



HOUSING, BIG BUILD AND MANUFACTURING SUBCOMMITTEE

Members present:

Mr CG Whiting MP—Chair

Mr JJ McDonald MP

Mr DJ Brown MP

Mr MJ Hart MP

Staff present:

Ms S Galbraith—Committee Secretary

Dr V Lowik—Assistant Committee Secretary

PUBLIC HEARING—INQUIRY INTO THE MANUFACTURED HOMES (RESIDENTIAL PARKS) AMENDMENT BILL 2024

TRANSCRIPT OF PROCEEDINGS

Tuesday, 23 April 2024

Deception Bay

TUESDAY, 23 APRIL 2024

The subcommittee met at 1.03 pm.

CHAIR: Good afternoon. I declare open this public hearing for the committee's inquiry into the Manufactured Homes (Residential Parks) Amendment Bill 2024. My name is Chris Whiting. I am the member for Bancroft and chair of the committee. I would like to respectfully acknowledge the traditional custodians of the land on which we meet today and pay respects to elders past and present. Other committee members with me today are Jim McDonald MP, the deputy chair and member for Lockyer; Don Brown, the member for Capalaba; and Michael Hart, the member for Burleigh.

This hearing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence. There will be an opportunity at the end of the hearing for individuals to have their say, to come forward and to speak to the committee. For those wishing to speak, please provide your name to the secretariat. We will only have a small amount of time for that.

I also remind members of the public that they may be excluded from the hearing at the discretion of the committee. That is the warning if you are rowdy. The proceedings are being recorded and a transcript of these proceedings will be available on the committee's webpage in due course. Media may be present and are subject to the committee's media rules and the chair's direction at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages. Please turn your mobile phones or computers off or to silent mode. I welcome representatives from the Alliance of Manufactured Home Owners Inc.

FITZPATRICK, Ms Carol, Secretary, Alliance of Manufactured Homes Owners Inc.

WHYTE, Ms Roseann, President, Alliance of Manufactured Home Owners Inc.

Ms Whyte: Mr Chairman and committee members, we thank the committee for the opportunity to speak about the Manufactured Homes (Residential Parks) Amendment Bill 2024 and to expand on our submission to your committee. My name is Roseann Whyte and I am the President of the Alliance of Manufactured Home Owners Inc.—AMHO for short. From June 2018 until the end of January 2024 I was a homeowner at Living Gems Caboolture Riverfront, a purpose-built lifestyle resort. This park is owned by Opal Gardens Pty Ltd, which operates both Living Gems and GemLife. For your information, I hold qualifications in risk management, building business planning and business continuity planning. I am accompanied this afternoon by the Secretary of AMHO, Carol Fitzpatrick, who has been a homeowner at Hometown Ironbark Aspley since 2017. Carol is a founding member of AMHO. Having been frustrated with the ineffectiveness of the current act, which only protects home owners from unfair business practices and is biased towards park owners, it was her concept that the only way to change the act was to go directly to members of parliament, as they are the only ones who can make the changes needed. Since the beginning of 2022, AMHO has been communicating with all members of the Queensland parliament to build their knowledge of the problems within the residential parks industry. You can see that between us Carol and I speak from experience about two of the six major players in the Queensland residential parks industry.

You will be aware that there are many problems with the Manufactured Homes (Residential Parks) Act 2003. Unfortunately, the proposed amendments only deal with site fee increases and problems with the sale of homes because this fits with the Queensland homelessness action plan 2021 to 2025. The amendments before the committee today seek to change the act to improve consumer protections in residential parks balanced with reasonable industry viability, so that seems pretty fair. Before we highlight the most significant elements of our submission, I would like to remind the committee about the basis of the land lease business.

Ownership of all land, infrastructure and communal facilities is vested in the park owner. The home owner rents the land on which their home is situated. The park owner supplies and maintains communal facilities for home owners' use on a non-exclusive basis and provides the utilities. The home owner pays a weekly site fee to cover the park owner's costs of operating and maintaining the

park. This is an excellent housing model. It frees up homes in the wider community when older Queenslanders decide to downsize. It frees up capital. Most people in this demographic are property rich but cash poor. It provides an easy way of living. You only have to look at the advertising to know: this is where we want to spend our twilight years.

The objectives of the Manufactured Homes (Residential Parks) Act are to protect home owners from unfair business practices; ensure home owners are fully aware of the rights and responsibilities in their relationship with the park owner; and to ensure the viability of the industry. The two extra objectives of the act as proposed by the amendment bill are protecting home owners from unfair and excessive increases in site rent and preserving the safety and tenure of home owners. As you look at these amendments to the bill I would ask you to please ask yourself how these objectives will be achieved, because it is definitely not clear to us. The final suite of reforms as proposed do little to improve the balance of power or remove the bias towards the park owners, who continue to hold all of the power in the relationship. If I may, I will go through the significant elements in our submission.

The first is capping annual general site fee increases to 3.5 per cent or CPI, whichever is greater. We do not support this amendment in its current form. This is not a cap at all; 3.5 per cent is more than the annual pension increase. Remember, we are talking about a demographic with a fixed income. Pension increases are usually in the vicinity of two per cent per year; therefore, the proposed percentage has already outstripped income. If the annual increase is the greater of 3.5 per cent and CPI, the home owner is still unable to predict expenses to balance their budget, making them vulnerable to influences over which they have no control. You will hear park owners say, 'It's in their site agreement; they should have known.' Remember, especially in the newer parks, that you have seen the house, the gardens and the facilities, and you just love every bit of it. When you see that the annual site fee increase is 3.5 per cent it probably does not really register. This is why site fees in older parks with limited facilities are in the range of \$250 a week: it is caused by the compounding of the annual percentage increases, so \$165 a week becomes \$195 a week over five years. For someone who has been in their home for 20 years, imagine how their site fee has increased.

At this stage salespeople are saying, 'But you can get rental allowance to offset the cost.' You think, 'Rent allowance and pension increase? This is really where we want to be.' You could ask why there needs to be an annual site fee increase and why 3.5 per cent? Park owners will say they need to have these increases to ensure viability. This is an industry that boasts net profits of between 65 per cent and 85 per cent. I doubt there is any chance of them not remaining viable. You should note that all relevant outgoings—that is, the cost of running the park, wages, insurance, rates, land taxes et cetera—are all tax deductible. You would also have seen in our submission the considerable tax benefits received through the stapled structures scheme, which was put in place to ensure affordable housing. The way to safeguard the viability of the industry is to ensure that it remains as it was intended—affordable housing.

