# *PUBLIC WORKS AND UTILITIES COMMITTEE*

**Members present:**

Mr SR King MP (Chair)
Mr JN Costigan MP
Mr MJ McEachan MP
Mr R Molhoek MP
Ms JE Pease MP
Mr CG Whiting MP

**Staff present:**

Ms K McGuckin (Committee Secretary)
Ms R Stacey (Assistant Committee Secretary)

# PUBLIC BRIEFING—INQUIRY INTO THE HOUSING LEGISLATION (BUILDING BETTER FUTURES) AMENDMENT BILL 2017

## TRANSCRIPT OF PROCEEDINGS

**23 AUGUST 2017**

**Brisbane**

# WEDNESDAY, 23 AUGUST 2017

**Committee met at 10.30 am**

**CHAIR:** Good morning. I declare open this public departmental briefing for the committee's inquiry into the Housing Legislation (Building Better Futures) Amendment Bill 2017. Thank you for your interest and for your attendance here today. I would acknowledge the traditional owners of the land upon which our parliament stands.

My name is Shane King. I am the member for Kallangur and chair of this committee. With me here today are: Mr Rob Molhoek MP, the member for Southport and deputy chair of the committee; Mr Matt McEachan MP, the member for Redlands; Ms Joan Pease MP, the member for Lytton; and Mr Chris Whiting MP, the member for Murrumba.

The committee's proceedings are proceedings of the Queensland parliament and are subject to the standing rules and orders of the parliament. The proceedings are being recorded by Hansard and broadcast live on the parliament's website. Media may be present and will be subject to the chair's direction at all times. The media rules endorsed by the committee are available from committee staff if required. All those present today should note that it is possible you may be filmed or photographed during these proceedings. I ask everyone present to please turn your mobile phones off or to silent mode.

Only the committee and invited departmental officers may participate in these proceedings today. As parliamentary proceedings, under the standing orders any person may be excluded from the hearing at the discretion of the chair or by order of the committee.

On 10 August 2017 the Minister for Housing and Public Works and Minister for Sport introduced this bill into parliament. The parliament referred the bill to the Public Works and Utilities Committee for examination, with a reporting date of 28 September 2017. The purpose of today is to assist the committee with its examination of the bill. I remind committee members that officers from the department are here to provide factual or technical information. Any questions about government or opposition policy should be directed to the responsible minister or shadow minister or left for debate on the floor of the House.

I also ask that if departmental officers take a question on notice today they provide the information to the committee by Monday, 28 August 2017. The program for today has been published on the committee's web page and there are hard copies available from committee staff.

### CARROLL, Ms Liza, Director General, Department of Housing and Public Works

### CASTLEY, Ms Christine, Deputy Director General, Housing and Homelessness Services, Department of Housing and Public Works

### SAMMON, Mr Damian, Director, Regulated Services Policy and Legislation, Strategy and Policy Division, Housing and Homelessness Services, Department of Housing and Public Works

### WOOLLEY, Ms Trish, General Manager, Strategy and Policy Division, Housing and Homelessness Services, Department of Housing and Public Works

**CHAIR:** I welcome witnesses from the Department of Housing and Public Works who will be providing a briefing on the proposed legislation. Would one of you like to commence the briefing?

**Ms Carroll:** I would also like to start by acknowledging the traditional owners on whose land we meet and pay my respects to elders past and present. The Housing Legislation (Building Better Futures) Amendment Bill 2017 will deliver key elements of the Housing Strategy by addressing priority reforms to enhance confidence in housing markets and ensure better protection for consumers. The bill aims to deliver appropriate industry regulation and consumer safeguards while enabling the continued viability of these sectors.

The bill amends five pieces of legislation. I will provide a brief overview of each of these in turn. The Housing Act changes make registration under the national regulatory system for community housing a condition of funding for community housing providers. Amendments will clarify the definition of the term 'relevant asset' under the act. The Manufactured Homes (Residential Parks) Act amendments will increase transparency and provide greater security and confidence to home owners. It includes new precontractual disclosure processes, requires new behavioural standards, better regulates site rent increases and utility meter reading charges, just to name a few things. The Residential Services (Accreditation) Act will ensure services accommodating women and children fleeing domestic violence will not have the service's address included on the publicly sharable register of residential services.

The Residential Tenancies and Rooming Accommodation Act changes will enable the regulation to prescribe minimum standards for rental accommodation. The Retirement Villages Act amendments include: a new staged precontractual process; a simpler more predictable reinstatement process; improved processes when a change in village operations, such as a redevelopment or village closure, is planned; and ensures residents receive their exit entitlement in 18 months in cases of delayed resale unless doing so would cause the operator undue hardship.

The proposed amendments, particularly those relating to manufactured homes and retirement villages, were identified through an extensive consultation process over a number of years. Consultation has taken place with industry representatives, seniors, consumer advocates, manufactured home owners and retirement village residents. I am happy to hand over to the committee now for questions.

**Mr WHITING:** The extent of the work that the department has done on this issue has been very much appreciated by residents who live in these villages and home parks. One of the things that has received a lot of attention in terms of home parks is the regulation of on-site fees and site fee rises. Can you explain in detail how that mechanism has been addressed through this bill?

