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## ***HOUSING, BIG BUILD AND MANUFACTURING SUBCOMMITTEE***

**Members present:**

Mr CG Whiting MP—Chair  
Mr JJ McDonald MP  
Mr MJ Hart MP  
Mr A Tantari 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**

**Monday, 22 April 2024**

**Hervey Bay**

## MONDAY, 22 APRIL 2024

### **The subcommittee met at 2.30 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 owners of the land on which we meet today and pay our respects to elders past and present.

With me here today are: Jim McDonald, the member for Lockyer and deputy chair; Michael Hart, the member for Burleigh; and Adrian Tantari, the member for Hervey Bay, who is substituting for the member for Capalaba. This hearing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee, invited witnesses or registered speakers 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. At the end of the hearing there will be an opportunity for individuals, wishing to have their say, to come forward and speak to the committee. I acknowledge that Bruce Saunders is here, as well. Could those wishing to speak please provide their names to the secretariat.

I remind members of the public that if they are disruptive they may be excluded from the hearing at the discretion of the committee. These proceedings are being recorded and a transcript will be made 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 off or to silent mode.

**BIGGINS, Mr John, Joint Home Owners Committee**

**COOPER, Mr Neil, Joint Home Owners Committee**

**HARDY, Mr Geoff, Joint Home Owners Committee**

**HART, Mr Stephen, Joint Home Owners Committee**

**SHAW, Ms Margaret OAM, Joint Home Owners Committee**

**TOBIAS, Mr Ron, Joint Home Owners Committee**

**VANDREIKE, Mr Trevor, Joint Home Owners Committee**

**CHAIR:** I now welcome our first group of witnesses from various home owner committees in Hervey Bay and Maryborough. Good afternoon. Would you like to introduce yourselves and make an opening statement before we start our questions?

**Ms Shaw:** My name is Margaret Shaw OAM. I am relatively new to the area and I live in a relatively new lifestyle village for the over 50s that has not experienced some of the problems that you will hear about from the rest of the committee today. We are rather hoping we do not after this amendment bill goes through.

**CHAIR:** Thank you. I will go straight to John, who is the official spokesperson at the moment or a spokesperson?

**Mr Biggins:** That is correct. The Joint HOC and the 2,400-plus residents we represent welcome you to Hervey Bay and thank you for the invitation to present. We support the bill's proposed amendments with the following caveats. Ensuring security of tenure is not threatened by site rent increases requires a genuine cap on the maximum increase allowable and accurate measures of the genuine running costs for parks used to justify site rents. Secondly, a maintenance and capital replacement plan requires home owner input and sufficient and dedicated funding. Finally, park registration and licensing must be mandatory and subject to compliance with predefined standards.

The Joint HOC consulted home owners to identify their priority concerns. Common to the 10 priorities was home owners feeling like victims of abuse in their dealings with management. Abuse manifests in many ways and impacts on most aspects of living in parks. Imbalances in power and control embedded in the existing governance framework enable management to seemingly do as they please with impunity. Conversely, it disadvantages home owners who have to defend their rights through a flawed dispute resolution process similarly biased towards management. It is the misuse of the dominance advantage that park owners are afforded through the failings of the current governance framework that they use to knowingly and intentionally exploit the inherent vulnerabilities of home owners to maximise financial benefits that constitutes abuse.

A profitable and viable industry is essential to protect our substantial investments and secure our place of residence. However, home owners currently feel treated as soft targets for exploitation driven by greed as evidenced by the unprecedented levels of profitability the industry is experiencing, according to the recent ANZ Property Council survey of 2023. The survey also found that construction in this industry is forecast to exceed residential, office, retail and hotels combined, with home owners as major financiers. When moving into new homes, most residents vacate their previous homes. On both accounts, home owners are making substantial contributions to increase housing stocks and thereby assist governments to find solutions to the current housing shortage and homelessness crisis in Australia. Consequently, residents deserve to be treated with respect, honesty, fairness and justice.

Therefore, our submission is a call for a more equitable balance in the relationship between park owners and home owners that ensures that both the parties achieve their desired outcomes. This requires a code of conduct setting agreed standards for behaviour of management, with compliance mandatory for registration and licensing; complaints handling pathways ensuring effective, efficient and fair dispute resolution that, in turn, promotes system-wide change and continuous improvement; and effective regulation to ensure the objectives of the legislative reforms proposed will be realised.

Rarely do home owners have the opportunity to discuss the challenges they face in parks with those who are interested, who care and, most importantly, who are able to effect change should you wish. We sincerely appreciate this opportunity and thank you for listening.

**CHAIR:** Thank you, John. Neil, do you want to go next?

**Mr Cooper:** My name is Neil Cooper. I come from all over the place. I was born in the UK, then went to Zambia and South Africa and now here. I have been here for 23 years. I was in the supply chain management industry and I have two portfolios to discuss today.

**CHAIR:** Did you want to add anything more to what John has said?

**Mr Cooper:** Do you want me to discuss my particular circumstances?

**CHAIR:** Briefly, that would be great.

**Mr Cooper:** I am a resident of one of the parks in Hervey Bay. On 1 November, my park owner applied the market review rule and increased site fees on 170 of the 339 homes by between 16 and 28.6 per cent. In Australia, CPI for the past decade is approximately 2.4 per cent so this was an equivalent increase of 12 years inflation in one fell swoop—a \$264,000 increase from 170 homes affected.

The impact: the federal pension increase for a couple in November 2024, including rental assistance, was \$72.20 per fortnight. The site fee increase was 96.2 per cent per fortnight. This meant not only did the residents get no money to compensate for inflation; in fact, we are even worse off. A single person is in an even more negative position. A man in his eighties is thinking of giving up his car, despite there being no bus service. A retired nurse in her seventies is considering returning to work. A couple are missing contact with their family due to the cost of travelling. A couple is selling their home because they can no longer afford any leisure activities.

The proposed amendment of section 69B talks about CPI or 3.5 per cent. That is totally unacceptable as the projection from the Bureau of Statistics is three per cent for 2024 and 1.8 per cent for 2025. Given that the average for the previous year was 2.12 per cent, this would mean an increase of inflation for the next two years again on top of the compound increase we have had already. That should say 'CPI or a maximum of 2.4 per cent', which reflects general inflation over the past 20 years.

In terms of the park owners, I would like to allay any sympathy for park owners. At my park, from all rental sources, income from rental was \$126.6 million. In 2022, it was \$165.4 million. In 2023, it was \$208.5 million. It could hardly be classified as a pauper. The CEO struggles on a salary of \$1.287 million. In this decision they adopted a policy of diluting residents' facilities by increasing the

number of homes from 240 to 339 to 468, with the same facilities thereby reducing everything so no investment was required. The avaricious corporations are extracting money from the elderly and vulnerable. They have a hardship policy that reduces or defers fees for six months and then introduces them to a reverse mortgage dealer and they lose equity in their homes—a cynical act indeed.

**CHAIR:** Thank you very much, Neil. Ron, did you want to make a statement?

**Mr Tobias:** Yes. My name is Ron Tobias. I am here to represent the over 50s village in Tinana. Currently, I am the secretary of the association. I am not sure why but I am. I would like to say that I co-authored a submission with Barry Cordon, who is also here. Rose Gilmore also put a tremendous amount of work into the submission. We interviewed many people within our village. We received email after email concerning the amount of abuse, intimidation, feelings of worthlessness and elder abuse that is rampant within our village. We believe, as a collective and with the Joint HOC collective, that this should be immediately reduced to zero within all villages that are impacted by elder abuse.

**CHAIR:** Thank you, Ron. Over to you, Geoff.

**Mr Hardy:** I think I speak for most people who are here. We are not an endless bucket of money. We do not want to see the companies go broke, but if you extrapolate five per cent interest each year over 10 years, you are looking at 50 per cent on what we are paying now in 10 years time. That can amount to over a thousand dollars a fortnight. We cannot afford that. We do not want to see the companies go broke, but I do not think having had a look at their figures from the ASX there is any chance of that in the near future. We need support from our government and hopefully we get somewhere with this today.