Home owners need reassurance that this, probably their last home, will remain affordable until they must move on as their needs change. If this amendment is to remain, then it should be the lesser of CPI or 3.5 per cent. That is a cap. Home owners know the increase cannot be more than 3.5 per cent. It is certainly not the Clayton's model that is being offered. In fact, why not use the CPI, which is used for pension increases? Where did 3.5 per cent come from anyway? The bottom line is this is a profitable industry. The cap of 3.5 per cent or CPI, whichever is the lower, would make minimal difference to its viability. In fact, the promotion of such an affordable model would ensure expansion.

The removal of market reviews as one of the mechanisms to increase site fees is welcomed by AMHO and the tens of thousands of home owners in residential parks throughout Queensland. If you ask QCAT, park owners and home owners, you would see that the market rent review is the most litigious element of this housing model. Despite supposedly being an independent valuation, the process is manifestly unfair and a mechanism which allows legal exploitation of the rental market. You may know that one company has undertaken the market reviews of 75 per cent of all residential parks. How can this be independent? Remember, the valuer works for the park owner. The valuer looks at what other parks are charging to justify the increase, and, Mr Chairman, there is always an increase. If you have the opportunity to see a valuation report, you will see that they are not comparing apples with apples and there is an awful lot of cutting and pasting involved.

I have only been subjected to one market review and my increase was seven per cent. Increases at other parks have been up to 30 per cent. How can an increase of these amounts be justified when once a park is complete the costs are relatively stable? Remember, the costs of running a park are tax deductible. The process does not just allow meeting the market; it sets the market. If challenged through QCAT the home owner must have their own valuer, otherwise QCAT takes it as given that the park owner's valuer is the expert in the room.

Park owners are already anticipating the legislative changes. We have a member who is buying into one of the lifestyle resorts. She had signed her site agreement with a three per cent annual site fee increase with a market review every four years and was ready for an early May settlement. She has now been required to sign a new site agreement that removes the market review, but it increases the annual site fee from three per cent to 3.5 per cent.

The comparison document and maintenance and capital replacement scheme are both nice-to-haves. The comparison document should be fairly basic: number of sites, facilities, weekly site fee, home owner's responsibilities et cetera. This should take no effort, as the information would already be available to park owners. As for the maintenance and capital replacement scheme, this should already be in place as best practice, so again there is no effort as the information just needs to be formatted into a document suitable for public release. Registration of all parks is essential if for no other reason than we can actually have accurate data. At the present time the legislation says a record may be kept. The park owner must register, but we know the resources in RSU do not extend to being able to follow up to ensure the registration process is complete. It is hoped that, with their increased responsibilities, RSU resources will be increased to ensure this happens. Our experience is that some of the smaller parks and mixed parks, which these amendments may excuse from comparison documents and maintenance and capital replacement, are the ones that have the most issues with what are perceived to be unfair business practices. Unfortunately, there is no real definition in the act for what is fair or what is reasonable and RSU has no powers to breach.

AMHO agrees with providing home owners with options for the method of payment for their site fee. In this age of hacking and cyber attacks, it is this demographic that is most vulnerable. The fact that the park owner will not be responsible for the security of personal financial information I would think would save them some headaches. If you think doing it by direct debit saves time, it does not. I have spoken to park managers who spend days after the due dates for payment chasing up people whose direct debits do not go through because there are insufficient funds in the account and no overdraft arrangement. By giving home owners a choice and not having a pre-completed form, the responsibility for payment and the security of financial information reverts to the home owner.

We see little value in the simplification of the sales process. This process already serves park owners well. Each time there is a sale there is an opportunity to increase the rent. We would ask why would or should there be an opportunity to increase the rent more than once a year? However, with the removal of the market rent review, there may be less incentive for them to raise the bar at every opportunity. There is value to the seller in being able to provide the buyer with information such as how much it actually costs to live in the park. That being said, and as you have seen in the DS, 76 per cent of site agreements are not assigned. This change is just validating what is happening now.

The buyback scheme is just not necessary. Sales of occupied homes are fairly steady and align with what happens in the wider community: you put your house on the market and you stay in place until you sell, continuing to be responsible for the expenses relating to the property. This scheme is for vacant possession which comes from either the death of a home owner or where he or she must go into care and the home sold to settle the estate or pay for care. The scheme as proposed means there is no choice of agent; it must be through the park owner. Even if the rent is paid for 18 months until buyback with the 25 per cent discount, there really may be no incentive to sell the home until the last minute. The rent just keeps on coming. There is no need for this complicated process. All that should happen is that the payment of rent is put on hold, with funds owing paid as part of disbursements at settlement.

CHAIR: We are probably running out of time. Do you want to skip through to the end?

Ms Whyte: This is the end. There is so much more to be done to provide protection in the act. The removal of market reviews and instituting a real cap on the annual site fee increase will provide home owners and prospective home owners with confidence in their decisions, thus keeping the industry buoyant and viable. Because the focus of the bill is so narrow, however, there are a number of aspects which were not considered—for example, QCAT being the incorrect forum where park owners bring their corporate lawyers in. We ask why they are allowed to do that when QCAT is self-representation. We do need an ombudsman, and we have already put that forward.

We ask finally why the issue of exit fees, lack of clarification of utilities charges and the inequitable section 71 have not been addressed. We were told by the previous minister that they would be in accordance with this homelessness plan and they are not. Finally, we thank the minister for her commitment to review the proposed amendments in three years. These changes will help in the meantime. However, we encourage the government to look more closely at the act and do a complete rewrite at this time to move the bias away from the park owner and to ensure there is a real balance of power between park owners and home owners. The financial security and wellbeing of

tens of thousands of home owners in residential parks across Queensland is in the hands of the 93 members of the Queensland parliament. You had the opportunity to fix this in 2017 and 2019 and it did not happen. Please, let us just get it right this time.

CHAIR: You mentioned exit fees. This is something new that has crept into the sector under a variety of names. Do you have any examples of things that look like exit fees that are currently proposed?

