



## PRESIDENT'S PONDERINGS

Hi ARQRV Member

Welcome to our first enews for 2018.

I do hope that you all had enjoyable Christmas and New Year celebrations shared with family and friends. The village I live in have a Christmas sharing for those residents who may be at home on their own on Christmas day. This is always a great get-together with everyone contributing a plate for a shared Christmas lunch. Perhaps this is something that could be organised in your village next year, as Christmas can be a lonely time if you are on your own.

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### SPECIAL NOTICE ABOUT MEMBERSHIPS

#### **DOES NOT APPLY TO CURRENT LIFE MEMBERS**

We have received a number of membership renewals as well as new memberships that have been paid directly into our bank accounts. However, people have not put any reference on the bank deposit, nor have they followed up with a membership renewal or application form. We now have over \$2000

sitting in our bank account and we do not know who the money is from. Some of the money has been banked by Liaison Officers who have not advised us whose membership it is. LOs, if you have sent money in without membership forms please contact Jan in the office to let her know so that together you can sort out who has paid. Also, if you have renewed your membership without sending in a form we have no idea who you are and you will receive no newsletters from us after March this year. **SEND IN YOUR FORMS** or phone Jan on 0429 098 417

Remember if you have not paid your membership you are now un-financial and not eligible to receive any assistance from us. You must pay by end of March or you will need to re-join as a new member.

I have received a number of calls asking if the amended RV Act has been finalised. As advised before Christmas only 2 sections are enacted. The retrospective 18-month buy-back and Part 8 Rights and Obligations of scheme operator, residents and others. All other sections have not had details or supporting documents finalised and until this has been completed those sections of the Act will not be implemented even though all amendments were Assented. We will keep you informed.

We have also not yet received the money for the Building Consumer Confidence Project for which we have been funded. We expect to have the money by mid-February and will give a full update in the March print newsletter.

Many of you will have received through your village manager an independent resident's survey. Apparently nearly 20,000 responses were received. I will give you an overview of the results when they are available.

**Judy President 0401 695 695**

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## **ANNUAL REPORTS**

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## **MIKE'S MEDIATION**

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### **Reinstatement or Refurbishment?**

In the month of January ARQRV received four enquiries all relating to the same scheme operator with regard to the former resident's reinstatement obligations on leaving their accommodation unit.

It was clear from inspecting the exit estimates (which were provided without any prior agreement on the work needed) that the operator concerned was expecting the former resident to refurbish fully or in part (as opposed to reinstate) the vacated unit in order to increase the unit's market appeal.

In one case the contract to reside specified a 50 /50 share of any capital gain while providing for a 100% contribution by the departing resident to any capital loss in effect saying that “we will have half of any profit but leave you with all of any loss!” The unit is located in southeast Queensland where, during the ten years for which the former resident was in occupation, property values increased by about 2% per annum (22% when compounded) a decrease in value for the purpose of exit entitlement calculation of minus 4.5% was included in the exit entitlement estimate! The resident has now to obtain an independent valuation at a cost just shy of \$2,000.00 in an effort to redress this reported depreciation in value.

The Retirement Villages Act (Section 58 (1)) sets out the procedure for “**agreeing in writing**” the work to be done and, in the dictionary section on page 131, defines the word “reinstatement”. This definition includes ambiguous and misleading wording making reference to “marketable condition” and “the general condition of other accommodation units in the retirement village that are comparable with the accommodation unit”. This ambiguous wording (most of which will disappear when the new part of the revised act is proclaimed) is open to interpretation and operators (and this one in particular currently) have chosen to use the wording to persuade former residents to fund refurbishment of their former unit.

ARQRV take the position that the former resident’s responsibility is to reinstate the unit to the condition it was in at the beginning of the contract and that any work beyond that should be funded by the scheme operator (and that any resultant increase in the value of the right to reside should accrue to the operator) and that the exit entitlement payable to the former resident should be based on the agreed reinstated value only of the unit.

Operators may try to persuade former residents to fund or part fund refurbishment of the unit on the basis that it will result in a quicker sale. Bearing in mind the effect on the former resident’s exit entitlement, and the effect that the deduction of the deferred management fee would have on the contribution so made, ARQRV advocates the involvement of an accountant to do a cost benefit analysis to establish whether an operator’s proposal is financially to the former residents advantage before agreeing to any suggestion to contribute to, or fund entirely, a proposal to refurbish the unit.

**Mike Fairbairn Vice President**

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## MEMBER LETTER

**A letter to the editor and our response January 2018**

*“Dear Mike,*

*I need your advice re an emergency call system supplier and our scheme operator's management of payment for this service.*

*We pay at present \$26.50 monthly charge for the provision of an emergency call facility as a "personal service" as an item on our monthly account.*

*I have contacted the emergency call company and obtained their price list which quotes \$14.25 per month for the service we receive via our scheme operator.*

*Can you please clarify these two different charges?*

*Many thanks - Member Sunshine Coast"*

Dear Member Sunshine Coast

We have written to the scheme operator pointing out that they are only supposed to make a profit on the sale and resale of accommodation units. The provision of an emergency call system is usually within the village budget and covered by the monthly general service fee. Notwithstanding the supply of services should be (and in other villages is) provided to residents on a cost recovery basis. Making a profit on services provided is not customary or acceptable. We have written asking them to look again at their policy and reconsider. As a matter of interest this particular operator has problems reselling units which is no surprise when we see from copy documents supplied that their monthly fee is \$200.00 more than comparable quality villages in their area of operation.

Regards

Mike Fairbairn (Vice President ARQRV)

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