**Ms Carroll:** I might get one of my colleagues to take that specific detailed question. What you will see is that there are a lot of parameters outlined in the legislation which help guide how each of those detailed decisions will be made.

**Mr Sammon:** Under the manufactured homes act, as it currently stands, there are basically two ways in which site rent can be increased. It can be increased under section 69, which is within the terms of the site agreement, or under section 71, which is outside the terms of the site agreement. The bill proposes to make some refinements to the way that site rent can be increased in both of those areas. I will talk about those briefly.

Under section 69 and the site rent increases that can take place within the site agreement, the bill will change the act so that there can only be one calculation of site rent per year. In many site agreements there is a calculation for a CPI increase and a calculation for a market review increase. Market review increases often take place every third year. If that happens that can coincide with the CPI increase in the same year. There is recognition that manufactured home owners are often on limited fixed incomes, such as age pensions and the like, and the budgeting process for them is of particular importance and predictability and confidence in planning their budgets for the year is of significant concern to those home owners. What the amendments propose to do is to change the section 69 part of the act to allow for one site rent increase per year, whether that be a CPI increase or a market review increase.

Another part of that set of amendments is that if there is to be a market review increase then there is to be more transparency about how that increase is to take place. At the moment there is very little regulation around how market rent reviews can increase site rent. The amendments to section 69 will create a more transparent process. If there is a valuation obtained of the park rent then that needs to be developed in consultation with home owners, including the home owners committee, if there is one, for the park. There will be provisions included in the act so that if the home owners seek to challenge that QCAT can consider, when looking at various circumstances in that section, whether it should order an independent valuation by the tribunal. In summary, that is what those amendments propose to do to section 69; so, the site rent increases provided for in the agreement.

In terms of the site rent increases under section 71, there are three main ways that site rent can go up under section 71. They include: unanticipated increases in costs of operating the park; unanticipated expenses—for example, to replace park infrastructure; and increases when there is a new facility to be included in the park. What the section 71 amendments will do is require, with respect to increases where there is going to be a new facility provided in park, that 75 per cent of home owners agree. If that agreement is achieved from the residents then that increase can go ahead.

Where there are unanticipated increases in expenses because of ongoing costs or because of a significant new expense, home owners can agree to that increase—there is a provision that allows home owners to agree to that increase if proposed by the park owner. If there is no agreement then the matter goes to QCAT. QCAT can then decide whether it approves that increase depending upon whether the viability of the park is threatened if that increase were not implemented.

**CHAIR:** If facilities in a particular place are reduced or some facilities are no longer available is there an ability to lower the fees?

**Mr Sammon:** The act provides that if the facilities are reduced or services are withdrawn the site rent can be decreased.

**Mr WHITING:** Just to clarify, there can be one site rent increase a year and that applies to everyone?

**Mr Sammon:** That is right. There will be a common site rent increase day that will be introduced by these amendments.

**Mr WHITING:** It can either be CPI or market rent and not both?

**Mr Sammon:** Exactly right.

**Mr WHITING:** In terms of transparency, the legislation sets out how that process occurs. Obviously, it has to be with consultation in a specific time frame with interested entities—the home owners committee?

**Mr Sammon:** That is right. If there is no home owners committee for the park then it is with the home owners. I will check the exact provisions of that, if you do not mind.

**Mr WHITING:** I just wanted to clarify that that is the new regime that will apply.

**Ms Carroll:** My understanding is that it is a 35-day notice period to the home owners. They need to be notified before that increase comes into effect.

**Mr WHITING:** I think it is 63 days with the interested entities within bodies. I just wanted to clarify that because it is certainly one of the most important things that people have talked about over the years.

**Ms PEASE:** This is important. Many marginalised and vulnerable people reside in manufactured homes. Is there any potential for retrospectivity with regard to these provisions? Are people who currently have a contract and are living in manufactured home parks affected or will it only be new people moving into the parks that form a new contract?

**Mr Sammon:** These provisions will apply across-the-board once they come into force.

**Ms PEASE:** So it is retrospective?

**Mr Sammon:** It applies to current site agreements.

**Ms PEASE:** You spoke about the set rent day increase. That will be a set day of the year. For people who move in and sign a new contract a month before, say, would they be subject to the rent increase? Would there be a requirement for that to be disclosed? In the process of coming on site would they have to know that in a month's time there rent is going to go up?

**Mr Sammon:** The park owners would need to advise the home owners before they move into the park, from what I recall off the top of my head. They need to provide information on when the next general site rent increase is due to the home owner before they move into the park. There is also a provision in the bill that allows for a home owner who comes into a park just before or just after a rent increase takes place to be brought onto the annual scheme. That occurs if that rent increase is to happen shortly after they move in.

**Ms PEASE:** I note that there is commentary around improving the behaviour of park owners. What are the proposed improvements? What are you looking at there?

**Mr Sammon:** Behavioural standards have been introduced into the act for homeowners and park owners that will seek to ensure more harmonious relationships take place within a park and that homeowners and park owners have some sort of benchmark to work from in terms of how they are supposed to interact with each other. That will be enforceable through the normal dispute resolution process which is provided for in these amendments.

