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Retirement Living
Expenditure Guidelines
Queensland Edition

June 2022

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Expenditure Guidelines
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The Retirement Living Council's *Expenditure Guidelines* is a guide only. Users should note the following:

- The *Guidelines* is not intended as a definitive or exhaustive source on retirement village expenditure;
- Users should make their own enquiries as to their own specific retirement village expenditure;
- The *Guidelines* should be applied in accordance with the relevant State legislation and regulations;
- Legislation and regulations will obviously take precedence over the *Guidelines*;
- Parties should always consider obtaining professional and legal advice where they do not have relevant expertise or experience.

Above all, the Retirement Living Council or Property Council of Australia does not provide any warranties as to the *Expenditure Guidelines* themselves or their application. The Retirement Living Council and Property Council accepts no responsibility for reliance upon the information in this document.

For legal reasons, the Retirement Living Council and Property Council cannot provide interpretive advice on any aspects of this publication in any manner or form.

Acknowledgement of Country

The Property Council of Australia and Retirement Living Council acknowledges the tens of thousands of years of continuous custodianship and placemaking by First Nations peoples and their proud role in our shared future.

We thank them for their custodianship of Country – land, seas and skies.

We acknowledge the diversity of First Nations cultures, histories and peoples, and we pay our deepest respects to Elders past and present.

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INTRODUCTION

BACKGROUND

These ***Retirement Living Expenditure Guidelines*** (Guidelines) are an initiative of the Retirement Living Council (RLC) and support the RLC's *Eight Point Action Plan for Retirement Living* which aims to, inter alia, deliver higher standards and clearer information about costs.

The Guidelines are an update to the *Guidelines: Classification of Expenditure* document which was originally developed in 2005 by:

- The Retirement Villages Association, Queensland (the predecessor to the RLC)
- Aged Care Queensland Inc (now Leading Age Services Australia)
- The Association of Residents of Queensland Retirement Villages (ARQRV).

Industry considered that the *Guidelines: Classification of Expenditure* required a review and update as several concepts had become out of date.

This updated Guideline was developed by a collaborative work group of retirement village operators, industry advisors, and lawyers. Consultation on a draft Guideline was also undertaken with the ARQRV and Queensland Government.

Retirement villages are an important housing and care option for older Australians. They play an important – and underrated – role in helping seniors lead a happy and independent life for longer, saving taxpayers more than $2 billion annually through lower health and aged care costs. They are central to providing affordable housing, preventative health and important community services to senior Australians in both regional and urban areas.

There are retirement villages in every Australian state and territory. Industry estimates there are approximately 2,300 retirement villages across Australia, that provide homes to about 200,000 people. This number is increasing year on year.

APPLICATION OF THE GUIDELINES

These Guidelines are applicable to Queensland retirement villages which are governed by the *Retirement Villages Act 1999* (Queensland) (the Act), and not other types of seniors' accommodation.

These Guidelines are intended for use on a voluntary basis only. They do <u>not</u> override the provisions of a resident's contract, the Act or any associated regulations.

These Guidelines are directed predominately to those retirement villages which operate on loan-licence or lease for life contracts.

They do not address expenditure in strata titled retirement villages as they operate under the *Body Corporate and Community Management Act 1997* (BCCM Act), unless these villages have some leasehold/licence areas, or some part of the Scheme is land owned by the Scheme Operator. (see below)

PURPOSE OF THE GUIDELINES

The purpose of these Guidelines is to assist retirement village operators and residents to classify expenditure related to Capital Items (e.g. maintenance and repairs, or replacement) in accordance with the provisions of the Act.

These Guidelines do not address other expenditure incurred by the Operator for the day-to-day operation of the Village.

The need for these Guidelines flows from the Act's provisions, and the requirement for a separate Maintenance Reserve Fund (MRF), a Capital Replacement Fund (CRF), and a General Services Charges Fund (GSCF) to be established and maintained for every registered retirement village in Queensland.

In the absence of legislated model classification rules (per section 113A of the Act), these Guidelines aim to ensure consistent application of expenditure categorization throughout the industry.

HOW TO USE THE GUIDELINES

These Guidelines are for the benefit of both residents in, and scheme operators of, Queensland retirement villages. It provides guidance to assist with the consistent and logical classification of expenditure from the GSCF, the MRF and the CRF.

The Guidelines herein do <u>not</u> override residents' contracts, nor do they provide information on every possible expenditure item. These Guidelines should be read in conjunction with the individual resident's residence contract. For definitive advice on an item, independent professional and industry association advice should be sought.

These Guidelines pertain primarily to the costs of living within a retirement village. These Guidelines do not address the costs of entering or exiting a retirement village (although some of the relevant terminology has been provided for clarity).

The content of these Guidelines is for illustrative purposes only and is not a substitute for accounting, financial, legal, or other professional advice.

The authors will not be held liable for any specific, indirect, or consequential damages whatsoever resulting from or in connection with the use or performance of any information in this guide.

STRATA TITLED RETIREMENT VILLAGES

These Guidelines do not address expenditure in strata title retirement villages as they operate under the BCCM Act, unless they have some leasehold areas, or some part of the Scheme is land owned by the Scheme Operator. Strata title villages are usually required to have budgets for an administrative fund (which covers expenses that are incurred annually or during the 12 months as recurrent expenditure); and a sinking fund (to cover those expenses which are infrequent and are of a capital nature) in place. These funds are established to manage, maintain and protect the 'common property' of the scheme land which is not part of a registered lot.

If there are lots which are leased, and/or some part of the scheme land is for the residents' benefit but is owned by the scheme operator, the strata title village will have a MRF, a CRF, and a GSCF under the Act, as well as administrative and sinking funds under the BCCM Act. The body corporate is responsible for the 'common property' only. In strata title villages, given the requirement to maintain multiple funds under different Acts, care is required to allocate costs accurately and transparently.

If there is any inconsistency between the BCCM Act and the Act in relation to a person's rights and obligations under a retirement village scheme, the Act prevails.

THE RETIREMENT LIVING COUNCIL

The RLC plays a critical leadership role in the ongoing growth and sustainability of the retirement living industry. The RLC is a division of the Property Council of Australia, the leading advocate for Australia's $600 billion property industry and counts the bulk of the nation's major investors, property owners and developers among its members.

The RLC is the only national organisation solely focused on advocating on the critical issues facing housing and services for older people, supporting and promoting members and the retirement living industry at large.

Its members determine the industry's national priorities and set the advocacy agenda, which includes enabling age pensioners to unlock home equity to allow them to downsize without penalty, improving the planning treatment of retirement communities and promoting the independently proven benefits of retirement community living.

The RLC is dedicated to proactively generating greater understanding about the lifestyle opportunities retirement communities provide for older Australians and the positive impacts they have on the wider community.

THE ASSOCIATION OF RESIDENTS OF QUEENSLAND RETIREMENT VILLAGES

The Association of Residents of Queensland Retirement Villages (ARQRV) is the voice of residents in the Queensland retirement village industry. The ARQRV engage with government and the retirement living industry to advance and protect the rights and interests of all residents in Queensland retirement villages.

The mission of the ARQRV is to provide representation, information and support to members that allows them to live a life of quiet enjoyment in the retirement village of their choice.

CURRENT LEGISLATION APPLICABLE IN QUEENSLAND

The following legislation in Queensland is currently applicable to Retirement Villages:

- *Retirement Villages Act 1999 (Qld)* – commenced on 1/7/2000
- *Retirement Villages Regulation 2018 (Qld)* – commenced on 1/2/2019

These Guidelines are based upon the following current versions of the above legislation:

- *Retirement Villages Act 1999 (Qld)* – as at 20 October 2021
- *Retirement Villages Regulation 2018 (Qld)* – as at 1 July 2021

ADMINISTRATION OF THE RETIREMENT VILLAGE LEGISLATION AND KEY BODIES IN QUEENSLAND

The following Key Bodies are responsible for the administration of the Retirement Village legislation in Queensland:

- The government department administering the Retirement Villages Act is the Department of Communities, Housing and Digital Economy;
- The Minister with responsibility for the Retirement Villages Act is the Minister for Communities and Housing, Minister for Digital Economy and Minister for the Arts;
- The unit within the department that oversees retirement villages is the Regulatory Services Unit;
- The 'Chief Executive' given various functions and powers in the Retirement Villages Act is the Director-General of the Department of Communities, Housing and Digital Economy; and
- The 'Tribunal' referred to in the Retirement Villages Act is the Queensland Civil and Administrative Tribunal (Schedule Dictionary to the Retirement Villages Act; sections 33 and 36 Acts Interpretation Act 1954 (Qld)).

SIGNIFICANT RECENT LEGAL CASES REGARDING THE RETIREMENT VILLAGES ACT IN QUEENSLAND

The following legal cases decided in the last 5-10 years provide a significant clarification of the interpretation of the Retirement Village legislation in Queensland.

- *Kelson v Tricare (Aspley) Ltd* [2014] QCAT 005 (8 January 2014)

Link to decision: https://www.sclqld.org.au/caselaw/QCAT/2014/5
Link to decision: https://www.austlii.edu.au/cgi-bin/viewdoc/au/cases/qld/QCAT/2014/5.html

In this case, the Queensland Civil and Administrative Tribunal considered whether the MRF contribution set by the scheme operator for a financial year must totally align with the quantity surveyor's recommendation for the relevant financial year.

Section 98(4) of the Act (at the time) provided that the scheme operator must '*use its best endeavours to implement the quantity surveyor's recommendations in its report, in the context of (a) the objects of the Act; and (b) any circumstances relevant to the retirement village that were apparently not considered by the quantity surveyor*.'

The Tribunal noted that the section does not require the quantity surveyor's recommendation to be followed absolutely, and that the scheme operator is entitled to deviate from the recommendations in accordance with the section. It noted that "*such recommendations should be flexible because… new technological changes, varying degrees of life expectation of plant and equipment and wear and tear and the maintenance audit may have dealt with a particular maintenance or servicing issue differently given the manufacturer's* *recommendations, usage or may have been overlooked by the AQSR* [annual Quantity Surveyor's Recommendation]*."*

The Tribunal further found that the scheme operator had provided "*a fair and reasonable explanation concerning the way in which the AQSR are dealt with… There is no evidence which would indicate that Tricare have deliberately ignored the AQSR in a significant way. The Tribunal accepts that it is for Tricare to decide the amount held in the Maintenance Reserve Fund. Taking the above matters into account the Tribunal finds that Tricare has used its best endeavours in deciding the amount to be held in the Maintenance Reserve Fund and that it took into account the recommendations of the AQSR. It also follows that the Tribunal finds that there has not been a breach by Tricare of the RVA..."*

The above decision is no longer directly relevant in applying the MRF provisions of the Act, as the requirement to use 'best endeavours' to implement the recommendations in the quantity surveyor's report has been replaced from November 2019 with a requirement to adopt a MRF budget 'consistent' with the quantity surveyor's recommendations, except where the residents have agreed to depart from them by passing a special resolution at a residents' meeting (sections 99(1)(b), 99(2)). However, the Tribunal's decision may be useful in applying the 'best endeavours' requirement that is still in force in respect of the CRF (section 92(3)).

