of those who received fictitious bills 'ignored' the bills, 5.1% 'sent a reply or inquiry to the trader' , and 1.2% 'paid the bill' .

#### *Current status of consumer issues regarding the security of children's personal information and procedures undertaken to address this issue*

The number of counseling cases where consumers ask our advice concerning the security of their children's personal information (6 to 17 years old) has increased at a great rate. The rapidly increased number of counseling cases indicates the effect of the rapid growth of information and communication networks. Children, to whom the importance of 'personal information' is difficult to comprehend, are easy targets of malicious third parties within such networks. NCAC conducted a survey as a result of this situation. The survey specifics and the outline of the findings are as follows;

● Trends and characteristics concerning the number of consumer counseling cases involving the security of children's personal information;

- 1) In general, the number of consumer counseling cases involving the security of personal information has increased. This issue has accounted for the high percentage of the total of counseling cases altogether.
- 2) Victims of this issue concerning the security of personal information are mainly in their twenties and thirties.
- 3) The rapid increase in the number of counseling cases involving the security of children's personal information has been highly visible.
- 4) The number one issue involving the security of children's personal information concerns 'provision of information for dating services'.
- 5) Actions taken by trade associations toward the protection of children's personal information;

In some cases, the guidelines that have been prepared by trade associations regarding personal information protection pay special attention to children's personal

information.

- Actions taken toward the protection of children's personal information by applying the Children's Online Privacy Protection Act of 1998 which has been enforced in the United States.

The Act specifies the legal restrictions enforceable in the following limited three areas;

- 1) Children under the age of 13
- 2) Administrators of all web sites for children and suppliers of online services for children
- 3) Personal information of children and their family

- Challenges to protect children's personal information;

- 1) Providing education regarding the protection of personal information to children
- 2) Highlighting the role of the parent as the protectors of children's personal information
- 3) Providing more secure web site systems when children's personal information is obtained online
- 4) Generalization and utilization of the guidelines prepared by trade associations
- 5) Streamlining the rules handling children's personal information

#### ***Issues concerning inappropriate credit made by credit companies***

There have been many consumer-counseling cases relating to consumer credit. Among them, approximately 12% relate to sales credit and most of them relate to third-party credit for each commodity (136,330 cases were reported in the Fiscal 2003).

Inappropriate credit, such as excessive credit, is the cause of these many consumer credit related issues. It is important to solve inappropriate credit matters in order to prevent such issues.

NCAC conducted a survey as a result of this situation. The survey specifics are as follows:

- 1) Issues concerning inappropriate credit and the governmental handling of such issues;
  - Outline of credit-related issues
  - Actions taken by the government toward issues related to inappropriate credit
  - Examples of judicial decision
- 2) The current situation of and problematic areas in consumer counseling related to inappropriate credit;
  - Trends in the PIO-NET (Practical Information Online NETwork) counseling cases regarding third-party credit for each commodity
  - Follow-up surveys of past cases that have had counseling
  - Problematic areas in consumer counseling
- 3) The current situation of credit companies and credit bureaus;
  - The findings obtained by the questionnaire

survey of the credit companies

- The current situation of credit bureaus

Furthermore, on the basis of the above mentioned survey findings, NCAC suggests the following points to make appropriate credit regarding third-party credit for each commodity;

- Inappropriate credit such as excessive credit should not be made.
- Enhance the check-up operation by telephone.
- An immediate and appropriate response should be taken regarding a consumer who expresses no wish to conclude a credit contract.
- Ensure to verify the obtained information with credit bureaus to shorten the time period taken to complete the registration.

#### ***The findings of the trader survey regarding personal information leakage mishaps***

Today, both government and enterprises alike handle a substantial amount of personal information. The amount of such information will increase even more in the future. Since the Personal Information Protection Act was enforced from April 2005, consumer awareness has been heightened toward the security of personal information. On the other hand, there have been a number of mishaps reported where large amounts of personal information have been divulged.