**CHAIR:** Do you want to make a brief statement before we go to questions?

**Mr Hart:** I am the president of the home owners association at Palm Lake Resort Hervey Bay. We have a separate submission we have also put in which I will be speaking to later in the open forum. In regards to this submission by the joint home owners for which John made the opening statement, my input was in regards to breaches of the act and to changes to the rules. The joint submission talks about the issues with breaches of the rules, the inability of home owners to properly redress any breaches that are made because of the difficulties in the processes. The same goes with changes to the rules where park owners bypass the act basically by creating policies which they say are things that everyone has to follow but they are not part of the rules. They create a great amount of angst and problems for people going about their daily lives because of all these policies which they have had no say in and no ability to change.

**Mr Vandreike:** I am an HOC committee member from Latitude 25. I had two issues that I dealt with in cooperation with those seated at this table. One of them was utilities and the charging of them, and the other was the refusal of the park owner to assign site agreements, thereby providing a mechanism for increasing the rents to the point where there is now a disparity in rents at Latitude 25 and other places—and Ingenia is a very good example of that. That in itself can cause division amongst the home owners because one lot of home owners are paying more and others are paying less.

Just to summarise, one of the problems we see is the complete lack of government support through regulation. Home owners do not have too many avenues to go to. The regulator being the department of housing is the regulator of this act that you are about to make recommendations about. I would encourage the committee to look very closely at that regulation and the support that is given by the regulator to both park owners and home owners in having a fair and equitable balance in living in these parks.

**CHAIR:** Thank you very much. We need to keep the clapping down and we will clap everyone the end, but I appreciate your enthusiasm.

**Mr TANTARI:** My question is to John and also the rest of your joint committee. First of all, I want to congratulate you on your joint submission. It is one of the most extensive submissions I have seen amongst all the papers that have been received for this inquiry. I have also done a lot of committee work in the past. This gets right down to the issues, keeps away from all the hearsay and just goes directly to the issue. Congratulations, you have done a really good job on behalf of your committee.

My question is: we know that Hervey Bay has the highest density of residential parks in any region in Queensland and we know that your group supports in principle the proposed amendments. However, you have highlighted within your submission that there are a number of issues of concern and there are about 10 areas that you have raised. Out of those 10 areas, if you were to make a

selection of one or two of those, what do you feel are the most critical areas that you would like to see changed within the legislation as it currently stands or the proposed legislation as it currently stands? I know all the rest should not be discounted.

I would also like to raise the issue that was raised also in your executive summary which really concerns me. Your group talked about elder abuse and abusive behaviour by park owners that manifests itself in many ways. Can you elaborate on how that is manifested? Do you have any examples to tell the committee regarding what you consider to be that abuse? First of all, out of those 10 issues that you have raised, what do you consider to be the major issues that you would like to see addressed?

**Mr Biggins:** The scope of the bill is limited to site rents and the sale of pre-owned homes. They are certainly the priority issues. We would definitely like to see those issues dealt with. In our submission when we went out to home owners we identified the top 10 priorities, and many of the other eight were as equally important as site rents and the sale of pre-owned homes. Two that were at the top of the pack were bullying and dispute resolution.

**Mr TANTARI:** I remember you raising with me when we met last year the actual dispute resolution process. Could you elaborate on that?

**Mr Biggins:** The reason these are highlighted is they are enablers of all of the other issues that we face. Whether it is to do with payment of utilities, the sale of your home—whatever the business is, there is an element of bullying that underlines all of those transactions.

**Mr TANTARI:** Threats?

**Mr Biggins:** Physical threats. The way it manifests is through physical and verbal threats and intimidation, psychological and emotional stress, and financial pressures and burdens. I think the real abuse comes from the fact that if we have a disagreement, the opportunity to have open and equitable discussion and consultation rarely ever eventuates. Quite often we find ourselves with nowhere to go. They will not listen to us. They are not interested in what we have to say. They are certainly not going to take it on board. Then we think, 'Where do we go from here?' We have very few opportunities. There are some of our members here who have QCAT cases that are three years old and have not been resolved; home owners have spent about a thousand hours of work and \$9,000 and we have gotten nowhere. We cannot afford it.

We had a particular instance. We spent about three months gathering the evidence. We presented that evidence to a local solicitor and asked, 'Does the evidence substantiate the claims we're making and, if so, how do we prosecute it?' The feedback was, 'Yes, your evidence is sound. It should be prosecuted through class action.' I went and spoke to over 10 legal firms to try to get assistance. We cannot afford it. There are park owners that have an army of resources and lawyers. We cannot afford to get any. It costs us over \$250 to have the first briefing. We cannot afford representation.

This is why bullying and the flawed dispute resolution issues underpin most of our interactions across a whole range of issues. Others may wish to add to that. From my perspective, I see they are two really important things because they impact on all of those 10 issues we have talked about.

**CHAIR:** Does anyone else want to add to that answer to Adrian's question?

**Mr Hardy:** We have tried to put in formal evidence of issues. We got in touch with QCAT. They put us on to Caxton's. We left messages with Caxton's and finally got a response. Then they sent us 'not anything to do with us' and sent me addresses and people to contact locally. I went back to QCAT and they said, 'No, you have to go through Caxton's.' It was just a roundabout. In terms of the form 11 mentioned in general discussion, we talked to the office. She had a look at it, threw it in the waste paper basket and said, 'Good luck with that.' It is just the way we are treated.

**CHAIR:** That ties in with what we have heard in my area as well. Just to update people, the area I represent has 1,100 home sites. I have an Ingenia, a Palm Lake and a Hometown in my area. I first started on this issue in 2000 when I was a very young councillor dealing with the issues, so I recognise these issues you have talked about.

**Mr McDONALD:** Thanks very much for that. I would like to endorse the comments made earlier. We see a lot of submissions come to the committee. For the professionalism of that joint submission you should be congratulated. It is very professional and very well done.

A couple of the things came up in the opening statements that I will come to. One of the things I am struggling with is getting that concept of fairness right between each of the different players in this. If people look at the 3.5 per cent or CPI as it stands, that is alright for now, whichever is the

higher, but when we are in a recession it probably should be two per cent or 1½ per cent. This locks in a minimum of 3.5 per cent. Stephen, you raised an issue about breaches of the rules and owners making policies. I would like you to talk us through that and, Ron, I put you on notice to also talk to us about how we fix that inequality that you talked about in your experiences and get those rents to even out?

**Mr Hart:** The issue of rules is an interesting one. It is one that has been around for a while obviously. The park rules that we have were originally instituted in 2007 when the place opened. It was updated in 2013 and then Palm Lake bought the place; it was previously owned by another company. It is Palm Lake Resort Hervey Bay, so it is not as if I cannot say who owns the place.

In 2016 the company came out and decided they wanted to have standard rules across all parks. In the first instance, that breaches the act because each park is to have a set of its own rules. They put out a set of rules that were about 10 pages long. It covered everything from things we did not have to other things. We put through a process to try to obviate it or negotiate. It did not work. It is in our submission, so I will not go into great detail.

We came up with an agreed set of rules, half of which had been declared by QCAT to be invalid—because I took them to QCAT; they were declared invalid but only for myself and my wife because we were the only ones who actually went to QCAT. That is another issue with QCAT. Because we were the only two people who actually took Palm Lake to QCAT and had a number of these rules declared invalid, we have technically our own set of rules—two of us in Palm Lake Resort Hervey Bay.

That set of rules that were declared valid, which included all of these invalid ones for everybody else, are the only rules in the park. Since then there have been policies issued on house-sitters, policies on volunteers, a policy on dog registration and policies on doing things. Some of these come close—that is, how you manage your facility, for instance, with bookings and that sort of thing, but it got to the point where it was five pages long and it was a separate document to the rules which are invalid. We have all of these rules and all of these policies put out and you have no say in them. Because they are not issued as rules, the home owners have no say. There is no negotiation, there is no liaison team and there is no 28 days to object, which is in the act and so against the rules—none of it.

Just recently I took all of those policies, put them in a list—it may be in the submission—and sent it to the park owner and said, 'These are all invalid. These are all policies that QCAT declared you can't have separate policies on outside the rules. If you consider that they're valid, change the rules and we'll sit down and talk about them.' I have heard nothing—nothing at all—in response. Technically, we have told them that we are not going to follow these rules. Some of them have some reason—we are not going to argue with them that much—but the point is that they are technically invalid and we have heard nothing and we have no say in it. The only way is to ignore them. If they try to enforce something and tell us to do something, we ignore them. That creates more friction, creates more arguments, creates more disputes. Basically you are just sitting in limbo because of the lack of policy and the fact that they—and I will talk about this later—basically say, 'It's our park. We'll do what we like,' and that is common across many parks.

