Retirement Villages: Residents' Housing Costs and Living Circumstances

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RETIREMENT VILLAGES

RESIDENTS' HOUSING COSTS AND LIVING CIRCUMSTANCES

by Tony Eardley
and Mary-Rose Birch

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Foreword

Retirement villages are an increasingly popular form of accommodation for people in the later years of their lives. Yet we have had little quantitative information up to now either about how this type of housing tenure is organised and financed, or about the circumstances of residents. No single national body or department has the responsibility for monitoring retirement villages and even the size of the sector is not known with any accuracy.

As the retirement village sector has grown, it has also become increasingly diversified, offering services ranging from fully independent housing to nursing home care. In the context of policy change and debate about government financial support for aged care and accommodation, it is important to understand how retirement villages fit in to the wider picture.

The Department of Social Security commissioned this study at the end of 1996, partly because there were some questions about whether policies on eligibility for Rent Assistance among retirement village residents had kept up with changes in the level and distribution of residents' housing costs, but also to provide an up-to-date information base for wider consultations about policy in this area.

In spite of difficulties with sampling from a virtually unknown population, this study, based on the construction of a national database and two surveys, has achieved its aims of providing a useful source of background information and generating answers to some immediate policy questions. It will be of interest to a wide constituency, including the retirement village sector itself, as well as those concerned with older people's accommodation, their financial circumstances, and the provision and financing of aged care.

Peter Saunders
Director

Acknowledgements

The database which formed the sampling frame for the surveys in this study built on previous information gathering exercises by a number of organisations. We are particularly grateful to Michele Manicaros and Bob Stimson for the use of the Australian Housing and Urban Research Institute (AHURI) database. Other data came from State Councils for the Ageing in the ACT, New South Wales, Queensland, Victoria and Western Australia, the South Australia Seniors' Information Office, Departments of Fair Trading in New South Wales and Consumer Affairs in Queensland, and from Karen Linnell of the Australian Health and Aged Care Journal. Jane Virgo and Glenys McIver of the Department of Social Security provided helpful comments and ideas. None of these is responsible for any errors in our use or interpretation of the information they supplied.

Merrin Thompson provided invaluable help with assembling the database and carrying out the telephone survey of retirement villages. Translation of the resident questionnaires into the first languages of two ethnic-specific villages was by Irena Shapiro and Pamela Carsaniga.

We are grateful to all the village managers, without whose cooperation it would have been difficult to mount the resident survey. Finally, our thanks go to the residents who took the time to respond. The large number who offered additional comments and asked to be informed of the results suggests that the topic is one of considerable interest to the retirement village resident population.

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1 Introduction

The Department of Social Security (DSS) is reviewing its policies on Rent Assistance (RA) for residents of retirement villages. The review has been prompted by concerns that current policies may not be targeting assistance accurately. The Department has received a number of representations about possible inconsistencies in eligibility for rent assistance among retirement village residents. Recent research carried out for the Queensland Department of Family and Community Services has also suggested that the costs structures of retirement villages may have become more complex as the sector has expanded and diversified (QDFCS, 1996). Further impetus for a reconsideration of policy on retirement villages comes from the introduction in 1997 of new subsidy arrangements for forms of aged persons' accommodation which receive recurrent funding from the Department of Health and Family Services.

In order to improve its information base for any future policy decisions, the DSS commissioned a study by the Social Policy Research Centre. The research was organised in two stages. Stage 1 involved creating a national database of retirement villages as a source of information about the sector and as a sampling frame for two surveys. The first survey was of the managers of a sample of retirement villages and was carried out by telephone. The second stage of the research was a postal survey of residents in the sample villages. An interim report provided initial results from the database and the telephone survey (Eardley, Birch and Thompson, 1997). This final report includes findings from the resident survey, linked with further analysis of the telephone survey and with other contextual material about retirement villages and their clientele.

Section 2 of the report discusses the research questions and reviews the literature relevant to the study. The following section then describes the methods used in assembling the database and carrying out the surveys. Section 4 gives an overview of data on the size and distribution of the retirement village sector. Section 5 presents the first set of analyses from the resident survey, while Section 6 concentrates on residents' housing costs and financial circumstances. This is followed by a brief summary of additional comments made by residents in the survey. Section 8 draws together the key conclusions from the study and considers the implications for policy.

2 Background to the Research

2.1 What Are Retirement Villages?

Retirement villages have been defined in a number of different ways and the legal definition and interpretation of what they constitute differs between the States and Territories. As Stimson et al. (1997) have argued, the ambiguities in definition stem in part from the increasingly varied forms of accommodation available within the aged housing sector, together with the wide variety of financial and contractual arrangements. One of the broadest definitions adopted is that by Heydon (1996) in a report for the New South Wales Department of Fair Trading. He defines a retirement village as 'any complex where the majority of residents are aged over 55 and were intentionally brought together by a management organisation'. Generally, it is possible to say that retirement villages have a number of distinct characteristics (Stimson et al., 1997).

