

ARQRV CONNECT

ISSUE 117

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The Association of Residents of Queensland Retirement Villages is the voice of residents in the Queensland retirement village industry



Presidents' Ponderings

Welcome to the first 2022 Newsletter. I hope you all had a good holiday with family and friends.

Just a few things to note: You will find a membership renewal notice at the back of the newsletter that you can mail in or you can always transfer the funds via the internet. I find transferring on the internet is much faster and instant and not reliant on Australia Post and all the delays that come with it!

Jan, one of our long term staff members has now retired and we wish her well in her retirement. But we have managed to keep her as a voluntary Secretary to the ARQRV. I would like to thank Jan for her services all these



Mel Dennison

years and also staying on as our secretary. Our Admin team - Laurie and Carol therefore will be extremely busy processing the membership renewals, so if you don't get through right away on the telephone or don't instantly get a response to your emails this is why. It is only for a month or so whilst they process the membership renewals.

Judy Mayfield and I attended the Village Summit late last year. It was really good to network with some owners and also Village Managers. It was heartening to hear how involved and the Village Managers were

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genuinely concerned for the welfare and wellbeing of their residents.

My aim is to get the good work we do out and about. But Covid seems to be trying very hard to stop this process. Unfortunately, it is too difficult to do physical Village visits at this time for a start. Hopefully, we can start to travel around soon.

In closing, I like to wish you a healthy, joyful and blessed 2022.

Mel Dennison

ARQRV President

Behind the Scenes

Welcome to our first Connect for 2022, I do hope that you all enjoyed the holiday season with family and friends and kept COVID free.

My section in this edition will be about a variety of topics that hopefully will be of interest. Firstly, on page 4, you will find an extract of the fact sheet published by the Dept Communities, Housing & Digital Economy (DCHDE) providing Regulatory Guidelines for operators about Exit Entitlement and Costs associated with the sale of your unit. These Guidelines must be adhered to and it will be considered a breach of the *Retirement Villages Act 1999* if they not do so.

These Guidelines are published on the DCHDE website: www.chde.qld.gov.au under the heading 'Operators of Retirement Villages'.

They are the first of the Guidelines, others expected to be available soon are:

- * Review of Dispute Resolution arrangements
- * Reforms to financial statements and contracts
- * Time frames for exit entitlements
- * RV comparison website.

We will keep you informed as soon as they are available, but we have no guaranteed timeline.

Village Visits

We had hoped to recommence our village visits early in the new year but given the current, highly contagious Omicron virus we will put these on hold until the expected peak passes and hope to resume by March.

I have mentioned before that we have produced a video of a full village visit, with a second video of a Q&A session. These are both available on our website, or on the ARQRV You Tube channel, otherwise contact the office and we will post out a USB containing both videos. The USB can be used by residents committees or MSOs to provide information to all residents about the work of ARQRV. They are free and whilst we are happy to provide a couple to each village we are unable to send one to every member unless they are prepared to purchase it. However, given that they are freely available there is really no need to do that. Please contact the office if you would like a USB, it will be registered to your name.

Zoom Gatherings

We currently run quarterly meeting for all MSOs via zoom. We had one late last year and the next one is scheduled for 10am Tuesday 1st March. All MSOs are invited and if your village does not have an MSO you may like to consider volunteering. It is not an onerous position and I will be happy to discuss the role with you.

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A new zoom gathering this year will be for subscribers to the Residents Committee Support Desk. This will be a **Ask Us Anything** session aimed at assisting committees in their role and providing help with the range of tasks that are expected of a well-functioning committee. Ray (who wrote both the Residents Committee Manual and the Guidelines for Village Managers) and I will be facilitating the session. If there is the interest we will run them quarterly. All current members of the Support Desk will receive a personal invitation. Please contact me or the office if you want more information.

