

**ECONOMICS AND INDUSTRY
STANDING COMMITTEE**

INQUIRY INTO KARRINYUP LAKES LIFESTYLE VILLAGE

**TRANSCRIPT OF EVIDENCE TAKEN
AT PERTH
WEDNESDAY, 14 MAY 2008**

Members

**Mr R.C. Kucera (Chairman)
Mr G.A. Woodhams (Deputy Chairman)
Dr J.M. Edwards
Mr M.P. Murray
Mr A.J. Simpson**

Mr A.P. O’Gorman (Co-opted member)

Hearing commenced at 10.29 am**MARTIN, MR EION****Director, Moss Glades Pty Ltd,
examined:****WHYMAN, MR LEONARD WALTER****Director, Moss Glades Pty Ltd,
examined:**

The CHAIRMAN: Good morning. I wish to make it clear that this is a public hearing but members of the public are not entitled to take part in any of the hearings today and they are not entitled to make any comment during the hearings. People are more than welcome to sit and listen. Mr MacKinlay, I understand that you are counsel assisting but you are not recorded as a witness so therefore you do not address the inquiry. We are more than happy for you to assist your clients but we do not hear you.

Mr Martin and Mr Whyman, welcome and thank you for attending this hearing. This committee hearing is a proceeding of Parliament and warrants the same respect that proceedings in the house itself demand. Even though you are not required to give evidence only oath, any deliberate misleading of the committee may be regarded as a contempt of Parliament. Have you completed the "Details of Witness" form?

The Witnesses: Yes.

The CHAIRMAN: Do you understand the notes at the bottom of the form?

The Witnesses: Yes.

The CHAIRMAN: Did you receive and read an information for witnesses briefing sheet regarding giving evidence before parliamentary committees?

The Witnesses: Yes.

The CHAIRMAN: Do you have any questions relating to your appearance before the committee today?

The Witnesses: No.

The CHAIRMAN: As I said earlier, I note that you have counsel with you. The committee has received a number of submissions from you, two that I am aware of, one signed by Mr Martin and one signed by Mr Whyman. Are they both submissions from Moss Glades? Which is the submission that you consider to be the submission that should be laid before the committee as the submission from Moss Glades?

Mr Whyman: The second one.

The CHAIRMAN: That is signed by you?

Mr Whyman: Yes.

The CHAIRMAN: Do you agree with that submission, Mr Martin, as a director of Moss Glades?

Mr Martin: Yes.

The CHAIRMAN: Do you realise that you have also submitted a submission to the committee that we will also refer to?

Mr Martin: Yes.

The CHAIRMAN: Do you wish to make any amendments to those submissions?

Mr Whyman: No.

The CHAIRMAN: Before we ask any questions, do you wish to make any statements in addition to the submission, obviously in addition to what you would give today as normal evidence?

Mr Whyman: Will I be able to make a statement at the end of the hearing?

The CHAIRMAN: You can either make it at the end of the hearing or now.

Mr Whyman: I will make it at the end. Maybe some things will automatically come up.

The CHAIRMAN: You have a right to say whatever you wish before this committee. Also, the committee is a privileged committee in that whatever evidence is given before this committee is privileged and actions cannot arise in terms of whatever you may say about your organisation or any individual. I also need to say to you that a number of matters are before the State Administrative Tribunal that involve Moss Glades and yourselves. We are aware of that. It would be inappropriate for us to question you on your evidence that you have given or may give to that particular organisation. However, I have sought a letter from His Honour Justice Barker, President of SAT. He stated —

. . . it would, in my view, be inappropriate for persons who have participated in mediation proceedings . . . to be asked to give evidence or purport to give evidence about what other persons actually said in that private mediation.

However, that aside, —

This is important —

I see no difficulty with persons giving evidence to a committee otherwise addressing matters that are an issue in the proceedings at the Tribunal, including what they may consider to be the correct or preferable outcome in relation to their dispute.

The committee does not intend to ask you questions about what is occurring within the tribunal. Obviously, we will touch on issues that may form the basis of some of those issues.

My colleague just reminded me that I may need to leave time at the end of the hearing to give you an opportunity to make a statement. If that is not possible today, bearing in mind that Parliament sits at 12 noon today and we would have to wind this hearing up by 10 to 12, we will make sure that you are brought back before the committee to make that statement.

Firstly, can you give us a brief thumbnail sketch of the starting time of your development. I understand you commenced negotiations for the development in 1998. Is that correct?

Mr Martin: Yes, it was.

The CHAIRMAN: When did the first residents actually take up residence within the village complex?

Mr Martin: Roughly 2004.

The CHAIRMAN: Was the development a staged development with memorials that indicated that it was a retirement village?

Mr Martin: Yes.

The CHAIRMAN: Did the memorial that you obtained when you first started apply to the whole of the village?

Mr Martin: No, it only applied to the first group of houses that we were proposing to build.

The CHAIRMAN: Since it has been established as a village, what has been the management structure for Moss Glades? Who was the manager; is there a direct manager; was there a partnership between you; did you have a separate management structure? How did that operate?

Mr Martin: Moss Glades is the administrator of the village. I was appointed to act as the intermediary between Moss Glades and the residents, as a manager.

Mr A.J. SIMPSON: Who is the CEO or the manager of Moss Glades? What is the structure of the company?

Mr Martin: Both of us.

Mr A.J. SIMPSON: You are both CEOs; both managers and both secretaries?

Mr Martin: We co-manage Moss Glades.

The CHAIRMAN: From the time the first residents came in, you acted as the manager. Is that a paid position?

Mr Martin: Moss Glades?

The CHAIRMAN: Is the management position a paid position? In other words, do you draw a fee or a wage for managing the premises?

Mr Martin: As Moss Glades, yes. We were doing it at that stage. You have Moss Glades as the administrator of the village. If I recall, the code says that you can appoint somebody to act as a manager on their behalf.

The CHAIRMAN: So you were appointed to act as the manager on behalf of Moss Glades as well as being a director of Moss Glades?

Mr Martin: Correct.

The CHAIRMAN: Did you draw a wage for that role?

Mr Martin: From whom?

The CHAIRMAN: From whoever gets the money from the residents. I presume the residents paid a fee for management. Where does the fee go that is paid? Is there a trust fund? Is there a management operation fund? How does that operate?

Mr Martin: When we first started nobody was paying any levies or any fees. It was not until later that people started paying levies. When residents moved in later, they started paying fees.

[10.40 am]

Mr A.J. SIMPSON: What do you mean by “later” — after the first resident, second resident or whoever paid a third or whatever of the fees? Was it 2003 or 2004?

Mr Martin: The real estate agent that we employed to sell the leases was instructed by the principals of that firm, Residential 55, to tell the potential residents that the levy would be approximately half of what would go into the budget.

Mr A.J. SIMPSON: Therefore, there is a budget.

