

RRVV

Newsletter

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Residents of Retirement Villages Victoria Inc.
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P.O.Box 2402
Caulfield Junction 3161

Phone: **03 9015 8402**

Office hours - **10:00 to 2:00**
Monday to Friday

president@rrvv.org.au

treasurer@rrvv.org.au

office@rrvv.org.au

Web: www.rrvv.org.au

What have we learned from the pandemic?

The COVID-19 pandemic has exposed weaknesses in a range of government and business organisations. The Aged Care Royal Commission will tease out relevant lessons for the aged care sector. The Judicial Inquiry into the hotel quarantine system will lay bare the reasons the virus escaped and the related management flaws. Who, however, will investigate and document the retirement living sector lessons?

Perhaps the first problem to emerge from the government response to the crisis was that neither the politicians nor the bureaucrats could reliably distinguish between the aged care and retirement living sectors. They either did not recognise us or lumped us in with aged care.

When both RRVV and the operators' Retirement Living Council asked the government to include the retirement living sector in its pandemic plans, we struck a problem. Once alerted to our existence, the government saw the retirement living sector only as a provider of housing. It had difficulty recognising the health and welfare-related services many operators provide. That was the job of the aged care sector, a Commonwealth responsibility. Health bureaucrats could not see why we were asking for access to personal protective equipment should there be a virus outbreak in retirement villages. The lesson for both RRVV and the peak bodies is we must present a more accurate picture of the sector to politicians, and senior bureaucrats.

RRVV routinely challenges operators to put more effort into understanding residents and what we want from our villages. We strike significant resistance from those operators who

still insist retirement villages are for people capable of independent living. These operators do not understand that residents tend to hear independent living as meaning 'you are on your own'.

During the crisis, operators who committed to comprehensively supporting residents won praise from their residents, including from some who are ordinarily hard to please. We might be locked down but it is very reassuring to know we are not on our own. The lesson for recalcitrant operators is that the 'independent living' mantra is a cop out. We want our operators to treat us like valued customers.

Of course, there are many more lessons we might learn from the pandemic experience. There will not be a royal commission or judicial inquiry to tease out the lessons for us. Most probably, the operators' peak bodies will do a review of their pandemic experiences. If we want the lessons from our experiences recorded and acted upon, we will have to do this for ourselves. To have your say, please write to RRVV or email secretary@rrvv.org.au.

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Healthy ageing and the review of the Retirement Villages Act

Retirement Villages offer an environment which can support healthy ageing. From onsite activities to Friday night drinks, there are many opportunities to participate in your community and make new friends. Studies support what we all know; a wide range of interests and activities as well as friendships, support healthy ageing. However, loss of autonomy associated with moving into a Retirement Village, such as having to ask permission for simple improvements, such as installing a blind, troubles many residents. Whilst choosing to move into a retirement village reduces responsibilities for house and garden maintenance, it also reduces our autonomy in decision-making about such maintenance tasks and other aspects of our lives.

The power imbalance between operators and residents, coupled with the complexity of contracts permitted by the Act, can disempower residents and allow operators to take advantage of the situation. Under the current legislation, operators can and do say to residents, 'we don't have to consult you when making operational decisions'. In contrast, operators could draw on the expertise and life experiences of residents to come to mutually beneficial decisions. Even though residents' committees have no power under the Act, operators could collaborate with them in making such decisions. Even better, a new Act could allow all residents a more significant say in village decision making. This approach would offer us a path to greater autonomy and respect.

It is vitally important that as a society, we protect human rights – like freedom, dignity and autonomy – for all people. Much has been written about the importance of treating older people in aged care with the greatest amount of humanity and respect for their autonomy. When fully implemented, this recognition delivers considerable health benefits. Most retirement village operators offer contracts based on 'independent living'. Ironically, the same contracts fail to respect residents'

humanity and autonomy. They tend to reduce residents to passive recipients of operators' corporate decision-making processes.