**Mr Tobias:** Thanks for the question, Jim. It was a very good question. Unfortunately, the submission that Barry and I did was not on site rent increases. Our submission was on the core issues of failure. It took on the commitments and withdrawals of services offered. I believe I am capable of answering any questions on that.

**Mr McDONALD:** Okay.

**Mr Cooper:** Jim, I would like to respond to you on this inflation situation. Remember I said I totally disagreed with you with the 3.5 per cent? This is from the Bureau of Statistics and it shows here that we are actually already in the three per cent situation for 2025. The forecast for 2025 is anything from two per cent to 1.8 per cent, so that would mean that everybody would be paying. It would be coming out of our pension and it could be up to 10 years in succession because it is one per cent, and remember where I am coming from. We have already lost eight per cent to nine per cent of our standard of living in one fell swoop.

**CHAIR:** Thank you. We are already running over time—

**Mr Tobias:** Before we move on, could I just make another statement about the rent increase?

**CHAIR:** Yes, certainly, Ron.

**Mr Tobias:** We as a collective are very pleased to see that the market rent review is no longer available on site agreements—existing and ones to come—and we thank you for that.

**CHAIR:** That one was a no-brainer. This will be the final question before we move to the next witnesses.

**Mr HART:** I am just wondering if someone can give me an idea as to how much oversight you do have or a picture of what the costs are for these resorts that you live in? Do you have any at all?

**Mr Hardy:** Yes, I have a couple here. It is easy. You go to the ASX and download it. I brought a couple here, but it is easy. You go to the ASX and download their financial statements, and it is ridiculous the millions that they talk about. Revenue up by 39 per cent to \$76.8 million is one example. One thing I just wanted to add to Steve's feedback on the rent is that in the act—I cannot quote it verbatim—the owners only have to go to four people and get a 75 per cent response to make any changes to the rules to site increases. There is something in the act that says that they only have to get a certain amount of feedback from a minimal number of residents in the parks.

**Mr Hart:** Just briefly, you asked about costs. Were you talking about the costs of running a park and the input and income?

**Mr HART:** Yes.

**Mr Hart:** I think Bethania did put a submission in covering part of that. I also have it and I was going to table this later, but this is an income and outgoings estimate that I have done for Palm Lake Resort Hervey Bay taking into account rates and what they pay and how much income they get from us from rent. Overall, I come out with an estimate—and, again, I am starting to talk into my own statement—of a profit per year of nearly \$950,000 or surplus over and above what they expend. There is no transparency because these figures I have to estimate for some of their costs. Rates I can get as well as property values and things like that. There are then estimates of staff cost and things like that from the public areas, but we have no transparency whatsoever on their actual costs. The company that runs ours is a family trust. Nothing is published and they will not tell us.

**CHAIR:** On that, I want to ask if you would support this. We talked about this in our briefing with the department. With regard to the cost of rates, water and electricity, would you like to see those in the park comparison documents, which they would be forced to do under this new bill, or in the maintenance and capital replacement plans which would have to be published? If we added those into any of those documents, would that increase transparency and would that help out residents?

**Mr Hart:** Yes.

**Mr Tobias:** To a degree it would, yes.

**Mr Biggins:** Either or, as long as they are there.

**Mr Vandreike:** I want to make a comment on what you just said, and this directly affects a number of parks in Hervey Bay. You are talking about the park owners talking about the costs of water et cetera. There are parks in Hervey Bay where the costs of water, sewerage and waste management have been taken out of the park owners' costs altogether and are paid totally by the home owners, and that is a QCAT process at the moment.

**Mr McDONALD:** To challenge?

**Mr Vandreike:** Yes, we are challenging, yes. That is happening now. It has been going on for two years in one of the parks and subsequently after that in others.

**Mr Tobias:** Just quickly before we move on—and this will be very short—I would just like to state that under the existing law park owners are able to profit shift between their operational, construction and development divisions, thereby hiding the true profitability of park ownership. That is a very important issue.

**CHAIR:** We are just over time a bit. Would anyone at the table like to add anything else before we move to the next witnesses? Sorry, Margaret; we have not heard from you as yet.

**Ms Shaw:** That is all right. There seems to be an assumption that everybody who lives in these parks are self-funded retirees with millions in the bank, and it is not true. If you take the new one that I am living in, I reckon 20 per cent or plus are still working and 30 per cent or 40 per cent are under the age of 67, me included, so we do not get pensions. So we are funding ourselves until we get to a certain point and the cost of living is a problem for people like me and the others from my park who are here. It needs to be considered by the committee that there should be a maximum cap, not just 3.5 per cent or CPI, whichever is the higher. It is all right if CPI is two per cent or three per cent but not if it turns out to be six per cent or seven per cent. My current contract, which I have with me, is CPI plus two per cent, so our village is paying two per cent over CPI. There should not be any extras. It should be one or the other, not one that is CPI plus an extra two per cent just for the hell of it.

**Mr TANTARI:** With the indulgence of the chair—I know we are running out of time—before we finish with these witnesses, I just wanted to ask a question that is contained within your submission. In particular, it again goes to this issue that I am really concerned about—that is, your talk about bullying and direct threats and intimidation. It really does worry me that this does occur within our homes here, particularly for our elderly citizens. One of your recommended solutions is a code of conduct for park owners. What do you think that should look like?

**Mr Biggins:** They are now currently reviewing the new aged-care act and it is a fabulous piece of work—the public consultation—and they have come up with a recommendation that we need two things: the legislation needs to be based around the rights of consumers, and they talk about a statement of rights, and they talk about a code of conduct to make sure that there is compliance with that statement of rights. From my perspective, a code of conduct really should be some agreed standards about the nature of the behaviour of park owners, specifically in relation to their interactions and dealings with home owners. We need a line in the sand to say what is acceptable and what is not acceptable.

**Mr TANTARI:** And there are examples of this in other states? John, I noted that you raised some of those within your submission.

**Mr Biggins:** There is. There is a working example. It is in New South Wales. It is fabulous and the interesting thing is that it is industry driven, so they have a website. If park owners are compliant with the code of conduct, that is recognised on the website and the website is now seen by the industry as one of their major promotional marketing tools because they know that prospective buyers are going to that site to try and find out who is compliant with the code of conduct. That is what I mean by a code of conduct, and you need an independent authority to monitor compliance and enforce compliance.

**Mr TANTARI:** Thank you, John.

**CHAIR:** Thank you very much. I ask everyone to give Margaret, Geoff, Stephen, John, Trevor, Neil and Ron a round of applause.

**MACKENZIE, Mr Shane, General Manager, RV Lifestyle Village Oceanside**

**STEWART, Mr Phillip, Director of Operations, RV Lifestyle Village Oceanside**

**CHAIR:** Good afternoon. I invite you to make an opening statement before we have some questions for you.

**Mr Stewart:** Good afternoon, Chair, and committee. Thank you for this opportunity to present our situation in these proceedings. We are developing a park at Burnett Heads. That is the only park we own. We are not a large conglomerate. We are not listed on the ASX. We do not have foreign ownership. We do not have stapled structures. We are a family owned company.

We are broadly supportive of changes to the act. Some of the comments I have heard here today raise concerns for me because we do not have these issues at our park. We do not have elder abuse. We have a very positive relationship with our HOC. I can understand the feelings of the audience here—that there are some problems that need to be addressed—and we would certainly support a lot of those recommendations.

However, there are some problems with the proposals and I am going to quickly run through those. The first one is in relation to the buyback scheme. The modelling fails to take into account GST payable by the park owner when they sell a home under the buyback scheme. It is a fundamental flaw in the modelling. It completely destroys the integrity of it. In fact I think it goes to the heart of the authors of the paper to fail to take that into account. It is a major flaw.

I understand the feeling of the people here that market rent reviews should be prohibited. The first issue I have is that to do that would be tantamount to retrospective legislation which, apart from not being good for the industry as a whole, would really undermine confidence in Queensland. I think commercial operators are entitled to a degree of certainty, and retrospective legislation flies in the face of that. The retrospective nature of the legislation is acknowledged in the DIAS. I am not confident that the rationalisation is really appropriate.

