



**Greg Aplin MP**  
Shadow Minister for Fair Trading  
Member for Albury  
**MEDIA RELEASE**

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**NSW LIB/NATS TO STANDARDISE  
RETIREMENT VILLAGE CONTRACTS**

NSW Opposition Leader Barry O'Farrell and Shadow Minister for Fair Trading Greg Aplin today announced a NSW Liberals & Nationals Government will implement a standard contract for retirement village sales.

"Under these reforms, consumers will be better able to compare and understand the differences in costs and conditions between villages before entering into a contract," Mr O'Farrell said.

"The differences in village contracts are remarkable. These reforms will allow consumers to make easier comparisons between villages and simplify the process," he said.

"There are standard contracts for house sales. There's no reason why retirement villages should be any different.

"Many residents complain they don't understand their contracts and comparing village costs and conditions is very difficult as the contracts vary widely.

"The lack of a standard contract adds to the stress for residents who are undertaking a major life decision and unnecessarily undermines confidence in the retirement living industry," he said.

"I want to make the process as simple as possible for potential residents," Mr O'Farrell said.

Mr Aplin explained that there is variation in key elements of contracts, including management fees, ongoing fees, ownership and use of village assets, village policies on guests and visitors, departure fees and the process for the sale or transfer of a unit when the resident leaves. (See the attachment for examples.)

"Not only are there countless versions of contracts in use, but neighbouring residents within the same village can have significantly different contracts, which can affect their rights and entitlements within the village," Mr Aplin said.

"The wide variety of contracts in use also adds complexity for village operators -tracking which residents are subject to which terms and conditions can be difficult.

The NSW Liberals & Nationals will:

- develop standard contracts for retirement villages to use when selling property or occupation rights to consumers;
- establish a committee of experts to develop the standard contracts, including representatives of key stakeholder groups such as the Retirement Village Association, the Aged and Community Services Association of NSW & ACT (which represents not-for-profit and charitable operators and already uses a model form), the Retirement Village Residents Association, and the Law Society of NSW.

"The model for this process is the successful development of other key property standard contracts by the Law Society in consultation with groups such as the Real Estate Institute of NSW.

"While the form of the standard contracts will be determined by the committee of experts, it is likely that there would be three standard contracts: leasehold, loan/licence and ownership (generally strata but there is some use of other forms such as company title). Existing contracts would be unaffected.

"Operators will still be able to include special conditions on important or unique matters and to reflect their existing financial and operational practices," says Mr Aplin.

"It will increase consumer confidence in the retirement village industry, by standardising terminology and creating more uniform and transparent contracting practices.

"Standardisation will make it more cost-effective for government, aged-care associations, village owners/managers and legal groups to develop fact sheets, website pages, training courses and other education resources for the benefit of members and consumers.

"The NSW Liberals & Nationals are committed to putting people first by building a stronger retirement living sector for the benefit of residents and operators," Mr Aplin said.

ENDS

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## ONE VILLAGE OVER TIME

### Examples of how documentation changes within the same village

	2001 lease	2009 lease
Term of lease	1 99 years	99 years
Refund on departure/termination	called 'deferred management fee'	called 'departure fee'
Calculation of refund on departure/termination	Calculated on 'next loan amount' rather than your original entry fee. 25% max. No mention of capital gain.	calculated on your ingoing contribution multiplied by up to 35% after five years (max) for self care unit, plus capital gain percentage must be paid by lessor to lessee of 100% minus 7% x number of years up to 5
Definition of 'Resident' <sup>1</sup>	takes 70 words	takes 27 words
Operator consent required for a visitor/guest to stay	period exceeding 3 months in any period of 12 months	period exceeding one month in any 12 month period
Notice for access to unit by Operator for general work	24 hours	7 days
Notice of increase in recurrent charges <sup>2</sup>	14 days	60 days
Interest charged on arrears owed by Resident <sup>3</sup>	3% above bank overdraft rate for \$100,000+	3% above bank overdraft rate of \$50,000 or less
Who pays for valuation report?	shared equally between Operator and Resident	proportional according to capital gain percentage

<sup>1</sup>Regulations define 'resident' for certain purposes; this takes 142 words.

<sup>2</sup> Under Reg 17, 14 days is the minimum notice.

<sup>3</sup> A ceiling is set on the rate as it is prescribed under [section 101](#) of the *Civil Procedure Act 2005* with respect to the payment of interest on a judgment debt (see Res 23V Contract documents can prescribe a lower rate).