**Ms Castley:** Clause 53 of the bill stipulates things like not unreasonably interfering with reasonable peace, comfort and privacy. Basically, it is about a person having the entitlement to live free from harassment and intimidation and the really important issues around occupational health and safety in terms of obligations.

**Ms PEASE:** Is there any protection for residents in parks that are deteriorating? I know that the member for Murrumba talked about rental costs going down. If the park is deteriorating and the owners of the park are not keeping it up, do the rights of the manufactured home tenants change? What right do they have at this point? Having been in a circumstance where there are parks that want to get rid of people because they have an old home there and they cannot sell it, are there any further provisions in this bill that might protect them?

**Ms Castley:** I will ask Damian to add to this, but this provides for a dispute resolution process which gives people within these parks certain rights. It starts with a negotiation process, I think it is described as, in terms of providing a notice about the things they would like to have fixed, and parties must come together to discuss those issues. If they cannot come to an agreement that leads to a process where they can start mediation and then ultimately QCAT. I do not know if Damian wants to add anything further.

**Mr Sammon:** Is your question about whether somebody moves out of a park and—

**Ms PEASE:** Suppose a person who is living there has to move into a nursing home and their caravan or their manufactured home is left on-site. It cannot be moved off like a caravan, so it has to stay there and be sold. Alternatively, as is often the case, because residents' homes are rundown and the owners want to dolly the park up to become a different park, my concerns are for the people who own those homes. Are there any further provisions that will protect the value of their property?

**Mr Sammon:** There are no provisions in the amendment bill about, for example, cessation of payment of site rent if you are not living in your home. In terms of the general amenity of the park, the provision that is currently in the act which I mentioned before provides the capacity for a homeowner to seek an order from QCAT to adjust the site rent downwards to take into account the fact that there is reduced amenity from the park.

**Ms PEASE:** Do the owners of the parks have to apply for a permit or a licence? What are the requirements? Do those provisions fall under the manufactured homes act?

**Mr Sammon:** There is not a licensing regime under the manufactured homes act.

**Ms PEASE:** If there are any breaches there is no enforcement apart from through QCAT?

**Mr Sammon:** I suppose that when you look at the act and enforcement there are a number of penalty provisions that are currently in the act. The department has a residential services unit whose job it is to go out and do spot checks and respond to complaints about the failure of park owners to comply with the act. There is an enforcement regime that sits behind this piece of legislation.

**CHAIR:** I have something that has been noted to me many times from residents who say, 'Can this bill change from calling it a park to a village? It sounds nicer.' I wanted to flag that.

**Mr McEACHAN:** This legislation proposes to bring in a fixed annual site rent date, and it is either based on the CPI or market review. Would I be correct that with those two options there would be a presumption to go with the higher of the two, CPI or market? I will make the comparison to the age pension, which is CPI or 25 per cent of the average male weekly earnings, whichever is the higher. That is what it goes to. In this instance where people are typically on fixed incomes, would it be better to have a presumption to go with the lower, whether it is CPI or market review?

**Mr Sammon:** Most site rent agreements that we are aware of have market review only taking place once every three years. It is not necessarily something that happens every year, so the operator would have to make a decision about how to increase site rent for that market review year and whether that would be CPI or market review, but not both.

**Mr McEACHAN:** My point is if there is an option, that there be the capacity within this legislation to legislate that the lower is the one that is legislated.

**Ms Carroll:** Perhaps if I can clarify. Effectively it is up to the park owner to determine which. If the agreement says every three years, if it is up to a market rent then they can decide to do a market rent increase, but obviously there is that other provision. If the residents do not think that that is a fair increase, then the other provisions kick in. It is to try to acknowledge that at times CPI does not always keep pace with what the market might be doing, but the legislation is not specific about saying that therefore every three years—or a particular term—it becomes market or it becomes CPI. That is for the park owner to determine, and then there is the process if the residents do not agree.

**Mr McEACHAN:** I was trying to reconcile that there is already a facility under a couple of sections in the proposed legislation that it be enlivened by unforeseen circumstances to raise the rent, so there is already that capacity within the legislation. That is why I thought I would raise that and maybe that bears more consideration.

**Mr MOLHOEK:** I wonder if someone could provide a bit more background on the definition of a 'relevant asset' and some examples of assets that end up being transferred back to public housing. I assume that is where a group in a small community has set up a small housing company and they have received government grants at some point or funding. Could you give us a little more background on that?