Membership Renewals

You will find all the necessary forms at the back of this newsletter to enable you to renew your membership for next year, fees are payable by 1 March 2022. Just a few things to remember:

- * DO NOT try to renew your membership if you are a Life member. Joining as a life member means that you only ever pay one membership fee.
- * If you do not renew your membership by 30 March you will need to pay a \$22 admin fee plus your annual fee to rejoin which makes a total of \$57.00. NO EXCEPTIONS. Please do not contact us with all the reasons why your fees were not paid.
- * If you are renewing by direct debit please remember to identify yourself on the deposit form we often get money paid into our bank account and we have no idea of who it comes from.
- * Please do not send cash through the post.
- * If you have any new residents moving into your village it would be greatly appreciated if you could let them know about the work of ARQRV.
- * If you have recently changed your phone number or email address please be sure to advise the office or you may miss out on important information from us.

Let's all hope that this current pandemic will soon resolve to a more manageable situation for all. We at ARQRV are looking forward to a productive year as we continue to work with government, industry and the media for positive outcomes and reforms for the retirement village sector.

Judy Mayfield

Director – Sector Engagement



David Wise Solicitor
Discounted advice for ARQRV members
0412 254 080 | dtwise@gmail.com
www.davidwisesolicitor.com.au
PO Box 120 Woombye QLD 4559

Contact ARQRV

GENERAL ENQUIRIES

enquiries@arqrv.org.au

Phone: 0437 906 074

MEMBERSHIP ENQUIRIES

membership@arqrv.org.au

Phone: 0429 098 417

POSTAL ADDRESS

PO Box 5057

Brendale Qld 4500

WEBSITE ADDRESS

www.arqrv.org.au

The following is an extract from the Regulatory Guidelines for Retirement Village Scheme Operators

What should be included in an exit entitlement statement:

In the interests of industry compliance, consistency and transparency, the following information should be included in an exit entitlement statement:

1. Date of commencement of residency
2. Ingoing contribution paid upon entry
3. Date of termination of right to reside
4. Period of residency (years and days)
5. The amount of any exit fee payable and how it was calculated
6. The total amount of any capital gain or loss (if applicable), including the capital gain/loss payable to/by the former resident and how it was calculated
7. Any amounts payable for accrued outstanding general service charges or maintenance reserve fund contributions. A scheme operator must not charge interest on accrued amounts
8. Any amounts payable for accrued outstanding personal service charges
9. Any accrued or outstanding amounts payable for body corporate or sinking fund contributions, where applicable
10. The calculation used to determine any proportionate amounts payable for accrued or outstanding general service charges or maintenance reserve fund contributions – (i.e. for charges payable between 90 days and 9 months after termination), where the scheme operator and the resident share these costs. This should include details of the percentage of charges payable by each party and the period for which the amounts are payable
11. Amounts payable for any reinstatement and/or renovation costs broken down to show costings in accordance with quotes obtained. Copies of quotes may be attached to the exit entitlement statement
12. The amount of any scheme operator legal fees payable by the outgoing resident as provided for in the contract. This amount should include a breakdown of what these legal costs cover
13. Costs for selling the particular unit (see further costs of sale information below) – e.g. these costs could include the staff cost for showing the unit on multiple occasions, the actual cost for placement of advertising on the scheme operators website (this cost should be discussed with an existing resident prior to advertising), any valuation costs required under the Act. Each of these costs should be separately itemised
14. The calculation for the amount payable for costs of sale, detailing the percentage of costs payable by the scheme operator and the former resident. These costs are to be shared between the former resident and the scheme operator in the same proportion as they are to share the gross ingoing contribution
15. The total exit entitlement payable after all deductions
16. How and when the exit entitlement will be paid (e.g. direct deposit to a nominated account, cheque, etc).

Costs of selling a unit:

Costs of sales are limited to quantifiable costs that are actually incurred in relation to the sale of a specific unit.