As well as the Act disadvantaging us, as outlined in the first paragraph, we experience changes associated with ageing, which make it more challenging to stand up for our rights. For most older adults, age-associated changes in thinking are mild and do not significantly interfere with daily functioning but typically our reaction times do slow, and our problem-solving capacities can diminish. Also, the speed with which we encode, store, and retrieve information slows as we age.

As well as these changes in thinking, older people tend to favour harmony over conflict. To preserve goodwill and ensure belonging in the group, we are more inclined to engage in passive actions such as doing nothing or letting the situation pass. Therefore, we tend to avoid rather than challenge operators over such things as maintenance issues. How many managers understand and respect these changes when dealing with residents about maintenance and community issues?

Furthermore, the Act does not require managers to undergo training for this complex role covering finance, property, and older people living in a community. All three areas are critical for good management. If good communication is overlooked, the potential for developing good relationships and happy residents is lost. The right attitude and skills could transform manager-resident interactions. Potentially, this is a win-win situation as a happy community will attract new residents.

Interestingly, the title for the manager of my village is 'Client Services Manager' and we have a concierge desk. However, the Act does not reflect this resident-centred focus and instead, is property focussed. Given that the stated purpose of the Act is to clarify and protect the rights of persons who live in, or wish to live in, retirement villages, we need a complete overhaul of the Act to shift the focus from property to people. Additionally, we need appropriate training for new managers to

create a better understanding of and respect for older people.

In summary, due to cognitive decline, coupled with the age-related sensory deficits that many older people experience, residents are at a distinct disadvantage when communicating with operators. Not surprisingly, this has consequences for our health with the potential to cause stress, anxiety and depression for those involved in disputes with an operator.

Finally, we can exercise our autonomy and support our own healthy ageing by participating in the review of the Retirement Villages Act. RRVV will advise you as opportunities to contribute arise. Participating in a review of an Act of Parliament might sound scary. To make it easier, you can familiarise yourself with the major issues and the review process by reading the background material published on www.rrvv.org.au, emailing secretary@rrvv.org.au or calling 9015 8402. You can also write to members of parliament at any time about aspects of retirement living that concern you or the issues raised in RRVV's newsletters.

Rosemary McIndoe
Psychologist

From the Beehive

A personal perspective



To those reading this episode of "From the Beehive" - let's hope things have improved dramatically since I sat down to write it.

There is a buzzing in my head. Is that me talking to myself in my cell in the Beehive? It is! I'll turn on the

radio. All the radio bees talk about is "Corona Virus", or sometimes they call it "Covid-19". I wonder why it has two names?

I'll turn on the TV. All the TV bees talk about is "Corona Virus" or "Covid-19". I give up.

The medical officer bees have explained to the big bumble bees that we older bees are more vulnerable to catching this virus than younger bees. So, to protect ourselves, we have been told not to buzz together as we usually do, not to go shopping for pollen together and not to share our honey together in our retirement beehives.

No wonder I am buzzing to myself – there's no one else to talk to except the worker bees, and they must stay 1.5 metres away. They have to shout to those bees who are hard of hearing.

What is the world coming to?

Sometimes the radio and television bees talk of the virus causing a "recession". Is that like a depression"? I remember my parent bees talking about a depression. Worker bees were unemployed. Pollen was very hard to find, and baby bees were hungry.

Mother bees became expert at creating honey from nothing. Sometimes father bees had to fly away to the country searching for work. Families of bees created novel ways of entertaining themselves.

They survived because they helped each other – sharing food, clothes and shelter.

During this pandemic, today's bees are doing the same. Young bees buy groceries for older bees; working bees share with unemployed bees, and health-worker bees risk their lives to care for those who are struggling with the virus. Medical researcher bees are working around the clock to make a vaccine to protect everyone from the infection.

Even so, large numbers of elderly bees are dying from the effects of the virus.

It is a sad time for many.

How powerfully this pandemic has affected our ordinary lives. No football in Victoria; no tennis, no swimming, no golf or attending horse

racing; no Olympics; no going to the movies or the theatre, no travel and no hugs.

