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From: Inquiry into the Retirement Housing Sector POV eSubmission Form
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Subject: New Submission to Inquiry into the Retirement Housing Sector

Inquiry Name: Inquiry into the Retirement Housing Sector

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SUBMISSION CONTENT:

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Inquiry into the Retirement Housing Sector

1. Resident Complaint Processes

Currently when a dispute between the resident(s) and an owner operator has not been able to be resolved at a local level by using the local disputes policy, the only option available to the resident is to seek external assistance through VCAT.

Example: the cost of taking issues to VCAT is prohibitive for residents and often dissuades residents from pursuing a resolution to the dispute. The appointment of a Government Ombudsman would provide a more appropriate process for the resident.

2. Profit / Surpluses made from Resident Service Charges

Given that the Retirement Villages Act 1986 provides for an annual CPI increase in service charges, it is possible that over time, a surplus can be made by the Owner/ Operator.

Example: If projected operating budgets for Retirement Villages are increased by CPI, then any resultant profits/ surpluses should be declared only after all reasonable services to residents are met.

3. Congruence between Retirement Village sales staff promises and resident expectations/ experiences.

As is to be expected sales staff promotes a village lifestyle and support services in the very best light. This promotion is designed to influence the decision of the clients to purchase units/apartments.

Example: Retirement Village sales staff promotes garden maintenance and irrigation services as a feature of the Retirement Village. When these services are not fulfilled residents have no option but to accept the non delivery of sales staff promises or to seek expensive dispute processes.

4. Clarification and Definition of Operating Expenditure, Capital Replacement Funds, Deferred Management Fees and Refurbishment Arrangements.

There appears to be ambiguity and confusion about the definitions and application of terms/conditions expressed in leases.

Example: Residents pay annual fees for operating and capital replacement expenditure but the owner/operators define to what purposes these funds are applied. Lease arrangements should be based on consistent guidelines for the allocation of such funds within all retirement villages.

5. Differential Council Rates for Retirement Villages.

Some Municipal Councils in Victoria offer reduced Council Rate costs for retirement villages but this is not consistent across the State of Victoria. A consistent approach could be applied.

Example: Where Retirement Villages have streets which are postal addresses and the residents are required to cover the cost of maintenance of roads and lighting in their streets, only few Municipal Councils provide rate relief to residents who are maintaining their own street and lighting infrastructure. Guidelines for a consistent approach would be beneficial.

6. Standardisation of Contracts/Agreements between Owner/Operator and Residents

There is a wide variety of Contracts/Agreements for retirement villages and in some villages different contract/agreements are applied to apartments/villas within the same complex.

Example: Standardisation of Contracts/Agreements as model contracts/ leases for all retirement villages would be advantageous. Where owner/operators choose to include additional conditions to their Contract/Agreements the additions should be registered with a Government Authority and both the model and additional conditions be advised to potential new residents to the retirement village in keeping with the Model Rules of Incorporation under the Incorporations Act.

7. Clarification and Definition of Owner/Operator Insurance Responsibilities and Resident Insurance Responsibilities.

There is a lack of definition and distinction between the insurance responsibilities of owner/operators and those of residents. Given there is no clear explanation of these responsibilities, residents can often be left with inadequate and/or no contents cover for items not accepted under the owner/operator insurance policy.

Example: If an apartment or villa in a retirement village is destroyed by fire, how do the residents know that the owner/operators policy:

- Is insured with a reputable/secure insurance company.
- Provides adequate cover for full replacement
- Offers alternative accommodation during the replacement period

Disclosure to residents of the Insurance Policy coverage would provide reassurance to residents.

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File1:

File2:

File3: