Financial Guidance Materials

Quantity Surveyor Report and Budgets

Retirement Villages Act 1999 and *Retirement Villages Regulation 2018*

Stage one: March 2025

Queensland Government

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Table of Contents

Overview of amendments to Retirement Villages Legislation 4
Purpose and Scope of Financial Guidance Material 5
Guidance Material Series 5
Sample Templates 5
Quantity Surveyor Reports 6
What needs to be included in the Quantity Surveyor's Report? 7
Further information to be included in a Capital Replacement Fund quantity surveyor's report. 7
Further information to be included in a Maintenance Reserve Fund quantity surveyor's report 8
Funds and Budgets 9
Capital replacement fund budget 10
Requirements for capital replacement fund budget 11
Template - Capital Replacement Fund Budget 14
Maintenance Reserve Fund Budget 16
Requirements for maintenance reserve fund budget 16
Template - Maintenance Reserve Fund Budget 19
General Services Charge Budget 21
Requirements for general services charge budget 21
Template - General Services Charges Fund Budget 24
Disclosure Notes for Fund Budgets 26
Disclosure Notes for Scheme Operator Reports 28
Template - Capital Replacement Fund Budget Disclosure Notes 29
Template - Maintenance Reserve Fund Budget Disclosure Notes 31
Template - General Services Charge Fund Budget Disclosure Notes 34

Overview of amendments to Retirement Villages Legislation

Amendments to the *Retirement Villages Act 1999* (RV Act) which commenced on 5 April 2023, aim to maintain public confidence in the retirement village industry by enhancing the financial transparency of the operations of retirement villages and the accountability of retirement village scheme operators (scheme operators). The key changes:

- Allow for approved forms and additional information prescribed by regulation for financial documents such as budgets, quarterly and annual financial statements, audit reports, and independent quantity surveyor written reports (RV Act section 113AA).
- Give residents better access to financial documents - the capital replacement fund, maintenance reserve fund and general services charge draft budgets and the related independent quantity surveyor reports are now available to both residents and resident committees upon request at least 14 days before the beginning of a financial year (RV Act section 113AB).
- Require operators to provide the independent quantity surveyor reports, annual financial statements and audit reports to the department and these documents are part of the public register for retirement villages (RV Act section 35).
- require operators to:
    - Have regard to the quantity surveyors written report for the capital replacement fund budget.
    - Fix the operator's annual capital replacement fund contribution to cover the necessary and reasonable spending from the fund for the financial year and to reserve an appropriate proportional share of amounts that need to be accumulated to meet anticipated major expenditure over at least the next 9 years after the financial year.
    - Pay this annual contribution into the fund each year (RV Act sections 93 and 94).
- Mean that a quantity surveyor is a person who holds a member grade, or a fellow grade, membership with the Australian Institute of Quantity Surveyors or an equivalent grade of membership with a successor of Australian Institute of Quantity Surveyors (RV Act Schedule Dictionary).

The Retirement Villages Regulation 2018 (RV Regulation) was amended on 14 June 2024 to provide more detailed requirements for financial documents.

The requirements for independent quantity surveyor reports apply from 1 July 2024, as these reports are used to prepare the 2025-26 budgets (and subsequent budgets) for the capital replacement fund and maintenance reserve fund.

The requirements for village budgets, financial statements and audit reports apply for financial documents relating to the 2025-26 financial year and subsequent financial years.

Purpose and Scope of Financial Guidance Material

These guidance materials are for the use and information of retirement village scheme operators, resident committees and residents in Queensland.

Their purpose is to assist the retirement village industry to comply with the financial reporting requirements contained in the RV Act and RV Regulation, and to help residents understand what these financial reporting requirements are. The materials were developed in association with an independent financial expert and in consultation with industry and resident stakeholder groups.

To align with best-practice, scheme operators should continue to provide the highest level of disclosure possible and ensure that material information is presented in a way that assists residents to have confidence about the transparency and accountability of village financial operations.

Guidance Material Series

The financial guidance materials will be produced in 4 stages and will provide information on minimum financial reporting requirements, best-known practice, and provide sample templates. This publication provides guidance material for Stage 1 only which addresses quantity surveyor reports and budgets.

Stages 2, 3 and 4 are published separately and cover quarterly financial statements, annual financial statements and audit reports.

Sample Templates

The sample templates provided in this document are not ‘approved forms’ under the RV Act. The department has not issued approved forms for budgets, and it is not mandatory for scheme operators to use the templates provided. The templates are provided for guidance only, to illustrate best-known practice examples for the presentation of budgets and include the requirements under the RV Act and RV Regulation.

Scheme operators have the flexibility to adopt the templates, incorporate components or necessary changes into their existing accounting and reporting systems. The department may issue updated guidance materials from time to time.

Quantity Surveyor Reports

Each year, before a retirement village scheme operator (scheme operator) can decide a capital replacement fund or maintenance reserve fund budget, the scheme operator must obtain an *independent quantity surveyor's written report*, which includes prescribed information about the expected capital replacement, maintenance and repair costs for the village for the next 10 years (RV Act sections 92 and 98).

Retirement village residents and resident committees can request a copy of a quantity surveyor's written report from the scheme operator at least 28 days before the start of each financial year. The scheme operator must provide the report at least 14 days before the start of the financial year if requested to do so by the retirement village residents or resident committees (RV Act section 113AB).

The scheme operator must obtain a full quantity surveyor written report for both the capital replacement fund and the maintenance reserve fund every third year or when substantial changes are made to the retirement village. An updated report is required in other years (RV Act sections 92 and 98).

What is an independent quantity surveyor's written report?

This report is a document that provides recommendations for the expected maintenance, repair and capital replacement costs for a retirement village over the next 10 years. The report is prepared by an independent quantity surveyor.

The report must comply with section 113AA of the RV Act.

