

Rec 16/6/16

8th June 2016

Legal and Social Issues Committee
Parliament House, Spring Street
East Melbourne 3002

I write this submission as the chairman of the Resident's Committee and Owners Corporation for Aveo Domaine [REDACTED]

Most of the 167 residents in our village came to retirement living as a lifestyle change, looking for a level of comfort, support, care and consideration in this stage of our lives. Domaine is a very comfortable and attractive place to live but the care and support is reducing by the day. Aveo have adopted a remoteness and business-like approach that has left the residents feeling disillusioned, disrespected and under-valued. In approximately November 2014 residents became aware that Aveo had purchased the Domaine from the developer, a new manager was employed and the sales personnel replaced. In less than 12 months the satisfaction level dropped from 96% to 68%, and dissatisfaction continues.

A big issue is the matter of finances over which we can make comment but have no real influence. In next year's budget, 55% of the resident's Administration Fund fees go to paying Aveo management staff and off-site administration costs (which are calculated on a per unit basis not on the actual cost). A request was made by the committee for resident activities to be doubled in the budget but instead it has been halved from the current expenditure and represents 0.004% of the budget income and this to include the provision of water coolers in some communal areas, preparation of afternoon teas on one afternoon, previously four, and a pianist for the happy hour once a month, previously twice.

For the owner's corporation funds, we have no access to the invoices or bank accounts for verification of the expenditure and this year the expenses are forecast to be \$197,000.

Communication is a huge issue in our village. This is our home but management makes decisions that affect us without consultation, like putting a gaudy directional sign right in front of our outstanding community building façade. The impression they make is that they manage the village and we can "like it or lump it". A resident wants to beautify the entrance to their apartment with a picture or something tasteful and are denied because it is Aveo's decision.

Recently, Aveo introduced the "Aveo Way" as their management agreement form for all new residents in our village. This agreement contains many very disturbing features which are unconscionable.

- There is an annual \$1500+ membership fee as if Aveo were a club providing facilities to members!! What purpose does this serve other than as an extra income source for Aveo.
- The Deferred Management Fee has been increased from 30% calculated over 10 years to 35% of the entry price (purchase price) calculated over the first 3 years and paid when leaving the village. This fee was originally implemented when the cost of entering a village was less than the market price and was expected to be covered by capital gains. These days, there is no discount for purchasing in a village, the village budget (that is the maintenance fees paid) ensures all maintenance is covered (some capital replacement costs are borne by the village owners) and 35% DMF over 3 years is extraordinary. Aveo expects 10 new residents a year and that means income of approximately \$2 million from DMF from departing residents in our village alone.
- In a village like ours where there is a mix of freehold and leased properties, Aveo plans to purchase all the freehold properties, thus changing the title and leasing them to the new

purchasers. These transaction take place without Aveo having to produce any money at all. Aveo makes this process almost inevitable by their work-practices during the sales procedure. This process will give Aveo even more control.

- Aveo Way says there will be a monthly subsidy they will contribute to the ongoing cost of running the village but villages are pressured to be revenue neutral in the budget without the subsidy and indeed our budget for 2016-2017 does not mention this subsidy in the income.
- Aveo says they will not charge sales commissions, marketing costs or refurbishment costs when a leasing resident leaves, but they own the property and they have all the capital gain to pay for these costs so why couch this in terms as a benefit to the incoming resident.
- They claim the benefit of in-home support and care services but these are provided by external entities, many of whom they have a financial interest in and all of whom would be accessible in any other living environment.

There were conditions in the planning approval for our village that state

- There must be transport from the villas to the community building for those who want help. This is provided reluctantly if it is convenient. We are told the "buggy" is for sales staff.
- Residents or their spouse must be at least 55 years and over. Aveo is actively discouraging anyone under the age of 65 years from purchasing in the village.
- The owner must employ a social co-ordinator to arrange and provide social recreational programs. Domaine's receptionist/admin personnel arrange an outing once a month with costs borne by the participants. The resident's organise some 41 different activities every month with little or no help other than internal advertising.
- The owner must provide a communal workshop where repairs and artisan activities can be carried out by residents. Aveo's risk assessment team have dictated that anyone going to the workshop must have a medical clearance from their doctor to say they are capable of using the equipment and anyone must get the keys from management to enter. The old locks were changed.

All these issues have been brought up with the management but we have been told that conditions of a planning permit evolve with time.

An ombudsman for the elderly who is cognisant of housing, health and life style issues is a must in today's growing older society. When the elderly reach this time in their lives, they are vulnerable to stand over tactics and abuse just when they are looking for a supported and compassionate life. An ombudsman would encourage reasonable business practices, make those same businesses accountable for their actions and most importantly make the elderly feel they have a "champion" who will help them fight their fight and determine what is reasonable.

This submission asks for better outcomes for the elderly. An ombudsman supported by legislation is a big step in the right direction.

I would like to speak to the review committee if this is possible.

Diane Pritchett (Chairman)
Domaine Village Residents' Committee

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