

# NSW Retirement Living Webinar - Get your Assets in Gear

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Presenters: Sylvia Mansour, Rosemary Southgate, Donna Rayner  
Facilitator: Rohan Harris



# Webinar housekeeping

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- All attendees will be on mute and their cameras turned off for the entire webinar
- We have BD tech support live to assist with any technical issues
- Use the chat function for any comments/technical issues
- Use the Q&A function for specific questions related to the webinar content – Questions will be addressed at the end of the webinar
- This webinar is being recorded and will be provided post-event
- There will be a post webinar survey link sent at the end of the webinar. We value attendee feedback
- We will also have a QR code linking to our feedback survey towards the end of the presentation so you can provide instant feedback

## Disclaimer

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The information contained in this presentation is intended as general commentary and should not be regarded as legal advice. Should you require specific advice on the topics or areas discussed please contact the presenter directly.

**Sylvia Mansour**



# What is an Asset Management Plan

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- *Retirement Villages Act 1999* → Retirement Villages Amendment (Asset Management Plans) Regulation 2021 → Secretary's guidelines for retirement village Asset Management Plans
- Every 10 years
- Documents the costs of purchase, and ongoing maintenance, repairs and replacement of a retirement village's major items of capital, including shared major items of capital
- Provide clarity around the future costs of retirement village assets, for which residents pay the maintenance

## Asset Management Plan must include ...

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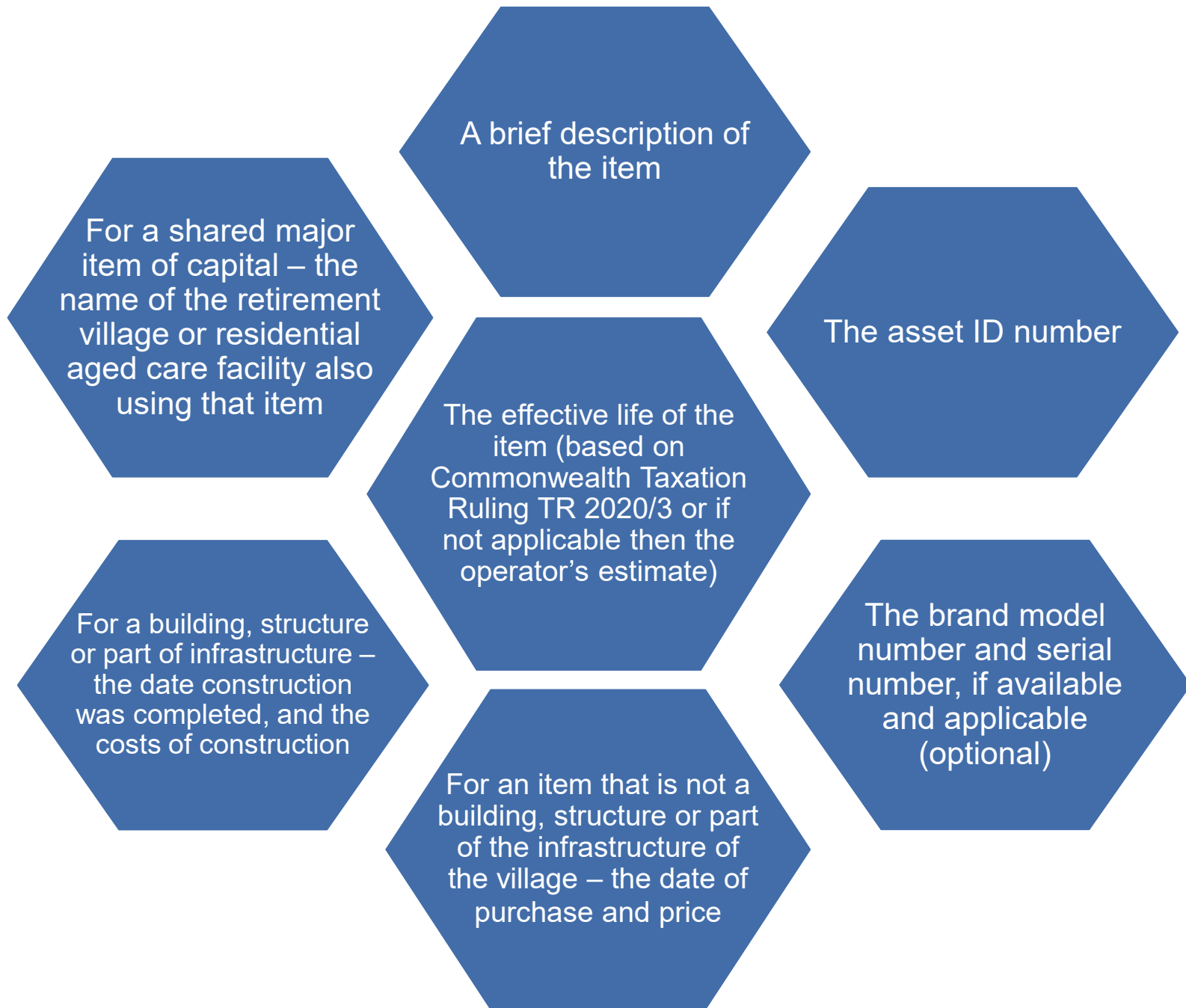
**Asset  
register**

