

**ECONOMICS AND INDUSTRY
STANDING COMMITTEE**

**INQUIRY INTO THE PROVISION, USE AND REGULATION OF CARAVAN
PARKS (AND CAMPING GROUNDS) IN WESTERN AUSTRALIA**

**TRANSCRIPT OF EVIDENCE TAKEN
AT PERTH
MONDAY, 27 JULY 2009**

SESSION ONE

Members

**Dr M.D. Nahan (Chairman)
Mr W.J. Johnston (Deputy Chairman)
Mr M.P. Murray
Mrs L.M. Harvey
Mr J.E. McGrath**

Mr D.A. Templeman (Co-opted member)

Hearing commenced at 9.30 am

CROCKENBERG, MR PETER JOHN

**Vice-President, Park Home Owners Association Western Australia Incorporated,
examined:**

SARGENT, MR BRIAN

**President, Park Home Owners Association Western Australia Incorporated,
examined:**

ARCHER, MR MERVYN LEONARD

**Committee Member, Park Home Owners Association Western Australia Incorporated,
examined:**

The CHAIRMAN: On behalf of the Economics and Industry Standing Committee I would like to thank you for your interest and your appearance here today. The purpose of this hearing is to assist the committee in gathering evidence for its inquiry into caravans and camping. You have been provided with the committee's specific terms of reference.

The Economics and Industry Standing Committee is a committee of the Legislative Assembly of the Parliament of Western Australia. This hearing is a formal procedure of Parliament and therefore commands the same respect given to proceedings in the house. Even though the committee is not asking witnesses to provide evidence on oath or affirmation, it is important that you understand that any deliberate misleading of the committee may be regarded as a contempt of Parliament.

This is a public hearing and Hansard will be making transcripts of the proceedings for the public record. If you refer to any document during your evidence, it would assist Hansard if you would provide the full title for the record. When you respond to questions, do so individually so that Hansard can tell who is speaking.

Have you completed the "Details of Witness" form?

The Witnesses: Yes.

The CHAIRMAN: Do you understand the notes at the bottom of the form about giving evidence to the committee?

The Witnesses: Yes.

The CHAIRMAN: Did you receive and read the information for witnesses briefing sheet today?

The Witnesses: Yes.

The CHAIRMAN: Do you have any questions in relation to being a witness at today's hearing?

The Witnesses: No.

The CHAIRMAN: Would you please state the capacity in which you appear before the committee?

Mr Crockenberg: I am the vice-president of the Park Home Owners Association.

Mr Sargent: I am president of the Park Home Owners Association

Mr Archer: I am a committee member of the Park Home Owners Association.

The CHAIRMAN: Thank you, and thank you for your submission to this inquiry. Together with the information you provide today, your submission will form part of the evidence to this inquiry and may be made public. Are there any amendments you would like to make to your submission?

Mr Sargent: We are not sure what you mean by that.

The CHAIRMAN: If, after submitting the submission, you may want to make alterations to it. Most people do not.

Mr Sargent: No.

The CHAIRMAN: We have a series of questions today. Before we ask them, do you wish to provide the committee with an opening statement?

Mr Sargent: Only to say that we are here to hopefully revoke the injustices that we feel that have been imposed on caravan park residents after the Residential Parks (Long-stay Tenants) Act was introduced.

The CHAIRMAN: Can you describe the organisation you represent and how many members it has?

Mr Sargent: We represent the people who live in caravan parks—the permanent dwellers in caravan parks. As such, as I said we are here to represent their cause and their misgivings.

Mr W.J. JOHNSTON: How many members are there?

Mr Sargent: At the moment there are about 800 members.

Mr Crockenberg: What we mean by this is that we are talking about long-stay residents who are classified as living in caravan parks, albeit they may also be in national lifestyle villages etcetera. We are talking about people who own their own park home and who pay site rent. We are not talking about people who rent caravan parks or park homes. We have about 800 members, but, in total, there are about 10 000 people in this scenario.

The CHAIRMAN: Let us go through a few of those. You say you represent the people who live in the lifestyle villages or national lifestyle villages.

Mr Crockenberg: I mean as well as.

The CHAIRMAN: That is a new growing phenomenon.

Mr Crockenberg: Yes.

The CHAIRMAN: What about the people in Karratha and Port Hedland who are there as workers, probably not on a permanent basis?

