

[REDACTED]

From: Inquiry into the Retirement Housing Sector POV eSubmission Form
[REDACTED]
Sent: Monday, 13 June 2016 1:13 PM
To: LSIC
Subject: New Submission to Inquiry into the Retirement Housing Sector
Attachments: [REDACTED]-Submission to the Inquiry into the Retirement Housing Sector.docx

Inquiry Name: Inquiry into the Retirement Housing Sector

Mr Alan Clark
[REDACTED]

[REDACTED]

[REDACTED]

SUBMISSION CONTENT:

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I support the creation of a Retirement Villages Ombudsman at industry expense in order to assist resolve complaints between people and Retirement Village operators.

I have provided an example of a case where the existence of an Ombudsman could have ensured a quicker and less stressful resolution to an issue following the death of my mother (who was a retirement village resident) relating to the expense proposed by the operator as refurbishment costs to her unit after she had been a resident for less than three-and-a-half years. My mother's death was entirely unconnected to her place of residence, and the operator bears no responsibility in any way for her death.

However, it did result in the need for her to terminate her occupancy of her unit and for the operator to ready the unit for the next resident. As part of this process, the operator produced a list of refurbishment works at a cost of more than \$17,000. I suspect many people would have taken that quote at face value, even if reluctantly. After my strong representations, including making direct contact with the CEO of the organisation, involving a number of officers, and indicating I knew of the existence of this Parliamentary enquiry, I finally obtained a revised quote of less than \$13,500 - a 22% reduction.

I am a resourceful person. I am familiar with how bureaucratic structures operate. I was confident in my ability to negotiate. I suspect, however, that many others would not be, or not be in a position to apply those skills in circumstances where they are also dealing with the death of a family member, and so would need the assistance of a third party - preferably an industry funded but independent Ombudsman - to obtain a fair outcome.

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File1 [REDACTED] [-Submission to the Inquiry into the Retirement Housing Sector.docx](#)

Submission to the Inquiry into the Retirement Housing Sector.

My name is Alan Clark. I am a resident of [REDACTED]

My mother was recently a resident in [REDACTED] at [REDACTED]. She took residence in late 2012 and remained there until she died in March 2016 at the age of 85 in circumstances unconnected to her residency of the village.

She moved into the village after having spent her previous 40+ years as a resident of Darwin, Northern Territory. She recognised her health and fitness meant she needed to live in a more supported environment and near one of her children. As I had moved to [REDACTED] after retiring from work in Melbourne, she had frequently visited, and found [REDACTED] to be a convivial place, despite its significantly different weather.

In one of her visits, we toured a number of local retirement villages, and found [REDACTED] to be the most suitable. We were especially taken by the village manager, [REDACTED], and his relationship with the residents.

My mother had a very enjoyable time as a resident of [REDACTED], especially during [REDACTED] time there as manager. Although the village was within [REDACTED] property portfolio, [REDACTED] was able to run it more independently. He was highly involved with the day-to-day management of the village, and took a personal interest in the residents' concerns. On [REDACTED] retirement, the village came under much closer control from [REDACTED]

My mother's death was sudden and unexpected and was the result of a fall outside the village in early March 2016. With the assistance of my siblings and partner, I was able to hand the cleared and vacated unit back to [REDACTED] before the end of that month.

I was her Executor and accordingly had to deal with [REDACTED] when winding up her estate. I was aware of the circumstances of my mother's occupancy of her unit, and of the way in which [REDACTED] charged a monthly resident's levy, obtained a sliding scale of funds which related to her buy-in price based on the length of her occupancy (an "exit fee"), would charge her restoration costs in order that her unit be in good condition for a subsequent occupant, and took half of the difference between her buy-in price and the buy-in price of the next occupant (the "value adjustment sum").

At the time of lodging this submission, no final costings have been established in relation to the exit fee or the value adjustment sum. My calculation as to the sum of the exit fee based on the formula in her contract was of the order of \$30,000. My calculation of the value adjustment sum based on my knowledge of her buy-in price and the suggested next buy-in price was \$10,750. The aggregate of these sums is of the order of \$41,000.

