

Patron: Her Excellency Professor Marie Bashir AC CVO Governor of New South Wales

A MESSAGE FROM THE CHAIRMAN OF VASEY HOUSING

In recent times there has been significant changes to the Legislation and associated Regulations that govern the operation of retirement villages. This edition provides a synopsis of the current situation.

The 48th Annual General Meeting was held on the 20th July in the presence of members, invited residents, and guests. I was able to report an operational surplus for the year 2009/2010 of close to \$1.5m, with \$1m being expended on village maintenance and improvements, and the balance providing substantial individual subsidies to our residents.

At the Annual General Meeting a new director was appointed. Association member Mrs Shirley Owles joins the Board and brings with her extensive experience in and of the Retirement Village industry.

Several photographs of the function following the AGM are included below

Bruce Trimble

Brigadier Bruce Trimble OAM RFD
Chairman



NEWS FROM THE GENERAL MANAGERS' DESK

Since our last newsletter there have been some important changes in relation to the Retirement Villages Act and Regulations, which came into effect on the 1st March 2010. It is extremely important that we convey these changes to all our current and potential residents, and of course our Vasey members. Therefore, I would like to devote most of this edition of the "Vasey News" in providing a brief overview of some of the changes, that have directly affected our Association. It is important to note, that it is not possible for me to cover all aspects of these changes, and I will be only providing a brief overview. Should however, you wish to obtain further details you can visit the Office of Fair Trading's website at www.fairtrading.nsw.gov.au. from which this brief was sourced.



Annual Management Meetings. Vasey is now required to conduct Annual Management Meetings with residents, to answer any questions submitted by residents. This has not impacted on Vasey at all, as we have always conducted Annual General Meetings at each of our villages in the past.

Annual Safety Inspections. Vasey is now required to prepare written safety and emergency procedures and take reasonable steps to ensure that residents and staff are familiar with such procedures. Operators are also required to conduct a safety inspection at least once each year and report back to residents on the findings of these inspections.

Settling-in period. New residents who terminate their contract by permanently vacating their premises within the first 90 days of moving in, are only required to pay a fair market rent for the period of their occupancy and a reasonable administration fee of \$200.00. The amount of the Ingoing Contribution will be fully refunded, less the cost of any repairs needed to the unit.

Increases in Recurrent Charges. If Vasey can keep its increases in recurrent charges at or below the rate of CPI, then residents consent to this increase and the budget is no longer required. In addition, the required notice period for any increase has been reduced from 60 to 14 days.

Reducing ongoing Recurrent Charges after a resident vacates. For Vasey residents, the maximum period of time that a former resident or their estate, can remain liable to pay recurrent charges after they vacate or pass away, has been reduced from 6 months to 6 weeks.

Capital repairs and maintenance. The existing provisions regarding capital repairs and maintenance have been amended slightly. Vasey will continue to pay for the replacement of all capital items. Recurrent Charges will continue to fund capital maintenance through the villages' Capital Works Fund.

Budget deficits. Other than in prescribed exceptional circumstances, Vasey is required to make good any budget deficit at the end of each financial year. Also, Vasey now has the flexibility to vary expenditure between line items. Residents can be asked to fund a deficit only if it is caused by increases in certain costs specified in the Regulation. These are: utilities, rates and taxes, award wages and salaries, urgent maintenance and public liability and workers compensation insurance.

Urgent repairs. Residents have the right to carry out urgent repairs and be reimbursed if the operator fails to have the repairs done within a reasonable period after being notified. Urgent repairs are defined in the Act and include a burst water service, blocked or broken lavatory, serious roof leak, dangerous electrical fault, serious storm or fire damage or other damage that causes an urgent safety or security risk.

Improving the way residents committees operate. The maximum number of proxies any person may hold for voting at a residents committee meeting has been reduced from 5 to 2. No resident will be able to hold the same position as an office bearer on a residents committee for more than 3 consecutive years.

Retirement Villages Act and Regulations

Improving the way residents committees operate. Residents are able to vote at meetings by written ballot and will be able to submit postal votes on special resolutions. These measures will make it easier for more residents to be involved in decision making.

Fixtures and alterations. Residents have the right to add or remove fixtures or make alterations to the premises with the consent and reasonable conditions of Vasey.

Protecting refund entitlements. Residents of Vasey will have their refund entitlement protected and will be given priority over certain other creditors in the event that a village needs to be sold due the unlikely event of the insolvency of the operator.