Mr Crockenberg: We do not represent them because they do not own their own house. Those homes are owned by some of the mining companies and, as far as we are concerned, it is up to them to represent their workers. We are talking only about people who have bought houses, such as me, who bought a house in Lakelands, which used to be a caravan park with transients, plus. Now it is dedicated for homeowners who own their own park home, but it is still classified under the act as a caravan park.

The CHAIRMAN: The caravan industry association identifies the core business of caravan parks as tourism. That is why they were gazetted as such. What does your association see as being the core business of caravan parks?

Mr Crockenberg: National lifestyle villages, for example, are gazetted as caravan parks.

The CHAIRMAN: Most of them.

Mr Crockenberg: As far as I am aware, all of them are still considered to be caravan parks. Our problem is that there has been no differentiation between, for example, Fremantle, which has a

balance of people who own their own park home and live there, and transients coming in either renting or putting caravans in.

The CHAIRMAN: What park would that be in Fremantle?

Mr Crockenberg: I think it is called Fremantle village. That is just an example. There are quite a number of them around the place. The problem is that the act does not differentiate between people who own their own home and rent the site and those transients coming and going. As a consequence, we have this dreadful situation where there can be evictions without reason. People can be given 180 days to get out, and that is that—bang, gone. To me the act we were promised was supposed to alleviate that situation and it has not. All we have now is 180 days to get out rather than 60 days.

Mr W.J. JOHNSTON: What structure of tenancy would you like?

Mr Sargent: I live in a lifestyle village. We have “an acceptable lease”—a lifetime lease.

The CHAIRMAN: What do you mean by lifetime lease?

Mr Sargent: We live there for the duration of our life. Our lease covers the duration of our life. Whether that is 20, 30 or 40 years, it still covers a lifetime. With that particular lease we cannot pass it onto our offspring or do what we like with it—sell it or whatever.

Mr W.J. JOHNSTON: I think we need to clarify that because that is not the same as the evidence we have received from the Department of Commerce.

Mr Sargent: I am sorry. I can only tell you what I have.

The CHAIRMAN: We understand that lifestyle villages are changing.

Mr Sargent: What I was getting at is that I have a lifetime lease, but we have this anomaly whereby we live in a caravan park but we have a caravan park licence for 12 months. If that caravan park licence is revoked, then, of course, we do not have anywhere to live. That is one of the dilemmas we are looking at and trying to get rid of.

Mr W.J. JOHNSTON: One way to solve that would be to have your lease match the licence of the caravan park, but that would not be suitable, would it?

Mr Sargent: I have avoided leasehold contracts like the plague, but, unfortunately, I now have a leasehold condition. But 12 months lease to me would be no good whatsoever.

Mr W.J. JOHNSTON: It would be terrible, would it not?

Mr Archer: It would be an administrative nightmare.

Mr W.J. JOHNSTON: If you do not own the land, what regulations should apply to the arrangements you enter into?

Mr Sargent: We feel that you need a lease of at least five years. Anything from five years upwards would be sufficient. That is what we are looking for.

Mr Crockenberg: With a renegotiation clause of course.

Mr Archer: It must have a renegotiation clause in it. The 12-month licence may have to be addressed in the Local Government Act; that is, to provide a longer licence than that, because it is an anomaly that they get only 12 months while running parks that give leases of anywhere up to 60 years in national lifestyle villages. Most of the caravan parks are going periodic leases.

The eviction without cause or reason policy was brought in as a hangover from the original Residential Tenancies Act 1987, but when you look at it logically, it overrides natural justice to be told to pick up your home and go—even in 180 days. That, basically, gentlemen, is the only thing we got out of the act. The act did a 180-degree turn from what we believed was going through Parliament. It impugns homeowners' reputations because when they are trying to gain entry to a

new park, if they can find one, they cannot give a reason for being forced out of the previous park. I refer to the *Hansard*. I cannot believe that after surprise expressed in the upper house about eviction without reason and the parliamentary secretary explaining that the legislation had to be consistent with the Residential Tenancies Act and that it would be wrong to discriminate against tenants under that act, not one member in the house grasped the situation. Residential tenants do not own the home they live in. Park home owners do own the home they live in. The tenancies act is to protect the rights of the homeowner, the landlord, so that he can get rid of people who might want to put in a drug house or whatever. The landlord has the right then to get rid of them. But this act does not protect the rights of the homeowner, which is us. The clause also ties the hands of SAT, which cannot adjudicate against the park owner. This has been tried and I believe the minister, Mr Buswell, mediated in Busselton over a situation like this. I do not know what the outcome was, but basically SAT could give no decision because it is in the act. We need that clause out of the act completely.