Mr Martin: The budget is included in the leases.

The CHAIRMAN: You said that the initial residents were to be charged half the fee. However, from the evidence that has been given so far by the real estate agents and the residents concerned, their understanding was that there would be no fees or levies until—you can correct me on this—the twentieth or the twenty-first residence was either started or finished. That is the evidence that has been given to this committee.

Mr Martin: There was not an instruction. The principals of Residential 55 recommended to us that we should charge residents about half the fee that we had budgeted for because they expected that

the clubhouse would cost about half the cost of the operating costs. That was the direction that was given to Glenda Cooper.

The CHAIRMAN: Were you part of that negotiation?

Mr Martin: Yes, and Mr Whyman as well.

The CHAIRMAN: Were any written instructions given to them?

Mr Martin: No.

The CHAIRMAN: Do the early leases reflect a reduction in fees or a non-payment of fees?

Mr Martin: No. Instead of writing in the disclosure document “half fees until the clubhouse is finished” Glenda Cooper wrote “no fees until the clubhouse is finished.

Mr Whyman: We instructed her to write “half fees” and insert the figure of “\$30” until the clubhouse was constructed.

Mr A.J. SIMPSON: Did you write to her telling her that?

Mr Whyman: We told her that; we did not write to her.

The CHAIRMAN: How many residents are we talking about? I notice quite a few on the list.

Mr Martin: It was 13 or 14.

The CHAIRMAN: The 13 or 14 signed a lease. There were arrangements in terms of payment of fees and other charges. For instance, you took deposits for a memorandum for the leases. What was written in the first 14 leases in relation to the payment of fees?

Mr Martin: It says in the leases that they would pay the fees on a fortnightly basis, but the amount was not included in that particular part. It was shown in the part that showed the budget.

Mr A.J. SIMPSON: Did you have an annual audit on the fees you charged for the residents to show residents where the money was spent?

Mr Martin: No fees were collected, because we honoured what the real estate agents told the residents; that is, there would be no levies charged until the clubhouse was finished.

The CHAIRMAN: Form 1 is attached to your leases. It is one of the forms I have and it is the disclosure document. I can pass it to you if you wish. I am not sure which lease this is off. It is off one of them; it is on all 14 leases. It itemises —

Administration Fee (GST included)

1st fortnightly instalment of Common Facilities Operating Costs

1st fortnightly instalment of General Operating Costs

Those three items are bracketed and, in writing, next to those items it states —

\$120 per fortnight payable when the club house is completed

My interpretation of that is that \$120 per fortnight was payable after the clubhouse was completed, but there is no mention of any fees to be paid prior to that happening. Is that a fair interpretation?

Mr Martin: I do not know which one you have. Is it one that we sent in?

The CHAIRMAN: I understand that it is one of the resident’s leases and I am happy to pass it to you.

Mr A.J. SIMPSON: Are you saying that every lease is different?

Mr Martin: No.

Mr A.J. SIMPSON: Are they all the same or do some vary?

Mr Martin: Are you referring to what is handwritten on them?

The CHAIRMAN: Yes, it is handwritten.

Mr Martin: I cannot tell you what that one says or who wrote it on there.

The CHAIRMAN: Who would have held the leases after they were signed?

Mr Martin: We held them and sent them to WAPC for endorsement.

The CHAIRMAN: Did you not go through the leases and see “\$120 per fortnight payment when club house is completed” on any of leases?

Mr Martin: I do not know; I cannot read it from here.

The CHAIRMAN: Of course you cannot, but I am quite happy to pass it to. Do you have any knowledge of that being written on the leases?

Mr Martin: It was not written in the leases.

The CHAIRMAN: I will pass the document to you. I will come back to the leases shortly, because it is important. I might also come back to the issue of income and expenditure. I want to clarify the position of the manager.

Mr Martin: Can I explain that this is not the lease; it is a disclosure document?

The CHAIRMAN: What is the effect of a disclosure document on a lease?

Mr Martin: A disclosure document is handed to the individual residents to indicate whatever it is.

The CHAIRMAN: The terms of the lease?

Mr Martin: No, not the terms of the lease. It includes the questions that have to be answered to comply with the code and regulations.

The CHAIRMAN: Of those first 14 documents, would they all include that bracketing and that remark?

Mr Martin: They do have that written in them, but not in the same terms in every one because it was written in by the real estate agent.

The CHAIRMAN: When did you discover there were no levies to be paid, if you are saying that you did not know that?

Mr Martin: When we signed the lease.

The CHAIRMAN: You did not correct it at that stage?

Mr Martin: We did not read the disclosure document at that stage because we are signing the lease.

The CHAIRMAN: Surely it would affect your financial operations if, all of a sudden, you have 14 leases that are not required to pay any levies or fees?

Mr Martin: There is a —

The CHAIRMAN: Mr Martin, evidence has been given to the committee that when the leases were signed there was an understanding by those 14 lessees that they would pay no fees until you completed the clubhouse. Was that the situation?

Mr Martin: No. We explained to you earlier that that is what the agent told the people.

The CHAIRMAN: At what stage did you tell those 14 lessees that they had to start paying half the fees—50 per cent of the fees?

Mr Martin: We never did.

The CHAIRMAN: You never did?

Mr Martin: No.

The CHAIRMAN: Therefore, you were quite happy for them to continue not paying any fees.

Mr Martin: Correct. The real estate agents made a mistake and we honoured that mistake.

The CHAIRMAN: That is very commendable of you.

Mr Martin: That is what we did.

The CHAIRMAN: You did that. My point is that the leases were signed, the disclosure questions were answered and the whole thing was, I suspect, packaged up and was then held by you.

Mr Martin: Yes.

The CHAIRMAN: Are you saying that at the time the lease was signed you became aware?

Mr Martin: We did not become aware until the fourteenth person came to sign their lease.

The CHAIRMAN: For the first 13 you were not aware of the arrangements that had been made with, who you say was, the real estate agent. Were there any discussions between you and the real estate agents about what was going on with sales?

Mr Martin: The discussion with the real estate agent was that we handed them a bound document. The real estate agent told us that what we do is to bind the lot together—the disclosure document and the lease—into one document.

[10.50 am]

The CHAIRMAN: That is understandable because it affects the tenor of the lease.

Mr Martin: No, I do not believe it does.

The CHAIRMAN: I am talking about the issues to do with payment within the lease. Obviously, that bracketing within the disclosure document would affect that.

Mr Martin: It was in the disclosure document. You are absolutely right. It was handwritten in by somebody else but not by either director of Moss Glades. It was written in by the real estate agent who was selling it.

Mr A.J. SIMPSON: When you found that out, did you write to the real estate agent questioning why?

Mr Martin: No, we sacked them.

Mr A.J. SIMPSON: They did it without your knowledge and you never put anything in writing to them to verify that?

