

[REDACTED]

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**From:** Inquiry into the Retirement Housing Sector POV eSubmission Form  
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**Sent:** Wednesday, 15 June 2016 10:55 AM  
**To:** LSIC  
**Subject:** New Submission to Inquiry into the Retirement Housing Sector

Inquiry Name: Inquiry into the Retirement Housing Sector

Mr Ronald. (Known as Ron) HUNTER  
[REDACTED]

Chairman  
Independent residents' committee at the George  
[REDACTED]  
[REDACTED]

## **SUBMISSION CONTENT:**

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.1 We submit that the funding model underlying the financing of retirement villages is unsound. The deferred Management Fee (DMF) is taken by the owners / operators as profit, where once it was used to maintain and enhance the facilities in a village. It should properly be referred to as an EXIT Fee, or Charge. 2 Over time , as leases are renewed, or resold, this DMF has increased in amount or percentage , and over an ever-shortening term , so that for new residents it is now 35% after two years and one day, where it used to be 25% over ten years.

3. The George has mixed tenancies in the one property. Floor 1 is for freehold assisted living apartments. Floors 2 and 3 are leasehold apartments. The decision making power resides with the owners corporation formed from the residents on floor 1. The residents on floors 2 and 3 have formed a residents' committee which has no decision making power, and acts as a "advisory or social" committee. The owners, AVEO, buying the freeholds, on level 1, and will lease these properties in future. Thus AVEO ,or one of its subsidiaries, will be the owners corporation. Does the Act envisage that the owners are the operators and the owners corporation ? Or should these functions be at arms length? This needs clarified.

4. We submit that the owners control the selling process, fixing the timetable for sales, the terms of future leases, and the prices. Effective free market competition should be introduced. In future, capital gains accrue to the owners and are not shared with the leaseholders even though the leaseholders may have spent considerable sums on owner-approved improvements such as cupboards, blinds, shower screens, power points, light switches etc.

5. While having an Ombudsman, may improve the speed of resolving some disputes, who will ultimately meet the cost of such an office, and will the Ombudsman's decisions be subject to appeal to higher Courts? Surely if those administering the act(s) are doing their duties, there is no need for a further layer of bureaucracy.

I'm No attachment necessary

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