On this basis:

- a. sale costs refer to actual costs incurred in relation to sale of the particular unit – they must be quantifiable and itemised for the particular unit
- b. sale costs cannot be calculated as a percentage of sale proceeds or annual marketing costs for the entire village
- c. a scheme operator cannot charge an outgoing resident a fee for costs of sale which is calculated as a percentage of the new ingoing contribution
- d. a scheme operator cannot charge an outgoing resident a fee for 'the cost of finding a new resident' which is a flat fee
- e. sale costs cannot include costs of advertising or marketing a retirement village brand
- f. sale costs cannot include costs of advertising or marketing a retirement village
- g. a scheme operator cannot charge a commission or fixed fee for the sale of a unit.

The costs of selling a retirement village unit can include costs which are the direct result of the sale of a particular unit or the right to reside in a unit. These can include costs directly associated with advertising the unit, demonstrating the unit to prospective purchasers and other specific costs including legal fees for the sale of the unit, advertising the unit on the scheme operators' website, or valuation costs for the unit.

The costs of selling a unit are shared by the former resident and the scheme operator in the same proportion as they share the ingoing contribution upon the sale of the right to reside, as provided for in the residence contract.

Village Budgets

It's coming up to that time of year again when residents' committees will need to start reviewing draft budgets for the 2022/23 financial year. The RV Act requires scheme operators to submit the budget 14 days before the end of the year, but, fortunately, good scheme operators follow best practice and submit the first draft budget well before this deadline to give residents' committees enough time to review and negotiate changes to them.



The objective of the residents' committee should be to ensure that the draft budget meets the strict compliance requirements of the RV Act as well as minimising the weekly, or fortnightly, fee increases without reducing the quality of the services provided to residents.

Our website, www.arqrv.org.au, includes a document, "Village Financials," which has a practical guide to budgets and financial statements for residents and their committees. We recommend that interested residents read this for detailed guidance on budget preparation.

In this article we comment on some specific issues which we commonly find can be problematic when finalising budgets.

Draft Budgets

The scheme operator will submit budgets to the residents committee for each of the three funds, the Capital Replacement Fund (CRF), the Maintenance Reserve Fund (MRF) and the General Services Charges Fund (GSCF).

Capital Reserve Fund

The scheme operator is the sole contributor to the CRF. This budget will rely on the Quantity Surveyor's report which will list and cost all capital assets requiring replacement over the next 10 years, or more. It will have regard to the age, condition and remaining economic life of each asset and shows the Capital Replacement Reserve required.

The Committee should review the QS report and the draft budget and satisfy themselves that:

- all major assets are included,
- ages and economic lives are realistic,
- actual physical conditions and technical suitability are reflected in the remaining economic lives,
- the recommended Capital Replacement Reserve has been adopted, and
- the planned contributions will meet the cashflow requirements.

Maintenance Reserve Fund

The residents are responsible for contributions to this fund. (See "Village Financials for minor exceptions). The MRF budget relies on the QS report which shows the recommended Maintenance Reserve (MR). The Committee should review the QS report and the draft budget and ensure that:

- all major assets and maintenance obligations are included
- proposed maintenance has regard to actual physical conditions
- the MR complies with the legislative requirement (broadly, that it covers the year's budgeted expenditure and a proportion of the next 9 years)
- expenditure excludes day-to-day maintenance (a GSCF expense)
- the residents' contribution rate meets the planned provisions
- any estimated surplus or deficit from the current financial year has been incorporated into the budget.

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General Services Charges Fund

The residents are responsible for contributions to this fund with limited exceptions where there are vacant units. This fund is the main determinant of the weekly, or fortnightly, service fees and the residents' committee's broad objective is to minimise GSCF fee increases without reducing the quality of the services provided to residents.

The budget should include any deficit or surplus from the current year. This will be an estimate based on the actual financial results for the first nine months plus an estimate for the last quarter.

It should also comply with the requirement of the RV Act that the GSC levy (after adjusting for allowed increases in some expenses) does not exceed the published Brisbane all groups CPI increase for the prior year ending in March. (See the "Village Financials" document for detailed explanations of this compliance test and the available options if the draft budget does not meet it).

The draft budget should include detailed explanatory notes on how each budgeted income or expenditure item was calculated.

Service Fees are the main income item. They are calculated after all expenses, miscellaneous income and the expected surplus or deficit are established.

