

ARQRV CONNECT

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



PRESIDENT'S PONDERINGS

Welcome to this edition of our Newsletter. I hope that you all enjoyed your chocolates over Easter and managed to spend some fun time with family or friends. In my village there is always an Easter raffle with far too many chocolates, but I suppose it only happens once a year.

Finally, the Financial Regulations have passed through Parliament and there are now new rules to improve transparency, accountability, and consistency of financial reporting by Operators across all villages. More information about these changes later in this newsletter.

It's also coming up to budget time, so many residents committee will now be in discussion with their operator around the budget. Going forward, the new Regulations should make it easier for residents to understand the budget.

Unfortunately, we still not have received any information on the mandatory buy-back time frames.

We are currently looking to recruit more Membership Support Officers (MSOs) to villages across Queensland. MSOs are an important part of the ARQRV Team, they are often the first contact that residents have with our organisation when they first move into a village. If you are interested in taking on the role in your village please get in touch. We are hoping to recruit many more MSOs as there are now over 330 villages in Qld and we only have 75 MSOs, it's important that we have a "go-to" person we can contact in a village. Our intention is to provide

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some webinar training for the role as well as our on-going quarterly zoom gatherings where MSOs get to connect with others across the State. We are also keen to have guest speakers who may be of interest, remembering however that MSOs do not deal with the issues or concerns of members but advise them to contact our office to discuss.

We are in the planning stages for our visit to Rockhampton and Yeppoon, we will contact every village in those areas to arrange a visit if interested. Our planned dates are the week of 7th August. Please contact the office if you would like to book a visit. We had also hoped to travel to Cairns, Townsville and Mackay this year, however the cost has proved to be greater than expected and we have had to change our plans. Sorry to disappoint residents in those area, perhaps next year. With increased travel and accommodation costs we are limited in the amount of regional visits we are able to do.

Just a date claimer for the AGM. This will be held on 19th September at Kedron Wavell Services Club, Chermside. More details in our next edition of Connect.

Remember, if you need to speak with someone about membership, advise of the death of a partner, or update your email address or phone number contact the office on the membership number. Otherwise, the enquiries number deals with general questions.

Judy

Judy Mayfield

President—ARQRV



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

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CHANGES TO THE RETIREMENT VILLAGES ACT 1999

On 5 April 2023, the most recent changes to the Retirement Villages Act came into effect. These changes form part of the Queensland Housing Strategy 2017 – 2027 and are designed to maintain public confidence in the retirement village industry by increasing consumer protection and improving transparency, accountability, and consistency of financial reporting by retirement village operators.



What are the key changes for residents?

The devil will be in the detail when the Department publishes the regulations to supplement the amendments to the Retirement Villages Act. In the meantime: –

- Residents and resident committees will now have improved access to financial documents, including draft budgets for their village capital replacement fund, maintenance reserve fund, and general services charges fund as well as independent quantity surveyor reports. These documents can be requested from the village operator before the start of the financial year, ensuring that residents have better access to the financial information they need.
- The amendments provide clearer obligations and penalties for village operators regarding the capital replacement fund. Operators are required to consider the quantity surveyor's written report for the capital replacement fund budget and ensure that their annual capital replacement fund contribution covers the capital amount necessary for reasonable spending from the fund for the financial year and to reserve a proportionate share of an amount to meet expected major expenses for at least the next 9 years after the financial year.
- Future regulations will provide more comprehensive financial reporting requirements for village operators. They will prescribe approved forms and additional information to be included in operators' financial documents such as budgets, quarterly and annual financial statements, audit reports, and independent quantity surveyor written reports.
- The Chief Executive of the Regulator now has the authority to publish guidelines to assist with the administration of the Retirement Villages Act. It is proposed that the guidelines be available on the Department's website.

These new requirements must be met by operators for village budgets and financial reporting for the 2023 – 2024 financial year and accordingly are obliged to provide residents and resident committees with draft budgets, and quantity survey reports for the capital replacement fund and maintenance reserve fund.

