Statement to the Community Affairs Legislation Committee

Monday 14 October 2024

Thank you and good morning.

The Retirement Living Council (RLC) is the national peak body for Australia's retirement living sector, representing for-profit and not-for-profit owners and operators of retirement villages and seniors' living communities.

We broadly welcome the Australian government's aged care reforms through the Aged Care Bill and support the government's aim to put the individual at the centre of the aged care system through a rights-based framework.

Retirement villages already provide homelike environments and services that enable older Australians to age in place. We support reforms that give our residents more control, more independence, and more support to stay in their home in a retirement village setting for longer.

As an industry, we are excited and energised by the opportunities ahead for Australia's retirement living sector and feel enormous pride for the work that our members do creating purpose-built, age friendly accommodation that has been shown to enhance the health and well-being of the 250,000 people who call one of these communities home.

Appearing with me today is Dr Brett Robinson, Chief Executive Officer of RetireAustralia. Dr Robinson is also a vice-president of the Retirement Living Council.

Before handing over to Dr Robinson, it's important to note that RetireAustralia is an excellent example of the retirement living sector's evolution in direct response to the demands and expectations of the older Australians who choose to live in a privately funded retirement community.

Many of our members are driven by a desire to improve the offering of wellbeing, care and support services within their villages to ensure a continuum of care that allows residents to remain living in the community for as long as possible, delaying or even avoiding altogether the need to move into residential aged care.

About the Retirement living sector

The retirement living sector has existed in some form or another for approximately 60 years, with more than one million Australians having lived in a retirement village during this time. There are approximately 250,000 older Australians living in more than 2,500 villages across Australia, with the overwhelmingly majority having an enjoyable experience.

Approximately 12.6 per cent of Australians over 75 currently reside in a retirement community. Given the myriad of housing options available to older Australians – including private ownership, rental, strata, land lease or residential aged care – we acknowledge that retirement communities are not going to be suitable for every Australian.

We believe that dedicated retirement communities are more relevant and purposeful than they have ever been. As Australia's population continues to age, governments are facing a housing supply and affordability crisis, and the cost and demand for health and aged care services continues to exponentially increase.

The immediate focus of all governments in relation to housing is the national housing target to build 1.2 million new homes by 2029. As independent living units (ILUs) in retirement villages are included in the target, governments are incentivised to activate all policy levers that encourage investment and facilitate planning approvals for new retirement developments.

Retirement ILUs can represent an affordable housing option for older Australians looking to rightsize from the family home and free up the capital from their existing property to enjoy on all manner of activities.

The good news is that these communities also provide care solutions, too.

The legislative landscape

The retirement living sector is regulated by state and territory Retirement Villages Acts (Act), while some communities that deliver government-funded aged care services are also registered providers under the Commonwealth *Aged Care Act 1997.*

The Retirement Villages Acts are regularly reviewed by state governments to ensure the sector continues to meet high standards, with extensive consultation with residents and stakeholders an important part of the review process.

While state and territory legislative frameworks typically allow for Australians over the age of 55 to live in these privately funded communities, the average age of entry is actually 75 years old, with the national average age of a current resident being 81 years.

The average tenure for a resident across Australia is nine years.

Over the last seven years there has been significant legislative reform. Tasmania updated its Act in late 2023, with South Australia, Western Australia and Victoria currently in the advanced stages of legislative review. The Queensland Act has already been significantly reformed with further amendments ongoing.

Key reforms in recent years have aimed to increase consumer confidence, raise industry standards, and pursue better regulation – principles the RLC and its members firmly support.

Retirement communities and the continuum of care

Choosing where we live is driven by many factors, including lifestyle, affordability, work or family.

As we get older, our outlook can be informed by challenges associated with health and ageing, which might require a move into a retirement village or aged care facility.

Understanding the differences between the two is critical because they are not the same thing.

Retirement communities are specifically designed to foster a sense of belonging and connection which brings a host of benefits, such as reducing isolation and improving mental wellbeing.

By contrast, the primary focus of nursing homes (also known as aged care facilities or residential aged care) is about providing care and keeping residents safe.

There are currently 250,000 people around the country living in one of 2,500 retirement communities, which are suited to older Australians who want to live independently in their own home for as long as possible – but with the benefits of community living.

Nursing homes, on the other hand, are suited for individuals who can no longer live independently and need care and support around the clock.

Both play a critical role within the housing ecosystem, but for very different reasons.

A two-bedroom unit in a retirement community is on average 43 per cent more affordable than the equivalent median house in the same postcode – and most villages are effectively full. There are also different contractual options for prospective residents of retirement villages.

Services, facilities and on-site support varies too. Some retirement communities offer gyms, libraries, golf or bowling greens, theatres, on-site concierge and 24-hour emergency assistance, funded by residents rather than taxpayers.

As Australians are living longer and healthier lives, the way care is funded and delivered is evolving – and it needs to.

Unlike the aged care sector which has always been funded and regulated by government, retirement communities are regulated by states and territories and privately funded without the benefit of public funds.

Knowing the difference between the two is becoming more critical, especially since there are currently two million Australians aged over 75 – a cohort growing by 85 per cent over the next decade and a half.

The retirement living sector presents a great opportunity for government to assist in achieving a high quality, responsive and economically sustainable aged care system by delivering care and support services in a village setting to help residents live independently for as long as possible.

