

# 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 the May edition of Connect, the quarterly newsletter of ARQRV. A big thank you to all members who renewed their membership for 24/25, without you we would not be able to achieve all that we do, and to those who have recently become members, we are pleased that you have joined our association.



A reminder that we are coming up to budget time. If you did not know, your weekly fees (General Service Charges and Maintenance Reserve Fund contributions) are based on the operational costs of the village and there is an excellent article in this newsletter about the budget process, including your individual right to information and the rights and responsibilities of committees or financial panels who are

reviewing the village budget. For a more in-depth look at how budgets work in a retirement village, checkout *the Village Financial Guideline* on our website, where it can be downloaded and printed.

Still nothing to report on the new Financial Regulations, obviously they will not be available for the 2024/25 budget discussions.

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You will also see an article about the funding we have recently received from government. We are asking if you can help us to reach people who may be considering moving into a retirement village by sending us the contact details of any free local papers you may have in your area. We need the name of the paper, the local area it covers and phone and email details. It is difficult for us to find this information and we would really appreciate your help.

We are planning to write articles for these newspapers and hopefully have them published. You can email the details to [membership@arqrv.org.au](mailto:membership@arqrv.org.au) or post to: ARQRV PO Box 5057 Brendale Qld 4500.

Look out for our new colourful advert in the May edition of *The Senior* newspaper and hopefully also an article in the not too distant future.

An interesting fact about on what is happening in villages across Australia. Many of you have voiced your concerns about the increasing age of people who are moving into villages and the impact this may have on volunteers being available to organise activities and functions as they currently do. The average age across Australia of people in retirement villages is 81 years, the average age of new residents is 79 years. This is not, as many of our members believe, a strategy of the operators, but the choice people are making about when they feel ready for the move and reflects what is happening more broadly in Australia as people remain in the workforce for longer. We can only wait to see how this change is likely to impact societal norms in the future.



Enjoy the newsletter!

*Judy Mayfield*

**ARQRV President**



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## ***Know someone thinking about retirement village living?***



Why not help them out?

If you know a relative, friend or even a casual acquaintance at the golf club who is thinking about downsizing into a retirement village unit you may like to help them out by passing on this article.

Retirement village legal and financial arrangements can vary from village to village. These arrangements can be complicated, so it is strongly recommended prospective residents seek legal and

financial advice from solicitors and financial advisors with experience in retirement village contracts before they sign any residence agreement or contract.

The solicitor and financial advisors will help those thinking about retirement village living, understand their financial and legal obligations and whether the residence contract is suitable for them.

## ***Changing records where a joint lessee is deceased***

This article explains what options are available to the surviving lessee, relating to land registry records, where one of two retirement village joint residents, recorded on a registered lease, dies.

The article does not apply to residents in villages where the right to reside is secured with a licence.

### **Option 1 – Do nothing**

You are not obliged to change land registry records at this time. However, you may be required to provide certain documentation to the village manager.

Under this option land registry records will be updated at the time the lease is surrendered or terminated when the remaining joint lessee leaves the village.

### **Option 2 – Update land registry records**

The surviving joint resident may decide to update land registry records by removing the deceased resident's name from registry records. This may be completed in the following ways:

- Take the easy approach and engage a solicitor to complete the work.
- Undertake the work yourself by completing and lodging the relevant form and other documentation with Titles Queensland, however, this is no longer a user-friendly option due to changes in lodgement and payment arrangements.
- The scheme operator may offer to undertake the work for you through their solicitor. This offer may be significantly more costly than other options.



## Did you know...?

Roads and streets in your retirement village *in the eyes of the law* are not considered private roads but rather **public roads**. These roads are used by many different public users – including all guests, tradespersons, parcel and food delivery services, emergency, and other community services e.g. care services, garbage collection and postal delivery.

This is irrespective of the village land being privately owned and even gated.

Interestingly, another little-known example of public road is each shopping centre car park.

Your roads and streets being considered public roads does not mean that the traffic police are going to set up a speed camera in your village or conduct random traffic checks.

However, it does mean that in the event of significant property damage, a severe injury, or a fatality there will be significant legal issues raised about compliance with relevant laws by involved parties. For example – was the person driving the car speeding in the circumstances, was driving without due care and attention etc.