However, it should be noted that new forms and templates are not being introduced at the moment.

Further information and details of the changes may be found at: –

[Changes to the Retirement Villages Act 1999 \(mailsnd.com\)](https://mailsnd.com)

MEMBERSHIP SUPPORT OFFICER RECRUITMENT

Did you know that ARQVR is represented by a network of Membership Support Officers (MSOs) based in a retirement village. MSOs are the day-to-day face of ARQVR and a conduit between members and the ARQVR committee.

The role of an MSO is to raise the profile of ARQVR within their retirement village and to encourage members who have an issue with the scheme operator to contact ARQVR. MSOs also make themselves known to new residents in the village and pass on information about the benefits of being part of an organisation devoted to helping residents.

The main duties of an MSO are to:

- promote the services of ARQVR to new and existing residents
- assist with new memberships
- assist with existing membership renewals
- encourage members who have an issue with the retirement village scheme operator to contact the ARQVR office.



Eligibility

The role of an MSO is a voluntary position. Only members with an email address are eligible to take on this position as all ARQVR communication with MSOs is via email.

Resident's committees can be involved in the appointment of the MSO, or an individual resident may contact our office to volunteer for the position, a short interview is conducted via zoom (video conferencing) to make sure that the person understands the role. The person chosen as an MSO must be a resident of the village and must also be a financial member of ARQVR.

All MSOs are invited to participate in quarterly video conference meetings where they can interact with other MSOs from all around Queensland.

Resources

All resources required to undertake the role of MSO are supplied by ARQVR. Please note that ARQVR does not reimburse personal expenditure.

Currently we have vacancies in many villages if you are interested in the role please contact the office on 0437 906 074 to discuss.

The Committee of ARQVR would also like to take this opportunity to thank all the current MSOs for the work they do in their villages. We really appreciate their involvement and support.

MODEL RESIDENTS CONSTITUTION UPDATED

The Model Residents Constitution provided by ARQRV has been updated with numerous additions and improvements.

It is now only available from the ARQRV web site as the previous printed version has been removed in the recent update of the Residents Committee Manual.

Residents are welcome and encouraged to modify the document to suit the specific needs of their village community provided no content of their adopted constitution is inconsistent with the *Retirement Villages Act 1999*.

Two versions (one with explanatory notes, and one without) are available in MS Word for download from the Residents Committee Manual page of our web site.

Subscribers to the Residents Committee Support Desk are entitled to an additional document package to assist working parties developing their residents constitutions.

Date claimer for the AGM

The AGM will be held on Tuesday 19th September at Kedron Wavell Services Club, Chermside.
More details in our next edition of Connect.

HELPING RESIDENTS DEVELOP RESIDENTS CONSTITUTIONS

The ARQRV Committee recognise that residents of many villages have difficulties knowing where to start when developing their residents constitution.

ARQRV has prepared a package of documents for use in conjunction with the Model Residents Constitution (available on the ARQRV web site) to assist working parties developing a residents constitution.

The package is available in electronic file format, at no additional cost **to subscribers of the Residents Committee Support Desk** by contacting the ARQRV office.

The package comprises the following:

- notes for working parties
- simple project plan
- 2 information flyers
- ideas form
- comments form
- notice to residents about voting
- Model Residents Constitution (with and without explanation of clauses).



The MS Word documents are meant to be modified by the working party to suit the individual needs of their village.

DID YOU KNOW?

Residents Committee Manual updated

Printed updates for the Residents Committee Manual have been posted to every custodian and owner of the manual.

Contact the ARQRV office if you did not receive updates for your manual.

Residents Committee Manual price increase

Every village is entitled to 1 free copy of the manual for use by the residents committee. Manuals are now \$55 (inc. GST and postage) each for members purchasing their own, or where a resident committee requires additional copies.