- *Armstrong v Kawana Island Retirement Village Pty Ltd* [2013] QCAT 060 (11 February 2013)

Link to decision: https://www.sclqld.org.au/caselaw/QCAT/2013/60
Link to decision: https://www.austlii.edu.au/cgi-bin/viewdoc/au/cases/qld/QCAT/2013/60.html

- *Armstrong v Kawana Island Retirement Village Pty Ltd* [2014] QCATA 357 (29 August 2014)

Link to decision: https://www.sclqld.org.au/caselaw/QCATA/2014/357
Link to decision: https://www.austlii.edu.au/cgi-bin/viewdoc/au/cases/qld/QCATA/2014/357.html

In this case, the Queensland Civil and Administrative Tribunal considered whether the leasing of a photocopier located in the general administration area of the village (behind a locked door) should be considered to be a '*capital item*', hence, whether the costs of the photocopier should be classified as capital expenditure rather than being paid from the '*General Services Fund*'.

It was argued that the definition of '*capital items*', under sub-paragraph (b), includes "*… equipment used in the operation of the village …"* without the caveat of '*owned by the scheme operator'*, hence the photocopier should be deemed to be a '*capital item*'. This was considered by the Tribunal to be a reading of the definition in 'isolation' from the whole of the Act.

The Tribunal found that when the Act is considered as a whole, and when considering 'general accounting principles' in regard to assets, the photocopier would not form part of the assets of the Village because the Village 'has no title to the asset now and no title anticipated in the future' as a result of the leasing of the photocopier. As a result, the photocopier was not considered to be an asset of the Village and hence not a 'capital item'. On this basis, the expenditure in regard to the photocopier can only fall under the '*General Service Fund*' category.

This decision by the Tribunal was also maintained under appeal.

- *Jomal Pty Ltd v Commercial & Consumer Tribunal & Ors* [2009] QSC 3 (6 February 2009)

Link to decision: https://www.sclqld.org.au/caselaw/QSC/2009/3
Link to decision: https://www.austlii.edu.au/cgi-bin/viewdoc/au/cases/qld/QSC/2009/3.html

- *Jomal Pty Ltd v Commercial & Consumer Tribunal & Ors* [2009] QCA 326 (27 October 2009)

Link to decision: https://www.sclqld.org.au/caselaw/QCA/2009/326
Link to decision: https://www.austlii.edu.au/cgi-bin/viewdoc/au/cases/qld/QCA/2009/326.html

In this case, the Queensland Civil and Administrative Tribunal considered the appropriate method of payment for repairs to water heaters in or affixed to units in the Sunnymeade Park Retirement Village. The Tribunal decided that the Scheme Operator (Jomal) should pay for these repairs to the heaters from the MRF.

The Operator appealed this decision to the Supreme Court of Queensland arguing that the MRF can only be used for maintaining and repairing the Village's capital items, which are defined under the Act to exclude items that, under the residence contract, are to be maintained, repaired and replaced by the resident. The Operator's case was that the residents had bound themselves contractually to be personally liable for the costs of repairing the heaters with the result that they are not capital items.

The residents' case was that their residence contracts, on their proper construction, did not make them personally responsible for the maintenance, repair and replacement of the heaters. Alternatively, they argue that the Act does not allow a residence contract to make a resident personally liable to maintain, repair or replace certain items of a capital nature other than those installed by the resident and removable by the resident at the termination of the residence contract.

The definition of 'Capital Items' in the Act states:

"capital items include the following –

(a) all buildings and structures located in the retirement village and owned by the scheme operator, including the communal facilities, amenities and accommodation units, <u>other than items that, under a residence contract, are to be maintained, repaired and replaced by the resident</u>;

(b) all plant, machinery and equipment used in the operation of the village, other than items that are body corporate property;

…

(c) all village infrastructure owned by the scheme operator.

…" [emphasis added]

Douglas J, of the Supreme Court, declared that, properly interpreted, "*the Act cannot be read to prevent the parties from agreeing that a resident may pay the costs of maintaining, repairing and replacing certain capital items"*. Accordingly, the operator was not precluded from "*agreeing in residence contracts that the resident is to maintain, repair and replace items owned by the* [operator] *and which were within or affixed to their accommodation unit"* (freedom to contract).

The residents then appealed Douglas J's decision to the Court of Appeal.

In the Court of Appeal, the appeal was dismissed by McMurdo P, Keane JA and Applegarth J, who unanimously affirmed Douglas J's decision and held that the Act permits retirement village operators to contract with residents to make residents personally responsible for the costs of maintaining, repairing and replacing items located within the residents' units.

In interpreting the Act, Keane JA reached a "*confident conclusion that Parliament had no intention of denying the possibility that a scheme operator and an individual resident might agree that, as between themselves, the resident would bear the expenses of maintenance, repair and replacement of fixtures in accommodation units."*

The Court of Appeal's decision is well summed up by Applegarth J's statement that the Act "*permits informed and prudent prospective residents to enter arrangements which they perceive to be in their best interests, and scheme operators to offers such arrangements if there is a demand for them."*

This decision upholds the validity of provisions in residence contracts which make residents personally responsible for maintaining, repairing and replacing capital items owned by the Operator which are in, or affixed to, the residents' units.

WHAT ARE THE DIFFERENT CATEGORIES OF EXPENDITURE IDENTIFIED IN THE ACT?

CAPITAL ITEM

A key concept underlying the expenditure regime in the Act is the term 'capital item'.

'Capital items' include:

(a) all buildings and structures located in the retirement village and owned by the scheme operator, including the communal facilities, amenities and accommodation units, other than items that, under a residence contract, are to be maintained, repaired and replaced by the resident;

(b) all plant, machinery and equipment used in the operation of the village, other than items that are body corporate property; and

(c) all village infrastructure owned by the scheme operator.

The Act regulates expenditure on a capital item differently depending on whether the item is being improved, replaced, repaired or maintained, as set out below.

It is important to note that pursuant to paragraph (a) of the above definition, a 'capital item' excludes any item inside or attached to an accommodation that a resident has agreed to maintain, repair and replace at their own expense under their residence contract. Such items are the responsibility of the resident, and the following regime set out in the Act does not apply to them.

It is important to note that pursuant to paragraph (b) of the above definition, whilst this paragraph does not state “owned by the scheme operator”, it has been decided by the Tribunal that when the RV legislation is considered as a whole, then only *’plant, machinery and equipment’* ‘*owned by the scheme operator*’ is to be considered a '*capital item*'. Any of these items obtained by the Village under a lease with no intention of ownership should not be considered to be a ‘*capital item*’.

Note: previous expenditure guidelines publications have referred to a $300 value in regard to capitalization of assets. This is a taxation accounting mechanism and does not relate to expenditure. Reference to this $300 value is excluded in these Guidelines.

CAPITAL IMPROVEMENT

Is defined in the Act to mean *‘the first-time provision of a capital item’* and, provided it is not inconsistent with this definition, includes a thing that is a capital improvement under a ruling under the *Taxation Administration Act 1953* (Cwlth) (Tax Act). The concept covers work that must be done on the newly acquired item before it can properly function, and when there has been an enhancement or increase in value by way of an improvement such as the use of a superior product.

This expenditure is generally not of a recurrent or regular nature and the benefit is typically derived over several years.

REPLACEMENT OF CAPITAL ITEMS

Is defined in the Act to mean *‘the substitution of the same type of item or an equivalent item’* and provided it is not inconsistent with the definition, includes doing something that is replacement of the capital item under a ruling under the Tax Act (see https://www.ato.gov.au/law/view/pdf/pbr/tr1997-023.pdf). The key consideration in respect of replacement is that it involves expenditure that gives rise to an enduring asset in its entirety and the replacement involves a similar or equivalent item. If a superior item is purchased, the cost will be considered improvement.

This expenditure is generally not of a recurrent or regular nature, and the benefit is typically derived over several years.

REPAIRS AND MAINTENANCE TO CAPITAL ITEMS

This is defined in the Act to mean "*the restoration of the item by fixing or replacing parts of the item"*, and provided it is not inconsistent with this definition, includes doing something that, under a ruling under the Tax Act, is repairs to a capital item.

Under the Tax Act rulings, 'repair' involves a restoration of something to a condition it formally had without changing its character. Simply, this includes expenditure on an asset so that it is kept in a condition equivalent to its original state and function. The significant factor is the restoration of efficiency rather than exact replication of form or material.

A 'repair' is no longer a 'repair' where the extent of the work carried out represents a renewal or reconstruction of the entirety of something, rather than restoration of it by replacement or renewal of a worn or dilapidated 'part' of it. Then it will constitute a 'capital replacement' or, if it provides a greater efficiency of function, a 'capital improvement'. An 'entirety' is defined in ATO ruling as something *'separately identifiable as a principal item of capital equipment'*.

'Maintenance' of a capital item is defined in the Act to mean '*the upkeep of a capital item in good condition and efficient working order'*, and provided it is not inconsistent with this definition, includes doing something that, under a ruling under the Tax Act, is maintenance of a capital item.

Taxation Ruling TR 97/23 provides that 'maintenance, as generally understood, includes the prevention of defects, damage, or deterioration, a common example being the repainting of business premises'. Preventative maintenance is also included in the concept.

Note: Where new and improved materials are used because old materials are unavailable, then the expenditure would still be repairs and maintenance, if the closest available materials to the old materials are used.

MRF/CRF BUDGETS AND EXPENDITURE

The Act requires the Scheme Operator, when preparing the MRF and CRF budgets, to obtain and have regard to an independent Quantity Surveyor's (QS) written reports about the expected capital replacement and maintenance reserve fund costs for a village for each ten-year period of operation. A full QS report is required for the 2009 financial year and every third financial year after that (as well as any financial year in which substantial changes have been made to the retirement village). An updated QS report (rather than a full report) is required for each other financial year (see Part 5 of the Act, Divisions 4 and 5).

