



Speech by

Dr Alex Douglas

MEMBER FOR GAVEN

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FAIR TRADING (AUSTRALIAN CONSUMER LAW) AMENDMENT BILL

Dr DOUGLAS (Gaven—LNP) (8.37 pm): The Fair Trading (Australian Consumer Law) Amendment Bill is introduced as the Queensland leg of the legislation resulting from the consumer policy reforms agreed by COAG in October 2008. This followed the Productivity Commission review—a two journal publication—of the Australian consumer policy framework. In short, it will deliver a new Australian Consumer Law and improved safety regime for consumers, a broader definition of consumers, a national private security industry regulatory structure and an identity checking system.

As I have said, this is as a result of the report from the Productive Commission. Consumers in Australia might be seen today as a mixture of all things to all men but not all positive when seen through each of many eyes—that is, the consumer, as has been reported correctly. The Productivity Commission report states—

Many consumers are now more confident as a result of better education and the internet. But greater complexity and demographic change such as population and ageing have simultaneously increased the pool of vulnerable consumers. Young people are now higher consumers.

They are saying that they are often being treated like mushrooms and there are too many of them saying the same things. There are higher community expectations and demands for less risky products. What has followed is greater guarantees and warranties.

Industry which increasingly has massively reduced onshore manufacturing feels that consumer laws are unfairly weighted against them. Government has increasingly taken the approach that if mass restructuring legislation will not work then open access to court mediated mechanisms have spawned the massive growth of publicly listed firms such as Slater & Gordon. They have grown on the stock exchange. This is a new extension of ambulance chasing—no win, no fee. A new zone of broad based case actions have grown against all sorts of manufacturers and suppliers. It is a disturbing trend. Qantas is experiencing this currently when the engine failed on the new A380. Unfortunately, what it has done is proactively taken to compensating consumers. I wonder whether that is going to lead to further changes in the future.

It is concerning that today the government is introducing a new Australian Consumer Law legislative step that is a fairly significant step forward. The concern is that Labor governments across Australia have continuously been giving Australian consumers some false hope and a consumer regulatory framework that is hopelessly entrenching red tape mired in ideology as opposed to practicality. It seems a great idea to have a seamless national Australian consumer legal framework where a state's border means nothing, but if all that is changed is compounding the worst of problems then not only has little been delivered but a whole new bottleneck has been created. An example of this can be seen in my own electorate where people of all ages have to rely on motor vehicles for transport to get to work. The reasons are well known in this parliament and I have repeatedly stated that the bus timetabling system on the Gold Coast is circa 1995 and does not even synchronise with the railway.

Mr Lawlor: What clause is this you're referring to?

Dr DOUGLAS: Motor vehicles in the lower end of the market that are worth \$1,500—

Mr Lawlor: What clause is this?

Dr DOUGLAS: I will get to it; it is a Fair Trading matter. This is a Fair Trading matter. This era of implementing a cash for clunkers program has increased the value of the oldest cars in the country. It gets worse: our consumer affairs laws are so restrictive and difficult that many people cannot obtain finance that is realistic to buy the vehicles. The demands placed upon motor dealers are so awful that it would seem that the current objective is to prevent them from entering the profession and making their lives impossible. For those who may not realise, motor dealers go in and out of their jobs. Too many have been stigmatised, parodied and officially derided, mainly by governments and politicians. On the latest list of those most trusted, car dealers actually rated above politicians. In order to provide finance and enter into valid contracts, motor dealers have to jump through hoops that are unfair, overly expensive and restrictive. If they come from New South Wales to Queensland—and we are encouraging many to come—they have to do a bridging course that is identical to the one they have already done in New South Wales. They of course have to undergo all of the probity checks, and that is totally valid and fair.

What follows is that we have created a problem for consumers that should not be occurring. It is an 11-module step. They have to pay \$3,800 and two of the contents are basically how you buy cars. We are ending up with unlicensed operators and amateur car sales agents who sell the odd few cars parked on our streets, rogue operators who share their licences, higher costs to consumers, consumers who are forced to borrow from credit cards and payday lenders and bad cars on our roads. The problem is not a small one. In my own electorate it is a very big one and it is growing. I would not be surprised if it is throughout the state. Its growth has been driven by severe cost-of-living pressures and rising interest rates. Labor governments consistently deliver these outcomes by policies that promote government debt, deficit and higher tax approaches. The impact is that the public is finding it harder to get to work that they can access. This new problem of difficulty of access is a significant component of the underemployment problem in Queensland. Across Australia 900,000 Australians do not have enough work. This is made worse on the Gold Coast by a massive casualisation of the workforce. Many people are relying on three different jobs to provide both themselves and their families with a sustainable living.