Retirement Living Expenditure Guidelines Queensland Edition

These Guidelines are for the benefit of both residents in, and scheme operators of, retirement villages. It provides guidance to assist with the consistent and logical classification of expenditure from the GSCF, the MRF and the CRF.

The guideline may be downloaded without cost from the ARQRV web site.

Printed copies of the guideline are available from the ARQRV office for \$9 each to cover the cost of printing and postage.



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

RESIDENTS COMMITTEES REVIEWING DRAFT VILLAGE BUDGETS

In this article we comment on some specific issues for residents committees which can be problematic when reviewing village budgets.

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 regarding village budgets.

Draft Budgets

The *Retirement Villages Act 1999* (RV Act) requires scheme operators to give residents committees draft budgets at least 14 days before the beginning of the financial year where the committee has made a written request at least 28 days before the beginning of the financial year. Many scheme operators follow best practice and submit the first draft budgets well before this deadline to give residents committees enough time to review and negotiate changes to them.

Individual residents are also authorised to request, and must be given, copies of all draft budgets under the same provision of the RV Act, as committees, but there is no provision authorising individual residents to ask the scheme operators to attend meetings to discuss draft budgets. However, this does not prohibit individual residents, or a group of residents formed for the purpose, of reviewing draft budgets and providing written feedback for their development, to the operator where no residents committee is established.

The scheme operator must provide, to the residents committee or a resident, a separate draft budget, and a separate quantity surveyors report, for each of the Capital Replacement Fund (CRF) and the Maintenance Reserve Fund (MRF); and a draft budget for the General Services Charges Fund (GSCF).

The objective of the residents' committee is to ensure that the draft budgets comply with the 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.

Capital Reserve Fund

The scheme operator is the sole contributor to the CRF which is used to replace capital assets. This budget should rely on the Quantity Surveyor's (QS) 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 show the Capital Replacement Reserve required.

The residents committee should review the QS report and the draft budget and satisfy themselves that all of the assumptions are realistic and that the planned contributions will meet the cashflow requirements.

Maintenance Reserve Fund

The residents are responsible for contributions to this fund which is used to maintain and repair capital assets. The MRF budget also relies on the QS report which will show the recommended Maintenance Reserve (MR). The Committee should review the QS report and the draft budget and ensure that the assumptions made are realistic, that the MR allows for a proportion of the next 9 years expenditure and that the estimated surplus or deficit has been incorporated into the budget.

General Services Charges Fund

The residents are responsible for contributions to this fund, which is the main determinant of the weekly, or fortnightly, service fees.

The draft budget should include detailed explanatory notes on how each budgeted income or expenditure

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item was calculated. In particular, the allocation of shared expenses, such as insurance premiums, which may be shared with other entities owned by the scheme operator, should be explained.

Any deficit or surplus from the current year must be included. The deficit or surplus will be an estimate based on the actual financial results for the first nine months of the current year plus an estimate for the last quarter.

The budget must 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).

GSCF expenses can be considered under two headings:

- s 106 expenses are all items other than those protected against the compliance test under s 107 of the RV Act.
- s 107 expenses are not subject to the compliance test.



Section 106 Expenses

The budget for most s 106 expenses will be based on prior year estimated 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.

Section 107 Expenses

These are specifically nominated in the RV Act and include:

- 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.

Budget estimates for rates, taxes 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 details are often treated in confidence by the scheme operator and the residents committee may be limited to reviewing staff numbers and estimates of individual salaries.

Section 107 expenses typically comprise 60-70% of total GSCF expenses and therefore warrant close attention during the review.

Conclusion

Analysis of and negotiations over draft budgets can be time consuming. We therefore recommend that residents committees make the request for draft budgets significantly earlier than 28 days before the beginning of the financial year, and encourage scheme operators to prepare and send village the draft budgets well before their legislative obligation.

Analysis of draft budgets can be complicated so ARQRV will assist residents committees who subscribe to the Support Desk, with their evaluation, if needed. Please contact the office with your enquiries.