- They are for aged people.
- They are segregated housing complexes.
- They include varying types of accommodation from independent units through to nursing homes for people needing special care.
- Although some may receive public subsidies, they rely mainly on residents to fund their operations.
- They provide facilities and services to support aged residents' lifestyles and stages in the life cycle.

Financially speaking, there are three main types of retirement village. Rental villages provide for people who do not own property and have few assets. Costs to the resident are normally met within the age pension. Donor-funded villages involve residents making a donation to a church or non-profit community organisation, in return for which they acquire a license to occupy accommodation. Ongoing costs are normally based on a percentage of the age pension (plus extra fees in the case of private nursing homes), and the managing organisation may also receive public subsidies from various sources. Resident-funded villages, with which this study is mainly concerned, are targeted at people with higher levels of assets. Residents pay an initial capital sum, the 'entry contribution', which covers the construction or purchase of a unit and in some case part or all of the maintenance and running of the complex. There is usually an additional ongoing maintenance/service fee. Unlike residents of donor-funded villages, people buying into resident-funded villages can normally expect to receive a refund of all or a large part of their entry contribution if they leave, although they may not always receive the full value of any capital appreciation.

Resident-funded retirement villages have traditionally provided both self-care accommodation for people able to live independently and hostel or serviced accommodation for people needing some services and assistance. Hostels cater to those who are no longer able to live independently, by providing personal care services, cleaning and meals. Places are normally allocated on a needs basis and hostel providers can receive recurrent government subsidies. Residents generally pay an entry contribution plus 85 per cent of the age pension while receiving care. Serviced apartments in some States offer a comparable level of care to hostels, but on a for-profit basis, such that residents themselves largely meet the costs of care and accommodation. They may thus be seen as the private sector equivalent of publicly-supported hostel provision.

In recent years, as the aged accommodation sector has grown, provision has diversified, with some organisations providing a mix of self-care, serviced, hostel and nursing home accommodation, or supplying varying packages of services and care to residents in a variety of accommodation types.

Property within resident-funded retirement villages can be held under a variety of financial and legal arrangements (including strata, leasehold and company title, or license), which may convey different rights and varying levels of ongoing financial obligations. No national regulatory or licensing body exists for retirement villages and they are governed by State legislation. Consequently there is considerable variation both in the ways that financial arrangements between residents and village managements are regulated, and in the terminology used to describe different forms of accommodation.

For social security purposes, retirement villages are defined as 'residential premises in which the accommodation is primarily intended for persons aged at least 55 years and consists of either self-care, serviced or hostel units, and where communal facilities exist for the use of the occupants (Social Security Act: Section 12 (3)). While this is apparently straightforward, classification of types of retirement village is still not always clear cut. The issue of what constitutes a 'donor-funded' or 'resident-funded' retirement village remains somewhat ambiguous. Initial contact with a number of retirement villages suggested that some used the DSS Rent Assistance 'extra allowable amount' threshold (discussed below) as a reference point for describing themselves as either donor- or resident-funded.

2.2 Departmental Policy on Rent Assistance for Retirement Village Residents

Currently, Rent Assistance is available on a means-tested basis to age pensioners who live in private rented housing where their rent is above a specified threshold. For residents of retirement villages, assistance is only available where the village is at least partially resident-funded (including some hostels which operate within this framework), and eligibility depends primarily on the size of the initial entry contribution.

If the entry contribution is greater than the difference between the assets test threshold for home owners and that for non-home owners (currently $88 500), residents are regarded as home owners and therefore not entitled to Rent Assistance. However, their entry contribution is not counted as an asset under the age pension assets test. The difference between the two thresholds is known as the 'extra allowable amount' (EAA) and is applied equally to single persons and couples. If the entry contribution is equal to or lower than the extra allowable amount, residents are treated as non-home owners and may be entitled to Rent Assistance towards their ongoing maintenance/service charge, but the entry contribution is counted under the assets test. This policy was introduced in June 1989. For people taking up residence in a village before that date the entry contribution threshold was $64 000 (single person or couple) and to qualify for Rent Assistance occupants had to satisfy a number of other criteria indicating that they were not, in effect, home owners.

The present policy is based on earlier research which indicated that maintenance/service charges tended to be larger where entry costs were lower, and thus included an element of return on capital for the village management. Where entry contributions were higher, ongoing charges tended to be lower and were comparable with fees payable to a body corporate for similar strata title home units. Rent Assistance policy is therefore aimed at targeting help towards those who are likely to be in greater need.

