

RRVV

Newsletter

Issue No 55 September 2019

Residents of Retirement Villages Victoria Inc.
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In whom can we trust?

After five years, 1,300 witness accounts and over 8,000 harrowing personal stories from survivors, the Royal Commission into Institutional Responses to Child Sexual Abuse published its final report on 15 December 2017. The report is highly critical of many churches. If you can't trust the churches to do the right thing, who can you trust?

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, made 24 referrals for potentially criminal conduct. Regulators also came in for critical attention. If you can't trust the banks and the regulators, who can you trust?

The Commonwealth Government established the Royal Commission into Aged Care Quality and Safety on 8 October 2018. The Commissioners will provide an interim report by 31 October 2019. Then they will examine systems and operator performance as they work towards delivering recommendations on regulation and the rights of individuals by April 2020.

These three royal commissions follow the March 2017 report by the Parliament of Victoria's Legal and Social Issues Committee into the retirement housing sector. The Inquiry made fifteen recommendations. Two of the recommendations stand out:

1. Recommendation 2: That the Victorian Government review the Retirement Villages Act 1986. The review should determine the effectiveness of the Act in providing consumer protection while allowing innovation in the sector.
2. Recommendation 15: That the Victorian Government introduce a new alternative for low cost, timely and binding resolution of disputes in the retirement housing sector. This may be through a new body or by extending the powers of an existing Ombudsman.

RRVV believes the Andrews Government will soon announce its review of the Retirement Villages Act 1986 and a related investigation which will also consider dispute resolution in retirement villages. If the Government follows the format of previous reviews, it will invite public submissions from residents and other sector stakeholders. We encourage all RRVV members to respond.

In thinking about what you might want to say to the Government, you could consider:

1. What have we learned from the Royal Commissions?
2. Is the light-touch of the 1986 Act a danger to our wellbeing?
3. Can we trust industry self-regulation?
4. Should operators be free to issue complicated contracts that most of us don't understand?
5. Do we need legislated code of ethics for operators and a charter of residents' rights?
6. Whether we need our status as major stakeholders in our villages recognised in the Act.

Contents

| | |
|--|----|
| In Whom Can We Trust?..... | p1 |
| Notice of the AGM..... | p2 |
| The RRVV Committee Needs You..... | p3 |
| Notice of RLO Meeting..... | p3 |
| Having Your Say..... | p4 |
| Apologies - When Sorry is Not Enough.... | p5 |
| From the Beehive..... | p6 |
| Increase in Service Fees..... | p7 |
| Financial Statements..... | p8 |

Notice of Annual General Meeting

To be held on Monday 7th October, 2019 at 11:00am
At Victoria University Convention Centre, Level 12, 300 Flinders Street, Melbourne
(Exit Flinders Street Station from the Elizabeth Street end. The venue is
on the north side of Flinders Street, 75 metres to west of Elizabeth Street)
Please bring a friend from your village or a neighbouring village.

AGENDA

1. Open and welcome
2. Present and apologies
3. Minutes of previous Annual General Meeting held 8th October 2018 (on RRVV website)
4. Presentation of Annual Report by Lawrie Robertson
5. Presentation of Treasurer's Report by Graeme Seymour (refer financial statements on the last page of this newsletter)
6. Approval of Association's Annual Financial Statements in accordance with the Associations Incorporation Reform Act 2012
7. Approve Membership fees for year ending 30 June 2021
Proposal to increase Ordinary membership fees as follows:

| | |
|-------------------|---|
| Single Members: | Nil Increase |
| Couples: | Nil increase |
| Life membership: | Nil increase |
| Whole of Village: | Increase from \$8:00 per residence to \$10:00 |
8. Election of Office Bearers:

| |
|----------------|
| President |
| Vice President |
| Secretary |
| Treasurer |
9. Election of General Committee Members
10. Guest Speaker: Dr Sue Malta, University of Melbourne:
Honorary Research Fellow, National Ageing Research Institute
Overview of her research into the housing choices of older Australians, followed by questions and answers.
11. Close of Meeting, followed by light lunch

RSVP:

If you are going to attend the annual general meeting please contact us on:
Phone: 9015 8402 & speak to Margaret (if unattended please leave a message)
or email office@rrvv.org.au. This will enable us to arrange appropriate seating.

If you wish to stay for light lunch after the meeting also please advise us on above contact details for catering purposes. If you have any special dietary requirements (e.g. gluten-free, vegetarian), please let us know.

