

**From:** contact@engage.vic.gov.au  
**Sent:** Wednesday, 20 November 2019 3:07 PM  
**To:** rvreview@justice.vic.gov.au  
**Subject:** New Form submission on Review of the Retirement Villages Act 1986



## **New Form submission on Review of the Retirement Villages Act 1986**

Hi rvreview@justice.vic.gov.au

There has been a submission on [Review of the Retirement Villages Act 1986](#) through Engage Victoria

A copy of the submission is provided as below:

You can also make your submission by adding comments below. This form will not save, so you may like to prepare your comments in a document.

You may fill out as many or as few of the boxes as you like.

### **The retirement village sector**

When commenting on the retirement village sector you could cover:

- the impact of social and economic trends
- your thoughts and experience of Victoria's retirement village industry as a whole.

For more information and specific questions, see Part 1 of the issues paper or the summary [Retirement village sector and regulatory and policy framework](#).

## **Your comments about the retirement village sector**

The older style retirement villages across Melbourne suburbs are outdated. Newer 'vertical' villages are springing up in the same suburbs, selling themselves as a superior 'caring' choice. They are aimed at much older buyers.

In either case, for building developers to erect, and then operate them is stretching their skills. Their reason for staying in this sector - unlike in their suburban housing estates - is the glittering prize of the exit fee - of which they take the lion's share.

One definition of a retirement village is that 'services' are provided. These are 100% paid for by the residents - all the staff, community centre, bowling green, furnishings/fittings, appliances, plus accounting and administration fees of the operator.

Retirement villages are said to offer a pleasing, resort-like lifestyle. In reality it is an institutionalised existence amongst strangers, often isolating residents from former contacts because there is limited parking for normal gatherings.

## **The regulatory and policy framework for retirement villages**

You could cover:

- the effectiveness of the Act
- how retirement villages are defined
- how the retirement village industry is regulated.

For more information and specific questions, see Part 2 of the issues paper or the summary [Retirement village sector and regulatory and policy framework](#).

## **Your comments about the regulatory and policy framework for retirement villages**

The Retirement Villages Act definitely favours the rights of manager/operators over those of residents. In cases where the village is strata titled, there is significant conflict between the Owners Corporation Act and the RV Act, which should be harmonised.

The recent trend by operators to change to a loan/licence contract is most disturbing. We know

of a case where leaseholders were told to vacate because their building was to be demolished. Leaseholders are in a vulnerable position and this should be corrected. It also means that they do not have Owners Corporation rights for decision-making.

## **Entering a retirement village**

You could cover:

- the process of entering a contract
- cooling-off periods
- the disclosures that operators are required to make
- the complexity of the contract
- financial models for living in a retirement village
- deferred management fees.

For more information and specific questions, see Part 3 of the issues paper or or the summary [Entering a retirement village](#).

### **Your comments about entering a retirement village**

We were traumatised by health and family issues when we moved into our 30-year-old retirement village and were in no state to analyse the two long documents we had to sign. One was for the purchase of a strata-titled unit (not an 'incoming contribution'), and the other an Agreement of Management containing a list of items provided by the Operator. We did not understand that we would be paying for all these items. Our lawyer said the documents conformed to the Law, but pointed out that we would be obliged to make a large payment on departure. We did not take in the magnitude of that demand.

We have asked others why they came to a retirement village and the answer was to look for security because of traumatic illness, death of a partner or similar event. No-one has ever said they came for a special life-style.

Services which were once provided have been gradually eroded, such as prompt attendance in case of emergency. We have been told to phone for an ambulance, night or day.

## **Living in a retirement village**

You could cover:

- the obligations of village operators
- how villages are governed and managed.

For more information and specific questions, see Part 4 of the issues paper or the summary [Living in a retirement village](#).

### **Your comments about living in a retirement village**

Village managers need more training. We have experienced three. The first had the attitude of a kindergarten supervisor, the second looked after his own interests, the third is unskilled in property maintenance. The Operator doesn't care because a 'Regional Manager' swoops occasionally to sort things out.