Ms Whyte: Yes, and we drew this to the previous minister's attention. These two villages are in Toowoomba, and the member for Toowoomba North and the member for Toowoomba South drew these to the minister's attention. We were told it would be fixed. RSU investigated these fees and said there was nothing they could do because it is in the site agreement. It is in the site agreement as a communal refurbishment fee, which to me says it is to fix the clubhouse and what have you and other assets owned by the park owner. Having visited both parks, I can assure you that not one cent in the last 15 years has been spent. The reason we ask that it be included in the legislation is because the favourite saying of park owners when they are challenged with 'you can't do that' is 'the legislation doesn't say we can't'. There are exit fees being charged under the guise of this communal refurbishment fee, and that successfully navigates around section 71 which is the third option for increasing fees. It means that if there are increased operational fees, maintenance fees or they want to add something, they can go to the home owners and say, 'We're going to increase the rent to pay for this.' They only need to ask four people in the park, which is amazing, and if three-quarters of them say 'yes' it is a done deal, which is bizarre.

Ms Fitzpatrick: The actual park where these fees were originally set up was sold to Hometown, and now all of the advertising is that there are no exit fees. People who are living there now asked to have their site agreements changed. They were told they could only have their site agreement changed if they paid the money owing from the time they were there until the time they get their new one. One couple has been asked for \$6,000 to get a site agreement changed.

CHAIR: That is something new that is emerging in the industry.

Ms Whyte: I am sure if you look at the housing minister's records you will see that we have brought this up a number of times.

CHAIR: When you talked about the buyback scheme in your submission, you wanted shorter time frames; is that correct?

Ms Whyte: We did. Certainly 18 months for an unoccupied home is too long. If you are going into aged care or if you have to settle an estate, 18 months is far too long because it means that the rent has to continue to be paid until the property is sold. It takes away the choice of agent. You might know that park owners charge the top commission. There is no negotiation on sales commission whereas with other agents there is. Eighteen months is far too long because you have to pay aged-care fees, and if you are the executor of an estate—and usually it is a family member, children, who probably have mortgages of their own—it is a real problem for them to continue to pay the weekly rent until the house is sold. Just say they have gone into care or they died. Really all that needs to happen is, 'Here is the death certificate.' Just put it on hold until it is sold and then it all comes out in disbursements anyway.

CHAIR: Thank you. I have more questions, but I will go to the deputy chair.

Mr McDONALD: Thank you very much, Roseann and Carol; it is always good to see you. Your submission on behalf of the owners was excellent, so thank you. One of the things we are trying to get right is the concept of fairness. You talked about locking in the pension CPI or whichever is higher. When we head towards the recessive cycle, that does not seem fair to me. This is supposed to be about consumer protection. You are the first person to suggest the pension CPI. Can you talk to us about that?

Ms Whyte: Whatever pension CPI is used, because most of this demographic would be in receipt of some form of entitlement. What does the Commonwealth government use to establish what the increase should be?

Mr McDONALD: One of the challenges we have heard from many submitters is that the home owners' committee, or the HOC, has little power. Whilst they can make recommendations, they have little power in terms of influencing many of the owners. Have you turned your mind to that and what opportunities there may be?

Ms Fitzpatrick: Home owners, HOCs or anyone have no real power. Let me just quote something from one of our members. They contacted us and they were really concerned because on numerous occasions they have been told that their site manager is not the park manager. She said,

'We actually believed he was the park owner's representative but apparently not.' This leaves them to determine who is actually responsible for the day-to-day management of the park she lives in when an issue arises. She said, 'You go in and he says, "I'm not the park owner. I can't do anything about that."' I know this particular park. It is a smaller one and it is owned by private owners. There are a number of things in there that are a problem.

We got another call the other day from someone who is in a Hometown park. They were really concerned after the fatal fire at Burpengary. The gentleman said, 'I was concerned, and I wrote to the community manager quoting the manufactured home parks act, which says that emergency plans apply to the whole of the village. The reply from our community manager indicated that, because the village is independent living and the houses are not owned by Hometown, fire drills et cetera only apply to the clubhouse and office buildings.' That is not true under the act, but that is what these large companies are saying. What I am trying to say is that even though it is in the act they do not acknowledge it. I sent the act to the guy and he showed it to him, but of course that is the answer that the site manager has been given to tell people. You come up against a brick wall. The best thing they can do is just not reply.

Ms Whyte: Regarding emergency plans, emergency plans do not just mean evacuation; emergency plans mean loss of power, loss of water. It is not always about evacuation. Having come from a school background, sometimes it is stay in place, and who is in charge of the emergency plan and who is responsible for doing that? The act does say that it needs to deal with the park, and a number of them, even the larger corporations, will say—and I know have in place—just evacuating the community centre.

Mr HART: Good to see you again, Carol. We have had numerous conversations about this subject. Can you give the committee some background as far as consultation goes on this particular bill and are the things that are in this bill what you were expecting to be in the bill?

Ms Whyte: No.

Mr HART: No, you had no consultation?

Ms Whyte: No, we were not included. We did have one meeting with the housing minister at the very beginning. We have been maintaining and campaigning for changes the last two years and we were not included in that. We were not included in the invitation to parliament when the bill was introduced. We have worked extremely hard highlighting the shortcomings of the act, and what has been proposed is just a small portion. As I said, the narrow focus is because it fits with the homelessness action plan and of necessity that is your terms of reference.

Mr HART: I understand that.

Ms Fitzpatrick: If I can add to that, we actually have done a lot of work with the housing department. When it came to the survey we were out and about, well and truly, and then when it came to the CRIS we were invited to be in the planning of how to do the CRIS in terms of what was going to be put into it, and we did. We worked very hard and that is why there is so much going on and so much knowledge because we got out there as an association. We went out visiting people. We encouraged people to fill in forms. That is why they did so well with the CRIS and then with a dreadful feedback form. Originally everything was to be online. You do not put this demographic online to fill out something. Fortunately they listened and it was on paper. I am sure a lot of you got caught having to make lots and lots of photocopies of that terrible feedback form, but we have been working really hard driving what we believe is what is needed. We asked the people who filled out the feedback form to answer the question and then always at the bottom there was a space for them to please put in that space the problems you are facing in your village, and that is where a lot of the information has come from, but I do not know whether they have acted on it.

Mr HART: There is no doubt you guys have done a fantastic job of lobbying us. I know I have had thousands of emails from you. I am sure these guys have as well. Congratulations on the work that you have done and I am sorry that this is not putting in place the things that you would like to see. There is an election in October and the government wants to do something about this, so at least there is something happening.

