

Queensland Retirement Village and Park Advice Service

Fees and Charges

Moving in, living in and moving out of retirement villages all attract fees. This factsheet describes what fees are payable and how they can be increased. The Queensland Government website also has useful information on this topic.

The information contained in this factsheet is for general information only and should not be relied upon as advice. It is important to get legal advice that is specific to your circumstances.

No matter what type of tenure your unit is subject to, you will be charged fees when you are living in a retirement village. All fees should be clearly outlined in the disclosure documents that form your agreement to live in the retirement village.

For residents who entered a retirement village contract prior to 1 February 2019, all fees should be clearly outlined in the Public Information Document (PID) and residence agreement disclosure documents.

For residents who entered a retirement village contract on or after 1 February 2019, the disclosure documents comprise the Retirement Villages Form 3 *Village Comparison Document*, the Form 4 *Prospective Costs Document*, your residence contract and the village by-laws. You must be provided with these documents before you decide to move into the village.

FEES AND CHARGES

You may be required to pay some or all of the following fees and charges.

Ingoing contribution

This fee is an up-front payment that secures your right to live in the village. The amount of the ingoing

contribution can vary depending on the amount of your exit fee or the share of capital gain on resale of your unit that you receive. When you sign the residence contract you will probably be asked to pay a deposit. The deposit will probably represent part of the ingoing contribution. There is no law that restricts how much the ingoing contribution should be, and the operator of the retirement village will determine how much it will be. It will also depend upon the standard of the unit, the location and the facilities that are available within the village. Usually, the ingoing contribution that is payable for a new unit will be more than the contribution that will be charged for an older, pre-existing unit.

Operator's legal and administration costs

Sometimes operators of retirement villages will ask residents to pay for the legal and administration costs that arise when moving into a village.

Surveyor's cost

If your agreement is a leasehold, you may be asked to pay the cost of a surveyor to prepare a survey plan of the unit being purchased and to register the lease in the Titles Office. Stamp duty is not usually payable on a residence contract.

General services charge

This ongoing charge is used to maintain common services and facilities. The way your general services charge is calculated should be set out in the disclosure documents. The general services charge is likely to be payable for a period of time after you leave the village, and it is important to be aware of this when considering moving into a retirement village. This charge can increase

during your time in a retirement village. Your disclosure documents should record any increase in the general services charge in the three years prior to your entry into the village. The yearly increase may also exceed CPI increases. This can be for a number of reasons including increased running costs for the village.

Maintenance reserve fund contribution

Residents are responsible for contributing towards the maintenance reserve fund (MRF). The MRF is used to repair and maintain capital items that are owned by the village. The MRF contribution forms part of the general services charge. In addition to contributions to the MRF, residents may also take on responsibility for maintaining and repairing items within their unit (e.g. stoves, fridges and air conditioners).

Other costs

Not all costs are included in the fees paid to live in a retirement village. Other costs that residents should take into account may include:

- contents and personal liability insurance
- electricity, gas and personal water consumption
- telephone
- personal maintenance and repairs.

Personal services charge

This ongoing charge pays for optional personal services such as meals, cleaning and laundry. You may also be eligible for a Home Care Package provided by My Aged Care if you are 65 years or older (or 50 years or older if you are an Aboriginal and Torres Strait Islander person) or for Community Care if you are under 65 (or under 50 respectively). Visit the Department of Social Services website for more information on personal and support services or call the department on 1300 653 227.

Reinstatement and reselling cost

When you leave the retirement village, you may be required to contribute to the costs of reinstatement and redevelopment of your unit. See the Queensland Retirement Village and Park Advice Service (QRVPAS) *Moving out of a Retirement Village* factsheet for more information. Residents will also often be required to contribute to the cost of reselling the unit such as the cost of appointing a valuer to determine the resale value, or the fee for a real estate agent to sell the unit.

Exit fee

You may be required to pay an exit fee when you leave the village and any outstanding charges and expenses relating to the resale of the unit plus any other charges included in the residence contract.

There is no law that sets or regulates the amount of an exit fee, how it is calculated or whether it is based on the ingoing contribution or the resale value when you leave the village. Exit fees and how they are calculated can vary significantly between villages. For more information see the factsheet *Moving out of a Retirement Village*.

CHANGES IN FEES

Fees often increase each financial year, depending on the ongoing costs of running the village and the extent of maintenance and repairs that are required at the village.

