



NSW Ministerial Advisory Council on Ageing (MACA) An independent Advisory Council

'The purpose of MACA is to provide independent advice about ageing issues to the NSW Minister for Seniors. It is important that older people in NSW have healthy, active and better lives.'

11 March 2025

Retirement Villages Regulation 2025 (proposed Regulation)

About MACA

In accordance with the [Ageing Well in NSW Strategy](#), MACA affirms that all people in NSW should be able to:

- experience the positive benefits of living longer.
- enjoy opportunities to participate in, contribute to and be included in, their spheres of interest and local communities.
- engage across generations to be connected.
- maintain healthy, active, and fulfilling lives.
- live in safe environments free of abuse and violence.
- access high quality, timely and affordable services no matter where they live.

In NSW, a senior is a person 60+ years and 50+ years for Aboriginal and Torres Strait Islanders. To be a Senior in NSW (for a NSW Seniors Card), you must be a NSW permanent resident, aged 60 or over, doing no more than an average of 20 hours of paid work a week, across a 12-month period. There is significant diversity amongst seniors based on gender, culture, and language, where people live, income and health status. In 2021 there were 1.9 million people in NSW over 60 years, and it is predicted this will increase to 2.7 million over 60 years in 2041. (2021 Census).

Introduction

MACA believes Retirement Villages in NSW provide essential housing and community support for older Australians. Approximately 5% of older people in NSW live in a retirement village. Retirement villages receive no government funding with expenses fully covered by residents. The majority of operators are private companies with a substantial minority provided by not-for-profit organisations. In some cases, residential aged care is co-located with retirement living. Retirement village residents can access home support from programs such as Home Care Packages and the Commonwealth Home Support Program. However, MACA has identified several concerns regarding their operation, governance, and financial implications for older residents.

This submission to the current review into the **Retirement Villages Act 1999 (NSW)** / **Retirement Villages Regulation 2025** outlines our key concerns, provides some examples, and proposes potential solutions to address these issues.

1. Consumer protections and dispute resolution mechanisms

Concern: Residents may experience issues with village operators, such as sudden fee increases, poor service quality, or misleading contract terms, with limited avenues for recourse or dispute resolution. Operators must obtain residents consent for any increase to recurrent charges. Proposed village budgets must be sent to residents at least 60 days before the new financial year. Operators must use a standard form of contract set by Fair Trading. Residents report that they can face unexpected hikes in service fees, substandard maintenance, and contract clauses that restrict their rights. Dispute resolution mechanisms can be inadequate, leaving residents with limited means to challenge unfair decisions. Complaints can be made to the operator or to Fair Trading. Mediation is available. The NSW Civil and Administrative Tribunal (NCAT) can be asked to resolve intractable matters. Only 47 out of 52,028 applications to the Consumer and Commercial Division were about retirement villages in 2023-24. See NCAT Annual Report at p.37 - <https://ncat.nsw.gov.au/documents/reports/ncat-annual-report-2023-2024.pdf>

Example: A resident may find that maintenance services promised in the contract are not being fulfilled, yet their fees continue to rise. When they attempt to dispute the issue, they are met with unresponsive management and hurdles accessing legal recourse.

Recommendations:

- Require operators to implement clear and accessible complaints procedures, including a structured escalation process that ensures issues are addressed within a reasonable timeframe.
- Review penalties for operators who fail to comply with consumer protection standards, discouraging exploitative practices.
- Ensure that residents have access to free or subsidised legal support when negotiating disputes with village operators.
- Promote Seniors Rights Service 'Know your rights in a retirement village' resources: <https://seniorsrightsservice.org.au/retirement-village-rights/>

2. Resident well-being and social inclusion

Concern: Combatting social isolation and ensuring a vibrant, safe and community-oriented environment.

A major reason that many older people choose a retirement village is because it offers programs that reduce social isolation. Social isolation and consequent loneliness for some people in villages, are still significant issues among older people in retirement villages, particularly for those who have limited mobility and few or no

social and family connections. Without adequate social activities and support networks, many older people can experience loneliness, anxiety, and depression and these factors impact their overall health and wellbeing. A lack of structured social programs and designated community engagement staff can exacerbate the problem, leaving some older people feeling disengaged and disconnected from their peers. We acknowledge that not all retirement villages (particularly small villages) can afford to offer formal social programs.