CHAIR: Member for Burleigh, is that an opinion?

Mr HART: Yes, it is my opinion.

Ms Whyte: If I can just interrupt you there, this should be bipartisan. You are looking after the people of Queensland. However, I would tell you—and you are LNP?

Mr HART: Yes.

Ms Whyte: Right. I would tell you that on no occasion has the LNP engaged. We have been sending emails to all the LNP and David Crisafulli has refused to engage.

Mr HART: Carol, we have had numerous conversations.

CHAIR: You got yourself into this.

Ms Fitzpatrick: Not since I have been in AMHO or since I started AMHO.

Ms Whyte: Let us call it what it is. He has refused to engage. We have actually written to him in the last month and asked what the LNP's plans are going forward and to date we have not received a response, but I would be really grateful if you two could go to him and say, 'Look, you need to have a plan going forward because these people need to know what you are going to do.'

Mr HART: We have a plan going forward; do not worry about that.

Ms Whyte: Right. Well, we need to know.

Mr HART: I am happy to talk to you about that.

Ms Whyte: Thank you, Michael.

CHAIR: Okay. Interesting. The member for Capalaba has a question.

Mr BROWN: I just have a comment. I just wanted to thank Carol and Roseann for working alongside me and consulting with me during the process leading up to this. I know there is a lot more to be done. I hope you can feel free to reach out at any time to continue that work.

CHAIR: Thank you, Carol, and thank you, Roseann. Give them a round of applause.

BARTELS, Mr Brian, Director and Park Owner, Golden Shores

BEAVIS, Mr Greg, Park Owner, Golden Shores

CHAIR: Thank you for coming along and being a part of this. I invite you to make an opening statement and then we will have some questions for you.

Mr Bartels: Thank you to the committee for allowing Greg and I to attend today. I will try to keep this to three or four minutes. First a little bit about how we operate. We operate a little bit different to some of what has just been said and you might say we operate a little bit old school. As I read the residential parks amendment bill explanatory notes and the Alliance of Manufactured Home Owners' submission, it is not all doom and gloom. The majority of residents living this lifestyle appear to be very happy. Of the 353 homes in Golden Shores, we have very few resales and those that do move are mainly for health reasons and most times we have waiting lists for resales. Rents and all these things being raised here do not really deter any of our client base from buying homes at Golden Shores.

The industry in Queensland appears to be firing on all fronts. Why is this? Developers are selling homes at an amazing rate. Nothing in this current legislation appears to be creating any large stumbling blocks for home sales, including levels of rents being charged. The industry may have reports of a few unfair operators, but on the whole the evidence and sales show that the residential parks industry is very popular and has been assisting with the actual current housing crisis. It is freeing up traditional homes in the suburbs as people sell and move into these parks.

We have been in the industry for over 30 years and in that time at Golden Shores we have never been to QCAT for any rent increase whatsoever. We have never been to QCAT for any other reason whatsoever. We have 353 sites and approximately 580 people. We strive to keep our residents happy and content. There seems to be an assumption that all parks are structured and operate the same. They do not. We have not needed any registration or maintenance or capital replacement plans. We see and do what is required. We have not needed any comparison reports. Our customers come and see for themselves. We have not changed our rental formula for a rent review in our contracts for 29 years. Even though we have the right to a market review every three years, we have not instigated one in the last nine years and when we have we have never had an issue at Golden Shores.

Some comments on the opening of the public briefing on 2 April that I believe are misleading: firstly, that homes sold in nearly all lifestyle villages and residential parks do appreciate in value, not depreciate. Rents do not always jump once a park is completed, as was stated. The facilities in the parks are generally well maintained, not neglected. You have to realise both the park owner and the home owner have an investment in a completed park and the homes appreciate because of the owner maintaining the park and the home owner maintaining their home. The location of the park also impacts on the appreciation of the asset.

Just on three of the points that are being raised regularly, we do not agree with the market review being deleted. If the market review is going to be deleted, however, the assignment of homes must also be deleted. We do not agree with rent caps. However, if it is going to be legislated, we are suggesting and agreeing with the 3.5 per cent or CPI, whichever is higher, to keep the industry viable. This must apply to existing contracts. No-one is capping insurance at 3.5 per cent, power bills at 3.5 per cent, rates at 3.5 per cent and wages at 3.5 per cent, so why is our industry being capped at 3.5 per cent? The CPI has only been above the 3.5 per cent threshold four times in the last 16 years. Allowing the 3.5 or CPI, whichever is higher, allows the park owners to keep pace with inflation. This does not, however, keep the return on the investment at the same pace which will decline over time and so will the value of the business, but you still have to maintain the park along with the value of the residents' homes.

Everybody is focused on the rent cap and buyback scheme and forgets the enjoyment this lifestyle offers so many people. People who buy a home in a lifestyle village are advantaged by not having to purchase the land, but a resident does have to pay for the use of the land. Remember, once a developer commits his land to this type of development it is a forever commitment. The buyback scheme appears to be very confusing between the Retirement Villages Act and the residential parks act. We do not believe it is fair how government in a free market system can enforce in legislation that a business has to purchase something owned by another party. You talk about the 25 per cent reduction after 12 months if the home is on the market, and this is probably how we operate a little bit differently to some parks. We often reduce the rent to zero for a home owner or their family while the home in our park is being sold. We do that regularly. We recover the amount lost from the sale of

the home once it is sold. Once again it is assumed that all parks operate the same. They do not. We are different. We do not agree with the buyback scheme of any time line. I am not sure how people could buy back and how many homes they will be buying back in the current lifestyle villages. Homes in some of those villages are selling for over \$1,000,000. I mean, how many do you buy back and how many companies can afford to buy back? For homes in our park we have a list of waiting people anyway for resale and so the buyback scheme will probably never apply to us anyway, but we do not agree with it.

Again with the registration and capital replacement plans and comparison documents, we are very concerned with the cost and time this amount of reporting will create for our business. Does this mean we will be employing quantity surveyors? It will certainly mean there will be more time involved and we will probably need additional staff. Having resident committees involved in any of the discussions about maintenance could just lead to disagreement between the park owner and the committee. We have been operating and maintaining our park for nearly 30 years, keeping our facilities to a high standard without any of this additional need. It is the type of thing that will cause smaller family-operated businesses like ours to consider selling our park to the bigger operators and leaving the industry.

