



Retirement Village Residents Association Inc

Newsletter

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From The President

The struggle continues . . .

Due to unforeseen circumstances the RVRA's regular meeting with Rod Stowe and the team from Office Fair Trading (OFT) was cancelled. Once a year representative of Seniors Rights Service (SRS) and Council of the Ageing (COTA) meet with the Commissioner to discuss issues of mutual interest. That being the case I cannot report back to the membership as to where we are on the Regulations Review, implementation of the new Strata Titles Act and its impact on retirement villages. One can only hope that when the Act is implemented the Government and its various agencies have all the relevant literature and training in place to answer the questions that will no doubt arise.

I shall say no more.

Those of you who are avid readers of the Senior newspaper would have no doubt seen an advertisement from a legal firm called Levitt Robinson seeking retirement village residents to send to them their contracts which they would review and seek to mount a 'class action' against operators. You may also recall that mainstream media gave the story a run. I would be interested to know who, if any, saw the advertisement and responded. Considering the response from major players in the industry (nearly nil) it may well turn out to be a fizzer.

There seems to be some movement around OFT and NSW Civil and Administrative Tribunal (NCAT). Talk around the town is NCAT are scheduled to move from their current address in the City come September. The building they currently occupy is due to form part of the construction zone for the new Metro line. Seeing the NSW Government is being blocked from selling the Ausgrid business and the metro funding was coming from this . . . who knows what will happen. Hopefully they will re-locate to an address easily accessed.

PLEASE NOTE

RVRA

**POSTAL
ADDRESS**

PO Box 3349,

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From The President continued ...

Furthermore, in the Saturday, August 13 edition of the Sydney Morning Herald was an advertisement seeking Senior and General Members, Consumer and Commercial Division, NCAT. What piqued my interest was that there was no NSW Justice logo on the advertisement, just a NSW Government logo. This comes on top of another advertisement for several new positions at OFT. Makes you wonder where all this is going . . . all will be revealed in the fullness of time.

All we seek is that any changes are beneficial to our membership who choose to use the Tribunal. Maybe we should use it more often . . . at least that way we may get some rulings on vexed issues.

Redevelopment of older Villages seems to be the flavour of the month.

Lend Lease intend to demolish a number of villas at Glenaeon and construct an aged care facility. Lend Lease will not operate the facility. This will be done by an aged-care provider. That village also has a number of serviced apartments. This site will also be redeveloped as independent living units, probably medium rise. This part of the re-development is causing angst amongst the residents. From what is in the public domain it would seem that Lend Lease is intent on pressing ahead with the planned changes. But, as we all know, the devil is in the detail. This will not happen overnight and I am sure that there will be the odd twist and turn along the way. Secretary Dorothy Swanton and I were briefed by Lend Lease and village management. Also in attendance were members of the Residents' Committee.

The Sydney Morning Herald had a full page story on August 20 (page 7). If you missed it, the RVRA web site has a link to it. It is well worth a read.

Castle Ridge at Castle Hill, a Stockland village, is also scheduled for re-development.

Our understanding is that a Planning Proposal has been lodged with the local Council. It would seem that there will be a quantum increase in the number of dwellings on the site, with a subsequent increase in residents. From discussions with members there, it seems that medium rise will be the order of the day. Secretary Dorothy Swanton and I are meeting with Stockland executives to receive a briefing.

I fear that this will not be the last of these redevelopments.

It would seem that I am not alone in my concerns over how NCAT operates. For those of you whose hobby is real estate with all its trimmings . . . Jimmy Thomson and his Flat Chat column are a 'must read.' Hardly a column goes by without NCAT getting a serve. Here are a couple of classics . . .

"What is the point of having new laws when NCAT, the tribunal meant to enforce them, hands down inconsistent rulings based on outdated attitudes and undermined by a complete lack of training by its adjudicators?"

And again . . .

"Now strata professionals and residents are becoming alarmed that the NSW Civil Administration Tribunal could become a 'wheel of fortune' for investor owners who want to overturn by-laws."

"Some NCAT adjudicators and members are known to favour individual owners while others tend to support committees. Some stick to the letter of strata law without addressing the law's intent, others ignore the law and apply 'common sense'."

Yes, I know, they are talking here about the Strata Titles Act, but the point not to forget is that retirement village complaints are heard by the same division.

You be the judge.

Tom Gait, RVRA President

From The Secretary

Annual General Meeting 2016

The AGM will be held on 29 September. Please see the Agenda on the last page, and notify Sharon if you are planning to attend, so that we can print sufficient copies of our annual reports, and provide enough coffee and biscuits.