This is the sum which [REDACTED] has charged my mother for her under three and a half years of occupancy, not including the monthly management fee of more than \$400 over that time. In addition, I knew that the estate had a responsibility to continue paying the monthly management fee of more than \$400 per calendar month for up to six months from the handing back of the unit. That meant Stockland would be able to charge her up to another \$2,412.

At the time of her departure from the village, her unit was subject only to normal wear and tear, save for a plate-sized burn or scorch mark on the kitchen benchtop she caused. Accordingly, I was astonished to see that [REDACTED] proposed to charge another \$17,049.51 in refurbishment costs. Were this sum to remain unchallenged, leaving aside her monthly management fees of more than

\$400 a calendar month or \$5,000 a year, her total costs for the period would have amounted to over \$60,000 – or a touch under \$20,000 a year.

I expect that many would have left unchallenged the refurbishment quote supplied by [REDACTED] but I did not. The chronology is detailed below, but it took two email requests by me for information from the relevant officer in [REDACTED] followed up by an email to [REDACTED] CEO and its media officer when those two emails had not attracted a response before I obtained my first [REDACTED] reply.

[REDACTED] initial response was to delete one small item amounting to \$15.00, leaving the quote at \$17,035.51. When I objected again, further discussions ensued, involving another [REDACTED] officer at which two further items amounting to \$1,035.00 were orally agreed to be removed on the grounds they were not repairs, but upgrades. As I still objected to the sum of the refurbishment costs, specifically the costs associated with “Project Management”, I was promised [REDACTED] would give further consideration to the matters and that I would obtain a written response.

I had not received any further correspondence from [REDACTED] to confirm these oral agreements and to detail its considerations of dropping the excessive project management costs and so several days later I called [REDACTED] again to enquire of progress. I was told a written advice via email should be with me the next day and – in response to my query about what further reduction it contained – I was told that “as a gesture of good faith” the project management costs had been deleted.

[REDACTED] did not email me the next day, but did so two days later by email which included an attachment keeping one of the two previously-agreed to be deleted costs in, and also retaining the full project management costs.

After making an immediate protest and contacting more senior [REDACTED] officers I was promised a revised quote in line with the previous undertakings which finally arrived by email on 2 June. It reduced the claimed sum to \$13,312.18 – a full 22% less than was proposed originally to be charged.

A number of things caused me to query the initial account, but mostly it was that the sum seemed excessive. Additionally, the proposed project managers under whose scrutiny the refurbishment was to be done was an organisation listed on the quote as [REDACTED]. I discovered that [REDACTED] is based in [REDACTED], many hours distant from [REDACTED] and I wondered what addition to the cost was as a result of using such a distant organisation. Their services amounted to more than \$2,500 of the account, subsequently removed by [REDACTED]

Two other matters concerned me, both seemingly for the provision of new or upgraded items, and which should not have been at my mother’s expense, given that she was never to benefit from them. In my view, those items are likely to result in an increase in the next occupant’s buy-in price and should be funded by [REDACTED] as a capital improvement rather than my mother as a refurbishment. After several representations from me, those two items amounting to \$1,035.00 were removed.

I was able to negotiate the reduction in these supposed refurbishment costs from more than \$17,000 to less than \$13,400 in circumstances where I suspect others would not, especially in the context of having to deal with the death of a parent. I was met with a reluctance by [REDACTED] to deal with me properly and in a timely manner until I made a direct approach to the CEO. Even then, it took several telephone representations by me and involved three other [REDACTED] officers before a less outlandish refurbishment quote was tendered. [REDACTED] initial response was to deduct a mere \$15.00 from the quote, a deduction of 0.09%. On every step of the way, I had to make a

repeated request for action before it occurred, and to refer the matter to more senior [REDACTED] officers.

Others may not have the representation or research skills, or the personal confidence to deal with such a matter in similar circumstances, given the stonewalling I was met with until such time as Stockland realised I would not be so easily put off.

Someone to act as a mediator is required, and I support the establishment of an industry-funded, but independent, Ombudsman to perform this function.