We are of the opinion that the committee should re-evaluate these highly impacting changes to the industry as we are concerned about the future development and the progress of the residential park industry. Just on a comment made before about park owner committees et cetera, we liaise with our resident committee probably every two to three months and have done for nearly 29 years. Again, not all parks are the same. We operate different, but we all are going to be enforced under this new legislation. That is my few minutes of discussion, thanks.

Mr Beavis: I want to clarify one item that Brian brought up, and that was when he mentioned the 3.5 per cent. The reason it concerns us is our contracts are different. We do not have a fixed percentage rise every year. The understanding we have with the assignment contracts is that, in the case where the CPI is less than 3.5, those companies that do have that fixed increase will get 3.5 whereas in our case we make it less than 3.5 because in our existing contracts we can only bill or claim our rates, CPI included, and we maybe will only be able to claim one of them, so we may only be getting 1.5 whereas the big companies are getting 3.5. As Brian said, that starts people to think maybe it is difficult for us, because if you have 40 parks you can spread it around. If you have one park it is a bit more difficult.

The second point is we do have a maintenance schedule. We go through it every year. We actually have a sinking fund. We do not have to have a sinking fund. There is no legislation on that, but we have a sinking fund which always has adequate funds in there. We discuss what we are going to do with our home owners. They feed back to us and we give them the schedule and tell them when we are going to do it. The most recent one was it was complained some of the roads were cracking up, so we replaced three roads at a cost of over \$600,000 and we gave them a schedule and we did it because it had to be done. Thank you.

CHAIR: Thank you for appearing before us today. I note that the park owners who have been before us have generally been those smaller local Queensland owned organisations. You are the first ones to mention these parks as a co-investment between the park owners and the home owners. I know that many of the home owners have said that, but I thank you for mentioning that as well because I think that sums up pretty well how this sector works in many ways. I am interested to hear how you set your site rent and any increases in the site rent. I do not know if you have any guiding principles or guiding formula for it. You figure it out, but what guides you in this?

Mr Bartels: In our agreements, the rates and CPI are our basis for our formula and every three years we have the option of a market review. As I said earlier, we have not used that in nine years.

CHAIR: That is interesting.

Mr Bartels: I will add that over the years we have given discounts on our increases. When we look at CPI, we generally pick the lower of the CPIs that are nominated to do our reviews, but that is just how we operate.

CHAIR: There is one park owner we talked to yesterday where it is CPI plus two per cent, so you each have different formulas. You talked about working with your home owners committee. Once again, what principles guide you? What is your overarching aim in working with your home owners committee?

Mr Bartels: The main aim is to keep our residents happy. Most of the requests that come from residents are pretty easy to deal with. They are not major issues. We just have a good rapport; we have had it for 29 years. We do not have any formula written down—well, actually we do. We like to

have the residents give us a list of concerns, and at each meeting we would talk to no more than 10 and very rarely do we get more than four or five. Then we tell them what we are doing and what we have planned. It is not a set, written document or formula. It is more of a chat.

Mr Beavis: We do a review ourselves every year and identify what needs to be done as safety management and also what needs to be done as a sensible way to go forward as you modernise. Our park is getting to be 30 years old so it needs a bit of modernisation. We have just put solar panels on the community centre to try to bring the cost down and a few other things. We identify what is safety. There was a mention here about the fire services. We do have wardens and we are just about to undergo our training again. We are paying an outside contractor who will come in and educate everybody in the park and the wardens. We do have systems in place. As Brian said, we operate differently. It is not a one-size-fits-all so we feel we are going to fall through the hole.

Mr McDONALD: Thank you for your presentation today. It seems to me that we have got all the different homes—from trailer parks through to quite high end. The example you are talking about of not having QCAT issues is pretty strong evidence for me. In terms of how you manage your HOC and the recommendations, I was very interested to hear you have a sinking fund. Obviously that is not a legislated requirement, but something you are doing is working and we might be able to replicate it. Can you talk to us more about that?

Mr Bartels: With the maintenance, we see and know what is required to be done throughout the park. We are there regularly as owners. We walk around. We have a safety audit done each year that might nominate things or pick things that are required to be done or fixed. We just liaise with the residents committee on what they may require. That is how we work it.

Mr Beavis: With the sinking fund, we came up with a figure and that figure automatically gets topped up. It is there and as soon as we use half of it, 10 per cent of it or 20 per cent of it we top it up. That way, if there is ever an emergency or something comes up—a water main or something you do not anticipate—it gets fixed. There is no saying, 'Just hang on for two months.' That is the way we operate.

Mr McDONALD: Does the HOC have direct influence on the spending of that sinking fund?

Mr Bartels: No. We just discuss what they think they would like. If we agree with it, we will go ahead and do it. It might be as simple as umbrellas around the bowling green, a new bike path for the electric scooters or things like that which we might put in.

Mr McDONALD: There is certainly no doubt that there are some players in the industry who are not treating residents as co-owners, as you are doing.

Mr Bartels: That is probably why we are all sitting here.

Mr McDONALD: That is right. We are interested in making changes that will assist in housing supply at a time when there is a housing shortage. What things could we recommend so that people like you might want to start another park?

Mr Bartels: If you start restricting and capping rents, that is probably one of the biggest hindrances to the industry. I think you will find a lot of the big players will probably leave Queensland.

Mr Beavis: I have not discussed this with Brian, but one of the things we hear all the time in politics is affordable housing. I think this industry is getting to a point now where it is affordable housing, but we have to have affordable housing within that zone. We are at Hervey Bay; there is no secret there. People see the new ads and they come up and look at all this new housing and it is fantastic. Maybe not everything is finished, but it is big and it is a certain cost. While they are there, they come down and look at Golden Shores where everything is done and it costs a lot less. That is why they end up there.

Mr Bartels: And maintained.

Mr Beavis: Yes, they end up with us.

Mr Bartels: I will mention one other thing about QCAT. I think we have a member coming up in the next conversation. We had a village we owned in Brisbane called Golden Downs and we did end up in QCAT once in 27 years at that particular park. That was a one-off. That got sorted out through mediation.

Mr BROWN: Thank you for coming in. I think all new legislation is brought in for the lowest common denominator. That is why we bring in regulations and legislation. You talked about your rent increases and your sinking fund. They are increased each year by CPI, so this legislation will not really affect any changes in what you are doing.

