



Discussion Forum

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

Posted: 11 January 2011

Consent to increase in recurrent charges:

I have had considerable trouble with section 106 of the Act and clause 24 of the Regulation. In my village we have 90 different levels of recurrent charges based partly on a per unit charge and partly on a unit entitlement charge. The Unit entitlement charge is determined by the precise sizes of the units, and these vary from 55 sqm to 142 sqm.

My question which after email discussion with the President, Vice President and Secretary of the RVRA was put to the OFT in June 2010, and following many follow-ups to the Minister the Premier, Alison Dyer and finally Anthea Kerr I received a reply on Jan 7 2011.

The question was, if the recurrent charges for just one resident increased by more than the increase in the CPI would consent be required, or was the requirement based on the average increase at the top of the budget. One member of the RVRA committee (not one of those mentioned above) told me that of course the average was the defining number, but I still went ahead with my query.

The reply I received states as follows "*The provisions of the Act do not refer to average increases.*" Further on "*For residents whose charges are being increased by more than the CPI, section 106 applies, and the notice of increase given to them must comply with the requirements of clause 24 of the Regulation.*"

The final paragraph states "*the reforms to section 114 introduced a streamlined approval process to encourage village operators to keep all residents' recurrent charges increases at or below inflation. NSW Fair Trading will continue to monitor the impact of the new measures so that appropriate action can be taken in response to any problem that may arise.*" And assuredly they will.

Ken
