

Calculation of Increased Service Fees for 2019/2020

The following example illustrates how Section 38 of the *Retirement Villages Act 1986* applies to increases in services fees for the new financial year.

Assumptions:

1. The village has 120 units.
2. Increases in Award Rates will add \$2000 to the 2019/20 wages bill.
3. Council rates for the new financial year will increase by \$1000.

According to the formula in the Act, the relevant CPI increase for 2019/20 is **2.0%**.

	2018/19 Service Fees	2019/20 Proposed Service Fees	\$ Increase	Increase covered by 38(2)	Increase covered by 38(5)	Increase NOT covered by 38(2) or (5)
Wages	100,000	106,000	6,000	2,000	2,000	2,000
Rates	10,000	11,000	1,000	200	800	0
All Other Expe	333,200	339,800	6,600	6,600 *	0	0
Total Budgeted Expenditure	443,200	456,800	13,600	8,800	2,800	2,000

* the proposed increase in Other Expenses is less than 2.0%

In this simplified example the proposed increase of \$2000 (equivalent to \$ 1.39 per month per unit) exceeds the amount allowed for by Section 38 of the Act and hence requires resident approval.