



ABN-24359567567

HOME OWNERS ADVISORY & ADVOCACY SERVICE

PO BOX 1124, PARK RIDGE, QLD 4125, PHONE 07 5546 3208, MOB 0424 616 232, EMAIL president@arpq.org.au

10 December 2020

Honorable Leeanne Enoch, MP
Minister for Communities and Housing, Digital Economy, and the Arts
1 William Street
BRISBANE QLD 4000

Dear Minister

DEFICIENCIES IN THE MANUFACTURED HOMES (RESIDENTIAL PARKS) ACT

Congratulations on your re-election to Parliament and appointment to the cabinet position of Minister of Communities and Housing, Digital Economy and the Arts. We look forward to working with you over the coming months on matters affecting our members.

From your previous experience in the Housing portfolio, you are probably aware that the main object of the Manufactured Homes (Residential Parks) Act (the **Act**), as stated in Division 2 Section 4(1) of the **Act**, is to protect Home Owners from unfair business practices, something it spectacularly fails to do for a number of reasons.

Consequently, over the past year or so ARPQ has sent several submissions to Minister de Brenni and the old DH&PW on deficiencies in the **Act** and how they adversely impact on Home Owners many of whom are elderly and vulnerable. We believe we have had some success in getting our message across with the previous Minister in an interview on Channel 9 TV committing to a 'root and branch' review of the **Act** and the Department starting a consultation process on where the **Act** needs amending, specifically with respect to the dispute resolution process.

Whilst we welcome any review of the **Act**, we have concerns that it may be too narrow (as the last review was) with an undue emphasis on dispute resolution. We believe any investigation into dispute resolution would be incomplete if it did not consider how disputes originate and how issues can be resolved before they escalate into disputes. If the underlying root causes of many disputes can be rectified, then the number of disputes should decline significantly which at the end of the day is the best possible outcome for both Home Owners and Park Owners.

Increasingly Park Owners commercial interests are taking precedence over everything with Site Rent increases seeming to spiral out of control. Consequently 95% of all disputes arise from what are considered excessive site rent increases. This is the fundamental and underlying problem that needs addressing, rather than just tinkering with the process for dealing with its consequences.

In our submission to the Public Works and Utilities Committee during public consultation on the last round of amendments to the **Act**, ARPQ proposed that Site Rent increases in Residential Parks (which are legally Regulated Accommodation) need to be capped by Regulation. This seemed appropriate and can be justified bearing in mind that in 'western economies' like Australia, the prices of goods and services are set by 'market forces' which can only exist if there is competition between multiple suppliers of any particular item, with buyers free to choose their suppliers and switch between them over time. Where there is a monopolistic supply of any item, then it is common practice for prices to be set by Regulation to eliminate 'price gouging'.

Although it can be argued that in theory there is competition between different Residential Parks and Park Owners, in practice at an individual Park level a monopolistic situation applies. Home Owner's cannot 'shop around' for a cheaper or better deal on the supply of home sites and the associated communal facilities, being tied to the one supplier (their Park Owner) effectively for life. A monopolistic situation clearly applies and prices should be regulated as per normal practice.

Finally, many of the provisions contained in the current **Act**, betray their origins back to the old caravan legislation on which the original version of the **Act** was based in 2003. In the late 1990s/early 2000s, running a caravan park with a few Manufactured Homes was probably a marginal business and perhaps needed some legislative protections. However, the industry today is not only financially viable it is simply booming. There are billions of dollars being invested in the sector, with the development of new parks being announced on an almost monthly basis and international investors increasingly involved because of the highly lucrative nature of the sector. Profit is increasingly the primary objective, with in many cases little thought being given to the interests of Home Owners.

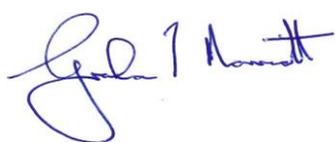
Compliance with the legislation in this increasingly aggressive commercial environment is also an issue that needs addressing.

As we have previously recommended, a comprehensive baseline (ie 'root and branch') review of all the provisions of the **Act** urgently needs carrying out to ensure they actually deliver a reasonable degree of fairness to Home Owners and consequently reinforce the ability of the **Act** to achieve its main object of protecting them from unfair business practices. In short, the '**major shake-up of the industry**' (including 'limitations on rent increases and the simplification of contracts') as promised by the previous round of amendments to the **Act**, remains a 'work in progress'.

With this in mind, we have produced the attached Issues Paper (previously sent in May 2020).

We would welcome the opportunity to discuss these matters with you and your Departmental staff.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Graham T Marriott', written over a faint blue grid background.

GRAHAM T MARRIOTT
President

Attachment:

ARPQ Issues Paper dated 14 May 2020 – Further amendments recommended to the Manufactured Homes (Residential Parks) Act.