The AGM is your opportunity to hear about the activities of the Association over the past year. It is also the day when the Management Committee is elected for the coming 12 months.

Secretary Needed

This year we have a problem, which could have a serious effect on the work of the Committee. We have, as yet, no nomination for the position of Secretary.

When I took up this position in June 2014, it included a wide range of responsibilities, but many of those have since been taken over by other members of the Committee. What we really need now is someone with secretarial, computer and organisational skills.

Knowledge of retirement villages can be learned – as all new Committee members have found. Organisational and management skills will be essential for the future growth and effectiveness of the Association.

Tom Gait and I can be contacted any time through 1300 787 213 or by email to admin@rvra.org.au.

My mobile is 0411 068 077.

Research Project

Thank you to members who expressed interest in the research project connected to your village contracts. We can now proceed with the next stage, which is to work with the University of Western Sydney to finalise the grant application.

All who contacted us will have received more details. We can still take more names if anyone missed the cut-off date.

Meeting with RLC

In July, Annette McAndrew and I attended a meeting in Melbourne organised by the Retirement Living Council (RLC). The purpose was for all State and Territory presidents to meet with operator representatives. Annette was representing NSW and I was there as the Australian RVRA Public Officer. The operators were represented by the CEOs of Retire Australia, Lend Lease, Australian Unity, IRT and three smaller Victorian operators. The aim of the meeting was for operator and resident representatives to listen to each other's challenges and concerns, and to explore the possibility of joint efforts to tackle some agreed priorities. These included:

- dispute resolution,
- transparency within budgets,
- passing on of pensioner rebates, and
- development of an industry-wide Code of Conduct.

We also raised the increasing incidence of dementia in retirement villages, and the worrying introduction of tenancy residents who do not meet the accepted criteria of being retired and independent. If all recommendations are followed up, and open and frank dialogue can be continued, these meetings will prove beneficial to everyone.

I recently took part in a discussion session on the increasing number of village residents with early and developing symptoms of **dementia**. This was part of the programme of the annual NSW Property Council Forum. Please see my report on page 4.

Resignations

There have been three resignations from the Committee since the last newsletter; Annette and Tony McAndrew and Joy Alleyne. All three have worked tirelessly on behalf of members and we wish them well for the future.

Dorothy Swanton, RVRA Secretary

Property Council (NSW) Annual Retirement Forum *August 2016 - Session on Dementia*

Report by Secretary RVRA

The Property Council of Australia (PCA) is the leading advocate for the property industry across Australia, with branches in each State. The Retirement Living Council (RLC) is the leadership group within the Council, designed to spearhead national policy development, advocacy and public affairs for the retirement sector. Most of the larger corporate village operators are members, although many other operators are not. The Property Council (NSW) holds a Retirement Forum every year, and usually invites a member of the RVRA Executive to attend on behalf of village residents.

This year I was a speaker in a discussion session about the increase in dementia among village residents, the effect this is having, and will increasingly have, on other residents, and ways in which operators and village managers should address the problem. Other members of the panel were:

- Brendan Moore, General Manager Policy, Research and Information, Alzheimer's Australia,
- Megan Parnaby, Sales and Marketing Manager, Greengate,
- Julia Abrahams, Director of Mission & Chief Counsel, Catholic Healthcare, and
- James Wiltshire, Territory Operations Manager NSW, Aveo, who was facilitator for the session.

Brendan Moore opened the session with an outline of the research conducted in 2014/15 by Alzheimer's Australia NSW, which considered a wide range of issues relating to the suitability of retirement villages for residents with dementia.

A copy of the full report can be viewed

on the Alzheimer's Australia website or purchased from their office in North Ryde.

The audience agreed that this problem already exists in retirement villages, and that the increased life-expectancy of ageing population will inevitably increase the number of residents requiring in-home care.

