

TRANSCRIPT

STANDING COMMITTEE ON LEGAL AND SOCIAL ISSUES

Inquiry into the retirement housing sector

Melbourne — 26 October 2016

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Witnesses

Dr Sue Malta, research fellow, and

Ms Sue Williams, researcher, National Ageing Research Institute.

The CHAIR — I would now like to welcome Dr Sue Malta and Ms Sue Williams from the National Ageing Research Institute. Thank you both very much for being here this evening. Before I invite you to make some opening remarks I will just caution that all evidence taken at this hearing is protected by parliamentary privilege. Therefore you are protected against any action for what you say here today, but if you go outside and repeat the same things, those comments may not be protected by this privilege.

We have allowed about half an hour for our time this evening. Thank you very much for the material you provided to the committee. I invite you to make some opening remarks, and thereafter we will have questions.

Dr MALTA — As you said, we are both from the National Ageing Research Institute. NARI is a fully independent, not-for-profit research institute that aims to be the centre of excellence in Australia for research into ageing and improving the quality of life and health of older people. We have extensive experience in research, evaluation and education in the area of health promotion especially, particularly in terms of active and healthy ageing. We conduct independent, non-biased research which we pride ourselves on and which helps older people lead healthier lives, manage their chronic diseases better and continue to contribute to the community as carers and workers and volunteers.

We were commissioned by Residents of Retirement Villages Victoria (RRVV), which acts as a representative body for its Victorian members currently living in retirement villages. It was established in 2006 and represents approximately 40 000 village residents across Victoria, and it has a member base of approximately 6500 residents. We were commissioned to conduct an independent survey of RRVV members, which is what we did.

I just would like to provide a little bit of background, because surveys by industry and peak bodies, as we heard previous speakers talk about, indicate that many retirement village residents report their happiness and life satisfaction improves upon relocation to retirement villages. Many also express satisfaction with the way owners and operators run their villages. However, it is unclear whether independent research would reach the same conclusions.

As highlighted in submissions to the Productivity Commission's review of the aged-care sector in 2011, there may be issues between residents and owner-operators which arise from contractual disputes and these can detract from the overall positive experiences, but these are not captured in resident surveys. Further, it has been suggested that many residents are reluctant to discuss these experiences. In their recent submission to the Access to Justice review, the Housing for the Aged Action Group highlighted the power imbalance inherent between management and residents and the difficulties residents face in bringing matters to attention and ultimately to resolution because they fear retribution and reprisals in whichever form they might take.

To this end, RRVV engaged us to design, administer and evaluate an independent survey. The survey was sent out, and it was governed by ethics principles — we received ethics approval for it. It was sent out in paper form to all members of RRVV in their quarterly newsletter, and a link to an electronic form was also provided for those who preferred it. To ensure privacy and confidentiality and to encourage candid responses, which was the whole point, the survey was anonymous, and no individual or particular retirement village was identifiable from the responses.

Nearly 2000 responses were received. That indicates the level of interest amongst residents responding to this survey. In terms of results, nearly 90 per cent were aged 70 years and older, and motivations for moving into retirement villages were varied and included concerns for safety, the need to downsize, previous home being too large and so on, which is in line with what industry tells us. Five per cent of residents had been in retirement villages for less than one year, and roughly 26 per cent had been in them more than 10 years.

Overall, respondents appeared satisfied with their life and their emotional health, and the majority rated their health as good to very good. For the most part, respondents regarded retirement village life as a generally positive experience and would recommend it to their family, friends or colleagues. Emotional health was also moderately positively correlated with retirement village life, which also fits with what industry tells us.

Whilst most new residents experienced no issues, contractual or otherwise, which needed resolving prior to taking up their residence, over 400 reported issues that were of significance to them, such as delays, building issues, availability of promised facilities and complicated or poorly written contracts. For 170 of these cases the issues were not resolved before moving in and were unlikely to be resolved in the near future.

We all know that as part of communal living facilities, retirement villages provide maintenance. This was reflected in the 1250 respondents who indicated they had reported a matter needing the village manager's attention, most of which were general outdoor maintenance issues. The results were generally positive, as many managers responded immediately and promptly and issues were resolved to residents' satisfaction. However, again, 450 residents reported issues which took a long time to be resolved, and in some cases these issues were never resolved and were unlikely to be so in the future.