Resident Committees can be taken over by a power-hungry clique - often in league with the Operator - resulting in tensions between residents. There must be strict adherence to annual elections so that unpopular members can be removed.

They should not have power to approve above-CPI increases in fees.

The level of information in annual reports can be insisted upon by the committees if they are well trained in the laws provided in the Acts. The Operators can be held to account if residents know their rights. Too often, residents are not well-informed and it is not in the Operator's interests to have a vigorous, vocal community of residents.

## **Leaving a retirement village**

You could cover:

- the process of selling or re-leasing a unit

- obligations to reinstate or refurbish units
- ongoing charges after the resident leaves
- how capital gains are handled.

For more information and specific questions, see Part 5 of the issues paper or the summary [Leaving a retirement village](#).

### **Your comments about leaving a retirement village**

Our contract does not require us to recarpet or repaint, but it would take courage to defy the Operator's insistence on presenting the unit looking 'as new'. We would rather take a lower price and allow an incoming resident to make their own choice in colours and alterations. Of course, the Operator wants a higher price so they get a higher 30% deferred management fee on the selling price. Ah, that mysterious 'deferred management'! What exactly is it? The Operator charges a handsome annual sum for the actual admin/accounting for the village. A Queensland advertisement had a more honest definition: 'deferred profit'. But 'profit' on what? As our current operators aren't the original builders who claimed it covered the cost of infrastructure, they haven't put in a cent on which to claim a 'profit'.

A flagging real estate market is holding up sales and empty units are languishing. In the meantime, the Owners Corporation fee income is adversely affected six months after vacating.

### **Dispute resolution**

You could cover internal and external dispute resolution processes.

For more information and specific questions, see Part 6 of the issues paper or the summary [Dispute resolution](#).

### **Your comments about dispute resolution**

An Ombudsman would be a great improvement on the present vague requirements.

## **The enforcement of rights and responsibilities**

You could cover:

- how offences are enforced
- civil rights and remedies that residents may have access to.

For more information and specific questions, see Part 7 of the issues paper or the summary

[Enforcement of the Act.](#)

### **Your comments about the enforcement of rights and responsibilities**

An Ombudsman would be helpful.

An Ombudsman is essential in this area.

An Ombudsman is essential.

### **Any other comments**

If you have any other comments, including about issues that have not been discussed in the issues paper, you can enter them into the box below.

### **Your comments**

An overlooked factor in all of this confusion of laws, regulations, rights and responsibilities, is the inevitability of the ageing process, and deterioration in our overall health, physical and mental capabilities. In our retirement we yearn for a peaceful life. We are not going to get it if we are forced to take a role on committees and worry about how we feel trapped because we can't

move on to a more suitable form of housing unless we pay a huge slab of our capital to the Operator in the form of an exit fee.

We have lived in this village for 13 years at the coalface of the struggle endured by fellow residents as they do their best to cope with encroaching infirmity, including dementia. It is painful and worrying. We have attended too many funeral services and the list of recently acquired friends lost is like a memorial board. There is a psychological price for those of us left behind, but the Operator seems uninvolved and it is a subject never to be discussed or honoured.

**I have read and agree to the privacy statement**

Yes

**Provide your name or email address to help us identify your comments if you wish to access them, make a correction, or require technical support.**

**First Name**

██████████

**Last Name**

██████████

**Email address**

██

**How would you like us to handle your comments?**

You may publish my comments anonymously (your name will be omitted)

**What best describes your interest and involvement in retirement villages?**

Current or former resident; Friend or family of a current or former resident

**Location of retirement village (if relevant)**

Metropolitan Melbourne

**Year of entry into retirement village (if relevant)**

After 2014

To view all of the form's submissions, visit:

<https://engage.vic.gov.au/index.php/dashboard/reports/forms/viewDetail/2315>

Regards,

The Engage Victoria Team

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