Mr Martin: We sacked them and said, “You have put us in an untenable situation. You’ve written all these things in and we are stuck with it.”

The CHAIRMAN: I take you back to your role as manager. You said that you were the manager from virtually day one when the first residents moved in.

Mr Martin: Yes.

The CHAIRMAN: Was that a paid position once fees were being paid to Moss Glades?

Mr Martin: Nobody was paying any fees when the first residents moved in.

The CHAIRMAN: Did you draw a wage from Moss Glades as the manager?

Mr Martin: Yes, as a director of Moss Glades.

The CHAIRMAN: Did you also draw a wage as the manager?

Mr Martin: I cannot see how there is a difference. Moss Glades is the operator and administrator.

Mr A.J. SIMPSON: That is the company name. You are the directors and you direct to pay the manager.

Mr Martin: Yes.

The CHAIRMAN: Was it always the intention that one of the directors would be the manager?

Mr Martin: It was for the interim period until the village was up and running.

The CHAIRMAN: What was the intention then?

Mr Martin: A manager would be appointed to run it.

The CHAIRMAN: Would the manager be paid a wage?

Mr Martin: Yes.

The CHAIRMAN: Would that necessitate an increase in fees or levies for the residents?

Mr Martin: No, we expected that the manager would only be required to possibly be available to manage the village for a maximum of four to eight hours a week.

The CHAIRMAN: I note in your submission that you have stood down as the manager so the residents would not expect to pay any further fees if you appoint a paid manager.

Mr Martin: Pay fees to whom?

The CHAIRMAN: They would not expect at this stage to pay any increase in fees.

Mr Whyman: Additional.

The CHAIRMAN: Sorry. That is what I meant. Thank you, Mr Whyman, for correcting me.

Mr Martin: No.

The CHAIRMAN: I have a copy of the financial statement for the Karrinyup Lakes Lifestyle Village for 2005-06. It shows an item under administration costs of management staff, \$27 036. Would that have flowed to you as the manager?

Mr Martin: Are you asking whether that was paid to me directly?

The CHAIRMAN: Do you see that as a payment for your role as a manager?

Mr Martin: It was not paid to me directly. It was paid to Moss Glades and Moss Glades paid me.

The CHAIRMAN: That clarifies it. What is your experience as a manager of a residential retirement village?

Mr Martin: I have none whatsoever.

The CHAIRMAN: I understood that you had an association—that is what you indicated to a number of the residents; I think you said that in your submission—with another aged care home as a board member.

Mr Martin: It says in the disclosure document that I am an honorary life member of Meath Care, which is a hostel and independent group of living units. I was on the board of that for nearly 20 years.

The CHAIRMAN: Is Meath Care a member of the Retirement Villages Association?

Mr Martin: I do not know whether it is now. When I was on the board, the Retirement Villages Association was not a large organisation. Members of that were mainly those who were doing private developments or private retirement villages rather than church and charitable.

The CHAIRMAN: I understand that Moss Glades is a member of the Retirement Villages Association.

Mr Martin: Yes.

The CHAIRMAN: Are you accredited?

Mr Martin: No.

The CHAIRMAN: Are you aware of how you would go about achieving accreditation?

Mr Martin: Yes.

The CHAIRMAN: Is there an intention to seek accreditation?

Mr Martin: When the village is completed.

The CHAIRMAN: Are you aware of the requirements for accreditation?

Mr Martin: Yes.

The CHAIRMAN: I will read those to you. They are —

- Residents are actively represented in village affairs
- Residents are kept informed about village operations, including finances
- Residents' dignity, privacy, and confidentiality is respected
- Residents are informed of the availability, range and cost of services offered
- The village encourages residents to access a range of activities and become involved in the wider community
- Residents are treated equitably and with respect
- There is a dispute resolution mechanism in place
- Management, residents and staff regularly consult on activities and operations of the village
- Management provides support to the Resident's Committee
- All financial and contractual arrangements are clearly documented
- A system is in place to ensure compliance with relevant legislation and regulations
- The village demonstrates a commitment to quality management and continuous improvement
- The village environment is safe and ensures comfort of residents, staff and visitors

That is essentially the bit that deals with residents. There are a number of accreditation issues that talk about management and quality improvement. Would you say that Moss Glades fits that model?

Mr Martin: At this stage, no.

The CHAIRMAN: Has it fitted that model at any stage since the first resident moved in?

Mr Martin: I believe it did at some time.

The CHAIRMAN: At what stage?

Mr Martin: Until such time as we had problems with particular residents who did not like what they had done.

The CHAIRMAN: Have you assisted in the establishment of a village committee?

Mr Martin: An advisory committee, which was supposed to be set up under the lease, was set up on the basis that at any time residents wanted to have a meeting, they would advise us and have a meeting.

The CHAIRMAN: Who set up that advisory committee?

Mr Martin: The advisory committee is done under the lease, which has three elected members, who are residents, and somebody from the administration. We had two meetings and then one of the people decided they did not want to be on the committee any more and nobody else was elected and since then no further meetings have been held.

Mr A.J. SIMPSON: What date was that?

Mr Martin: It was 2004 or 2005.

Mr A.J. SIMPSON: Were these meetings documented and minutes taken and filed?

Mr Martin: Yes.

The CHAIRMAN: I take you a little further. Would you accept that that list I just read is a fair comment in terms of accreditation?

Mr Martin: The accreditation was set up by the RVA as a proposal for anybody who is setting up a retirement village to join. There is no requirement to be accredited.

The CHAIRMAN: I realise that, but you joined the association. Why did you join the association?

Mr Martin: There was no accreditation when we joined the association.

The CHAIRMAN: There is now.

Mr Martin: Yes, there is now.

The CHAIRMAN: There are fairly clear requirements under the code.

Mr Martin: At the last meeting we had with the residents, they objected to being accredited.

The CHAIRMAN: That is your view.

Mr Martin: That is what they said. They did not want to be accredited.

Mr A.P. O'GORMAN: Did they object to being accredited under the RVA accreditation scheme?

Mr Martin: Yes.

Mr A.P. O'GORMAN: Surely as an operator you would be looking to get yourself accredited because it instils best practice models. Was Moss Glades working towards that?

Mr Martin: We had already gone through the exercise of indicating in our budget that we were going to proceed to accreditation but the residents objected to being accredited. The only way you can be accredited is to spend money doing all these things. If the residents object to spending the money doing that, the administration cannot move down that pathway.

[11.00 am]

Mr A.P. O'GORMAN: Did they object to spending the money?

Mr Martin: Yes.

Mr A.P. O'GORMAN: How much money is involved to become accredited? Is it \$2 000, \$3 000 or \$30 000?

Mr Martin: I cannot tell you what it was. The residents raised objections to the fact that we had included in the budget the cost of being members of the Retirement Villages Association in the budget.

