

Not displaying correctly? [View in Browser](#)


**The Association of Residents of  
Queensland Retirement Villages Inc.**

**OFFICE HOURS MAY VARY**

**Please leave a message if ringing**

**Enquiries - 0437 906 074**

**Membership - 0429 098 417**

**SEPTEMBER 2017**



## PRESIDENT'S PONDERINGS

### HI ARQRV MEMBER

A very successful AGM was held on 11 September. In all, 120 members attended to celebrate 25 years of ARQRV. We were pleased to welcome Paul Leo from the Office of the Qld Ombudsman as well as two staff representatives from the Residential Services Unit. The Annual Report included written information from the various portfolios with an overview of the work undertaken during the year.

### Our Features

- Presidents Ponderings
- Mike's Mediation

### Links

- [ARQRV Web Site](#)
- [Dept of H & PW](#)
- [FACEBOOK Page](#)
- [ARQRV Contacts](#)

If you were unable to attend you can read the report on our website as well as a copy of our audited statements.

Katherine and Sandra were able to answer some of the member's queries, unfortunately they were not able to stay after the meeting to meet people personally. Paul gave an excellent presentation of the work done by the Office

of the Ombudsman on behalf of all Queenslanders.

Many of us were surprised by some of the issues dealt with and the results achieved, their mantra is certainly about fairness and what is reasonable. You would have seen some proposed changes to our Constitution, these were accepted after some discussion.

The following members were returned to the Committee: Judy Mayfield, Mike Fairburn, Peter Smyth, Thea Biesheuvel, Hilton Conroy, Barbara and Stephen Irving. We welcomed new member Trisha Jacobsen and were sad to accept the resignation of Steve Murray after serving on the Committee for 8 years.

Any celebration would not be complete without a cake and following the meeting members shared a slice of our 25 Anniversary cake before leaving.

The upcoming year will see many changes in the retirement living industry with the introduction of the new RV Act (hopefully) and a commitment by Operators to become more transparent. We will wait and see and of course keep you informed of what is happening.

**Judy President 0401 695 695**

## ANNUAL REPORTS

### The Housing Legislation (Building Better Futures) Amendment Bill 2017

Here is the link to the Bill

Here is the link to the Explanatory Notes on the Bill.

## MIKE'S MEDIATION

### Some notes on the current and proposed provisions of the Queensland Retirement Villages Act (1999)

#### **Deferred Management Fees (commonly known as exit fees)**

When first introduced to Australia by church and philanthropic organisations retirement villages typically charged new residents 70% of the open market value of their accommodation units. This allowed retirees to have the use of the remaining 30% of their units value with which to finance their retirement living. The 30% by which the resident had underpaid for their unit was recovered by

the scheme operator when the resident left their village either “in a box” or to go into care and the unit was offered to the market and a new resident found. This “exit fee” was taken from the departing (or departed) resident’s exit payment and was paid from the new resident’s “in going contribution”. Over the years these exit fees were increased by applying them from the new resident’s (higher) contribution (instead of the leaving resident’s original in going contribution) and by so doing increased the scheme operator’s profit, mostly without anyone noticing.

With increasing demand and the willingness of new more affluent potential residents to pay a higher price and an apathy about what happened to their capital invested after “they had gone” together with the entry of the larger, almost entirely profit driven, operators into the industry, entry prices crept up to the current point where they are little if any different from non-retirement village units of similar design and features.

The resultant practice of charging an exit fee is therefore redundant and little more than “double dipping” on the part of the scheme operator and should be discontinued as a consequence.

### **General Service Fees**

Residents in retirement villages pay for the costs involved in running a retirement village to the operator on a cost recovery basis. At least that’s the theory! Many operators attempt to optimize their financial position by using a “smoke and mirrors” approach to casting their village budgets. These General Service Fees are charged to residents either fortnightly or monthly and current legislation requires that these fees continue to be paid by a former resident after they have vacated their accommodation unit. Given that the former resident is usually (but not always) responsible for reinstating the unit to the condition it was in when their lease started, three months should be sufficient for that work to be completed and fees should not be charged beyond that point.

### **Annual Budgets**

The scheme operator is required to produce an annual budget to cater for meeting the expenses involved in running each village and paid for by residents via their General Service Fees as above.

The offloading of operator expenses to residents by “creative accounting” has become commonplace exacerbated by the practice of moving costs around within the budget thus seeking to “hide” them to the disadvantage of residents.

This is the “Smoke and Mirrors” approach referred to in the previous paragraph. The need for the legal right of residents to “drill down” into budget line items in order that residents can satisfy themselves that they are only paying those sums that genuinely relate to running their village is clearly needed.

### **Legal Fees**

Entering and leaving a retirement village must be one of the few (maybe the only?) property transaction where the buyer pays both his or her legal fees **and those of the seller!** And the seller usually has their legal service “in house” thus barring “the buyer” from obtain the best deal possible.

### **Residents Contracts when “Buying into a village”**

Public Information documents (PIDs) are supposed to be given to residents for them to obtain legal advice during the (current 14, and soon to be 21) day cooling off period. Often the resident is given their PID when signing their contract not realizing that this is a breach of the Act which is supposed to control the industry. These PIDs can be up to 400 pages long and solicitors that are familiar with the legislation under which they were written are few and far between. Finding one able and willing to comply with the set time frame is frequently found to be all but impossible. The smooth talk of commission led salespeople, pressure from one of the buying couple and a “she’ll be right mate” attitude adopted (more in hope than with conviction) by the buyer often seals the deal.

### **Churning**

Operators are not allowed to make a profit on running a retirement village. (At least in theory as mentioned previously). Profit is (or should be) generated by the sale and resale of accommodation units. To increase churning rates (the frequency with which units get sold and profit generated) entry ages for moving into a retirement village are seen to move upwards regularly.

### **Repayment of exit entitlements (Interest free loan) by the resident to the scheme operator on the disposal of the right to reside.**

Under the revisions of the R.V. Act the operator will have to pay the former resident their in going contribution if they have failed to sell it after 18 months. Some scheme operators will do this after 6 months under their newer contracts but apply other (financially) compensating provisions within those contracts which have the effect of balancing the equation.

To be comparable with other eastern seaboard Australian states this 18 months

should just be the starting point with the eventual objective of getting down through 12 months to 6. The current pay out waiting time is “until the unit is sold”. This will continue to apply to those currently awaiting their pay-out and will apply to any resident who gives notice of their intention to depart prior to the revisions coming into effect.

Mike Fairbairn Vice President

## PAST NEWSLETTERS



[ARQRV CONTACTS](#)

[WEB SITE](#)

ARQRV COMMITTEE [campaign@arqv.org.au](mailto:campaign@arqv.org.au) ARQRV MEMBER [peter.smyth@bigpond.com](mailto:peter.smyth@bigpond.com)

Not interested? [Unsubscribe](#)

ARQRV | PO 1361 || Buddina || Qld 4575 || Australia