I think one of the problems with the amendments is that they do not recognise that there are really two types of parks in the industry now. There is the exclusive, expensive, resort style park, and I loosely put ourselves in that category. Members and committee members will probably be aware that some homes now sell for \$2.4 million and up. They are two storeys with lifts. They are not pensioners. They are not the 78 per cent of people who are on fixed incomes, and I do not think there is sufficient recognition of that part of the industry. We are doing our bit we think to help with the housing crisis, but there is a danger that you will throw the baby out with the bathwater here with some of these changes.

I will let Shane talk more about how we think the market review process can be improved. I will finish quickly by asking a couple of questions myself. Essentially, the industry has produced something like 10,000 homes in the last decade and there are another 10,000 in the pipeline. The industry has been successful on any measure, so why is it that demand continues to exceed supply? I fully appreciate that the issues raised by the people here are real and they need to be addressed, but the industry as a whole continues to be attractive to residents and that is why the demand exceeds supply.

**Mr Mackenzie:** As Phil said, this is our first park and we have set out to create something that we think is pretty special. As everyone knows, the industry has changed a fair bit over the last few years. As Phil mentioned, there are some fairly high price points. It is attractive for home owners, it is attractive for investors and it is a very, very long-term investment for home owners and park owners alike. In such a long-term investment, the best thing for everyone involved is competition. We can get into the detail of some of these things, but what I would suggest to the committee is to be very wary of unintended consequences that reduce competition and reduce the effect that the market power can have on things that are best for home owners and ultimately best for park owners. If the industry is not successful, park owners will leave, investment will cease, competition decreases and that only makes things worse for home owners.

The first point I will make is on the market review. As an example of an unintended consequence that I am not convinced everyone is aware can happen, there are parks not too far from here that have been operating for a long time and rents in those parks are considerably more than what would probably be accepted by everyone as a market rent. That is a product of many, many years of fixed increases or CPI increases with no mechanism for market review. Valuers who are involved in the industry know about those parks and they say, 'We disregard them when we undertake market rent reviews because they are the outlier.' That is an example of what happens without a market rent review mechanism.

Throughout this discussion and the papers, there does not seem to be a contemplation for the outcome in a market rent review where the rent goes down, which is of course possible. It could take time. One of the other concerns that is discussed ad nauseam is the incentive for the park owner to maintain facilities. To go back to this example, you have parks that probably finished selling new homes 20 or 30 years ago and they have had fixed reviews every year and the rent has ended up at this level but maybe the market is at this level. They have no incentive to maintain facilities and there is no market rent mechanism that penalises them for not maintaining facilities. My point is to keep in mind that that is a stabiliser. Rent can go down as well, and as a park owner—

*An incident having occurred in the public gallery—*

**CHAIR:** Thank you, everyone. I remind everyone to let the witnesses finish their statement.

**Mr Mackenzie:** When a park owner has finished selling houses and they are still there 10 years later maintaining facilities, that is their incentive. If they are worried about the rent going down because the new park down the road has done a whole bunch of new, sexy facilities, that is the mechanism and the market rent review mechanism is the thing that stops the rent getting up here when the market rent is down here.

**CHAIR:** Thank you. We will go to questions.

**Mr TANTARI:** I thank you both for being here. In the environment you are in at the moment, it is very brave of you to be here. In your submission you state that the increases in operating costs for park owners are outpacing CPI so fixed rate rent increases will not match those costs. Can you elaborate on some of the operating costs that affect park operators?

**Mr Mackenzie:** There are many examples but the biggest one is insurance. In the last few years our premiums have gone up by 30 or 40 per cent year on year. The next is electricity. The tariff charged by the retailer has gone from something like 21 cents per kilowatt hour to 33 or 34 cents per kilowatt hour. That is more than a 50 per cent increase. Council rates have gone up. Wages have gone up. Everything that goes into operating a park has gone up.

**Mr Stewart:** To further answer your question, I said at the start that our village is developing. We have currently delivered a bit over 100 homes. We have got another 300 to go. We incrementally increase our wages. Lawn mowing is crazy with all of the rain we have had. That cost does not just go up with inflation; it goes up incrementally. As the park gets bigger, we need another lawnmower and another person to man the lawnmower. As we are a developing park, it is not just CPI; it is the fact that the park is getting bigger. That is why we need some other scope to increase rents, not just a fixed thing—because we are in the early stages of development.

I notice in the DIAS they talk about all the homes that are in the pipeline. We are not the only ones in this situation that are developing homes at the moment and will be caught in a vice if we have no scope to get help with our rent. I do not mean this in a threatening way, but we would have to withdraw services to survive. It has not been mentioned here today directly, but the most important thing is the security of tenure for the residents and the flip side to that is the solvency of the park owner. If you start putting park owners under pressure of solvency, then the value of the homes in those parks drops off a cliff. Shane was talking about unintended consequences. I think that is not an unreasonable proposition.

**Mr McDONALD:** Thank you for being here today. I appreciate the submission you made but also the articulation in genuine terms of the problems that you face. You heard me talk before about fairness and you raised that issue just now about unintended consequences of this. Can you talk us through the issue that you talked about of a developing park where you have set rents and some services? If you locked in at a low rent, how do you manage the increase in services and the increase in costs under this model? Is that possible?

**Mr Stewart:** Just to provide some background, when we first developed the park, the sale price of our homes and the site rents were reduced because we wanted to get bums on seats. As I have mentioned, we only own one park, we are not a publicly listed company, every dollar counts, so we deliberately held down site rents and sale prices to attract people. That is market forces, that is competition. We did that on the basis that, as we developed the park and our costs grew, we would be able to recoup those early losses. We would be able to rebalance and relevel the site rent numbers. In the model that is proposed, we would not be able to do that, full stop.

**Mr McDONALD:** I want to go to the point you made before about the GST. I was not sure exactly what you meant about that. The people who own the place do not pay GST but the park owner does pay GST on the sale. Could you talk us through that problem?

**Mr Stewart:** I took the liberty of preparing a summary of how these rules would work, if that could be accepted by the committee.

**Mr McDONALD:** You could table that.

**Mr Stewart:** By way of background, I am a retired chartered accountant. I ran an accounting practice. I was a tax agent for 40-odd years so I do have some understanding of how these rules apply.

This is the situation. A home owner meets the qualifying criteria and sells their home to the park owner under the buyback scheme. The park owner does not get to claim an input tax credit because the seller is not registered for GST. In my example, I have used \$518,000, which is the figure that the department has suggested is the average price of a home at the moment. A few months later, the park owner then sells the home for \$518,000, but because he is registered for GST he has to pay one-eleventh of the sale price in GST so he gives up \$47,000. He loses \$47,000 on the transaction. The CRIS talks about \$239 for the registration of a mortgage, a couple of dollars for marketing and a couple of dollars for something else and completely ignores \$47,000. The modelling is just wrong. It is flat out wrong and this needs to be considered.

**Mr McDONALD:** What would be the solution to that?

**Mr Stewart:** The only solution I could come up with would be to adopt a loan scheme where the park owner would lend money to the home owner. The dollars would all pretty much be the same, but because they would lend money to the home owner, they would take charge over the home and when the home sells the loan is repaid. If it is more or less than the loan value, then the park owner sucks it up, as they would anyway, but that takes out the GST consequence because the park owner is not buying and selling a second-hand home.

**Mr McDONALD:** Otherwise you would have to change federal law and GST?

**Mr Stewart:** Otherwise you would need to change federal law and GST and the way those rules work.

**Mr HART:** Phil, did you raise this during consultation with the department, and what was their response?

**Mr Stewart:** It was acknowledged in the DIAS that the park owners had raised this. I raised it a couple of times in submissions. I raised it when we had a public meeting with the department, but it has just been ignored.

**Mr HART:** How many properties would you have in your park that are for resale versus how many properties do you have for sale?

**Mr Mackenzie:** Currently, out of the 110-odd houses that are occupied today, I think there are about four or five currently available for sale. Over the course of time, I think we have had a total of eight resales including the four or five currently listed.

**Mr HART:** I did not get a chance to ask the other group about the dispute resolution process. I understand the government has directed that at Caxton Legal. How do you go about dispute resolution? Do you have any experience around that? How does that work if your residents have an issue?

**Mr Mackenzie:** We have limited experience in the dispute resolution process, fortunately. I agree it is not good for anyone to be sitting in QCAT for three years, but the only time that we have been involved in that process, it was resolved through mediation in a process that took about two months, I think.