This raises questions about dispute resolution processes. If such a process is in place, why is it failing for some residents? Many residents reported the presence of a dispute resolution process, but it appears in their case it was ineffective. One third of respondents were not even aware that dispute resolution processes were in place at their village, even though Consumer Affairs Victoria recommends them and outlines good practice protocols for resolving disputes.

There was also a concern with the time taken to respond to their requests, as survey responses indicated this was not always as timely as some residents would like it to be. Three hundred and fifty-seven respondents said they needed to go above village managers' heads and contact regional managers or higher personnel regarding issues that had affected them. Two hundred and thirty-eight of these respondents had not had their issues resolved to their satisfaction at the time of survey. Nearly half of all respondents experienced a change of ownership or contract changes at their villages which caused some difficulty at some stage.

There is a lot more we could tell you, but the results indicated that even though survey respondents were generally satisfied with their life in retirement villages, just in line with all industry surveys, there are, however, a number of negative issues that impact them.

The CHAIR — Thank you for that overview of that quite extensive response to those surveys. Did you receive much feedback — just to pick up the question I was asking the previous witness — about the competency and capacity of the village managers themselves?

Dr MALTA — I will let Sue answer this one.

Ms WILLIAMS — The difference between what people classify as managers: there are the managers that could be either resident managers, as in living on-site, or management away from it; and then the owners. So there was a bit of confusion about that. But there are incredibly complicated personality and personal interactions. In some cases the managers are the chair of the residents committee, which caused a lot of angst for a lot of the people who sent us information. The competency: it seemed like people felt that they needed further training in issues both in dealing with different personalities but also understanding the needs of the residents as opposed to the administration aims that the owners or the directors of the villages required.

The residents that sent in more detailed comments had things like: should managers be involved in disputes? That was a question asked. Sometimes the managers are friends of some of the residents, and that causes quite a lot of difficulty when other residents bring up issues. That was expressed in a number of the comments made. There were comments made: could residents be involved in the appointment of managers? Those sort of questions were brought up. So it just highlighted that the role of the manager is a very complex one, particularly in the eyes of the resident.

Ms SPRINGLE — I am not sure that you are going to be able to answer my question because I know that you need to stick to the substance of the study, but we have heard from a lot of residents who were talking about issues in management and that there probably needs to be a higher benchmark for training. We have heard several people mention the property council's training, which I understand is actually quite a short, sharp curriculum-based maybe a couple of days. Did you get the sense that the people felt that their managers were adequately trained or there could be further improvement in that regard? Because it does seem that there is some training for managers available, but maybe it is not enough.

Ms WILLIAMS — I suppose the general themes that I got were that there were degrees of bullying and harassment of managers, so whether that training was adequate enough, I am not sure how to deal with —

Ms SPRINGLE — As in the residents were bullying the managers or the managers were bullying the residents?

Ms WILLIAMS — It is quite complex. Most of them were from the manager bullying the residents, but within that there was also residents-to-management bullying; there was owners to residents, people had mentioned those ones; the residents committee to particular residents; and then there was residents to residents. So it is very complex, but the ones that were most mentioned were the bullying or harassment by the manager to the residents — particular residents — particularly in cases where maybe a dispute was in place, so maybe a general maintenance was required and then that maintenance was not completed by the manager or was not funded by the owners, and so the dispute kept going and at times the residents felt bullied in that state. I suppose that kind of training to avoid that kind of particular issue.

The other one that I got a feel for was perhaps that there was some degree of not really understanding older people and the heterogeneity of it and the needs of older people. So you have got the people who were mentioning comments like, ‘I am an independent, active older person. The manager does not understand that,’ and, two, the older person who was saying, ‘I have needs that are not being met because of some of my health or social conditions’. So the understanding of the needs of older people could be a training opportunity for managers as well because of the diversity of the people who are going into and purchasing into retirement villages.