Expenses can be considered under two headings:

- S106 expenses are all items other than those protected against the compliance test under s107 of the RV Act.
- S107 expenses are not subject to the compliance test.

S107 Expenses

These are specifically nominated in the RV Act and are:

- Rates, taxes, or charges relating to the villages land, e.g. Council rates and garbage charges and a Utility's water and sewer charges.
- Salary and wage increases under an award or other industrial agreement
- Insurance premiums and excesses paid
- A village manager's costs when appointed by a District Court.

Budget estimates for rates and charges and for insurance premiums are usually based on prior year actual costs incorporating, if not already known, best estimates of expected increases in the new year.

Salaries and wages are usually treated in confidence by the scheme operator and the residents committee may be limited to reviewing staff numbers and estimates of individual salaries.

S107 expenses typically comprise 60-70% of total GSCF expenses and therefore warrant close attention during the review.

S106 Expenses

The budget for most S106 expenses will be based on prior year actual costs. Any material increases or decreases from the prior year will need to be investigated.

In most cases, this group of expenses will include an administration/management fee to cover the scheme operator's head office directly related costs. The scheme operator usually treats the content of this charge confidentially but any increase in this item above the CPI increase should be queried.

Conclusion

In the ARQRV's experience negotiations over the draft budget can be time consuming and we therefore recommend that you encourage your scheme operator to prepare and send your village the draft budget well before the legislative requirement of 14 days.

Any negotiation can also be complicated and ARQRV can assist members with their evaluation if needed.



Annual Membership Renewals

Your ANNUAL MEMBERSHIP renewal payment is due on 1st March.

If membership fees are not paid by 30 March, your membership lapses and you are not entitled to member services.

NOTE – LIFE MEMBERS DO NOT NEED TO RENEW MEMBERSHIP. (If you are unsure if you are a Life Member or Annual Member, please phone Laurie or Carol at the office to check before making a payment).

A person who joins or renews as a Annual member can within the FIRST month, upgrade to Life Membership and have \$35 deducted from the \$300 life membership fee, however the \$22 joining fee will not refunded.

At all other times the Life membership will be a one off payment of \$300.00.

You can renew your ANNUAL membership in the following ways:-

Online - preferred method

Visit ARQRV website and follow the links and instructions from Membership at the top of the home page. A credit card and an email address are required.

Village Membership Support Officer

Contact your village Membership Support Officer (if your village has one) who will assist.

Use the form (on following page)

Forward the completed form to the office and make the payment.

Payment may be made by:

- ⇒ sending a cheque or money order; or
- ⇒ direct deposit into ARQRV bank account– ensure you include a good reference (name, unit number and village e.g. Jones59Bayview)

DO NOT SEND CASH through the mail.

By telephone

Phone the office on **0429 098 417** and speak with Laurie or Carol to pay by credit card. Please have your credit card handy.

Website www.arqrv.org.au **Postal address** PO Box 5057, Brendale Qld 4500

Telephone 0429 098 417

ARQRV bank account

BSB 124-001

Account Number 20511301

If you have recently changed your phone number or email address please be sure to advise the office or you may miss out on important information from us.

Thank you for your continuing support!!

ARQRV MEMBERSHIP RENEWAL



Renewing Annual Membership \$35 (LIFE MEMBERS DO NOT NEED TO RENEW)

Donation *thank you!*

VILLAGE NAME: _____

Address: _____

Suburb: _____ Postcode: _____

APPLICANT(S) DETAILS

UNIT OR VILLA NUMBER: _____

Resident 1

First name: _____ Last name: _____

Resident 2

First name: _____ Last name: _____

Phone no.: _____ Mobile no.: _____

Email: _____

Signature: _____

Date: _____

METHOD OF PAYMENT - PLEASE DO NOT POST CASH

Payment to Membership Support Officer

Cheque (enclosed)

Bank Deposit

Credit Card (Ph. 0429 098 417)

POST TO: ARQRV Inc. P.O. BOX 5057 BRENDAL QLD 4500