

Mrs Judith L Grimsey



12th October 2018

Committee Secretary
State Development, Natural Resources and Agricultural
Industry Development
Parliament House

By Email: sdnraidc@parliament.qld.gov.au

Dear Sir/Madam

**Proposed legislation to add retirement village and aged care facility to
Sanctuary Cove Resort Act**

As the former Chair of the Residential Body Corporate Acacia I am particularly disturbed with the adverse affects of the proposed legislation by Minister Dick, of the Queensland Government regarding his submission of proposed legislation to allow Aveo to build and operate a retirement village in Sanctuary Cove.

My concern is that a significant number of homeowners in Sanctuary Cove who bought under the FIRB legislation have not been informed by the Queensland Government of the consequences of the proposed legislation.

Importantly, homeowner property losses could potentially be over a billion dollars if the proposed amendment to the Sanctuary Cove Resort Act is passed by Queensland Parliament. Many homeowners in Sanctuary Cove were able to purchase their homes because of the FIRB status of Sanctuary Cove.

Originally, Sanctuary Cove obtained FIRB status in order to attract overseas investment. The FIRB status enabled the creation and development of Sanctuary Cove for over thirty years. The proposed legislation, in my view, is recognized to economically impact the value of homeowners across Sanctuary Cove including these international homeowners.

The proposed legislation does not inform FIRB homeowners of the proposed changes by Minister Dick and the Queensland Labor Government. The result will be that a significant portion of Sanctuary Cove's community which purchased homes because of its FIRB status would be deprived by the lack of any outreach by Queensland Government of the basic elements of due process.

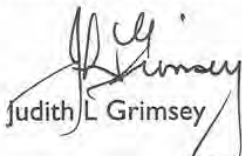
Under the proposed legislation these international homeowners are not being informed of the proposed changes to the Act that governs Sanctuary Cove. Most of these homeowners are not permanent residents of Australia and will only learn of it after the proposed is implemented. At that point their only recourse is to seek action by their governments vis a vis the government of Australia.

Homeowners who have purchased homes come from more than 20 countries world wide. The current property developer in Sanctuary Cove continues to have an active campaign to sell residential properties to many of Australia's most important trading partners. I understand these include the People's Republic of China, the United Kingdom, New Zealand, countries in the European Union, Japan, and many south east Asian countries. In other words if this legislation is passed without first informing all of the FIRB property owners in Sanctuary Cove of the proposed legislative change which could potentially and significantly diminish property values, the Commonwealth of Australia will have to address and deal with demands and potential retaliatory legislation by many of the above referenced countries.

Therefore by copy of this letter I copy the Commonwealth Treasurer, the Honorable Josh Frydenberg and the Assistant Treasurer, The Honorable Stuart Robert, who is the federal member for Sanctuary Cove. By copy of this letter I request that Federal Ministers take appropriate action to prevent impairing residential property owners in Sanctuary Cove who have purchased homes because of its FIRB status.

I include a copy of an evaluation of the defects and shortcomings of the proposed legislation published in the latest edition of Sanctuary Cove Community Matters. This article will provide a framework for understanding the problems related to the proposed legislation. In my view it is essential that the Commonwealth acts.

Respectfully submitted



Judith L. Grimsey

Cc: The Hon. Josh Frydenberg
Cc: The Hon. Stuart Robert
Cc: The Hon David Crisafulli

FINAL CHANCE: HAVE YOUR SAY ON AVEO

Despite letters from residents opposing the proposed Aveo development, on September 19, the Palaszczuk Government introduced a bill to amend SCRA to allow a retirement village and an aged care facility in a zone or part of a zone in Sanctuary Cove.

Aside from existing resident opposition to the Aveo proposal, there are other factors to be concerned about:

- The proposed legislation is **not limited to the Aveo site**. The Sanctuary Cove portion of the Bill adds in Schedule 1 of SCRA, an aged care facility and a retirement village. The proposed amendment does not identify the zones that will include these uses. The zone(s) are contained in the Regulations to be determined and changed by the Minister, not Parliament.
- While the PBC agreement with Aveo limited the retirement village to the Aveo site, the proposed legislation contains **no such limitation**. This means that in the future, a Minister could add a retirement or aged care facility to any of the other zones in SC.
- In other words, the Country Club site which Mulpha recently purchased could become a retirement village or an aged care facility.
- Equally, the lot entitlements Mulpha owns in Auracaria and Cypress Point, or part of the Palms Golf Course or the Marine Village could become an aged care facility or a retirement village.