Mr W.J. JOHNSTON: What would you have instead; what right would you give to the landlord?

Mr Archer: If the landlord wishes to get rid of a tenant, it would have to give reasons to SAT. Most have a three strikes and you are out policy, but not in the contract. Basically, most of them explain to tenants when they go in that if they breach the rules and regulations they are given when they go in and sign—this is outside a contract, and it is now in the contract—you will be given three warnings, and then you will quite possibly be asked to leave.

Most people would know the reason for it. If they wanted to evict a person without cause or reason, they would have to front SAT and explain to the judge why they did so.

[9.45 am]

The CHAIRMAN: There are two different reasons. Firstly, let us say that you have a disruptive tenant at a park home and you need to get that person out. That is one issue. You have to have processes for that. As you know, you want to have a nice neighbourhood. The manager of the park is responsible for the maintenance of that neighbourhood. The other issue is that they may want to change the use of the park from a permanent caravan park to something else—a tourism development. That is where most of the problems arise. It is not just related to individuals; it is a case of clearing everybody out. If you had to take everybody to SAT, that would be an issue. Owners of caravan parks have experienced a change in their zoning from caravan parks to tourism. They changed the permits in the 1970s and 1980s to get cash flow, allowing permanence. Now they are changing the purpose again to higher value use. Some owners are building lifestyle villages. Some allow for long-stay residents. Some are redeveloping caravan parks for higher value tourism, apartments and whatnot. That is the right of the owner of those parks to do so—to move into higher value uses. That is one of our biggest challenges because not only does it disrupt the people living in the parks but it also takes caravan park sites away from tourism, which is a major focus of this inquiry. I would like you to give us some ideas of how we can facilitate that and allow people to seek higher value uses and address some of the issues that you have while at the same time preserving caravan park sites for caravans.

Mr Sargent: There are numerous disciplinary clauses within the act itself, which allows park owners to get rid of the nuisance element within caravan parks. Coming back to this eviction without reason, we cannot see any reason for it.

Mr W.J. JOHNSTON: If you have a lease, can you be evicted without reason?

Mr Archer: Yes, you can. That is the problem.

Mr W.J. JOHNSTON: If you are in a national lifestyle village and you have a 30-year lease, are you saying that NLV can evict you regardless of the lease?

Mr Sargent: Yes, it can. There must be compensation. You must be given at least 60 days. If you come to the periodic lease —

Mr W.J. JOHNSTON: I am not talking about a periodic lease; I am talking about a fixed-term lease. What compensation would you be eligible for?

Mr Sargent: Whatever the owner deems or if we go to SAT, whatever SAT deems is correct for relocation.

Mr Crockenberg: When the new act was being drafted, park home owners such as ourselves or long-stay residents were going to be offered the choice of a minimum five-year fixed-term lease agreement with a renewable option or a periodic lease. The minimum five-year fixed-term lease agreement contains compensation for relocation. If a person wants to change his park completely, that is fine. If there is a five-year or 10-year lease in vogue, if he is prepared to pay compensation for the relocation, there is no problem. We understand that that situation will occur. Things will never stay the same. I know of a person who went into the village at Kingsway 12 months before that and paid \$180 000 for a house only to be told 12 months later that he had six months to get out and relocate, with no compensation.

Mr W.J. JOHNSTON: Who did he pay the \$180 000 to?

Mr Crockenberg: It was paid to the previous owner.

Mr W.J. JOHNSTON: What protection did that purchaser get from the caravan park owner of any tenure?

Mr Crockenberg: To my knowledge, the person was told that it would never be sold—that it would remain a caravan park.

Mr W.J. JOHNSTON: There are disclosure documents. The Department of Commerce has appeared before us and presented the disclosure documents that are required to be made available to people when they are purchasing a park home. Are you familiar with those disclosure documents?

Mr Archer: With what is in the lease?

Mr W.J. JOHNSTON: No, this is the disclosure material.

Mr Archer: No, we are not familiar with that.