The Regulatory Services Unit (within the Department of Communities, Housing and Digital Economy) requires the QS report to *"detail major anticipated expenditure over the next 9 years and provide projections for an appropriate fund balance for those years and the contributions required to meet the annual capital replacement fund reserve to achieve anticipated expenditure targets."* (i.e. the QS report's recommendations) (https://www.business.qld.gov.au/industries/service-industries-professionals/housing-accommodation/operating-retirement-village/compulsory-funds)

It is important that village management keep detailed information of the MRF and CRF expenditure over any year to ensure that an appropriate level of maintenance is carried out on each capital item to maintain it in good repair and to determine if an item is to be replaced at its perceived end of its useful life.

The Act also requires that in the Annual Financial Statements (section 113) information is provided to residents, amongst others, about:

- Income and expenditure of the CRF for the financial year
- Income and expenditure of the MRF for the financial year.

DAY-TO-DAY MAINTENANCE

'Day-to-day maintenance' of a capital item, is defined in the Act as '*maintenance of the item that is carried out regularly and with little expense*'. This will generally encompass work that is carried out as part of the provision of 'General Services' at set intervals or in accordance with a schedule.

WHO IS RESPONSIBLE FOR BEARING THE COST OF THESE DIFFERENT TYPES OF EXPENDITURE?

	Capital Improvements (Capital)	**Capital Replacement (Capital)**	**Maintenance/Repairs – Non-Day-to-Day (non-Capital)**	**Day-to-Day Maintenance (non-Capital)**
Responsibility for Cost	Scheme Operator - Direct	Scheme Operator Capital Replacement Fund (CRF)	Collective Residents Maintenance Reserve Fund (MRF)	Collective Residents General Services Charges Fund (GSCF)
Frequency	Non- Recurrent / Irregular	Non-Recurrent/Irregular 'Best Endeavours' to implement QS report	Periodically Consistent with QS report	Regular and with little expense
Materials	Superior materials improve the value and function of the asset	Same materials or new materials (closest available) used because the old materials are no longer available does not change the nature of the expense	Same materials or new materials (closest available) used because the old materials are no longer available does not change the nature of the expense	Same materials or new materials (closest available) used because the old materials are no longer available does not change the nature of the expense
Part Versus Whole Concept	Asset as a whole	Asset as a whole	Replacement of a Part	Replacement of a Part (where regular and with little expense)

Note: The above table is a general guide only.

Note: After a resident has left the village, the Scheme Operator becomes responsible for the MRF contributions for the relevant unit after a certain period of time, as designated in the resident's contract and in accordance with the Act.

ISSUES TO BE CONSIDERED IN THE DECISION-MAKING PROCESS

The objective is to identify the category of expenditure based on the purpose of the expenditure, and then decide who is responsible to bear the cost of the expenditure.

- Functionality – If the expenditure changes and substantially improves the functionality of the asset as a whole, then the expenditure may be of a capital nature. This involves considering whether the cost of work done should be classed as repairs and maintenance to the extent that it merely restores a previous function, versus the extent to which it may improve function in some areas.
- Part versus Whole – expenditure to replace an asset as a whole is generally regarded as capital, whereas replacing a part is not capital in nature. The distinction between whole and part lies in the function and purpose of the asset.

- Materials Used – Generally, if there is a change of materials used which improves the value and function of the asset then the expenditure may be regarded as capital. However, where new improved materials are used because old materials are unavailable, then the expenditure may be considered repairs and maintenance, if the closest available materials to the old materials are used.
- Direct or Indirect Expenditure – most expenditure will be direct, paid to external suppliers. Other expenditure may include the cost for services provided from the internal resources of a scheme operator such as labour or other resources and may require appropriate allocations. In these instances, adequate records should be prepared and retained to support the allocations:
  - direct (e.g. employee costs for an in-house maintenance section or workshop); or
  - indirect (e.g. a share of general overheads for an in-house maintenance section or workshop).
- The method of financing the acquisition of a replacement item of capital or repair does not change the nature of the cost. It is important to consider all components of the payment rather than just the payment itself. These payments, for example, can include one or more of the following purposes and therefore alter their classification:
  - Payment of part of the price for acquisition of the capital item;
  - Payment of interest incurred as consideration for the right to pay that price over time;
  - Payment for service and maintenance of the capital item over a fixed period of time;
  - Payment for use of the item; or
  - Payment reflecting a right to acquire the item at a contractually determined rate at the end of the contractual period.

REINSTATEMENT AND RENOVATION WORKS COSTS

- Reinstatement Work costs – These expenses (whether capital, or repairs and maintenance) are incurred by a departing resident in returning the unit to its original condition after the resident has vacated, except for fair wear and tear, and alterations made to the unit by agreement with the Scheme Operator. The resident is personally responsible for these costs. The Scheme Operator may recover them directly from the resident if the resident has not carried out the work when leaving the unit or if the parties agree that the operator will carry out the work.
- Renovation Work costs – These are defined as replacements or repairs that go beyond 'reinstatement' work (as defined above). As they encompass both replacements and repairs, they may be regarded as a mixture of capital and non-capital expenditure, depending on the work involved. Where the Scheme Operator proposes to renovate an accommodation unit and is thereby responsible for a share of the costs in accordance with the Act, the costs will be payable from the CRF (as the works are considered to be a ‘capital improvement’). The resident is personally responsible for the costs of any renovation work that they choose to do themselves.
- Costs of reinstating and renovating a unit under a pre-1 February 2019 residence contract are regulated differently to the above. The costs of bringing the unit to a marketable condition are to be shared as per the resident’s contract and in accordance with the Act (see section 237K, and former sections 61 and 62 of the Act). If repair or replacement work is carried out, then the costs (to the extent payable by the operator) must be drawn from the CRF, whether for repairs or replacements (former section 62(4) of the Act).
- See the below Quick Reference Tables for further clarification.

REINSTATEMENT WORK AND RENOVATION WORK QUICK REFERENCE TABLE – CONTRACTS ON OR AFTER 1 FEBRUARY 2019:		
	Reinstatement Costs	Renovation Costs
Definition	Restore unit to original condition, apart from fair wear and tear and alterations made by agreement of the parties	Replacements or repairs beyond 'reinstatement'
Responsibility	Resident	Where proposed by Scheme Operator – Resident and Scheme Operator share in same % as capital gain is shared under the residence contract. If no capital gain is payable, all renovation costs are payable by the Scheme Operator. Under a freehold contract, renovation costs are generally payable by the resident.

REINSTATEMENT WORK QUICK REFERENCE TABLE – CONTRACTS BEFORE 1 FEBRUARY 2019:			
	Freehold tenure		
Definition	Marketable condition		
Responsibility	100% to resident		
	Leasehold / licence tenure		
Definition	Marketable condition		
Responsibility (excluding accelerated wear and tear / deliberate damage)	Residence Contract Pre 1/7/2000	Residence Contract between 1/7/2000 and 14/3/2006	Residence Contract between 15/3/2006 and 31/1/2019
	The person stated in the contract; or If no person stated, then shared between parties in the same proportion they share the gross ingoing contribution on sale	The person stated in the contract; or If no person stated, then the scheme operator	Resident and operator share in same % as capital gain is shared under the residence contract The scheme operator (if the resident has no share in the gain)

INSURANCE COSTS

In accordance with the Act, the Scheme Operator is required to insure the village for its full replacement value (section 110(1)). The insurance premium is paid from the General Services Charges Fund (GSCF).

Section 107(c) of the Act identifies that insurance excess payments are paid from the GSCF. These excess payments are not subject to resident approval where an increase in the total General Services Charge exceeds the CPI cap.

Following concerns raised by a number of retirement villages and others in relation to this matter, and the recent increases in insurance costs for villages, the Regulatory Services Unit (RSU) (of the Queensland Government Department of Communities, Housing and Digital Economy) further explored this issue to determine whether an insurance excess must be paid from the GSCF in every case, or if the Act allows for any alternative methods of payment.

RSU now advises that in certain circumstances, an insurance excess amount may be paid from the CRF or the MRF, depending on the terms of the insurance policy and the circumstances of the claim.

Where an excess is paid directly by the scheme operator to an insurer, (ie the scheme operator pays the amount of the insurance excess to the insurer then the insurer pays the supplier/repairer) it will not be a payment that can be categorised as an amount payable for the replacement or repair of retirement village capital items. In this situation, the excess would need to be paid from the GSCF.

Where the excess amount is deducted from the amount paid by the insurer to the scheme operator or the repairer (ie the insurer pays a claim amount directly to the operator or the repairer less the amount of any excess and the operator pays the excess amount directly to the supplier/repairer), then the amount required to be contributed for replacement or repair of property may be categorised as an amount payable for replacement or repair of the retirement village's capital items and may be paid from the MRF or CRF accordingly.

The fund an insurance excess can be paid from will depend on the terms of the insurance contract and circumstances of each claim.

KEY TERMINOLOGY IN RELATION TO RETIREMENT VILLAGE EXPENDITURE APPLICABLE IN QUEENSLAND

The following key terminology is applicable to Retirement Village expenditure in Queensland:

- **'Capital improvement'** means the first-time provision of a 'capital item', including a thing that is a capital improvement under a ruling under the *Taxation Administration Act 1953 (Cwlth)* dealing with capital improvement. (Schedule Dictionary to the Act)
- **'Capital items'** include:
  - (a) all buildings and structures located in the retirement village and owned by the scheme operator, including the communal facilities, amenities and accommodation units, other than items that, under a residence contract, are to be maintained, repaired and replaced by the resident;
  - (b) all plant, machinery and equipment used in the operation of the village, other than items that are body corporate property; and

    Examples for paragraph (b) – Communal hot water and air conditioning services, kitchen and dining room equipment, community facility furnishings, gardening equipment, village bus or transportation services.
  - (c) all village infrastructure owned by the scheme operator.

    Examples for paragraph (c) – Roadways, pathways, drainage, sewerage mains, landscaping, electrical distribution systems, water services and connections and distribution systems.

