

3. Introduce mandatory minimum training and accreditation standards

Shockingly, there are no minimum training or accreditation requirements for retirement housing operators. Residential parks are not even registered with Consumer Affairs Victoria (CAV). The lack of minimum standards in retirement housing has a significant impact on the day-to-day lives of residents and their families, and it is simply unacceptable. Meanwhile, training and accreditation programs developed by industry have failed to meet appropriate standards, and lack credibility.

Retirement housing employees should be required to meet minimum training and ongoing professional development standards. This training should be a minimum Certificate IV qualification under the Australian Qualifications Framework. This would not only improve the reputation and professionalism of the industry, but would recognise the unique skills and responsibilities required of managers. We also recommend ongoing professional development and banning managers who have significantly breached their duties. Police checks should also be mandatory for all staff.



4. Reduce the complexity of contracts

It is not uncommon for retirement housing contracts to exceed 100 pages in length. Lawyers at the Consumer Action Law Centre recently described these contracts as 'some of the worst [they] had ever seen'. Older Victorians are often going through a traumatic and upsetting time of their lives as they leave their family home to enter a village or other retirement living community. They should not be expected to navigate complex and lengthy legal documents to make significant life decisions.

Basic guidelines should be developed to ensure that contracts are expressed in plain English and meet a certain standard of readability. While the Retirement Villages (Contractual Arrangements) Regulations 2017 (VicLC) establish prescribed terms and layouts for management and residence contracts, they have failed to address the length and complexity of contracts. Consumer testing of any standard layouts or terms is essential.



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VICTORIA VOTES 2018

RETIREMENT HOUSING MATTERS

Make it fair and affordable



COTA Victoria, HAAG, RRVV, Consumer Action
November 2017

OLDER VICTORIANS CAN'T WAIT

Behind the glossy brochures and satisfaction surveys, unscrupulous retirement housing operators hide a dirty secret: they are making a fortune from residents' nest eggs.

Retirement villages, residential parks and independent living units provide a critical housing option for over-55s across Victoria. They allow older Victorians to down-size, freeing up housing for younger families. They also provide social connectivity to thousands of people as they exit the workforce. However, But the promise of a happy retirement can be destroyed by serious gaps in our consumer protection and access to justice framework.

Legislators have an obligation to prevent financial exploitation, raise retirement housing industry standards, and provide access to justice for Victoria's retirees. Without structural reform now, the systemic problems we already have will worsen — leaving many senior Victorians and their families caught out by unfair contracts, and unable to resolve their disputes. A robust consumer protection and dispute resolution framework would improve trust and confidence in the sector, and foster growth and positive innovation. These principles are complementary, rather than contradictory.

Our organisations deliver services to members and the Victorian community, advocate for change, and provide policy advice to legislators and policy makers. We are speaking out because of the significant financial and personal costs borne by residents and their families every day.

We have identified the big challenges for Victorian retirement housing residents as the starting point for urgently needed reform: access to justice through fast, free and fair dispute resolution, training and accreditation, and fixing excessive fees and complex contracts. These practical solutions will improve daily life for thousands of Victorians living in retirement housing. We need your commitment to implement these essential reforms.

Ronda Held (COTA) - Gerard Brody (Consumer Action) - Fiona York (HAAG) - Lawrie Robertson (RRVV)



1. Establish a retirement housing ombudsman

Retirement housing residents need access to an industry- funded ombudsman service, to provide free, fair and binding determination of retirement housing disputes, across the full spectrum of retirement housing types. Currently, residents must go to the Victorian Civil and Administrative Tribunal (VCAT) to resolve their disputes with operators, which is an expensive, lengthy and intimidating process.

Running a substantial matter through VCAT is simply beyond the financial capacity of most retirees, and the process itself can be overwhelming. A case run by Consumer Action was independently assessed as costing over \$250,000. As a result, many choose not to pursue legitimate grievances through VCAT, leaving those grievances unchallenged and largely unreported.

2. Put a stop to excessive fees

Retirement housing exit fees are currently unregulated and open to exploitation by operators. These fees appear to have no relationship to the value of the services provided. Exit fees must be reformed and regulated to prevent excessive price gouging, to provide greater clarity around pricing, and to ensure that residents can compare options.

There are different types of exit fees, including, deferred management fees (DMFs), refurbishment and reinstatement fees, legal costs, share of capital gain and long-term maintenance fees. One of the most problematic exit fees is the DMF. These exit fees are generally 20 to 40% of the sale price of a unit. DMFs are applied in both residential park and retirement village contracts. These fees may not be clear to residents when they move in, making informed choice and comparison difficult, if not impossible.