The RRVV Committee needs you

The term of all RRVV committee positions ends at the end of each Annual General Meeting. Serving committee members are eligible to stand for re-election.

The committee has been under strength for almost three years. We need more committee members if we are to maintain and expand our services to RRVV members and strengthen our influence with government and retirement village operators.

The role of committee members extends well beyond the committee room. Each of us has a job.

The rules of the Association require four office holders:

1. President - (currently Lawrie Robertson)
2. Vice President - (currently Peter Saalmans)
3. Secretary - (currently vacant)
4. Treasurer - (currently Graeme Seymour)

The rules also provide for up to five ordinary committee members. The jobs available to ordinary members include village liaison, administration, membership, website, IT, newsletter and more. Yes, there are more jobs than committee members.

The committee performs much of its work online and via email, so computer skills are very important. The committee meets for up to three hours on the second Tuesday of each month, either in Melbourne CBD or at the RRVV's registered office in Caulfield North. Usually we go out to lunch after the meeting. Access to the office by public transport is good.

The committee's work is highly rewarding. If you believe in the cause and feel you can contribute, please nominate today. If you know someone who is right for RRVV, please nominate that person.

For those of you who are not sure about nominating, we offer the opportunity to sit in on our meetings and monitor our internal communications for a period of three months. At the end of this period, if you are interested in joining, the committee will try to work out something mutually satisfactory with you. This will depend on whether we continue to have vacancies.

October 2019 RLO Meeting

We are again holding a combined AGM and RLO meeting. Please see the AGM notice on the opposite page.

RLOs are the backbone of RRVV. A committee of 12 people cannot maintain a face to face relationship with 7,000 members. Our 130 RLOs do have contact with members in their villages. In total, RLOs are the face of RRVV to around 75 % of our members. However to assist you to fully represent RRVV in your villages the committee needs to have face to face contact with you.

Retirement village residents will soon have the opportunity to let the Government know what we want in a new Retirement villages Act. The more voices the Government hears, the better. We need you to spread the word.

Please come to the combined AGM and RLO meeting and bring a friend from your village or a neighbouring village.

Date: Monday 7 October 2019

Time: Light lunch around 1pm, start around 1:30pm

Where: Victoria University Convention Centre, Level 12, 300 Flinders St, Melbourne. (Exit Flinders Street station from the Elizabeth Street end. The venue is on the north side of Flinders Street, 75 metres west of Elizabeth Street.)

Agenda: Please see the box below.

RSVP: Phone 9015 8402 or email office@rrvv.org.au

If you have any special dietary requirements (e.g. gluten-free, vegetarian), please advise us for catering purposes.

AGENDA

1. Open and welcome
2. Guest speaker - Christine Fyffe, former Liberal MP and former speaker for the Victorian Legislative Assembly: Working with politicians from all parties to achieve a better deal for retirement village residents
3. Review of the Retirement Villages Act - encouraging members to lobby their local MP for the outcomes we want
4. Administration update
5. General business
6. Close

Having your say

Most villages have a residents' committee. Some villages have an incorporated association of residents with the association's committee serving as the residents' committee. Strata-titled villages have an owners' corporation (an incorporated body of lot holders) which has the powers of a residents' committee in addition to its other powers. Usually, the owners' corporation votes to delegate most of its powers to the owners' corporation committee.

Does this mean those of us not on a committee representing residents can sit back and let the committee look after our interests? Yes, we can, but it might not always be the best way.

Like the people that populate them, villages come in all shapes and sizes and so do their representative committees. Some committees have a good understanding of the needs and interests of the residents of their villages but some do not. Similarly, some committees are good at reviewing and monitoring the finances of their villages, and some are not.

It's hardly surprising that committees vary in their effectiveness. Is there something residents can do when they feel their residents' committee is not serving them well? Yes.

The most obvious way to try to make a difference is to stand for election. Nevertheless, for some of us, standing for election might not be an option.

If you look closely enough at the people tucked away in your village you might find a range of people with useful knowledge and skills; people who could contribute to the decision making of the village if there was a convenient way for them to do so.

How can a village tap into this hidden reservoir of talent?

One way is to redefine the purpose of the regular general meetings of residents that most villages hold.

Residents' meetings also come in all shapes and sizes, but there are some predictable elements. For example, most residents' meeting agendas set time aside for the delivery of reports. We all want information but sitting and listening to people talking at us is hardly engaging.