The CHAIRMAN: Were they consulted at the outset when you joined the Retirement Villages Association?

Mr Martin: I think it says that in the budget they received when they signed up.

The CHAIRMAN: You said "in the budget". Under the code you are required to give regular financial updates on the operating budgets. I notice in the early discussions you had with DOCEP in 2005-06—I will pass a copy to you. I refer to the schematic that shows the operators of villages how to set out a system of financial year reporting. I understand that DOCEP gave you a copy of that?

Mr Martin: Yes, it did.

The CHAIRMAN: You have operated the village from 2004 up to today. Have you at any time followed the model you were given by DOCEP?

Mr Martin: Yes, we have.

The CHAIRMAN: It is a requirement under the code. When did you first start?

Mr Martin: In that document it shows you the date that we issued the budget and the financials for it.

The CHAIRMAN: Are you referring to 5 May 2008, this year?

Mr Martin: No.

The CHAIRMAN: When was the first time that you gave a financial report to the residents of the village?

Mr Martin: On that other piece of paper you provided, Adrian Bettella, who is the investigations and buildings person from DOCEP, said —

Mr A.J. SIMPSON: It says that it was discussed due to the financial reporting and it was dated 15 August 2007.

The CHAIRMAN: When did the first residents move in?

Mr Martin: In 2004.

The CHAIRMAN: Did you at any time put that kind of a reporting process in place?

Mr Martin: I might be wrong, but I understood that we had to report to them on how we were spending their money. Seeing that they were not paying any money, then there was nothing to report on us spending their money.

The CHAIRMAN: As they have signed a lease for life surely they have a financial interest in making sure the village is being operated properly.

Mr Martin: In operating the village, yes.

The CHAIRMAN: It was not until DOCEP approached you that you began to put together a financial reporting process. This requires you to, as the committee sees it, in January each year display operating statements; in April each year you are required to display operating statements, and again in July; and, finally, in August you should display a proposed budget and write to all residents saying that it is the proposed budget. In September there should be a meeting of the residents and yourselves to finalise the budget. In October you should display the fourth set of operating statements. Then the whole process starts again until February of the following year when you would hold an annual general meeting, attended by the residents and yourselves, at which you should present annual accounts. Did you agree with that process when DOCEP spoke to you?

Mr Martin: Yes.

The CHAIRMAN: Yet, I suppose, the first operating statement that would bear any semblance to what they said is a report you said you prepared shortly after you were first approached by them in 2007. I understand another report was submitted on 5 May 2008. Is that correct?

Mr Martin: On this photocopy there seems to be a part missing. In the one we have a part of it is highlighted.

The CHAIRMAN: No doubt the highlighting has not shown up on the photocopy. The process is clearly laid out by the code.

Mr Martin: Absolutely correct.

The CHAIRMAN: Why did your management not follow that process?

The question is that the code clearly states, and you have been informed of this by DOCEP, that you need to submit clear operating statements every three months, a proper budget must be set out and agreed to by the residents, a budget meeting must be held to finalise it and each year there should be

a general meeting at which the annual accounts must be presented. How many general meetings have you had since 2004?

Mr Whyman: One, I think.

Mr A.J. SIMPSON: Was that documented and minuted?

Mr Whyman: Yes.

The CHAIRMAN: Who is your auditor.

Mr Whyman: Our accountant is Gary Anderson.

The CHAIRMAN: Who audited the accounts that you submitted?

Mr Whyman: We have not had them audited.

The CHAIRMAN: Do you intend to have the accounts audited?

Mr Whyman: Yes.

The CHAIRMAN: If I were a resident reading what you have in this document I would find it somewhat difficult to have any confidence in this set of accounts. There is no explanation and no indication of them being audited.

You have started to comply with the requirements. You did not start until September 2007. What assurances can you give this committee that the requirements will be properly met in the future?

Mr Whyman: One of the difficulties is that we called a budget meeting, which a number of residents attended. They called for the meeting to be deferred until such time as the dispute before SAT was finalised. We were due to have an annual general meeting in February this year. I approached DOCEP's Mr Marsh saying that we had a problem. If we called a meeting, we did not know whether the residents would do the same again and refuse to attend. He advised that we make this an issue with SAT—that is, the representatives of the residents at SAT—whether they would agree to participate in the next annual general meeting. I tried to raise that with SAT at the past two meetings—I have just been reminded that I cannot refer to that, can I?

The CHAIRMAN: I was about to pull you up on that.

That aside, the retirement villages code, under which you operate, clearly provides the format for advising residents. I strongly suggest to you that you follow that format and that you start to comply with the code; it is simple as that. Fairly severe penalties can be imposed on management that does not follow the retirement act code, particularly as you have a memoriam on your premises that says you are a retirement village. I cannot direct you on that, but I can strongly suggest to you that if the legislation says this is the format that has to be followed, I suggest you follow it.

[11.10 am]

Mr Martin: This list was prepared by Mr Betella. It said we had to display the proposed budget, which we did, and have a budget meeting. We then had to display that fee.

Mr G. WOODHAMS: How did you organise that budget meeting?

Mr Martin: We displayed the budget —

Mr G. WOODHAMS: How did you organise it?

Mr Martin: We wrote a letter to all the residents saying that the budget had been displayed and there would be a meeting in whatever number of days it was.

Mr G. WOODHAMS: Where was the meeting to be held?

Mr Martin: It was held in one of the vacant units.

The CHAIRMAN: I will ask the question again. I understand the answer was no. You have not had these accounts audited?

Mr Martin: No.

The CHAIRMAN: Do you intend to do that in future?

Mr Martin: It is not required in the act unless it is asked for by the residents. The person who wrote our documents expected that back in 2003 they were going to change the act to require that all the things be audited, so he wrote it into the lease. It says in our lease that we will have them audited.

The CHAIRMAN: So you are in breach of your leases by not auditing?

Mr Martin: Correct.

Mr G. WOODHAMS: I come back to the budget question and the fact that you displayed it. Where was it displayed?

Mr Martin: We have a vacant unit within the village. We put it on the window of that unit, which everybody could access. This was similar to what would have happened if we had a clubhouse built; it would have been displayed on the noticeboard.

Mr G. WOODHAMS: Did you indicate in the letter to residents that that is where they would find the budget?

Mr Martin: Yes. I think the letter said it was displayed in the window or on the door of the unit opposite unit 7.

Mr G. WOODHAMS: Would it have been difficult to provide a copy of the budget in that letter that you sent out to each of the residents?

Mr Martin: All it said that we had to do was display the budget, and that is exactly what we did.

Mr A.J. SIMPSON: But you can also send out a copy of the budget as well as display it. You have elderly residents so it would make sense to send out a copy of the budget as well as displaying it.

Mr Martin: We were told to display it and send out a letter about it, so we did what we were told to do.