No hugs – I really miss hugs – this wing bumping which replaces bee hugs leaves a lot to be desired.

The pandemic has brought the bee world as we know it to a halt, but we will beat it. By working together (1.5 metres apart of course) in our retirement beehives we can beat anything – except maybe climate change – but that's another story.

What have the queen bee and big bumble bees been doing while we retired bees have been staying at home? Writing lots of boring memos. They try to explain why they have closed our community centre, restaurant, bowling green and swimming pool, and why they want to check the temperature of visiting bees. Despite my misgivings, I accept the restrictions. They certainly make the Beehive a safer place to live.

The queen bee and big bumble bees also recognise that staying at home could send us stir crazy. They check on our welfare regularly. They also provide us with puzzles, games, recipes and other diversions, entertain us with stories from other bee communities and give us an occasional treat.

I sense a change of attitude. Management bees and retired bees now have a common enemy. Together we will defeat the virus, whatever its proper name is.

Audit of Retirement Village Accounts

RRVV receives a stream of calls from residents concerned about the special purpose accounts presented at annual meetings. Their main concern is that the reports do not provide sufficient detail to allow:

- Identification of what items and services the operator is spending what proportion of village funds on.

- The detection of any fraud or misapplication of funds

- Evaluation of the procurement systems effectiveness in delivering quality and value for money

- Judgement of the effectiveness of the operator's stewardship of village funds

Section 34(4) of the Retirement Villages Act (the Act) provides for the annual audit of village accounts. The section also allows residents at an annual meeting to vote by special resolution to dispense with the audit of the year's accounts.

Case study 1 - Helen

Each year the report for Helen's village shows an expenditure line for director's services. Helen is aware one company director does work the village would otherwise pay a contractor to do. Nevertheless, she would like evidence the village is getting value for money drawn by the director. The director refuses to provide the necessary detail. This refusal heightens her concern that something is not quite right.

Case study 2 - Bruno

Bruno's village has a long-term vacancy rate approaching 12%, and the operator appears to be in financial difficulty. Recently Bruno noticed a line item in the village accounts transferring a significant sum to the operator's business account. This item could be a legitimate reimbursement of expenses. Bruno would like more detail so he could satisfy himself about the transfer but is concerned that if he asks for an explanation, the operator will react badly.

Case study 3 - Janice

Janice noticed a payment in the village accounts for membership of a body representing retirement village owners. She queried the item with the accountant who acknowledged that it was a business expense of the owner. Janice realised that the village could be paying for other items that were the responsibility of

the owner, and it was unlikely that residents would ever notice them.

Case study 4 - Therese

Several years in a row, the operator of Therese's village increased the monthly service fee by more than the increase in the consumer price index. Each time the operator claimed it was within the limit set by the Act, so, there was no need for a vote by residents. Therese lives on the age pension and is struggling to pay her bills. Her son asked the operator for details of the calculation confirming the increase was not subject to resident approval. The operator refused. He also challenged the auditor for failing to detect overcharging. The audit firm denied any obligation to check whether the operator was complying with the Act.

Case study 5 - Veronica

Veronica's village is under construction. The builders are not perfect, and the office receives a constant trickle of complaints about defects. Usually, the builder denies responsibility, and the office organises local contractors to do the work. Veronica believes the office is charging the work to the long-term maintenance account. The quarterly report show overspending but gives insufficient detail to allow her to check if her suspicions are right. The operator dismisses her concerns.

Case study 6 – Harry

At the last annual meeting, Harry's village debated a motion to dispense with the audit.