Mr Bartels: It is rates and CPI. Our rent reviews are rates and CPI currently, and that forms the one basis formula.

Mr BROWN: Does your sinking fund go up by CPI as well?

Mr Bartels: The sinking fund is just private that we have got. It is not classed or linked to the rent.

Mr Beavis: We do review it every year based on our budget. If we think we are short, we will increase it.

Mr BROWN: Are there any maintenance costs that you normally outlay each year that you have found in the last five or so years have gone up more than CPI? Can you give me examples? Do you do the roads?

Mr Bartels: Insurance premiums, power bills and labour costs for any of those repair works we want to do these days are well and above what they were five years ago.

Mr BROWN: Can you give me an example of percentages?

Mr Bartels: I could not give you percentages, but everybody knows how much everything in the building industry has appreciated. It is 30 per cent and 40 per cent for materials.

Mr Beavis: We could give you percentages; we just do not have them here. It would be a guess.

Mr Bartels: We cannot recoup that in the CPI and rates increase. That is where the market review allowed us to catch up. We have not done one, as I keep saying, for nine years, but we have always had that as a backstop and that has been the safety for us. That could now be taken away.

Mr Beavis: We could survive probably at 3.5, but our problem is if we do not get to 3.5 and we only get 1.5. That is where we differ.

Mr BROWN: If the CPI you used to do was, let us say, 1.5, you can still have the ability under this new legislation to go up to 3.5?

Mr Beavis: No, not with us.

Mr Bartels: If we are allowed to change our existing contracts, yes.

Mr Beavis: Our existing contracts do not have a fixed increase. They are just based on CPI and rates. Our legal advice is for us, if CPI is 1.5, that is it; that is where we cap out.

Mr HART: Your park is a park that is matured, isn't it? It has been around and you are not selling any more sites as such?

Mr Bartels: No, we opened 29 years ago.

Mr HART: Yesterday we heard from a park owner who has about 100 sites and another 400 in development. The buyback scheme is there to encourage the sale of an existing property as against a new property—so the park owner is not trying to sell the new property and ignoring the transfer of the old property. That possibly does not apply to you.

Mr Bartels: We had that experience during the initial period of sales.

Mr HART: We heard yesterday that this park owner is concerned because there are GST implications—that they would have to pay GST on the purchase and then not be able to claim an input credit for it. Have you put your mind to that and the implications that could have to your park?

Mr Beavis: We have not nailed that down, but that is correct. All of our sales are GST registered and then obviously when we sell it onto a private individual they are not GST registered so we would not be able to get that input credit. That is the early advice we have got. With the sales, we do not enforce that they have to use us. They use outside agents. They can use one of the majors. We are not forcing them to use us.

Mr HART: We heard yesterday from some submitters that they thought some sort of star rating or rating of a park might be advantageous to people during that purchase process so they could see the level of park they are buying into. Would that assist either side, do you think?

Mr Bartels: From my experience, most people who buy into a park tend to go and view the park and have a look at the facilities themselves. It might assist them pre going to the village as to which ones they pick out, but they generally go to the parks they are looking at.

Mr HART: Do you have any experience with the dispute resolution? I know you said you have not had much there.

Mr Bartels: No, we have not.

Mr HART: The government is directing people to Caxton law. Have you or your park residents had any cause to talk to them?

Mr Bartels: Not that I am aware of.

Mr HART: The lady suggested before that an ombudsman could be a dispute resolution solution, where someone could actually give a direction at the end of the day rather than QCAT. Would you support that?

Mr Bartels: To be honest, I have not studied that side of this review too much due to the fact that we have not been there. We do not have any experience.

Mr HART: I know it is hard.

Mr Beavis: An ombudsman works very well in some industries so perhaps it will, but we have not looked at it. It works very well so we would not object to it.

Mr HART: It may be something that we think about.

CHAIR: Just on that, from talking to the member for Capalaba—and I am pretty sure people in the audience would know this—the state government funds some services through Caxton Legal to provide guidance and advice to residents. We heard yesterday about the effectiveness of that process. That is a service for residents. We do not have any more questions, so thank you for coming.

ANDERSON, Mr Mike, Private capacity

BLYTHE, Ms Betty, Private capacity

HILL-WEBBER, Mr Bruce, Private capacity

HILL-WEBBER, Ms Lyn, Private capacity

O'LEARY, Mr Phillip, Private capacity

CHAIR: Welcome. This section involves you having an open forum for three minutes. Let us know what you think and then we may have some questions afterwards. We need to get to Bribie after this, so we will need to finish by 2.20 or 2.30. Betty, we will start with you.

Ms Blythe: Good afternoon, everyone. My name is Betty Blythe and I am the secretary of the Green Wattle Village Home Owners Committee in Burpengary East. Green Wattle Village has some unique problems due to the fact that one half, known as the gardens, was converted from a caravan park to a relocatable home park in 1989. There are still houses connected to electricity via a three-point plug on a pole, sometimes up to four houses to one pole. Surely this does not meet building code in this day and age—or even back in 1990. Apparently we need a larger substation installed. This problem has been brought up with management for many years but still remains a capex request. How long should it take for park owners to carry out major infrastructure upgrades, especially as there is obviously a hazard with exposed wires not buried 600 millimetres below ground as per code?

This brings us to the cost of utilities in the park. What should the residents be paying? Should we be paying the same per kilowatt or kilolitre cost that the park owners have been charged or are we supposed to pay part of the servicing cost included on their bill? This needs to be clarified in the act. Roads and gardens all need to be raised and resurfaced as the gutters are so deep residents' cars have been damaged underneath. How much longer should residents continue to pay rent for facilities that damage their property? The act needs to state a time line for repairs to infrastructure.

I now turn to rents. The act was introduced in 2003 stating that CPI or market rent reviews would be used as a basis for calculating rent increases. There has been a number of events that have affected the rorting of rent increases and, because of their accumulative nature, rents are now economically exorbitant. For example, in 2005 site rents were increased by market rent review for the garden side of the park only at 9.5 per cent. In 2006, a year later, site rents were increased by market rent review supposedly on the sanctuary side by 9.33 per cent.

Green Wattle site rent included water and mowing from 1989 to 2006, when water meters were installed. However, only a reduction of \$1.30 for water was removed from the rent. In 2010 and 2013 site rents were increased by CPI plus market rent review. In 2016 site rents were increased by 8.15 per cent market rent review. This one actually went to QCAT and we were awarded a \$10 per fortnight reduction but only for those who had signed the petition to take it to QCAT.

