

16 August 2019

Retirement Village Exit Entitlements Discussion Paper
Regulatory Policy, Better Regulation Division
Via email:

Dear Sir/Madam

We write in support of the Property Council's response to the NSW Government Retirement Villages – exit entitlements and recurrent charges cap. We have been a contributor to the response and consider that it provides a balanced solution that increases assurances and assistance to residents when they leave a retirement village while maintaining a financially viable industry.

Gannon's has a long and successful history developing retirement communities in regional NSW. Over more than 20 years we have developed and operated communities originally in Wagga Wagga, Albury, Coffs Harbour (now part of Retire Australia) and now in Tamworth and Griffith. Not only have we provided high quality accommodation and services, we have contributed proactively to the local economies through the engagement of local builders and associated contractors, along with the direct employment of ongoing operational staff. In addition, through services and supplies acquisition we make an ongoing contribution to the local economies.

The modelling used in the discussion paper suggests that with an aging population there will be increasing proportion of population making move to retirement living. As inland regional communities are aging at faster rate than capital cities this quantum will potentially be greater. As you are aware there are challenges with the provision of health and aging services in regional communities. This is similar with retirement village development, Gannon's is one of the few operators developing in inland regional communities. However, as an independent operator the impact of a 12-month regional buyback applied retrospectively would increase the risk within our business to an unacceptable level. Should this change be legislated we would not pursue future investment in Retirement Villages in NSW.

We support buyback legislation that is consistent with South Australia (where we own and operate 1 retirement village). That is an 18-month statutory buyback combined with the aged care rule, which supports residents who need assistance with funding their move to aged care (for residents with registered interest holder contracts). This period balances resident and operator risk and maintains and respects the mutuality in the relationship. The 18 months provides sufficient time to make decisions on sale prices, reinstate the dwelling, market and find a purchaser and for the incoming resident to settle. The aged care rule provides assistance by contributing to the DAP while the dwelling is being sold.

We acknowledge the government's position for a 6 or 12 month statutory buyback and respectfully recommend that this could be legislated prospectively as an option that retirement villages were required to offer. It may merely mean some modification to the unregistered leases that already exists in the NSW Retirement Villages Act

We look forward to continuing to engage with government during the consultation period and would welcome the opportunity to provide additional information.

Yours faithfully

JANE MONK
CEO
GANNON LIFESTYLE COMMUNITIES