**Ms Castley:** This circumstance comes about as a result of the national regulatory system for community housing, and we have gone through that process of registration. As a result of that there are a number of providers who have elected not to continue within the sector simply because they do not feel they are able to meet the regulatory requirements. The regulatory system captures these providers by virtue of a previous government investment, and these go back quite a number of years in some instances. What may have occurred is that either there was a contribution of land from government to a community housing provider or direct funding. They range from a whole raft of people including St Vincent de Paul, UnitingCare—some of those bigger one tier providers who can have in excess of 1,000 properties. Some of them might decide that they want to exit out of having a state funded asset, so they are going to continue on in the business but not be a state funded asset and therefore are not captured by the regulatory system. Or they can be the small ones, the tier 3s, which are regional, perhaps volunteer based boards who have decided that they want the assets to go back to a bigger provider, an alternative provider. The provision here in terms of 'relevant asset' is simply about clarifying that it can include those assets in which the state has basically invested and to make sure that they are captured, which reflects the original intent. If there have been taxpayers' funds invested in an asset, whether there be a certain number of houses or land, then it is clarifying that that is captured and it comes back into the state, so it is a clarification provision.

**Ms Woolley:** An example of that in the clause talks about 'a grant, loan or other financial assistance given by the chief executive … for the purpose of a housing service', so it is removing any ambiguity. It is all those things where the state has provided a contribution, and they could be in all of those forms.

**Mr MOLHOEK:** If a small provider decides that they do not want to continue on, is it mandatory that they return that asset to the state? I went to Ingham a couple of years ago where there were two or three, and they ended up handing the assets over to a local affordable housing provider after some sort of arrangement. The community continued to manage them and run them.

**Ms Castley:** Absolutely. Most of these providers who are looking at exits tend to approach the state with almost a pre-arranged deal in place saying, 'We found an alternative provider or a council who is willing to take these assets on. We want to transfer them over.' In that case it is simply about saying the asset transfers over and the arrangements are grandfathered, if you like, to then move over. There are some which are in areas where there simply is no alternative provider, particularly the really rural remote ones, and where the council has no interest whatsoever in taking them on. They are probably the exception rather the norm, but obviously there are ones we do need to continue to manage.

**Mr MOLHOEK:** Does the provider have the discretion as to whether they hand it to the state or another community provider, or is there a negotiation process with the department?

**Ms Carroll:** They have to write to the department, because often the asset in the funding agreement or the agreement—

**Mr MOLHOEK:** There is a state interest.

**Ms Carroll:** —there is a state interest, and that interest can come in different forms, as I am sure you are aware. There could be an actual dollar value component to the asset, it could have a covenant over it et cetera, so they apply to the state to say they would like to hand them over, and then it is determined about how that occurs and what occurs with other funding that might run alongside that.

**Mr MOLHOEK:** In terms of the clarity of the definition, what is the definition now? I assume it is in here somewhere.

**Ms Castley:** It is in the Housing Act.

**Mr MOLHOEK:** Does it just broaden it out or narrow it down?

**Ms Castley:** It narrows it down and makes it more specific. In relation to 'relevant asset', for example, currently the definition says 'the provider's relevant property'.

**Ms Woolley:** It is being more specific about what the definition of 'property' is really for the purposes of this.

**Ms Castley:** 'Relevant property' then is simply talked about as property transferred or leased by the chief executive or property bought or leased by the provider using funds. This simply clarifies it down it a degree of specificity, which is simply about clarifying the intent.

**Ms Woolley:** Clause 6 of the bill deals with removing any ambiguity. In terms of the process where someone writes to the director-general to say that they want to exit the system or they want to transfer it to another provider, the conversation then is about what are the assets that they hold and quantifying that for the transfer, which is why this becomes important in the context of the new regulatory system.

**Ms Carroll:** There was a bit of confusion where the contribution from the department was not paying for the land; we were paying as a contribution to the construction. This gives better clarity about what is captured as a 'relevant asset'.

**Mr MOLHOEK:** It does not necessarily water down the provider's right to negotiate with other local community based providers as a priority.

**Ms Castley:** No.

**Ms Woolley:** No.

**Mr MOLHOEK:** The requirement always would be that it does it in consultation with the department.

**Ms Carroll:** Yes.

**Mr MOLHOEK:** It does not give the department some new power where they can say, 'No, you cannot do that. We are just going to take it'?

**Ms Castley:** No, not at all.

**Mr WHITING:** I will talk about retirement villages in a moment, but there are a couple of other things about the home parks and the residential villages that I want to chat about. One of the things that this bill sets out really well is, for the first time, a dispute resolution procedure. Obviously there have been many disputes and the only way that they could be resolved is to go straight off to QCAT. Am I right in characterising this as a three-step process? The first step is an official letter sent to people in a dispute, stating that they have 14 to 28 days to meet and resolve the dispute. If there is no resolution there, the second step is that parties can get a mediator from the registrar or QCAT for a mediation conference to which they can bring representatives, get an outcome and a mediation certificate. If it is not resolved there, the third step is that they can take it to the tribunal for a determination. Am I right in characterising that process?

**Mr Sammon:** Yes, that is similar to the process that is provided for in the Retirement Villages Act. The feedback that we got during the development of the review work was that the retirement villages dispute resolution scheme works pretty well. One thing that the manufactured home owners have told us is that they find the QCAT formal litigation process to be certainly less formal than a court of higher jurisdiction, but it is still quite intimidating for seniors, who are sometimes discouraged from taking disputes through. We also had feedback from QCAT at an early stage of the review to say that the Retirement Villages Act review process did seem to work pretty well in terms of getting disputes resolved at the local level. Along with the behavioural principles, it is all about developing a bit more of a culture where people need to talk to each other and resolve their differences at a park or a village level, rather than seeking time-consuming stressful upsetting litigation through the QCAT system.

