



Speech by

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PROPERTY AGENTS AND MOTOR DEALERS AND OTHER ACTS AMENDMENT BILL

Mr HORAN (Toowoomba South—NPA) (11.49 am): I am pleased to speak on this bill, which is an important bill for my electorate of Toowoomba South. Nearly all new and used car sales yards, and truck and trailer sales yards are located in the Toowoomba South electorate. In Toowoomba itself the motor industry is massive and there are many people associated with it, including the various dealers, detailers, tyre people, mechanics, panel beaters et cetera. The list goes on and on. In addition, we must not forget the importance of the trucking industry. Toowoomba is a major trucking centre as it is located on the heaviest freight carrying road in Australia. The trucking industry is a huge industry and it employs a lot of people, not only the drivers but also those involved in the secondary retail industry.

The people associated with the motor industry are some of the leading citizens of our city, and I guess that is the case in most cities. In some cases dealerships are passed from generation to generation. Dealerships provide not only first-class sales rooms and retail outlets but also an enormous amount of training for apprentices and a wonderful array of jobs. It is not unusual for dealerships to employ up to 100 people. Often we forget the contribution that the motor industry makes to our economy. It can also contribute greatly to people's general enjoyment of life.

This legislation is important for consumers. For many consumers, the purchase of a motor vehicle will be one of the biggest investments of their lives. In many instances it will be second only to the purchase of their homes. It is an investment that has to be undertaken at regular times, because many people replace their cars as the mileage builds up. The legislation is also very important for consumers buying commercial vehicles for their businesses. Therefore, I have read this legislation with interest.

One thing that dealers and others involved in the industry do not want is more paperwork. Purchasing a car is quite a complicated process. A lot of paperwork has to be signed at the time of purchasing a car. However, it is important to have standards. The Motor Trades Association has always been willing to enforce standards to ensure quality not only of warranties but also of merchandise and the backup service that most dealerships—and certainly all of the ones in Toowoomba—provide. The only cautionary note that I would add is that every time we have legislation before the House, almost inevitably it leads to additional red tape. This legislation provides some matters where compliance has been rationalised and made a little simpler. However, I give that note of warning about legislation leading to greater compliance and more paperwork.

One of the better aspects of the legislation is the recognition it gives to the effort, cost and training that licensed dealers have to undertake in order not only to comply with their licence but also to provide a quality customer service. As I said, buying a vehicle is one of the biggest purchases of a person's life and a reliable vehicle can be essential to a person's job and lifestyle. It enables them to get to hospitals, schools et cetera. Therefore, it is important that people know that they will get professional service. That is what licensing and experience provides. The legislation addresses the issue of those who try to get into the industry through the back door. It looks at dealers who try to sell a number of vehicles off the footpath without having the proper and required registrations and licensing.

The time of the Q-Build auctions is always a difficult time for motor dealerships in Toowoomba. For a substantial part of the month that the Q-Build auctions are held in regional centres such as Toowoomba and Maryborough, all those involved in new and particularly used vehicle sales will talk about a big dip in sales. The auctions make it difficult for some people in some regional cities. It is not noticed in other cities, but we certainly feel it in Toowoomba.

This legislation covers the real estate industry. Toowoomba has a very substantial residential, commercial and rural real estate industry. Ours is a particularly strong city in terms of agents. The major agents in the city are Elders and Landmark. Major sales in the city take place on Monday and during the week, and there are clearing sales on the weekend.

In terms of the real estate industry, some aspects of the legislation are unreal, impractical and out of touch with true market forces and, indeed, with how business is done. I have some concern about aspects of the legislation that relate to the comparative market analysis, the CMA. The legislation talks about straightforward sales and auction sales. For example, if an agent is to auction a house and wants to advise the seller on a reserve price, they have to do a comparative market analysis of properties within, I think, six kilometres.

Ms Keech: It is five kilometres.

Mr HORAN: A five-kilometre radius might work in the suburbs, but it will not necessarily work in the rural areas. The legislation introduces a lot of extra paperwork. For example, an agent already has to fill in a form 22. It takes about an hour to fill out all the paperwork before a property can be put up for sale. Therefore, getting more information will take a lot more time. There are two people in the market, the buyer and the seller. To advise the buyer the agent should be able to say that, for example, similar four-bedroom brick veneer homes in the local area average around \$360,000. In any regional city or Brisbane one can pick up the real estate section of the weekend papers to get an idea of what people are asking for places in the suburbs. I cannot see the point of doing a comparative analysis of what has happened within five kilometres of a particular property. The legislation goes on to say that the agent has to have that when providing advice on reserve prices et cetera.