Mr Crockenberg: As far as I am aware, this person was not given any disclosure documents of any description. This is only hearsay; it is what I have been told has happened and I do not know the person involved. A lot of people will not talk to us for fear of retribution. We had one situation where a person said, “Where’s my lease?” and the day after was given 180 days to get out because he was a troublemaker according to the park owner. That is a bit irrelevant but that is the situation that is occurring. Instead of the park home owner being given the option of a five-year lease or a periodic lease, the park home operator was given that option. The majority of owners, especially those who have dual-purpose parks, took the periodic lease. We are not blaming them because if you are a businessman and you are running a business, you would do the same thing yourself. Why would you pay relocation compensation when you do not have to?

The chair asked what we would like to see changed. We would like to see the long-stay residents given some relocation compensation protection to enable them to relocate. From what I can gather, some of the people at Kingsway are relocating. I also believe that it will cost them at least \$20 000-plus to do so, which is a lot of money. We should bear in mind that we are predominantly talking about a demographic in these parks who are dependant on social security income, old age pensions and so on who do not have that sort of money to relocate.

Mr W.J. JOHNSTON: Does your organisation provide a valuation guide to people for how much park homes are worth? We have been to park homes and caravan parks. In a particular caravan park I saw an old-style caravan with a for sale sign on it. It may have been for sale for \$40 000 or \$50 000. Clearly, it is not worth that amount of money at all. What people think they are buying when they pay for that caravan is the right to occupy the land but they do not have any right to

occupy the land other than the 180-day period. Is there any way that there could be a better education process for people buying into park homes?

Mr Sargent: I do not know if we could do that. I am reasonably comfortable but I am here looking after those poor people who are not so comfortable. I paid the same price for my home in Lake Joondalup Lifestyle Village as for what I sold my home for in suburbia. How can you put a price on that? I would like to say to the owner, "If you are going to kick me out, I need the equivalent price to move back into suburbia." That is a little ridiculous. What price can we put on it to move from your home to another home?

Mr Crockenberg: I come back to your point about caravans and annexes and so forth. We had discussions with the Caravan Industry Association. One of the trade-offs that we asked it to consider was that if we were to get the five-year fixed-term lease, we would agree to it being the sole selling agent getting whatever rate of commission it wanted. That of itself would then alleviate the situation we are talking about. If the person wanted to sell, he or she would have to sell to the park home operator for whatever price he considered it was worth rather than go through someone else. Does that answer your question?

Mr W.J. JOHNSTON: It certainly answers my question insofar as there is a problem doing that when the park operator is the only sales agent and the overriding trade practices law says that you cannot restrict who does these things. That is one of the problems that we have.

Mr Crockenberg: Under the legislation, the person who is operating the park gives you a lease. He has put in his lease that he will be the sole agent as far as selling the house is concerned. I do not have a problem with that because I have a 10-year lease and I have relocation compensation and there is a possibility that we will eventually get a 20-year lease. That does not concern me because at least I have something to sell. Where you have a periodic lease, most of these people who are the worst disadvantaged have nothing to sell anyway. The park home operator has shot himself in the foot because he cannot sell them. No-one will buy them because they have no security of tenure in the first place.

Mr W.J. JOHNSTON: Apparently, people will buy them because the case you quoted was paying \$180 000 in —

Mr Crockenberg: This was prior to all the stuff happening.

Mr W.J. JOHNSTON: When you say "prior to all the stuff happening", do you mean prior to the decision of the park to close?

Mr Crockenberg: Yes.

Mr W.J. JOHNSTON: It is irrelevant whether it was before the decision to close the park if the person was buying no tenure as he was still paying \$180 000 for something that was not worth that.

Mr Crockenberg: Obviously, he did not get full disclosure in the first place. From what I have heard, he never got any disclosure of any description, which would have been alleviated if there had been a fixed-term lease and as a trade-off, the sole agency went through the park. The park would then have to disclose that it was going to sell it and you still want to buy it.

Mr Archer: You are dealing with old people. Ten per cent of them walk in and buy a park home. The owner of our village has managed to sell a couple. She has about 11 that she cannot sell because people immediately ask for a five-year lease and she will not give it, based on legal advice from Jackson McDonald. Even though the act states that they should be able to offer both periodic and fixed-term leases, they have all elected to go with periodic leases only. About 10 per cent of people who buy an insurance policy do not read the fine print. Out there in the market place at the moment this industry will grind to a halt, and it is grinding to a halt because people are waking up. To be honest, if we put a big ad in the paper saying, "Don't touch a park home with a barge pole because this is what you will bring upon yourself", we would grind the industry to a halt. We do not

wish to do that but I am putting the scenario in front of you that this is how bad it has become. We now have park owners buying homes. It was tested in 1999 and ASIC came back and said, "Because you bought your home through Fleetwood or someone like that, the park owner could sell them", and if they were given to them to sell, they were not in breach of any act or fair trading or whatever.