Dr MALTA — One thing that was really clear that kept coming through was that there is an inherent disconnect, which HAAG talked about in their submission. It is about: these are for-profit organisations, so that does not necessarily translate into providing care or provisions for people who are residing there, and that came up quite a few times.

Ms SPRINGLE — In the study was it broken down into people who were under a lease agreement or into strata-type title?

Ms WILLIAMS — No, we did not collect that data.

Dr MALTA — We did not want any identifying information whatsoever, because we wanted it to be fully independent and non-biased. So we have to be really careful, too, about how we report the results. We have done wider research, but that is not what we are talking about.

Ms SPRINGLE — Again — and please say if you do not really have the answer — could it be possible that some people enter into these contracts not really understanding that it is buying into, I guess, a community but also an accommodation contract? It is not necessarily an aged-care facility. It does not necessarily come with added supports or pastoral care or any of those other extra things that we all may need when we start to get a bit older and have different needs. Do you think there is some misconception around what some people are buying into?

Ms WILLIAMS — I think so, yes. I think the literature, which is independent from this — so both published in the UK and the US, there seems to be a lot more published data in this field than us — shows that the expectations of older people are buying at one time in their life, and life circumstances change over time. So they are buying at a contract that is, ‘This is how I am now, and I will be here until I die. I will be as fit and healthy as I am, and I will die like that’, and all of us do not realise the journey that we might be on between those two points. People do not necessarily look at contracts with those different eyes. I have got some statements like some person says:

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I understand the existing issues with leaving and getting there, but I still believe it is best for me, but it is a total, total, total rip-off.

So that is a comment that someone says. Life is still me, I can see, but from all the fees and exiting and the whole issue of being out of pocket and the difficulty that people have said about contracts, it is quite hard. Even for those who do go in with open eyes and are very understanding of the contracts there are comments like:

QUOTE NOT SUPPLIED IN TIME FOR VERIFICATION.

When we have change of owners, the change of the contract and the change of the services available has happened.

So people have made comments like:

QUOTE NOT SUPPLIED IN TIME FOR VERIFICATION.

There was 24-hour care, but because of the change of ownership and the contract there is no longer 24-hour care.

We are talking about a length of time. We are talking over 5 or 10 years ago that people may have bought in. I suppose one of my concerns is that we are hearing things like:

QUOTE NOT SUPPLIED IN TIME FOR VERIFICATION.

I am trapped in a retirement village jail; it's too expensive for me to leave.

And:

QUOTE NOT SUPPLIED IN TIME FOR VERIFICATION.

We own our own unit but we have no power over our own destiny.

Those comments show that people maybe went in and read the contract, but circumstances changed. The difficulty in being able to leave in a way is quite heartbreaking. It is that loss of autonomy that we really felt when reading all these comments.

Ms SYMES — Just in relation to changing conditions in the contract, is there not an instance where you are able to get out of your contract if the conditions change, or is it kind of a standard clause of 'We have the right to change within 10 years'? What resonated was your example of going in at 65 with the provision of 24-hour care available should you require it in the future, but if that is not there when you are 85 and that is what your contract said, can people not get out via breach of contract, changed conditions? There are no exit clauses if conditions change — is that your experience?

Ms WILLIAMS — Well, from this one survey I do not know the answer to that. I do not know, but certainly that is the impression. A comment like:

I can't afford to leave the village now; I am a widow. The refurbishing costs and the sales costs are too much ...

That person probably went in as a couple, and now her life circumstances have changed. So I do not know the answer to that. You will have to ask someone who knows more about — —

Ms SYMES — Would it be common for contracts to change when people are in?

Dr MALTA — Well, 50 per cent of the people who responded said they had had a change of owners or a change of contracts. So that is half — that is 1000 people.

Ms PATTEN — Thank you. This is fascinating. I guess in looking at the survey generally initially, you have used the pool of the members of the organisation. I suppose to be a member of that organisation obviously you are engaged with the issues. So 6500 people out of 40 000 residents. You sent it to the 6500, and 2000 responded. So they are obviously very engaged in retirement village life — and what a response. I think you would get valuable information. Do you ever think or have you thought about how this information might relate to the 40 000? Can you extrapolate?

