

CORPORATISATION OF THE MANUFACTURED HOMES INDUSTRY

In the President's Corner section of our last newsletter we advised that one of our members had written to the Minister asking that the way rent reviews are conducted under the Manufactured Homes (Residential Parks) Act (the Act) be changed - the desired result being that site rents subject to market reviews do not continue to increase unreasonably and way out of proportion to the CPI.

ARPQ is quite disappointed that the Minister's response included:

"Implementing this change could potentially have a significant impact on the long-term viability of the residential park industry..."

It therefore appears that the Government believes the manufactured homes park industry is in such a precarious financial state that it requires continued Legislative protection to ensure the industry's viability.

This view is palpably incorrect given the extraordinarily high profit margins being reaped by the corporate park owner/operators who now dominate the industry.

These "Operating Margins" (that is the income from site rents less park operating costs) are enjoyed at the expense of vulnerable senior Queenslanders who are, in the main, aged pensioners.

Evidence of this is contained in a recent report to shareholders and the ASX by Stockland Corporation when purchasing the Halcyon Group.

The report describes the income and margins as

"High quality recurring income for occupied portfolio". "An operating profit of about 65%" and describes the investment as having *"Strong revenue operating margins with low ongoing capital expenditure"*.

In this issue:-

◆ Corporatisation of M.H. Industry	1
◆ President's Corner	2
◆ Qld Gov Housing Action Plan	3
◆ QCAT dispute process	4

ARPQ suggests that a quick look at the available data up to 2020 gives us an insight to the changes that have occurred over the past decade.

At the turn of the century, the industry consisted mainly of caravan parks with permanents living in their own home.

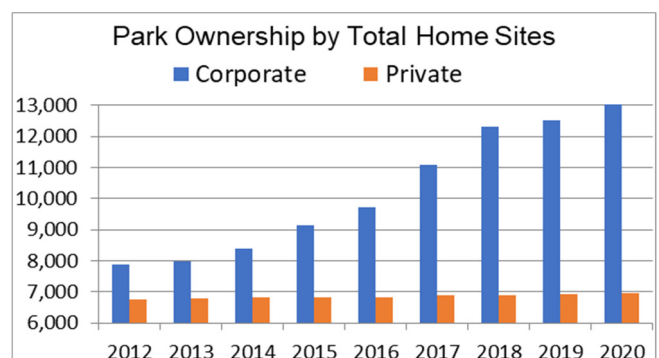
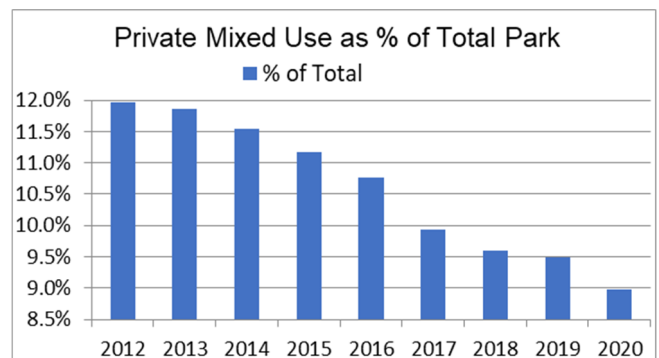
The then newer parks were made up of transportable homes in largely private, rather than corporate owned parks.

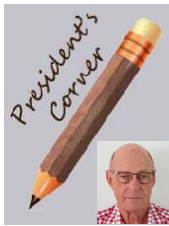
At that time there may have been some need by Government to consider that the fledgling industry needed support.

This view, however, is no longer supportable as the industry increasingly demonstrated both high profitability and significant growth.

During this period we saw the entry of large corporate entities to the point where they now dominate the industry.

Our information is that virtually all the parks now under construction are owned by corporates.





For quite some considerable time ARPQ has been in discussions with senior staff of the Department of Communities, Housing and Digital Economy regarding the deficiencies of the Manufactured Homes Act.

More recently we have become involved with the Department on specific projects to reform parts of the Act and following very productive meetings we now have a fuller understanding of its process. As a consequence, our committee is now confident that progress is being made in some of the specific areas of concern such as:

By our Vice President, Frans Hamer

1—Dispute resolution, 2—Market rent reviews, 3—Assignment of site agreements, 4—Resale of homes
We appreciate the fact that the Department is involving us in these areas of concern and confident that there will be a form of co-design of the solutions and resultant Act amendments.

This cooperation is in the best interests not only of ARPQ but also the Government to ensure that the amendments to the Act actually do provide the protections so desperately needed by home owners.

Corporatisation—Continued from P1

The mixed-use parks which were the start of the industry in the last century and who may have needed support when the industry was in its infancy **now make up less than 9%** of the total number of parks in Queensland.

Consequently, it is critical that the Minister and Government adapt their thinking.