The report recommendations must be considered by the scheme operator when preparing retirement village budgets for the maintenance reserve fund and capital replacement fund and to determine the fund reserves. The capital replacement reserve is the minimum amount to remain in the capital replacement fund each year. The maintenance reserve is the minimum amount to be kept in the maintenance reserve fund each year.

What is a maintenance reserve?

Each year a scheme operator must decide the amount to be held in the maintenance reserve fund to be accumulated over time to meet anticipated major expenditure over the next ten years. This amount is the maintenance reserve.

In determining the budget and the maintenance reserve for the village, the scheme operator must have regard to any quantity surveyor recommendations in the quantity surveyor's written report use its best endeavours to implement the recommendations made in the report.

What is a capital replacement reserve?

Each year a scheme operator must decide the amount to be held in the capital replacement fund to be accumulated over time to meet anticipated major expenditure over the next ten years. This amount is the capital reserve.

In determining the budget and the capital reserve for the village, the scheme operator must have regard to any quantity surveyor recommendations in the quantity surveyor's written report use its best endeavours to implement the recommendations made in the report.

What needs to be included in the Quantity Surveyor's Report?

The prescribed information requirements for quantity surveyor reports are detailed in RV Regulation Schedule 5C.

A quantity surveyor's written report must include the following information:

(a) a general description of the retirement village's property and village infrastructure, including the number of accommodation units

(b) a summary of the age of each part of the retirement village, including, to the extent they can be reasonably ascertained, the dates on which construction of each part was started and completed

(c) the date of the preparing surveyor's last physical site inspection of the retirement village

(d) for each cost mentioned in the report — whether the cost includes GST and how GST credits will be applied

(e) any bases or methodologies used to prepare the report, including —

i. assumptions; for example, assumptions about inflation rates, tax rates and interest rates

ii. exclusions

iii. references to standards or guidance notes that apply to the report

iv. methods used to calculate costs

v. for any costs shared between schemes or entities — apportionment of the costs.

(f) whether the report is a full report or updated report

(g) the report period

(h) the date on which the report is issued by the preparing surveyor

(i) for a capital replacement quantity surveyor report — the matters stated in RV Regulation Schedule 5C section 3 (see below)

(j) for a maintenance and repair quantity surveyor report — the matters stated in RV Regulation Schedule 5C section 4 (see below).

The report must be signed by the quantity surveyor who prepared the report.

A ***report period*** in relation to a quantity surveyors report, means the period of 10 years from the start of the financial year to which the relevant budget relates

Further information to be included in a Capital Replacement Fund quantity surveyor's report

RV Regulation Schedule 5C section 3 states the further information that must be included in a capital replacement quantity surveyor report during the report period:

(a) the expected capital replacement costs for each category of capital item of the retirement village for the financial year to which the relevant budget relates

(b) the total expected capital replacement costs for all of the retirement village's capital items for the financial year to which the relevant budget relates

(c) the **recommended** capital replacement fund contribution for the financial year to which the relevant budget relates.

(d) for each other financial year in the **report period** —

i. the amount (in dollars) of the proportional share of the capital replacement costs, expected to be incurred during the **report period**, that is apportioned to the financial year

ii. the amount (in dollars), of the proportional share of the recommended capital replacement fund contributions for the **report period**, that is apportioned to the financial year.

(e) the total amount of expenses expected to be paid from the capital replacement fund during the report period.

(f) the **recommended funds flow information**, for the capital replacement fund, for the financial years in the report period.

(g) any amounts allowed for contingencies for capital replacement for —

i. the financial year to which the relevant budget relates

ii. each other financial year in the report period.

(h) a recommendation about the expected year of replacement for each category of capital item.

Further information to be included in a Maintenance Reserve Fund quantity surveyor's report

RV Regulation Schedule 5C section 4 states the further information that must be included in a maintenance and repair quantity surveyor report during the report period**:**

(a) for the retirement village's capital items — the expected maintenance and repair costs, for the financial year to which the relevant budget relates, for each category of capital item

(b) the total expected maintenance and repair costs for all of the retirement village's capital items for the financial year to which the relevant budget relates

(c) the **recommended** maintenance reserve fund contributions for the financial year to which the relevant budget relates.

(d) for each other financial year in the report period —

i. the amount (in dollars) of the proportional share of the maintenance and repair costs for the retirement village's capital items, expected to be incurred during the report period, that is apportioned to the financial year

ii. the amount (in dollars) of the proportional share of the recommended maintenance reserve fund contributions for the report period, that is apportioned to the financial year.

(e) the total amount of expenses expected to be paid from the maintenance reserve fund during the *report period*

(f) the **recommended funds flow information**, for the maintenance reserve fund, for the financial years in the report period

(g) any amounts allowed for contingencies for maintenance and repair for —

i. the financial year to which the relevant budget relates

ii. each other financial year in the *report period*.

(h) a recommendation about the expected year of maintenance and repair for each category of capital item.

recommended,

for contributions to a fund, means recommended by a quantity surveyor in a report for the fund prepared in accordance with the RV Act and Regulations.

recommended funds flow information,

for a fund, for particular financial years, means information about the recommended movement of amounts into and out of the fund over the financial years, including —

(a) the recommended total contributions to the fund for each financial year

(b) the expected total expenditure from the fund for each financial year

(c) the expected balance of the fund at the end of each financial year to be carried forward into the next financial year.

Funds and Budgets

A scheme operator is required to establish and keep three funds under the RV Act:

- - a capital replacement fund (under section 91)
- - a maintenance reserve fund (under section 97)
- - a general services charges fund (under section 102AA).

Capital Replacement Fund

The capital replacement fund is to be used only for replacing the retirement village's capital items, paying the quantity surveyor's reasonable fees for preparing the report, or paying tax on amounts paid into the fund.

A Statutory Charge is created over the fund for the benefit of the retirement village's residents to ensure the balance of the fund is available for the above spending purposes.

The scheme operator is solely responsible for contributing to the fund (RV Act Section 91(2)).

Maintenance Reserve Fund

The maintenance reserve fund is to be used only for maintaining and repairing the retirement village's capital items, paying the quantity surveyor's reasonable fees for preparing the report, or paying tax on amounts paid into the fund.

Residents are solely responsible for contributing to the fund (RV Act Section 97(2)).

However, in accordance with Section 104 (2) and (3) of the RV Act a former resident is liable for the former part of the maintenance reserve fund contribution for a financial year relating to the period from when the former resident vacates the resident's accommodation unit until the first of the following happens —

(a) the right to reside in the accommodation unit is sold

(b) a period of 90 days elapses (the 90-day period)

(c) the tribunal orders the scheme operator to pay the former resident's exit entitlement under section 171.

In addition, in accordance with Section 105 of the RV Act A scheme operator must pay the proportion of the maintenance reserve fund contributions relating to the right to reside in an accommodation unit in the village —

(a) that has not been occupied under a residence contract; or

(b) if the liability of the former resident, who had the right to reside in the accommodation unit, to pay a proportion of the general services charges and maintenance reserve fund contributions has ended —

(i) under section 104(4); or

(ii) under the terms of the residence contract; or

(c) for which there is no residence contract in force.

General Services Charges Fund

The scheme operator must establish a fund for general services fund (RV Act Section 102AA).

However, in accordance with Section 104 (2) and (3) of the RV Act a former resident is liable for the former part of the general service charges fund contribution for a financial year relating to the period from when the former resident vacates the resident's accommodation unit until the first of the following happens —

(a) the right to reside in the accommodation unit is sold

(b) a period of 90 days elapses (the 90-day period)

(c) the tribunal orders the scheme operator to pay the former resident's exit entitlement under section 171.

In addition, in accordance with Section 105 of the RV Act a scheme operator must pay the proportion of the general services charges fund contributions relating to the right to reside in an accommodation unit in the village —

(a) that has not been occupied under a residence contract; or

(b) if the liability of the former resident, who had the right to reside in the accommodation unit, to pay a proportion of the general services charges and maintenance reserve fund contributions has ended —

(i) under section 104(4); or

(ii) under the terms of the residence contract; or

(c) for which there is no residence contract in force.

Capital replacement fund budget

Section 93 of the RV Act outlines the requirements for adopting a capital replacement fund budget.

Before the capital replacement fund budget is decided under section 93 of the RV Act, the scheme operator must obtain an independent quantity surveyor's written report about the expected capital replacement costs for the village for the next 10 years (RV Act Division 4 Section 92).

The scheme operator must decide the amount to be held in the capital replacement fund (**capital replacement reserve**) having regard to the fund's purpose and the quantity surveyor's written report.

A capital replacement fund budget must:

- allow for raising a reasonable capital amount to:
    - provide for necessary and reasonable spending from the capital replacement fund for the financial year
    - reserve an appropriate proportional share of amounts necessary to be accumulated to meet anticipated major expenditure over at least over the 9 years after the financial year.
- fix the amount to be paid by the scheme operator, from money of the scheme operator, to cover the capital expenditure mentioned above.

Capital items in a retirement village include all buildings and structures located in the retirement village and owned by the scheme operator, including the communal facilities, amenities and accommodation units, other than items under the residence contract that are to be maintained, repaired or replaced by the resident.

Example

Replacing a village stand-by electricity generator is anticipated to be necessary in 3 years' time at a cost currently estimated at $60,000. The contribution amount for the capital replacement fund in the budget for the financial year must therefore include the annual proportional share for its replacement of $20,000. Next year, the estimated cost has increased to $68,000 and so the second year amount will be $24,000. The estimated cost in the third year is $70,000, so with the $44,000 accumulated, a further $26,000 is necessary to meet the cost.

Requirements for capital replacement fund budget

RV Regulation Section 16A states the capital replacement fund budget must include:

- A statement for the financial year that complies with RV Regulation Schedule 5A Part 1
- Disclosure notes mentioned in RV Regulation Schedule 5A Part 4 Sections 18 and 19
- Scheme Operator report for the financial year with disclosure notes mentioned in RV Regulation Schedule 5A Part 4 Section 20.

RV Regulation Schedule 5A Part 1 states the capital replacement fund budget statement must include the following:

- Expected income of the capital replacement fund (section 2)
- Expected expenditure of capital replacement fund (section 3)
- Expected opening and closing balances of capital replacement fund (section 4)
- Comparisons to amounts for previous period (section 5).

Scheme operators must also include disclosure notes in the fund budget and scheme operator reports in accordance with Schedule 5A Part 4 of the RV Regulation. These are explained separately later in this document.

Expected income of capital replacement fund

The budget must have a section for the expected income of the capital replacement fund that:

(a) lists, as separate line items:

- amounts received under insurance policies for the destruction of items of a capital nature under RV Act section 94(1)(a)
- interest received from investment of amounts held in the fund under RV Act section 94(1)(b)
- the capital replacement fund contribution to be paid into the fund under RV Act section 94(1)(c)
- amounts to be paid by residents for deliberate damage or accelerated wear by resident's actions under RV Act section 94(1)(f)
- other amounts expected to be paid into the fund, including amounts payable from a resident's services charge under an existing residence contract under sections 94(1)(d) of the RV Act.

(b) states the total expected income of the fund.

Expected expenditure of capital replacement fund

(1) The budget statement must have a section, titled 'Quantity surveyor expense items', that:

(a) either:

(i) lists each item of expected report expenditure as separate line items; or

(ii) does both of the following

(a) lists each type of expected report expenditure that is considered material as separate line items

(b) states the other remaining expected report expenditure as a separate line item

(b) states any adjustments or changes made by the scheme operator to an item of expected report expenditure stated in the capital replacement quantity surveyor report

(c) states the total of the **expected report expenditure**.