**Mr HART:** As a park owner, would you be happy with the visibility of your costs being made available to the residents so they could see what is fair and reasonable?

**Mr Stewart:** For me, no. Let's put it this way: do the residents want to give me all their tax returns? There is a privacy issue here. It is a private company; it is family owned. The various decisions that we make, I just don't agree. Percentages, maybe, I might go for that, but I just do not think it is reasonable otherwise. I am very comfortable with the idea of one of the suggestions to the committee in regards to the website which has all the information so that people can compare; I think that is a great idea and I fully support that. The thing is—we are just about to heat our pool. We have made a decision that we will heat our pool. It is not currently heated. It is a big resort pool—a big pool—and there are costs associated with that. I think that is for us to determine. It is for us to decide the best way to do that. Do we go solar or heat exchanges?

It is interesting because in the CRIS, it talks about how a lot of these people are retirees, they are not particularly—I do not want to upset anybody here, but there is a suggestion that there is a lack of financial literacy, they struggle to understand site agreements, and all that sort of thing. I think it is a big leap to then expect those same people to look at our financial statements and then start drawing conclusions and suggesting how we might operate. Having said that, I would certainly commend the CVs of the home owner group who presented prior to us because they are very impressive. I think it is of benefit to everybody to have people of that calibre representing their interests.

**CHAIR:** Going through your appendix here, I am looking at the buyback scheme where you have said that the costs for that have been underestimated by the CRIS, the review. That is based on what I can see here. Say if you take an average price of \$518,000 and that generates GST, if you have essentially 1,200 homes which enter this scheme, it is escalated if you get more and more. Basically, from what you have said, the potential underestimated cost is based entirely on the non-recognition of GST as part of that transaction. Do I have that right?

**Mr Stewart:** Yes, that is correct. Shane might correct me here, but I have a feeling the figure we used was the \$383,000, which is used in the DIAS which is a couple of years old, and that strikes me as obtuse, as opposed to the \$518,000 which the department recognises is the current average price. The deputy director at that recent briefing made reference to that \$518,000.

**Mr Mackenzie:** May I comment further on that? Exactly what Phil is talking about there is in the DIAS. In the assumptions underlining the buyback scheme, it refers to having produced these numbers based on an average sale price of \$363,000-odd, but elsewhere in the document it refers to an average sale price of \$518,000. I do query the integrity of some of the modelling.

**CHAIR:** Thank you for that. Shane, I am seeking a comment or discussion from you. We talked about the need for more competition to get market forces at work. Correct me if I am wrong, but I see that the market forces are harder. Once you have a resident who has bought in, their freedom of choice, their exercise of market powers, is really limited because they cannot pick up their home and move elsewhere. That has been one of the central principles we have had in this. The market forces that would normally lead to competition are really skewed in this way here because the owners' freedom of choice is limited; they are tied to the site.

**Mr Mackenzie:** I will comment on that in relation to the resale process. As I said a moment ago, we have had a handful of resales in our park and I think it is really important to consider the circumstances surrounding that resale and the factors that impact the time it takes to sell and so on. It has been very clear to us, based on history, that homes can sell very quickly if, frankly, the price is right. Every house that we have sold today has sold within about a month of having the form 9, the listing appointment, signed. There are two that have not. What is very clear is that they are priced too high, and not just a little bit too high, but way too high. I hear what you are saying. My comment is that the market forces are at work there. If the factors surrounding that sale, that is, getting the price right, our experience has been that it will sell. My experience with buyers is they will say, 'I will buy that second-hand home because it is there, it is ready to go; I might have to wait three months, I might have to wait six months for a new one.' The market works.

**CHAIR:** I absolutely understand in regards to the houses. I was more referring to those site rent fees. If they are at really high levels, the market forces work to get that down. I understand what you said about them potentially dropping, but the fact that they have not, shows that, in terms of market forces, if someone has a real issue with site rent fees, once again it is skewed. I was referring more to that rather than actual resale.

**Mr Mackenzie:** I understand. My suggestion is that the market rent review mechanism should not be prohibited; it should be reviewed to make it work better, to make sure that what you have just described can happen.

**Mr HART:** Does the market rent review allow for the rate to go down?

**Mr Mackenzie:** My understanding is that it does.

**Mr McDONALD:** Thank you for your rich contribution. In terms of the valuations and the sale price, for interest sake, at \$383,000, how long ago was that? The \$518,000 was obviously this year. What does your average property sell for at your park?

**Mr Mackenzie:** Our average at the moment is in the low 700s. We have had some homes sell over 850. We have never sold a home for \$383,000—whatever the number was. I think, looking at the industry, it would have been quite a number of years ago—2018, 2019 or earlier.

**Mr McDONALD:** On the issue of valuations, obviously it is the case that the owners do valuations. Is there any opportunity to make that owner-driven as opposed to property owner-driven? Do you have any thoughts on that?

**Mr Mackenzie:** In the market rent review?

**Mr McDONALD:** Yes.

**Mr Mackenzie:** As I understand it, one of the concerns is that there is a perceived alignment of valuers with park owners and they are not impartial and so on. I think valuers would be offended by that, but I understand the perspective. Maybe there is some kind of scheme where a levy is collected, however it works, and there is some mechanism of impartial funding for valuers so that this perceived alignment of the valuer to the park owner, home owner, or whatever it is, is eliminated.

**Mr Stewart:** To add to that, my thought process on that is to select a panel of valuers that are experienced in the area and, a bit like judges, their names are pulled out of a hat to do the valuation for whichever village requires the valuation. I would like to think that would largely remove any perceived bias. It is interesting because the proposed amendments will rely on valuers to value homes where there is no agreement between the buyer and the seller. If they fail to agree, the deadlock is broken by getting a valuer in. A valuer is considered to be impartial and will solve that problem, but a valuer is not considered to be impartial when it comes to a rent review. I suspect the members of the committee would be aware that proposed sections 193 and 194 both allow for the tribunal to appoint an expert, that is, a valuer, to assist them when they are conducting reviews under those provisions. It strikes me as incongruous that they valuers cannot be relied on to do one thing, but they can be relied on to do other things.

**Mr McDONALD:** We are in the middle of a housing shortage—a housing crisis, they call it in South-East Queensland—but while we have owners of parks here, I am interested to know, will this bill in its current form stimulate private investment to see more stock come to the market, or will it hinder it? Do you have any suggestions for us?

**CHAIR:** Deputy chair, that is the same question you have asked at the last two committee hearings on different bills.

**Mr McDONALD:** Was I not allowed to say 'crisis'—a housing shortage?

**CHAIR:** I know what your side is getting at on this.

**Mr McDONALD:** A housing shortage. I withdraw, Hansard.

**CHAIR:** I will let that one through, despite its obvious imputations. Perhaps you can talk about the sector's ability to increase housing stock.

**Mr McDONALD:** Thank you, Chair, for your guidance.

**CHAIR:** I always love to help you out, Jim.

**Mr Mackenzie:** I think not doing things that disincentivise a contribution of housing stock is the roundabout way of answering that.

**CHAIR:** That is a perfect way to say it.

**Mr Mackenzie:** I will go back to the start when I said beware of the unintended consequences and that is things that would disincentivise investment in the industry. It is no secret that the industry has attracted a considerable amount of investment from big operators in recent years. With that has come an increase in standard of the industry. For that to continue, those operators have to see it as a sound investment proposition. They need certainty. They need clarity. If you do things that undermine that, that will take away the competition and it will take away the supply, which I do not think is ultimately good for anyone.

**CHAIR:** Thank you very much. Thank you, Shane. Thank you, Phillip.

**FORBES, Mr Shaun, Northern Regional Manager, Serenitas**

**CHAIR:** Good afternoon, Shaun. Would you like to make an opening statement and after that we will have some questions for you.

**Mr Forbes:** Thank you for having us and definitely holding the hearing in Hervey Bay. As we know, there are lots of manufactured homes up here. It was once described in a news article as going to be the Florida of Australia. What better place to be the Florida of Australia than Hervey Bay?

I guess everyone here has read our company's submission. There are a couple of things that we definitely agree with. One of the things is linking the CPI to the Australian weighted average of the eight capital cities. While the Brisbane figure works from the perspective of 'it's Queensland so it should be Brisbane', we definitely know that pensions are related to the CPI of the weighted eight capitals as well as other things and not just the weighted average of those. We definitely do agree with that. We also agree with the removal of assignment of leases or site agreements except in certain cases where it is family and all those kinds of things. We agree with that.