**Mr WHITING:** That is great. I appreciate that. For years residents have raised the issue of electricity. The changes to section 99A will mean that the park owner is prohibited from charging an amount for meter reading and administration. We have spelt out very clearly what you cannot put in electricity charges. Do I have that right?

**Mr Sammon:** That is right. The existing section 99A requires that the park owner pass on the actual costs of the utility used at the site. However, there were some ambiguities and some examples we discovered in the community about the application of administrative or meter reading fees. In some parks, we were told that the park owner would charge a fee for meter reading and for forwarding on and helping the home owner to develop a rebate application. At other parks, we understood that there are examples of the park owner outsourcing the meter reading work to another entity. Those things were not fairly and squarely dealt with by section 99A. The intention of the amendment is to very clearly bring those things within the prohibition of charging additional costs on top of the actual cost of the supply of the utility to the site.

**Mr WHITING:** I have been through this and what we have done is very comprehensive. The only question still in my mind is whether we have spelt out specifically a legislated role for home owners committees? Obviously, they are involved in many parts of this. We have established that the owner of the land itself cannot prohibit the formation of a committee. Do we specifically state anywhere that there is to be a committee and that it has specific roles?

**Mr Sammon:** The act certainly talks about the capacity for a home owners committee to be formed and there is the prohibition that you mentioned on park owners making any attempt to stop the formation of a committee. There are some examples within the amendments of a role for home owners committees, including, for example, under the new requirements around site rent increases outside the terms of the site agreement. Under section 69, the potential market review increase, there is a new requirement in the act that the park owner consult with the home owners committee in those circumstances. New section 69D, clause 33, talks about the time frame that Trish spoke about before in terms of the park owner consulting with the home owners about a market review increase. The park owner will have to consult with what is described as 'interested entities'. An interested entity listed in that section is a home owners committee for the residential park. Allowing for the fact that not every park would necessarily have a home owners committee, because it is entirely a voluntary process for the home owners, there are also provisions there about the need for consultation to take place with home owners in the circumstance where there is not a home owners committee.

**Mr WHITING:** I understand that entirely. One of the reasons I raise this is that I thought there has always been a formula that about half the investment in an entire village comes from the owner of the land. What has not been recognised is that, with the investment in that village, about half of the total asset value comes from the home owners themselves who have invested largely in the village. Is there any way that we can ensure that those residents have a voice? We can say that you cannot prohibit that, but can we actually state or require that there is to be a representative body for each of the villages?

**Ms Carroll:** As Mr Sammon said, the way it is addressed in the bill is to, obviously, not prohibit a home owners committee and also recognise that there are times when the park owner needs to actually communicate and consult with the residents of the village. I think that it has been addressed that way, rather than having the compulsory formation of a committee.

**Mr WHITING:** Perhaps I can put it a different way: do we have any formal recognition of the bodies, besides them being mentioned in clauses? Is there a recognition of a body in specific stand-alone clauses?

**Mr Sammon:** The act deals with home owners committees and provides for home owners committees on a basis as appropriate. The amendment reinforces that role, in the sense that it provides for a more unified voice for home owners in representing the interests of the home owners group as a whole, particularly around some of those contentious matters like the market rent reviews that impact on everybody in a park and have a collective impact that could be assessed and discussed among the home owners as a group. The other thing that is that there is a commitment in the Housing Strategy Action Plan to provide support for home owners associations, residents associations and home owners committees. That commitment requires us to work with those groups to help develop their own capacity to advocate both within a local system, in a park or village, for example, and at a higher level, for example, in public debates like the sort of debate or discussion that we are having when you talk about changing a piece of legislation. I understand that that commitment is for $1 million over two years. That will be an ongoing part of the implementation of the first stage of the Housing Strategy.

**Mr WHITING:** From my point of view, I am really glad that we are recognising a role for the home owners committees. Certainly I am looking for a stronger recognition of their role within the legislation. That is not a question on notice; I will leave it as a comment. I will let you address that in time.

**Ms PEASE:** Further to the discussion around the home owners committee, often in manufactured home parks there are people who are renting the home. They are not necessarily the home owner. Do they have the same rights as the home owner?

**Mr Sammon:** The Residential Tenancies and Rooming Accommodation Act regulates the rental of manufactured homes to people who are not the owners of those homes. The manufactured homes act is overwhelmingly concerned with the regulation of the relationship between manufactured home owners who live in their manufactured home and park owners. There is some recognition of the fact that some of those homes in some circumstances may be rented. For example, the behavioural principles will apply to the way that a home owner treats other people living in a park,

including, for example, other residents who may or may not be home owners. The act primarily deals with manufactured owner-occupied homes; the Residential Tenancies and Rooming Accommodation Act deals with people who rent manufactured homes.

**Ms PEASE:** Although I know they are covered by the RTA, my concern is that these people are very vulnerable. Would any disputes they have not go through the manufactured homes act, but through the RTA?

