

### 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 resident's contractual and other rights and obligations clear and understandable for prospective retirement village residents and their families?**

Residents emphasised the importance of transparency, fairness and clarity on issues relating to contracts, village budgets and accounts and certain rights and responsibilities of operators and residents. Key issues raised during the session related to:

##### **The transparency of contracts**

- plain-English contracts (a comparison to the insurance industry was made)
- the distinction between different types of costs and charges such as incoming contributions, maintenance fees, and deferred management fees. For example, fees and charges that cover the costs of running the village during the resident's stay, and outgoing departure fees and capital gain arrangements with the operator
- the impact of changing property market valuations on departure fees and the level of understanding of the potential for capital loss on exiting the village

##### **Village budgets and accounts**

- the responsiveness of operators to requests for information by residents relating to costs and charges
- clarification around definitions and matters under the *Retirement Villages Act 1999* (the Act) relating to responsibility for fees, charges and costs
- the ability of residents to appoint an independent auditor as a way to increase transparency of finances

##### **Rights and responsibilities**

- the consistency of determining items that are the responsibility of the operator rather than the resident to maintain
- transparency around the costs of utilities consumed by residents and any apportionment of the overall use by village residents

- clarification of certain insurance costs that can be charged to residents (separate to the resident's home contents insurance)
- clarification of certain costs for property maintenance costs (e.g. painting)
- the extent to which residents are able to implement the village rules and monitor compliance

## 2. Dispute resolution mechanisms

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

The issues raised by residents generally related to resolving disputes within the village before they progress to the Tribunal stage. Key themes included:

- available support systems within the village to deal with disputes between management and the resident
- accessible external/independent authority or process to resolve disputes within the village
- appropriateness of managers within the village to deal with disputes in all cases (e.g. there can be different views regarding the expected standard of conduct within the village)
- one resident acknowledged the Tribunal process as a good avenue for resolving disputes
- clarification of certain matters of interpretation under the Act that can give rise to potential disputes
- the cost and time involved to ensure compliance with a Tribunal decision once it has been made

## 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:

- costs related to insurance, utilities, painting and external works
- fairness of arrangements relating to capital maintenance costs to repair items/assets that residents don't own (e.g. roads, painting of buildings)
- information to support the distinctions made between Capital Works Fund items and capital maintenance items
- refurbishment costs relating to unoccupied village premises and recurrent charges
- disclosure of the operator's financial position to residents

## 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?**

A number of issues were raised by residents, including:

- transparency around marketing of the village and the statements by sales people which can be subject to disclaimers in the contract
- up-front disclosure of the particular features of the village, in particular clear identification of which items are subject to flexibility so that the resident can clearly understand and discuss discrepancies with the operator
- one resident raised the issue of compliance with development applications by operators

#### **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?**

One example of safety and security features that were advertised yet not delivered on and issues that were not addressed satisfactorily was shared. The extent to which retirement village facilities are upgraded in an age appropriate manner for residents was also raised.

#### **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?**

The main issue raised concerned the level of experience and standard of conduct by operators and managers that run the village. One example of discouraging a resident committee was shared.

#### **7. General feedback on the sector**

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

Residents raised a number of general issues including:

- availability of sector-specific legal expertise
- clarity and consistency on smoking policy in villages
- the onus on residents to directly negotiate with operators to resolve disputes
- the opportunity for additional support to be provided to prospective residents for example by making more information available to prospective residents
- the potential for increased education and compliance activities in the sector