**Maintenance  
Schedule**

**Any  
information  
required by  
the  
Secretary  
Guidelines**

# Asset Register

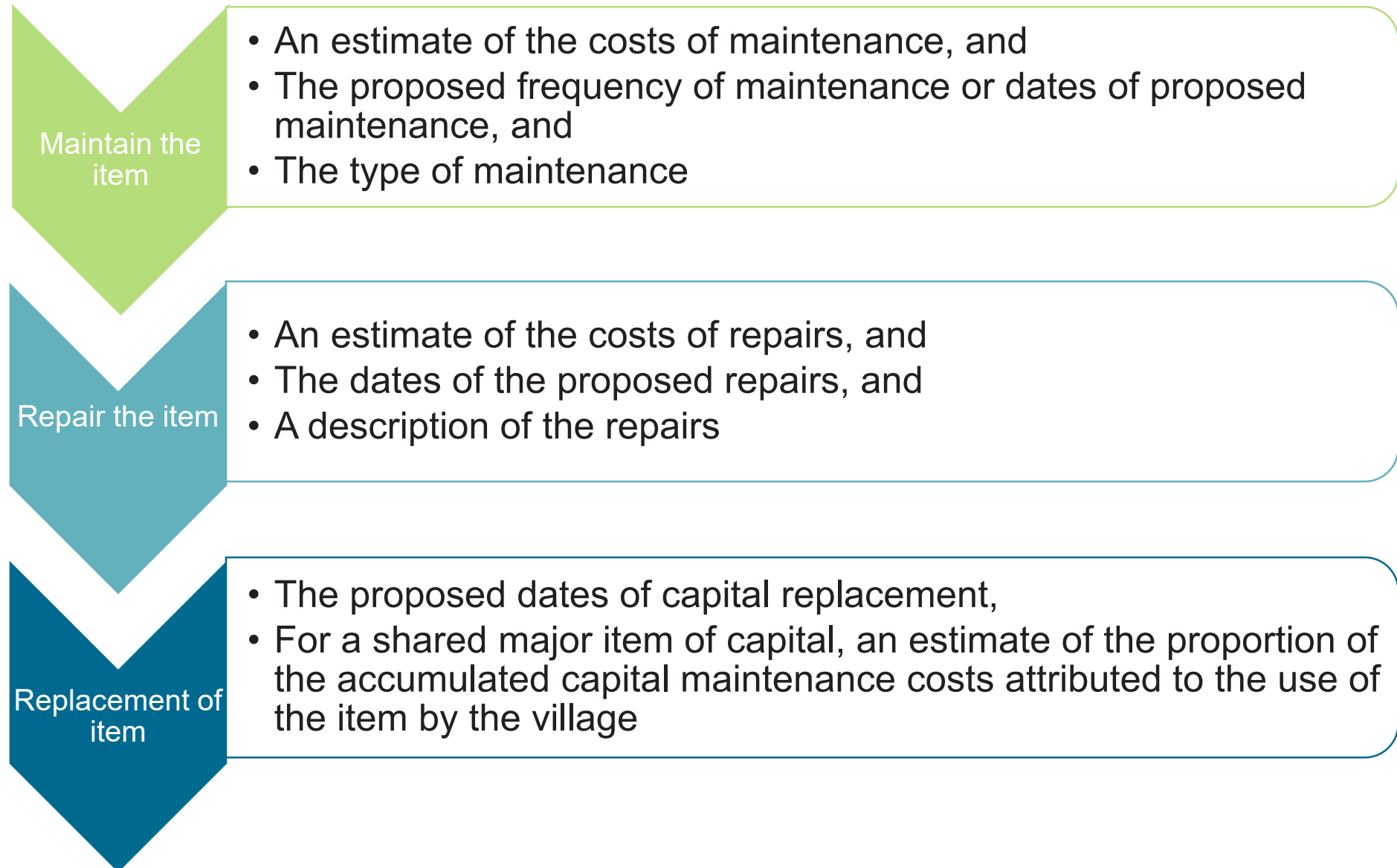
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# Maintenance Schedule