  (Schedule Dictionary to the Act)
- A **'capital replacement fund'** is a fund established for 'replacing' the retirement village's 'capital items' (**CRF**). (sections 17, 91(1)(a))
- A **'capital replacement fund contribution'** is a percentage of a resident's 'ingoing contribution', decided by the scheme operator and described in the resident's residence contract as a contribution to the CRF. (section 18)
- **'Day to day maintenance**' of a capital item means maintenance of the item that is carried out regularly and with little expense. (Schedule Dictionary to the Act)
- An **'exit entitlement'** is the amount that a scheme operator may be liable to pay to, or credit the account of, a former resident under a residence contract arising from the resident ceasing to reside in the accommodation unit to which the contract relates; or the settlement of the sale of the right to reside in the accommodation unit. (section 16(1))
- An **'exit fee'** is the amount that a resident may be liable to pay to, or credit the account of, a scheme operator under a residence contract arising from the resident ceasing to reside in the accommodation unit to which the contract relates; or the settlement of the sale of the right to reside in the accommodation unit. (section 15(1))
- **'Financial year'** means a period of 1 year beginning on 1 July. (section 36 and Schedule 1, *Acts Interpretation Act 1954 (Qld)*)
- **'General services'** are services supplied, or made available, to all residents of a retirement village. (Schedule Dictionary to the Act)

  Examples of general services—

  • management and administration

  • gardening and general maintenance

  • a shop or other facility for supplying goods to residents

  • a service or facility for the recreation or entertainment of residents
- A **'general services charge'** is a charge payable by a resident in a retirement village, of an amount decided by the scheme operator under the resident's residence contract, for the general services supplied to residents in the village for a financial year. (section 18B)

- A **‘general services charges fund’** is a fund established under section 102AA for general services **(GSCF)**. (sections 18A, 102AA)
- An **‘ingoing contribution’** is the amount payable by a person under a residence contract to secure the person’s, or someone else’s, right to reside in a retirement village, but does not include a recurrent payment for rent, fees or charges. (section 14(1))
- **‘Maintenance’** of a capital item means the upkeep of the capital item in good condition and efficient working order, including doing something that, under a ruling under the *Taxation Administration Act 1953 (Cwlth)* dealing with maintenance of capital items, is maintenance of the capital item. (Schedule Dictionary to the Act)
- A **‘maintenance reserve fund’** is a fund established for ‘maintaining’ and ‘repairing’ the retirement village’s ‘capital items’ **(MRF)**. (sections 19, 97(1)(a))
- A **‘maintenance reserve fund contribution’** is an amount payable by a resident to the scheme operator, under the resident’s residence contract, as a contribution to the MRF. (section 20)
- **‘Personal services’** are optional services supplied or made available for the benefit, care or enjoyment of a resident of a retirement village. (Schedule Dictionary to the Act)

  Examples of personal services—
  - *laundry*
  - *meals*
  - *cleaning the resident’s accommodation unit*
- **‘Reinstatement work’** for a residence contract entered into before 1 February 2019 means replacements or repairs that are reasonably necessary to reinstate a former resident’s accommodation unit to a marketable condition having regard to:
  - (a) the condition of the accommodation unit at the start of the former resident's occupation; and
  - (b) the general condition of other accommodation units in the retirement village that are comparable with the accommodation unit (Schedule Dictionary to the Act pre-1 February 2019)
- **‘Reinstatement work’** for a residence contract entered into on or after 1 February 2019 means replacements or repairs that are reasonably necessary to reinstate a former resident’s accommodation unit to the condition required under section 58(1). (section 56(1))
- **'Renovation work'** for a residence contract entered into on or after 1 February 2019 means replacements or repairs other than 'reinstatement work' (section 59A(7)).
- **‘Repairs’** to a capital item means the restoration of the item by fixing or replacing parts of the item, including doing something that, under a ruling under the *Taxation Administration Act 1953 (Cwlth)* dealing with repairs to capital items, is repairs to the capital item. (Schedule Dictionary to the Act)
- **‘Replacement’** of a capital item means the substitution of the same type of item or an equivalent item, including doing something that, under a ruling under the *Taxation Administration Act 1953 (Cwlth)* dealing with replacement of capital items, is replacement of the capital item. (Schedule Dictionary to the Act)
- **‘Scheme Operator’** means a person who, alone or with someone else, controls (or purports to control) the operation of a retirement village scheme. (section 8)
- **‘Services charge’** means a charge payable by a resident for a general or personal service under a residence contract. (Schedule Dictionary to the Act)

KEY PROVISIONS OF THE RETIREMENT VILLAGES ACT PERTAINING TO RETIREMENT VILLAGE EXPENDITURE APPLICABLE IN QUEENSLAND

The following Parts, Divisions and Sections of the Act detail the requirements in regard to expenditure in a Retirement Village:

Part 3	Residence contracts
Division 5	Reselling and valuing resident's right to reside
58	Reinstatement of accommodation unit
59	When reinstatement work must be completed
59A	Renovation work by scheme operator
Part 5	Operation of schemes for, and management of, retirement villages
Division 3	Capital improvement
90	Responsibility for capital improvement of retirement village
90A	Responsibility for capital improvement of resident's accommodation unit
90B	Residents jointly responsible for capital improvements requested at residents meeting
90C	Responsibility of former resident for capital improvement
90D	Quotes for capital improvements
90E	Money received for capital improvement
Division 4	Capital replacement fund
91	Capital replacement fund
92	Amount of capital replacement fund
93	Capital replacement fund budget
94	Payments into capital replacement fund
95	Restriction on investing capital replacement fund amounts
96	Resident liable for replacing certain capital items
Division 5	Maintenance reserve fund
97	Maintenance reserve fund
98	Amount of maintenance reserve fund
99	Maintenance reserve fund budget
100	Payments into maintenance reserve fund
101	Restriction on investing maintenance reserve fund amounts
Division 6	Charges for personal services
102	Charges for personal services for former residents
Division 7	General services charges fund
102AA	General services charges fund
102A	General services charge budget
103	Working out and paying general services charges for residents
104	Working out and paying general services charges and maintenance reserve fund contributions for former residents
105	General services charges and maintenance reserve fund contributions for unsold right to reside in accommodation units

106	Increasing the total general services charge
107	Allowable increase in total general services charge
107A	Considering more cost-effective alternative services
108	New services to be approved by majority of residents
Part 15	Transitional and savings provisions
Division 2	Transitional provisions for Housing Legislation (Building Better Futures) Amendment Act 2017
237K	Continued operation of former provisions relating to reinstatement work

The following Parts, Divisions and Sections of the former version of the Act in force **prior to 1 February 2019** also apply, where a residence contract was entered into before that date:

Part 3	Residence contracts
Division 5	Reselling resident's right to reside
58	Necessary reinstatement work
59	Scheme operator to ensure reinstatement work to be completed
61	Who pays for work in freehold interest scheme
62	Who pays for work in leasehold or licence scheme

The following key provisions of the Act pertain to Retirement Village expenditure in Queensland:

- Section 90 states that the scheme operator is solely responsible for the cost of the retirement villages 'capital improvement', except for capital improvements requested by a resident or residents under sections 90A to 90E.
- Section 91(1) describes the CRF as being established 'for replacing the retirement village's capital items'.
- Section 91(2) states that the scheme operator is solely responsible for contributing to the CRF.
- Section 91(3) states that an operator must not use the CRF for a purpose other than 'replacing the village's capital items' and paying certain quantity surveyor and tax costs.
- Section 91(5) states that an operator must not use the CRF for 'the village's capital improvement, maintenance or repairs' or 'capital replacement, maintenance or repairs of body corporate property to which the BCCM Act applies.'
- Section 97(1) describes the MRF as being established 'for maintaining and repairing the retirement village's capital items.'
- Section 97(2) states that the residents are solely responsible for contributing to the MRF (however the operator is required to contribute to the MRF on behalf of certain vacated or unsold units under section 105(1))
- Section 97(3) states that an operator must not use the MRF for a purpose other than 'maintaining and repairing the village's capital items' and paying certain quantity surveyor and tax costs.
- Section 97(4) states that an operator must not use the MRF 'for day-to-day maintenance of the village', 'the village's capital improvement or replacement' or 'capital replacement, maintenance or repairs of body corporate property to which the BCCM Act applies'.
- Section 58 states that when a resident vacates a unit "the former resident must leave it in the same condition as it was in when the former resident started occupation of it, apart from fair wear and tear and renovations and other changes to the condition of the unit carried out with the agreement of the resident and the scheme operator".

- Section 59 includes a requirement that reinstatement work that has not been performed by the resident under section 58 (including where the parties have agreed that the operator will do the work) must be completed “by the agreed time” or if this is not agreed, 90 days after the vacation date.
- Section 59A states that if the scheme operator proposes to carry out 'renovation work' (being replacements or repairs other than 'reinstatement work'), then the costs are to be paid for by the resident and the scheme operator in the same proportions as the residence contract provides they are to share in any capital gain.
- Section 237K (and former sections 61 and 62 prior to 1 February 2019) apply where the residence contract was entered into before that date. They cover reinstatement work that must be paid for by an operator or former resident in respect of a leasehold or licence-based interest (section 62), and in respect of a freehold interest (section 61). (Other issues are also covered in these sections, including costs payable by a resident who causes accelerated wear or deliberate damage to their accommodation unit.)

EXTERNAL ITEMS
These Guidelines and Worked Examples do <u>not</u> override the resident's contract and should be read in conjunction with the contract.

