



Speech by

KERRY SHINE

MEMBER FOR TOOWOOMBA NORTH

Hansard 9 August 2001

INTRODUCTION AGENTS BILL

Mr SHINE (Toowoomba North—ALP) (5.04 p.m.): It was indeed entertaining to hear the previous speaker talk of matters far beyond the knowledge or experience of people from the Darling Downs, including me. I am sure that the member for Southern Downs would agree.

In my brief research into this subject I was aided greatly by the review of the proposed regulation of the introduction agency industry in the form of a national competition policy issues paper that was no doubt undertaken by the minister's department. A number of things in that issues paper are of some interest and form, I believe, the foundation for the bill before the House today.

The features of the industry itself were covered. One of the features that stands out is the ease of entry and exit from the introduction agency market that makes it difficult to ascertain the exact size of the industry at all. The figures indicate that there has been a great deal of fluctuation in the industry in Queensland over a two or three-year period. For example, in 1998 there were 94 agencies operating in Queensland. In 1999 that was reduced to 70. In February 2000 there were 83. Currently it would appear that there are 76 agencies in south-east Queensland, the majority—44—in Brisbane. There does not appear to be any established industry association binding them together. Some operate throughout Queensland; others more often operate on a geographical location basis.

Among those interviewed in the survey carried out by the authors of this review, many of the agencies advised that they had been in operation for only a very short period. In fact, the median establishment year of agencies interviewed was 1996, and this study was undertaken in 1999-2000.

The issues paper identified consumer issues. Amongst those were the complaints and allegations of credit card fraud; up-selling clients by promising a better level of service for more money; use of aliases by sales staff pretending to be available for introductions; engaging prostitutes to entice clients to pay further money; failure to provide sufficient documentation such as copies of contracts, receipts, et cetera; lack of information being provided to clients with respect to the description of services; failure to provide any or adequate services; and failure to respond to complaints.

The issues paper found that the standard of service was deficient in many circumstances in that a large number of complaints received by the Office of Fair Trading related to the non-performance of services or the provision of inadequate services by introduction agencies. These complaints might be summarised in the form of, firstly, the person to be introduced not being contactable; the person no longer being a member of the agency; the person to be introduced already having met a suitable partner; and a complaint of consumers being provided with inappropriate introductions, in some cases blatantly contradictory to specifications sought. For example, it might have been a specification that the person not have children when, in fact, they did. About 21 per cent of problems identified by a hotline set up by the department indicated that people were dissatisfied in respect of this aspect of the standard of service.

Of the respondents to that hotline who sought upgraded services, 91 per cent indicated that they had not received the level of service they had expected. Other problems that arose in terms of consumer issues were misleading representations in advertising to get people into the agency and at the time of signing up. Some 25 per cent of people who responded to the hotline had problems with regard to inaccurate or misleading information from introduction agencies. There are also accounts of other problems such as high-pressure selling techniques. One example was that a client was told that

an ideal person was available. After extremely favourable details were provided by the introduction agency, the client was advised that they would have to upgrade their membership and pay the necessary fees up front in order to meet that person. From what we have been led to believe, that is a fairly common occurrence. Other issues raised related to unauthorised credit card deductions, contractual problems such as failing to provide copies of the contract, and the inappropriate use of personal information gleaned from applications.

I turn now to the rationale behind the need for government intervention. Whilst the Fair Trading Department has carried out enforcement activities in the past, there have been difficulties in enforcing the laws applicable to date in relation to the types of complaints that have been made. One problem is the difficulties in obtaining evidence against agencies which operate without adequate written contracts or other documents. Another problem, as I alluded to before, is that because of the nature of the industry agencies open and close quite often and reopen under different names. It is hoped that the legislation now before the House will address those adverse experiences which have occurred in the past.

Some argue that, as is the case with respect to the regulation of certain professions—the legal profession being one example—what is really needed is a voluntary code of conduct run by the industry itself rather than the necessity of legislative action being invoked. Often codes of conduct do work. The voluntary codes can provide an effective basis for self-regulation within an industry. A voluntary code formulated by the industry itself can provide participants within the industry with benchmarks to follow while at the same time allowing some flexibility in the way in which they carry on business. Often it can be an effective marketing tool to indicate that businesses are a member of a particular professional or industry body. In some ways, it can also stimulate competition within the industry.

However, the success of a voluntary code is ultimately dependent upon the willingness of industry participants to abide by provisions of the code. To help ensure the success of a code, the existence of an effective and robust industry association which is fully representative of the industry is important. However, the facts reveal that, subsequent to the investigation and as referred to in the issues paper, there is no evidence of any effective or robust industry association within the introduction agency industry in Queensland. Accordingly, it is suggested that the application of a voluntary code of conduct regime would not be appropriate.

The major provisions of the bill are that for the first time it will bring into existence a licensing system in Queensland with strict disclosure requirements, principal amongst which will be a three-day cooling-off period. The legislation will prevent agents from receiving 100 per cent of the contract price before the services have been provided. It is designed to ensure that the most effective way to improve performance within the industry itself is to prevent unscrupulous operators from entering the industry and to disqualify them. To that end, operators will automatically be excluded from the industry if they are under 18, insolvent or have been convicted in the past five years of offences including dishonesty, prostitution, drugs, fraud or violence. Similarly, directors of companies are likewise restricted from operating within the industry.

The legislation will ensure that there is clarity and certainty of the terms of any engagement in that these agreements have to be in writing and the types of service have to be spelt out. Before any service can be upgraded, which is a problem we have heard a lot about today, that upgrading needs to be the subject of a new agreement. The bill also provides certain protections to consumers in that it prohibits an agent from receiving more than 30 per cent of the contract price before any services are provided. It has features which militate against the ability of people to apply high-pressure sales techniques, particularly the cooling-off period I referred to earlier.

The bill will apply not only to agents who are in business in Queensland but also to agents who are based outside Queensland but offer services to Queensland clients. This bill is an example of strong consumer protection legislation in an industry where consumers are most vulnerable, and many of them are disadvantaged. Like the previous bill dealt with in this House, the Consumer Credit (Queensland) Amendment Bill, this is a worthy bill for the consideration of the House. I commend it to the House.