**Mr Sammon:** That is right.

**Ms PEASE:** Would they have the capacity to sit on the home owners committee?

**Mr Sammon:** The way that the act is currently drafted, section 100 of the manufactured homes act talks about home owners committees. It talks about home owners; it does not talk about tenants of home owners. Some of the feedback that we have from manufactured home owners is that it is very important to them, when they move into a park, to enjoy the communal lifestyle. They get to know their neighbours and they become friends. They are a great support for each other. I am not saying that does not exist in rental premises, but I think home owners feel quite passionately sometimes about the establishment of a local community within the park. Again, the way that the manufactured homes act is being designed is to regulate that relationship between the actual manufactured home owners themselves and park owners. That said, there is a recognition, in aspects of it, about the fact that there might be other non-home owners in that park.

**Ms PEASE:** I would like it noted that I have experienced those circumstances and I would hate for people to feel alienated because they are not an owner and for them not to have access to the same dispute resolution process or to be treated differently. In my electorate, there are a number of villages that are not manufactured home villages; they are like retirement villages. It is not supported accommodation, but they pay for meals. Does the act cover that?

**Mr Sammon:** The manufactured homes act does not cover that. From what you are saying, you are talking about a residential service. There are some amendments to the Residential Services (Accreditation) Act in this bill. The department also administers that act, of course. Residential services have three levels of accreditation: level 1 is accommodation, level 2 is a food service and level 3 is a personal care service. From your question, it sounds like you are talking about a food service, which would be a level 2 residential service.

**Ms PEASE:** I have mixtures of tenants. Some do not take the food package, so they come under the RTA. Others do take the food and their lease is through the retirement villages.

**Mr Sammon:** That is a difficult legal question.

**Ms PEASE:** Does this legislation offer any protections for people who live in those sorts of parks or villages?

**Ms Woolley:** We would probably have to look at the actual case in point. It would be covered under one of them. It would either be retirement villages, residential services or RTA, I would have thought, from what you are describing. It just depends on what the service is—do you think—as to which one would relate.

**Mr Sammon:** Yes, I think so.

**Ms Carroll:** We could take that on notice and get a little more information, and then provide an answer about how it applies.

**Ms PEASE:** I have a number of them and I have had ongoing issues with them. Currently, part of the problem is that some of them are home owners; some of them own their unit and buy into the meal package; some of them do not; some of them rent.

**Ms Woolley:** It is hard to know.

**Ms Carroll:** We will get some specifics and give you an answer.

**Mr MOLHOEK:** I am not sure to whom to direct this question, but it relates to prescribed minimum housing standards. How will those minimum housing standards be monitored or inspected or enforced? Are we going to see some sort of new reporting structure or will property owners have to do annual reports or annual inspections and pay fees to have property inspected to make sure it meets these minimum standards? That was the first question. The other question is what consideration has been given around the imposition of these standards on potentially driving up the cost of providing accommodation and therefore affordability?

**Ms Woolley:** There are a couple of parts to that. I might start and others can add to it. As a starting point, it is talking about a regulation-making power to set the standards in respect of a number of different areas. In doing that, the next stage of developing that regulation is actually talking through

what those things are and seeking not to duplicate or override where people are meeting obligations under other codes or other mechanisms at the moment. The primary reason for the standards is around being clear about obligations both from the tenant's perspective but also from the property owner's perspective about what it means to meet a particular standard versus creating an onerous regime around it. Those things need to be worked through in terms of the regulation and how it is set out.

**Ms Carroll:** As Ms Woolley indicated, this is effectively a head of power to create the regulation and there needs to be consultation around the regulatory impact—once the regulation is established, what might be in that regulation? That consultation would be around impacts such as you were describing—that if it is too prescriptive and covered too many things then it might push costs up. That would be taken into account before the final set of standards was determined. There would be consultation around that.

In terms of the application of looking at those standards, it would fall within the broader framework that already exists. There is already a required set of building codes and health and safety standards that everybody is required to meet under the current RTRA. The checking et cetera would fit within that same framework. What this does is enable this minimum set of standards to be established which might include, for example, that there is a working hotplate—not just that there is a stove or hotplate in the property but that it works.

**Mr MOLHOEK:** How would that be monitored? Assume a regulation is brought in that says, 'These are all the minimum standards,' how does the department then monitor that? Do we create new forms that real estate agents or letting managers have to complete?

**Ms Castley:** The way we would see it flowing, I think, is that it almost becomes implied in the REIQ standard terms of contract—the landlord-tenant relationship. Essentially what it does is it gives the tenant a specific right of recourse—for example, if the hotplate is not being maintained—to have that fixed as part of their tenancy arrangement and that then flows through. It is not a new regulatory system, if you like. It is simply incorporating standards into the existing relationship.

In consultation with peak groups people saw this as having a benefit on both sides, not only from a tenant's perspective in terms of having minimum standards for the house they live in but also from a landlord's perspective in terms of managing tenancy expectations about what the landlord's obligations are—what you are required to provide in terms of a house that you have rented out to a person and what you are required to do in terms of maintenance. I think that there was fairly uniform support for bringing in these standards in terms of managing that landlord-tenant relationship.