(2) The budget statement must have a section for other expected expenditure of the capital replacement fund that lists, as separate line items —

(a) the quantity surveyor's fees expected to be paid for preparing the capital replacement quantity surveyor report

(b) tax expected to be paid on interest paid into the fund under section 94(1)(b) of the RV Act

(c) the other expected expenditure of the fund.

(3) The statement must separately state the total expected expenditure of the capital replacement fund.

What is expected report expenditure?

Means expected expenditure comprising capital replacement costs recommended in a capital replacement quantity surveyor report.

Expected opening and closing balances of capital replacement fund

The budget statement must separately state:

(a) the opening balance of the capital replacement fund carried over from the previous financial year

(b) the expected closing balance of the capital replacement fund at the end of the financial year.

Comparisons to amounts for previous period

The budget statement must state, next to each amount mentioned in RV Regulation section 2, 3 or 4:

(a) the corresponding amount stated in the last capital replacement fund budget adopted under section 93(1) of the RV Act

(b) the corresponding estimated actual amounts for the purpose of the annual financial statement that corresponds to the last capital replacement fund budget adopted under section 93(1) of the RV Act.

Template - Capital Replacement Fund Budget

<Name of Scheme Operator>

<Name of Retirement Village>

Income and Expenditure - Capital Replacement Fund Budget

For the financial year ending 30 June <20XX>

	Notes	Current Yr Budget # Units $	Prior Yr Budget # Units $	Variance % # Units %	Prior Yr Actual # Units $
Opening Balance:					
Expected Income					
Scheme Operator Contribution					
Interest					
Insurance proceeds					
Resident Payments (s94(1)(f) and s96 of the RV Act)					
Other Income (s94(1)(d) of the RV Act)					
Total Expected Income					
Expected Expenditure					
Quantity Surveyor Expense Items					
Reinstate Unit – Major					
Other capital purchases					
External:					
Replace pergola roof structure					
Replace lights on pathways					
Replace clothes lines					
Replace external light fittings					
Replace cracked tiles on swimming pool					
Replace outdoor chairs near BBQ					
Replace bowls for bowling green					
Replace downpipes on units					
Replace eaves and gutters units					
Replace village signage					
Replace hot water systems units					
Internal clubhouse					
Replace ceiling fans in club house					
Replace air con unit in club house					
Replace door hardware					
Replace locks on internal windows in clubhouse					
Replace flooring in main entrance of foyer in clubhouse					
Replace table and chairs in cafe					
Replace pavers					
Units					

Replace air con units in bedroom units Replace ceiling fans in main bedrooms units					
Replace kitchen bench top in units					
Reinstatement contracts					
Reinstate unit xx – major works					
Reinstate unit xx – general works					
Total Expected QS Report Expense Items					
****Adjustment/s made by scheme operator**					
Total Adjusted QS Report expenditure					
Bank Charges					
Tax paid on interest					
Quantity Surveyor Fees					
Other Expenses					
Total Expected Operating Expenses					
Total Expected Expenditure					
Expected Closing Balance)					
Scheme Operator Contribution Amount		**Proposed**	**Prior Year**	**Increase $**	**Increase %**
Capital Replacement Fund Contributions - Per QS Report					
Less: Interest Received					
Plus Operating Costs					
Total Capital Replacement Fund Contribution required					
Current year capital replacement fund contribution					
Capital replacement fund reserve					

****Notes:** see adjustments line above - a notation and corresponding explanation should be made against any expenditure item where any adjustments or changes were made by the scheme operator to an item of expected report expenditure started in the capital replacement quantity surveyor report.

Maintenance Reserve Fund Budget

A maintenance reserve fund is established for the purpose of maintaining retirement village capital items (RV Act section 97).

Section 99 of the RV Act requires a scheme operator to adopt a budget for the maintenance reserve fund that is consistent with and implements any recommendations in the quantity surveyor's written report, except to the extent that any part of the budget has been agreed to by residents by special resolution at a resident's meeting.

The maintenance reserve fund budget must:

- allow for raising a reasonable amount for maintenance and repairs to:
    - provide for necessary and reasonable spending from the maintenance reserve fund for the financial year
    - reserve an appropriate proportional share of amounts necessary to be accumulated to meet anticipated major expenditure over at least the next 9 years after the financial year
- fix the amount to be raised by way of contribution to cover the estimated recurrent expenditure mentioned in paragraph (a).

Before the maintenance reserve fund budget is determined, the scheme operator must obtain an independent quantity surveyor's written report about the expected maintenance and repair costs for the retirement village for the next 10 years. These expected expenses are to be included in the relevant annual budgets for the maintenance reserve fund.

If at the end of a financial year for which a budget for the maintenance reserve fund is adopted, there is a surplus or deficit, the surplus or deficit in the maintenance reserve fund must be carried forward and taken into account in adopting the budget for the next financial year.

Example

Painting of village property is anticipated to be necessary in 3 years' time at a cost currently estimated at $3,000. The contribution amount for the maintenance reserve fund in the budget for the financial year must therefore include the annual proportional share for painting of $1,000. Next year, the estimated cost has increased to $3,400 and so the second year levy will be $1,200. The estimated cost in the third year is $3,500, so with the $2,200 accumulated, a levy of $1,300 is necessary to meet the cost.

Requirements for maintenance reserve fund budget

RV Regulation Section 16B states the maintenance reserve fund budget must include:

- a statement for the financial year that complies with RV Regulation Schedule 5A Part 2
- disclosure notes mentioned in RV Regulation Schedule 5A Part 4 Sections 18 and 19
- Scheme Operator report for the financial year with disclosure notes mentioned in RV Regulation Schedule 5A Part 4 Section 20.

