

**Submission  
No 1**

## **ESTABLISHMENT OF SPECIAL ECONOMIC ZONES**

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***Submission to:***

## **Legislative Assembly – Committee on Economic Development**

***Preliminary:***

Conceivably, “**Special Economic Zones**” could include as one collective ‘zone’, the many Retirement Villages (RV) existing, and still required to be constructed here after, to house the fast growing numbers of elderly citizens in NSW.

Presently many thousands of elderly NSW residents welcome the life-styles offered by RVs. Predominantly, social activities of people of similar age and status lead to contented companionships being carried into their twilight years. In itself, that worthy benefit alone needs always to be nurtured by Government as one of its fundamental duties of care for its citizens, not only just RV residents themselves but also their observing families who are naturally always concerned and conscious about their parents’ ongoing positions and welfare.

From the Government’s point of view, long term benefits are to be gained by encouraging the ‘grouping’ of aged people into the territorial ‘zones’ that constitute RVs. The operations and system applications within the RV ‘zone’ could be standardized to the benefit of residents, developers and Government. All could be winners. Presently, all are losers.

The benefits to Government may possible include:

- economies of scale in providing, plus easier administration of, future home-care and health assistance packages to assist the many elderly residents who mostly and inevitably suffer declining health problems until eventual time of death;
- monitoring and controlling standards, concessions, pensions, rebates and perhaps even taxes paid, where and as applicable to residents living in RVs;
- group assistance could be offered, and needs heard, by local Parliamentary Members who no doubt are presently being confronted on an on-going basis by single individuals from their constituencies expressing the same needs, often lodging complaints requesting Members’ future representations;
- control by applying informed Regulation over critical housing and health costs being incurred by the elderly, to assist in balancing related future State budgets.

- by the introduction of a Government sponsored plan (later mentioned in this submission), designed to receive support from investing owners of future RVs because they will receive fair return on capital invested so as to encourage future construction of RV in order to answer one of Government's longest standing questions: '*what do we do to cope with the growing numbers of elderly*' knowing that the State's hospital system will never be able to cope in the long term as the numbers of elderly continue to grow.

History discloses that the existing RV industry's management has already been tainted by many greedy village owners and operators, predominantly 'for-profit' land developers who seemingly lack understanding of, or empathy towards, the needs of the elderly. Many operators place unfair financial imposts on residents including unfair costs being applied even after residents leave an RV, perhaps having to enter higher care.

As a result, many elderly (particularly single people as distinct from couples who can support each other) will resist entering an RV until transparent fairness is introduced into contractual arrangements and access to suitable level of health and home care becomes freely available as needed.

This submission now proceeds to suggest that a new and fairer financial model should be developed under Government's contractual control, to make RVs financially viable for the long term and thus help to solve one of Government's long standing problems of caring for the elderly who by naturally ageing, slowly need more and more help and care.

***The suggested way forward:***

Presently financing the construction and on-going marketing of dwellings to assure occupancy of RVs are major problems for all stakeholders.

Presently, to lease a dwelling, many 'for-profit' operators demand that an ingoing resident must lend them an amount equivalent to the price of a similar 'titled' property in the nearby area but without providing any titled security over the dwelling they move into or any guarantee for the return of the loan if the operator was to enter liquidation. The only way a resident could hope to get money back would be to find a new lessee to occupy the dwelling; a difficult task if the

operator is in the process of liquidation because no logical person would enter into a new lease under such doubtful conditions. There is evidence of this in some RVs now.

This fundamental flaw in the present financing model needs to be replaced with statutory rights for lessees' to safely recover any money they have outlaid, particularly if it is urgently needed to enter higher care requiring a bond in a nursing home.

The writer is not suited to detailing a financial model designed to overcome this flaw. However, the following prime contentions could perhaps assist a Study Group to be formed in the future to create a financial model that would, in essence:

- provide concession attractions to entice the many superannuation funds in NSW to invest their available money into '*special protected funds*' dedicated to '*bricks and mortar*' construction of RVs. Investors' future returns and capital could be considered safe in the long term by introducing a contractual scheme offering '*rental-and-bond*' with '*user-pay services*' contract incorporated, to market, on an on-going basis, each village's dwellings. The '*special protected funds*' would be Regulated and monitored by Government, but operated by a management structure held responsible for the maintenance and replacement of the assets owned by each contributing superannuation fund;
- encourage construction businesses to competitively quote to build RVs of approved and practical design, under specific builders' contracts focused on controls to minimize defects, before taking their rewards and profits without further on going involvement, then handing over each project to its asset management entity;
- encourage teaching schools and universities to qualify management in the appropriate administration of RVs including accessing available Government services for home and health care.

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Lessee-resident for over 8 years at:

