



Speech by

Hon. JUDY SPENCE

MEMBER FOR MOUNT GRAVATT

Hansard 22 July 1999

MINISTERIAL STATEMENT

Residential Property; Consumer Protection

Hon. J. C. SPENCE (Mount Gravatt— ALP) (Minister for Aboriginal and Torres Strait Islander Policy and Minister for Women's Policy and Minister for Fair Trading) (10.12 a.m.), by leave: Today, I announce the completion of the first stage of measures designed to ensure that Queensland does not become a haven for unscrupulous property dealers by paving the way to a higher level of consumer protection for people investing in residential property. Since becoming Minister for Fair Trading, I have been made aware of the practice of two-tier marketing of residential property.

Members in this House will be aware of recent reports involving some property marketers who have been systematically and cynically exploiting loopholes in existing legislation. This has resulted in a large number of people losing large sums of money through ill-advised investments in what has become known as "marketeeing". It is indeed a cruel irony that most victims are lured with the promise that schemes exploiting the negative gearing provisions of the taxation laws are the way to ensure their financial security.

This Government intends to act, and to act effectively, to stop such practices. We intend to act in a way that does not harm the legitimate and ethical property development and real estate industries. Many of the people who have been urging me to take appropriate action are not aggrieved property buyers. They belong to those industries whose reputations have been blackened by the actions of an unscrupulous few.

They now recognise that this Government is taking the national lead in tackling a problem which in recent years has grown and gathered momentum in many centres around the country, and is not solely confined to Queensland. We need to bring about reforms that shield consumers from marketers who use hard-sell tactics, value properties at tens of thousands of dollars above real market value, exaggerate investment returns, and generally cause a great deal of misery to small-time investors.

The issue is complex, but it can focus on the fact that a small group of people is profiting from the grief of others. In the process, they are also threatening to damage the vitally important residential property industry. Government and industry are both conscious of the need for robust reforms to ward off and dispel this negative image problem. Negative publicity about "marketeeing" emerged some years ago, but the previous Government and the previous Minister saw nothing and, of course, did nothing.

In March this year, I convened a forum on fair dealings in real estate on the Gold Coast. It was hosted by my Department of Equity and Fair Trading and was attended by more than 300 people. After that meeting, a working party of industry and consumer representatives was convened. The working group worked efficiently and effectively and I wish to commend members for their time and the serious consideration they gave to a range of difficult and contentious issues. The report, which I now lay on the table, will prove to be a valuable resource in the consideration and formulation of future policies in this area. In brief, members of the working party support: the removal of loopholes which allow unlicensed individuals and companies to deal in real estate; a greater level of disclosure to apply to property purchasers; mandatory and enforceable codes of conduct; and greater enforcement of laws and codes of conduct.

As an adjunct to the report of the working party, I wanted a thorough examination of legally acceptable solutions to the problem. To this end the department secured the services of a noted expert in property law who examined State and Federal legislation, assessing what steps could be taken to optimise consumer protection. This report, which I also lay on the table, recommends various options for consumer protection, including greater levels of disclosure, stronger licensing of those involved in real estate sales and the introduction of a limited cooling-off period on some real estate transactions.

Finally, I lay on the table a report on an investigation into two-tier property markets in Queensland prepared by a researcher who provides an overview of the property marketing industry, including the broader economic and social implications.

I intend to take a proposal to Cabinet for the regulation of real estate marketeers in the proposed Agents and Motor Dealers Act. However, over the next few weeks I will be evaluating the contents of each of these reports in detail and will be discussing options for regulatory reform with industry, consumers and my colleagues before I proceed to Cabinet.

In August, I will also brief my ministerial colleagues from the Commonwealth and other States and Territories on the property marketing industry and the leading role we are taking in Queensland. I would expect that serious consideration be given to the introduction of similar or complementary legislative reforms in their own jurisdictions.

The problem of "marketeering" is not confined to Queensland; nor is it confined to a particular region of this State. It is a national issue and I am proud that this State is taking the lead in addressing a problem that is threatening to damage an industry that is vitally important to Queensland.