[10.00 am]

Now that they are buying homes, and demanding they are the only people that can sell yours, they, in my opinion—I have gone back to ASIC—could be in breach of fair trading and trade practices acts, because they are competing with the very people. It is happening in our village, where the woman is selling her homes. She has sold a couple and reduced the price drastically to get rid of them. All the other people who have had their homes on the market for 12 months or two years cannot move them, because of no leases.

Mr W.J. JOHNSTON: Are you on a periodic lease?

Mr Archer: I refused to sign a lease.

Mr W.J. JOHNSTON: So you are on a —

Mr Archer: I am just as we were.

Mr W.J. JOHNSTON: That means you are on a periodic lease. You are just paying it at —

Mr Archer: That is right. I am on the original documents I signed. It was not really a lease; it was just that I bought a home there.

Mr W.J. JOHNSTON: When was that?

Mr Archer: In 2005.

Mr W.J. JOHNSTON: Is that prior to the new act?

Mr Archer: Yes.

Mr W.J. JOHNSTON: So you are on the grandfather provision?

Mr Archer: The?

Mr W.J. JOHNSTON: The provision in the act that says that if you do not sign anything new, you remain on a periodic lease.

Mr Archer: That is correct. The other thing is that you have people coming in. They demand that they sell your house. We have evidence in our park where the owner has gone to tenants and said, "How much do you want for your house?" They have said, "We need to get \$225 000 for it." The owner has gone out and sold the house for \$250 000, then claimed a commission on the sale and then charged transfer fees et cetera. The people that sold the house did not know that it was sold for a lot more than they asked for. Now, if the owners were required to be licensed real estate agents, can you imagine what would happen to a real estate agent if they were caught out doing that? That is the seriousness of some of these situations that are happening.

The CHAIRMAN: I would like to explore the lifestyle of these. Most of these are being developed on caravan parks and used basically for suburbia. It is being developed for a purpose for which the zoning was not initially provided, and it is also eating up a lot of caravan parks, which is the major focus of this inquiry. Why do people go to these places? They are higher risk. We have visited many caravan parks. It looks like some of it is a nice lifestyle and some of it is a really nice location. We have looked at one or two lifestyle villages that are rather new and just being developed. They look like over-55 villages. Why do people go to these places: is it price, is it the lifestyle or what is it?

Mr Sargent: From my own point of view, the lifestyle. Unfortunately, I went in rather naively. I was introduced into this particular lifestyle village as a residential village. I became involved in the

council on this village. I was rapped over the knuckles by DOCEP at one time because I was writing as a resident of this village, but, of course, it eventually transpired that I was living in a caravan park. That is my own fault; I am not blaming anybody for that. But the disclosure in that particular instance was negative. So we fell down in that aspect. As I say, the owner did come around and make it right by giving us a lifetime lease. However, I am not here to ply my own case. It is the unfortunate people that are living in fearful conditions. We feel because of the act we are here today, and that is why we submitted our letter to you.

Mr Crockenberg: You asked the question why did I go there. Generally, it is a combination of both. In my case it was a combination of both. I suffered a bit of a health reversal. It looked as though I was not going to be able to work as long as I expected to. I still had a mortgage. I had the opportunity to move into the lifestyle. I thought it was a lifestyle village because there were no caravans in it. I did not realise until I was in there. It was really a list of rules and regulations, a handshake and “off you go”. Six months later someone was telling me it was still classified as a caravan park. Then, of course, I found out about the people at Jurien Bay getting kicked out. That could happen to me. But in answer to your original question, most of the people go in there for a combination of low-cost housing, which it is—it is a very good form of low-cost housing—as well as the lifestyle, because it is a sort of a community-living-type environment. The other point that is worth mentioning is that a lot of them have security fencing, which is also a consideration as you are getting older, because every time you pick up the paper you see people getting mugged and what have you in suburbia. In answer to your question, it is a combination of both. To be fair, really this act was there to supposedly look after the interests of people that were already in there. What it has done is to look far more after the interests of people who may be contemplating going in there, because you have got duties of disclosure and all this sort of stuff. That was not there previously. I admit to being just as guilty as anyone else. I just went in there and thought, “Gee, this looks beautiful place, lovely. It’s got a security fence around, a swimming pool, rec centre, this that and the other, community living. Beautiful.” I must say that I love living there. There is no question whatsoever. But to two major reasons were the lifestyle and the cost.