We also agree with the removal of market rent clauses. We have been one of the parties that has been through three or four years of market rent increase in QCAT. It is not good for anyone. It costs everyone time and money, but mostly time. With that, the way we have based our newer site agreements is CPI plus X per cent. We worked out that if we do CPI plus X, it covers park owners for those increased costs that are outside of CPI. Like previous witnesses just said, things like insurance have just gone through the roof in the past couple of years as well as many other things. At one particular park, waste collection is privately contracted because council does not do it down there. That has gone up by 11 per cent in one year, which is far above CPI.

I suppose everyone has heard lately about return on equity and return on asset values. If we take that into account, we have taken two of our parks in Queensland—because we do have multiple—and our yield on equity value sits between 2.2 and 3.88 per cent and our yield on asset value is between 1.1 and 1.94 per cent.

**CHAIR:** Shaun, on the yield on assets, is that the assets of the park itself that the company owns or does that include the homes as well?

**Mr Forbes:** No, not the homes.

**CHAIR:** So just the land, your clubhouse, pool et cetera.

**Mr Forbes:** Yes, and roads and infrastructure that are inside.

**CHAIR:** You talked about the removal of direct debit as an allowed payment.

**Mr Forbes:** Correct.

**CHAIR:** There was an issue in my area when people had signed on with a particular international company for direct debit and they found that it was increased without their consent. The direct debit had gone up. Through a variety of means that was a way of getting that increase through. Do you want to talk about some of the issues that you have with that and obviously how you may or may not collect your rent?

**Mr Forbes:** With the majority of our home sites we do direct debit. It works really well. To give you a bit of an idea, when you have circa 300 homes in a village a village manager can do an audit, a rent trail, a reconciliation, click 'go' and get rent all within about an hour or an hour and a half—done and dusted. If you start to go down multiple different ways of collecting rent, I know you have cash there but I think home owners would probably agree that cash is never a good idea, you have cheques, you have electronic funds into bank, you also have EFTPOS and credit card. Credit card obviously comes with merchant fees for park owners, which could potentially be passed on, which nobody wants to do. Then you have things where you do a site rent increase yearly, and we have just had this. I have had to have conversations with someone down south where the site rent increase went out. She does direct debit into our account. She completely forgot to go to see her bank and say, 'Hey, my site rent went up three months ago,' and now she is in debt. It is not good for anyone to be in debt.

The ability of the park owner to send out those site rent increases and say, 'This is your new rent' and then do all the work in the background and then start taking that out is much better for everyone. There is no way you want to have a discussion in QCAT where somebody who is 90-something years old has simply not paid their rent because they did not go down to the bank and they did not understand and all of a sudden they are in QCAT for a breach of site agreement. It would not be good at all.

**CHAIR:** I think with the direct debit one that I talked about, they agreed to an automatic escalation without them being informed. That was that particular situation.

**Mr TANTARI:** Thank you for coming along today, Shaun. In light of comments made earlier by another panel regarding some of the issues that they say are happening or allegedly happening within parks, particularly bullying and things like that, as a park owner do you have any issue with regards to a code of conduct being imposed?

**Mr Forbes:** No, definitely not. It would actually be interesting to understand and I notice that you guys did ask the question—

*An incident having occurred in the public gallery—*

**CHAIR:** Order, everyone.

**Mr Forbes:**—about examples of what that elder abuse actually was. I did notice no-one could answer that question.

**Mr TANTARI:** I will not talk on behalf of that group but they did give an outline of what that was within their submission. In your submission, in relation to the preparation and implementation of maintenance and capital replacement plans, you recommended that the department develop guidance that explains basic expectations. Can you talk through what you are actually raising there within your submission?

**Mr Forbes:** As we know, and it has been brought up before, there are new parks that are developing now and there are parks that are 30 years old. One of the parts with that is that different parks have different amounts of maintenance required. Everybody has a different view on what that maintenance may be. There really needs to be a standard minimum set of requirements for what should be done. Should it be that every 25 years the clubhouse has to be painted internally and it has to be redecorated or is it just every 10 years? There needs to be some sort of guidance of minimum requirements because most park owners will go over and above what those minimums are without having to say to people, 'Hey, this year we are going to do this, this year we are going to do that, this year we are going to do the other and then next year we are going to do this.' Then all of a sudden something goes outside of your control and you cannot afford to do A, B and C; you need to do X, Y and Z instead and you need to push those other things out.

**Mr TANTARI:** Shaun, I understand what you are saying and that is good to hear from a park owner. However, within some of the submissions there has been a very clear indication from home owners that some parks are actually dropping the ball on their maintenance. They are not doing the basic things that need to be done, even to the point where home owners have spoken to me and said that some of those things have got to the point where it is absolutely dangerous for elderly citizens to be living in those parks because they are not maintained. It is really good to hear from an owner that you would work with the department in regards to setting those standards. Thanks for that.

**Mr McDONALD:** Thank you, Shaun, for being here. As I mentioned before, I am very interested in this concept of fairness and getting it fair and right for the owners and fair and right for the residents. Can you talk us through how you could see a system working to make sure that you continue to do the maintenance required on the park? As we heard from the gentleman earlier, it is about having a standard that people want to come in and live at and still have a fair price. Can you talk us through that?

**Mr Forbes:** If we are talking about the day-to-day running of the park versus capital expenditure—

**Mr McDONALD:** Both.

**Mr Forbes:** For the capital expenditure, obviously you have to have some sort of ability to get someone in to look at when things should be done, when things should be updated and all that kind of thing, which obviously costs money. With doing that, every single person inside a park will put a benefit to something that somebody else thinks is not a benefit. You will have a group of people who play darts and they will think that the dartboard should be replaced more often than it is. You will have a group of people who play bowls. The bowling green is the most important thing to them so that is what they are focused on. It definitely has to be—and I think there are words to this effect in the act—that there cannot be great deterioration to such facilities. I think there are not too many park owners who would let their own facilities drop that much in standard.

*An incident having occurred in the public gallery—*

**CHAIR:** Thank you, everyone. I remind everyone to maintain order.

**Mr McDONALD:** I am the chair of a couple of bodies corporate that I have properties in. As body corporate members, we talk about our self-determination and what have you. Do the home owner committees at the parks have any ability to self-determine or is it just a recommendation to the owners? How can that relationship be improved, do you think?

**Mr Forbes:** They have the ability to give a recommendation. Whether the park owner takes that on or not is obviously at the park owner's discretion. Like I said, we have many parks in Queensland and throughout Australia, in fact. We look at when somebody has lived in that park for X amount of years, the price they are getting for their chattel when they leave. They do not own the land so it is all about their chattel. We believe that, if we have up kept a good village, people will get a return on what they put into their home. It is pretty clear: we picked two random villages that are complete, so not taking into consideration developing villages. One of them, in our submission, was 16.5 per cent over three years, I think it was. That village has 230-odd homes so that is \$17.25 million worth of capital that has gone to the home owners when they leave.

**Mr McDONALD:** But there are other examples where valuations have been conducted and parks that do not have a very high valuation are actually taken out as the outliers and so you end up with an inflated price on the valuation, don't you?

**Mr Forbes:** No, I am talking about the value of the home.

**Mr McDONALD:** I understand.

**Mr Forbes:** Not the value of site rent. When somebody buys in and they go to leave in seven, 10 or 15 years time, the way we look at is: have we up kept everything well and correctly and brought enough profit to the home owner when they are leaving? When they sell the asset that they own, are they making a profit at the end of day, enabling them to go on to whatever they need next in life?

**Mr HART:** Shaun, did you hear the previous presentation? Do you have any concerns about GST on buybacks?

**Mr Forbes:** We do. We did not bring it up in the submission. The main reason for that is because, as of today and as of the last many years, home sales in these parts have just accelerated. If somebody prices their house correctly, we do not foresee that many park owners will be buying houses back.

**Mr HART:** So you do not see this as a problem. How many houses are for sale in your parks at the moment?

**Mr Forbes:** As existing homes?

**Mr HART:** Yes.

**Mr Forbes:** At the moment I think we have 24 on the market throughout the whole of Queensland. Last year, we sold 64 existing homes.