In 2017 the village was bought by Hometown Australia. In 2018 and 2019 site rents were increased by CPI plus local authority charges; in 2016 QCAT had told us that those charges were illegal. In 2019 Hometown added the \$10 rebate that was awarded in 2016 back onto the rent. We again took it to QCAT. QCAT rescinded their award of the \$10, agreed to the rent increase and also allowed and approved a flat two per cent increase for 2020. This QCAT hearing should have been made null and void as everyone had breached the act or overstepped their authority.

CHAIR: Thank you, Betty.

Ms Blythe: I have not finished.

CHAIR: I want to make sure we give everyone some time. Would you like to table that when you have finished?

Ms Blythe: I will table it. Can I finish the last paragraph?

CHAIR: Absolutely you can.

Ms Blythe: Because of these anomalies which are—I have forgotten the word.

CHAIR: You were talking about how the setting of the rent increases had been all over the place.

Ms Blythe: Because these anomalies are accumulative—this has been going on for 20 years—I advocate setting a base rate. If you just add on the 3.5 per cent now, you are adding it on to a rent that is already overpriced. Therefore, I advocate that we set a base rate for rents. They need

to be set at no more than 30 per cent of a single pension as in New South Wales. This figure makes it equitable for the park owner and the resident. I have given you an example. The pension is \$1,300 a fortnight and 30 per cent of that is \$390. For our village with 432 homes, their annual income would be \$4.3 million and estimated expenditure—and I know they do not spend this—is about \$2.5 million, so they would still make a profit of \$1,880,480.

CHAIR: Thank you very much. We will go to Lyn and Phil for a brief statement. You do not need to read out all of it; you can table it and we will grab that in a moment. Feel free to make some comments.

Ms Hill-Webber: Thank you for the opportunity, first of all. My name is Lyn Hill-Webber and I have lived in Burpengary Pines for almost 10 years. During that time we have had four QCAT cases, all of which have been to some degree successful. We are not going to QCAT frivolously, although our park owner thinks we are. I am the lead applicant in the current case, which is a rent dispute. It is almost five years old and it is not finalised. We started back on 11 August 2019. We had negotiation meetings, which are always useless in our park. We sent stuff to QCAT, had mediation and 12 months later we had to make a new submission with new costs to continue the case past mediation.

We were given a case number and QCAT lost it. After 12 months of phone calls and emails quoting the new case number, they told me our case was closed; it had been closed for 12 months. I said that was wrong. I gave them the new number and eventually it was miraculously found. A new round of negotiation and mediation began, all held by phone this time because of COVID. Phone meetings are very unsatisfactory.

During this whole process our park owner sent me a response to our application, which was only a few pages, that was 700 pages long full of legalese and definitely designed to intimidate me. Fortunately, he did not know me; it just made me dig my heels in. He was also permitted by QCAT to be represented in all parts of the process by his legal team. The reason he gave was that it might come to cross-examination and our owner is not used to cross-examining people. Guess what? I am not either, but that did not matter. We could not afford lawyers, but we got a bit of advice from Caxton but that was lacking. I can talk to you about that another time. It is just another example of the imbalance of power.

We received a decision in our favour last September. However, there was no further instruction accompanying the decision, so we are still paying the extra amount that QCAT has said we should not be paying every week. It has been nearly five years. Also in that decision it was said that those who have sold their homes are now removed as applicants. Even if they had been paying the illegal charge for some years they can no longer get it back.

We were due to have a compulsory conference a fortnight ago, but at 2.36 on the afternoon before it was scheduled I received an email cancelling it. There was no reason given and no subsequent date set. Meanwhile, more home owners are having to move out or have died, including the one in the recent fire. I fear we will have another delay if the park owner seeks to have them removed as applicants even though they have been paying the amount now for nearly five years.

During this period I have dealt with numerous case managers and tribunal members who have exhibited varying degrees of understanding—or not understanding—the case or the MH(RP) Act. We cross our fingers that the tribunal member who is appointed to make any further decision will actually be familiar with manufactured homes villages and with the legislation covering them.

Unfortunately, QCAT decisions are not binding. If the park owner chooses to ignore any final instruction or ruling on the matter, then you have to go to the Magistrates Court for a decision resulting in lawyers, legal minefields and costs. We have no power and the QCAT system does not work. There is nothing in the amendments that will do anything to improve this situation. The park owners have deep pockets and they have barristers on call when we have a win through the system that is supposed to protect us. So much for protecting us from unfair business practices! It just does not.

CHAIR: Thank you, Lyn. We really appreciate that. Do you want to table that so we can use it?

Ms Hill-Webber: Yes.

CHAIR: I will go to Michael and then to Bruce.

Mr Anderson: My name is Mike Anderson. I live at Golden Downs at Fitzgibbon. I have been there for 17 years. I am on the HOC and I am also the membership officer for MHO. Our village is over 30 years old and is probably the oldest home park on the north side of Brisbane. It was established by two families who owned a plumbing business, and you have just heard from the families about Golden Shores. There are 231 houses and approximately 350 residents in the village.

Two years ago the park was sold to Serenitas, which have been buying and developing manufactured homes parks throughout Australia. They have provided two capital improvement projects in that time, but there are no large capital improvement projects in the pipeline.

The current fortnightly rent is nearly \$500 per fortnight and it is probably the highest rental on the north side due to the accumulation of yearly CPI increases. The single fortnightly pension including rent assistance is \$1,304.50, so rent paid fortnightly is 38 per cent of the single pension plus rent assistance and increases every year. Removal of the market rent reviews is a welcome move. Market rent reviews have caused considerable problems at Golden Downs. From 2007 to 2016, while I have been there, there have been four market rent reviews in the village. In the first three the park owners made a so-called review without engaging a valuer and gave no explanation of how the review was conducted. The three market rent reviews resulted in weekly increases from \$9 up to \$21.56. The park owners did give us a discount, but they were still considerable rent increases.

In 2016 the park owners engaged a valuer for the first time and came up with a market rent increase of \$18.50 a week. All home owners appealed to the Queensland Civil and Administrative Tribunal. I represented the residents while the park owner was represented solely by their solicitor. There were at least four QCAT hearings and three compulsory conferences at Golden Downs. The residents association hired an independent valuer and both valuers met with QCAT after our valuer had completed her valuation.

