



Speech by

DESLEY BOYLE

MEMBER FOR CAIRNS

Hansard 8 August 2001

CONSUMER CREDIT [QUEENSLAND] AMENDMENT BILL

Ms BOYLE (Cairns—ALP) (5.42 p.m.): I am pleased to endorse the comments made by honourable members in this House about this important legislation. Unfortunately, I have to say that there are people in Cairns and in far-north Queensland who badly need the protection that this legislation will provide. I am sorry to say that I have met some of the people and heard about the hardship piled upon hardship that these loan sharks have caused for them and their families.

Some months ago now I met a young fellow—and we might all understand his circumstances. He is on casual work. He works in the hospitality industry in Cairns. Just prior to the weekend his mates had organised a bit of a fishing trip up in the cape and wanted him to come along. He was out of cash, but he was going to get paid the very next week, so it seemed to him like a good idea to get a small amount of cash so he could go away with his mates over the weekend, pay his way for the petrol and, I dare say, buy a drink or two. That is how he got into the cycle. And before he knew it, because of the small amount of money he had borrowed, he was hooked into increasing amounts—put down to fees and interest—that were way beyond him, given his uncertain casual and variable work.

An even sadder story that I was confronted with came from a lady who lives in a public housing area. Her husband had obtained some work. She was not in the work force. They had five young children. Indeed, it was a celebration in the family that her husband was working. Unfortunately, however, he was a man given to excessive drinking from time to time. After being paid he had gone off with his mates celebrating and drank away his hard-earned earnings. She needed food for the family. There were no prospects of money until the next payday, so she borrowed what she thought was just enough money to buy food for the family to get them through the next 10 days or so. But she was caught.

Another sad story is that of a woman who, for whatever set of reasons, has developed for herself a serious gambling problem. She does not know, either—in her sensible moments—why she is drawn to the same club, where she goes too many days of the week with whatever money she can rustle up and puts it through the gaming machines. Some weeks she breaks even and she does not get herself into debt. But sometimes she has been heavily in debt. It was then that she found herself in the hands of one of these payday lenders—dreadful people that they are. The Premier calls them loan sharks. He said—

These loan sharks prey on the vulnerable by offering cash loans at huge interest rates to battlers between pay days.

'Loan sharks' does not seem to be a severe enough term for what these people are doing. They are sociopaths—even psychopaths—and certainly con men. And for most of the ones in Cairns that I have heard about, that is not a strong enough term for what they are.

All of us are entitled to look for an opportunity to make some money in this world, and there are all sorts of good purposes to which we can put those dollars that we earn. But we are not entitled, of course, to do so by these disgusting practices of usury and by preying on people who are very often poor people, powerless people, impulsive people, sometimes financially naive and even financially dumb, one might say, and others who are just plain desperate.

The minister gave us an example of a customer who had obtained a \$50 payday advance which was to be repaid in two weeks. It sounded so harmless, so possible. However, the minister said,

the amount was rolled over when the \$50 was not able to be paid back within the two weeks, and the person was reassured that that would be all right, they could pay later. It kept being rolled over, so that in less than a year the debt amounted to \$1,000—a usury rate of interest and, of course, fees were accruing all along the way. It is a debt trap and a deathtrap financially. And of course, it has powerful effects in terms of family and work circumstances.

I would like to pay credit to the excellent work of the Office of Fair Trading throughout Queensland, I gather, though I know well that this is so in the city of Cairns. It is through the Office of Fair Trading that the details of these loan sharks and their practices have been brought to our attention and that the members of parliament today are able to stand here proudly and bring in this legislation which will very substantially at least curtail their practices.

At least for the Office of Fair Trading in Cairns, I must say that their investigative work takes time. It is a busy office. Whenever I have been there the phone has been ringing off the hook about myriad matters. So I would sincerely like to pay compliments to the staff there who find the time to do the investigation and to bring to the minister—and thereby to the parliament—the facts of these matters. That is indeed to their credit. I am a great supporter of the Office of Fair Trading and believe in fact that it will need to be expanded in its size and resourcing as the years go on. Through Fair Trading a working party was established. It found last year that the effective interest rates charged by payday lenders ranged between 235 per cent and over 1,300 per cent per year.

So in supporting this bill, what exactly does the bill do? It closes the loophole by providing that if the loan is for less than 62 days and the interest rate exceeds 24 per cent, then the new code will apply to the transaction. Similarly, if the fees and charges payable on the loan exceed five per cent of the amount of the loan and the loan is for less than 62 days, then the code applies. That will certainly protect those people in Cairns of whom I spoke who have been seeking amounts from \$50 to \$100. The five per cent marker—\$5 out of \$100—will ensure that the new code applies.

Queensland, too, can be proud that we are setting the pace nationally; that this is national template legislation, and that it will thereby make payday lenders far more accountable by requiring the lender to fully and frankly disclose the terms of the loan; by requiring loan contracts to be in writing with a copy provided to the consumer; by making lenders accountable for the payments made by consumers; and by providing that a consumer can challenge a loan contract if it is unfair or oppressive.

So I am pleased to hear that members from all of the parties and the Independents in this House—at least those who have spoken so far in this debate—support the bill. We need to realise that when there are these loan sharks, when there are these people who care only about their pocket and who care nothing for the damage that they do to others—these sociopaths, these psychopaths, these con men and these con women—stopping them may require yet further action. This is a large step that we are taking, but it is only the first step. The message to those people is that we will continue, that the campaign is not over yet, that the day will be won for those who need us to protect them from these sharks in Queensland.