Other shortcomings of proposed legislation

Also missing from the proposed legislation is any **existing legal protection** for people who become residents of a

retirement facility or aged care facility in Sanctuary Cove. **For the rest of Queensland, the Retirement Villages Act applies, but not in Sanctuary Cove.** There is a raft of protections that are part of the Retirement Villages Act. A few examples illustrate the kind of protections that are missing.

- Before a retirement village or aged care facility can be approved, that Act requires an **'impact study'**. The impact study, conducted by local council, **evaluates negative impacts on the community**. This includes impact on: infrastructure, property values, traffic, parking and on the suitability and ongoing maintenance of roads in the larger community.
- For residents of retirement village(s) and aged care facilities in Sanctuary Cove **there are no protections under the proposed legislation**. The Retirement Villages Act does not apply to Sanctuary Cove. CM is concerned that the government, in the face of the Four Corners and Michael West articles about the business and ethical practices of Aveo and the scheduled Royal Commission into aged care operations, is proposing legislation that does not address any legal protection for those residents.

Dishonoured Government commitments

In 1985, at the Second reading of the Bill that became the Sanctuary Cove Resort Act, the Minister stated: *"Any decisions made by the Principal Body Corporate which affects the interest of members must be carried by a special resolution, which requires at least 75% support by its members based on the voting entitlements mentioned previously"*.

Despite a community petition tabled in Parliament on 1 December 2015

Continued Page 15

HAVE YOUR SAY

Continued from Page 13

requesting the government honour this commitment, the government has proceeded to lodge this amendment without first obtaining 75% approval of the residential community. This is the same government that came to power claiming honesty and integrity. There is a difference between slogans and actions.

Economic Impact

The potential economic impact of the proposed legislation raises the spectre of massive property devaluations in Sanctuary Cove. The estimated valuation of residential property is more than 2 billion dollars. This legislation needs to address **just compensation**. Given the above, CM believes that a 50% devaluation on our property values is likely. In other words, the impact of the proposed legislation could exceed 1 billion dollars.

Further Information: Legislation Definitions

The definitions in the legislation amendments create problems.

Retirement facility means "*premises used or intended for use for:*

- (a) *Accommodation for older members of the community, or retired persons, in independent living units or serviced units; or*
- (b) *Amenity and community facilities, a manager's residence, health care and support services, preparing food and drink or staff*
- (c) *accommodation, if the use is ancillary to the use mentioned in paragraph (a)"*

It appears the proposed legislation will allow older members of the community or retired persons to claim their homes are a retirement facility as they are independent living units. Regarding Part (b) of the definition of retirement facility, it

introduces an interesting tax deduction scheme. For example: suppose your spouse is an older or retired person, under this proposed legislation, it appears that you could claim as a tax deduction your accommodation and support services, such as preparing food and drink for your spouse. CM wonders how many will apply for this status?

More unanswered questions re Aveo

1. Financial Viability - CM calculates that Aveo's lessees in SC will pay nearly \$20,000, which is almost double the annual rate for retirement villages on the Gold Coast. If interest rates return to normal levels, the cost to Aveo residents will increase significantly. What is the government's business case to support a successful retirement village in the Cove?
2. The RZABs and the DCBLs apply to residential property including the Aveo site. These by-laws were approved by the Minister and gazetted. They control development and activities in Sanctuary Cove's residential zones. The government has failed to address these established requirements in the proposed legislation.

CM submits these issues need to be resolved, before the Parliamentary Committee takes any action.

This is the last real chance residents have to let the Parliamentary committee know whether you want retirement villages and aged care facilities in Sanctuary Cove and whether you want compensation if the legislation goes ahead.