GENERAL SERVICES CHARGES FUND	MAINTENANCE RESERVE FUND (to be consistent with the Quantity Surveyor's MRF reports)	
Roads, paths and paved areas		
Regular maintenance done on a short time cycle, minor cost repairs. *For example:* *- Regular pressure cleaning of a concrete BBQ area and surrounds* *- Replacing one to several damaged pavers* *- Pressure cleaning of paved areas*	Repairing or resurfacing the village roads, paths and paved areas to original condition (Where the repair involves the complete reconstruction of the paved area, it must be to less than the total length of any discrete, independent roadway, path or paved area) *For example:* *- Repair of potholes in the road* *- Relaying existing path pavers that have subsided (can be up to total length of path)* *- Replacing a portion of the length of a cracked concrete unit driveway* *- Replacing damaged pavers, building new sand bed and relaying to a percentage of the pathway between the main path and the community building* *- Removal of existing bitumen road surface and reapplying new road surface to all or a portion of the roadway* *- Removal and replacement of a portion of the full depth of a roadway (including bitumen road surface)*	
Swimming Pool Generally		
Regular upkeep done on a short time cycle or minor cost repairs. *For example:* *- Cleaning down the exposed tiling once a week* *- Repair of a small area of grouting up to approx. 2 square metres area each* *- Cleaning of pool and testing of pool water* *- Supply of pool chemicals and other materials required to meet regulations of State and/or local authority*	Repairing damaged pool finish, provided that the work is limited to what is required to reinstate the surface finish. *For example:* *- Re-grouting the tiled surface* *- Replacement of part of the pool surface to repair physically damaged areas*	
Swimming Pool equipment and furniture		
Regular maintenance/servicing done on a short time cycle, minor cost repairs and provision of consumable items. *For example:* *- Scheduled servicing/maintenance of filtration equipment done once a month* *- Wiping down pool furniture* *- Replacing the filter in filtration equipment* *- Testing equipment*	Maintenance and repairs of existing pool equipment and furniture, including routine servicing of equipment as preventative maintenance. *For example:* *- Scheduled servicing/maintenance of filtration equipment done every four months* *- Servicing, maintenance and repairs to pool pump, pool heater, pool cleaner* *- Mending tear/rips in the fabric of pool umbrella or replacement of umbrella pole* *- Cleaning and repairs of acid solution storage tank*	

CAPITAL REPLACEMENT FUND (best endeavours to implement the Quantity Surveyor's CRF reports)	**OPERATOR EXPENSE IMPROVEMENTS**
Replacement of (or replacement of discrete, independent lengths of) roads, paths and paved areas of similar construction. *For example:* *- Replacing damaged pavers, building new sand bed and relaying to 100% of the pathway* *- Removal of all of an existing bitumen roadway (full depth), including rebuilding the road base and applying the new road surface (to full length of driveway, street or laneway)*	Construction of new road, path or paved area or replacement of a road, path or paved area with one of a superior construction. *For example:* *- Construction of path to new community building* *- Replacing existing concrete road with new higher strength concrete road to prevent ongoing damage by heavy vehicles*
Replacing all of the pool finish with a similar surface finish. *For example:* *- Replacement and retiling of all of the tiles on the pool surface, rather than just an area of damaged tiles, when matching replacement tiles are not available and the operator wishes for aesthetic reasons to retain a uniform tiled appearance*	Upgrading the pool surface finish or changing the structure of the pool. *For example:* *- Removing an existing pebblecrete finish and upgrading it with a tiled finish that has a longer life cycle and is easier to keep clean* *- Adding depth marker signs around the exposed edge of the pool to meet safety standards* *- Building in steps or a ramped entry to the pool*
Replacement of pool equipment & furniture with similar items. *For example:* *- Purchase of replacement pool heater, pool cleaner, pool pumps, pool filtration pump, storage tanks, pool umbrella or deck chairs*	Purchase of first pool cleaner or furniture items or upgrading existing equipment or furniture. *For example:* *- Installing a pool heater, automatic pool cleaner or computerised water control system for the first time* *- Upgrading to a solar powered pool heater to reduce the operating costs*

EXTERNAL ITEMS These Guidelines and Worked Examples do <u>not</u> override the resident's contract and should be read in conjunction with the contract.

GENERAL SERVICES CHARGES FUND	**MAINTENANCE RESERVE FUND** (to be consistent with the Quantity Surveyor's MRF reports)
Landscaping/Gardens	
Regular gardening activities done on a short time cycle, replacement of individual low-cost plants and provision of consumable items used on an on-going basis. *For example:* *- Regular mowing, edging, trimming and watering of lawn* *- Pruning of small trees and shrubs as part of the routine maintenance of the village gardens and grounds* *- Spot application of fertilizer/pest control around existing plants and lawns* *- Minor repair/maintenance to fencing such as re-nailing individual palings that have come loose or tightening screws holding fencing panels together*	Maintenance of the existing plants, trees and lawns and one-off replacement individual small/non-feature plants. *For example:* *- Irregular replacement of individual plants forming part of a larger garden bed (with the same plant or a plant filling a similar function in the bed)* *- Re-turfing of a minor lawn area* *- Tree lopping carried out on a systematic basis during the year* *- The cost of having trees inspected to determine their health or if they are a safety risk* *- Systematic fertilisation of garden beds and lawns* *- Replacing less than a whole length of fence (ie replacing individual panels or palings) where the whole length of fence does not otherwise require replacement* *- Maintenance of existing bollards*
Mulching/Bark	
Spot application of mulch to existing mulched garden beds. *For example:* *- The spot application of mulch around a tree after the existing mulch has been disturbed by general gardening activities*	Reapplying mulch or bark systematically over all of (or large discrete stages of) the village's garden beds in a regular schedule. *For example:* *- Re-application of mulch to the garden beds in three stages of the village every six months on a rolling stage by stage schedule*
Garden equipment and tools	
Regular maintenance/servicing done on a short time cycle, minor cost repairs and replacements and provision of consumable items. *For example:* *- Replacement of rake handle* *- Replacement of a shovel/spade* *- Sharpening of saw blades* *- Purchase of oil/fuel* *- Sharpening of mower blades*	Maintenance and repairs of existing garden equipment and tools (including routine servicing of equipment as preventative maintenance). *For example:* *- Quarterly service of ride-on lawn mower* *- Replacement of a gearbox in a ride-on mower*
Stormwater or Sewerage Pipes	
Regular maintenance done on a short time cycle and minor cost repairs. *For example:* *- Cleaning of storm water pipes*	Repairing the village storm water or sewerage pipes to original condition (Where the repair involves the complete replacement of the storm water or sewerage pipe, it must be to less than the total length of any discrete, independent section of storm water or sewerage pipe). *For example:* *- Repair of a storm water or sewerage pipe that is leaking at a joint in the piping* *- Replacing a percentage of the length of a storm water or sewerage pipe that has cracked*

	CAPITAL REPLACEMENT FUND (best endeavours to implement the Quantity Surveyor's CRF reports)	**OPERATOR EXPENSE IMPROVEMENTS**
	Re-establishment of a substantial component of the overall gardens and grounds in the village. *For example:* *- Replacing all fences with identical fences or replacing a whole length of fence* *- In a large garden bed, all the existing plants are removed, and the bed is completely replanted with new flowers (that are different but do not substantially change the life or use of the gardens)* *- Re-turfing an existing lawn with similar grass after the existing grass dies* *- Replacement of existing bollards*	The initial creation of a new garden bed or lawn or the significant improvement of an existing garden bed. *For example:* *- The installation of a new feature plant/tree* *- The installation of a new water feature or garden statue; or the substantial alteration of an existing garden bed to one having improved features* *- Replacing older fencing around the garden with higher fences or fences made from stronger or more aesthetically pleasing material* *- Installation of new bollards*
	Where systematic application of mulch/bark has not been applied over a period of time and garden beds need complete remulching/rebarking then refer to Landscaping/Gardens example. It is only a CRF item if a substantial re-establishing of the village gardens is involved – refer Landscaping/Gardens example.	The application of mulch/bark for the first time on an existing garden bed or as part of the construction of a new garden bed. *For example:* *- Mulch is applied as part of the construction of new gardens in a new development stage of the village*
	Replacement of equipment (some groups of items such as a set of spanners should be treated as a single conglomerate item when purchased together). *For example:* *- Replacement of ride-on mower* *- Purchase of a full set of drill bits when it is not possible (or practical) to replace a number of individual broken bits*	Purchase of garden equipment for the first time or upgrading of existing items. *For example:* *- Initial purchase of a brush cutter* *- Purchase of mower with a larger diameter mower blade in order to reduce mowing time*
	Replacement (or replacement of discrete independent sections of) storm water or sewerage pipes. *For example:* *- Replacing all storm water or sewerage pipes within the village* *- Replacement of whole length of sewerage pipe between an accommodation unit (or group of accommodation units) and sewer main* *- Replacement of septic tank systems (if existing)*	Installation of new storm water and sewerage pipes and replacement with pipes of a superior quality. *For example:* *- Replacing existing pipes with new higher strength pipe materials to prevent ongoing damage*

EXTERNAL ITEMS
These Guidelines and Worked Examples do not override the resident's contract and should be read in conjunction with the contract.

GENERAL SERVICES CHARGES FUND	MAINTENANCE RESERVE FUND (to be consistent with the Quantity Surveyor's MRF reports)
Telecommunication (includes Telephone, Television, Foxtel, NBN - where provided by the Operator)	
Servicing carried out as part of a routine to maintain the operation of a village's overall system in accordance with the manufacturer's guidelines or industry best practice. AND Reactionary maintenance and repairs. Costs can include the replacement of minor components of an item or the provision of consumable items as part of an overall system. *For example:* *- Repairing a connection by way of replacing a connector on the end of a cable* *- Adjusting an antenna's orientation to improve reception* *- Replacing a remote or handset to allow a resident to continue to use a system*	Repair and maintenance of the cabling system and related equipment (Where the repair involves the replacement of cabling, it must be to less than the total length of any discrete, independent cable run). *For example:* *- Replacement of part of phone cabling between the central PABX and an accommodation unit* *- Replacement of component in satellite dish which services the entire or large sections of a village*
Termite Treatment to Village	
Inspection of termite baits/traps/stations and replacement of baits if done more than four times a year.	Scheduled and one-off termite treatment to prevent termite damage and remedial work to repair termite damage (where the repair does not comprise a capital replacement). *For example:* *- Annual termite inspection and application of spray* *- Injecting termite protection chemicals into ground or building structure to renew existing chemical barrier* *- Replacing termite damaged pergola posts* *- Replacing termite damaged portions of skirtings/flooring etc that is of a minor or insignificant nature but does not comprise replacement* *- Replacing damaged portion of retaining wall (but not entire retaining wall)* *- Replacement or inspection of termite baits/traps if not done more than four times a year*
External Painting	
Minor touch-up/spot painting to external areas. Typically undertaken by Operator staff. *For example:* *- Touching up scratches on external wall, ceiling/soffit or door/window frames* *- Touch-ups to external features such as street lights or gazebos*	Full or partial repainting of, or wash-down of, exterior surfaces, such as community centres and/or accommodation units, as required due to damage or other reason, and where paint has reached the end of its useful life. *For example:* *- Repainting walls and/or ceilings, trims, frames and the like due to a water leaks, impacts or alterations* *- Common area and/or Community centre repainting program*

	CAPITAL REPLACEMENT FUND (best endeavours to implement the Quantity Surveyor's CRF reports)	OPERATOR EXPENSE IMPROVEMENTS
	Replacement of (or replacement of discrete independent sections of) cabling or major equipment. *For example:* *- Total replacement of the phone cabling between the central PABX and an accommodation unit* *- Replacement of cabling throughout an entire building to improve services to all, or a section of, units of a village* *- Replacement of the central PABX* *- Replacement of satellite dish which services the entire or large sections of a village* *- Replacement of phone handsets where provided by the Operator to all units*	Purchase and installation of the cabling system for the first time or upgrading of existing system. *For example:* *- Replacement of the total cabling system throughout the village, or some of its components, to take advantage of better technology or enable compatibility with other systems* *- Installation of booster on TV cabling* *- Installing new antenna or phone point*
	Replacement of (or replacement of discrete, independent sections of) assets damaged by termites and replacement of termite barriers (e.g. 'termi mesh') and protection systems. *For example:* *- Replacement of termite damaged retaining wall along one side the property (where the retaining wall continues further around the property boundary)*	Installing a termite barrier or a bait/monitoring system for the first time. *For example:* *- Installation of a termite proof metal barrier around the bottom of pergola posts* *- Injection of termite protection chemicals into ground or building structure to commence an ongoing chemical treatment program*
	N/A	Painting of new additions to the village, repainting of existing paintwork with a higher quality finish and repainting of existing paintwork as an incidental part of other improvement works. *For example:* *- When a wall is due for painting, replacing the existing standard paint finish with a suede finish paint* *- Painting of surface that was previously not painted, eg External brickwork*

EXTERNAL ITEMS These Guidelines and Worked Examples do <u>not</u> override the resident’s contract and should be read in conjunction with the contract.