I spoke about the effects this situation is having on existing residents, what they expect from management, what do we consider to be the right intervention, and when should it occur. The main points I addressed were:

- Residents want clarity about the policy in their village; what is the line of responsibility and when it will come into effect,
- Village managers must be trained to recognise early symptoms of dementia and to know how to approach the resident and their family, in a supportive and sympathetic way,
- While other residents may be prepared to provide "neighbourly support", we did not come into a village to be long-term pseudo-carers,
- The village policy should form a part of the disclosure statement so that all residents know before they enter the village that if this condition affects them, the procedures to be taken have been explained to them. There is currently a lack of transparency, which is causing unnecessary concern,
- I also pointed out that as policies are being developed, resident input could help to reduce those unforeseen consequences, which arise when consultation does not precede change,

Dementia - Report by Secretary continued

- While integration and socialisation have very important roles in the care and treatment of dementia, these can adversely affect the tenor of a village, and change the whole dynamics of the community. I cited a village where this has happened recently, and the unaffected independent residents have retreated to their individual villas, where they are now the ones in danger of becoming isolated!
- The larger corporate operators are well-placed to consider employing a person with experience in dementia and psychology to assist their village managers with the unenviable task of approaching a resident or their family. However, this is not necessarily an option for smaller or individual operators.

Julia Abrahams spoke about privacy, discrimination and duty of care, all

areas which have to be considered when developing a dementia policy.

Megan Parnaby gave examples of how Greengate, a new operator, is attempting to address some of the problems, which relate to the buildings and structure of a village, in order to reduce the confusion generated by every villa or unit looking exactly like the one next door, or all areas of common property within a village being painted in the same colour. The use of different colours helps to define different areas. As the Sales Manager, Megan ensures that prospective residents receive full disclosure.

The hour disappeared before we had all finished what we wanted to say. This is an incredibly emotive issue and it is easy to hope it will go away, but it is real and it is occurring in retirement villages. I hope the discussions will continue at the RLC Conference in Melbourne in November, as we need to keep this issue in the forefront of operator thinking.

Dorothy Swanton

Statistics of REQUESTS FOR INFORMATION

These figures are for May, June and July 2016.

Auditors _____	1
Budgets/fees _____	25
General information _____	11
Internal/External/Facilities & Maintenance _____	21
Legal / Contract Queries _____	6
Management issues _____	12
Moving into a Retirement Village _____	5
Moving into Care _____	1
NCAT Assistance _____	1
Residents Committees _____	10
RV Act _____	5
RVRA visit to village _____	2
Selling a Unit _____	7
Smoking _____	1

Total of 108 calls (29 were from non-members)

A VIEW FROM THE HILL



Peter Hill kindly provides pro-bono advice to the RVRA Management Committee.

If individual members of the RVRA wish to approach him for advice, that would be on a fee paying basis.

I am aware that the RVRA has been dealing with a range of issues recently, relating to operators looking to re-develop the village. This can arise through a number of factors, not least being because infrastructure is aging, and it is necessary to upgrade or improve the village, but also because some operators are looking to increase the density of living to drive an uplift in revenue from sales. Operators may also decide that it is appropriate to use the land for a purpose other than a retirement village.

In the RVRA Newsletter of December 2015, I wrote about this important issue. It would be worth your while reading this again and familiarising yourself with the principles.

What is clear in recent times is that these initiatives by operators are increasing in frequency and, naturally enough, cause a lot of anxiety for elderly residents as to their accommodation. If it is necessary to be re-located to alternative housing, what are the rules around this that address resident concerns?

The Retirement Villages Act 1999 has quite forthright protections, but upfront there a few caveats that need to be borne in mind.

Firstly, it is difficult to opine on all of the specific situations that can arise, because often, different residents have different issues. For example, some who are living in serviced apartments and are receiving

services may have different needs to those who are living more independently, and hence the issues relating to alternative accommodation may be different. One really needs to look at the individual facts of the accommodation situation of residents, as their issues often all vary.

Secondly, an operator cannot terminate a resident contract unless they obtain the consent of the resident, or, if this is not forthcoming, they need to obtain an order of the NSW Civil and Administrative Tribunal (NCAT).

Thirdly, an operator has a right to initiate a process to re-develop. Residents need to be aware that often (with the exception of strata villages) they do not own the dwelling, which is usually held under a lease or licence.

Fourthly, that right to initiate needs to be counterbalanced by a corresponding right that sits with the residents to have their issues addressed, including the location of comparable alternative accommodation, and no greater financial outlay on their part; ie a relevant consideration is whether there is any financial disadvantage in the shift.

The cases that arise, where redevelopment is proposed by an operator, are often complex and in a large village, as I have stated, different residents and different groups may have different issues. These need to be properly synthesised by an operator to minimise inconvenience and anxiety to the resident population and to ensure, from the operator's perspective, that the change process is not truncated by legal actions that may delay and add to the challenges. Often times these types of disputes reach their tipping point where residents or a group resist the redevelopment of the village.