Speakers for the motion argued:

1. The audit is a token rather than a thorough audit, never finds anything beyond careless mistakes and is a waste of money
2. The auditor is not independent of the operator
3. The operator refuses to release the brief given to the auditor
4. An audit would only be credible if the residents' finance committee chose and briefed the auditor

5. The finance committee reviews the accounts thoroughly and at no cost to residents

Speakers against the motion argued:

1. That the residents of the village would not always be capable of adequately scrutinising the accounts
2. The financial reports were not sufficiently detailed to allow competent residents to assess if everything was in order
3. The audit was the only defence against operator maladministration available
4. Residents' gained a measure of security from the knowledge that somebody was looking after their interests
5. The protection of a thorough audit would more than justify the cost by keeping the operator on its toes

RRVV recommends that villages:

1. Review whether their audit has delivered what residents' need and want
2. Consider dispensing with the audit for the coming year if the auditor can't deliver what you want
3. Consider pressing the operator to involve the residents' committee or finance committee in selecting and briefing the auditor

It might be that available auditors are unable or unwilling to do anything more than examine whether the accounts are a true and fair record of the financial affairs of the village. Addressing residents' concerns often requires a knowledge of the Act and residents' contracts well beyond that of local accountants and auditors. Similarly, the available auditors might charge much more for the work residents want than for a simple true and fair audit.

An alternative approach might be to press your operator to certify each year that the accounts of your village meet specific standards. For example, certify that:

1. It had not charged any of its business expenses to the village

2. The director’s services charges were no more expensive than like services available from local contractors

3. All transfers from the village’s account to the businesses account were for services rendered consistent with the Act’s definition of the maintenance charge

4. The accounts do not include any defect rectifications

RRVV is conscious that few residents feel confident in challenging their operator’s management of the audit. If you need help, please call us on 03 9015 8402 or email treasurer@rrvv.org.au

index increase where the operator proposes increasing your village’s service after the start of the financial year.

Year to June 30 CPI increase lower than for year to March 31

In our last newsletter (June 2020), we published the consumer price index (CPI) increase (1.93%) for the year ending March 31 2020. Many operators of leasehold villages use the index numbers for the year ending March 31 to determine the adjusted maintenance charge for the following financial year. Using the CPI for the year ending March 31 allows operators to collect the new charge from the start of the new financial year.

The adjusted maintenance charge is the highest service fee that an operator can impose without approval from either the residents or the residents’ committee. Section 38(5) of the Retirement Villages Act (the Act) allows a higher service fee in limited circumstances (see our June newsletter).

The remainder of the operators mostly use the CPI for the year ending June 30 to determine the adjusted maintenance charge for the coming year.

The table below shows the relevant index numbers for the years ending June 30 2019 and 2020. They allow calculation of the

Quarter	Melbourne CPI
September 19	115.9
December 19	116.9
March 20	117.8
June 20	115.7
Total 2019-2020	466.3
September 18	114.0
December 18	114.6
March 19	114.7
June 19	115.3
Total 2018-2019	458.6

Source: Australian Bureau of Statistics 6401.0 released July 29 2020.

The index numbers total for the year ending June 30 2020 (466.3) is higher than the corresponding numbers for the year to June 30 2019 (458.6) by 1.68%.

For an explanation of the formula used to calculate the percentage increase and the section 38(5) provisions allowing an operator to impose a service fee above the adjusted maintenance charge, see our June newsletter.

Most operators that use the year ending June 30 CPI increase to calculate the adjusted maintenance charge seek residents’ approval for a higher service fee, when necessary, at the annual meeting. Section 3(2) of the Act gives the voting rules for section 33 annual meetings. Put simply; voting is one vote per residence.

The CPI increase for the year ending June 30 2020 (1.68%) is lower than the CPI increase for the year ending March 31 2020 (1.93%).

Annual meetings under COVID-19 restrictions

At the time of writing, the Government of Victoria’s COVID 19 restrictions prevent us from gathering in our village community centres for annual meetings.

The regular due dates for annual meetings are:

- **Retirement villages**

30 September 2020 (for the financial year ending 30 June)

- **Owners corporations**

No later than 15 months after the last Annual General Meeting

- **Incorporated Associations**

30 November 2020 (for the financial year ending 30 June)

RRVV believes face to face annual meetings are an essential part of village life. We have received legal advice that suggests that it is permissible to postpone annual meetings until the Government lifts the COVID restrictions. However, to be safe, we have asked the Minister for Consumer Affairs to extend the due dates until the earliest of 31 March 2021 or the end of the relevant restrictions.