RV Regulation Schedule 5A Part 2 states the maintenance reserve fund budget statement must include the following:

- expected income of the capital replacement fund (section 7)
- expected expenditure of capital replacement fund (section 8)
- expected opening and closing balances of capital replacement fund (section 9)
- comparisons to amounts for previous period (section 10).

Scheme operators must also include disclosure notes in the fund budget and scheme operator reports in accordance with Schedule 5A Part 4 of the RV Regulation. These are explained separately later in this document.

Expected income of maintenance reserve fund budget

The budget must have a section for the expected income of the maintenance reserve fund that:

(a) lists, as separate line items, each type of expected income:

- maintenance reserve fund contributions payable by from current residents, former residents and scheme operators
- other income (e.g. interest received from investment of amounts held in the fund),

(b) states the total of the maintenance reserve fund contributions expected to be paid into the fund

(c) if not stated in a disclosure note, states:

- the total of the maintenance reserve fund contributions expected to be paid by residents and former residents; Section 104 (2) and (3) RV Act
- the total of the maintenance reserve fund contributions expected to be paid by the scheme operator regarding units not occupied under a resident's contract (RV Act section 105(1).

(d) states the total expected income of the fund.

Expected expenditure of maintenance reserve fund budget

(1) The statement must have a section titled 'Quantity surveyor expense items', that:

(a) either —

(i) lists, as separate line items, each item of expected report expenditure; or

(ii) does both of the following —

(a) lists, as separate line items, each type of expected report expenditure that is material report expenditure

(b) states, as a separate line item, the other expected report expenditure.

(b) states any adjustments or changes made by the scheme operator, in compliance with section 99(1) and (2) of the RV Act to an item of expected report expenditure stated in the maintenance and repair quantity surveyor report

(c) states the total of the **expected report expenditure**.

(2) The statement must have a section for other expected expenditure of the maintenance reserve fund that lists, as separate line items —

(a) the quantity surveyor's fees expected to be paid for preparing the maintenance and repair quantity surveyor report

(b) tax expected to be paid on amounts paid into the fund under section 100(1)(b) of the RV Act

(c) the other expected expenditure of the fund.

(3) The statement must separately state the total expected expenditure of the maintenance reserve fund.

What is expected report expenditure?

Means expected expenditure comprising maintenance or repair costs recommended in a maintenance and repair quantity surveyor report.

Expected opening and closing balances of maintenance reserve fund

The statement must separately state —

(a) the opening balance of the maintenance reserve fund carried over from the previous financial year

(b) the expected closing balance of the maintenance reserve fund at the end of the financial year.

Comparisons to amounts for previous period

The statement must state, next to each amount mentioned in sections 7, 8 and 9 of the RV Regulation,

(a) the corresponding amount stated in the previous year maintenance reserve fund budget for all income and expenditure line items and opening and closing balances

(b) the corresponding estimated actual amounts and opening and closing balances for the financial year preceding the budget year that corresponds to the previous year maintenance reserve fund budget.

It is also considered best practice to show the variance or difference between the current budget and previous year budget as a percentage and/or amount. Scheme operators are encouraged to provide this information in the budget.

Template - Maintenance Reserve Fund Budget

<Name of Scheme Operator>

<Name of Retirement Village>

Income and Expenditure - Maintenance Reserve Fund Budget
For the financial year ending 30 June <20XX>

	Notes	Current Yrs. Budget # Units $	Prior Yr Budget # Units $	Variance % or $ # Units %	Prior Yr Actual # Units $
Opening Balance (Prior Year Surplus/Deficit)					
Expected Income					
Contributions- Residents					
Contributions – Former residents					
Contributions - Scheme Operator					
Total Expected Contributions					
Interest Received					
Other Income					
Total Expected Income					
Expected Expenses					
Quantity Surveyor Expense Items					
External					
Paint road markings					
High pressure of concrete paths, roads and gutters					
Rodent control					
Tree and shrub removal					
Garden equipment maintenance					
Barbeque repairs					
Pool pump repair					
Repainting of walls in clubhouse foyer					
Replace bulbs in external lighting					
Fix bowling green cover					
Pool maintenance					
Units					
General repairs -					
Repair dry rot on units					
Doorstops repaired					
Venetian blinds repaired					
Repair and rehang toilet roll holder unit					
Air con maintenance in units xx					
Fire alarm repairs to unit xx					
Repair patio paving unit xx					
Maintain external plumbing systems and pipework					
Clean eaves and gutters of clubhouse					
Village vehicles					
Ride on mower maintenance					
Golf buggy service					
Total Expected QS Report Expenditure					

****Adjustments made by scheme operator in accordance with section 99(1) and (2)**					
Total Adjusted QS Report Expenditure					
Bank Charges					
Income Tax					
Quantity Surveyor Fees					
Other Expenses					
Total Expected Other Expenses					
Total Expected Expenses					
Expected Operating Surplus/(Deficit)					
Expected Closing Balance					

Contribution Amount		**Proposed**	**Prior Year**	**Increase $**	**Increase %**
Maintenance Reserve Fund Contributions - Per QS Report OR Total Adjusted QS Report Expenditure					
Less: Interest Received					
Plus Operating Costs					
Total Maintenance Reserve Fund Contribution required		-	-	-	-
No of Units					
Total Annual Contribution Per Unit					
Total Monthly Contribution Per Unit					

Notes: **see adjustments line above a notation and corresponding explanation should be made against any expenditure item where any adjustments or changes were made by the scheme operator in compliance with section 99(1) and (2) of the Act to an item of expected report expenditure started in the maintenance and repair quantity surveyor report.

General Services Charge Budget

Section 102A of the RV Act states that the general services charge budget must:

- allow for raising a reasonable amount to provide the general services for the financial year
- fix the amount to be raised by way of contributions to cover this amount.