The CHAIRMAN: Can I just explore that a little further. When did you move there?

Mr Crockenberg: About four years ago.

The CHAIRMAN: You did not have the documentation that Mr Johnston referred to, stating, “Here are the conditions, the levels of tenure and what not”?

Mr Crockenberg: All I got was a list of rules and regulations. This was prior to the new act coming in, when you had to have a lease agreement.

The CHAIRMAN: One of the issues we found going around is that there is a huge difference in the standard of accommodation. They range from slum dwelling to these new lifestyle ones, which are park homes and very good. I think the standard of accommodation is a concern for us. In your place does someone state what the standard of accommodation is or sort of dictate it, or could I move in there a 1955 caravan that is dragging things behind it?

Mr Crockenberg: No. For a start, ours has got to the stage where it is fully occupied. Initially, there was one site left and we were actually going to buy a new one and put it there. As it turned out it was going to take too long, so we decided to buy a house in there. In our particular case, ours does not have any vacant sites in any event. Secondly, once again we have never ever had any problem with people vetting who comes in. As far as I am concerned that has to be a given. The park-home operator has the right to vet who comes into the park. He did his background check on us, and as far as he was concerned we were not going to be a threat to anyone, so that was fine. I do not have a problem with that, and we have never had a problem with that. What we have a problem with is the eviction without reason, particularly for people who have been living in these places for 20-odd years and, all of a sudden, they are 85 years old and they are told they have 180-days to go. Those people cannot complain about anything. They are frightened. We have got a list here of horror

stories. The common thread going through every one of those horror stories is, "Please don't tell anyone who we are."

Mr W.J. JOHNSTON: Can I just explore that. Two things happened at the same time. The new long-stay residents act, or whatever it is called, came in at the same time as land values boomed. So there are things that have occurred that actually have nothing to do with the new act but rather—this is an appearance—it appears to me that park owners looked at the new act and thought, "Land values have gone up. We may as well change the use of the land and turn it into permanent tourism facilities", like Dr Nahan has talked about, or they have rezoned it to residential, like has happened at Kingsway. Those two things are actually not related to each other. For the first time ever we have had all these park-home evictions. Had that occurred without the change to the act, people would have been getting 30 days' notice. Because the act has been changed, they are getting 180 days' notice.

Mr Crockenberg: Can I just come back to you on that. In relation to Kingsway, for example, that was rezoned well before the land values went through the roof. It had been rezoned four years previously, so I do not believe that —

Mr W.J. JOHNSTON: There must have been some catalyst, whatever the catalyst was.

Mr Crockenberg: Sure.

Mr W.J. JOHNSTON: There was a catalyst for the owner to change their mind.

Mr Crockenberg: But that had been rezoned four years previously, so I do not know that that necessarily is relevant to the situation; besides which, even though they have said that they are going to sell, the council has no application for anybody to buy it.

Mr W.J. JOHNSTON: Whatever reason; that is what I am a getting at.

Mr Crockenberg: That is fair enough. Once again, if the act did what we were promised it was going to do, which was to give us a five-year lease with an option to renew, then all of this would have been avoided, in the sense that then you would have had to pay relocation compensation, and besides which, private enterprise is private enterprise. If they believe that that is worth it, they will pay the money; if it is not worth it, they will not pay the money. It is as simple as that. Our bloke will not get his sold, because right next-door to him are a couple of neighbours. There is land around us that can be bought for about quarter of the price that he would want, but if they wanted that market badly enough, they would pay the price he wants.

Mr Archer: If that had happened as you outlined, the government would have had a crisis on their hands, because DOCEP also would have you believe that the park owners need all this help with their land. Let me just explain to you. I notice you are talking about tourism as the major point, but I think that most of these people would sell these parks basically to have them redeveloped as residential villages in brick and tile. If you look at and take a logical park like ours, they will say, "We can't pay compensation."

The CHAIRMAN: Where is yours?