QCAT would not make a decision after the four hearings and the three compulsory conferences. It was suggested that both parties should agree on a compromise, which is what eventually occurred. I must say that since 2016 there has not been another market rent review either by the previous owners or Serenitas. The whole process over about eight months and the lack of any decision indicates how useless QCAT is at handling manufactured homes legislation.

I refer to site rent increases through CPI. Over the last 16 years, apart from 2022 and 2023, the all-Brisbane CPI increases have ranged from only 1.4 per cent to 4.5 per cent, with most years under three per cent. At Golden Downs this has resulted in a weekly increased range of only about \$2.15 to \$6.17 per week. These have been modest increases in weekly rent affordable to all home owners. The park owner was able to carry out maintenance and capital improvement projects while still maintaining a good profit margin. As we all know, in 2022 and 2023 the CPI increases were six per cent and 7.4 per cent respectively, resulting in weekly increases of \$13.16 and \$19.08. A petition was organised and signed by 98 per cent of the home owners requesting Serenitas to provide a discount for the \$19.08 weekly rent, but the request was refused. Although there have been increases in the age pension over this period, the increases barely cover the increase in site rent, let alone the other cost-of-living increases. Most home owners at Golden Downs are on an age pension and are struggling to keep up with the cost of living as well as the recent high increase in site rent.

In 2021, based on the 1.7 per cent CPI, the weekly site rent increase was only \$3.62, but this provided yearly revenue of \$2.6 million. In 2023, based on an increased weekly site rent of \$17.01, the yearly revenue had jumped to nearly \$3 million, so that means over two years the total site rent revenue for the park owner increased by \$363,000. The amendment bill suggests that increases in site rents should be based on the higher of actual CPI increases or 3.5 per cent. In times of high CPI increases, the increase in site rent is likely to be very high. Increases in site rent should be based on the lower end of actual CPI or 3.5 per cent.

CHAIR: Are you nearly finished, Mike? Did you want to skip straight to the end and you can table it?

Mr Anderson: Okay. I know I am mentioning a company, but I think some of the larger park owners are in the same sort of situation. It is a Singapore-based private equity firm with loyalty to its shareholders rather than to its home owners. It, as well as other corporate park owners, may not be paying much Australian corporate tax. Serenitas may also be involved with a stapled tax minimisation scheme where it may only pay 15 per cent tax.

CHAIR: Thank you very much, Mike. Are you happy to table that?

Mr Anderson: Yes.

CHAIR: Excellent. To wrap up the proceedings today, over to you, Bruce.

Mr Hill-Webber: Thank you very much for inviting us here. I have a very simple and short statement. I will focus on three important points. I know you have received a lot of powerful and very wonderful submissions, but this one has just three points. The greatest number of Australians aged over 55 in villages and parks are single retirees aged over 65 to 90-plus years of age dependent on the age pension or superannuation. Because owners are allowed to continue to increase rents faster

than rises in the age pension in the over-50s villages, this means that these conglomerates are now being permitted to price single pensioners out of their own homes and on to the streets in favour of the retiring baby boomers who are willing and able to pay more than a single pensioner can afford. Low-income retirees are paying more than 30 per cent of their income on rents and charges imposed by these park owners for rent of the little piece of dirt that their pensioner cottage is sitting on, so it will be only a matter of months before a significant number of these elderly retirees will be joining Australia's homeless on Queensland streets.

Over-50s villages are pensioner havens and have been for decades. They are highly sought after by low-income retirees whose sole wish is to be independent and not a burden on anyone. Australia's over-50s villages are what they are and must not be allowed to be converted into something they are not. They are the low-income retirees' havens that Australia needs, and needs lots more of. Over-50s parks and villages must not be allowed to be turned into the more expensive lifestyle communities that give higher returns to these greedy landlords and conglomerates.

Finally, why are these land lease conglomerates allowed to use stapled structure tax avoidance when their profits greatly exceed that of Australian banks and superannuation, about three times as much? Allowing these conglomerates to avoid paying taxes is allowing them to take Australian taxpayers' money offshore and rob the Australian taxpayer as well. Taxpayers are the ones who have to make up the shortfall in federal funding created by these tax avoiders.

CHAIR: Thank you very much. Well said, Bruce. Mr O'Leary, did you want to make a very quick comment?

Mr O'Leary: My name is Phillip O'Leary. I am on the home owners committee at Green Wattle. I am trying to figure out what the home owners committee can do, because they cannot do anything except talk about problems, not fix problems. There is nothing in what you are doing at the moment that is going to do it or some reporting mechanism where someone can put the squeeze on the big bosses. Green Wattle, as you know, is an American company. In America they refer to these parks as 'trailer trash', and that is how they make us feel sometimes. Maintenance is scarce. We have guttering on our hall that is full of holes and has been like that for over eight years. Do not get me wrong: the manager is very good and approachable and seems as though he would like to do more for us, but he does not have any power. The power goes back to America every time.

I have been there three years today, actually, and was told that my rent would not rise until next year. Three months in, I found out that I was actually paying the rent that they were going to put the prices up to in September the following year. So, no, of course I was not going to get a rate rise; I was paying it before! Everyone purchasing is going in blind. They do not know what they are looking at. I am here today because I want to see how we can strengthen the legislation, not to beat them but to work with them. It is as simple as that, and QCAT does not cut the mustard. I would say that an ombudsman is what we need.

CHAIR: Thank you very much. Lyn?

Ms Hill-Webber: I just want to say one thing. When we are talking about rent increases, we are overlooking the fact that we own our homes; we have an investment in our homes. We do not have a return on the investment, but we carry all the capital costs of maintaining that home—not the rates and things, but if the fridge goes we have to get a new fridge. The landlord will not supply it. We had a quote today for our gutters. Our gutters need doing. We have to pay for it. The landlord will not. Our living costs—our home costs—are higher than just the rent and that cannot be overlooked.

CHAIR: Absolutely, and I think that is a good point. Thank you, everyone. Thanks to Hansard and our secretariat, and thanks to Jenelle from my office for bringing the catering—do not forget to eat some on the way out. Thank you to our secretariat, Stephanie. That concludes the hearing. Thanks to everyone who has participated today. A transcript of these proceedings will be available on the webpage in due course. I declare the hearing closed.

The subcommittee adjourned at 2.25 pm.