13 September 2023

Proposed amendments to the *Retirement Villages Act 2004* (TAS)

Retirement Living Council's submission to State Government review

About the retirement living industry and the RLC

In terms of the demographic landscape, there are 4.6 million people around Australia aged over 65 today – this number will grow to 7.1 million by 2043.

Of this cohort, more than 260,000 senior Australians live in approximately 2,500 retirement communities across the country, with an over-75s market share of 12.6 per cent.

Independent data shows that residents in retirement villages are on average happier, healthier (both mentally and physically) and are more socially connected and active.

Importantly for the aged care and health sectors, research helps inform industry and government that residents in retirement communities have reduced interactions with GPs and hospitals and delayed entry into aged care. This results in significant efficiencies for governments – almost $3.5 billion per annum – thus reducing pressure on the aged care and health sectors.

As a result, there is great potential to increase these benefits to governments if the retirement industry is supported to evolve and grow to meet the increasing needs of Australia's ageing population. Some of these challenges have been outlined in the recently released Intergenerational Report.

Our sector is at a pivotal juncture, evolving from a property-focused sector in years gone by to one that focuses on health, wellbeing and care. It is critical that the State Government understands these opportunities as it plans for the significant increase of older Tasmanians and as the Commonwealth aims to keep the aged care sector operational.

When older Tasmanians make the decision to 'right-size' into a retirement community that offers safer and more supported living environments, it brings with it the added benefit of freeing up traditional housing stock for young people, couples and growing families.

From an organisational perspective, the Retirement Living Council (RLC) is the national leadership group for the retirement living sector, championing policies that deliver age-friendly homes and better services in retirement communities.

The RLC sits within the Property Council of Australia's national advocacy team and is the most powerful voice of the sector, representing national retirement village and seniors living community operators, including for-profit and not-for-profit providers.

Legislative review

As the national body representing Australia's retirement living sector, the RLC welcomes the opportunity to provide a submission regarding proposed amendments to the *Retirement Villages Act 2004* (Tas) as detailed in the *Retirement Villages Amendment Bill 2023* (Tas) ("the Bill").

The proposed reforms in the Bill are largely supported by the RLC. We believe these changes support our view to strengthen consumer protections through providing residents and operators with additional financial transparency into the financial operation of retirement communities.

The RLC has a strong track record of supporting increased transparency for our sector as it boosts protection and oversight for both residents and operators. We believe these changes will further elevate our sector's standing in Tasmania and positively impact on consumer confidence.

The below commentary represents the official position of the RLC on the proposed amendments.

Recurrent charge increases

The RLC supports the introduction of increased obligations on operators to explain the reasons for recurrent charge increases as part of the annual budgeting process. This speaks to industry's support of increased transparency.

We support the exclusions as contained in clause 14A(2)(b)(ii) and (iii) for those recurrent charges where the increase in excess of CPI increase amount represents an increase:

1. In rates, taxes or charges payable under an Act in respect to the retirement village; or
2. The salaries and wages payable to the manager of the retirement village or a person employed in connection with the retirement village due to of a change in award or registered agreement.

The RLC would like to see the following addition: *or other industrial instrument made, approved, certified or continued in force under the relevant industrial relations Act or a Commonwealth Act*.

We recommend this line to be inserted after the words "registered agreement" in clause 14A(2)(b)(iii).

It is the RLC's view that it would be reasonable to extend the exclusions to include the following:

1. Maintenance contracts (for example, lifts, fire prevention and security systems);
2. Insurances; and
3. Utilities (for example, water, power and telecommunications).

Including these items will remove the need for consistent engagement with the Tribunal when engaging on charges that go beyond CPI – saving time and resources.

The RLC recommends strengthening the language on 14A to ensure there can be no mistake that this applies to the total recurrent charges. This is in line with New South Wales and Queensland legislation which make clear that CPI is to be on the total recurrent charges.

Imposition of special levy

On reflection, the RLC recommends this instead be a 'majority' vote, not 75 per cent by special resolution. This includes votes made in person, by proxy or other means, as long as a majority of residents are in favour.

Conclusion

The RLC wishes to express its appreciation to the State Government for its ongoing willingness to engage with industry on various matters of mutual concern.

The high level of engagement and open communication demonstrated by Ministers and their staff is commendable and greatly valued by our sector. We anticipate and we are eager to foster stronger relationships into the future.

The growth of our sector holds great promise for Tasmania, offering several notable advantages.

Firstly, it will contribute to increasing the housing stock available in the market, addressing the pressing need for more accessible and affordable housing options. Additionally, it will cater to the growing number of older Tasmanians by providing suitable and affordable accommodation options, while simultaneously providing quality care, support, and healthcare services to residents, all while incurring minimal additional costs to taxpayers.

This multifaceted approach underscores our commitment to not only fostering economic growth but also ensuring the well-being and prosperity of the Tasmanian community.

It must also be reiterated that retirement units in Tasmania are on average 32 per cent cheaper than similar residential housing options in the same suburb. Nationally, the discount is 48 per cent, meaning retirement units are more affordable in other jurisdictions.

The RLC notes that increasing stock will see this gap close. However, data shows that continued strong demand for retirement communities in Tasmania is outpacing supply, with current villages effectively operating at full capacity.

Concerningly, Tasmania has no new developments noted over the next three years, which will result in further pressure on the local housing market and aged care sectors.

Sensible policymaking will ultimately help address these chronic supply challenges.

Daniel Gannon

Executive Director
Retirement Living Council