Mr Archer: Serpentine. Luckily for us, they cannot do anything because there is no sewerage there. We have our own little sewerage plant, but there is no sewerage in Serpentine. A purchase price of a park like ours would be about \$10 million. The cost of removing the tenants would be about \$5 million. They would build something like 200 brick-and-tile, side-by-side homes at \$30 million. They would build 10 multihomes, two-storey or whatever, at \$3 million. Their ancillary costs would be about \$5 million. That is \$53 million. They would sell 30 homes at \$275 000 each, 120 homes at \$350 000 each, 50 homes at \$400 000 each and the 20 multis at \$350 000. That is \$77 260 000. That is a \$24 million profit over two years, and they would be selling off the plan from the moment they decided to develop that village. DOCEP, or DOC as they are called now, would have the government believe that the new developers would not pay to remove the tenants because it would

cost them too much money. I do not think that \$24 million over a couple of years is a bad sort of a profit.

[10.15 am]

Mr W.J. JOHNSTON: Is that an argument that laissez faire can work and we do not need to worry about regulation, or an argument for regulation?

Mr Archer: That was an argument put up in the original legislation. They felt they had to go the way of the park owners because if the owners had to pay compensation it would restrict what they could do with their land.

Mr W.J. JOHNSTON: If you do not have a lease and your lease period is just every time you pay rent, what obligation does the landlord have to you to pay compensation?

Mr Archer: None at the moment.

Mr W.J. JOHNSTON: What moral responsibility do they have to you?

Mr Archer: They do not have any, but again I say to you that if the government cannot see its way to give us the right, as was the intent of the original legislation, to be offered those leases and the eviction without cause clause, this industry will shut down. I might add that in its own magazine the Caravan Industry Association Western Australia president recommended the five-year lease plan with compensation, but the solicitors came out with this more brilliant plan of a periodic lease, and 90 per cent of park owners have gone for it.

Mr Crockenberg: I will come back to that. The member asked about a moral obligation. For a start, if there is no duty of disclosure and someone goes into a situation on the basis that they will be there forever, which most of these people did—they were told that the owner would never sell. For example, the residents of Cherokee Village, as far as I am aware, were told, “While I am alive, I will never sell this place.” I am not being critical of anyone in this scenario, but let us say, for example, that this lady who owns Cherokee Village, who is getting on in years, dies and her offspring do not particularly want to continue the business, there is no obligation on them to do so. However, what you are saying—I agree with you—is there is no moral obligation on those children.

Mr W.J. JOHNSTON: I am not saying anything. I am asking a question.

Mr Crockenberg: You mentioned a moral obligation. There is no moral obligation on those children to compensate those people, even though those people originally went in there in good faith on the basis that it was never going to be sold. Can you see where I am coming from?

Mr W.J. JOHNSTON: Yes, I can.

Mr Crockenberg: The other thing is, to be fair—I am not being critical of anyone here—but I have a copy of press release here in which the previous treasurer is telling everyone to get into this wonderful thing. I will give it to the committee, and members can read it if they like. He is saying “Get in there because this is a wonderful lifestyle and you can get all these concessions.” Then, when we get the legislation, it does not provide a five-year lease agreement, and the concessions that he was talking about are not available unless one has a five-year lease agreement. He has written back to us saying sorry you cannot have the concessions.

Mr W.J. JOHNSTON: I understand the position that you have put. I will ask another question. One of the other parties that is coming to give evidence has suggested a levy on all the park home owners that will go into a central fund administered by the government, for example, and that that be used to pay for relocation costs where a village or a caravan park shuts. Do you have any response to that concept?

Mr Crockenberg: As far as I am concerned, it is a start.

Mr Archer: I really do not think enough money could be raised by such a levy. If a hundred homes were required to be shifted, that would require anywhere up to \$5 million. I think that any levy on the people would take years to reach that level.

Mr W.J. JOHNSTON: Why could you say \$5 million for 100 homes?