Most residents' meetings also set time aside for questions and answers. Again, on the surface, this looks to be a good idea but too often these sessions deteriorate into repetitious whingeing. Few of us want to go to a whinge meeting.

On the other hand, few residents' committees put major decisions before them to a vote at general meetings, let alone invite ordinary residents to participate in the formulation of proposals.

In RRVV's experience, the best attended and most productive general meetings are those where the purpose is to make decisions. Similarly, in RRVV's experience, the most productive decision making general meetings are those for which the residents' committee has put in solid preparatory work.

Take the annual budget as an example. In most villages, the operator discusses its proposed budget with the residents' committee. The residents' committee might suggest a few changes. The operator then presents the budget to the residents at a general meeting. Only if the budget calls for an increase in the service fee (also known as a maintenance charge) higher than a limit established by the Retirement Villages Act and reference to any increase in the consumer price index (CPI), do residents have an opportunity to vote and then only if the committee has not already approved the increase.

In some villages, all residents might want is the residents' committee to guarantee the opportunity to approve an increase that is above CPI. However, in other villages, residents might want an opportunity to participate in framing the budget. This, of course, would require operator cooperation.

RRVV knows of villages where residents have an opportunity to choose between two or three alternative budgets. In one recent case, residents voted for a budget that increased spending on garden maintenance and closed an underutilised sporting facility to free up money, rather than the business-as-usual budget. RRVV also knows of villages where residents vote on spending priorities very early in the budget development process.

Take spending on major maintenance as another example. In many villages, the operator discusses the major maintenance program for the year with the residents' committee then goes off and

organises the projects. The first time residents know what is going is when they receive an email from the operator warning them that there will be workers in the village. Does it have to be this way? No. Does changing the way your village handles major maintenance require operator cooperation? In leasehold villages, yes.

The major maintenance plan for a large village called for the painting of the exterior of 45 units and both the exterior and interior of the clubhouse. The residents' committee knew that residents wanted a section of the common area garden remodelled. There was not enough money to do both. The committee put the dilemma to residents at a general meeting. Two residents, one a former manager of a small painting company, volunteered to inspect the buildings and prepare a report. Their report recommended delaying painting of around 25 of the units for two years. The operator accepted their report. The two then prepared and circulated a motion calling for amendments to the major maintenance plan and then proposed the motion at the next general meeting of residents. The proposed amendments covering the rescheduling of the painting of the 25 units and the addition of the remodelling of the garden to the plan stimulated robust debate. It eventually passed with a convincing majority.

If a residents' committee adopts a policy of putting all major decisions before residents at a general meeting, it becomes more of an organising committee than a controlling committee. It also becomes more resident-friendly.

Of course, not all residents' committees will like the idea of putting major decisions to a vote at a general meeting. Residents will have an opportunity to express their views on the committee's stance at the next elections. Similarly, the residents of some villages will not be interested in getting involved in village decision making. Participation is not compulsory. What is important is that the residents of each village can participate to the extent that they want to.

Apologies - When sorry is not enough

Each year RRVV committee members represent around 100 members in dispute with a fellow resident or with a complaint against an operator.

In the majority of cases, one of the elements of the resolution is an apology. Wording the apology often threatens to derail or delay the settlement. What does it take to make an apology work?

One of the difficulties in finding the right wording is that that different people look for different things in an apology. Research by Dr Jennifer Thomas, a clinical psychologist, has identified five what she calls "apology languages":

1. Expressing regret (i.e. saying sorry)
2. Accepting responsibility
3. Making retribution (i.e. putting it right)
4. Revising the plan (i.e. ensuring it won't happen again)
5. A request for forgiveness

If you are making the apology, it is important you use the languages the other person is most likely to appreciate and accept. If you don't know, your safest bet is to use all five in your apology. Additionally, it's essential to avoid common apology mistakes such as:

1. Blaming the other person
2. Making excuses
3. Denying you did what you did

If you are asking for the apology, you can help the other party by making your preferences clear.

People who don't want to apologise often throw what Dr Thomas calls "stink bombs"; statements designed to throw you off course. If you are the one seeking the apology, watch out for one of the more the following:

1. We can't do anything about it now
2. You are too sensitive
3. It's time to move on
4. Why can't you just drop it?
5. Let the past stay in the past

If someone has asked you to make an apology, don't throw stink bombs. More often than not, they don't get you off the hook.

