



WARVRA

**Western Australian Retirement Villages Residents Association Inc**

## **BUDGET REQUIREMENTS**

The requirements for a budget are set out in Clause 17 of the 2015 RV Code.

1. The content of the Budget is set out in sub-clause (3)
2. The budget must presented in a consistent format from one year to the next
3. There are a number of line items that must be included listed in the Code.
3. Additional line items, headings and sub-totals relevant to understanding the budget of a particular village may be included.
4. A budget must include notes disclosing:
  - (a) the method by which the amount of recurrent charges payable by residents is calculated. **See appendix 1**
  - (b) the method by which any recurrent charge payable by the administering body for residents who have permanently vacated the village and have reached the time when their payments are capped is calculated. **[Note that this does not apply to strata or purple title villages].**
  - (c) separate amounts for the auditor's remuneration for audit and non-audit services to the village.
  - (d) for line items apportioned between the village and another body (e.g., on site residential care facility):
    - (i) the method used to apportion the expenses; and
    - (ii) material items of expense contained in this line item that have not otherwise been disclosed.
  - (e) in regard to management and administration fees other than those disclosed under (d) above:
    - (i) the method of calculation; and
    - (ii) separate disclosure of material items of expenses within the management and administration fees that have not otherwise been disclosed. **See appendix 2**
  - (f) any other information needed to help residents understanding of the proposed budget.
5. A separate budget must be provided for every village administered by the administering body.

**How is the resident contribution calculated?**

First, the estimated expenditures for the coming year are calculated using past experience and market information.

Second, from the total expenditure non-resident income (rents, interest etc.) is deducted.

Third, the balance remaining is the amount that needs to be raised by resident contributions.

The resident contribution will be calculated in accordance with the residence contract and may be:

- shared equally among all residences; or
- shared differentially among all residences taking into account the number of occupants in a residential unit; or
- shared differentially among all residences taking into account the size (floor area) of the residence; or
- some other system described in the residence contract.

**APPENDIX 2**

**Expenses included in the management and administration fee**

The following is an example of a list of the items which make up the Management/Administration Fee.

**Accountancy, Statutory and Tax Related expenses:**

- Cash flow management and funding
- Preparation of resident statements and collection of service fees
- Payment of all accounts
- Reconciliation of bank statements
- Preparation of Business Activity Statements (BAS), Calculation and remittance of GST
- Co-ordination of annual tax reporting and compliance
- Refurbishment / Maintenance / Reserve Fund administration and reporting
- Preparation of annual budgets
- Monthly and quarterly analysis of Income and Expenditure
- Co-ordination of annual audits of village financial statements

**Payroll and HR:**

- Processing of Payroll, including the calculation of all related entitlements, payment and reconciliation of withholding & payroll taxes and superannuation
- Annual payroll tax returns
- Workers compensation insurance claims management
- HR support and recruitment assistance

**IT and Communications:**

- Provision of computer equipment for village staff
- Computer applications and software licenses
- Provision of technical support

**Management Services:**

- Operational Management and business compliance
- Assistance with Occupational Health and Safety compliance
- Statutory and environmental compliance
- Procurement
- Management of insurance claims