Mr Archer: It can be up to \$50 000 for each removal. This is what is happening, and I will give the committee an example. Two of the people at Kingsway moved into our park. The owner saw an opportunity to make good money out of it and it cost those people over \$35 000 to get into the park, on top of their removal costs, for their site and all the ancillaries, and that sort of thing. This is the sort of thing that we are looking at. There is an opportunity for park owners to make money. If I were required to leave the park, the owner would get my site, which is quite beautiful and is all done up, and would plonk another house in there and charge the new owner \$35 000 or \$40 000 for the ancillaries that I built. That is not a bad little incentive for getting rid of someone. This is the sort of thing that can happen. The other thing that we are hearing is that the industry is looking towards the National Lifestyle Village model and brick and tile retirement villages. They want a piece of the action when you leave the park, or when someone comes into the park they will charge a rental fee but they will also have to sign up so that when their park home is sold either in their estate or they leave to go into a nursing home or whatever, they want a piece of action, five per cent or 10 per cent of someone's home. That has never happened in this leisure village type industry before. It is now starting to creep in, and there is nothing in the act to stop it. It is not illegal; that is, if people are silly enough to sign up for it! The other thing you mentioned that happens with the industry relates to a very, very good marketing ploy when you think about it. You see it on the telly every day: sell your home for half a million dollars, move in here for \$200 000 and you have \$300 000 in cash. Old people fall for that! They fall for that sort of thing. It is so grand that they do not look at the fine print and we need government legislation to protect them. This is the thing: there will never be any complaints from the people and they will not ask questions of the owners as long as we have the possibility of eviction without cause or reason in the act.

Mr W.J. JOHNSTON: Just one last question because we are up against time here. When someone buys a house in the suburbs it is subject to market fluctuation and, generally speaking, the house will increase in value over time. When someone buys a fixed lease—five years, 30 years or whatever—the value of that goes down every year. Has your organisation done anything to inform people of that fact? That is, when someone pays \$200 000 or \$250 000 for a house in a lifestyle village, it will be worth less in five years' time and not more.

Mr Crockenberg: The problem is, it has not been going down.

Mr W.J. JOHNSTON: Yes, I know; that is what I am asking.

Mr Archer: It has not been less. Also, if that lease is renegotiable and it is passed on to the next people, then there is not a problem with it because they know they will renegotiate and the asset they have bought will continue on. Whether it goes up in price is a moot question.

Mr W.J. JOHNSTON: What is the asset they are buying?

Mr Crockenberg: The park home itself.

Mr Archer: They are buying the park home itself—if you have a proper lease with the provision that you are able to stay in that home for a time and renegotiate the lease under basically the same terms—there may be some differences in the new lease, but basically it can be renegotiated. That is just like a commercial business. When people lease a big factory, they ask for a five year plus five lease or five plus three. You would not enter into a contract if that were not the case.

Mr Crockenberg: I will refer to my own situation. When you talked about the jump in land values in suburbia, the same thing happened in our village. We bought in at \$125 000 or \$135 000 or something and within 12 months they were selling for in excess of \$200 000 in our village. Unfortunately, as soon as the new act arrived and people started looking at the new lease

agreements, they said, “Bugger that, I am not coming in”, and now no-one wants to buy. They have not gone down in price, and I still firmly believe that the Caravan Parks Industry Association itself has not done itself any favours by what it has been doing. Really, it should have been looking at this as another stream of income. Bear in mind that we are talking about a demographic that is getting old. Those people will, by natural selection, have their houses up for sale and, as a consequence, they could be making a lot of money on resale.

The CHAIRMAN: Thank you for coming. We have to close the deal because we have a couple of more people coming today. Thank you for your evidence today. A transcript of this hearing will be provided to you for minor corrections. Any such corrections must be made and the transcript returned within 10 days. If the transcript is not returned, we assume it is okay. No new material can be added by these corrections, and the sense of your evidence cannot be changed. Should you wish to provide additional information, such as that which you just mentioned, Mr Crockenberg, you can make a supplementary submission—we urge you to do that—for the committee’s consideration when you return your corrected transcript.

Mr Crockenberg: Before we finish: In relation to this, I have some press releases plus letters from the ministers involved. The other thing we have here is a whole heap of horror stories that I can leave with the committee, if you wish.

The CHAIRMAN: Let me assure you that we have received a large number of submissions that include many horror stories, so we get the gist of that. We have received a record number of submissions to this inquiry and many of them are horror stories.

Mr Crockenberg: In that case, I will submit this, which relates to the question you asked about why we go in to these parks. This was, sort of, encouraging us to do so, and then a slap in the face after we had done so, if you know what I mean.

The CHAIRMAN: I will reiterate why. Many of the horror stories come from the people who are directly involved, rather than second-hand.

Mr Crockenberg: These are written directly by the people involved to us to submit to the committee, if you want to read them.

The CHAIRMAN: Okay. Thank you very much.

Mr Crockenberg: Would you like them or not?

The CHAIRMAN: No, I think we have enough. We understand. This is a major issue in this inquiry and we have received many submissions.

Hearing concluded at 10.28 am