

Review of the Retirement Villages Act 1986

Issues Paper Response

Should be collective National Responsibility

Due to the growing numbers of our ageing population, the Victorian review is limited in its application regarding the findings of the Productivity Commission 2015 study of the impact of the ageing population.

As this is the case, a standardised National Retirement Act would be appropriate. Therefore, I urge politicians of all persuasions, Federal, State and Territory, to consider this in any review, and address our transient and ageing population, without the political grandstanding that occurs.

Entering a Retirement Village

Over time a number of retirement village options have been developed:-

- Loan/Lease structures
- Rental structures
- Options on structuring a deferred management fee

Given this, the Retirement Villages Victorian Act needs to include a provision where a prospective resident can go to a government web site and compare apples with apples. A properly structured site would provide a comparative framework where promoters and operators of Retirement Villages could be easily compared when prospective entrants are investigating over 55's accommodation.

Therefore, under the Glossary of Questions provided, I answer as follows:

1. No, refer comments above
2. We are a transient society and may have more than one residence (eg. A holiday house), therefore, you should nominate the Retirement Village as your permanent place of residence. The Federal Government has stated that it would like to see older Australians working longer. Therefore, the definition of 'permanently retired' needs to be re-worked. Eg. You may choose to live in a retirement village, but wish to continue to work on either a full, part-time or casual basis.
3. Frankly, the Act appears to me to be more in favour of Operators than Residents. The Act fails to take into account the needs of residents as we age. We do not think as quickly as we once did, we are not as physically strong as we once were, etc. We rely on the Operator being professional, to provide prompt turn around on enquiries (time issues raised). The Act does not provide strong penalties regarding the breaching of a voluntary code of conduct. "Voluntary" means true accountability will slip under the radar. Therefore a rigorous accreditation and licensing of operators must be implemented.
4. It is not about having a register of Retirement Villages. A register fails to recognise the need for properly licenced operators. I refer to the issues raised in the Banking Royal Commission when you have a voluntary code of conduct, the clients would appear to come off second best.

5. Refer comments above
6. No comment
7. Firstly, let's call out what a deferred management fee really is. It is the discounted amount off the original purchase price, paid at a later date. It cannot be labelled a deferred management fee. Your management fee is solely the levy charged to provide services. The price of a retirement village residence should be disclosed in the fact finder comparing similar dwellings in the area. Then you should have options to have financial certainty, if you choose to minimise or delete the deferred management, exit fees and refurbishment costs.
8. No comment
9. Refer previous comments re contract standardisation. A re-written Act that provides more support for residents, and covers all operating models, resident committee qualifications, tenure, operating rules and monthly financial reporting. The Act needs to provide recourse for operator failures ie. A heavy penalty regime is required for failure to attend to a client's duty of care in respect of financial and operational issues. Deal with a code of ethics in respect of the use of the long-term maintenance fund. Last one, write an Act that is easily understood, ie. In plain language.
10. Release the fact finder at the beginning of the process.
11. No comment
12. Refer previous comments. However, as Operators develop new models, contracts change. I have grave concerns in this regard. What is the position of residents who signed under previous legislation? Should the Act or operating models change significantly, compared to an original contract, shouldn't a resident who holds an original contract be given the opportunity to update to current legislation? Sunset clauses are required.

Current contract holders should also have the right to have their contracts amended to reflect any change in the value of their property should the Operator discount, in the future, the value of any unsold residence. They should also have the right to have their contract reflect the same discounted value of any sales incentive offered to new residents to purchase, for example, the incentive to pay no levies for six months to encourage a sale. If not, a resident is at risk of being heavily penalised for having to pick up further capital loss contributions.
13. See previous comments
14. See previous comments
15. See previous comments
16. Every two years.