



## *Discussion Forum*

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The comments and opinions expressed herein do not necessarily reflect those of the Retirement Village Residents Association (RVRA) or its Members.

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### **Management Fees**

Posted: Wednesday, 26 August 2009 10:23am - By **Neil**

Surely the imposition of Management Fees each year by an owner seeking to pass on their own 'head office' costs to the villages they operate, must be considered to be unfair, at least for the following reason:

👉 isn't it a clear expectation of any lessee/licensee with terms in his/her contract stating that a Village Manager (paid for out of Recurrent Charges of course) is to be held responsible for the village operations and the obligation: "We will keep proper accounts and records of all income and expenditure in relation to the Village and provide copies of audited accounts to You within four (4) months of the end of every Financial Year", then there wouldn't need to be any further "management' or accounting charges?

Also, the actual 'management' services imposed are often not detailed by operators so residents don't know exactly what they are being charged for.

Any thoughts on this?

**Neil**

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### **Re: Management Fees**

Posted: Monday, 31 August 2009 4:22pm - By **Bob McClelland**

This is an extremely important issue. Indeed it has been my view that it is one of the more important issues that has been identified during the extensive review to identify the matters which required to be considered in the framing of amending legislation. In fact this matter was specifically dealt with in Recommendation 26 of the report to parliament in March 2005. This report was adopted and it became a source from which legislation was framed to meet its recommendations. The last information we have on this issue that this matter could be more appropriately dealt in the Regulations and we now awaiting the draft regulations.

When you consider the extraordinary advantages that Operators enjoy in comparison to other lessors it is beyond belief that Operators continually seek to find ways of transferring costs to their residents by accessing funds which are collected expressly for the purpose of facilitating residents meeting their contractual liability to contribute to the costs of administration and operation of the village. Whilst it remains the case that there is no clear and unequivocal provision in the legislation residents will remain prey to the new smart idea which seem to gather momentum and go through the industry like an uncontrolled bushfire.

Under the contractual arrangements in my village the Incoming Contribution is divided in halves. The first half is paid directly to the Operator and it represents 20 years rent in advance. The second half is paid into a Trust. All of the funds are available to the Operator interest free he being required to only invest in Trust approved investments and to manage the funds so that there is at all times available sufficient liquidity to refund to departing residents their entitlements as and when they fall due. It is a matter of interest that no account is given to the residents of these “earnings” of these funds which one would imagine would contribute to the Operators ability to meet his obligations without the need to transfer costs to the residents.

**Bob McClelland**

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