Section 136 of the Retirement Villages Act 1999 sets some basic legal parameters where an operator and a resident (s) are in dispute. In very broad terms these can be summarised as follows:

- An operator must apply to NCAT if the termination of the resident contract is resisted by the resident;
- The Tribunal has a discretion to determine whether it grants the operator's application;
- The operator must establish that the re-development either has as its purpose to improve the village (and this requires substantial works which drives a need for residents to move out) or that it is appropriate that the land on which the village is built should be used for a purpose other than a retirement village;
- BUT, there are also additional requirements that an operator must also satisfy;
 - 12 months notice to residents, development consent, and
 - alternative comparable accommodation must be found with no greater financial outlay to the resident, and
 - the accommodation must also be reasonably acceptable to the resident;
- Where the Tribunal makes an order to terminate the resident contract, it must specify the date when the resident must vacate the premises, and set out the penalty if these have not been substantially commenced in 6 months from that date. The Tribunal may also order that the resident can return after the works are completed, and the operator is to pay compensation to them, if appropriate, where their rights have been affected.

As the reader will observe, these various legal tests set out above are quite complex.

In an earlier newsletter, I referred to the case of *Penshurst Street Holdings Pty Ltd v Robert Barker & Ors* [2014] NSWCATD 209, where the Tribunal rejected an operator's application. I suggest you read my earlier article and obtain a copy of this case from NCAT's web site to help you understand the issues. I believe that what is also apparent, given the complexity, is that the resident would be advised to obtain legal advice on the issue and talk with the RVRA.

Seminars

On a separate issue, the writer and the RVRA have now completed 25 seminars at villages across NSW, dealing with the issues relating to nursing home care. We do intend to fit a few more in before the end of the year where time permits.

If you have not taken up the offer, then please contact the RVRA. We will try where we can to undertake some at regional locations. The RVRA has produced a video for use when we are unable to physically attend.

I hope that the information in this article is helpful, and thank you for your continued support.

Kind regards,

PETER W HILL

Honorary Solicitor to RVRA

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What is NCAT?

How does it Work?

If you have been an avid reader of our Newsletter you would have come across issues that involved NCAT. At that point you may have turned the page. You may have thought that the issues discussed were too technical, or did not apply to your situation, or it was not quite clear to you what NCAT's role is.

So, what is NCAT? How can it benefit you or your village?

NCAT stands for NSW Civil & Administrative Tribunal. In the past it was called the "CTTT".

It is a super tribunal with many divisions. One is the Consumer and Commercial Division. This division has the task to "hear" disputes between residents and retirement village operators and to make decisions and rulings. So, if resident(s) cannot come to an agreement with their Operator/Village Manager about an issue they feel strongly about, a resident can apply to the Tribunal for a ruling on the dispute. Disputes usually are about the interpretation of the Retirement Villages Act. It is therefore of paramount importance that the resident/applicant has sufficient knowledge of the clauses in the Act relating to the disagreement. Should that not be the case the resident/applicant could consult knowledgeable residents or get legal advice, which may be costly.

The NCAT process is started by the resident filling in an application form. Only an individual resident can apply. If a Residents' Committee wants to apply, it is the President, Secretary or other RC member who should apply. As is required these days, this form has to be downloaded from the internet – www.ncat.nsw.gov.au. The cost for the

whole procedure at the moment is \$12.00 for a concession fee and \$48.00 for a standard fee. The first hearing is usually scheduled within 6 weeks after lodging the application.

What happens at a hearing? A tribunal hearing is not presided over by a judge but by a Tribunal Member (the "Member"). Tribunal Members are independent statutory officers who hear and determine NCAT applications in accordance with the law and the evidence presented. The Tribunal Member listens to both sides of the case, considers the evidence and then makes a legally binding order.

NCAT can also assist with resolving a matter without having a hearing. The Tribunal Member may order a conciliation process first. The parties in dispute are brought together to talk about their issues in an informal, private meeting and try to reach an agreement with the guidance of the Member and a Conciliator. If an agreement is reached no hearing will be necessary. If no agreement is reached a hearing will be held. If the dispute is in a Strata Retirement Village the Member may order mediation in some cases. This would cost about \$90.00.

In the hearing room The Tribunal Member will sit at the front facing the parties. The parties presenting their case sit at tables facing the Member. The hearings are open to the public, so there may be other people in the hearing room, like other parties waiting for their hearing, or friends and family. They will sit at the back of the room. It is important to have people accompanying you for support. If the issue presented applies to all residents in the village viz. issues on the annual budget, capital maintenance and repairs, recurrent charges, it is advisable that as many residents as possible attend the hearing to show support and unity.

