

The Secretary,
Legal & Social Issues Committee,
Parliament House, Spring Street,
East Melbourne, Vic. 3002
LSIC @ Parliament.Vic.gov.au

Bryan C. Twyford,
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14-5-2016

Dear Sir/Madam,

Re. Long Term Maintenance Funds (Sinking Funds) "Owners Corporation Act".

I am writing to you on behalf of the Victoria Grange Residents Committee. We are asking you to redress the legal position of Long Term Maintenance Funds held on behalf of residents of Retirement Villages in this State who have leasehold or licence holder retirement property.

In 2014 the existing legislation pertaining to the Long Term Maintenance Fund section of the "Retirement Village Act" was removed, and you are referred to the Long Term Maintenance Fund section of the "Owners Corporation Act". Unfortunately, the "Owners Corporation Act" covers strata titles but makes no mention of leasehold or licence. The vast majority of villages built over the last 15 years or so are either leasehold or licence. Under the legislation currently in place they are not protected by the Act.

Although Long Term Maintenance Funds are now voluntary, they are necessary to cover maintenance or a costly repair job. A good fund also adds value to the village and is a good selling point in due course.

We are aware that Consumer Affairs Victoria has set out "guidelines" that they expect the owners of Retirement Villages to follow. Some of these guidelines are set out in our individual leases but they still include the use of "our" funds on capital items, which has already caused concern at other retirement villages. The vast majority of residents of Retirement Villages like the rest of the community have little knowledge of the law pertaining to Retirement Villages and probably less of the financial implications. This makes them vulnerable to developers or owners who could take advantage of the substantial funds held on behalf of the residents in Long Term Maintenance Funds.

On behalf of this village we are requesting that you initiate a review of this section of the act to ensure all Long Term Maintenance Funds are covered. As a matter of interest we have noted that residents in other Retirement Villages are becoming aware of the inadequacies of the current Act.

Yours Sincerely,

Bryan C. Twyford,

Secretary, Victoria Grange Residents Committee. Member of Finance Committee.