Example: Some older people experience loneliness and lack opportunities for meaningful social engagement due to limited communal activities and support networks. This is particularly evident in villages where there are insufficient community spaces, a lack of organised group activities, or minimal efforts to integrate new residents into the village and broader community.

Recommendations:

- Encourage the development of structured social programs and wellness activities, including fitness classes, community events, and mental health support groups.
- Develop policies that promote inclusivity and resident-led initiatives to strengthen the community atmosphere and ensure all older people and their families feel welcomed and involved.
- Introduce intergenerational programs where older people can interact with local schools and community organisations to foster engagement and purpose.
- Ensure that village designs include communal spaces such as gardens, activity centres, and communal areas to facilitate informal social interactions.
- Ensure that each village facilitates access to transport to local shopping or transport hubs so that older people can connect with others for regular activities like shopping, going to libraries, paying bills, coffee with friends.

3. Health and aged care integration

Concern: Ensuring that residents have access to adequate aged care services, medical support, and emergency care. With an ageing population, the demand for integrated health and aged care services within retirement villages is increasing. Many residents require ongoing medical support, assistance with daily activities, and prompt emergency care. However, there can be limited on-site healthcare professionals, a lack of coordination between retirement villages and aged care providers, and insufficient funding for home care services which creates significant barriers to accessible and timely care. This can result in delayed medical attention, deteriorating health conditions, and stress for both residents and their families.

Example: A resident with deteriorating health may struggle to access necessary aged care services due to limited on-site support or long wait times for home care assistance. People in retirement villages typically stay independent for around 2

years longer than people living in their own homes. But some residents may need to relocate to aged care facilities prematurely because adequate support is not available in their retirement village. As people's needs change and they require more care, they can become more isolated. There is a need for support especially when partners and friends in the village die and/or move into residential care.

Recommendations:

- Encourage retirement villages to establish partnerships with healthcare providers to ensure accessible aged care services, including on-site nursing, physiotherapy, podiatry, and mental health support to name a few.
- Implement mandatory minimum standards for on-site medical support and emergency care, including access to telehealth services and rapid response teams.
- Expand funding and resources for integrated home care services to allow older people to age in place with dignity and the necessary level of care.

4. Financial transparency and mismanagement

Concern: Operators have to gain consent from residents for the annual budget, explain any increases and separately obtain consent for any recurrent charge increase above CPI. Quarterly financial reports must also be provided. Audited accounts must be provided in some instances. Despite this, some residents raise concerns about how their fees are being used, leading to mistrust and financial strain. A lack of financial transparency can lead to suspicion regarding potential mismanagement, excessive administrative costs, or unjustified fee increases.

Example: A resident committee may struggle to obtain financial records on village maintenance expenditures, finding that requests for transparency are either ignored or met with vague responses. Without access to clear financial statements, residents may suspect that their fees are being used inefficiently or for purposes unrelated to village upkeep and services.

Recommendation:

- Ensure that mandatory financial reporting by operators to residents is carried out in practice, including detailed breakdowns of expenditure.

5. High and complex fees

Concern: Retirement Villages can have complex fee structures, which are not always understood by residents. Residents can face high entry fees, ongoing fees, and exit fees. The Deferred Management Fee (DMF) model can be confusing and financially burdensome. The DMF is deducted from the amount returned to the resident upon exiting the village, often leading to significant financial loss. Retirement Villages typically require an upfront payment for a lease or licence to occupy a unit, which can be comparable to property prices in the broader housing market. Residents are also subject to *recurrent maintenance fees and exit fees*

when they decide to leave. The maintenance fees are capped at a maximum of 42 days post departure for most residents.

Example: A resident may enter a village with a \$500,000 upfront fee but only receive 70% of their initial payment upon exiting due to DMF deductions, refurbishment costs, and administration fees. This situation can make it difficult for the older person to afford alternative housing or aged care after leaving the village. Additional financial pressures arise due to increases in ongoing service fees. Some villages impose rising recurrent charges that residents struggle to afford, particularly if their financial situation changes over time. For example, if a spouse dies; they retire or have reduced superannuation or pension benefits.

Recommendation:

- It is essential that independent financial advice is part of the contract signing process to ensure that residents fully understand their long-term financial obligations before moving into a village.