A general services charge is a charge payable by a resident in a retirement village, of an amount decided by the scheme operator under the resident's residence contract, for the general services supplied to residents in the village for a financial year. See page 24 for types of General Services.

The general services charge budget must take into account any surplus or deficit carried forward from the previous year.

Requirements for general services charge budget

RV Regulation Section 16C states the general services charge budget must include

- A statement for the financial year that complies with RV Regulation Schedule 5A Part 3
- Disclosure notes mentioned in RV Regulation Schedule 5A Part 4 Sections 18 and 19
- Scheme Operator report for the financial year with disclosure notes mentioned in RV Regulation Schedule 5A Part 4 Section 20.

RV Regulation Schedule 5A Part 3 states the general services charge budget statement must include the following:

- expected income of the general services charged fund (section 12)
- expected expenditure of general services charges fund (section 13)
- expected surplus or deficit of general services charges fund (section 14)
- comparisons to amounts for previous period (section 15)
- CPI percentage increase (section 16).

Scheme operators must also include disclosure notes in the fund budget and scheme operator reports in accordance with Schedule 5A Part 4 of the RV Regulation. These are explained separately later in this document.

Expected income of general services charges fund

The budget statement must:

1. list each type of expected income separately, such as interest income and other income (e.g. hire of community hall)
2. state the total of the general services charges expected to be paid into the fund
3. if not stated in a disclosure note, state:
    a. the total general services charges expected to be paid by residents
    b. the total general services charges expected to be paid by former residents for the first 90 day period after vacating accommodation units (under section 104 of the RV Act)
    c. the total general services charges payable by the scheme operator after the 90 day period has ended and after a total of 9 months if the accommodation unit remains unsold (under section 105 of the RV Act).
4. state the total expected income of the general services charges fund.

Expected expenditure of general services fund

The statement must:

1. have a section for expected section 107 expenditure of the fund that:
    i. lists, as separate line items, each type of section 107 expenditure, including:
        - rates, taxes, or charges (levied under an Act in relation to the retirement village land or its use)
        - insurance (including premiums and payment of excesses which relate to the retirement village or its use)
        - salary or wages for staff payable under an award, certified agreement or other industrial agreement made, approved, or certified under the *Industrial Relations Act 2016* or a Commonwealth Act
        - management expenses (relating to exercising the functions of a scheme operator appointed under a court management order – refer sections 38 and 38A(1)(a)).
    ii. State the total of the expected section 107 expenditure.
2. have a section for general expenditure that:
    i. lists as **separate line items** the following types of general expenditure (whether or not they are material expenditure):
        - audit expenses
        - banking expenses
        - electricity expenses
        - cleaning expenses
        - pest control expenses
        - phone and internet expenses
        - day to day maintenance expenses
        - scheme operator administration and management expenses
        - staff salary or wages that are not section 107 expenses
        - other staff expenses that are not expected section 107 expenditure.

        Examples – training costs, membership fees, bonuses.

    ii. list as separate line items, other types of expected general expenditure that are material expenditure
    iii. state as a separate line item, the total amount of expected general expenditure that is not otherwise included in a separate line item
    iv. state the total of the expected general expenditure.
3. separately state the total of the expected expenditure of the fund.

The budget line items provided in the RV Regulation do not limit the type of **expected general expenditure** that may be listed in the statement as separate line items.

Expected surplus or deficit of general services charges fund

The general service charge fund budget must separately state the surplus or deficit of the general services charge:

1. The surplus or deficit of the general services charges fund carried over the from previous financial year.
2. The amount that is the expected surplus or deficit of the general services charges fund at the end of the financial year.

Section 102A(3) of the RV Act specifies any surplus or deficit MUST be carried forward and taken into account when adopting the general services charge budget for the next financial year.

What is a Surplus?
An excess of income over the amount of the general services expenditure.

What is a deficit?
An excess of expenditure over the amount of the general service charge annual income.

Comparisons to amounts for previous period

The statement must state, next to each amount mentioned in sections 12, 13 and 14 of the RV Regulation,

(a) the corresponding amount stated in the last adopted general services charge budget

(b) the amount of the difference, or the percentage difference, between the amount mentioned in section 12, 13 and 14 of the RV Regulation and the amount mentioned in paragraph (a)

(c) the corresponding estimated actual amounts from the annual financial statement that correspond to the last general services charge budget adopted under section 102A(1) of the RV Act.

Consumer price index

General expenditure and expenses referred to in section 107 of the RV Act must be presented separately in the general services charges fund budget expense statement.

The budget statement must include sub-totals for expected general services expenses and for expected section 107 expenses, and a total for all expected expenses.

The breakdown of expense categories into general expenditure expenses and S107 expenses in the budget, assists with ensuring compliance with the requirements for increases in the total general services charge under sections 106 and 107.

Under section 106(2) of the RV Act, a scheme operator must not fix a total general services charge for a financial year at an amount that is an increase on the amount of the total general services charge for the previous financial year of more than the CPI percentage increase.

However, the CPI cap in section 106(2) does not apply to the scheme operator to the extent the increase in the total general services charge:

- has been agreed to by the residents by special resolution at a residents meeting; or
- is allowed under section 107 of the RV Act.