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For works proposed to:





# What is....?



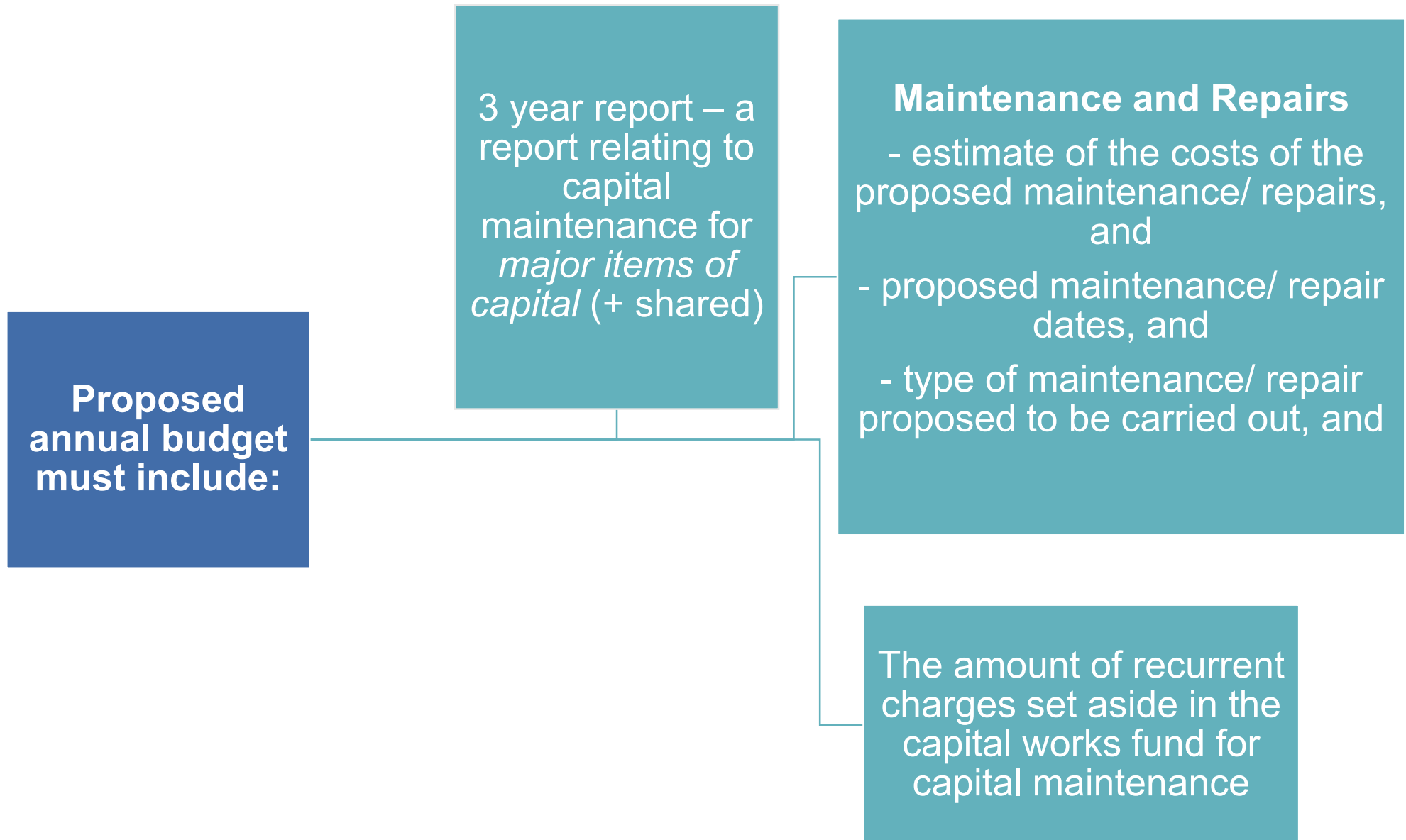
**Major item of  
capital - \$1,000**

**Effective life - Table A  
and Table B of the  
Schedule to the TR  
2020/3 – Income tax:  
effective life of  
depreciating assets  
(applicable from 1 July  
2020)**

**Shared major item  
of capital**

# 3-year report

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# 3-year report – example



Figure 1: Transposing information from the asset management plan to the 3-year report

# Example

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You purchase a ride-on mower:

- purchase price - \$2,000
- purchase date - 2012
- effective life - 10 years
- accumulated costs of repairs – 90%

If the accumulated costs of repairs reach \$1,800 (90 percent of the purchase price) or the item kept until 2021 (one year within the end of the item's effective life), you include this information in the 3-year report for discussion with residents at the annual budget.