GENERAL SERVICES CHARGES FUND	**MAINTENANCE RESERVE FUND** (to be consistent with the Quantity Surveyor's MRF reports)	
Guttering and Roofing		
Regular maintenance to existing roofing and guttering on a short time cycle, and minor cost repairs. *For example:* *- Replacing a small number of broken tiles on a tiled roof* *- Repairing a leaking gutter.*	Repairs and maintenance to existing roofing and guttering. *For example:* *- Replacing a section (but not the whole roof) of an existing tiled roof with roof tiles* *- Replacing less than a whole length of downpipe where the whole length of the downpipe does not otherwise require replacement*	
Leaf Guard		
Regular maintenance done on a short time cycle, minor cost repairs. *For example:* *- Cleaning out leaves caught in leaf guard*	Repair and maintenance of existing leaf guard (Where the repair involves the complete replacement of the leaf guard, it must be to less than the total length of a discrete independent section of leaf guard). *For example:* *- Replacement of small length of leaf guard to patch a damaged section to one length of gutter on an accommodation unit*	
Village Bus (if Owned or Shared-Ownership by the Village)[1,2]		
Registration of Village Bus, including statutory requirements such as inspections and CTP insurances; and comprehensive insurance. AND Regular maintenance done on a short time cycle, minor cost repairs and provision of consumable items[2]. *For example:* *- Running costs such as fuel/diesel costs* *- Checking and replacing the water and oil* *- Replacing a headlight fuse or bulb* *- Cleaning and polishing the bus* *- Volunteer driver regulatory costs*	Repair and maintenance of bus[2]. *For example:* *- Regular service (3, 6 or 12 months)* *- Purchase and installation of replacement parts, including motor, clutch, transmission, head gasket, gearbox and the like* *- Purchase of new tyres* *- Regular inspections*	
[1] If the bus is ‘owned’ or being acquired via a ‘rent to buy’ or long-term lease (i.e. a financing lease), then it would be considered to be a ‘capital item’ and categorisation of expenditure into MRF, CRF and General Service Fund are applicable. If the bus is ‘leased’ with no intent of ownership (i.e. an operating lease), then all expenditure would be categorised into the General Services Fund to the extent that the expenditure is applicable to the operation of the Village.		

	CAPITAL REPLACEMENT FUND (best endeavours to implement the Quantity Surveyor's CRF reports)	OPERATOR EXPENSE IMPROVEMENTS
	Replacement of whole roofing and guttering with similar materials. *For example:* *- Replacing a whole roof with a new roof (similar or same materials)* *- Replacing a whole length of downpipe with an identical length of downpipe (similar or same materials)*	Roofing to new additions to the village, replacement of whole roofing and guttering with upgraded materials. *For example:* *- Replacing a whole roof with a new roof (upgraded materials eg. tiled roof to colourbond roof).* *- Replacing a whole length of downpipe with an identical length of downpipe (upgraded materials)* *- New roof to new addition to village*
	Replacement (or replacement of discrete independent sections of) leaf guard. *For example:* *- Replacing of all leaf guard to gutters of an accommodation unit* *- Replacement of leaf guard to all of a patio's guttering*	Initial purchase and installation of leaf guard. *For example:* *- Initial installation of leaf guard to gutters of existing accommodation units*
	Purchase of replacement bus (regardless of reasons for replacement) and leasing cost for bus acquired on long-term lease[2]. Or Replacement of a full engine with a rebuilt one[2]	Purchase of initial bus for the village or upgrade of the bus[2]. *For example:* *- Replacing bus motor with more powerful motor* *- Converting the bus from petrol to diesel or gas* *- Purchase of new and/or replacing the bus with an electric and/or driverless bus or people mover vehicle*
	[2] If usage of the bus is shared with another village or a residential care facility, expenditure from the MRF, CRF or General Services Charges Fund is to be justified by the Scheme Operator producing time sheets showing the usage of the bus by each facility on each occasion.	

INTERNAL ITEMS

These Guidelines and Worked Examples do not override the resident's contract and should be read in conjunction with the contract.

GENERAL SERVICES CHARGES FUND	MAINTENANCE RESERVE FUND (to be consistent with the Quantity Surveyor's MRF reports)
Kitchen equipment and utensils in Community Building and Common Areas	
Regular maintenance/servicing done on a short time cycle, minor cost repairs and replacements. *For example:* *- Replacement of stove element and cost of employee time (or contractor fees) to change* *- Replacement of a toaster* *- Replacement of jug from crockery setting* *- Microbiological testing to cool room and/or equipment*	Maintenance and repairs of existing kitchen equipment, utensils and cold rooms including routine servicing of equipment as preventative maintenance and replacement components of the equipment. *For example:* *- Replacement of blades for the in-sink-erator/sink grinder* *- Replacement of gas for refrigeration*
Furniture and drapes in Community Building and Common Areas	
Regular maintenance/servicing done on a short time cycle, minor cost repairs and replacements. *For example:* *- Stitching/minor repairs* *- Cleaning venetian blinds*	Maintenance and repairs of existing furniture and drapes, including preventative maintenance and replacement of components of the furniture and drapes. *For example:* *- Dry cleaning of window furnishings* *- Recovering upholstered chairs*
Carpet and vinyl floor coverings in Community Building and Common Areas	
General maintenance and cleaning of carpet, rugs and vinyl in common areas. *For example:* *- Daily vacuuming of carpet* *- Simple spot stain removal*	Cleaning and repairs to carpet, rugs or vinyl flooring in common areas. *For example:* *- Steam cleaning of carpet* *- Spot patching of carpet to repair small area of stain or damage*
Emergency Call System	
Regular maintenance/servicing done on a short time cycle, minor cost repairs and replacements. *For example:* *- Monitoring of system* *- Minor repairs to individual emergency call points* *- Replacement of batteries to supplied units/pendants etc*	Maintenance and repairs of existing emergency call system, including preventative maintenance and replacement of components of the system. *For example:* *- Replacement of individual hardwired call point where existing call points are located* *- Repairs and maintenance to the system, including the receiving computer system (if not a managed service)*
Electrical Services in Community Building and Common Areas	
Regular maintenance/servicing done on a short time cycle, minor cost repairs and replacements. *For example:* *- Replacement of light globes and/or fittings* *- Replacement of an existing power point, light switch or part thereof* *- Replacement of minor components of individual home sub-boards* *- Repairs or component replacement to electrical items provided – stove elements, thermostats, mechanical ventilation, hard-wired doorbells, ceiling fans* *- Repairs or component replacement to electrical items within the community facilities / common ground*	Maintenance and repairs of existing electrical system, including preventative maintenance and replacement of components of the system. *For example:* *- Annual electrical system testing including tagging, emergency lighting and other critical common systems* *- Repairs and replacement of electrical cable between an accommodation unit and the main distribution board* *- Repairs and maintenance to electrical boards including cabinets and other components*

CAPITAL REPLACEMENT FUND (best endeavours to implement the Quantity Surveyor's CRF reports)	**OPERATOR EXPENSE IMPROVEMENTS**
Replacement of equipment. *For example:* *- Replacement of a microwave, oven, cooktop and the like* *- Replacement of commercial toaster* *- Replacement of a full setting of crockery when it is no longer possible to replace individual small cost items from an older setting*	Purchase of the kitchen equipment for the first time or upgrading of existing equipment. *For example:* *- Initial purchase of a deep fryer* *- Purchase of a new attachment for a multi-function dough-mixing machine* *- Replacement of a standard microwave with a convection microwave*
Replacement of furniture and drapes. *For example:* *- Replacement of lounge sofa* *- Replacement of a set of French curtains*	Purchase of furniture or drapes for the first time or upgrading of existing furniture or drapes. *For example:* *- Replacing existing curtains with timber Venetian blinds or the like* *- Initial purchase of a display case*
Replacement of all of (or a discrete area of) the existing carpet/rugs/vinyl with similar carpet/rugs/vinyl. *For example:* *- Replacing the carpet in one room that is damaged beyond spot patching, but leaving the existing matching main corridor carpet unchanged*	Initial purchase of carpet or replacement of carpet with a superior surface. *For example:* *- Carpet is laid over what was previously polished timber flooring* *- Carpet upgraded to that of a higher standard*
Replacement of all of (or of discrete, independent sections of) the existing emergency call system or major components with a similar system or components. *For example:* *- Replacement of the total emergency call system (regardless of whether the old system failed)* *- Replacement of independent radio system emergency call points*	Purchase and installation of emergency call system for the first time or upgrading of existing system. *For example:* *- Initial emergency call system purchase and installation*
Replacement of all (or of discrete, independent sections of) the existing wiring or major electrical components with similar wiring or components. *For example:* *- Complete rewiring of a building* *- Replacement of a complete meter board with a similar meter board*	Purchase and installation of the electrical system for the first time or upgrading of existing system. *For example:* *- Initial wiring of village* *- Installation of safety switch* *- Installation of a power point in a new location* *- Circuit board upgrade*

INTERNAL ITEMS
These Guidelines and Worked Examples do not override the resident's contract and should be read in conjunction with the contract.