The CHAIRMAN: With regard to those residents who have been paying fees, in the years when there were no fees, how would they estimate or gauge their outgoings? Is there a set fee? There are other fees that would vary, such as their rates.

Mr Martin: The rates are separate.

Mr A.J. SIMPSON: Are the shire rates sent out individually?

Mr Martin: It is an unusual set-up with the City of Stirling. I understand that all other local authorities send out individual rate notices to each resident. This came about when the legislation was changed and it allowed private retirement villages to be rated so they could take advantage of their rebates. The City of Stirling and I think the City of Joondalup are the only two local authorities that send out a bulk bill and then send out a breakdown, which comes from the Office of State Revenue.

Mr A.J. SIMPSON: Do you get one bill?

Mr Martin: One bill goes to Moss Glades and then we get a spreadsheet. Sometimes it is emailed to us and sometimes it is sent to us in the post. It lists everybody's rates and their rebates.

Mr A.J. SIMPSON: Do you get a rates notice with the rubbish removal fee on it and the shire rates?

Mr Martin: Just one bill for the lot, a bulk bill for the rubbish and for the emergency service levy. We then have to invoice each individual resident from that information.

Mr G. WOODHAMS: Is that a satisfactory set of circumstances from your perspective?

Mr Martin: I find it interesting that only Stirling and Joondalup take that step.

Mr G. WOODHAMS: Have you inquired of the City of Stirling as to that arrangement?

Mr Martin: Yes.

Mr G. WOODHAMS: What was the response?

Mr Martin: That is what you get.

The CHAIRMAN: That is not unusual. All the other retirement villages in the City of Stirling would be facing the same situation. It is simply a matter of apportioning the rates to each individual.

Mr Martin: I spent a fair amount of time trying to get these rates allocated so the residents got the rebates because the church and charitables do not pay any rates, even though the leases held by the residents in Ashlar Glen say they will pay rates. That is a church and charitable village.

Mr M.P. MURRAY: Going back to the auditing, I am surprised that you did not see it as necessary to have an audit on a yearly basis for your personal benefits. Would you do it differently if you had your time over again to make sure that that coverage is there? It does not matter what body you are in, it is generally seen as best practice to have a yearly audit.

Mr Martin: I agree; I wanted to do it but I could not get the rest of the people to agree to put these budgets out.

The CHAIRMAN: Who are “the rest of the people”?

Mr Martin: My partner.

The CHAIRMAN: Please do not think I am being biased in any way by saying this but as parliamentarians who make legislation, it is beholden on us to bring to your attention the fact that there are regulations and laws within the code of the Retirement Act that says these things have to be followed. Regardless of whether people agreed, you do not have an option. Mr Murray is quite right; you are really protecting yourselves in doing these things.

Mr Whyman: Two options are provided in the disclosure document, the yellow book. One says you can audit the accounts or if they are not audited, you can make the actual documents and transactions, the invoices and the payments available for the residents to view. Our latest submission to the residents brings that to their attention and tells them where they can view them by appointment, because we do not have a clubhouse to leave them displayed. All they have to do is ring up and we will make all the documents available.

The CHAIRMAN: That is fine. I do not have a problem with that. That is also stated within the code. The code states that you have to follow a reporting procedure, regardless of whether you put it on the wall of the clubhouse, hang it on everybody’s front door or write to them. This process has to be followed.

Mr Whyman: We have because it does say —

The CHAIRMAN: You have not. You have had residents there since 2004.

Mr Whyman: In the last submission to the residents for the financial accounts for this year, we made a statement that they can view all the transactions, the original documents, if they so desire.

The CHAIRMAN: I have just one final question on this issue. How did you compile these? Were they done by an accountant or did you do them yourself?

Mr Whyman: They were done by an accountant.

The CHAIRMAN: Obviously you sought advice from DOCEP. Did it give you a format in which to report?

Mr Martin: No. I take that back. In the back of the code it lists several models that can be used. When it came out I asked whether these were the ones that were mandatory to use. They said, “No, this is just an idea so people get an idea what it is like.”

The CHAIRMAN: When you first went through this process of putting together a retirement village, the two of you as partners, did you have any idea how the village would operate? You are bringing together 52 groups of people in separate residences living within a retirement structure. Many of the people are elderly. Had you mapped out in any way, apart from the building of the premises, how you would operate this? Did you have any operating procedures? Did you have any occupational health and safety processes? Had you mapped anything out before you went into this process or were you just going to throw up the buildings and say, “It will all happen; build it and they will come”?

[11.20 am]

Mr Whyman: We read the relevant documentation and Mr Martin had had some experience in village structures. We had also intended to hire the appropriate management skills, which we thought would be appropriate to do when we got the clubhouse operating. Now we are bringing that forward and hoping to have the appropriate management skills in place within a few weeks.

The CHAIRMAN: Does Moss Glades have a set of operating procedures that you can produce to this committee that says, “We have a retirement village and these are the things that will happen,”? For instance, in one of your original brochures titled, “Karrinyup Lakes Lifestyle Village”, it states —

CARE

At Karrinyup Lakes Lifestyle Village optional services such as help in the home, cleaning, washing, meals or personal care can be arranged by the Village Management at the residents own cost and are paid by the resident to the appropriate care provider.

What processes do you have in place for that?

Mr Martin: The federal government provides HACC services and people who are assessed and able to take advantage of those services can be provided with them. A number of people in the village take advantage of those at the present stage.

The CHAIRMAN: What did you, as a company, have in your planning processes that would include that? Moss Glades is the operating company for the village. You own the village, don't you?

Mr Martin: Yes. We did not have a process in place to do these things. If somebody came to us and said that they wanted a particular facility or service, as listed in the brochure—the purpose of this village was that it was for independent people rather than people who expected a range of services that other villages provide, such as ongoing care etc. I made a decision that we would arrange these services as and when they were required.

Mr A.P. O'GORMAN: Surely you would have had a plan in place and discussed with service providers how they would provide services to the village before you put it in your marketing brochure. If I was a person who was looking at your marketing brochure and saw that, I might say, “I have an issue here and I need access to HACC services. They say they can provide it. It is an enticement to me to move in to that village.” It indicates to me that you have something in place.

Mr Martin: Do you want to know what the process was to provide these HACC services?

Mr A.P. O'GORMAN: Yes, I do.

Mr Martin: When I was at Meath, we did a lot of this. When Meath started there was no supervisor as such. The members of the committee did the work. In other words, we did not have a manager. Some of the members interviewed potential residents. At that stage, no assessments were done and

ACAP was not done for the federal government. If anyone applied and they fitted in, they were interviewed and given accommodation. They were expected to pay a donation to the organisation, which was a church and charitable one. Service was provided on the basis of who was employed and the extent of services required. As time moved on, to get into Meath a person had to have a commonwealth ACAP report, which determined whether he or she was eligible to go into the hostel.