**Mr HART:** How many are you developing in Queensland?

**Mr Forbes:** In our development string at the moment we have about 700 or 800.

**Mr McDONALD:** Certainly we change through cycles, though. If we end up back in a recessive cycle then there could be many of those houses in a buyback situation.

**Mr Forbes:** There could, but once again it comes down to the value of the home which would be determined by a valuer at that time. Markets do go up and down. So long as people are priced at that market, the home will sell.

**Mr McDONALD:** But the issue of GST still comes in.

**Mr Forbes:** We do not think that we would ever get to the point where we are buying something back because it would be advertised at market and, therefore, it would sell.

**Mr HART:** When you were talking about yield on assets, if you are building a new place now what sort of yield on the asset that you are going to build would you be looking for?

**Mr Forbes:** At the end of the day, as in running it: we would like to see a five per cent yield at the end of the day.

**Mr HART:** And you are getting 1.9?

**Mr Forbes:** On the asset, we are getting between 1.1 and 1.94.

**Mr HART:** How comfortable would you be with sharing the costs of your park with the residents to justify the increases that are happening?

**Mr Forbes:** So long as home owners could understand how it all works, because there is obviously a price for the actual land itself. I think that is what a lot of people do not take into consideration. When we go out and buy a brand new block of land that has a DA on it, a site of eight hectares can cost us \$20 million. That is a big investment right off the bat for a park owner to go in and take the risk to buy that block of land to begin with. Then they have to put infrastructure in. Then they have to build \$5 million or \$6 million worth of facilities as well. At the end of the day, the park owner wants a return on that.

**Mr HART:** On the dispute resolution side of things, have you had to take many cases to Caxton Legal or to QCAT?

**Mr Forbes:** I have never been to Caxton Legal. I actually do not understand why people are not being told by QCAT to go to Caxton because we have never. I thought Caxton Legal were there—

**Mr HART:** I think it was a decision by the government under the Retirement Villages Act.

**Mr Forbes:** But that is not what we operate under.

**Mr HART:** You have had a few at QCAT. How did you find that experience?

**Mr Forbes:** We have been to QCAT three times. It is a very lengthy process—ridiculously lengthy. It could be shortened a lot. How could that be done? I am not a legal person so I do not know. There just seems to be lots of time frames between every single step along the way. Rather than it being two weeks here and two weeks there, it is: 'Hey, you have eight weeks, you have 12 weeks, you have this.' Then we have to allocate for a hearing to happen and it drags on and on and on.

**Mr HART:** Does that incentivise you to negotiate with your tenants to try to come to an—

**Mr Forbes:** It does. To give you an idea, last year we did your standard single-basis increases out to everyone. We had three form 11 dispute notices put in about CPI increases being unfair and unreasonable. None of those went to QCAT. They were all completed just through a form 11 dispute negotiation.

**Mr TANTARI:** I would like to know, in regards to personal internal disputes between you as a park owner and the residents themselves, do you actually have an internal process, particularly if there is a question regarding the behaviour of management and their actual behaviour regarding potential conflict with home owners? Do you have an internal disputes resolution process? What do you do there to ensure that those conflicts are managed?

**Mr Forbes:** If it is brought up by a home owner that they have had some issue interacting with one of the staff, that will come to myself. We will then internally review it and make a decision on what happened and if any action should be taken.

*An incident having occurred in the public gallery—*

**CHAIR:** Thank you, everyone. Shaun, thanks very much for your appearance here today. We will now go to the open forum.

**BURNS, Mr Ken, Private capacity**

**COOPER, Ms Kim, Private capacity**

**HART, Mr Steven, Private capacity**

**KNIGHT, Mr Greville, Private capacity**

**MULLANE, Mr Kevin, Private capacity**

**SHAW, Ms Margaret OAM, Private capacity**

**CHAIR:** Ken, we have not heard from you before. You have three minutes. Feel free to make your statement and I will pull you up if you go on for too long.

**Mr Burns:** Chair, I would like to apologise for Graham Henry, but I am the secretary of the Ingenia Lifestyle Hervey Bay Home Owners Committee. I want to make a comment on process rather than content.

I refer to the Joint HOC presentation earlier today. The head on that HOC presentation submission suggests that the Ingenia Lifestyle Hervey Bay HOC was a contributor. I can categorically assure you that we are not. I also refer in part to paragraph 2 which says the committee 'is comprised of members of the Executives of the Home Owners Committees (HOC) from seven (7) of the residential parks' and furthermore—

Each applicant obtained formal approval to lodge this submission from the HOC in each of their respective parks.

**CHAIR:** We have the statement here. Do you want us to lodge that? Is there anything that you want to say about the bill itself?

**Mr Burns:** Yes, but, with your forbearance, if we can have any reference to us removed from that?

**CHAIR:** We will talk to the submitters about that.

**Mr Burns:** As far as the bill itself goes, we are more than supportive of the removal of the market review. Among other things, we have found that it causes angst and conflict within the community—not just, surprisingly, between home owners and the park owner but, furthermore, between residents because some are accepting of the outcome and others are not and it causes rifts between those two different groups in the community. That is all we had to say.

**CHAIR:** Thank you very much, Ken. Kevin, do you want to go next?

**Mr Mullane:** I would like to acknowledge the chair and thank the committee for allowing me to have five minutes—or three. I live in Golden Shores in Hervey Bay. From what I have heard today, I am very glad I do because we do not seem to have as many problems as everybody else.

I am here as an individual, not representing Golden Shores. My first submission to the committee is a suggestion that possibly they could look at making a star rating for manufactured homes. The Queensland tourist industry has a system that applies to all hotels, motels, hosted accommodation, caravan parks and holiday parks. Perhaps we could introduce a star rating system to our situation as well.

My second submission is regarding the dispute resolution. John covered that very well and I would like to add to it. Obviously, the first step is negotiation and, if that does not work, we go to mediation. Unfortunately, if neither of those work we go to QCAT. I heard today, I think John mentioned, they have some cases going which have been three years old. I was involved in one that went for 19 months. QCAT ruled against the rent rise and the park owner paid the residents back, but then after that he appealed and he won. The poor residents suddenly had a wad of money that they thought was theirs and it turned out, two years later, that it was not and they had to pay it back. The problem obviously is QCAT.

My other suggestion, to cut it short, is that possibly a section of QCAT could be allotted to any manufactured home park dispute because QCAT is just snowed under. They increased the value recently—I think about two years ago. They had a limit on what you could go to QCAT for, otherwise you had to go privately and do a claim. They increased that to, I think, \$25,000. Of course, then all motor vehicle disputes and everything now go through QCAT and it is just inundated. I believe it is just overrun. Perhaps they could think of putting part of the tribunal separately for manufactured home disputes.

**CHAIR:** Thank you very much, Kevin. Kim, over to you.

**Ms Cooper:** I am here as an independent home owner. I reside at Latitude25. I noticed a few issues that were raised today and I would like to bring some other issues to your attention.

In the situation we are in at Latitude25, the park owner has contracted out of legislative obligations and, in doing so, has extinguished home owners' legislative rights. This is an issue that we are in the QCAT process with, but there are no penalties and they are simply getting away with it. Because of this, I have no doubt other park owners will also follow suit. It seems to be a loophole in the legislation.

There seems to be misleading information for the past four years for prospective purchasers. This has not changed. We have brought this to the attention of park owners and it is continuing today. I have no financial background, but, from what I have been hearing, parks in development must have taken into account the number of houses to complete and undertake the cost of running to capacity. To then turn around and say, 'No, we're building more houses so therefore it is costing us more' does not sound like a very financial background.

All developers pay GST on the sale of a property that they have built. A lot of our park owners bought in to an existing park and are continuing to finish that park. They are trying to make us understand that when the house is sold back to the park owner, they only pay GST when they resell it. They are trying to tell us that they are buying the house and reselling it at the exact same price. On the way here, I spoke with another resident who said that when they purchased their house, which was well over 12 months ago, it was a brand new house. The purchaser pulled out and then it was resold to him for an extra \$200,000. That is unbelievable.

Shaun made the comparison with CPI on garbage collection of 11 per cent—which is, what?; a maximum of \$1,000 a year—to CPI on site rent of approximately \$15,000. Again, it is trying to mislead us into thinking: 11 per cent on \$1,000—wow, that is an credible percentage! You are putting CPI plus two per cent on \$15,000 a year as site rent. Capital expenditures that they are talking about would have been calculated into the running costs of a park, surely. They are trying to explain that it is not.