GENERAL SERVICES CHARGES FUND	MAINTENANCE RESERVE FUND (to be consistent with the Quantity Surveyor's MRF reports)
Windows/Doors and Other Glazing	
Regular maintenance/servicing done on a short time cycle, minor cost repairs and replacements. *For example:* *- Replacement of the putty in a timber framed window* *- Regular cleaning of glazing in accessible locations* *- Replacement of keys* *- Lubrication of hinges, springs and other mechanisms*	Maintenance and repairs of windows and doors and other glazing elements, including preventative maintenance and replacement of components. *For example:* *- Repair to window or door glass where old glass has been damaged or smashed (where not part of an insurance claim)* *- Patching and repainting of damaged door* *- Annual cleaning of exterior of glazing in areas not easily accessible (e.g. non-operable windows on a high-rise building)* *- Repair or replacement of locks and door handles* *- Repair or replacement of components of door systems*
Computer Systems	
Computer system maintenance and support. *For example:* *- Computer technician services fees for resolving identified system issue* *- Ongoing data storage costs*	Computer system maintenance and support. *For example:* *- Virus protections and software updates* *- Replacement of malfunctioning internal hard drive (including any associated technician service fees)*
Solar Panels/Battery Systems/Solar Hot Water Systems	
Regular maintenance done on a short time cycle, minor cost repairs and provision of consumable items. *For example:* *- Regular cleaning of solar panels or tubes to maintain efficiency* *- Replacing a connector on the end of a cable* *- Monitoring of the system/s' performance*	Repair and maintenance of the system and related equipment (Where the repair involves the replacement of cabling or pipework, it must be to less than the total length of any discrete, independent cable or pipe run). *For example:* *- Replacement of part of cabling between the panels, inverters, batteries, switchboard, meters, etc* *- Replacement of part of pipework between solar panels/tubes and hot water storage tanks* *- Replacement of a minor component in the system*
Automatic Opening/Closing Doors/Gates (Sliding and/or Hinged)	
Regular maintenance/servicing done on a short time cycle, minor cost repairs and replacements. *For example:* *- Weekly cleaning of glazing* *- Replacement of keys* *- Lubrication of hinges, springs and other mechanisms*	Maintenance and repairs of doors/gates and other operating elements, including preventative maintenance and replacement of components (eg under an ongoing service contract). *For example:* *- Repair to door glass where old glass has been damaged or smashed (where not part of an insurance claim)* *- Patching and repainting/refinishing of damaged door or gate frame (where not part of an insurance claim)* *- Replacement of minor operational components (eg washers, bearings, gaskets and the like)*

CAPITAL REPLACEMENT FUND (best endeavours to implement the Quantity Surveyor's CRF reports)	OPERATOR EXPENSE IMPROVEMENTS
Replacement of doors or windows or glazing (where the glazing is a discrete, independent element) with similar items. *For example:* *- Replacement of glazing forming a shop front or feature wall (where not part of an insurance claim)* *- Replacement of timber window with similar window due to deterioration of timberwork* *- Replacement of timber entry door*	Purchase and installation of the glazing system for the first time or upgrading of existing glazing. *For example:* *- Replacing timber framed windows with aluminium framed windows that require less maintenance* *- Upgrading to double glazing or UV protection glazing* *- Replacing clear glazed feature wall with frosted glazing*
Replacement of computer system components. *For example:* *- Replacement of malfunctioning external hard drive (including any associated technician service fees)* *- Replacement of a computer monitor screen*	Purchase of upgraded or superior computer hardware and software.
Replacement of (or replacement of discrete independent sections of) cabling or pipework, or major equipment. *For example:* *- Total replacement of the electricity cabling between the panels, inverters, batteries, switchboard, meters, etc* *- Total replacement of pipework between solar panels/tubes and hot water storage tanks* *- Replacement of a solar panel/tube, inverter, battery, switchboard, meter and the like*	Purchase and installation of the system for the first time or upgrading of existing system. *For example:* *- Replacement of the existing hot water system (electric or gas) with a solar based system, to reduce costs and/or take advantage of better technology or enable compatibility with other systems* *- Installation of new solar electricity panels/system and/or battery storage system/s, to reduce costs and/or take advantage of better technology or enable compatibility with other systems*
Replacement of doors, gates or significant operational components with similar items. *For example:* *- Replacement of glazing and/or framing (where not part of an insurance claim)* *- Replacement of doors/gates or significant operational components (eg sliding door chain drive operator) due to reaching the end of its operational life or failure/breakdown*	Purchase and installation of the automatic opening/closing door/gate system for the first time or upgrading of existing doors/gates to automatic function. *For example:* *- Replacing existing doors/gates with automatic function to enhance access*

INTERNAL ITEMS

These Guidelines and Worked Examples do not override the resident's contract and should be read in conjunction with the contract.

GENERAL SERVICES CHARGES FUND	MAINTENANCE RESERVE FUND (to be consistent with the Quantity Surveyor's MRF reports)	
Emergency Generators		
Regular maintenance/servicing done on a short time cycle, minor cost repairs and replacements. *For example:* *- Monitoring of system* *- Annual registration with local authorities (if required)*	Maintenance and repairs of existing emergency generator system, including preventative maintenance and replacement of components of the system (eg under an ongoing service contract). *For example:* *- Replacement of individual circuit breakers/fuses as necessary* *- Repairs and maintenance to the system, including regular testing and certification, diesel or gas consumed during testing, and the like.*	
Lifts/Lifting Platforms/Service Elevators		
General maintenance and cleaning. *For example:* *- Daily cleaning of floors and walls* *- Simple spot stain removal*	Maintenance and repairs of existing lift equipment, including routine servicing of equipment as preventative maintenance (eg under an ongoing service contract). *For example:* *- Scheduled servicing/maintenance of lift equipment done annually or periodically during the year* *- Repair of finishes where damaged (eg impact by trolley, wheelchairs, etc)* *- Repair of lift buttons, floor lanterns, door sensors as necessary*	
Embedded Networks (including Data/Information/Technology Networks, Security/CCTV Systems, Home Automation Systems)		
Regular maintenance/servicing done on a short time cycle, minor cost repairs and replacements. *For example:* *- Monitoring of system* *- Annual registration with local authorities (if required)* *(Note: replacement of lost or damaged resident held access devices (eg Ipad type devices), or additional devices are at the direct cost to the resident)*	Maintenance and repairs of the embedded network system, including preventative maintenance and replacement of components of the system (eg under an ongoing service contract). *For example:* *- Replacement of individual circuit breakers/fuses as necessary* *- Repairs and maintenance to the system, including regular testing and certification* *- Repairs and maintenance of individual access devices*	
Digital Locks/Access Swipes/Cards/Fobs		
Regular maintenance/servicing done on a short time cycle, minor cost repairs and replacements. *For example:* *- Monitoring of system* *- Minor repairs to individual device locations (other than replacement)* *(Note: replacement of lost or damaged resident held access devices (eg access card or fob), or additional devices are at the direct cost to the resident)*	Maintenance and repairs of existing digital locks and/or access control system, including preventative maintenance and replacement of components of the system (eg under an ongoing service contract) *For example:* *- Replacement of individual digital locks and/or access swipes/swipe points where existing devices are located* *- Repairs and maintenance to the system, including the receiving computer system*	

CAPITAL REPLACEMENT FUND (best endeavours to implement the Quantity Surveyor's CRF reports)	OPERATOR EXPENSE IMPROVEMENTS
Replacement of all of (or of discrete, independent sections of) the existing emergency generator system or major components with a similar system or components. *For example:* *- Replacement of the total emergency generator system (regardless of whether the old system failed)* *- Replacement of the automatic transfer switch and/or dedicated switchboard*	Purchase and installation of emergency generator system for the first time or upgrading of existing system. *For example:* *- Initial emergency generator system purchase and installation*
Replacement of existing lift equipment with similar items. *For example:* *- Replacement of lift ropes, motors, pumps, door operators, operating panels at the end of their effective lives*	Purchase and installation of first lift, lifting platform, service elevator and the like or upgrading existing equipment. *For example:* *- Installing a lift, lifting platform, service elevator for the first time* *- Upgrading of a lift, lifting platform, service elevator to reduce the operating costs and/or maintain compliance with safety and/or Regulations*
Replacement of all of (or of discrete, independent sections of) the embedded network system or major components with a similar system or components. *For example:* *- Replacement of the bulk and/or individual meters (regardless of whether the old components/system failed)* *- Replacement of data network switches and other components (regardless of whether the old components/system failed)* *- Replacement of the existing data cabling network with same cabling (regardless of whether the old cabling failed)*	Purchase and installation of the embedded network for the first time or upgrading of existing system. *For example:* *- Initial purchase and installation of an internal electrical network system including bulk and individual meters, switchboards, etc* *- Supply of digital devices for the first time (eg Ipad type devices for access to the embedded network)* *- Replacement of the data cabling network to take advantage of new technology* *- Purchase and installation of additional components to an existing system/network*
Replacement of all of (or of discrete, independent sections of) the existing digital locks and/or access control system or major components with a similar system or components. *For example:* *- Replacement of the total digital locks and/or access control system (regardless of whether the old system failed)*	Purchase and installation of digital locks and access control system for the first time or upgrading of existing system. *For example:* *- Digital locks system purchase and installation* *- Supply of access cards/fobs for the first time* *- Purchase and installation of additional digital locks and/or access swipes/swipe points to an existing system*

INTERNAL ITEMS
These Guidelines and Worked Examples do not override the resident's contract and should be read in conjunction with the contract.