Template - General Services Charges Fund Budget

<Name of Scheme Operator>
<Name of Retirement Village>

Income and Expenditure - General Services Charges Fund Budget

For the financial year ending 30 June <20XX>

	Notes	Current Yrs. Budget # Units $	Prior Yrs. Budget # Units $	Variance % and /or amount # Units $ %	Prior Yrs. Actual # Units $
Prior Year Surplus/Deficit (carried over)					
Expected Income					
General Services Charges - Residents					
General Services Charges – Former residents (s104(2) and (s104(3)					
General Services Charges - Scheme Operator (s104(3) and s105(1)(a) and (b)					
Total general services charges expected to be paid					
Interest Received					
Other Income (break down by type of income in separate lines)					
Total Expected Income					
Expected Expenses					
General Expenses					
A Audit expenses					
B Banking expenses					
C Electricity expenses (for village common areas and amenities)					
D Cleaning expenses (e.g.: pool, clubhouse village amenities					
E Pest Control expenses					
F Phone and internet expenses					
G Day-to-day maintenance expenses					
H Scheme operator administration and management expenses					
I Staff salary or wages (s106)					
J Other staff expenses e.g., training costs, bonuses (s106)					
List other types of expected general expenditure that are material expenditure as separate line items					
Total amount of other expected general expenditure (not included above)					
Total Expected General Expenditure					
s107 Expenses					
Council Rates					
Utility Charges for village (e.g., water rates)					
Insurance					
Staff Salary or Wages (s107)					
Management Expenses (s38A only)					
Taxes					
Total s107 Expenses					
Total Expected General Expenses (106 + 107)					
Expected Surplus/(Deficit)					

Total Expected General Services Charge Contributions		Proposed	Prior Year	Increase $	Increase %
No of Units					
Total Annual Contribution Per Unit					
Total Monthly Contribution Per Unit					
The s106 (4) CPI for the period is X%	**X%**				

Disclosure Notes for Fund Budgets

Under RV Regulation sections 16A, 16B and 16C, disclosure notes must be included in fund budgets and in scheme operator reports for a fund budget.

Disclosure notes are required to provide additional information and explanations to residents of the village and other users of the budgets.

RV Regulation Schedule 5A Part 4 sections 18 and 19 outline the disclosure note requirements for the fund budgets.

Capital replacement fund budget disclosure notes must state:

- how the scheme operator calculated capital replacement fund contributions
- the capital replacement reserve, or
- particulars and reasons for any material changes made by the scheme operator for a line item of expected report expenditure in the budget.

The disclosure notes for the capital replacement fund must also include:

- the expected surplus of deficit carried over from the previous financial year
- the expected surplus or deficit at the end of the financial year
- reasons for the change between previous and current financial years expected surpluses and deficits
- the effect on the budget of this change
- whether the change materially differs from the recommendations of the capital replacement quantity surveyor report for the budget.

Maintenance reserve fund budget disclosure notes must state:

- how the scheme operator calculated maintenance reserve fund contributions
- the maintenance reserve, or
- total of the maintenance reserve fund contributions expected to be paid by residents and former residents
- total of the maintenance reserve fund contributions expected to be paid by the scheme operator under section 105(1) of the RV Act for units that have not been occupied under a residence contract (i.e. new units/under construction) and vacant units where there is no residence contract in force
- particulars and reasons for any material changes made by the scheme operator for a line item of expected report expenditure in the budget.

The fund budget disclosure notes for the maintenance reserve fund must also include:

- the expected surplus of deficit carried over from the previous financial year
- the expected surplus or deficit at the end of the financial year
- reasons for the change between previous and current financial years expected surpluses and deficits
- the effect on the budget of this change
- whether the change materially differs from the recommendations of the capital replacement quantity surveyor report for the budget.

General services charges budget disclosure notes must state

- how the scheme operator fixed the general services charge
- total of the general services charge expected to be paid by residents and former residents
- total of the general services charge expected to be paid by the scheme operator under section 105(1) of the RV Act for units that have not been occupied under a residence contract (i.e. new units/under construction) and vacant units where there is no residence contract in force.

The disclosure notes for the general services charge must also include the reasons for, and the effect on the budget, for:

- the expected surplus of deficit carried over from the previous financial year
- the expected surplus or deficit at the end of the financial year.

Disclosure Notes for Scheme Operator Reports

RV Regulation Schedule 5A Part 4 section 20 outlines the disclosure note requirements for the scheme operator report in the fund budget.

Scheme operator reports must include the following disclosure notes:

(a) Material expenditure

- For each line item of expenditure of the relevant fund that is material expenditure and is made up of more than 1 expense type, the notes must state the breakdown, purpose and amounts of each expense type forming part of the line item.
- The note may list the types of expenses forming part of the line item. For example, a line item for administration and management expenses, the note may list the types of expenses ('accounting', 'human resources', 'web services', 'IT support', 'other') and amounts forming part of the line item.

(b) Shared expenses

For each line item of expected budget expenditure that includes a **shared expense**, the notes must state:

- the other entities, types of entities or purposes for which the expense is expected to be incurred
- the method used to calculate the portion of the shared expense to be paid from the fund.

What is a shared expense?

In relation to a line item of expected expenditure or expenditure for a retirement village scheme, means an expense incurred partly for that scheme and partly for that scheme and partly for another scheme , entity or purpose.

What is a material expenditure?

Material, in relation to disclosure requirements, has the meaning given by the *Australian Accounting Standards*. Simplified, it relates to the significance of the item and whether non-disclosure of the item could affect the decision-making ability of the user of the information.

Template - Capital Replacement Fund Budget Disclosure Notes

<Name of Scheme Operator>

<Name of Retirement Village>

Capital Replacement Fund Budget Disclosure Notes

For the financial year ending 30 June <20XX>

1. Capital replacement fund contributions

A disclosure note stating particulars of how the scheme operator calculated the capital replacement fund contributions. These contributions are the expected amounts to be paid into the fund under section 94(1)(c) of the RV Act

Calculation of capital replacement fund contributions

	$
Item XX	XXX
Item XX	XXX
Total contributions	XXX

2. Capital replacement reserve

A disclosure note stating the amount to be held in the capital replacement reserve fund having regard to the fund's purpose and the quantity surveyors report.

Reserve balance: $_____

3. Material changes to expected report expenditure

Disclose particulars and reasons for any material changes made by the scheme operator for a line item of expected Quantity Surveyor Report expenditure in the budget.