Shared Care – the value proposition of retirement living

The value proposition of the privately funded retirement living sector is threefold.

The "upfront" value proposition centres around health and wellbeing benefits that exist for residents of retirement villages which delays entry into taxpayer funded aged care, freeing up capacity in the system and delivering significant economic savings to government budgets – as revealed in the RLC's 2023 report, *Better Housing for Better Health.*

In a fiscal sense, a two-year delay into aged care generates $945 million in annual savings for the commonwealth.

As there are on average 100 independent living units per retirement community, this provides the density and scale required to deliver the second value proposition, which is the efficiency benefits generated by the provision of support at home services, as outlined in the RLC's Shared Care framework.

'Shared care' provides three models for retirement village operators to deliver community-based care services under the Support at Home program within the village setting, either independently or through a delivery partner.

The RLC together with its members, developed these models showing that significant efficiencies and savings to consumers and government can be achieved, even at moderate levels of uptake.

This is because retirement villages provide scale due to the co-location of residents and cost efficiencies by reducing travel costs incurred by service providers, increasing the frequency of service delivery, and enhancing the quality and suite of services by leveraging those already in place at these communities.

Our sector is already providing community-based care for residents at all stages of their care journey. However, we can and want to do more to ensure that older Australians are living independently for as long as possible by consolidating their home-based care to return a better service to them as consumers and reduced costs for government.

We welcome the government's announcement of a 'pooled funding' trial as part of the support at home reforms. We have proactively sought ongoing engagement with relevant department representatives in relation to our Shared Care framework and hope to be involved in the trial which is due to commence in 2025.

The third value proposition relates directly to the Australia government's 1.2 million new homes target.

When an older person or couple makes the decision to rightsize from the traditional family home into an age-friendly retirement village (or other accommodation), it also frees up more homes in the middle of the market for younger homebuyers who are currently struggling to get into the housing market.

Aged Care Bill 2024

RLC analysis and commentary on the Aged Care Bill 2024 (the Bill) will be restricted to changes made between the exposure draft and the new Bill, and those provisions in the Bill that specifically relate to retirement villages.

It is important to note the inclusion of 'retirement villages' in section 10 of the Bill in the definitions relating to where funded aged care services are delivered.

As we have mentioned, many operators have expanded their service models to care for residents in a format akin to residential aged care, albeit under the applicable *Retirement Villages Act* and in a fee-for-service model.

In our consultation on the Bill, the key message we have tried to convey has been that to meet what will be significantly increased demand for aged care services, these reforms must facilitate new and innovative models for the provision of care, not impede them.

Initially when the exposure draft of the Bill was released there was concern amongst operators about retirement villages being specifically included in the definitions in the Bill, and that by default retirement villages would be captured by the associated regulations that exist for aged care providers, irrespective of whether they were providing government funded aged care services or not.

Subsequent briefings from the Department of Health and Aged Care have since confirmed that the provisions in the Bill would only apply to those operators who proactively seek to register as a provider of government-funded aged care services.

Our members also had concerns about the interaction between federal and state legislation given the sector is regulated by state and territory legislation, and some of our members have co-located residential aged care with their retirement village.

Subsequent conversations with departmental representatives have clarified that for operators who choose to provide residential aged care within a village they will be able to define those designated areas (such as a specific building), rather than a blanket residential aged care designation applying across the whole retirement village site.

We support the removal of the criminal penalties from the proposed responsible person duty in section 121 of the Bill. Whilst a statutory duty was proposed by the Royal Commission, the introduction of criminal and civil liability elements was not. Echoing the comments made by others, the proposed statutory duties were disproportionate given these duties are not replicated in adjacent sectors such as health and disability.

I read with interest the Hansard of the hearing on Thursday 3 October and the comments made by Mr Ian Yates, Acting Inspector General of Aged Care, who noted in relation to the findings of the Royal Commission that *"we need more diverse settings than the significantly similar institutionalised approach that we have had to residential care."*

To that end we strongly support the Support at Home reforms and welcome the new classifications enabling higher acuity care to be provided to older Australians in their home.

We would also like to acknowledge and thank the federal government for announcing a pilot project to trial a 'pooled funding' model for lower-level support at home packages within a retirement village setting. While the details of the trial are still to be determined we look forward to some of our members participating in it in 2025.

The retirement living sector presents an opportunity for government to deliver home care services in retirement communities at scale, and with greater efficiency.

I would also like to acknowledge representatives from the Department of Health and Aged Care who have made themselves available to provide briefings to our members on several occasions. In particular I would like to thank Dr Nick Hartland, Mr Nick Morgan, Ms Mel Metz, and Ms Amy Laffan who have attended multiple meetings to answer questions in relation to the reforms as they relate to the retirement living sector.

It is not possible to consider the future of aged care without discussing the important health and housing value proposition presented by retirement communities.

With customers at our core, the retirement living sector is focused on meeting the needs and expectations of our residents. In many instances, our members are already providing privately funded wellbeing services for residents at all stages of their care journey, however we stand ready to do more.

The village model presents a unique environment to offer innovative, care-based services at scale which supports the growing number of older Australians to live independently for as long as possible.

Given the forecast 85 per cent increase in the number of Australians aged over 75 by 2040 – and the existing challenges associated with funding and delivering care into the community – there is no time to waste.

Daniel Gannon
Executive Director
Retirement Living Council