

Summary of the consultation session

The purpose of this consultation session was for the Inquiry Chair, Kathryn Greiner to hear directly from residents, their families and members of the community about their experience with retirement village living.

This is a summary of the issues raised during consultation by residents and others in response to the topics set out in the Inquiry's terms of reference. It does not reflect the views of the NSW Government and does not represent a full transcript of each forum. The order of the topics follows the structure of the session on the day.

1. Costs, contracts, rights and responsibilities

The forum participants were asked: based on your experience, are retirement village costs, fees and charges and residents' contractual rights and obligations clear and understandable for prospective retirement village residents?

Issues raised mainly related to transparency, fairness and access to information around fees and charges. Other key issues raised during the session related to:

The transparency of contracts

- assistance for residents and their families to understand individual contractual obligations and fees
- disclosure of the potential for capital losses when exiting the village and the financial impact to residents
- fairness of capital gain share arrangements which are based in the sales price rather than the ingoing contribution, in particular when the resident significantly improves the potential value of the unit
- suggestion of an exit fee statement prepared by operators every three years for residents
- plain-English contract terms and conditions
- the level of availability of legal expertise to review and challenge contractual terms and conditions
- exit arrangements for transitioning from retirement village to aged care facilities and the timeliness and costs related to settling new contracts
- clarity around changes to contractual arrangements when there is a new village operator
- transparency about refurbishment costs
- an example was given of refurbishment costs being offered as a flat-fee structure rather than an itemised quote

Village budgets and accounts

- transparency and readability (e.g. font size and graphs) of village budgets and accounts
- access to information about the operation of the village and ongoing fees (e.g. recurrent charges, Capital Works Fund expenditure)
- information to support distinction between different types of village costs
- the ability of residents to appoint an independent auditor as a way to increase transparency of finances
- clarity around the calculation and role of departure fees in the ongoing maintenance of a village

Rights and responsibilities

- clarity of the role of residents committees and the level of support from operators and managers for the work of residents committees
- clarity on the extent to which residents can implement the village rules and monitor compliance
- communication with residents about management changes and standards when the operator of the village changes
- role of the resident in relation to the resale of the village premise (e.g. to market the property)
- ability of residents to transfer a lease arrangement to family members

2. Dispute resolution mechanisms

The forum participants were asked: to what extent do retirement village disputes resolution processes deliver just, quick and cost-effective outcomes for residents and operators?

The issues raised by residents generally related to concerns about the availability of support when disputes arise. Key themes included:

- transparency around the resolution of disputes within the village relating to residents and operators
- clearer explanation of key terms in the *Retirement Villages Act 1999* (the Act) to minimise potential disputes about matters of interpretation
- access to more specialised legal advisors particularly in regional areas of NSW
- responsiveness of Fair Trading to provide support to residents to resolve disputes
- level of support provided by Fair Trading to residents
- support for residents when attending the Tribunal to resolve disputes
- responsiveness of management to requests for information by residents
- an accessible external/independent authority or process to resolve disputes was suggested
- residents were asked if they were aware of internal dispute resolution processes in their villages and most residents said they were not aware of such processes.

3. Funding for village maintenance and upgrades

The forum participants were asked: do you have concerns relating to the protections and fair arrangements with respect to building defects and the levy of fees for maintenance of retirement villages?

The issues raised mainly related to the fairness and transparency of costs relating to maintenance and capital works and the sharing of responsibility between residents and operators, including:

- clarity around when capital items should be repaired or replaced (guidelines for reasonable life-time or depreciation of capital items)
- an example was given of an entrance gate to a village that was repaired 20 times in 9 years
- fairness of arrangements relating to capital maintenance costs to repair items/assets that residents do not own
- information to support the distinctions between operator and resident costs
- clarity around responsibility to remedy defective design and construction in villages
- clarification of responsibility for external painting
- timeliness of repairs in the village
- fairness of arrangements in the selection of properties that are updated in the village

4. Marketing activities

The forum participants were asked: based on your experience of marketing activities in the sector, are you satisfied marketing activities are being conducted honestly, transparently and fairly?

Residents raised a number of issues including:

- transparency around the provision of village-specific management and facility services
- potential for a conflict of interest where there are village managers also acting as sales managers
- depth of knowledge of sales people marketing retirement villages to prospective residents
- suggestion that operators dedicate time to meet and explain the costs specific to retirement village living for prospective residents during the marketing phase
- marketing of services and facilities and level of maintenance over time

5. Safety and security in retirement villages

The forum participants were asked: based on your experience, is the built environment of retirement villages maintained and operated in a manner which is safe for residents?

Residents raised concerns about the ability for village rules to be enforced and gave some examples of good practices for emergency situations. Other key issues including:

- age appropriateness of village facilities
- process within village to enforce village rules (e.g. speeding limits)
- some good examples of emergency protocols in place – particularly in relation to safety plans, regular fire drills and regular training for resident fire wardens
- access to information about safety inspections and reports prepared for the village
- transparency around the level of support and availability of village managers

6. General operation of villages

The forum participants were asked: in your experience, to what extent are retirement villages generally being operated honestly, diligently and fairly?

In response to the question 'would you re-enter a retirement village?' there was a mixed response from current residents. Many identified key issues that need to be improved.

7. General feedback on the sector

The forum participants were asked for general feedback on the sector, including opportunities for improvement and what is working well.

Several issues were raised including:

- the potential for increased education and compliance activities in the sector
- quality of village management and level of experience required to support residents
- responsiveness of operators