Instead of protecting the large corporates, there needs to be amendments to the Act, which currently gives significant power to the park owners.

It is time for a shift in the balance to protect the vulnerable, predominately pensioner home owners from these corporate park owners.

Over the past six months ARPQ has welcomed initiatives from Departmental staff who are undertaking projects addressing some of the inequities such as market rent reviews, dispute resolution, resale of homes and pre contractual advice.

We are also appreciative of the opportunity to have input into these projects to the point of co-design for the changes needed to address the inequities.

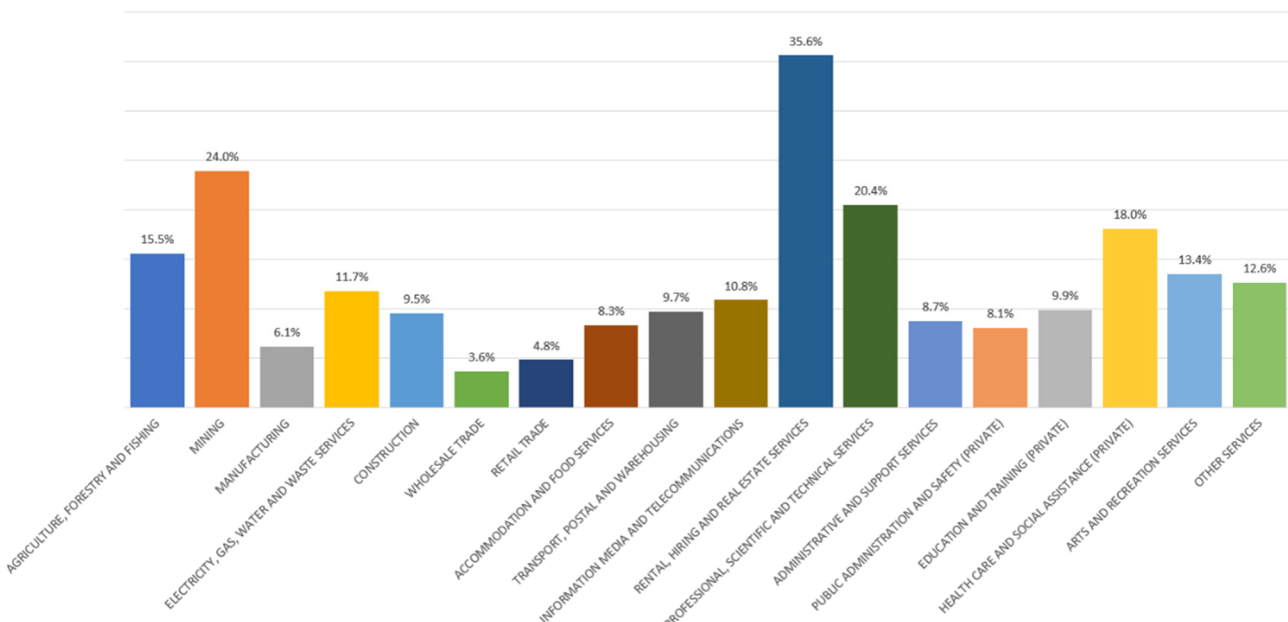
The end result must be amendments to the Act to correct the balance of power, currently favouring park owners, and to provide greater protections to vulnerable homeowners.

The continued viability of the manufactured homes industry in this State should no longer be an objective of the Act. The Government and the Act have produced a sustainably viable and immensely profitable industry, but at the cost of its resident home owners.

ARPQ will continue to work diligently with Government to ensure that suitable protections eventuate for homeowners and the power of park owners is restricted.

What is the average profit margin by industry in Australia? Refer <https://www.rosterelf.com/blog/how-much-profit-do-businesses-make>

Operating Profit Margin (Before Tax) 10 Year Average



The Queensland Housing and Homelessness Action Plan 2021–2025:

Perhaps a reason for hope.

As our members are aware, in recent years ARPQ has been advocating strongly with the Queensland Government for actions to address the concerns of homeowners about the inadequacy of the current manufactured homes legislation, the way it is regulated and the provisions made for managing disputes.

It has been our consistent aim to ensure that decisive actions to address your concerns were included as priorities in the Government's agenda.

In June this year the Government published the "Queensland Housing and Homelessness Action Plan 2021–2025."

ARPQ greeted this plan with mixed feelings. On the one hand we were pleased to note that there were mentions related to manufactured homes in 3 of the 20 action areas outlined in the plan, but on the other hand the descriptions of the actions seemed vague and narrower in scope than had been hoped. It was also noticeable that there was no indication of any timelines for the actions.