**Donna Rayner**



## 3 key takeaways about AMP requirements

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- 1. NO FUNDING FOR CAPITAL MAINTENANCE OF ITEMS OF CAPITAL**
- 2. COMMENCEMENT OF FIRST AMP**
- 3. PENALTIES**

# Why you need to have an AMP?

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- Response to recommendations in the Greiner Report
- Operators responsible to maintain items of capital they are responsible for (section 93)
- Source of funding of costs of maintenance of items of capital – recurrent charges and/or capital works fund (section 97)
- Details of capital maintenance expenditure needs to be included in your proposed annual budget (section 98)
- Operator to have an up to date AMP for the items of capital they are responsible for (section 101A)
- Information for Annual Budget – 3 year report (Regulation 19A)
- Ministerial Orders extended to 21 September 2021

## When do you need to have your AMP in place by

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- First AMP is to commence at the start of the village's next financial year after 1 July 2021;
- Prior to commencement:
  - Independent assessment of AMP by the auditor or independent qualified QS;
  - 60 days before commencement operator to notify residents that AMP can be inspected and have a copy available for inspection;
  - Residents may comment on AMP and operator to prepare a report of comments received and whether AMP was revised in response or not
  - Non compliance is not an offence before 1 July 2022



# What happens if you don't have an AMP?

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- Will not be able fund capital maintenance and repairs from recurrent charge and/or capital works fund
- Penalties after transition period ends (1 July 2022):
  - Not having an AMP:
    - \$11,000 for corporations or \$5,500 in any other case;
    - on the spot fines of \$2,200 for corporations or \$1,100 in any other case
  - 3 year report included with your proposed annual budget doesn't include required information:
    - \$2,200;
    - on the spot fines of \$1,100 for corporation or \$440 in any other case

**Rosemary Southgate**



# Updating AMP

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Operator must keep the AMP up to date. Regulation 26E

Requirements mean that an operator cannot set and forget the AMP. Rather it must be a live document, regularly updated.

## Requirements include:

- Update to the asset register if a new item of capital is purchased, within 7 days
- Update to the 3 year report if, once the annual budget approved, it differs from the 3 year report in the plan – to be updated within 28 days

## Update AMP (Cont'd)

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- After maintenance or repair of each item of capital is carried out, update:
  - **For maintenance** – as to the actual cost, the type of maintenance and date carried out for that item, and the accumulated cost of all maintenance to that item (by \$ and as % of original PP)
  - **For repairs** – as to the actual cost, a description of the repair and date carried out for that item, and accumulated cost of all repairs (by \$ and as % of original PP)
  - **For shared major item of capital** – the proportion of the accumulated capital maintenance cost to that item attributed to use by the village
  - Actual date on which any capital replacement was carried out and the cost

## Update AMP (Cont'd)

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If it becomes apparent to the operator that the total cost of capital maintenance for all major items of capital estimated at the start of the plan is likely to increase by 25% or more (net of CPI increase) before the end of the 10 year period of the plan.

### **THEN the Operator must:**

- revise the estimates of the capital maintenance cost in the AMP; and
- notify each resident that a copy of the revised AMP can be inspected and include a notice which includes:
  - List of major items of capital and shared items of capital in relation to which the estimate increased
  - The original and revised estimates of capital maintenance cost for each item; and
  - the reason for the change in the estimates.

AND the operator must go through the consultation process again – allow residents to make comments, report on comments and reason why/why not included

## Next steps

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- Project plan and project timing to implement – noting timing for resident comment
- Identify the major items of capital in the village so as to create the required asset register – don't assume that any asset register or depreciation schedule at the village already complies. Must be inclusive of major items of capital and shared items of capital as required in the Regulations
- Appoint QS to assist with preparing the maintenance schedule
- Notice to residents; comments; report
- AND system for updating the plan once implemented

## How RK can help

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- Compliance check of proposed plan
- Review of resident comments; responding to comments; how to report



# Q&A – Your Russell Kennedy Contacts

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