Dr MALTA — Well, that is a bit difficult to do — —

Ms WILLIAMS — About 7 per cent of people gave these examples that I am talking about — these very, very strongly worded things. But that means that 90 per cent did not — just ticked the form. So there is a difference there. From our research experience, when we normally send out 6000 requests in a survey we would be lucky to get 200. So that astonished us, from the motivation. It was all sending it back in an envelope-type thing, so this was not just clicking a button electronically. So that was a shock to us — that we got that amount of response. Your question about how can we extrapolate to the other 34 000 people: it is very difficult to, but I think the themes would be very similar, I suspect. I do not know. Maybe perhaps not those 7 per cent who bothered to write great paragraphs of information but more the 'retirement village life is satisfactory and life is satisfying and we would recommend it to other people, and we do have issues with the manager'. I can imagine that, but that is just me inferring.

Ms PATTEN — So that was the 400 or the 20 per cent of the respondents who said, ‘Overall it is okay, but it is a rip-off or the contracts changed’ — so 20 per cent of them had a dispute but not something that was ruining their enjoyment of their retirement years?

Dr MALTA — No, and it is almost a strange finding. I mean, it is very difficult to actually realise where it is coming from, because they had to tick a lot of boxes about: ‘Are you happy with your manager?’, ‘Are you satisfied with this?’, and they said ‘Yes’, and then there is always this ‘but’ — ‘but’. So I do not think industry surveys show that because they do not ask those questions anyway. In our case we have got this terrific response, nearly 2000 people responded, and even though it is not a nationally representative sample, I still think it is representative enough.

Mr MULINO — Thanks very much for your evidence, and it is a fascinating report. You have got a lot of information on individuals, and obviously you have got some qualitative responses as well. Were you able to do any kind of analysis on whether there is a correlation between certain characteristics like age or length of tenure or, for example, whether somebody is single or in a relationship, as to things that might be correlated with how vulnerable they feel and whether, for example, disputes go unresolved?

Ms WILLIAMS — As you are aware, correlations do not mean causality as well —

Mr MULINO — No.

Ms WILLIAMS — So we cannot say that if there is a correlation, that one thing causes the other thing, because we know that things like health and happiness and emotional wellbeing can be due to lots of different things that can be circumstances happening. However, we did do some correlations looking at the experience of retirement village living and someone’s emotional health. So those people who said, ‘This is a really great experience for me’, tended to rate themselves as emotionally happier. Then the other one which is of interest is that there was a mild correlation between life satisfaction and how well respondents thought management dealt with disputes. So those people who felt that management did not deal well with disputes, their satisfaction with life was impacted, was lower. So you can see perhaps generally people are happy, but for those who are finding that disputes are not being resolved to their satisfaction, it is probably having an impact on their emotional wellbeing. But again, the statistics would not allow us to say that confidently, because it is not a causality.

Dr MALTA — But you also have to remember that these people are still embedded within their retirement villages. So part of it — this is my take on it — is that they are afraid to say too much, anyway. Even though we say it is confidential and it is anonymous, there are issues regarding that, and that has been shown in other research, that people do not always believe that something that they do is anonymous, and they would be scared of saying the truth.

Mr MULINO — One of the conclusions I think that you came to was that villages should have an effective residents committee independent of managers.

Dr MALTA — Yes.

Mr MULINO — Was there any kind of sense from the data as to what percentage of people felt that they were in a village where there was an effective residents committee?

Ms WILLIAMS — We did not actually ask that specific question.

Mr MULINO — Right. I was just wondering whether that was something that was asked.

Ms WILLIAMS — No; I cannot answer that question, sorry.

Mr MULINO — Because you have got a question here which asks how well respondents think management handles disputes.

Ms WILLIAMS — Disputes, yes.

Mr MULINO — So I imagine that a pretty high number would probably say it is good, given the overall satisfaction numbers? Or what is the number for that?

Dr MALTA — We are just looking.

Mr MULINO — You can take that on notice.

