

Manufactured Homes (Residential Parks) Amendment Bill 2024

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SUBMISSION
to
Queensland Parliament
Housing, Big Build and Manufacturing Committee (the Committee)

Manufactured Homes (Residential Parks) Amendment Bill 2024

This submission relates to the Manufactured Homes (Residential Parks) Amendment Bill 2024. Overall, I believe, along with the vast majority of Home Owners that I have spoken with, that the proposed amendments as contained in the abovementioned Bill are worthy of support. I congratulate the government, Minister and Committee for the work they have undertaken to date.

However, having said this, I seek to make submissions both in general terms and in relation to two Clauses of the proposed Bill.

In general terms I would like to emphasise to the Committee that a large proportion, I estimate to be at least 50 per cent, of Home Owners are Pensioners or Part Pensioners. Accordingly, they have little, if not no earning capacity and have been retired and their savings reduced in real terms over the years. Home Owners are amongst the most vulnerable in our society, especially when financial issues are concerned.

In my opinion, my Park Owner has not, in the past, exhibited a compassionate posture in dealing with Home Owners. Without restating all my arguments in this respect, which I have already given in past submissions, I would like to remark that in mid 2023 my Site Rent was increased by 7.4 per cent. Which is, of course, a compounding increase. The amount of 7.4 per cent was the full Consumer Price Index (CPI) calculation for Brisbane in the twelve months ending March Qtr. 2023. This was done with minimal consultation (by way of a letter) and no or little regard for Home Owners the majority of which, as stated above, are on a Pension or Part Pension. On the other hand, not all government instrumentalities or private organisations passed on the full CPI rate for this period when increasing charges. It is my recollection, for example, that the Brisbane City Council (BCC) increased their General Rates for the corresponding period by approximately 4.3 per cent. This was a significant 3.1 per cent difference between what my Park Owner increased in site rent and the BCC general rate increase.

Accordingly, it is my submission that Home Owners need the support of the Committee to ensure that what I consider to be greedy Park Owners do not exploit vulnerable Home Owners. Once again, I acknowledge that the proposed Bill is evidence that the government and the Committee understands the importance of this point. This is particularly so during the difficult times we are all now experiencing with many Australians suffering the effects of a 'rental and home buying' crisis.

In terms of my specific submission in relation to two Clauses of the Amendment Act I would like to submit the following:

1. **Clause 15: Section 69B:** Site Rent Increases

Overall, may I once again congratulate the Committee on a significant step forward in bringing certainty for Home Owners through this proposed Amendment Bill.

However, I submit that Section 69B could be improved by deleting the percentage 3.5 and inserting in lieu thereof the percentage 2.5.

Amongst my reasoning for this is that 2.5 per cent is the midpoint of the Reserve Bank of Australia (RBA) target Inflation Rate which is between 2 - 3 per cent. (Please refer to RBA web site).

I submit that my submission is more realistic and aligns more closely with the RBA's target. The RBA commenting on their web site that:

"Low and stable inflation reduces uncertainty in the economy, helps people make saving and investment decisions, and is the basis for strong and sustainable economic growth."

I am sure we all would agree with that statement. An increase capped at 3.5 per cent as currently provided for in the Amendment Bill can only continue to add to inflation and work to hinder the RBA, Commonwealth Government and Queensland Government strategy to reduce inflation to the target range of 2-3 per cent.

The Commonwealth Government has already sought to limit 'wild' increases in charges and costs for some items. For example, the Commonwealth Government recently agreed to allow Private Health Funds to apply an increase of 3.03 per cent to their annual premiums. This is a small percentage over the RBS's target maximum inflation rate of 3 per cent. The Committee may recollect the outrage from all quarters in our community at the quantum of that increase and it is noted that it is at a time when inflation is running at a much higher level. The 3.03 per cent increase, whilst slightly more than the RBA's target inflation rate, can nevertheless only assist in lowering the inflation rate in Australia. In this sense the increase in annual premiums for the Private Health Funds provides a reasonable return whilst not adding in an unrealistic way to growth in inflation. Perhaps this is a lesson Park Owners could consider.

So, it naturally follows that a maximum of 3.5 percent, as currently provided for in the Amendment Bill is too high and, I would once again submit, that the percentage provided for in the Section 69B should be 2.5 per cent and certainly no greater than the top of the RBA's target inflation rate of 3.0 per cent.

2. **Clause 44 Section 70B (1):** 33 Section 31H also refers. Declaration of Site rents etc.

It is my understanding that the effect of the provisions of the Amendment Bill provide an opportunity for Park Owners to, under limited circumstances, impose an increase to the Site Rent currently applicable to a particular Home Owner. Such circumstances may include when a Home Owner wishes to sell their property. It appears Park Owners may

increase the site rent, for purchases, to an amount being the difference between what the current Home Owner is paying for site rent and the actual CPI during the relevant period, should the CPI for the period be greater.

Whilst I understand that this may be best described as a means whereby Park Owners may recoup a perceived loss, the question that I would like the Committee to consider is, *'Is that difference a loss or a reduction in profit?'* and *'should government be concerned with minimising losses and/or securing profits for business?'* I would submit that the Committee should only seek ways to ensure that an equitable situation exists between Park Owners and Home Owners and not inadvertently provide a means whereby greedy Park Owners may only seek to extract as much money as possible from Home Owners.

Therefore, I believe the current provision is too generous. Such a provision, over time, may make it difficult for Home Owners to sell their homes and may also unfairly reduce the value of their home. Past actions of my Park Owner, such as that evidenced above through my last rent increase as set out above, can only lead a reasonable person to conclude that Park Owners would most likely automatically apply the highest possible rate of return whether that amount is fair or not.

I understand that there may be provisions, in the Amendment Bill, for a decision of the Park Owner to be 'appealed' or 'reviewed' so to speak, but I submit to the Committee that this places elderly Home Owners in a disadvantageous position and is not equitable.

Accordingly, I submit that the matter may be remedied through an amendment to the Amendment Bill which provides that the maximum permissible increase between the CPI paid by a Home Owner and the actual CPI for the period (should it be greater) be not more than 50 per cent of the total difference. This midpoint would provide equity for all and ensure no party is unfairly disadvantaged.

And further, I submit that it should not be permitted that any amount calculated be on a 'compounding' basis over the relevant period.

Finally, I once again thank the Committee for the opportunity to make this submission and I wish the Committee well in its further deliberations.

7th April 2024