It is therefore imperative that within the village (and obviously elsewhere) general road rules are obeyed, and that other important matters are taken care of, such as:

- not driving a vehicle or golf buggy under the influence of alcohol or a drug;
- driving only with a valid driver licence;
- having registration on motorised mobility devices (free); and
- having conditional registration on golf buggies used on roads including in villages (not free).



Below are extracts from the Queensland Government website.

### **Motorised mobility devices**

*If you use a motorised mobility device on a footpath or road related area in Queensland, it must be registered and it's free to register.*

### **Recreational vehicles**

*Some recreational vehicles, like quad bikes, golf buggies and off-road bikes, must be conditionally registered and have the appropriate access approvals if they're used on a road.*

The above article is for general information only and is not intended as legal advice.

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## 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](http://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 provided the committee has made a written request at least 28 days earlier.

Some 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. The analysis of, and negotiations relating to draft budgets can be time consuming,

especially in larger villages, and if draft budgets are not regularly submitted early, we recommend that residents committees make the request for draft budgets earlier than the minimum 28 days and encourage their scheme operators to prepare and send the draft budgets well before the obligatory 14 days.

Individual residents are also authorised to request, and must be given, copies of all draft budgets. This provision is particularly useful where no residents committee is established. In this case individual residents, or a group of residents which could be formed for the purpose, could review draft budgets and provide written feedback for their development.

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's review 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 Replacement 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.

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

### **Maintenance Reserve Fund**

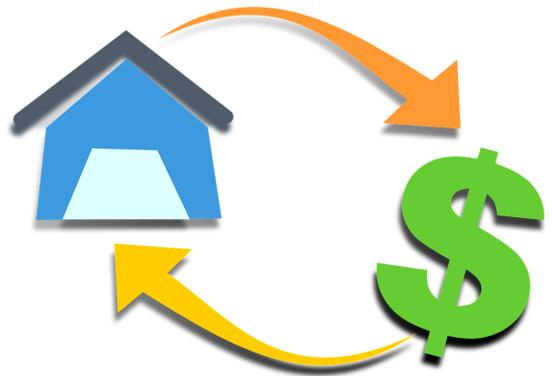
The residents are responsible for contributions to this fund which is used to maintain and repair capital assets. The MRF budget also relies on the QS report which will show the recommended Maintenance Reserve (MR). The Committee should review the QS report and the draft budget and ensure that all of the relevant assets are included, 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 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, which 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.

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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 village's 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 involving draft budgets can be time consuming. For this reason we 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 of 14 days.

Because the analysis of draft budgets can be complicated, ARQRV will, if needed, assist those residents committees who subscribe to the Support Desk with their evaluation.

Please contact the office with your enquiries.



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## Building Consumer Confidence—new funding

In 2018, just after the changes to the Retirement Village Act, ARQRV along with four other organisations received money from the Department of Housing and Public Works to embark on an education and information program to inform residents and potential residents about the changes to the legislation that were developed to protect their rights and interests.



Fast forward to 2024, and ARQRV has received some new funding under the same program to reach out to potential residents of retirement villages to encourage them to seek legal advice and to be fully informed about the contract they are signing prior to moving into a village. This is an important piece of work as we are aware, through the many phone calls we get, that many people have not understood the contract they signed to enter a village. Some people did not receive adequate legal advice, and others just dismissed the information with a *she'll be right mate* attitude only to find out later that they have no idea of their obligations and responsibilities under their contract.

Under this funding agreement ARQRV has committed to achieve outcomes that will assist both incoming and existing residents.

### Prospective Residents

- Develop and distribute statewide resources to educate and inform prospective residents, including new resources and links to appropriate information on our website.
- Compile a list of lawyers with relevant experience and knowledge of the Retirement Village Act to advise and inform prospective residents on the terms of their contract.



### Industry and Government Stakeholders

- Work collaboratively with industry to continue to develop strong working relationships that are mutually beneficial and assist us continue to achieve positive outcomes for our members.
- Ensure we remain a strong voice and advocate for people living in a retirement village.

### Existing residents

- Continue our strong commitment to ensuring that residents committees are educated and adequately resourced to fulfil their roles and responsibilities in line with the Retirement Village Act, and in the best interest of the residents in their village.
- Continue to respond to the questions and concerns of our members to enable them to live as stress-free as possible in their village.

As this program unfolds and develops we will keep you informed through our newsletters and forums.