Ms WILLIAMS — Yes, we can take that on notice, but when you are asking for the number, the data that we have reported and got here would be a mean on the Likert scale of zero to 10 where people filled in. So if you want to know the ones that are really happy, we could pull out the numbers who are 8s, 9s and 10s, versus the people who are zero, 1 to 4, because that will show you the spread of the data. Whereas a mean — you could have equal at both ends and then someone in the middle, so we would be able to get that data for you, actually at the raw numbers level.

Mr MULINO — Specifically, I guess — this is the last point — the issue I am interested in here is: obviously when a dispute is raised it goes through various levels of escalation, and the first one might be dealt with internally, you might have it dealt with by management, and the extent to which that might be managed by management might be dependent upon whether there is an effective committee of residents that can help somebody go through that process. It would be interesting to know how many people were in that lower clump.

Ms WILLIAMS — As Sue mentioned, we had a fifth of the respondents — that is 350 people — who contacted above their local residence, so they are going to the regional managers, the directors of companies; and two-thirds of those are still getting a negative outcome for them. Two-thirds of those people are not satisfied with the response, even though they have instigated a process along the higher route. Maybe they have to get to the general manager, as was discussed before. So it is still unsatisfactory.

Mrs PEULICH — On the issue of complaints, have you unpacked that to see the types of complaints that are not being resolved? I look at my mother who is 83, and I would say most of her complaints would never be resolved; she would never be happy unless she gets her way. I have got a few constituents for whom, dare I say, whatever I do is never quite good enough — one particular one comes to mind. So have you unpacked that to see whether in actual fact some of those complaints are completely legitimate, reasonable, or whether there are elements of not compromising?

Ms WILLIAMS — I think the data we have got is probably not detailed enough to say, ‘Can we make a judgement on whether this fencing issue is justifiable or has been resolved in a wrong way?’, because we were not making that call. But in the eyes of the residents it was not being solved to the way that they wanted it, even though you could imagine the owners thought it had been resolved, in a way. So I think that is the real mismatch, between what someone has called satisfactory and being resolved, versus that. I suppose with the main themes, maintenance is a big issue. Some examples might be when something is not fixed, who is responsible for it? If it is something like a hot-water service, who pays for the plumber for that? There were occasions when that was used as an example. A resident might think that that is the owner’s role, but then the owner says that it is theirs.

Mrs PEULICH — They are tangible issues.

Ms WILLIAMS — Fixtures and fences; things like maintenance.

The other big one is the financial issues, so that requirement where it is the owners who have the power in that duo, that dyad of people. A couple came out where the long-term maintenance fund was being used to provide development by building more villas, but in fact that money sounds like, with my limited knowledge, that that should be used for maintenance of the current ones.

Mrs PEULICH — And a sinking fund.

Ms WILLIAMS — Financial issues and operating deficits and not having enough statements of what has been spent on maintenance was another theme. The promise of services and facilities seems to be one: ‘We were promised when we bought in that we would get a pool and a gym and a bowling green and a clubhouse and/or 100 more villas’, and that does not happen. That impacts for some residents on the value of their property because it is not being done, so that if they do move out then the value is going — so it is those ones.

I mentioned the bullying and harassment. There were a couple about council rates, so the role of how they are paying rates — —

Mrs PEULICH — The double dipping.

Ms WILLIAMS — Yes, when they are not actually landowners and things like that; that came up. And then leaving the village was another big theme that was of great concern to a number of residents. So I would say they were the main themes that came out.

Mrs PEULICH — Thank you for that. That is illuminating. The idea of the residents committee sounds interesting and consistent with modern dispute resolution models, where you try and fix it up locally and amicably and then have an opportunity to escalate it. Is that model being used anywhere else?

Dr MALTA — We are not aware. We do not know the area enough to be able to comment on that, sorry.

Mrs PEULICH — Thank you.

The CHAIR — Dr Malta and Ms Williams, thank you both very much for your evidence tonight. A draft transcript will be with you in the next week, and we do appreciate you joining us.

Dr MALTA — Thank you for asking us.

Ms WILLIAMS — Thank you.

Mrs PEULICH — You could publish one of those every three years and compare.

Dr MALTA — If we could get the funding to do it.

Mrs PEULICH — We might recommend that.

Dr MALTA — Thank you.

The CHAIR — Good answer.

Witnesses withdrew.