GENERAL SERVICES CHARGES FUND	MAINTENANCE RESERVE FUND (to be consistent with the Quantity Surveyor's MRF reports)	
Internal Painting		
Minor touch-up/spot painting to internal areas of common areas. Minor repairs and maintenance of internal wallpapered common areas. Typically undertaken by Operator staff. *For example:* *- Touching up scratches on stair balustrades or door frames*	Full or partial repainting of interior of common areas, such as community centres, as required due to damage or other reason, and where paint has reached the end of its useful life. *For example:* *- Repainting walls and/or ceilings, trims, frames and the like due to a water leaks, impacts or alterations* *- Common area and/or Community centre repainting program* *- The ceilings in a multi storey building require repainting due to a water leak in upstairs areas* *- Patching and/or minor replacement of paint of wallpaper in community centre and common areas*	
Safety & Compliance		
Statutory compliance of operating systems in the village. *For example:* *- Lift compliance and licensing* *- Height Safety access systems* *- Replacement of batteries for smoke detectors and NBN communication systems*	Review and reissue of fire evacuation plans each 3 years	

	CAPITAL REPLACEMENT FUND (best endeavours to implement the Quantity Surveyor's CRF reports)	**OPERATOR EXPENSE IMPROVEMENTS**
	N/A	Painting of new additions to the village, repainting of existing paintwork with a higher quality finish and repainting of existing paintwork as an incidental part of other improvement works. *For example:* *- When a wall is due for painting, replacing the existing standard paint finish with a suede finish paint* *- Painting of surface that was previously not painted*
	Replacement of roof anchors points or lines at the end of their effective life or as a result of height safety access report. Replacement of signage at the end of their effective life or as a result of height safety access report.	Establishment of compliance system for any newly established facilities within the village, or any works to comply with new legislation requirements (eg smoke alarms, etc). Provision of additional roof anchors points or lines as a result of height safety access report. Provision of additional signage to ensure continued compliance with regulations

UNIT RELATED – INTERNAL & EXTERNAL

NOTE:

1. These Guidelines and Worked Examples do <u>not</u> override the resident's contract and should be read in conjunction with the contract.
2. These unit categorisations only apply if the resident's contract does not make them responsible for the maintenance, repair and replacement of the relevant items, or where the work is not required because of deliberate or accelerated wear and tear caused by the resident.

GENERAL SERVICES CHARGES FUND	MAINTENANCE RESERVE FUND (to be consistent with the Quantity Surveyor's MRF reports)
Painting	
Minor touch-up/spot painting to external and internal areas of units. Minor repairs and maintenance of internal wallpapered areas. *For example:* *- Touching up scratches on stair balustrades or door frames*	Repainting of interior or exterior of accommodation unit during period of resident's occupancy where paint has reached the end of its useful life. *For example:* *- The resident has occupied the unit for a number of years and the normal life of the painting has been reached* *- The bathroom ceiling in a multi storey building requires repainting due to a water leak in the upstairs bathroom*
Carpet and vinyl floor coverings owned by Operator	
General maintenance and cleaning of carpet. *For example:* *- Daily vacuuming of carpet, where service is provided as part of resident contract* *- Simple spot stain removal, where service is provided as part of resident contract*	Cleaning and repairs to carpet or vinyl flooring during the occupancy of the resident. *For example:* *- Steam cleaning of carpet* *- Spot patching of carpet to repair small area of stain or damage*
Fixtures and fittings and drapes owned by Operator	
Regular maintenance/servicing done on a short time cycle, minor cost repairs and replacements. *For example:* *- Rehanging of kitchen cupboard door, where service is provided as part of resident contract* *- Replacing a light bulb, where service is provided as part of resident contract*	Maintenance and repairs of existing furniture, fittings and drapes, including preventative maintenance and replacement of components, during the occupancy of the resident. *For example:* *- Replacement of thermostat in hot water unit* *- Quarterly maintenance of air conditioning system* *- Replacement of damaged insect mesh in a security screen door (where screen not added by the resident and their responsibility)*
Underpinning of Accommodation Unit	
Regular maintenance/servicing done on a short time cycle, minor cost repairs and replacements.	Maintenance and repairs including underpinning. *For example:* *- Repair work due to subsidence*

3. This section of examples will not apply where the units fall under the Body Corporate and Community Management Act jurisdiction (e.g. strata titled) and are owned by the residents as freehold title.
4. Where the Operator is responsible for a share of the costs of 'reinstatement work' for a unit under a residence contract entered into before 1 February 2019, the Operator's share of the costs must be paid for out of the CRF (whether for repairs or replacements).

	CAPITAL REPLACEMENT FUND (best endeavours to implement the Quantity Surveyor's CRF reports)	**OPERATOR EXPENSE IMPROVEMENTS**
	Repainting of accommodation unit on termination as part of reinstatement costs only if the operator is responsible for the cost (refer to individual resident’s contract and the Act) and the residence contract is entered into before 1 February 2019. *For example:* *- A determination of the requirement to repaint the walls will be made on re-instatement and responsibility for these costs is in accordance with the resident’s contract*	Painting of new additions to the village, repainting of existing paintwork with a higher quality finish and repainting of existing paintwork as an incidental part of other improvement works. *For example:* *- When a wall is due for painting, replacing the existing standard paint finish with a suede finish paint* *- Painting of surface that was previously not painted, eg External brickwork*
	Replacement of all of (or a discrete area of) the existing carpet with similar carpet. *For example:* *- Replacing the carpet in one room that is damaged beyond spot patching, but leaving the existing matching main corridor carpet unchanged* *- The carpet in the unit is slightly worn, so the operator elects to replace it when the resident vacates the unit*	Initial purchase of carpet or replacement of carpet of a superior quality is installed. *For example:* *- Carpet is laid over what was previously polished timber flooring* *- The old carpet is replaced with a carpet of superior quality*
	Replacement of furniture, fittings and drapes. *For example:* *- Replacement of light fittings with similar light fittings* *- Replacement of air conditioning system (where air-conditioning not added by resident and their responsibility)* *- The kitchen cupboard laminate colour is no longer fashionable, so the operator elects to replace the kitchen cupboards when the resident vacates the unit*	Purchase of furniture, fixtures or drapes for the first time or upgrading of existing furniture or drapes. *For example:* *- Replacement of fluorescent light with down lights* *- Initial installation of security door* *- Replacement of kitchen cupboards during upgrade with cupboards of higher quality finish*
	Replacement of all of (or a discrete part of) the existing underpinning with similar underpinning. *For example:* *- Complete replacement of patio underpinning*	N/A

APPENDIX A INDEPENDENT DISPUTE RESOLUTION SERVICES

The follow pages provide a schedule of some publicly funded mediation services in Australia.

QUEENSLAND

Mediation is offered through the Dispute Resolution Centre - complete the online questionnaire to determine whether a Dispute Resolution Centre is appropriate for your complaint.
Web: www.qld.gov.au/law/legal-mediation-and-justice-of-the-peace/settling-disputes-out-of-court/mediation

There are six Dispute Resolution Centres across Queensland.
Web: www.qld.gov.au/law/legal-mediation-and-justice-of-the-peace/settling-disputes-out-of-court/dispute-resolution-centres

NEW SOUTH WALES

Mediation is offered through Community Justice Centres (CJC), as governed by the NSW Department of Communities and Justice.
Phone: 1800 990 777
Web: www.cjc.justice.nsw.gov.au

NSW courts offer court-annexed alternative dispute resolution. Advice available through LawAccess NSW.
Phone: 1300 888 529
Web: www.lawaccess.nsw.gov.au

AUSTRALIAN CAPITAL TERRITORY

The ACT Civil and Administrative Tribunal is authorised to deal with disputes regarding retirement villages and offers mediation as a dispute resolution pathway.
Phone: 02 6207 1740
Web: www.acat.act.gov.au

The Conflict Resolution Service (CRS) also offers free dispute resolution advice and services.
Phone: 02 6189 0590
Web: www.crs.org.au

VICTORIA

Mediation is offered through the Dispute Settlement Centre of Victoria (DSCV). The DSCV provides appropriate dispute resolution services for retirement village residents or management who need assistance.
Phone: 1300 372 888
Web: www.disputes.vic.gov.au

There are ten Dispute Resolution Centres across Victoria.
Web: https://www.disputes.vic.gov.au/about-us/contact-us/contact-details

TASMANIA

Advocacy Tasmania is an independent service offering free community advocacy.
Phone: 1800 005 131
Website: www.advocacytasmania.org.au

Advocacy Tasmania also operates the Tasmanian Elder Abuse Helpline on behalf of the Tasmanian Government.
Phone: 1800 441 169
Email: helpline@yoursaytas.org

NORTHERN TERRITORY

The Community Justice Centre is a Northern Territory Government service offering free community mediation at local venues across the Territory.
Phone: 1800 000 473
Email: cjc@nt.gov.au

SOUTH AUSTRALIA

Mediation is available through the Courts Administration Authority of South Australia. Either party can contact the mediation unit.
Phone: 08 8204 2444
Email: mediation@courts.sa.gov.au

WESTERN AUSTRALIA

Mediation is available through all Western Australian courts and the State Administrative Tribunal. The Citizens Advice Bureau also offers a mediation service as well as legal advice.
Phone: 08 9221 5711
Web: www.cabwa.com.au

APPENDIX B LEGISLATIVE FRAMEWORK

Operators and residents have rights and obligations at both state and federal levels. The relevant jurisdictions are determined by the location of the retirement village, the nature of the village and the facilities and services offered. Some of the most relevant legislation is scheduled here.

FEDERAL

- Competition and Consumer Act 2010
- Employment law and regulations
- Work Health and Safety Act 2011 and workplace health and safety laws and regulations

QUEENSLAND

- Retirement Villages Act 1999
- Residential Tenancies and Rooming Accommodation Act 2008
- Body Corporate and Community Management Act 1997

NEW SOUTH WALES

- Retirement Villages Act 1999
- Residential Tenancies Act 2010
- Strata Schemes Management Act 2015
- Community Land Management Act 1989

AUSTRALIAN CAPITAL TERRITORY

- Retirement Villages Act 2012
- Residential Tenancies Act 1997
- Unit Titles (Management) Act 2011
- Community Title Act 2001

VICTORIA

- Retirement Villages Act 1986
- Residential Tenancies Act 1997
- Owners Corporations Act 2006

TASMANIA

- Retirement Villages Act 2004
- Residential Tenancy Act 1997
- Strata Titles Act 1998

NORTHERN TERRITORY

- Retirement Villages Act 1995
- Residential Tenancies Act 1999
- Unit Titles Act 1975
- Unit Title Schemes Act 2009

SOUTH AUSTRALIA

- Retirement Villages Act 2016
- Residential Tenancies Act 1995
- Strata Titles Act 1988
- Community Titles Act 1996

WESTERN AUSTRALIA

- Retirement Villages Act 1992
- Residential Tenancies Act 1987
- Strata Titles Act 1985

APPENDIX C ACKNOWLEDGEMENTS

The RLC would like to acknowledge the assistance of the members of the Property Council of Australia and the Retirement Living Council, and Rider Levett Bucknall for the preparation of these Guidelines.

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