What is NCAT? continued

To prepare for the hearing you need to gather all your evidence. Collect all documents such as letters, invoices, contracts, photographs and records of conversation, and make copies of all these documents. It can be helpful to practise presenting your case and sticking to the facts, before your case is heard. As the hearings are public, it is a good idea to attend one or more hearings on disputes in retirement villages before your hearing takes place. It makes you familiar with the process and the surroundings, and you can watch how NCAT resolves disputes. You can find out when these cases are heard by phoning NCAT 1300 006 228 or visit www.ncat.nsw.gov.au.

If the matter you have to deal with is legally challenging for you, you could consider having a knowledgeable solicitor representing you at the hearing. Permission will have to be granted by the Tribunal. Phone 1300 006 228 – press Consumer and Commercial Division – press Existing Applications. Of course this would increase your expenses considerably.

If a Residents' Committee wants to appoint a solicitor to represent all residents at a hearing, the costs will have to be covered by the residents. This may mean that residents will have to be asked for a voluntary contribution to the overall costs. This is not a levy which is compulsory. It is up to the Residents' Committee to explain the issues at hand, and to motivate all residents to help to win their case.

The Operators often have a solicitor represent them. They have the funds, legal divisions and solicitors at their disposal. This is where the resident is at a disadvantage.

However, it depends on the strength of the argument who wins the case. Many cases have been won by residents.

A decision is generally made at the hearing, after the parties have presented their evidence.

However, when a matter involves complicated legal arguments, the Tribunal Member may need to “reserve” their decision. The Member will take time to review the evidence and relevant legislation before making their decision at a later date. The decision is provided to the parties in written form and contains the orders and the Tribunal Member's reasons for the decision.

The decision can be appealed by both parties. At this stage problems may arise. The Operator may not want to appeal NCAT's decision but goes straight to a higher Court, like the District Court or the Supreme Court. This can cause the retirement village resident(s) great grief, because of the substantial cost involved. The resident/applicant can withdraw the case at any time. However, if the case is won, an order is usually made that the respondent (the Operator) pays all costs.

If you would need more information on NCAT hearings, phone Fair Trading Retirement Villages Enquiries on 9895 0297. NCAT has a great deal of relevant information on their website: Google: NCAT NSW, click Consumer and Commercial Division, click Retirement Villages, etc.

In our next Newsletter we will illustrate the above with a few examples of NCAT hearings.

Ena Heddema

RVRA Management Committee Member

Organ and Tissue Donation – the need for more donors

Some thoughts from David Pritchett

Members may remember my wife Jan Pritchett, who was an RVRA committee member and also was president for some time. She died in 2014.

For many years Jan and I had been very keen to have our organs and tissue donated for transplant.

Jan collapsed suddenly at home and stopped breathing. I was able to restore her breathing before the ambulance arrived. I did not know then what had caused her to collapse.

The paramedics kept her ventilated in the ambulance, and this was continued in hospital.

At hospital they told us that Jan had suffered a brain haemorrhage, and that she was brain dead. We advised them of Jan's wish to donate her organs. They advised that they would keep her ventilated to maintain her organs suitable for transplant.

I learned after that awful event that very few people die in such a way that their organs remain viable for transplant, hence the need for many people to offer their organs for donation.

Summarising some of the *Organ and Tissue Fact Sheets* on the Donate Life website:

A person may be able to donate organs when they have been declared brain dead and are being artificially ventilated in hospital. Brain death is when blood circulation to the brain ceases, the brain stops functioning and dies with no possibility of recovery.

Only one to two per cent of people who die in hospital will be eligible to donate their organs.

*Organ donation may also be possible after a person's heart has stopped beating, referred to as 'cardiac death', however this is **less common**.*

*A far greater number of people have the opportunity to **donate tissues** for transplantation.*

For tissue transplantation to be successful, doesn't require the donor's death to have occurred under the same limited circumstances as organ donation. Unlike organs, tissue can be stored for varying periods of time.

Jan's age precluded her heart from being donated, but her other organs and tissue have aided many recipients.

I encourage you to **register** as an organ and tissue donor. Ticking the box on your drivers licence is not enough now. You can register on the web site www.donatelife.gov.au

It is important that you discuss this with your family, because the family of every potential donor will be asked to give their consent to donation.

Even if you have registered your decision to be a donor, your family will still be asked to give consent.

Jan and I had discussed organ donation with our children, so they understood and accepted our wishes. This made the decision easy for us, as we knew exactly what she wanted. Our children also wish to be donors.

