

News Release

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Hon Gail Gago
Minister for State/Local Government
Relations
Minister for the Status of Women
Minister for Consumer Affairs
Minister Government Enterprises
Minister Ast Minister for Transport, Infrastructure & Energy

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ENFORCING THE RIGHTS OF HOME BUYERS AND SELLERS

South Australia's real estate industry will be subject to another round of crackdowns from next week, with the Office of Consumer and Business Affairs (OCBA) checking its compliance with the new laws.

Minister for Consumer Affairs Gail Gago says it's been seven months since real estate legislation was substantially strengthened and it appears the industry is cooperating by not engaging in practices such as dummy bidding or advertising properties below their true value.

"New real estate laws were introduced last July to improve protections for home buyers and sellers, and the laws seem to be working," says Minister Gago.

"OCBA has been monitoring the real estate industry's compliance with the legislation, beginning with visits to auctions and open inspections.

"Last year, officers attended more than 500 auctions and open inspections to ensure that real estate agents were complying with the new requirements. Generally, the level of compliance was very good."

"From next week, OCBA's real estate compliance focus will shift to the examination of individual property sales to ensure that agents are complying with the laws right throughout the sale process.

"OCBA officers will be visiting agent's premises to inspect sales documentation, checking that everything has been done by the book.

"Agents shouldn't be surprised if an OCBA officer knocks on their door and asks to look at their sales files. If they've followed the correct process, as the majority of agents have with open inspections and auctions, then they won't have anything to worry about."

Despite the high level of cooperation, three \$230 fines were issued last year and 60 warning letters for breaches that include: agents not giving the required information notice to buyers; advertising material not including the agent's registration details; and agents not correctly establishing the identity of bidders prior to auction.

Licensing criteria commenced on 21 January 2009, requiring all real estate sales representatives and auctioneers to be registered with OCBA and to carry their licence with them when working. Since then OCBA has already uncovered 22 sales representatives who've failed to comply.

Sales representatives and auctioneers can be served on the spot fines for failing to produce their licence on request, and can be subject to a penalty of up to \$5,000 for being unregistered. It is an offence for a land agent to engage unregistered sales representatives or auctioneers and this carries a maximum penalty of \$20,000. Unregistered land agents can be subject to a penalty of up to \$20,000” Minister Gago said.

Minister Gago also warned that tougher penalties are part of the reforms. Agents caught engaging in unfair practices that have been outlawed by the reforms risk disciplinary action and fines of up to \$20,000 for more serious offences.

The continued focus on compliance will encompass all areas of legislative change and will canvas the entire business process from sales agreement to settlement.

“Real estate agents can expect further monitoring of auctions and open inspections with OCBA officers checking that both the sales representative and the agent’s business are complying with all requirements.”

“Homebuyers and sellers need to have confidence in the industry, which is what these reforms aim to achieve,” says Minister Gago.

Consumers are encouraged to report any concerns they may have to OCBA by calling 8204 9777 or 131 882 for country callers, or by visiting the website www.ocba.sa.gov.au.