

13 January 2013

Research Director  
Legal Affairs and Community Safety Committee  
Parliament House  
George Street  
BRISBANE QLD 4000

**By email: [lacsc@parliament.qld.gov.au](mailto:lacsc@parliament.qld.gov.au)**

Dear Sir/Madam,

## **Property Occupations Bill 2013**

I am the Chief Executive Officer of McGrath Estate Agents.

I have worked in the property industry for 30 years and established an organisation that has built a reputation for integrity, communication, customer care and results.

McGrath operates in Queensland, New South Wales and the ACT.

Last year McGrath sold 8000 properties. The predominant method of those sales was by auction and, predominately, price guides were adopted by vendors and agents to great success for those sales. Therefore, our experience in this regard is extensive.

## **Submission**

I have grave concerns regarding the proposal to ban price guides on all auction marketing.

I support the introduction of any legislation that protects consumers against undesirable practices associated with the acquisition of residential property. I also encourage legislation that achieves an appropriate balance between the need to regulate for the protection of consumers and the need to promote freedom of enterprise in the property market.

I believe banning price guides is the antithesis to what the bill aims to achieve and, in my opinion, is a draconian and regressive step which will, in the long term, harm consumers.

I oppose the banning of price guides based on the following reasons:

- 1. If the legislative proposal is adopted Queensland is the only jurisdiction on the planet that prohibits vendors advertising the price expectation would be for their property.**

The government recently declared Queensland "open for business", assuring Queenslanders that it will work hard to make the State a better place to live by facilitating major projects instead of

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impeding them. QLD Premier, Campbell Newman, in his maiden speech, stated that politics was a service to the community and assisting people who need *“that nudge in the right direction.”*

I am of the opinion that the proposed legislation does not assist consumers. Rather, it impedes them in a property transaction.

The legislation is not in line with any other jurisdiction in the country and is contrary to what the government aimed to achieve. The banning of price guides is regressive.

## **2. The banning of price guides is inconsistent with freedom of speech.**

The legislation will prevent vendors advertising their property with a price guide. It will also impose a \$49,000 fine on agents who do advertise with price guides.

I am of the opinion that any control or impediment upon on the use of price guides is dictatorial and inconsistent with freedom of speech.

## **3. The banning of price guides eliminates consumers’ access to information.**

The vast majority of consumers in the real estate market are dual income consumers with families. These consumers are time poor and have limited time to research properties. The banning of price guides removes information most relevant to consumers. The proposed legislation takes away the number one search criteria that consumers utilise when purchasing property - price.

There may be a belief that suggests that the banning of price guides will reduce the number of complaints received in relation to misquoting as it eliminates information available to consumers.

If this were the case, it would surely be the greatest example on record of throwing the baby out with the bath water.

The lack of price guides is detrimental to consumers. It disempowers a vendor and prevents the highest and best use of all available information by a vendor. A prospective buyer would not know how much he or she will be required to pay to buy a property. Imagine for a moment walking through a corner store that did not display any prices. You would walk out of the store and find one that did.

## **4. The banning of price guides would render marketing of properties online virtually useless.**

Current research shows that 92% of consumers utilise the internet to search for properties. 54% of consumers pass over advertisements that do not provide a price guide. Therefore, should the legislation be passed, advertising on the internet would be an ineffective means of marketing property and will also make the process of purchasing property difficult and time consuming.

The proposed legislation will also be detrimental to vendors aiming to market their properties online as the majority of prospective purchasers will pass over a property that does not have a price guide.

## **5. There is currently confusion over the use of price guides and the practice of misquoting.**

In my opinion, it would seem that those who support the abolition of price guides are those who engage in the practice of misquoting, themselves. What better way to ensure transparency,

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integrity and compliance than to insist upon the use of price guides. If anything, in an attempt to stop the practice of misquoting, I would be moving towards mandating the use of price guides rather than forbidding the use of price guides.

I am as passionate as the Office of Fair Trading in relation to stamping out misleading price quotes. This is also to my advantage as it would reduce the industry by 25%. However, banning price guides will do nothing to assist in this regard, it will however make it easier for people to get away with the practice of misquoting.

I have serious concerns regarding the banning of price guides and cannot support the Bill as it currently stands. Legislation that promotes freedom of choice and consumer protection is necessary and the banning of price guides does not encourage the necessary transparency required to protect consumers in the acquisition and sale of property.

I wish to appear before the Committee at the public hearing on 6 February 2014 to elaborate on my submission. Please find my contact details below:

John McGrath  
Chief Executive Officer  
McGrath Estate Agents  
191 New South Head Road  
EDGECLIFF NSW 2027

Phone: 02 9386 3339  
Email: [johnmcgrath@mcgrath.com.au](mailto:johnmcgrath@mcgrath.com.au)

Yours faithfully,  
McGrath Estate Agents



**John McGrath**  
**Chief Executive Officer**