AN ACTUARIAL ANALYSIS OF RETIREMENT VILLAGE CONTRACTS ... continued from March Edition of Newsletter

By Dr Tim Kyng, Lecturer in Actuarial Science, Macquarie University.

Numerical examples of the metrics for comparing RV deals

In order to illustrate the use of the metrics and to price the insurance components of the RV contract benefits, we need to make various financial and demographic assumptions. This is always necessary for the pricing and valuation of insurance and related financial contracts. Changing the assumptions may give rise to changes in the results obtained. Here we are looking at the results for a range of different RV contracts, for a female new entrant aged 75. One of the assumptions is the “volatility” which is a measure of the variability of the returns on real estate prices in the context of RV contracts. The inflation and interest rate assumptions are based on current economic conditions. Financial assumptions:

Parameter	Symbol	Value
interest rate effective p.a.	i	4.0%
volatility of RV resale price	σ	20.0%
dividend yield on RV unit	y	0.0%
CPI inflation rate	g	2.0%
real estate price inflation	g	2.0%

We collected data about various RVs and a sample of the details of these RV contracts is as follows:

Scenario	dwelling type	Entry Fee (EF)	Monthly Maintenance Fee (MF)	DMF exit fee per year	DMF Maximum Term in years	Cap Gain Share
1	1BR	\$131,000	\$316.68	10.0%	10	0.0%
2	IBR	\$150,000	\$520.00	6.0%	5	0.0%
3	1BR	\$199,000	\$557.92	5.0%	6	0.0%
4	1BR	\$250,000	\$326.08	6.0%	5	0.0%
5	1BR	\$250,000	\$363.09	6.0%	5	0.0%
6	IBR	\$410,000	\$522.75	5.5%	5	0.0%
7	1BR	\$410,000	\$182.87	2.5%	15	100.0%
8	2BR	\$520,000	\$658.40	5.5%	5	0.0%
9	1BR	\$525,000	\$520.00	4.0%	10	0.0%
10	1BR	\$550,000	\$103.85	5.0%	6	0.0%
11	2BR	\$840,000	\$371.80	2.5%	15	100.0%
12	2BR	\$1,350,000	\$1,574.00	2.5%	10	50.0%

AN ACTUARIAL ANALYSIS OF RV CONTRACTS continued

Calculation of the metrics for the sample:

Scenario	Entry Fee (\$000)	Equivalent Rent p.m.	Expected term (years)	V(MF) /EF	V(INS) /EF	V(CG) /EF	V(LI) /EF
1b	\$131	\$1,252	10.7	27%	20%	0%	108%
2b	\$150	\$1,183	10.7	39%	50%	0%	89%
3b	\$199	\$1,427	10.7	32%	51%	0%	81%
4b	\$250	\$1,431	10.7	15%	50%	0%	65%
5b	\$250	\$1,468	10.7	16%	50%	0%	66%
6b	\$410	\$2,282	10.7	14%	52%	0%	63%
7b	\$410	\$439	10.7	5%	53%	40%	12%
8b	\$520	\$2,889	10.7	14%	52%	0%	63%
9b	\$525	\$2,926	10.7	11%	48%	0%	62%
10b	\$550	\$2,505	10.7	2%	51%	0%	51%
11b	\$840	\$896	10.7	5%	53%	40%	12%
12b	\$1,350	\$4,507	10.7	13%	56%	20%	38%

Observations on the results:

The equivalent monthly rent metric is higher when the DMF is applied to the resale value than when it applies to the entry fee. This is due to the fact that we have assumed a positive inflation rate for the resale value so with a DMF based on the resale value the value of the insurance benefit (refund of entry fee less DMF) is lower than it would be with a DMF based on the entry fee. Accordingly the value of the right to live in the RV is a higher proportion of the entry fee in this case and thus the equivalent rent is higher.

In all scenarios except scenario 1 the value of the insurance benefit is a substantial proportion of the entry fee paid, close to 50% of the entry fee. The value of the insurance benefit combined with the value of the capital gain share is higher still as a proportion of the entry fee. This means that the consumer is spending a large part of the cost of buying into the RV on a complex insurance product and a complex financial product.

The value of the life interest (right to reside in the RV) is a substantial proportion (over 50%) of the entry fee except for those scenarios where the consumer is entitled to a share of the capital gain, where it is lower. However the entry fee is only one component of the price of buying the right to live in the RV and to receive the RV contract payments. The economic value of the maintenance fees is the other component of the price paid. When we express the value of the life interest as a proportion of the entry fee combined with the economic value of the maintenance fees to be paid the value of the life interest is a smaller proportion of that total cost.

