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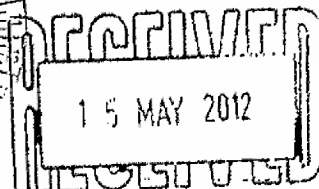
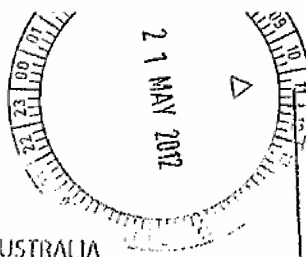
For older Australians



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~~Hon Simon O'Brien MLC
Minister for Commerce
12th Floor Dumas House
2 Havelock Street
West Perth WA 6005~~

Hon Lynn MacLaren MLC

Dear Minister,

I write in support of the WA Retirement Complexes Residents' Association (WARCRA) regarding proposed amendments to the retirement village legislation, which I understand are to be considered by Cabinet shortly and tabled in Parliament in the near future.

I attach WARCRA's well argued submissions on:

- Excessive or Unwarranted Increases in recurrent charges: the special resolution requirement.
- and
- Ongoing charges in retirement villages

I commend WARCRA's work throughout the retirement village legislation review progress and request you to give close consideration to the positions expressed in these submissions.

Yours sincerely,

Ken Marston

CEO

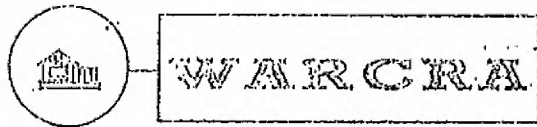
May 7th 2012

cc:

Hon Lynn MacLaren MLC

Peter Tinley MLA

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**Western Australian Retirement Complexes Residents'
Association, Inc.**

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**ONGOING CHARGES IN RETIREMENT VILLAGES.
Part 1 of Retirement Village Legislation
Recommendations 73,74,75 of the Statutory Report**

At present residents of retirement villages who do not own their units are required to keep contributing to operating costs after leaving the village by paying ongoing charges, in the vicinity of \$300 to \$500+ a month, until the unit is sold. This can continue for years and must be paid by the resident, their family or their estate.

1. Ongoing charges to cease after prescribed period

The Statutory Report on the Review of the Retirement Village Legislation proposes prescribing the length of time ongoing charges have to be paid once a non-owner resident leaves the village and after that time the costs cannot be devolved to other residents. Six months was proposed in the body of the Report as an appropriate period and the Minister has said in Parliament that "the proposed time period is six months."

We support this proposed amendment but wish to clarify exactly when the six months is to start. Is it to be from vacant possession, that is, from the time the residents belongings are removed and the keys returned to management? or are some other conditions to be inserted?

On the basis of pre-drafting discussions we fear that vacant possession will be interpreted to mean after refurbishment is carried out. This would mean that the six month period would be considerably extended, in many cases by a further six months or more.

Refurbishment is under the control of management. It is often not even started for months after a unit is vacated, especially if there are other units on the market. The continued payment of ongoing charges by the resident will diminish the incentive for operators to get refurbishment and re-sale under way expeditiously.

The effect of defining vacant possession as being after the completion of refurbishment would mean the ongoing charges may well have to be paid for a year or longer, not the six months so frequently referred to.

Recommendation 75 of the Statutory Report, if adopted, will mean ongoing charges can be deducted from the eventual refund entitlement when the unit is sold. It is thought this will assist those who have had to move to residential

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