

Retirement Villages (Miscellaneous) Amendment Bill 2024

Information for retirement village residents

The Retirement Villages (Miscellaneous) Amendment Bill 2024 (the Amendment Bill) has been introduced into Parliament.

The introduction of the Bill has been informed by an extensive period of public consultation and an independent statutory review.

This fact sheet provides an overview of key amendments and the planned timeline for reform.

How will the Bill affect prospective residents?

The Bill makes key reforms aimed at improving transparency and ensuring relevant information is available to prospective residents to support informed decision-making.

Importantly, the Bill updates the provisions of the Act relating to the residence contract and disclosure statement to ensure a broader range of information is to be provided to prospective residents.

The **residence contract** will contain information about the right (if any) to make alterations, remarketing, fees and charges, how exit fees are calculated, who is responsible for reinstatement of the residence (including fair wear and tear) upon exit, and who is responsible for the cost of any renovation work.

Provision is also made for regulations to prescribe standard contract terms that must be included in every contract.

The **disclosure statement** will contain information about the type of tenure/occupancy right that is being purchased, embedded networks (if any) and the composition of occupation types within the village.

The disclosure statement will also provide prospective residents with a clear understanding of the **fees and charges** for which they will be liable, including the manner of calculation and worked calculations containing the estimated fees and charges where occupation is terminated at 2 years, 5 years and 10 years after the contract commences.

A framework for managing **holding deposits** will be introduced, to clarify that an operator cannot increase the price of a residence during the holding period and specify how the deposit must be treated in the event that a person chooses to proceed, or not proceed, with the contract.

An operator will be required to provide a **premises condition report** to the resident prior to occupation, which must be completed and returned by the resident within 10 business days of entering occupation. The premises condition report will provide information about who is responsible for maintenance and repair and where the operator is responsible, which fund will cover this.

The payment of **capital fund contributions** payable on exit will be capped to a maximum of 1% per annum, up to a maximum of 12.5%. This amendment will only apply to contracts entered into after the commencement of the Amendment Act.



How will the Bill affect current residents?

The Bill introduces additional consumer protections for existing residents.

The mandatory statutory repayment period for **exit entitlements** will be reduced from 18 months to 12 months (plus an additional 30-day period to allow for reinstatement and refurbishment to commence).

Where **remarketing fees** are not covered in the residence contract, these fees will be limited to the reasonable costs incurred by the operator in remarketing the residence.

If the resident contract does not provide a fixed amount or formula, **recurrent charges** will be capped at CPI. Costs outside the operator's control (such as rates, taxes and charges levied under legislation, some maintenance contracts and salaries and wages) will be excluded from the CPI cap.

Importantly, the Bill provides that an operator must not unreasonably refuse a resident's request to make a **prescribed alteration** to the premises. A prescribed alteration is defined as an alteration that involves the installation of a functional aid, equipment or infrastructure recommended by a registered health practitioner. This may include things such as grab rails or other home modifications.

The Bill also provides for improved dispute resolution processes, increased clarity regarding the operation of the Act (including provision and timing of information to residents), clarity about commercial and non-commercial leases, a stronger enforcement framework and minimum safety and insurance requirements.

Current residents will still be bound by their residence contract. In all cases, if a resident has more favourable conditions within their existing contract, the more favourable conditions will continue to apply.

How does the Bill affect residents leaving a village?

The Bill amends the Act to make clear what happens when a resident terminates their right of occupation, or when an operator applies to the Tribunal to terminate a resident's right of occupation.

This includes specifying the charges that may be levied when a resident terminates during the settling-in period, clarifying the process an operator must follow to apply to the Tribunal to terminate a resident's right of occupancy and capping the payment of recurrent and recurrent-like charges to a maximum of six months after exiting a village.

What are the next steps?

Following the passage of the Bill through Parliament, further consultation will be undertaken with stakeholders to prepare supporting regulations.

The Office for Ageing Well will advise stakeholders about further opportunities to be involved during the drafting of regulations as the reforms progress.

For more information

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