

Media Release

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SUN SETS ON DODGY PROPERTY DEVELOPERS

The Andrews Labor Government is protecting Victorians buying property off-the-plan from delay tactics used by some property developers to rip people off.

The *Sale of Land Amendment Bill 2018* will restrict the use of sunset clauses without the purchaser's consent.

The changes mean off-the-plan contracts cannot be terminated by a vendor under a sunset clause without the written consent of the purchaser or by order of the Supreme Court of Victoria.

Off-the-plan contracts commonly include a sunset clause provision that allows a vendor (typically a professional developer) to terminate the contract where the plan of subdivision has not been registered by a specified date.

Developers can exploit the sunset clauses by deliberately delaying completing construction of their project, in order to terminate signed contracts of sale, and re-sell the property at a higher price.

In addition to changes to sunset clauses, the changes will:

- prohibit public auctions of land before 1:00pm on ANZAC Day, bringing the industry into line with the standard restricted business hours for the day
- strengthen the offence of concealing material facts about a property, and enable guidelines to help vendors and agents to understand what a material fact is likely to be (for example, a property's past history as a clandestine drug laboratory, or the site of a homicide)
- introduce protections for people who purchase options to buy land as part of land banking schemes, including requiring money paid for options to be held in a trust
- prohibit certain terms contracts and rent-to-buy arrangements, with significant fines and potential jail time for vendors and third-party intermediaries to act as a strong deterrent.

The changes implement key outcomes of the Consumer Property Law Review's examination of the *Sale of Land Act 1962* (The Act).

Further reforms to the Act and reforms to the remaining Acts examined as part of the Review – the *Owners Corporations Act 2006*, *Estate Agents Act 1980* and *Conveyancers Act 2006* – are still under consideration.

The changes will apply to all existing off-the-plan contracts.

Quotes attributable to Minister for Consumer Affairs Marlene Kairouz

"We're giving Victorians who buy off-the-plan more control and peace of mind by cracking down on dodgy developers."

"This is about restoring balance and improving consumer protections so that Victorians can enter the property market with confidence."