Another point that Shaun made was he said over the whole of Queensland there are only 25 preloved houses for sale. As a fact, there are 10 at the moment at Latitude25. Again, it is misleading. Thank you for letting me have my say.

**CHAIR:** Thank you Kim. Steve, welcome back. Over to you.

**Mr Hart:** I would like to have the opportunity of tabling the documents I spoke about earlier.

**CHAIR:** So tabled.

**Mr Hart:** I apologise if some of this is a repeat but it is a prepared statement so I am going to read it anyway.

**Mr McDONALD:** You can table it if you want, Steve.

**Mr Hart:** I have. Good afternoon. As President of the Palm Lake Resort Hervey Bay Home Owners Association, I would like to thank the committee for holding the hearing in Hervey Bay and giving home owners the opportunity to be heard. I am here as part of the joint home owner group that spoke earlier, whose submission we strongly support, but also directly representing the nearly 360 home owners of Palm Lake Resort Hervey Bay.

My wife and I have owned our home for nearly 16 years. Some residents have only been in the resort a couple of months, but the effects of the strengths and the weaknesses of the existing act and regulations and the proposed changes impact all in the same way. The association's submission focuses on aspects of the amendments that the association strongly supports and aspects that appear to be unclear or detrimental to home owners and are in opposition to the declared intent of the bill. However, I do not intend restating the submission in this forum.

I would like to take the opportunity, however, to highlight that it is our opinion that park owners within the residential parks industry hold too much power over home owners that could be seen as elder abuse. Much of it is brought about not by the content of the act or regulations but by the processes in place to regulate the act and that fail to give home owners in residential parks the ability to easily redress the inequities that are inflicted on them by park owners.

There is a very strong recurring theme at the management level of, 'We own the park. You do what we say.' This is also exhibited by a failure to follow the act when it comes to creating new policies, not rules. Additionally, from reading the submissions to the committee by park owners, the overarching thrust seems to be that any changes to the act that might impinge on park owner profits

from site rent or impose new costs for documentation and transparency would see park owners sent to the poor house. There is no mention of profits made from developing new parks which is the prime motivation for companies to be involved in the industry, whereas operating the parks, which is what the act and the regulation is focused on, seem to be a sideline, as exhibited by the lack of transparency on capital, operating and maintenance expenditure by park owners to date.

I have just submitted the printout of a spreadsheet showing the estimate of one year's income and expenditure at the park we live in, and I have similar estimates for previous years, which I request the committee to accept and take into consideration. There is no transparency from the park owner on any of these figures, apart from a statement in 2022 of maintenance expenditure for the park of \$20,000. I have allowed annual operating and maintenance costs to \$104,000—\$2,000 a week. The spreadsheet covers all known costs—rates et cetera—and there is still a surplus of, as I mentioned before, nearly \$950,000 for this one park which does not include sales commissions for resale of homes in the park which would easily exceed \$150,000 per annum.

Once again, I would like to thank the committee for coming to Hervey Bay for this public hearing. We know that there are over a dozen existing residential and mixed-use parks on the Fraser Coast with more being built all the time, which supports the view that it is a profitable industry for those companies involved and generally a preferred residential option for many retirees which can only be enhanced by better regulation and management. Thank you.

**Mr Knight:** My name is Greville Knight. I live at unit 30 in Tubia Village. I am representing myself. I apologise for my brief scrawl as I have written this on the fly because we had absolutely no notice in our village of this committee of inquiry being held today. From the outset, I am very pleased that the market rent review is to be abolished. That is a bloody good move. It would be good to get some certainty about future increases, especially for those on single incomes. I have heard both today and in the past 24 hours, the CPI to 3.5, 3.5 to CPI and everything in between. I need some certainty as a single-income person. In my opinion, manufactured home village owners are only interested in the current profits, short-term interests and continuing to pay seven-figure salaries to the CEOs. Members of the committee, we need to consider the long term, especially with an ageing population.

As part of the comments this afternoon, I have heard from the member, Mr Tantari, a gentleman from the organisation, Serenitas, and Kim from down the road here also makes a comment about costs. The question was: if we go from CPI to 3.5, will it be enough? I believe there is a clause within the manufactured homes act that there is room for an extraordinary levy or rent increase for a period of time to cover extraordinary costs, so why can we not just stick to the 3.5 or CPI, and if there is something extraordinary let's just deal with it as an extraordinary rather than we all pay for it forever for the rest of our lives?

Moving on, imagine if all this goes to poo and this inquiry goes kaput and nothing happens. If the status quo is allowed to continue, then myself and others on a single income will be confronted with increased site rents, potential decreasing home values and a white elephant that cannot be on-sold. This leads me to a question. Under the manufactured homes act, form 9, there is a stipulation of percentages that can be drawn from a sale, and I believe it is 2.5 per cent plus \$900 in excess of the initial \$18,000. My question to members is: is that percentage waivable within the act? I need to know because I have it that other persons within our village are paying higher percentages right now.

In closing, further, we need an exit clause where if a village cannot sell a home, it must be repurchased at the initial home price, plus subsequent rent/CPI increases. If not, at the end of the day, residents will be trapped in an unsaleable property, continuing to pay exorbitant rent and no future. Thank you, members.

**Mr HART:** The buybacks are in the bill, Greville, by the way.

**Mr Knight:** Great, thank you. I am finished.

**CHAIR:** On that, it is there already in the bill, and we will report on that. What is in the bill is going forward. Margaret, would you like to go now?

**Ms Shaw:** My name is Margaret Shaw. As I said, I am relatively new to this area and I am certainly new to living in lifestyle villages. I want to finish on a positive note. I am actually extremely happy where I am and I associate with a lot of people in the park who are really happy about what they have done. It is one of the best decisions I have made so far. However, I do think there needs to be an upper cap on site rental increases to help people budget and with the cost of living. I think it is clear that people who live in parks are less lonely, generally happier, healthier, fitter—even I have taken up Zumba—and this reduces the amount of visits you have to the doctors, the hospital, the

allied health services, and reduces the stress on the health system, so we have to get this right. If we do get it right, then you will encourage the over-50s—I am in an over-50s village—to come into something like this which does help the housing situation—not the housing crisis; the housing situation. All around, it just makes sense.

On a completely separate note, if they are worried about insurance, I suggest that the park owners get together and look at forming a mutual and self-insure. Insurance is my forte, as Michael knows, which is what I got the OAM for.

**CHAIR:** Thank you very much, Margaret. We do have one question.

**Mr HART:** Kim, I want to follow up on your comment where you said there is a problem with legislation. Can you explain what that is about?

**Ms Cooper:** Our park owners have contracted out of the home owners act and by doing so, they have extinguished the rights that we have under the home owners act. Do you want me to go into detail?

**CHAIR:** Just generally, the act is supreme. The act overrides everything.

**Ms Cooper:** Would you like to tell the park owners?

**CHAIR:** We might have a chat later on, but what is in the act is supreme; it overrides those contracts. That is how I understand it.

**Ms Cooper:** Can I reply?

**CHAIR:** Yes.

**Ms Cooper:** That is in operation at the moment. To change that we need to go through a 12-month process first before you can even get anywhere near asking for a hearing. The amount of money, the amount of time—

**CHAIR:** Are you talking about QCAT?

**Ms Cooper:** QCAT.

**CHAIR:** Yes, QCAT is something we are familiar with.

**Ms Cooper:** If we win, which we will, they will then have the right to appeal. This will carry on for another couple of years.

**CHAIR:** Thank you. I appreciate that. Once again, thank you, everyone, for what we have covered today. I say thank you to our secretariat, to Steph and Vicki—give them a round of applause—for organising all this. They do not get applause that often, but thank you to Hansard for coming along and recording this as well. Finally, a big thanks to yourselves. I have been on this journey with you for over 20 years. This is my third round of improvements to this sector and, doubtless, there will be more before I pass on. For many of us here—I know that Adrian, Bruce, myself and certainly Jim and Michael—it is something where we have travelled with you in many ways and we can talk a bit more about that afterwards. This leads me to say can you give yourselves a round of applause. Well done!

As stated, a transcript of these proceedings will be available on the committee's webpage in due course. We do not have any questions taken on notice. I declare this public hearing closed. Thank you.

**The subcommittee adjourned at 4.26 pm.**