What is most distressing is that of new full-time jobs in Australia last year 300,000 of them were in government and in Queensland 46,000 of those full-time jobs were in government. Beyond health professionals, teachers and emergency services, which represent 25 per cent of the 46,000, we have a serious increase in bureaucracy and red tape at the expense of greater business efficiency and a generation of people who are short of cash. All the consumer law in the world will not save a system that is stuck in the socialist ideal of government at the centre of the economy.

What global socialist experiments demonstrate is that it is consumers who bear the brunt of socialist ideology. They have less choice, higher prices, poorer quality and no real ability to have their complaints addressed. That is why this change today really needs greater scrutiny. It is overly idealistic when the real economic worries of our states are being completely ignored. Dwelling approvals in Queensland are 7.6 per cent down. That is twice the national average. Housing finance approvals are down one per cent and Premier Bligh is still 81,700 jobs off her 100,000 jobs target. I am not saying that we do not need consumer protection, but what we need here is a reality check. Our state is stalling economically in spite of record CSG exploration and coal shipments.

In difficult times such as these, our governments must make it easier for small business owners and their staff. Is this bill a defiant statement stating to anyone who would bother to listen Canute-like that Queensland is dabbling in national consumer law change when consumers' own lives and their homes are under threat? We have record home repossessions in Queensland. There were 1,638 in Queensland last year—that is, 2009—and there were only 1,361 in 2008. We have record personal bankruptcies—1,800 in the October 2009 quarter and 1,440 in the September 2008 quarter. That is an increase of 23.29 per cent, and Queensland was much higher than the national average.

Is this bill the message consumers want to hear from a government before Christmas? I do not think it is. In practical terms, the changes in the bill are all of those changes that aspirational devotees might wish for. It is heavy in red tape and referenced back to bureaucracy. This is the tragedy of these changes. The ACL is founded on the Trade Practices Act 1974. It provides for a national product safety system for all Australian consumers and business. It ends with adopting a consumer guarantee system. The old Commonwealth Trade Practices Act, to be renamed the Competition and Consumer Act, will be in place by 1 January 2011 with a single national law. It is not necessarily simpler, but it is national and broader in coverage. In his second reading speech the minister stated—

... new unfair contract terms provisions, which will allow consumers to challenge potentially unfair terms in contracts and allow the courts to declare unfair terms of contracts to be void.

The minister has stated that it makes business obligations clearer. One hopes the balance of obligations is indeed fair and the use of plain English and consumer guarantees will be more effective and better. What has led to this bill? I quote from the COAG process, and it is quoted in all of the papers—

There were a number of key recommendations in the Productivity Commission's report of April 2008 critically that stated Australia's consumer policy framework has some important strengths but some ineffectual and inefficient institutional arrangements and

excessive reliance on an industry specific regulation and deficiencies in particular policy approaches, and they detract significantly from the outcomes that deliver to consumers, businesses and the community. Hence, there is scope to do much better.

This bill is part of the national so-called reform agenda for consumer protection. COAG and the Productivity Commission have had critical input into the initiation phase. The deep concern is that it is typically overly bureaucratic and burdened with red tape. These are dreadful patterns of Labor governments. Consumers invariably suffer the consequences of these hierarchical approaches. I have stated that they end up with less choice, poorer quality, higher prices and irrelevant complaint mechanisms. Smaller innovative businesses just leave the market because it is not cost-effective to be either a reliable supplier or a supplier at all.

For the nation the worst consequences are that these new types of laws inevitably lead to the death of the local manufacturing industry and greater imports with diminishing exports. Consumers with less choice but better consumer guarantees tend to end up with having to make do with what the market is prepared to offer them. With a population of 24 million, Australia is a manufacturing irrelevance in a world of six billion souls. I am not sure what the best consumer law would be, but any time it leads to a reduction in all of those things that make life worthwhile means that they may not be worth implementing. Remember, Russia ended up with the polluting Moscovitch's and West Germany produced everything from Porsches to Mercedes for its taxi fleets. Consumerism must be balanced against access to excellence of products.