The bill also talks about prohibiting an auctioneer from giving any bidder advice about whether a reserve price has been set. I cannot see anything wrong with saying that a reserve price has been set on a property. Normally, a reserve is set. People do not want to sell a property unless they can get a certain price. Why prohibit auctioneers from saying to potential buyers that there is a reserve on the property? They do not necessarily have to say what the reserve price is. I do not see the problem. With the seller's consent, the auctioneer may give a copy of the CMA or a written explanation prepared for the property, but the agent cannot tell any potential buyers the price that a property that is up for auction is likely to sell for. That is the very first thing anyone who is interested in a house or property will ask the agent. They will say, 'It's up for auction, but what do you reckon it is worth?' This legislation is quite stupid. It virtually means an auctioneer has to say, 'I cannot tell you. You have to wait and see what happens on the day.' Surely he can say, 'Places around this area will be worth around \$400,000'—or \$1 million, \$200,000 or whatever it is. That is common sense. Are we going to get to the stage where we cannot walk into a shop or a car yard and ask for a rough idea of the prices? That aspect of the legislation is just unreal and impractical.

I think we have to realise that buyers have a certain expectation. Sometimes those expectations can be well above what the market can deliver. People will say, 'We want \$800,000 for this place,' and the agent will say, 'I really don't think you'll get that, but I'll try to get it for you.' But if there is no buyer in the market for the house, the people are not going to sell their house. Property values can vary greatly. It is like fishing. You can put your line and bait in the hole but if a fish does not come by you will not catch a fish. Sometimes there are no buyers in the market for a house. Occasionally someone may really want to live in a particular area for some reason, or they like a house and want to buy it and therefore are prepared to pay a bit more for it. They might have sold another place and done well. They might have sold a place in a capital city and chosen to live in a regional or country town. To them, someone could be asking \$300,000 for a lovely home that they would pay \$550,000 for in Brisbane. They might be quite happy to pay \$400,000 for that house and think that it is a good buy. All of those aspects are in play.

Regularly we see in the paper real estate ads stating 'Family separation', 'Urgent sale', or 'Bought elsewhere and committed to selling'. Are we getting to the stage at which agents are not able to put that sort of information in their ads? Can they not give an indication that people really want to sell their house and that, therefore, buyers should come to the auction?

At the end of the day, market forces dictate the situation. People sell their house because they want to sell their house and they are happy with the price they are offered or they are prepared to accept the price they are offered. Buyers only buy a house if they think they can afford it and the price is satisfactory. If things do not work out for them, they have the right to walk away from the deal.

I do not think the provisions in this bill that relate to the real estate industry provide due protection to buyers or sellers. I think they introduce a complicated, impractical, illogical aspect into real estate trading that is not benefiting anyone. I would like to hear the minister's comment about that. For potential buyers to not be allowed to ask an agent if there is a reserve price on a house or for the value of a place is quite silly.

This legislation forces agents to run around and fill out more and more forms relating to comparative prices. Some agents have hundreds of pages on their books. They are experienced real estate agents who know the suburb. These agents are trying to get the best possible price for the buyer but at the same time they are trying to get the house sold. If there is not a little bit of give and take on both sides and an agent cannot talk fairly to both sides, there will not be a sale. That will not be satisfactory to the seller and no sale will go ahead.

I think some aspects of this legislation simply create more red tape. Last night the member for Nicklin referred to the need to explain in the explanatory notes to legislation how much extra red tape is involved in that legislation. Everyone in this place likes to stand up and talk about eliminating red tape for business. Invariably, unless a bill is specifically directed at reducing red tape, every single bill that goes through this House creates more red tape. We need a mechanism by which we can ask, 'Is this practical and realistic or is it really thought up by someone who is not out there working in the industry or who is not in the business of buying or selling and does not have a true understanding of how the real world works?' But overall, as I have noted previously and as has been indicated by the shadow minister, much of this legislation is satisfactory.

Some concern has been expressed about Magic Millions. I wonder why that sale has been referred to specifically in this legislation. Certainly, it is a big and magnificent event, but we have other big and magnificent events in Queensland, such as Brahman Week in Rockhampton and the sale of all the Stanbroke properties. Occasionally agents hold a big sale of properties in Brisbane. Massive earthmoving equipment sales are held regularly. Many other auctions held throughout Queensland have some degree of celebrity status in that they attract huge interest and could require arrangements similar to those referred to in this legislation with regard to the Magic Millions.

I have spoken a fair bit about the amount of red tape or process contained in this legislation. Process does not sell properties. You need a certain amount of process and a certain amount of red tape to ensure that both sides get a fair go and that the industry is honest and accountable but, at the end of the day, process does not sell houses. Real estate agents are in the business of selling houses for people who wish to sell their houses. It is very important for someone who is trying to sell their property that they get a sale. I think that anything that makes that process more complicated is not doing the right thing by the economy.