General services charge

The way that general service charges can be increased should be clearly set out in your disclosure documents. The village operator must adopt a general services budget for each financial year for general services charge. The general services budget must allow the village to raise a reasonable amount to provide general services at the village for the financial year.

Generally, a village operator must not increase the total of general services charges by more than the consumer price index (CPI). However, there are two important exceptions to this general rule. Firstly, a village operator can increase general services charges by more than the CPI if this is approved by a special resolution of the village residents. Secondly, increases above the CPI are permitted to cover the cost of rates, taxes or charges levied on the retirement village land, the salary or wages of an employee (where required under an award or other industrial relations agreement), insurance premiums or excesses or maintenance reserve fund contributions.

See our *Frequently Asked Questions* for further information about fee increases in a retirement village.

Capital improvements, replacement and maintenance

'Capital items' is defined under the *Retirement Villages Act 1999* (Qld) (Act) to include buildings and structures owned by the village operator such as plants, machinery and equipment used in the operation of the village and village infrastructure owned by the village operator (e.g. communal amenities, roadways and drainage).

Generally speaking, the village operator must pay for the first time provision of capital items and must keep a capital replacement fund for replacing capital items.

Residents contribute to the maintenance reserve fund, which maintains the standard of the village by maintaining and repairing capital items. Contributions are made to the maintenance reserve fund on an ongoing basis as part of general services charges.

Other circumstances where capital item costs can be passed on to residents may include where the residents:

- have, by special resolution, voted to request a capital improvement to the village and the village operator has agreed, the residents and village operator will be jointly responsible for costs
- have requested capital improvement to their units, in which case they must pay for the improvement
- disclosure documents place responsibility on the resident for maintaining, repairing or replacing things that would otherwise be capital items.

This is not an exhaustive list of the responsibilities of the village operator and residents for capital improvements, replacement and maintenance. You should seek legal advice if you are concerned about capital improvement charges being passed on to you.

DISPUTES AND ADVICE

For practical guidance about how to resolve disputes that relate to retirement villages, see our *Disputes and Complaints* factsheet.

See our *Making a Complaint to Regulatory Services* factsheet for further information about making a complaint, where you feel the village operator may have breached the Act, including strict time limits that apply.

If you would like advice about issues relating to fees and charges, you can contact QRVPAS at Caxton Legal Centre on (07) 3214 6333 to make an appointment.

CONTACTS

QUEENSLAND RETIREMENT VILLAGE AND PARK ADVICE SERVICE

This service, situated at Caxton Legal Centre, provides information, advice and assistance about the law relating to retirement villages.

Caxton Legal Centre
1 Manning Street
South Brisbane Qld 4101

Tel.: (07) 3214 6333
www.caxton.org.au

ASSOCIATION OF RESIDENTS OF QUEENSLAND RETIREMENT VILLAGES

This association provides advice and information to members about dispute resolution.

Tel.: 0437 906 074
www.arqrv.org.au

DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL

The department provides a free mediation service to help settle disputes without having to go to court

Tel.: (07) 3239 6269 or 1800 017 288
(toll free outside Brisbane)

QUEENSLAND CIVIL AND ADMINISTRATIVE TRIBUNAL

The tribunal can make orders about disputes relating to retirement villages.

Tel.: 1300 753 228
www.qcat.qld.gov.au

QUEENSLAND LAW SOCIETY

This service can provide referrals to a lawyer who has experience advising and assisting people who are thinking of moving into a retirement village.

Tel.: 1300 367 757 or the seniors enquiry line on (07) 3842 5842

DEPARTMENT OF HOUSING AND PUBLIC WORKS—REGULATORY SERVICES

This unit regulates the *Retirement Villages Act 1999* (Qld). This includes investigating complaints and alleged breaches of this Act.

Tel.: (07) 3008 3450
email: regulatoryservices@hpw.qld.gov.au

Caxton Legal Centre Inc.

© Copyright Caxton Legal Centre Inc.

1 Manning Street

South Brisbane Qld 4101

Telephone: (07) 3214 6333

Facsimile: (07) 3846 7483

Internet: www.caxton.org.au

Know Your Rights! www.queenslandlawhandbook.org.au

This information is current at May 2019.

Disclaimer

This information is intended only as a guide. It is not a substitute for legal advice.

No responsibility is accepted for any loss, damage or injury, financial or otherwise, suffered by any person acting or relying on information contained in or omitted from this publication.