4. Budgeted surplus/deficit

	$
Expected surplus/deficit at the end of 20XX *(current FY)*	XX,XXX
Expected surplus/deficit carried forward from 20XX *(previous FY)*	XX,XXX

i. Reasons for the change
ii. Effect on the budget of the change
iii. Whether the result materially differs from the recommendations of the capital replacement quantity surveyor report for the budget

Notes:

Scheme operator report disclosure notes for CRF
For each line item of expected expenditure that is material expenditure and is made up of more than one expense type, add a note stating the breakdown, purpose and amounts forming part of that line item. For example, for line item administration and management expense, the note may list all the expenses that form this line item e.g. accounting, human resources, web services, IT support and the amounts for each of those individual items.
For each line item of expected expenditure that includes a shared expense, a note stating the other entities, types of entities or purposes for which the expense is expected to be incurred, and the method used to calculate the portion of the shared expenses to be paid from the fund
Director / Authorised representative **Dated:**

Template - Maintenance Reserve Fund Budget Disclosure Notes

<Name of Scheme Operator>

<Name of Retirement Village>

Maintenance Reserve Fund Budget Disclosure Notes

For the financial year ending 30 June <20XX>

1. Maintenance Reserve fund contributions

A disclosure note stating particulars of how the scheme operator calculated the total of the maintenance reserve fund contributions to be paid into the fund.

Calculation of maintenance reserve fund contributions

	$
Item XX	XXX
Item XX	XXX
Total contributions	XXX

Note:

2. Maintenance reserve under section 98(3) of the RV Act

A disclosure note stating the amount to be held in the maintenance reserve fund having regard to the fund's purpose, the quantity surveyors report.

Reserve balance: $_____

3. Expected maintenance reserve fund contributions paid by residents, former residents and the scheme operator

The total of the maintenance reserve fund charges expected to be paid by residents

Total amount: _____

Note:

The total of the maintenance reserve fund charges expected to be paid by former residents

Total amount: _____

Note:

The total of the maintenance reserve fund charges expected to be paid by the scheme operator under section section 105 (1)(a) and (c) of the Act. These should also include maintenance reserve fund charge contributions payable under section 104 (4)

Total amount: _____

Note:

4. Material changes to expected report expenditure line items

Disclose particulars and reasons for any material changes made by the scheme operator for a line item of expected Quantity Surveyor Report expenditure in the budget.

Whether if the change materially differs from the recommendations of the maintenance and repair quantity surveyor report for the budget.

5. Budgeted surplus/deficit

Disclose expected surplus/deficits including the reasons for the expected surplus or deficit, and effect on the budget.

Expected surplus/deficit at the end of 20XX *(current FY)* XX,XXX

Expected surplus/deficit carried forward from 20XX *(previous FY)* XX,XXX

i. Reasons for the change

ii. Effect on the budget of the change

iii. Whether the result materially differs from the recommendations of the capital replacement quantity surveyor report for the budget

Notes:

Additional notes: Any further information, in addition to the information already provided

Note: There is nothing in the requirements for financial documents that prevents a document mentioned in sections 16A to 16G of the RV Regulations from including information, in addition to the information required to be included in the document. Therefore, additional notes providing useful information can also be included and are recommended as best practice. You may wish to use further explanatory notes on budget to actual variances.

Scheme operator report disclosure notes for MRF Budget

For each line item of expected expenditure of the relevant fund that is material expenditure and is made up of more than 1 expense type – a note stating the breakdown, purpose and amounts of each expense types forming part of the line item. Example: for line item and management expenses, the note may list the types of expenses (for example 'accounting' 'human resources,' 'web services, 'I support, 'other') and amount forming part of the line item.

If a line item of expected expenditure of the relevant fund includes a shared expense – a note stating –(a) the other entities, types of entities or purposes for which the expense is expected to be incurred: and (b) the method used to calculate the portion of the shared expense to be paid from the fund.
Director /Authorised representative
Dated:

Template - General Services Charge Fund Budget Disclosure Notes

<Name of Scheme Operator>

<Name of Retirement Village>

General Services Charge Fund Budget Disclosure Notes

For the financial year ended 30 June xxxxx

1. General services charge budget disclosure notes

A disclosure note stating particulars of how the scheme operator fixed the total general services charge under section 102A (4) and section 106 of the RV Act.

Total amount: _____

Note:

2. Expected general service charge contributions to be paid by residents, former residents and the scheme operator

Total amount of the general services charges expected to be paid by residents

Total Amount _____

Note:

The total of the general services charges expected to be paid by former residents under section 104 of the RV Act

Total Amount: _____

Note:

The total of the general services charges expected to be paid by the scheme operator under section 105 (1)(a) and (c) of the RV Act.

Total amount: _____

Note:

3. Budgeted surplus/deficit

Disclose expected surplus/deficit brought forward from the prior year including the reasons for the expected surplus or deficit, and effect on the budget.

Disclose expected surplus/deficit at the close of the financial year including the reasons for the expected surplus/deficit, and effect on the budget

Additional notes: Any further information, in addition to the information already provided

Note: There is nothing in the requirements for financial documents that prevents a document mentioned in sections 16A to 16G of the RV Regulations from including information in addition to the information required to be included in the document. Therefore, additional notes providing useful information can also be included and are recommended as best practice. You may wish to use further explanatory notes on budget to actual variances.

Scheme operator report disclosure notes for General Services Charges
For each line item of expected expenditure that is material expenditure and is made up of more than one expense type, add a note stating the breakdown, purpose and amounts forming part of that line item. For example, for line item administration and management expense, the note may list all the expenses that form this line item eg accounting, human resources, web services, IT support and the amounts for each of those individual items.
For each line item of expected expenditure that includes a shared expense, a note stating the other entities, types of entities or purposes for which the expense is expected to be incurred, and the method used to calculate the portion of the shared expenses to be paid from the fund
Director / Authorised representative **Dated:**