The actions referred to in the plan, relevant to manufactured homes, are:

- A. Deliver improvements to address concerns about site rent increases and unsold manufactured homes in residential parks.
- B. Enhance the consumer experience and industry engagements including through:
 - targeted communication, compliance and best practice guidance approaches
 - exploring greater support for consumer-operated residential parks (such as the potential for home owner co-operatives) to give consumers greater choice and control over their retirement living arrangements
- C. Explore options to improve Queenslanders' access to pre-contractual advice and to timely and consistent decision-making to help them resolve housing issues and disputes

Members of the ARPQ committee have subsequently met with senior officials from the Dept of Communities, Housing and Digital Economy and received some re-assuring clarification in respect to the plan.

Most of the conversation in the meeting focused upon the processes for bringing about changes to the legislation, regulations and other processes to address homeowners' concerns about site rent increases, selling their homes and the dispute resolution process.

Our representatives were assured that such changes were all covered and possible in the actions set out in the plan.

The first step in bringing them about is one of clarifying exactly what the problems are that need to be addressed and in this phase it will be possible to widen the scope of the actions and address all of the concerns of ARPQ and homeowners.

The next step will be one of examining options of what changes need to be made to address the problems identified in step one including thinking through, as far as possible, all of the consequences, intended and unintended. Finally, legislation will need to be drafted and passed by Parliament.

The ARPQ representatives at the meeting were assured firstly that the initial stages of these processes were already underway and a realistic estimate of the time-frame for legislative change is a minimum of 12 months. They were also assured that the processes would be ones of co-design with all stakeholders, including ARPQ, having the opportunity to participate in the key negotiations and decision making.

Members of the ARPQ Committee are already participating in Departmental working groups that will have feed-in to change processes outlined above.

Homeowners can rest assured that ARPQ will be prioritizing efforts to ensure that the changes we would all like to see, actually come to fruition.

Many thanks to Logan Council's Bethania Community Centre

For use of a meeting room during the year and the Auditorium for our AGM. Bethania Community Centre has rooms for hire. Just contact them on (07) 3805 2687



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THE QCAT MARKET RENT DISPUTE PROCESS

An ARPQ committee member has documented the process of a market rent review increase dispute.

This article outlines the steps and the time taken through the QCAT process.

The reason for publishing this article is two-fold:

- To make members aware that the process can be complicated and lengthy with quite a few hurdles along the way;
- With a number of ARPQ committee members having similarly gone through the QCAT process, members can be confident that ARPQ has the experience and knowledge to advise and assist them through their dispute journey.

The basis of the dispute was a market rent review increase of 15.6% being 9.2 times CPI.

Increases over 4 years totalled 35.5% and **5.1 times CPI**.

The challenge to this increase was based predominately on s70(5) of the Manufactured Homes (RP) Act including that the market review was based on a comparison of the park in Maryborough to those in Hervey Bay.

The basis of the argument was that a comparison of parks in such obviously different localities is not a valid method of a market review.

The dispute has been through the complete process and the home owners involved are still awaiting a final decision which, when received, will be addressed in a follow-up article.

There were five (5) formal submissions done in the normal manner:

- i) initial application to QCAT for mediation;
- ii) application for tribunal hearing;
- iii) statement of evidence for tribunal hearing;
- iv) final submission post hearing;
- v) response to park owner's submission post hearing.

STOP PRESS

YOUR NEXT AGM

Please note the date of your AGM is Tuesday 9 November.

Notices of meeting and associated paperwork have been circulated.

MEMBERSHIP RENEWALS

Please note your ARPQ membership renewals are now due and payable.

RENEWAL RECEIPT

Please check that you have received a RECEIPT for your membership renewal.

If within reasonable time you have not received a receipt please contact membership (membership@arpq.org.au) with full details, date etc., of your payment.

AGM LIVE STREAMING

This year, for those members who are unable to attend the AGM in person, the proceedings will be "Live-streamed" via Zoom video conferencing.

Should you wish to participate in this way, you will need to register with the Secretary:-

secretary@arpq.org.au

who will send you the "LINK" to enable your connection to ZOOM.

Check if your Village "cinema" is capable of streaming, you may be able to see it on the "big screen" with fellow Homeowners.

N.B.—You do **not** need "Zoom" installed on your computer to receive the Livestream!

In addition there were 41 different steps or actions through the process, in addition to the payment of 2 QCAT fees of \$345.80 each.

To date of preparing this article, it has taken 80 weeks from initial negotiation to the Tribunal hearing and at the time of preparing this article no decision has been handed down.

ARPQ has on a number of occasions stated (and submitted to Government) that the **Dispute Resolution System** is *broken*.

This article demonstrates that and shows those parts that are broken and require urgent attention.

As space is limited in The Argus, members are advised to look out for an ARPQ bulletin giving more complete details of the processes and actions involved in this dispute which will be published in coming weeks.

To contact Committee members please see details on our website <http://www.arpq.org.au>