



Speech by

Hon. Margaret Keech

MEMBER FOR ALBERT

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MINISTERIAL STATEMENT

Finance Brokers, Code of Conduct

Hon. MM KEECH (Albert—ALP) (Minister for Tourism, Fair Trading, Wine Industry Development and Women) (10.21 am): I am pleased to advise the House that the Beattie government is cracking down on finance brokers with a new code of conduct to protect Queensland borrowers. Under this enforceable code, brokers will have to meet tough new conduct standards in their dealings with clients. It is estimated that around 50 per cent of home loans are negotiated by brokers on behalf of Queenslanders. It is big business, but until now there has been no regulation.

The vast majority of brokers operate ethically. However, as in most industries, the minority of less scrupulous brokers pose problems. People are at risk of receiving biased advice where brokers are paid by lenders. Customers can also suffer financial loss when they pay the broker's fee up-front but they are then unable to get credit. Some unethical brokers may even try to persuade people to borrow more money just to drive up their commissions.

Finance brokers operate across state borders and I strongly believe that national regulation is necessary. The Beattie government is moving now to protect Queenslanders because, I am advised, national regulation is more than two years away. That is not good enough for Queenslanders who have been waiting years for us to protect them. The Office of Fair Trading receives at least 50 complaints each year about unscrupulous finance brokers, but anecdotal evidence suggests the problem is far more widespread. The government remains committed to being part of a national solution, but this code will protect people while we wait for the national scheme.

The proposed interim code of conduct will be a regulation under the Fair Trading Act 1989. It will set minimum behavioural standards for Queensland finance brokers consistent with those proposed nationally. The code will require brokers to provide specified disclosures about costs and services before negotiating a broking agreement with the client. They will also have to outline why the products recommended satisfy the customer's credit needs. It will prevent brokers from demanding, receiving or accepting any commission from a client or potential client before securing their credit needs. The code will prevent brokers from lodging a caveat over real property to secure a fee, commission or any other amount that is payable. Finance brokers will be required to act within the Fair Trading Act 1989 and comply with all of Queensland's confidentiality and privacy laws. The code will require brokers to establish and maintain an internal dispute resolution process and inform borrowers and potential borrowers of its existence. Through this tough new code of conduct for finance brokers, the Beattie government continues to protect the consumers of Queensland.