**Mr MOLHOEK:** I would have thought that a lot of those provisions were already there under REIQ in terms of the standard agreement. If the toilet system stops working, the landlord gets a call from the letting agent pretty quickly to say, 'This needs to be fixed.'

**Ms Carroll:** For clearly health and safety matters, such as if the toilet is not working, there is a very base level of requirement. One of the sets of feedback that we have had is that there is a lot of variability for what you or I might think would be included as a minimum standard and what actually occurs—which I think goes to Ms Castley's explanation that on both sides people are saying that clarity is good. From a landlord perspective, they want to make sure someone else is not providing a substandard property and perhaps bringing disrepute et cetera to the area. It is much easier to handle that tenancy agreement when it is very clear what is required. For this one, because it is head of power—and it is not the actual regulation that we have before you at the moment—it is probably a little bit harder to describe exactly what it will look like.

**Mr MOLHOEK:** Would there likely then be some added inspection regime or annual inspection and therefore a fee that has to be paid?

**Ms Carroll:** It would be part of the normal tenancy agreement.

**Mr MOLHOEK:** There are already those sorts of facilities in place.

**Ms Carroll:** That is right, yes.

**Mr MOLHOEK:** I understand the principle of having a minimum standard, but I worry that there are probably many occasions where people will rent places that other people would not rent because of their budget or because they want to save money. They have different priorities. I perhaps would not want to live in some of those places, but other people would be happy to live in some of those places. Then the state itself is quite diverse. Living in a shack with perhaps no concrete slab in the outdoor area at Airlie Beach may not be such a bad thing, but you perhaps may not want to do that at Charleville. How flexible is this in terms of the market being allowed to provide different levels?

**Ms Carroll:** It really comes back to the fact that, through the consultation around the specifics of what is in the regulation, we will unpack some of these issues that you are describing. The idea of having it introduced is that if someone is renting a property then there is a set of minimum standards that they would expect the property to have.

**Mr MOLHOEK:** What I am concerned about is the impact on affordability. We have seen so many changes in housing generally with councils in terms of rainwater tanks, solar panels, recycled water and infrastructure charges. There are all of these fixed costs that are driving up the cost of housing and therefore affordability. I worry that if this is too prescriptive or too onerous then it knocks a lot of lower cost options out of the market which are not everyone's cup of tea but nonetheless they meet a need in the market that is reasonable. It may potentially knock a lot of landlords out of the market because they may say, 'The numbers do not work anymore. This is not a good investment or viable for me either.'

**CHAIR:** Is that a question or a statement?

**Mr MOLHOEK:** I am asking for a response.

**Ms Carroll:** If you take an example of someone with a young family where they have a rental agreement and their stove stops working—and these are real examples that we have had—and they cannot cook for their family and the landlord does not fix it, what is the expectation? They have gone into a tenancy agreement with an expectation that they can provide for their family—it might be a cheaper place, but they do expect that the stove is going to work, as an example—and the stove stops working. How do they ensure that the landlord is required to fix that stove? At the moment there is not necessarily a recourse. We would anticipate that most landlords would fix it, but we know from the feedback in consultations that that is not happening in some circumstances. The idea of this is to look at what is that set of minimum standards which gives assurance on both sides.

**Mr MOLHOEK:** I am surprised. I thought that was already a requirement of being a landlord.

**Ms Castley:** No. I think the feedback we received during consultation was in fact that it is not. The clarity is not there. There are a lot of assumptions in terms of what forms a minimum standard. The emphasis here is that we are talking about minimum standards, which go to basic conditions around safety. If you look at the types of examples that are listed in the bill, they talk about vermin infestation or structural integrity or protection from damp. Those are basic health issues in terms of certain things that would need to be covered. All of that, as Ms Carroll has said, will be worked through during the consultation to get the right balance in terms of not compromising access to affordable housing and what are the basic standards that we feel every person should have access to in terms of housing if a house was going to be put on the market.

**Mr WHITING:** On the issue of retirement villages—I want to thank the residents of the North Lakes Retirement Resort who have helped me understand a lot of these issues—I think we have had some great work done on the issue of reinstatement. We have clarified what the obligations are under reinstatement and also the fee rises under the general services charge. Can we first touch on the reforms we have done and the issue of reinstatement at retirement villages?

**Mr Sammon:** The reinstatement processes have been a source of some contention and disharmony in retirement villages for a period of time now because there has been a lack of clarity about what the difference is between reinstatement and refurbishment. What the bill has attempted to do is to provide more clarity about that. It is important to note that this will only apply to new contracts; this is not a retrospective amendment. It will apply in the circumstances where somebody is moving into a retirement village. What is required is that there be a condition report of the unit done at the point that the resident moves in.

The definition of 'reinstatement' will be clarified so that it will mean returning the unit to the condition it was in when the resident moved in minus fair wear and tear and the operator will be paying for any refurbishment above that unless the resident agrees. That agreement might be in the circumstances where there is a capital gains sharing arrangement that has been entered into between the village operator and the resident. The reinstatement process will also be adjusted through the dispute resolution changes that I spoke about before in the sense that, because these disputes are often time critical, instead of going through the mediation process, there is going to be a change to permit this to go straight to QCAT because of the importance of getting that matter resolved as quickly as possible.

