


Submission to the Inquiry into the Retirement Housing Sector


In 2009 we purchased an apartment in a strata-titled retirement village. Apart from enjoying the company of our fellow residents, the experience of living in this village for the last seven years has been a disappointment and has caused us much anxiety – almost entirely the result of inappropriate and incompetent management. By purchasing a unit and thus becoming members of an owners corporation, we envisaged that we would have a meaningful say in the running of the village, in particular how the common property is managed and how the fees and charges we pay are spent. This has proved not to be the case.

These are the main problems that we have experienced:

- The company that manages our retirement village is also the manager of the owners corporation (in accordance with the *Owners Corporation Act 2006*) under a 99 year contract signed in 2007. Not only is the term of this contract absurd, the subdivision of our village gives more than 75% of the entitlements to a lot which is owned by the management company. As a result this company claims that they alone can decide how the common property is used and managed, and can outvote any resolution put to meetings of resident/lot owners.
- In spite of the large number of entitlements owned by the company, their lot incurs less than 1% of the Owners Corporation liabilities. The management company also requires residents, via the Owners Corporation, to pay for the cleaning, maintenance, equipment replacement and refurbishment for this lot which includes a kitchen, bar and dining room.
- Our common property includes a large courtyard and surrounding gardens, the appearance of which has considerable impact on our enjoyment of the village. However, in spite of the importance of the courtyard and gardens, residents have very little say in the selection of plants, shrubs, etc or in their maintenance. Together with fellow lot owners, we have tried on many occasions to exercise our right to have a say in the management and upkeep of the common property – to no avail.
- Another example of the high-handed manner in which the management company has operated is the introduction of a monitoring service a few years ago without adequate consultation with residents/lot owners. This new service involved the installation of another device in each resident's apartment and the addition of a recurring charge to our service fees; there was no charge for a similar service previously in operation.
- The conduct of meetings of residents and lot owners in our village (under the *Retirement Villages Act* and the *Owners Corporation Act*, respectively) has not always been in accordance with this legislation. Seeking help from Consumer Affairs Victoria proved to be a waste of time. On one occasion we took a matter to VACT – this proved to be expensive and necessitated collecting contributions from residents to pay for the fees for VCAT and legal advice. This experience also taught us that VCAT is not an appropriate avenue for elderly people. An ombudsman for retirement villages is badly needed to help residents who find themselves, through no fault of their own, in positions such as ours.

In summary, due to the overbearing way in which a management company is able to operate, resident participation in our village is limited. The owners corporation is not able to carry out the functions and responsibilities envisaged in the Owners Corporation Act. As a result, residents have very limited say in the management of the common property and how their money is being spent.


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29 June 2016