RV contracts are complex and difficult for consumers to understand.

As explained above the RV contract bundles together the right to live in the RV apartment with a complex death and disability insurance policy and a complex hybrid option / insurance contract. The RVs are not subject to the regulation that applies to insurance companies in terms of solvency, capital adequacy, consumer protection etc. It is likely that most RV residents and potential residents don't realize that they are buying a complex insurance type product as part of the deal.

To make use of the equivalent rent metric we need to compare the result with what it would cost to rent an equivalent apartment elsewhere.

Financial position on exit due to disability

When we switch from using the survival function based on the Australian Life Tables combined with ABS rates of severe and profound disability to just using a survival function based on the Australian Life Tables, we find that the expected term of residency changes from 10.7 years to 13.6 years, an increase of about 2.9 years. This is what the expected term of residency would be if the resident can live in the RV for the whole of their life instead of having to leave if they get disabled. This difference can be interpreted as telling us that on average, exit from the RV will happen about 2.9 years before death of the RV consumer if they are a female who joins the RV at age 75. As exit occurs before death, this means the resident needs to move out of the RV and find alternative accommodation for the last few years of their life. As some RVs take a while to provide the departing resident with the exit payment, this may impose some financial hardship on the resident at the time of exit.

Conclusions:

We have covered the similarities between RV contracts and some life insurance type products along with several different metrics for comparing different RV contracts. I would be interested in any feedback you may have on this article.

Dr Tim Kyng

Lecturer in Actuarial Science, Macquarie University

This article is the outcome of 12 months research and interviews, and follows interviews with about 50 RV residents

It discusses the similarities between retirement village contracts and insurance contracts, along with several metrics for comparing different RV contracts.

Help us to help you.

Support this State wide

Residents Association

by encouraging your

fellow residents to become

members of RVRA

***Minutes of the Annual General Meeting of the
Retirement Village Residents Association Inc.
Held at the Central Coast Leagues Club, Gosford
on Thursday October 1st, 2015***

Opening of Meeting

The meeting was opened at 10.30am by the President, Tom Gait, with at least 150 members in attendance.

A welcome was extended to three local Members of the NSW Parliament, Kathy Smith (Gosford), Adam Crouch (Terrigal) and David Mehan (The Entrance).

The President informed members that the Commissioner for Fair Trading, Mr Rod Stowe, could not attend the meeting due to unexpected Government business, and a video of his speech had been provided.

Apologies for Non-Attendance

9 apologies were recorded and accepted, including Committee member Keith Clarke. 30 members, who had indicated attendance, did not attend.

Confirmation of Minutes of the AGM held on Thursday September 25th, 2014

It was moved by Bill Leadbetter (Henry Kendall Gardens) and seconded by Lorraine Beattie (Frank Vickery Village) that the Minutes of the previous meeting be confirmed

Carried

President's Report on the Association's activities during 2014-15

The President referred to his printed report and added the following comments:

- Alister Henskens (Member for Ku-ring-gai) has written to the Premier and the Minister for Better Regulation, the Hon. Victor Dominello, suggesting that a Parliamentary Enquiry into the retirement village industry may be in order.
- The NSW Shadow Minister for Innovation and Better Regulation, Hon. Peter Primrose MLC, has indicated his support for the formation of a Parliamentary Friends of Retirement Village Residents. This requires bi-partisan support, and he will be discussing this with the Minister.
- The RVRA Committee will be giving strong recommendation to a proposal that the position of an Ombudsman for Retirement Villages be created.
- The RVRA has requested that strata retirement villages be exempted from some aspects of the proposed legislative changes.
- The RVRA will be requesting representation on the Regulations Review panel when it is formed.
- The President recommended that members request copies of the recent discussion paper, launched by Alzheimer's Australia (NSW), on the suitability of retirement villages for residents with dementia.

The President proposed that his report be accepted. Seconded: Veronica Hoare (Tea Gardens Grange).

Carried

Secretary's Report

The Secretary referred to her report and explained the purpose of the introduction of customer satisfaction surveys, and how these would be used.

The Secretary proposed that her report be accepted. Seconded: Mike Calder (Willandra Village).

Carried

Financial Report

The Treasurer outlined the financial position of the Association and stated that the surplus will enable more regional seminars to be held over the coming year.

