

Parliamentary Enquiry into the Retirement Housing Sector

I, and many others in Aveo villages, were duped into signing so-called 'standard' Service Agreements, which are anything but standard. We bought freehold independent living units so that we could be independent, but find that our financial independence has been removed.

The 'Service Agreements' so severely restrict freehold rights that they make it virtually impossible to sell through or to anyone but Aveo. Other Real Estate Agents have described my property as "unsaleable" on the open market, because of the restrictions in my 'Service Agreement'.

The validity of the 'Service Agreements' is highly questionable, since there has been no valid contract of appointment of a Manager since 2008 and Aveo simply asserts that it is the Manager, implementing its decisions without the assent of the Owners Corporation. Aveo claims control of the Common Property through a lease which expired in 2008.

The 'Service Agreements' set the level of fees paid by each resident. These are much higher for recent arrivals than for earlier residents, thus there are inequitable levels of payment for the same level of service.

Aveo claims to have opened a separate OC bank account but consistently refuses to provide verification of it. Aveo collects all monies owed to the OC and then claims to transfer into the "OC account" the amount it judges to be due to the OC.

The OCC is given a monthly statement purporting to show transactions into and out of the "OC account". Because the OCC is given neither Bank Statements nor primary evidence such as contracts, invoices, bills, receipts etc., the OCC is unable to verify such transactions and thus has no effective control over them. There is evidence to suggest that the manager pays to contractors amounts significantly less than the amounts it charges to the "OC account".

Acting as sales agent, Aveo restricts eligibility to purchase to persons over 65, contrary to the *Retirement Villages Act*, which specifies that residents must have "attained the age of 55 or retired". It also refuses to sell to anyone wanting to buy freehold, insisting on selling leasehold.

By limiting the market Aveo can acquire properties at severely depressed prices, leaving the vendor with so little return that funding a move to higher aged care is impossible. Many of us feel trapped in a situation of financial exploitation that we cannot escape.

When commissioned to sell a property, Aveo sells a lease, writes the freehold title into its own name and uses the leaseholder's money to pay the vendor, thus cheating both vendor and buyer. Formal legal opinion stated that this method of acquiring the properties was contrary to the *Consumer Law and Fair Trade Act*. Is no-one in authority prepared to call Aveo to account over it?

Although it is against the *Estate Agents Act* for a company as sales agent to sell a property to itself, Aveo claims to get around that provision by having one company within the Aveo Group sell to another company within the Aveo Group. Why is no governmental authority trying to make Aveo conform to the law? ζ

Parliamentary Submission

From the time we moved into [REDACTED] in May 2008 we have never had a Management Contract signed by the Management with the Owners Corporation. Residents are not consulted regarding the tenders from contractors e.g. Gardeners etc. Our monthly fees are not calculated as per the correct formula as laid down by the O.C. Rules and Regulations. Residents have not been informed by Management which areas are their Private Property and Common Property. Unit Car parks are for individual Lots, in some cases not all Lots have one, we were informed we didn't have one but later we had, this was confirmed by the Surveyor and that it was on our Private Property. The Village Bus which once was solely owned by our Village has now been replaced by a Leased one and shared between 3 other Villages and our 2 days per week are often cancelled due to the Driver being sick and no relief Driver being contracted. Many times the street lighting fails and is not rectified for days, this could cause accidents with elderly people having falls and in some cases possibly fatal. We were advised by the Village Manager in these cases to carry a torch which is not in my opinion a satisfactory remedy. I know other residents are submitting their own issues and will possibly be other reasons than what I have indicated.

[REDACTED]
A.E.MORRIS

Committee Member