The CHAIRMAN: Mr Martin, I will pull you up for a second. All committee members, as parliamentarians, are aware of the HACC process within their own area.

I know what Mr O’Gorman is getting at, but the committee’s question is: were you, as an organisation, providing a care provider?

Mr Martin: We could not provide the care provider. Those providers come from providers that the commonwealth government determines. Places like Silver Chain that we are aware of and have spoken to; the Uniting Church, we have spoken to those people because they had care packages —

Mr A.J. SIMPSON: For the benefit of Hansard, would you explain what Meath Care relates to?

Mr Martin: Meath Care was originally a hostel that was built in Trigg with government funds.

Mr A.J. SIMPSON: Was it turned into an aged care facility.

Mr Martin: Yes, an aged care facility.

Mr A.J. SIMPSON: Is it actually called Meath house?

Mr Martin: It is called Meath Care now.

Mr M.P. MURRAY: With all that is happening, do you think that a lot of the problems that have arisen have been caused by a lack of communication between management and residents and, as a result, there has been a misunderstanding because of that lack of communication?

Mr Martin: Yes, I would say so.

Mr A.P. O’GORMAN: When you decided to build Karrinyup Lakes Lifestyle Village, did you have a business plan in which you outlined what you were doing, where you were going, how it was to be funded and the services that would be provided to residents? It seems to me that it was haphazard and you did not have a clear plan in place.

Mr Martin: Did we have anything written down? Only the business plan that we did for the financiers who supplied the money to do it. I assume that what you are talking about is, for example, what happens when a resident wants somebody to clean their house.

Mr A.P. O’GORMAN: You indicated in your brochure that you could provide those services.

Mr Martin: Yes.

Mr A.P. O’GORMAN: That indicates to me that you, as Moss Glades, will provide those services. Quite clearly, you did not have in your business plan that Moss Glades would provide those services.

Mr Martin: Are you saying that what we said there is that Moss Glades would provide those services?

Mr A.P. O’GORMAN: It says under “CARE” that —

At Karrinyup Lakes Lifestyle Village optional services such as help in the home, cleaning, washing, meals or personal care can be arranged by the Village Management at the residents

...

Mr Martin: Yes.

Mr A.P. O’GORMAN: That indicates that you had a plan and you had spoken to organisations and determined that you would ring them and they would come in and provide the service at the resident’s cost.

Mr Martin: Yes, that is right.

Mr A.P. O’GORMAN: Now you are saying to me that you did not actually have those in place.

Mr Martin: You said, “Did we have it written down as a business plan?” No, we did not have it written down as a business plan. It was part of the exercise and we knew we could organise those services if and when they were required.

The CHAIRMAN: I understand that in June 1999 you put out a circular in the name of Moss Glades Pty Ltd that forms the basis of the appeal that you put to the minister at the time that your first request for approval was refused. It is a single sheet and you can have a copy. It states —

NUMBER OF DWELLINGS

Reference is made to 61 dwellings. To continue -

LESSER AFFECT ON AMENITY

...

COVENANTS REQUIRED

The City of Stirling requires covenants placed on the titles restricting the use to aged persons over 55.

It also states —

MANAGEMENT BY CARE PROVIDER

Management will be by an experienced care provider who will look after the external area and provide additional services as required such as:

GARDENING . . .

MAINTENANCE . . .

HOME HELP . . .

NURSING CARE 24 hour emergency callout.

It was put out by Moss Glades in June 1999. I will pass the circular to you. Who was that circular going to and also did that form the basis of the appeal that you put to the minister when you were refused the application?

Mr Martin: This appears to be the result of comments that were made by surrounding residents.

The CHAIRMAN: I understand that your first approval was knocked back by the council because there were objections from local residents. Is that correct?

Mr Martin: That is right.

The CHAIRMAN: You have stated your case in there.

Mr Martin: This is a reply to them.

The CHAIRMAN: The part that is highlighted deals with care. Can you read that out to us.

Mr Martin: It states —

MANAGEMENT BY CARE PROVIDER

Management will be by an experienced care provider who will look after the external area and provide additional services as required such as:

GARDENING to private outdoor spaces and courtyard

MAINTENANCE to inside the homes

HOME HELP to assist in cleaning and washing etc

NURSING CARE 24 hour emergency callout.

The CHAIRMAN: Is that the same kind of advice that you would have given to the minister?

Mr Martin: This seems to be a photocopy of a number of things that were put together. I do not know how this was formulated. I cannot remember this at all.

The CHAIRMAN: Coming back to what Mr O’Gorman said, who was the experienced care provider?

Mr Martin: I do not know how this was put out. You are asking me to tell you what this is and I am saying that I am not sure where it came from, how it was produced or what it is. It does not have a signature on it. It says at the bottom, “Circular put out by Cr. Martin. June ’99”.

The CHAIRMAN: It has come to us as part of the submission. If you do not recognise it, I cannot push any further. As far as you are concerned, Karrinyup Lakes Lifestyle Village was not going to provide these services. You are talking about outside agencies that individual residents could use.

Mr Martin: This was not sent out to any potential customers of ours.

The CHAIRMAN: I said that if you do not recognise that, I will not pursue it. Do you know what it is?

Mr Martin: It addresses a lot of the comments that were made. It says on the bottom, “Circular put out by Cr. Martin”. I do not believe that it was a circular put out by me. It would have been a response to questions that we were asked.

Mr G. WOODHAMS: Who would have been asking you the questions?

Mr Martin: I do not know. It was not a response to questions. It was a response to the comments that objectors made.

Mr G. WOODHAMS: Who is objecting? Tell me. I do not know. Who is objecting?

Mr Martin: Anybody who wrote to the City and said, “We object to this being built for the following reasons.”

The CHAIRMAN: I will move on. We may come back to that later. You say that you do not recognise it. In the meantime, we may follow up and find out where that came within the submissions. Given the time, I suspect that we will probably have to ask you both to come back at a later date.

I will now go back to the fees and levies. You said that there was a mistake on the part of the real estate agents and that people should have been paying half the fee. In October 2007 fees for operating costs were refunded to fee-paying residents. Why did you refund a parcel of fees to residents?

Mr Whyman: DOCEP called us to give an account of our actions. It said, “You’ve taken a small amount of money.” The first people who had this special dispensation were not paying any fees at all until the clubhouse was built. We changed that and left that off the next set of leases. A person moved in and she started paying \$30 a week. She was the only one in one year. In the next year there were two or three. We came to this inquiry by DOCEP and it said, “What are you going to do about this money back here?” I said, “We will give it back. We will start with correct records and correct procedures and we will take the money from the people who have signed to pay the money but will take no money from the ones with special dispensation due to the error of the sales agent.” That is how it is done today.

The CHAIRMAN: What explanation did you offer to the residents when you paid that money back?

