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### **What is the Management Fee?**

The management fee is a fee charged by the Administering Authority to the owner of the retirement village. Under the Retirement Villages Act 1987 the owner is able to recoup this charge by including the fee as a cost item in the recurrent charges (ie maintenance fee).

### **Why is the Management Fee charged?**

The owner of any retirement village in South Australia is bound by the Retirement Villages Act 1987 to provide and administer a "retirement village scheme".

The "retirement village scheme" must operate within the guidelines of the Retirement Villages Act 1987 and achieve the objectives of;

- a) To provide a regulatory framework for the operation of retirement villages in South Australia under which a balance is achieved between the rights and responsibilities of –
  - i. Residents of retirement villages; and
  - ii. Operators of retirement villages
- b) To encourage best practice management standards among the operators of retirement villages;
- c) To ensure that there is proper disclosure of information to prospective residents of retirement villages;
- d) To regulate the making, content, operation and termination of residence contracts;
- e) To ensure that residents are properly consulted about matters affecting their residence in the retirement villages;
- f) To provide for dispute resolution processes.

The Administering Authority charges a management fee to the village owner for these extensive range of services provided.

### **How is the Management Fee calculated?**

The management fee is calculated as a cost per residence in each village.

This method of calculating the fee is an industry standard and allows for the fact that every resident within a network of villages have equal rights under the Retirement Villages Act 1987.

The current fee is \$18.87 including GST, (\$17.15 ex GST) per week, per residence.

### **How does this fee compare to Industry Standards?**

Lifestyle SA has conducted an independent review of the management fee it charges and it has been revealed that the current fee of \$18.87 is in the lower range of the market rate.

Other village management companies in the review included, Village Care, Optimum Retirement Services and Aveo. Their management fees range from

\$18.78 (inc GST) per week per residence (Optimum Retirement Services)  
to  
\$23.10 (inc GST) per week per residence (Village Care Pty Ltd)

Upon this review, a revealing aspect to Lifestyle SA was that many of the services and reporting processes to residents, supplied as standard by Lifestyle SA were considered "extra services" by other operators who charged residents accordingly.

Lifestyle SA as the Administering Authority is committed and obligated under the Retirement Villages Act 1987 to meet all the regulations and requirements on behalf of the village owner. The owners of the villages have tendered this contract to the open market and upon the owners review have determined that Lifestyle SA provides the most cost effective management services for their villages.

### **What does the Administering Authority do for its fee?**

The Administering Authority is contracted to the village owner (as per previous) and is obliged to administer the retirement village scheme as per the Retirement Villages Act 1987.

A contract has been entered into between each village owner and the Administering Authority, to carry out the objectives set out by the Retirement Villages Act 1987.

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