



Speech by

Michael Crandon

MEMBER FOR COOMERA

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MANUFACTURED HOMES (RESIDENTIAL PARKS) AMENDMENT BILL

Mr CRANDON (Coomera—LNP) (5.54 pm): I rise to contribute to the debate regarding the Manufactured Homes (Residential Parks) Amendment Bill 2010. The main object of the act is to regulate and promote fair practices in the operation of residential parks to protect homeowners from unfair business practices and to enable homeowners and prospective homeowners to make informed choices by being fully aware of their rights and responsibilities in their relationship with park owners. According to the draft public benefit test review completed in January 2010, there are around 200 parks in Queensland accommodating 15,000 people. Most of those are in South-East Queensland. We can expect significant growth going forward.

Broadly, the legislation goes some way towards its goals. But, from feedback from homeowners living in manufactured home parks both on the Gold Coast and in Logan City, it does not appear to have gone far enough. Of further concern to me is the recent occurrence where receivers and managers have been appointed to the affairs of a trust that owns retirement villages. Taking these two things into consideration, there has to be a balance between viability of parks and affordability for homeowners. We are a voice in this place for our constituents, and it is necessary and important for us to put forward their concerns in this place.

People move to these facilities for a variety of reasons. Many people living in these facilities are pensioners. Pensioners are not a bottomless pit of money and they should not be responsible for a park owner's mismanagement or poor management practices. From my background as a financial planner, I can confirm that many who move to manufactured home parks do so to help with their retirement income needs. Many have not had the opportunity to build a big enough nest egg to live a reasonable lifestyle whilst remaining in their residence. Many have sold their detached home and used the proceeds to buy into a less expensive home, using the money left over to top up their age pension and therefore provide for their retirement income at a level that is a little better than perhaps just receiving an age pension. With escalating costs of living—for example fuel costs, electricity costs and so forth—these savings are rapidly reducing. There are a few points that need to be made here, and I draw on material I have received from people who are living what is fast becoming a very expensive lifestyle through no fault of their own.

As I alluded to earlier, the rising cost of fuel and electricity is just the tip of the iceberg. When coupled with all of the other increases that all of us are experiencing, any increase to rent for those in a manufactured home park is becoming unbearable. While I am on the topic of rising costs, one cost that affects those who are pensioners in these parks is the rising cost of water. This government has written the legislation that provides relief for pensioners by way of a water rebate to ensure that these pensioners do not benefit. So here we have a situation where we recognise the need to give a rebate to pensioners for the cost of water as it increases. On the other side of the coin, we have many pensioners moving to these types of manufactured home sites who, because they move, do not qualify for that water rebate—same people, same water supply, same usage, no rebate.

Coming back to some figures provided to me by people on the ground, so to speak—park residents—they tell me that they quote the minister, who at various times has stated that 'residential parks provide cheap and affordable housing to many thousands of Queenslanders'. They say that that may have

been true in the past but not since the generous rent increases granted by the tribunal, especially those associated with the so-called market reviews.

The comparative cost of different housing options that have been outlined to me, using a six-month council rating period in 2009, are as follows. The example given was between a house in Arundel with the six-monthly cost of \$1,267 versus a town house in Merrimac with a six-monthly cost of \$2,105, which included body corporate fees, compared with rental payments of one site in their village of \$3,079. I have not checked these figures. I have taken them on face value, but I have no reason to believe that they are inaccurate. Yes, we can consider the outlay for residents versus the outlay for the town house versus the outlay for the manufactured home site. I alluded to that earlier. We have a situation where people are selling a more expensive home to use the proceeds to move to a manufactured home site. Of course, there is a capital cost to take into consideration in that regard.

The point these people are making is that their available capital, this additional capital, was intended to provide them with a better lifestyle, not to pay the ever-increasing cost of site fees that are well above inflation. One further point that was made was that the tribunal approved a rent increase of seven per cent in April this year and a further five per cent to six per cent in June due to the tribunal ruling forcing them to commence paying for the water usage that I referred to a short while ago.

These increases put the site costs up to \$3,448 for a six-month period. So it is \$1,267 for a house, \$2,105 for a town house and \$3,448 for a manufactured home site. The annualised difference from top to bottom—that is, from the house through to the manufactured home site—is \$4,362. That equates to a capital investment required of around \$110,000. So \$110,000 of the proceeds from the sale of the home that they sold so that they would have more money for their retirement years—and in many circumstances that is probably all they ended up with in extra funds—goes into the bank and that \$110,000 pays the \$4,362 increase in costs associated with them living in that manufactured home site as opposed to living in their own home. So they have gone no way towards improving their lifestyle in their retirement years which, I would argue, was their original intention in many cases. Not one dollar of it goes towards improving their lifestyle.

Earlier I stated that homeowners should not be responsible for park owners' mismanagement or poor management practices. Constituents talk to me about the introduction in the legislation of, what they refer to as, vague principles such as 'viability', 'significant' and 'unforeseen'. I understand what they are worried about. Of course we all know the meaning of the words, but it is the concept that the park owners have not thought ahead sufficiently to have these matters covered in their business plans that disturbs the homeowners.

They talk about potential site fee increases and other costs being imposed upon homeowners for these and other reasons. They ask: at what level of profitability does a park become viable? Is it viable if it breaks even—that is, after paying all of the salaries of the people who are involved in running the park and breaking even beyond that and perhaps for the park owner a capital return if they at some time decide to move on and no longer manage the park—or is a five per cent profit or perhaps a much higher profit of 10, 15, 20, 25 or 30 per cent required? No-one really knows what is regarded as a reasonable rate of return for these park owners.

How and who will establish and monitor these issues, they ask. I repeat that the homeowners are on fixed incomes for the most part and there is a limit to how far they can stretch to bail out park owners. Another point that has been made abundantly clear is that the individual homeowners are in a weaker negotiating position than park owners. QCAT aside, at the end of the day it is what they bring to QCAT that it is going to make its decision on.

The park owners are typically company structures with astute businesspeople at their helm. They also have an association that can act on their behalf as a group. The member for Mermaid Beach referred to a failing at the moment where individual homeowners in parks do not have an association and therefore are in a weaker position.

As I said, the park owners also have an association that can act on their behalf as a group, the point being that they are able to more easily bring resources to bear to support their argument. We have a situation where park owners are collecting rent from homeowners and using those proceeds to bring to bear the resources to fight the individual homeowners. So the homeowners are funding the fight against themselves in relation to any argument that they might have that they might want to put through the tribunal. An extension of this is the concept that a company could use proceeds collected from homeowners in one park—that is, a viable park—to fund another park that they own that is ailing or indeed another business that is ailing that has nothing to do with parks of any description but is simply another business.

A further point—and I referred to the percentage increase earlier—is that recent increases are significantly higher than pension increases. This cannot be sustained by people on fixed incomes. It was a 13 per cent increase in their cost over a period of just a few months. We are talking about an inflation rate

of something in the order of three per cent. We may very well find that some have to sell out and fall back to rental accommodation during their twilight years if the trend continues.

In closing, I make the point that I made at the beginning of my contribution. The bill goes some way to providing further certainty for homeowners but I urge the minister to make this a work in progress and continue to work on improving the act to more properly address the concerns of an ever-increasing number of retired and near retired residents of manufactured home parks.