Is it worth going to all of this trouble? Our experience suggests that it is. A genuine apology usually leaves both parties feeling relieved and lays the foundation for a renewed mutually satisfying relationship.

From the beehive



Living in a retirement beehive is different from anything you have experienced previously. This bee knows. I moved into a retirement beehive about five years ago.

A queen bee usually manages a retirement beehive though sometimes there is a manager of a different gender.

In the weeks between paying the deposit to reserve my chosen cell in the beehive and finally signing a contract, I met the queen bee. Residents told me later that this meeting was to allow the queen to “look me over” to assess whether or not I would be “suitable” to join the beehive community. Seriously?

The sales bee handed me a thick folder of rules, regulations and instructions. I found the number of restrictions surprising. In my previous life, living in my suburban home, there were no rules and regulations - apart from the ones identified by the local council - which are of course necessary for managing a community and those which are plain commonsense and good neighbourly behaviour.

Taking a deep breath, I resolved to read through these papers carefully.

The standard real estate purchase contract was OK, but the contract detailing my future relationship with the management of the retirement beehive was a very different pot of honey.

I struggled through the management contract. Surely, they didn't mean they could inspect my unit at any time? I was too old for boarding school. Ok, with my permission - though staff have access to a master key and could use it in an emergency. Surely the complaints process couldn't be as complicated as listed in the contract. Moreover, what is the difference between a strata title and a loan lease contract? Surely, I don't have to ask permission to change anything in my unit? Why all these rules and regulations? Surely seeing I own the unit, it is my home, and I control it. Yes?

As encouraged by the queen bee, I consulted a solicitor and asked: “is it OK to sign this?” “Hmmm”, he said - there are a couple of things I don't understand, but it's your decision”. That was really helpful!

The cell I bought was lovely, and as I unpacked and arranged my furniture; I breathed a sigh of relief. It had been a big decision to sell my home - to “downsize” as they say these days, but now I could settle, hopefully not to move again in the twilight of my years. I quickly dismissed the thought that should I become unable to care for myself; I would have to leave. That was years off. I wouldn't think about that now.

I was disconcerted to discover how different it was living in a retirement beehive. Suddenly I was seen by the outside community as being “old”. Most outsiders see a retirement beehive as an aged care beehive - I didn't like that. Staff tended to treat me as “old” too.

I wanted to know who owned the company that operated my retirement beehive and who were the big bumblebees who, it seemed, staff consulted on every move? They told me, “Don't you worry about that, we'll look after you. We know what we are doing”. Really?

I attended my first residents' meeting though actually it was an owners corporation meeting - what was the difference? And a very strange “meeting” it was. The queen bee took the microphone and went through a list of announcements without taking any comments. She bullied anyone who tried to object into silence. What had I bought into?

The other residents were welcoming. The most common locations for casual conversations were the lift, the rubbish room and the garage. As a new resident, I began to tune into the “war stories” of the longer-term residents.

I read the Owners Corporation Act, the Retirement Villages Act, a selection of management contracts and the minutes of previous committee and residents meetings and realised I had much learning in front of me. I learnt that very few of the contracts held by the other bees living in my beehive retirement village were the same as my contract. Some paid lower monthly fees than I did. Why? We had two separate annual meetings, one for the owners corporation and one for the village. Leaseholders could not vote at the owners corporation meeting but could vote at the village meeting. Why? It was all very confusing.

I learnt about levies and how complicated it could be to have repairs carried out and how restricted

I was as to whom I could employ to carry out repairs inside my cell. I learnt that retirement beehives were the responsibility of State governments and that each state had different legislation.

I understood the role of the deferred management fee (the DMF) and regarded it as something I would pay to the operator to cover head office expenses and contribute a profit. However, I was also aware that like the vast majority of other residents in my retirement beehive, I had used nearly all my available capital to buy into my retirement beehive. Should I eventually realise I didn't like living in a retirement beehive, it would be tough for me to buy a unit in the outside world with what I would have left after paying the DMF.

I decided that I needed to know more about how my retirement beehive and the really big bumblebees operated. I needed to take some responsibility, so I stood for election to the owners corporation committee. Thus began a climb on a very steep learning curve.

A little later, I joined the committee for Residents of Retirement Villages Victoria (RRVV), and my learning curve became steeper. I never would have predicted that at the age I was then (early seventies) I would be learning about state government legislation, federal government legislation, how to lobby, and how to speak at meetings.