Mr Whyman: I think we said that having not put any accounts out, we will return the money.

The CHAIRMAN: I will take us back to the code of fair practice. Regulation 4.8 states that the residents' contract includes details of any reserve fund in place which is for the purpose of accumulating funds to meet the costs of repair, maintenance etc. Is this the same thing as the sinking fund you referred to in your lease documents?

Mr Whyman: I understand you have a maintenance fund that the residents contribute to weekly and there is another sinking fund that accumulates when they depart. A percentage is deducted from their outgoing moneys and that goes into a sinking fund. Is that what you are asking me?

The CHAIRMAN: I want to know what the sinking fund is that is referred to in your lease documents. Is it one or the other?

Mr Martin: It is the same. In the code they talk about a reserve fund. In our lease, it is called a sinking fund.

The CHAIRMAN: If it is the same fund that is referred to in the code, do you indicate in these documents that you have put out, as required by DOCEP and the code, the state of that fund to the residents? Do they know much is in it?

Mr Martin: Yes. It was listed in that financial document that we presented. That was the one that we put on the window. Then we had a meeting and the first order of business was to move that the meeting be adjourned until after SAT has been completed.

The CHAIRMAN: That sinking fund is shown on the second page of the accounts as \$2 650.

Mr Martin: That is correct.

The CHAIRMAN: Is that the current state of the fund?

Mr Martin: Yes. That only accumulates when somebody leaves.

The CHAIRMAN: Is that a trust fund or a straight account? How have you set that up?

Mr Martin: You have to hold it in trust. It does not say you have to have it in a trust fund.

Mr M.P. MURRAY: Is that the case at the moment?

Mr Martin: No, it is in a separate account.

The CHAIRMAN: What is that account called?

Mr Martin: Karrinyup Lakes Lifestyle Village sinking fund account.

The CHAIRMAN: Could you supply statements of that account to this committee?

Mr Martin: Yes.

Mr G. WOODHAMS: It is held in trust. It is not a trust fund but you are telling us it is held in trust. Describe to me what you believe that means.

Mr Martin: If you were to look in the lease to see what the fund is for, you can see the availability of it. I understand on the lease it says that this money will be held to pay the cost of any major repairs or renovations required or reimburse Moss Glades for spending that money.

[11.40 am]

Mr A.P. O'GORMAN: I was going to ask you what "held in trust" means to you, but you have answered it.

Mr G. WOODHAMS: Mr Martin, has that account been used?

Mr Martin: No.

The CHAIRMAN: At what stage were the moneys that are in the account put into that account?

Mr Martin: When the residents left.

The CHAIRMAN: Would you be prepared to supply us with statements from the time the account was opened to the present time? We will move on —

Mr M.P. MURRAY: Just before we do, I believe the contract between yourselves and the real estate agents was terminated. What was the relationship between yourself and the real estate agents along the way? Was it a happy one to a stage and then it fell apart or were there ups and downs all the way along?

Mr Martin: One of the difficulties was the person who was appointed, Glenda Cooper, who is the daughter of Mal Dempsey, would keep on saying things to potential residents that were not included in the lease. She was employed under the auspices of Residential 55 to do that. It was expected that they would handle all that and when they had something they would bring it to us and say, “Here you are, we have signed this person up”, or “This person has made an offer”, and we would sign the lease—not the disclosure document—and accept it.

The CHAIRMAN: You did not go through the disclosure documents?

Mr Martin: No.

The CHAIRMAN: Not on any of those 14 leases?

Mr Martin: No.

The CHAIRMAN: I thought you said that it was on the fourteenth lease that you discovered —

Mr Martin: Sorry, on the thirteenth. When we got to the thirteenth we discovered that that had been put in.

The CHAIRMAN: At what stage were they to pay the 50 per cent levy?

Mr Martin: Sorry?

The CHAIRMAN: We have 13 leases. Over what period of time were those leases signed?

Mr Martin: I would have to look to see what it was.

The CHAIRMAN: Roughly—a two-year period, six-month period or a one-month period?

Mr Martin: Probably about a 12-month period, but nobody had moved in.

The CHAIRMAN: Nobody had moved in?

Mr Martin: No. I will explain that there is some concern about signing the offer and signing the lease as to whether they have signed the lease. When is the lease signed? When they sign the offer or when they sign the lease? We found out recently when we were before SAT that signing the offer is signing the lease. However, signing the offer does not mean that they have to pay the money. They do not pay the money until they sign the lease.

The CHAIRMAN: All those leases has been signed and you held them for 12 months.

Mr Martin: Nobody had moved in.

The CHAIRMAN: I know, but you held the paperwork for 12 months.

Mr Martin: For a period of time, yes.

The CHAIRMAN: In your forward planning from the time they started to move did you prepare an operating budget—cash-flow budget—for the forthcoming year?

Mr Martin: It is all in the lease.

The CHAIRMAN: No, you, as an organisation was Moss Glades.

Mr Martin: Yes.

The CHAIRMAN: Do you prepare ongoing operating budgets—cash-flow budgets—for the operation of the village?

Mr Martin: For what? For Moss Glades?

The CHAIRMAN: For Moss Glades.

Mr Martin: Yes.

The CHAIRMAN: Did you not expect to include the 50 per cent levies that you talked about in those?

Mr Martin: If they were not living in their place, they would not pay any fees.

The CHAIRMAN: Surely you do cash-flow budget projections. The federal Treasurer came out yesterday and gave a cash-flow budget, if you want to call it that, for the operation of the nation for the next four years. The Treasurer in this state did the same thing last week for this state. Surely, Moss Glades does the same. I suspect that you would be required to do that under your operating requirements as a company. Do you, as a company, present annual accounts?

Mr Martin: Of course we do annual accounts for the company.

The CHAIRMAN: Obviously you have to present them to the taxation department and meet other requirements.

Mr Martin: Yes. You do not do budgeting for the taxation department.

The CHAIRMAN: Surely you want to know whether you will be viable this time next year.

Mr Martin: Yes. We do not have to sit down and do a business plan or a cash-flow budget to do that. We do not.

Mr A.P. O’GORMAN: I take you to communication with the residents. A fair number of residents have suggested to us that requests for information from Moss Glades, both verbal and written, are generally not responded to. Can you comment on why Moss Glades does not particularly respond to residents’ queries?

Mr Martin: Individual residents?

Mr A.P. O’GORMAN: Individual residents, and I will come to a particular query regarding maintenance that I have later. If I go straight to maintenance, maybe you can answer my query. Do you have a process in place to deal with maintenance issues? If, for example, I have a problem with my unit, how do I communicate that to you, how do I get a response and how do I know when the job has been done?

Mr Martin: If they have a problem with the maintenance, they write a letter to us—list it down so we know exactly what it is. We found telephone calls tended to be misinterpreted or misunderstood.

