

The Administrator  
Retirement Village Exit Entitlements and Recurring Charges Cap Consultation  
Regulatory Policy, Better Regulation Division  
NSW Department of Customer Service  
2-24 Rawson Place  
HAYMARKET NSW 2000

### **Submission regarding Retirement Village Exit Entitlements Discussion Paper**

Dear Sir/Madam,

As a resident of The Heritage of Hunters Hill Retirement Village, I offer the following comments on new proposals.

#### **Protection for existing residents**

There are approximately 60,000 existing residents in retirement villages in NSW. It is manifestly obvious such a large number should not be adversely affected by "grandfathering" treatment in relation to exit entitlements and capping of recurrent charges on vacating a retirement unit or be exposed to problems which could arise through new requirements placed on operators.

Election promises of only earlier this year made no mention of excluding residents who are subject to existing contracts.

#### **Effect of new proposals on operators**

New responsibilities placed on operators will increase temptations to 'cut corners' in expenditures, including those not directly associated with new exit requirements, and to shift as many as possible onto residents. Expenditures on replacement items are likely to be of special concern and the need for defining what is of capital nature and what is not (i.e. whether the operator or the resident pays) becomes more important than ever.

Much argument and dissatisfaction has arisen in what often becomes a grey area of determining responsibility. It is clear that an item when it wears out is to be replaced by the operator, such as a stove, dishwasher or carpet, but what about rotted external timber on the building? Who pays if the footpath, having been lifted by tree roots, requires attention, or cracks in the wall? Who pays if the old garden requires complete remodelling?

How to define capital expenditure? Perhaps by regulation this could be done by developing a comprehensive list of what constitute capital items.

#### **Vacation of premises**

Careful thought and regulation must be given to circumstances surrounding renovation and sale of vacated units. New requirements proposed will tempt some operators to skimp on renovating, thereby affecting resale values and perhaps reduce asking prices in the desire for quick sales. Many seniors would be very vulnerable subjects if placed under pressure to agree to an inappropriate value. Protective measures will be needed.

#### **Recognising the need for practical measures**

It is understood new proposals must be equitable and viable for operator and resident. Care is needed for the right balance to be established.

J B Luscombe