6. Difficulty in selling or exiting contracts

Concern: Unless the village operates as a strata, residents do not own their unit. Rather they have a licence or lease permitting them to live there. Operators retain control of who comes into the village and have the right to choose how to market units. Some residents face difficulties selling their units or exiting contracts due to the operator's restrictive policies, high exit fees, and lack of independent resale options. These restrictions can lead to prolonged vacancy periods and financial stress for departing residents. High exit fees further complicate the process, reducing the financial return for those who wish to move or transition to aged care.

Example: A resident attempting to leave a village finds that their unit cannot be resold without operator approval, delaying the process significantly. Additionally, high exit fees and refurbishment costs further diminish the amount they receive upon sale, making it financially challenging to secure alternative accommodation.

Recommendation:

- Enforce the fair and transparent exit terms in contracts, including full disclosure of fees and conditions before signing.

7. Misleading advertising and sales tactics

Concern: Some retirement village advertisements and sales pitches create unrealistic expectations regarding costs, lifestyle benefits, and available services. Marketing materials may portray an idealised version of retirement living that does not accurately reflect the reality of daily life in these villages. Promotional brochures, websites, and sales representatives may emphasise luxurious amenities, high-quality services, and community engagement without disclosing potential

drawbacks such as high fees, restrictive contracts, or lack of promised services. Currently there is a 7-day cooling off period after signing the contract and a 90-day settling in period without a departure fee if a resident decides to leave.

Example: A village may advertise “*luxury independent living*” but provide outdated amenities and lack sufficient support services.

Recommendation:

- Enforce stricter advertising standards and ensure clear disclosure of all fees and conditions.

8. Poor maintenance and lack of accountability

Concern: The 2017 Regulation introduced a requirement for the operator to establish an asset management plan and to list all items of capital on an asset register. An asset management plan documents the costs of purchase, and ongoing maintenance, repairs and replacement of a retirement village’s major items of capital, including shared major items of capital.

The plan must include the following content:

- an asset register of the village’s major items of capital, including information about the effective life of items of capital
- a maintenance schedule of the village’s major items of capital, including information about capital replacement
- a three-year report for capital maintenance extracted from the asset management plan to inform expenditure for the annual budget.

The Government has introduced a requirement for an independent assessment to be done on the draft asset management plan that is prepared.

Despite this, some operators fail to maintain common facilities and infrastructure, leading to deteriorating living conditions for residents. Failure to properly maintain communal facilities, including gardens, walkways, recreational areas, and essential services, can significantly impact the quality of life for residents. Poorly maintained infrastructure can also pose safety risks, particularly for residents who may be more vulnerable to falls and other hazards.

Example: A village’s communal gardens and pathways may fall into disrepair, posing safety risks to residents. In some cases, critical services such as lighting, plumbing, or emergency call systems may become unreliable, leaving residents feeling unsafe and unsupported. In extreme cases, some villages delay necessary repairs due to budget constraints or poor management decisions, leaving residents frustrated and with little recourse.

Recommendations:

- Enforce the requirement that operators create a long-term maintenance and improvement plan with dedicated funding to prevent neglect of infrastructure.
- Enforce penalties for failure to maintain village standards, ensuring that operators are held accountable for maintaining a safe and liveable environment.

10. Inadequate emergency and safety provisions

Concern: Retirement villages must have an emergency plan. This is a written set of instructions that outlines what staff, residents and visitors in the village should do in an emergency. It should be easy to understand and tailored to the particular retirement village. The operator of a retirement village must ensure that an evacuation exercise for residents is carried out at least once each calendar year. Despite this, some villages do not have sufficient emergency response plans, security measures, or safety provisions.

Example: In the event of a medical emergency, a resident may experience long delays due to a lack of on-site emergency support.

Recommendations:

- Ensure that regular safety drills and training for staff and residents are occurring.
- Ensure villages have well-maintained emergency exits and security systems.

Conclusion

While we appreciate that many retirement villages provide good quality effective and essential housing solutions for older people, we consider the current regulatory framework presents several challenges that need attention.

Addressing issues such as high fees, financial transparency, misleading sales tactics, lack of adequate support services, and limited resident rights will significantly improve the living conditions and financial security of retirees in NSW.

We recommend legislative amendments and increased oversight to ensure that retirement villages operate fairly, transparently, and in the best interest of their residents.

References

Inquiry into the NSW Retirement Village Sector, Kathryn Greiner AO, 2017
https://www.fairtrading.nsw.gov.au/data/assets/pdf_file/0008/381572/Inquiry_into_the_NSW_Retirement_Village_Sector_Report.pdf

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