Given this, NCAC conducted a trader survey concerning the leaking and trading of consumers' personal information. The survey was mainly targeted at traders that have had mishaps over such information in the past. The findings are as follows:

- Major findings

- 1) The cases where more than 10,000 instances of personal information were disclosed reached 30%. Some of the leaked information contained not only names and contact addresses, but also 'sensitive information' such as credit card numbers, credit records and health certificates for life insurance.
- 2) The usage of such exposed personal information could not be found or specified in most cases. It may have been used to issue fictitious bills or for malicious solicitation.
- 3) Although half of the personal information disclosure mishaps were revealed by insider information, there were some cases that were revealed by consumer inquiry.
- 4) Carelessness of employees or contractors, or personnel removing it from the company they work for mainly contributed to disclosure of personal information. The cause could not be specified in 20% of the information disclosure cases.
- 5) Although many enterprises have taken measures for the safety management of personal information, there have been some cases of information leaking as a result of insufficient employee training and

inadequate management over contractors.

This survey found some cases where consumers have complained to traders for an increased number of fictitious bills and malicious solicitations that they had received after their personal information was disclosed. On the other hand, there were some traders that had little sense of the crisis even though the circumstances in which their customers' personal information was disclosed had not yet been identified. These cases represent a great contrast with the growing public alarm and awareness toward the security of personal information.

Presently, substantial amounts of data can be sent and received in a very short period of time. It is therefore important to understand the difficulties in stopping the exposed personal information that will be quickly circulated. Traders that handle personal information should put more effort into this issue and make preparations toward it.

The future recommendations are the following four points;

- 1) Enhance training for employees and management over contractors and improve the safe management practices regarding personal information.
- 2) Design rules in a unified way to handle the notices and publications in the event of the occurrence of personal information leaking.
- 3) Establish the means with which the route of information leaking can be specified and tracked down.
- 4) Theft of personal information should become eligible for criminal punishment in the future.

***The survey study regarding consumer issues and consumer rights protection of the elderly with cognitive impairment, the intellectually disabled and the mentally disabled who live in group homes***

The number of group homes that provide local community life for people with impaired judgment and people with disabilities has increased. It is said that these group homes are able to provide services that meet individual needs as the number of tenants living in a group home is less than 10 people. However, when considering several factors such as tenants' characteristics, narrow living space and a limited number of staff, these group homes have potential consumer-related issues. Nearly 100 counseling cases involving group homes have been reported during and after the year 2000.

Given this situation, NCAC conducted a survey with the following questions to seek preventive measures for consumer issues involving group homes and to find a way of protecting the rights of those who live in such group homes:

- 1) Did the tenant him/herself inspect the group home before concluding the contract?
- 2) Did the tenant him/herself stay for a trial period in the group home before concluding the contract?
- 3)-1 Was there anyone who cancelled the tenancy

contract in the past three years?

3)-2 Who made the decision to cancel the tenancy contract?

3)-3 What was the reason for the tenant to cancel the tenancy contract?

3)-4 What kind of place/home did the tenant move into after that?

4)-1 Is there an instruction book for important matters and a tenancy contract?

4)-2 Who is the person to whom the details of the tenancy contract is explained, and who is the witness signing the contract?

5) Concerning group homes that have tenants, who have statutory adult guardians.

6)-1 Does the group home allow an ombudsman (a third party to protect tenants' rights) to pay a visit?

6)-2 Has the group home ever had a third party's assessment?

7) Is there any nursing and support plan? If so, does the plan reflect tenants' wishes? Did the tenants give their consent to such plan?

8) Does the group home collect a tenancy fee, bond and other fees? If so, does the group home show the bond return policy when he/she cancels the contract?

9) The number of staff required to manage a group home.

10) Employment insurance and employee pension status of nursing staff and support staff

11) The wages of nursing staff and support staff (excluding commuting allowance)

On the basis of the findings of the survey, NCAC prepared the following recommendations and submitted them to the Ministry of Health, Labor and Welfare:

- 1) A tenant should inspect the group home before concluding the contract. A trial stay is extremely important as well.
- 2) Group homes should not be allowed to select tenants who require less care.
- 3) Contracts should be concluded on the basis of the tenant's wishes as much as possible.
- 4) Related parties of group homes should understand and familiarize the adult guardianship system through training and education.
- 5) Group homes that are open to the public should be made possible by introducing assessment systems and an ombudsman system.
- 6) Nursing and support plans that reflect tenant's wishes should be prepared.
- 7) The tenancy fees, bond and deposit should be clearly specified.
- 8) Developing specialists and establishing appropriate wages for them are the necessities to improve the quality of care and support.
- 9) Good communication skills are essential to prevent accidents.