Register of retirement villages. All Vasey villages have now had recorded the use of the land as a retirement village on the register kept by the Land and Property Management Authority (LPMA).

What are capital items? Most items within our villages are capital items, such as the buildings and structures, machinery and equipment used within the village, the village infrastructure, fixtures such as built-in cupboards, stoves, hot water systems and floor coverings, light and tap fittings, furnishings such as curtains and blinds, and non-fixed items such as whitegoods, tables and chairs within our common rooms.

Who is responsible for arranging maintenance and replacement? Vasey must ensure that all capital items within the village are maintained in a reasonable condition. What is 'reasonable' depends on: the age of the item, the prospective life of the item and the money paid to the operator by the residents under a village contract. If it is not practical to maintain an item, it may need to be replaced. Vasey is not responsible for capital items owned by a resident.

Capital items in a resident's premises. From time to time an item of capital in a resident's unit, such as the hot water system or stove, may need to be repaired or replaced. Residents are not responsible for arranging or paying for the repairs or replacement of these items (unless the resident owns the item). Residents are required to notify Vasey when an item in their unit needs to be repaired or replaced. Residents can be required to reimburse Vasey for damage the resident caused to an item of capital (other than fair wear and tear). Residents are responsible for arranging and paying for repairs or replacement of any items that they personally own, such as fridges, microwave ovens or an air conditioning unit that resident has installed in their unit.

Budgeting for maintenance and repairs of capital items. Vasey is responsible for allocating a sufficient amount for capital maintenance when preparing a proposed annual budget. This includes maintenance and repairs to capital items in the village and those items inside each resident's unit for which the operator is responsible. Examples of maintenance include: cleaning carpets, servicing air conditioners, painting the village, fixing cracks in paths, replacing tap washers and replacing faulty stove elements. The cost of capital maintenance can be paid for from recurrent charges or the villages capital works fund.

Replacing fixed capital items. Vasey pays for the cost of replacing capital items for which they are responsible, such as replacing carpets that have worn out or replacing hot water systems and stoves. Vasey must arrange and pay for the replacement of such items out of its own funds. Proposed annual budgets cannot include an allowance for replacing such items. The only exception is where Vasey did not charge an ingoing contribution for residents to gain entry to the village before 1 March 2010. In these cases, the recurrent charge paid by residents can be used to fund the cost of replacing capital items.

Financial Accounts in a Retirement Village

Under the Retirement Villages Act 1999, Vasey is required to provide our residents with appropriate financial accounts about the village's income and expenditure.

What financial accounts are required under the Act? Vasey must prepare the following accounts of the income and expenditure of the village: quarterly accounts and annual accounts.

What must be in the accounts? The quarterly accounts must detail the income and expenditure of the village for the quarter. However, the annual accounts must include: details of the income and expenditure of the village during the financial year, including income and expenditure of the capital works fund, the balance of the capital works fund; amounts received from certain claims on the village's insurance, details of any interests, mortgages, and other charges affecting the village property; a statement that specifies whether payments owing to former residents were paid in full or on time, and if not—the details of, and reasons for, the delay; a statement from the auditor or Vasey about Vasey's capacity to meet the liabilities relating to the village in the following financial year and details of any matters that may prevent Vasey from meeting those liabilities.

What format should the accounts take? The format of the accounts must correspond as closely as possible with the layout of the proposed annual budget. The accounts should only contain details of the income and expenditure of the village.

Who must receive copies of the accounts? Copies of the quarterly accounts must be given to the residents committee within 28 days after the end of the quarter. Copies of the annual accounts must be given to the residents committee, as well as any resident who asks for a copy, within 4 months after the end of the village's financial year. If there is no residents committee, a copy of the annual accounts must be displayed on a notice board in a common area for at least one month and be provided to any resident who requests a copy. As there are no resident committees within Vasey's villages we provide every resident with a copy of both the quarterly & annual accounts for the village.

I hope that this brief overview is of assistance to you in understanding the new requirements of the Retirement Villages Act and Regulations. Should you have any further queries, than please do not hesitate to contact either myself, or any other Vasey staff member.

David Elkins - General Manager

THE VASEY HOUSING ASSOCIATION, N.S.W.

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We warmly encourage and welcome contributions to the Vasey Newsletter. Interesting photos, incidents, anniversaries and stories of special experiences that can be shared are most desirable.

Please send us your contribution to "Vasey News" GPO Box 3640 SYDNEY NSW 2001.