

TRANSCRIPT

STANDING COMMITTEE ON LEGAL AND SOCIAL ISSUES

Inquiry into the retirement housing sector

Melbourne — 28 September 2016

Members

Mr Edward O'Donohue — Chair

Ms Nina Springle — Deputy Chair

Ms Margaret Fitzherbert

Mr Daniel Mulino

Ms Fiona Patten

Mrs Inga Peulich

Mr Adem Somyurek

Ms Jaclyn Symes

Participating Members

Ms Colleen Hartland

Mr Gordon Rich-Phillips

Staff

Acting secretary: Mr Patrick O'Brien

Witness

Mr Charles Adams.

Mr ADAMS — My name is Charles Adams. I moved into a retirement village 13 years ago. Several months afterwards they moved the service fee up by 50 per cent. It got my interest. I have been studying the situation ever since. I have visited dozens of villages in Victoria; I have visited Western Australia, New South Wales and Queensland; and I have visited three or four in New Zealand recently. I have lived in the States in the past and I have visited villages in the States. There is one big problem with the Retirement Villages Act. The definition on the Retirement Villages Act requires that you pay the capital value for the property you move into before you move in and that acts as a ransom when it comes time to move out. All of this comes from the act. The act has the definition that you are required to pay that money up-front. If you want to get out for any reason — maybe your only daughter has moved to Queensland so you want to get out — it will cost you a relatively high amount, and that is unfair.

Compare this to the US, where they have residential tenancy contracts — contracts about 17 pages. Ours is about 70 in three different documents, all because of these definitions in the Retirement Villages Act. If you want to fix something, change the definition or arrange it so you can get a residential tenancy contract as an option when you go in. Then you would be able to see how much you are paying a week, a month or a day, as they can in the US. Then you would have simple contracts. For those people that want to pay all their money up-front, as I had to do, fine. If you are happy on a pension and you can move in, you would be right too, because you know exactly how much you are going to have to pay.

I spent a bit of time on this last night. I have got a 25-point document here, one for each of you, and I am happy to be given more time to make a proper presentation. Until you change that definition of ‘retirement village’ you will have continued problems like this, and it is a fairly simple thing to do. Just make the option of either paying up-front or paying by the week, as in the US. They have got 15 per cent take-up in this demographic. We in Australia in retirement villages that meet the legislative definition have 5 per cent. We have got another 10 or maybe 15 per cent that do not meet the definition and are not protected by the act; they deal with the Residential Tenancies Act. The definition of a retirement village is a place where the units have secure tenure. That is really all it amounts to when you look at the basics. Can I hand you each one of these?

The CHAIR — Sure. Thank you.

Mr ADAMS — Thank you. I must say it is the first time I have seen in the presentations and the 785 submissions that we know what the operators are saying. Mostly in these things we never hear what they say. Thank you for having the inquiry. It is a bloody good thing!

Ms HARTLAND — We think so!

The CHAIR — That is an excellent way to finish for the day. The committee stands adjourned.

Committee adjourned.