

45 Whitehall Avenue
BIRKDALE Q 4159

26 August 2002

Dr Margot Kerley
c/- Standing Committee on Ageing
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Dr Kerley

I am writing in response to an article in our local newspaper, Redland Bulletin, regarding aged care services.

I am a 65 year old pensioner living with my wife in our own home & we are contemplating moving to a local retirement village.

The village, when completed, will comprise approximately 150 units of various designs & sizes, with a community building & facilities.

The units are only leased and the initial cost of the lease is quite high, though acceptable given the standard of upkeep, the community areas & services available. The residents are paying a premium for the lifestyle & a General Service Charge (akin to Body Corporate fees), including e rates & general maintenance, gardening etc. of approximately \$75.00 is charged weekly.

What concerns me is the financial aspect of the leases. If one were to leave after eight years or more exit fees are quit high. A period of occupancy of less than eight years would attract proportionately lower exit fees.

For example the current unit lease is approximately \$270,000 plus legal & other fees depending on the size of unit.

It would be reasonable to assume that an appreciation of say at least 30% in the eight years, making a selling price of \$360,000.

The unit lease must be sold through the owner of the village and the lease holder is liable for 30% of the sale price (\$120,000) & 50% of the capital appreciation (\$45,000).

Having initally invested \$270,000, this would leave only \$195,000. A selling fee, refurbishment fee and administration fees are deducted as well.

While construction, layout and services are very adequate and I am sure that the lifestyle would be quite pleasant, these exit fees seem disproportionately high.

I understand that legislation in other states precludes these financial arrangements with regard to retirement homes, aged care facilities etc.

Would you please advise whether there any moves to regulate the financial arrangements of these retirement establishments

Yours faithfully

Geoff Robson