Alan Clark
13 June 2016

Date	Time	Who	Issue and Outcome
Letter dated 22 April		Letter from [REDACTED] Legal Officer	Quotation for refurbishment of unit. Sum quoted \$17,049.51.
27 April	1057h	Email from me to [REDACTED] Legal Officer	Written objection of quotation on grounds of excessiveness. No response from [REDACTED].
4 May	0903h	Email from me to [REDACTED] Legal Officer	Reply to or acknowledgement of receipt of 27 April email sought. No response from [REDACTED].
7 May	1147h	Email from me to [REDACTED] CEO, and [REDACTED] Legal Officer	Forwarded previous two un-replied to emails, seeking assistance.
8 May	c1000h	Telephone call from [REDACTED] Legal Officer.	Apology for delay in response. Will send me a written reply later.
9 May	1233h	Email from [REDACTED] Legal Officer	Clarification of quotation costs. Has referred quotation to [REDACTED] Operations Team for response.
13 May	1213h	Email from [REDACTED] & [REDACTED]	Apology for delay in response, will ensure progress. Nominates [REDACTED] senior contact officer.
18 May	1643h	Email from [REDACTED] Legal Officer	Revised quotation provided. Sum reduced by \$15.00 to \$17,034.51 – ie, less than 0.09%.
18 May	1817h	Email from me to [REDACTED] Legal Officer, cc [REDACTED]	Written objection of quotation, still on grounds of excessiveness.
20 May	1629h	Telephone call from [REDACTED]	Discussion about my objections to quote. Agreed to delete electrical upgrade (\$733.50), and plumbing upgrade (\$301.50). I continued to object to project management fee (\$2,607.33). [REDACTED] will consider and respond.
30 May	early pm	Telephone call from me to [REDACTED] Area Manager Operations	Call directed to answering service. Message left re delay since 10 May conversation with no response.
30 May	late pm	Telephone call from [REDACTED] (no family name provided) on behalf of [REDACTED] Manager Operations	[REDACTED] is currently drafting a response on the matter as requested by [REDACTED]. [REDACTED] will also delete the project management costs “in gesture of good faith”. Email is to be sent to me tomorrow. I calculate reduction sums total \$3,642.33 and reduce quote to \$13,392.18 (inclusive of previous \$15.00 deduction) – ie a reduction of 21.4%.
31 May	1500h	Telephone call from me to [REDACTED] Area Manager Operations.	Answered by English-accented officer. I mentioned I was promised an email by today. Will pass on my request for the promised email to [REDACTED].

1 June	1440h	Telephone call from me to [REDACTED] Area Manager Operations.	Answered by same English-accented woman [REDACTED]. [REDACTED] will make contact with [REDACTED] and ask him to call me back.
1 June	1454h	Telephone call from [REDACTED] Area Manager Operations	Expressed surprise that email had not yet been sent. [REDACTED] will check with [REDACTED] and have her "get a wriggle on".
1 June	1708h	Email from [REDACTED] Officer	Attached letter dated 31 May with quotation amounting to \$16,653.01, removing only the \$274.09 plumbing cost, and leaving the electrical cost at \$666.82 despite both the oral agreement of 20 May with [REDACTED] (although one of the items comprising the works had been deleted), and the project management costs unchanged despite the oral promise of 30 May.
1 June	1845h	Email from me to [REDACTED], cc [REDACTED]	Strong objection to [REDACTED] position reneging on previous commitments and complaining about [REDACTED] lack of good faith in this matter. I proposed that I would not accept a quote of more than \$13,400.
1 June	1903h	Email from [REDACTED]	Promise to have amended quote to me re-issued to me by 2 June.
2 June	0916h	Email from [REDACTED]	Confirm [REDACTED] has reviewed the quote and a letter with revised quote for approval will be sent by close of business today.
2 June	1552h	Email from [REDACTED]	Attached letter dated 2 June with revised quotation amounting to \$13,312.18.
2 June	1726h	Email from me to [REDACTED]	Accepted quote of \$13,312.18.