Mr G. WOODHAMS: Who would misunderstand?

Mr Martin: They would say one thing when they meant something else.

Mr G. WOODHAMS: Who was the telephone call to?

Mr Martin: Whoever answered the phone in our office.

Mr G. WOODHAMS: Was whoever was in your office de facto in charge of the village that day?

Mr Martin: There would be a note in our book and we would look to see what it was.

Mr G. WOODHAMS: When you say “we would look” is that Mr Whyman and yourself?

Mr Martin: Yes, Mr Whyman and me and our secretary.

Mr G. WOODHAMS: Give me an example.

Mr Martin: A person rang up and said he needed his heater fixed and we said, “Would you please tell us why. Write us a note.” He said, “It keeps on going off when I’m in the shower.” That is what he said on the phone. He was asked to write a note. When he wrote the note he said, “When I adjust it when I’m in the shower, it goes cold.” We have instantaneous gas heaters with temperature

controls on them. With an instantaneous gas heater you have to turn it on flat out. If you turn the hot water down, it automatically turns off. We have temperature controls installed in the bathrooms and the residents are able to control what temperature they want the water to be. All they have to do is get into the shower and turn the hot water on full bore and the water comes out at the required temperature. We sent the guy to fix up the hot water system, because he said it was a faulty hot water system. It was not, because he was playing around with it. When we sort out those things we are able to say —

Mr G. WOODHAMS: Is every example like that?

Mr Martin: No, not every example is like that. I am saying that the reason we have asked for it to be in writing is because when they write it down then we find out what the problem is. When they write it down they have to identify what it is, rather than saying that they need something done.

Mr A.P. O’GORMAN: I will push that a bit further. You are now operating a village. You have so many residents there and the only process you have for reporting a fault is that the resident has to write a letter. The resident writes it today, you get it tomorrow and you might get somebody out by the end of the week.

Mr Martin: No, if it is something important we do it immediately.

Mr A.P. O’GORMAN: Would it not be far better if you had a process in place, for example, a form requiring the name, unit number and the issue. As far as I can make out you have Rinnai Infinity hot water systems on your premises. They are temperature controlled and they are highly reliable units. If the gentleman in the shower in the first place was turning it up and down to adjust the temperature, it seems to me it was not explained to him properly in the first place.

Mr Martin: It had been.

Mr A.P. O’GORMAN: Okay, maybe it had been. We are dealing with senior citizens here and sometimes you have to explain it a number of times.

Mr Martin: Yes, I agree with that.

Mr A.P. O’GORMAN: I am a gas fitter. Trust me, you do. Who went down to repair that unit?
[11.50 am]

Mr Martin: When we found out what the problem was, we told him that he did not have to fiddle with the gas hot water system, just turn it on. It required us to go through the process to find out why it was turning off.

Mr A.P. O’GORMAN: What was the problem? Were any parts replaced in that gas heater?

Mr Martin: No, nothing was done to it. All we had to do was make sure the guy did not fiddle with the hot water tap while he was in the shower.

Mr A.P. O’GORMAN: I will go back to the reporting mechanism. To write a letter and then expect to get an answer is a pretty poor way of doing it. In my mind you should have a form process that is relatively quick and simple. It is put in your box and you send somebody down to deal with it. If it is something like a gas heater—I am guessing that these were under warranty in the early stages—you would not have to touch it. In fact, you could not touch it because you would void the warranty. Is that correct?

Mr Martin: Yes.

Mr A.P. O’GORMAN: At the time this particular unit failed —

Mr Martin: The unit did not fail.

Mr A.P. O’GORMAN: There was a problem with the unit. Was the water unit under warranty at the time?

Mr Martin: Yes, it was.

Mr A.P. O’GORMAN: Why did Rinnai not come out and have a look at the warranty aspect? You as an operator cannot touch it. As soon as you take the cover off, you void the warranty.

Mr Martin: You are asking me why we did not call Rinnai out to check the hot water system when the problem was the guy turning the tap off. We found out what the problem was. We were able to identify the problem and we told him what the problem was so we did not need to call anyone out to do anything to the hot water system.

Mr A.P. O’GORMAN: We have evidence different to that. Do you have a report-back mechanism? Once I send you a report form and the job is done, is there a report-back mechanism to the tenant?

Mr Martin: A report-back mechanism from whom?

Mr A.P. O’GORMAN: From you to the tenant to say the job has been done.

Mr Martin: We do not know whether the job is done because the tenants will not tell us.

Mr A.P. O’GORMAN: You are the manager of the village. You organise a tradesperson to come in and look after a problem that a tenant has reported. That tradesman does not come to you and say the job is done?

Mr Martin: No.

Mr A.P. O’GORMAN: How do you pay the tradesman?

Mr Martin: It is under warranty.

Mr A.P. O’GORMAN: Not necessarily. We are now outside the warranty period. I am asking you what processes you have in place.

Mr Martin: In our village the exercise is like a lot of other villages in that the cost of repairs or maintenance is borne by the resident. The resident pays the person to do the job.

Mr A.P. O’GORMAN: But it is your tradesman. That is why they report a fault to you. I assume that you have qualified tradesmen. Do you have gasfitters and electricians who do those jobs?

Mr Martin: Yes.

Mr A.P. O’GORMAN: Is it an outside contract?

Mr Martin: Yes, they are all outside contracts.

Mr A.P. O’GORMAN: If I was running the village, to continue to maintain the standard of the village, I would like a report back from the tradesman to see that a problem has been fixed.

Mr Martin: That is what we ask for. Before the guy comes, we say, “We want to know when you are coming, when you want to be there”, but we leave the tradesman to organise the time with the resident. We have gone down the path of sending the guy out to do it and they turn up, knock at the door and there is nobody home.

The CHAIRMAN: I am mindful of the fact that we only got through about two-thirds of the questions we wanted to ask and you still wish to make a statement, Mr Whyman. I am going to ask you to come back at a later date. I have one final question before you go. I understand that in the statement that was signed by yourself, Mr Whyman, there was an indication that you are no longer going to take part in the day-to-day management of the village. Is that correct?

Mr Martin: That is what the residents want.

The CHAIRMAN: Why have you resigned? Why have you taken yourself out of the management role?

Mr Martin: Because some of the residents do not like me. They do not like me because I ask them to comply with the leases. Somebody has to be the policeman, unfortunately. A policeman’s job is not a happy lot.

The CHAIRMAN: Somebody has to be the bad guy?

Mr Martin: Absolutely.

The CHAIRMAN: We will adjourn until such time as we can call you back before the committee. Thank you for this portion of your evidence today. A transcript of the hearing will be forwarded to you for correction of minor errors. Could you please make these corrections and return the transcript within 10 days of receipt. If the transcript is not returned within this period, it will be deemed to be correct. Thank you both for attending today.

Hearing concluded at 11.55 am