The Association's auditor, Mr David McClelland, then addressed the meeting and stressed the need for RCs to insist on transparency by operators in their proposed budgets, and to commence discussion with operators as early as January, rather than waiting until the proposed budgets are presented.

The Treasurer proposed that his report be accepted. Seconded Ian Hooper (Alloura Waters). **Carried**

Video address by Mr Rod Stowe, NSW Commissioner for Fair Trading

The Commissioner's recorded speech was presented, and will be available on the RVRA website, together with a transcript.

Following the presentation, several questions were raised from the floor.

The President undertook to raise these with the Commissioner at their next meeting in October.

Address by Peter Hill (Honorary Solicitor to the RVRA Management Committee)

Peter Hill stressed the need for the RVRA to continue to present a strong collective voice against the increasingly powerful operator groups. He expressed concern that the current NCAT dispute resolution process is not working, and that fewer referrals to NCAT by village residents is indicative of the lack of confidence residents have in the system. NCAT rulings in favour of residents are routinely ignored by operators, thereby challenging residents to go to the expense of seeking redress in the Courts system.

He also expressed concern about incoming residents being charged more than once for the allowed \$200 fee for their contract; lack of clarity in budget line items; unlawful refurbishment charges on departure; and a lack of information in disclosure statements about fees to be charged on departure.

Questions from the floor covered a wide area of concerns, which Mr Hill addressed.

The President thanked Mr Hill for his continued support of the RVRA.

General Business

The President invited the local members to address the meeting. Each expressed strong support for village residents and encouraged their constituents to raise concerns with them personally. They also stressed the need for the RVRA and all members to continue to write to their own local members as bi- partisan, on-going support is needed, if change is to be effected.

The President thanked them for their attendance and their commitment to addressing the needs and concerns of village residents.

Election of President, Vice-President, Secretary, Treasurer and 8 Committee members

The Returning Officer, Mike Fenton announced that, in accordance with the Association's Constitution, nominations had been received for all positions, and therefore no ballot was required. The following members are duly elected for the:

RVRA Management Committee for 2015-2016

Office Bearers:

President: Tom Gait	The Woniara, Wahrenonga
Vice-President: Annette McAndrew	Settlers Ridge, Gillieston Heights
Secretary: Dorothy Swanton	Warrigal Village, Bundanoon
Treasurer: Max McGregor	Living Choice, Glenhaven

Regional Committee Members:

Joy Alleyne - Rosedale Gardens, Cooranbong. Keith Clarke - The Grange, Berry.
Gavin Hillier - Settlers Village, Estella. Jim Kelaher - Tarragal Glen, Erina.
Bill Leadbetter - Henry Kendall Gardens. Tony McAndrew - Settlers Ridge,
Gillieston Heights.

Sydney Committee Members:

Diana Glazer - Lifestyle Manor, Bondi. Ena Heddemma - The Woniora, Wahrenonga.

Close of meeting: The President closed the meeting at 12.20pm, and thanked everyone for their attendance.

RETIREMENT VILLAGE RESIDENTS ASSOCIATION Inc
2016 ANNUAL GENERAL MEETING

**To be held at the Sydney Mechanics School of Arts, 280 Pitt Street, Sydney
on Thursday September 29th 2016, commencing at 10.30am
(Morning Tea will be served from 10am)**

AGENDA

1. **Opening of Meeting and Welcome**
2. **Apologies** for non-attendance
3. **Confirmation of Minutes** of the Annual General Meeting held on 1st October 2015
4. **President’s Report** – Tom Gait
5. **Secretary’s Report** – Dorothy Swanton
6. **Financial Report by Treasurer** – Ian Allom
7. **Address by David McClelland** (Honorary Auditor for the RVRA Committee)
8. **Membership Fees** – The Committee has passed a motion proposing to increase membership fees. This requires confirmation by members attending this meeting.
Motion: That RVRA membership fees to be \$20 for single and \$25 for couple membership. This to apply to new members from the date of this meeting and for continuing members from July 1, 2017
9. **Address by Peter Hill** (Honorary Solicitor for the RVRA Committee)
10. **Election of Office Bearers and Committee:**
Election of President, Vice-President, Secretary, Treasurer and Committee members, in accordance with the Association’s Constitution.

RSVP by Monday 26th September (to assist with catering and printing of reports)

RSVP to admin@rvra.org.au, or to 1300 787 213 or by post to PO Box 3349, Asquith, NSW 2077

I/We will be attending the AGM on Thursday 29th September 2016

Name(s)..... Phone

Village.....