It was exhausting and frustrating but exhilarating as well. The spin-off was I felt more in control and, therefore, more secure living within the retirement beehive sector.

I fully understand why some residents of beehives do not want to be involved in an owners corporation committee, a residents' committee or a social committee. After all, many have already contributed hours and hours to committees before coming to live in a retirement beehive, and now they wish to live their lives quietly and securely. Fair enough.

However, if you feel you don't understand the workings of your beehive, and that makes you feel uneasy and confused, maybe learning about how things work will help you feel more in control. It certainly helped me.

Increase in service fees for the financial year ending 30 June 2019

In our June newsletter, we published the Consumer Price Index increase for the financial year ending 31 March 2019. Below we publish the Consumer Price Index (CPI) increase for those operators that use the financial year ending 30 June when calculating the maximum service fee (also called maintenance charge) that they can impose without the approval of residents.

| Quarter | Melbourne CPI |
|--------------|---------------|
| Sept 18 | 114.0 |
| Dec 18 | 114.6 |
| Mar 19 | 114.7 |
| Jun 19 | 115.3 |
| | |
| Total | 458.6 |
| | |
| Sept. 17 | 111.5 |
| Dec. 17 | 112.3 |
| Mar 18 | 113.3 |
| Jun 18 | 113.8 |
| | |
| Total | 450.9 |

Source: Australian Bureau of Statistics 6401.0 released 31 July 2019

The total of the index numbers for the year to 30 June 2019 (458.6) is 1.708% higher than the corresponding numbers for the year to 30 June 2018 (450.9). Therefore, village operators are entitled to increase residents' fees by this percentage from 1st July 2019 without resident approval. In certain circumstances, village operators may increase residents' fees by a greater amount without the approval of residents. For details, please see our June 2019 newsletter.

Residents of Retirement Villages Victoria Inc

ABN 20 341 655 161

INCOME & EXPENDITURE STATEMENT

For the year ended 30 June 2019

| | 2019 \$ | 2018 \$ |
|---|-----------------------|-----------------------|
| INCOME | | |
| Donations | 1,802 | 1,433 |
| Transfer from Legal Support Reserve | 3,360 | - |
| Membership fees | 65,954 | 58,694 |
| Interest received | 3,604 | 2,968 |
| | <u>74,720</u> | <u>63,095</u> |
| EXPENDITURE | | |
| Administration Expenses | 41,535 | 7,264 |
| Committee Expenses | 3,407 | 2,120 |
| Forums & Presentations | 4,127 | 5,131 |
| Legal Services | 3,360 | - |
| Newsletter Costs | 18,543 | 15,607 |
| Rents | 5,847 | 5,977 |
| Website & Internet Costs | 1,373 | 1,011 |
| | <u>78,192</u> | <u>37,110</u> |
| DEFICIT FROM ORDINARY ACTIVITIES | <u>(3,472)</u> | <u>25,985</u> |
| Retained surplus at the beginning of the financial year | <u>110,970</u> | <u>84,985</u> |
| TOTAL AVAILABLE FOR APPROPRIATION | <u>107,497</u> | <u>110,970</u> |

Residents of Retirement Villages Victoria Inc

ABN 20 341 655 161

STATEMENT OF ASSETS & LIABILITIES

As at 30 June 2019

| | 2019 \$ | 2018 \$ |
|----------------------------|-----------------------|-----------------------|
| ASSETS | | |
| Current Assets | | |
| Sundry debtors | 385 | - |
| Cash at bank | 14,964 | 13,049 |
| Term deposits | 151,515 | 169,308 |
| Prepayments | - | 567 |
| Office Bond Deposit | 500 | 500 |
| | <u>167,364</u> | <u>183,424</u> |
| TOTAL ASSETS | <u>167,364</u> | <u>183,424</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Trade creditors | 5,082 | 754 |
| Sundry creditors | 400 | 1,100 |
| Deferred Income | 27,745 | 40,600 |
| | <u>33,227</u> | <u>42,454</u> |
| TOTAL LIABILITIES | <u>33,227</u> | <u>42,454</u> |
| NET ASSETS | <u>134,137</u> | <u>140,970</u> |
| EQUITY | | |
| Accumulated surplus | 107,497 | 110,970 |
| Legal Support Reserve | 26,640 | 30,000 |
| TOTAL EQUITY | <u>134,137</u> | <u>140,970</u> |