**Mr WHITING:** Is there a reason why we did not apply this to current residential contracts?

**Mr Sammon:** Primarily it is because the bargain that was struck between the resident and the operator when they moved in was set out in the contract between those parties. It would be a pretty significant change if it impacted on existing contractual arrangements because one would understand that if those provisions applied back then a different overall bargain might have been struck between the village operator and the resident.

**Mr WHITING:** When you say it would be 'significant', would that be in terms of potential costs?

**Mr Sammon:** Yes.

**Mr WHITING:** To which party—the village owner or the resident?

**Mr Sammon:** It would probably more likely be to the resident. Sorry, I have turned that around the wrong way. If this were applied to existing contracts, the costs would be more likely to be faced by the village operator. The argument that the village operator would make in response to that amendment we would anticipate would be that they would have struck a different bargain with the resident and charged different fees—for example, a higher ingoing contribution in the circumstances where the reinstatement process was returning the unit to the state that it was in after moving in minus fair wear and tear.

**Mr WHITING:** The other issue I talked about was the general services charge. We made some quite specific changes there in terms of an annual increase. We have said in clause 132 that the total general services charge cannot go up beyond CPI annually. Can you outline the reasons why we have done that?

**Mr Sammon:** That reflects an existing requirement in the act that general services charges go up by CPI. That has been carried forward by these amendments into the act after it is amended. There is not a great change around CPI in terms of the increase to the general services charge. There are exceptions that apply to the limitation on increases in general services charge by CPI that are listed in that section.

**Ms Woolley:** What it is, though, Damian, is the separation out of the general services in the budget, to be clear. It is creating a greater level of transparency.

**Mr WHITING:** Finally, we have some good changes with regard to exit entitlements. There are a lot of pages in the act which are providing more consumer protections. Could someone briefly outline the changes that we have made to the exit entitlement regime?

**Mr Sammon:** Briefly, the operators will be required to pay the departed resident their exit entitlement after 18 months following the departure of the resident unless to do that would cause the operator undue hardship. In those sorts of circumstances, if there is to be undue hardship, that could happen, for example, in a small regional village where there might be only five or six units and there may not be another person who wants to move into that particular village and that might cause financial stress for the operator of that village which would not be any good for the operator or the existing residents. It provides that that exit entitlement gets paid after 18 months and that will apply to existing residents. The time period of 18 months starts from the date of assent if you have already moved out of the retirement village.

**Mr WHITING:** Eighteen months seems like quite a while, but I understand that there have been cases where it has dragged out for years; is that correct?

**Mr Sammon:** That is right. We understand the majority of units sell within 12 months but there are some, as you have indicated, where the sale of a unit has not been completed for a period of time including well beyond 24 months.

**Mr MOLHOEK:** How is the value determined if it gets to 18 months and it has not sold?

**Mr WHITING:** I guess that is one of the things we have addressed for both residential villages and retirement villages, and that is if an owner has passed away and the family has to keep paying those fees while it has been unoccupied. That is something that has been put in submissions. Has there been a proposal to give the owners or the relatives some relief while the unit is being sold?

**Mr Sammon:** There is no change to the current provisions of the act that say that the general service charge obligation expires after a period of time.

**Mr WHITING:** Can we clarify that?

**Mr Sammon:** That is right.

**Mr WHITING:** What length of time is that?

**Mr Sammon:** Nine months.

**Mr MOLHOEK:** After 18 months if the property has not sold, how does one determine the value of an exit entitlement, or is that something that is already prescribed in the contract on the way in?

**Mr Sammon:** It is generally agreed between the operator and the resident. There are provisions in the amendments that address that. I will just turn those up. Clause 117, which inserts new section 70AB and 70AC, sets out how that valuation process takes place.

**Mr MOLHOEK:** If it is not otherwise stated in the entry contract, then it is determined by a valuer?

**Mr Sammon:** That is right. Most retirement village contracts will not have a set dollar figure on the exit sale, as you would appreciate, given the period of time that passes between entry and exit so it is usually worked out on a percentage basis. The valuation of the unit needs to be determined and one would assume that would be determined by having a look at other units that have been sold in that village in recent times and how the present market is working.

**Ms PEASE:** This may have been answered already. Further to the member for Southport's question, are those changes applicable to existing contracts or only new ones?

**Mr Sammon:** Existing contracts. If I am living in a retirement village today and I move out tomorrow, once this bill is passed—if it is passed—from the date of assent that 18-month period will start running in my circumstances.

**CHAIR:** I understand that you will be back with us on the 13th at our public hearing if we have any more questions. There was a question on notice, but I believe the member for Lytton will talk to you further about clarifying the types of villages.

**Ms PEASE:** Yes, I just could not mention the name.

**CHAIR:** I remind you that the answer to that question on notice will need to be back to us by Monday, 28 August. I thank everyone for their interest and attendance. I now declare the public briefing closed.

**Committee adjourned at 11.36 am**