If postponing a meeting is unacceptable, you could meet remotely via:

- teleconference
- videoconference.

Owners corporations should consider limiting the use of their power to decide that they may only deal with certain matters at a general meeting. Allowing the committee to deal with these matters can provide flexibility in decision-making at times when the restrictions permit small meetings.

RRVV recommends that village operators, before the normal annual meeting date:

- report in writing

- invite questions and suggestions from residents

- respond in writing to the questions and suggestions

The Associations Incorporation Reform Act, 2012 permits associations to apply to Consumer Affairs Victoria for a three-month extension of time to hold an annual meeting. To seek an extension, you must complete and lodge the prescribed application form available from www.consumer.vic.gov.au (use the search function on the home page). Consumer Affairs Victoria recently announced it would waive the application fee.

Deferment of RRVV Annual General Meeting

Please note that due to the COVID-19 restrictions it is unlikely we will be able to hold our standard AGM at the usual time of early October.

The Associations Incorporation Reform Act 2012 allows us to hold the meeting using video conference technology. It might be this is the way we have to go if restrictions on holding face to face meetings continue for several months. Nevertheless, we prefer to meet the usual way. We believe the opportunity for members to interact with each other and the committee is crucial.

Consumer Affairs Victoria has granted us approval to defer the meeting for up to three months. This approval allows the committee to continue until we do hold our AGM.

Please see RRVV’s annual financial report for the year ending 30 June on the back page of this newsletter. If you have any questions on the report, please email treasurer@rrvv.org.au or call 9015 8402.

Residents of Retirement Villages Victoria Inc

ABN 20 341 655 161

STATEMENT OF INCOME & EXPENDITURE

For the year ended 30 June 2020

	2020 \$	2019 \$
INCOME		
Donations	2,069	1,802
Transfer from Legal Support Reserve	2,000	3,360
Membership fees	53,255	65,954
Government subsidies	15,000	-
Interest received	2,405	3,604
	<u>74,729</u>	<u>74,720</u>
EXPENDITURE		
Administration Expenses	34,552	41,535
Committee Expenses	3,873	3,407
Forums & Presentations	3,539	4,127
Legal Services	2,000	3,360
Newsletter Costs	19,737	18,543
Rents	6,251	5,847
Research costs	10,000	-
Website & Internet Costs	1,048	1,373
	<u>80,999</u>	<u>78,192</u>
DEFICIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX	<u>(6,270)</u>	<u>(3,472)</u>
Retained surplus at the beginning of the financial year	107,497	110,970
TOTAL AVAILABLE FOR APPROPRIATION	<u>101,227</u>	<u>107,497</u>

Residents of Retirement Villages Victoria Inc

ABN 20 341 655 161

STATEMENT OF ASSETS & LIABILITIES

As at 30 June 2020

	2020 \$	2019 \$
ASSETS		
Current Assets		
Sundry debtors	5,000	385
Trade debtors	1,430	-
Cash at bank	29,242	14,964
Term deposits	113,816	151,515
Office Bond Deposit	500	500
	<u>149,988</u>	<u>167,364</u>
TOTAL ASSETS	<u>149,988</u>	<u>167,364</u>
LIABILITIES		
Current Liabilities		
Trade creditors	1,736	5,082
Sundry creditors	400	400
Deferred Income	21,985	27,745
	<u>24,121</u>	<u>33,227</u>
TOTAL LIABILITIES	<u>24,121</u>	<u>33,227</u>
NET ASSETS	<u>125,867</u>	<u>134,137</u>
EQUITY		
Accumulated surplus	101,227	107,497
Legal Support Reserve	24,640	26,640
TOTAL EQUITY	<u>125,867</u>	<u>134,137</u>