However, recent studies of retirement villages in Queensland, carried out for the Queensland Department of Family and Community Services (QDFCS, 1995), have suggested that, in that State at least, the picture may have become more complex. According to this research, average entry contributions tended to be substantially higher than the extra allowable amount, while the levels of ongoing service costs were not necessarily related to the size of entry contributions. These fees appeared to be particularly high for residents of serviced accommodation, such that some who did not receive Rent Assistance could be noticeably worse off after paying service charges than other residents who did. Some residents in self-care accommodation also received extra services, so comparisons of service charge levels have to be seen in terms of what they might be covering in addition to accommodation.

The Queensland paper made a number of recommendations for policy change, including detaching the extra allowable amount from the formula based on the assets test and basing it on actual average levels of entry contribution. The paper also noted a recommendation of the *Strategic Review of the Pensions' Income and Assets Test* (Barber, Moon and Doolan, 1994) that the assets threshold for non-home owners be extended to reflect the average value of pensioner housing generally and that pensioners be given the option of being treated as non-home owners, with the value of their home counted under the assets test.

It was not known, however, whether the Queensland data on which the paper was based reflected the position nationally. Nor was there any indication of whether higher entry costs equated to a higher standard of accommodation or a wider range of services. This research study was therefore commissioned to provide the Department with a better information base for assessing whether current policy is still targeting assistance where it is needed.

2.3 Other Research on Retirement Villages

The success of the donor-funded model in non-profit villages has led in recent years to a rapid increase in commercial developments (Sax, 1993). Yet although the number of people living in retirement villages in Australia was estimated in the early 1990s as being around 60 000 (Howe, 1992), there has been relatively little research on the sector, particularly research addressing the questions relevant to this study. What knowledge we have comes mainly from small-scale studies examining people's housing choices and their expectations and needs in retirement, or looking at the social experience of living in retirement villages.

Early views on the spread of congregate housing for older people were often critical, arguing that the forms of housing created tended to reinforce segregation and inhibit genuine neighbourliness (for example, Elkin, 1970). Since then, however, the popularity (and possibly the quality) of such housing has increased and studies such as that by Legge (1984) found high degrees of satisfaction among residents. What has emerged more recently is an understanding that residents' experiences of retirement villages are likely to be differentiated according to their reasons for moving into a village and their previous housing and financial circumstances. Gardner (1994), for example, surveyed residents of two contrasting villages on the fringe of Melbourne: one a resident-funded village where most occupants had previously been home owners and the other a subsidised, rental village run by a community organisation, where few occupants had previously owned homes. He found a wide range of reasons for people choosing to move to retirement villages, including current or anticipated decline in health, problems with previous housing or difficulties with maintaining the home, isolation and loneliness, particularly associated with the loss of a spouse, and a desire to be closer to families, or alternatively more independent of them. The study illustrates the advantages of being a home owner in old age. The choices available to the occupants of the resident-funded villages in looking for an environment which suited their needs and preferences were considerably greater than those facing the rental village residents. The latter were constrained by their limited resources and emphasised the poor quality of their previous housing as a prime reason for seeking to move.

Retirement villages are not necessarily an ideal solution for everyone, especially if limited resources mean that residents are restricted to accommodation of poor quality or with only basic facilities. In a qualitative study of women's housing in older age, Coleman and Watson (1987) found that women's satisfaction with retirement villages varied considerably, according to factors such as the way the village was run, the type and size of accommodation, the women's financial circumstances and whether they had moved of their own free choice or felt persuaded to do so by families or doctors. In some cases women felt that moving to the village meant a loss of autonomy, especially if they were in hostel or bedsit type accommodation without individual cooking facilities or room to entertain guests.

Gaps between what people moving into retirement villages would like, in terms of services and facilities, and what is actually available, have been highlighted in a survey of villages and residents in Melbourne, conducted by students at the Royal Melbourne Institute of Technology (Casteldine, Chin and Kelly, 1991). Their research suggested that retirement villages tended to be well equipped with facilities such as gardens and recreational facilities, but less so in other service areas on which residents placed a high priority, such as security and emergency medical care.

Another important aspect of life in retirement villages is the extent to which they form friendly and cohesive communities. MacDonald (1996) has carried out an in-depth case study of social participation in one village, focusing on neighbouring, friendship and involvement in organised activities and committees. He concluded that while there was a high level of participation, it was not always based on harmony or consensus of interests. Although widows were often those most involved in organised activities, widowhood could still be a lonely experience in spite of friendships in the village. 'Neighbouring' - described as the exchange of goods and services with people living in close proximity - was strong, but could result in problems of dependency, particularly if it was not regarded as reciprocal. Factors influencing the level and quality of community participation included residents' ages and the life cycle of the village itself; the location of a village, in terms of its ability to recruit residents from surrounding areas and to foster continuing relationships with families; and the reasons people moved to the village.

The most recent research on retirement villages is that of Stimson et al. (1997), carried out from the Australian Housing and Research Institute (AHURI) as part of a wider study of older people's housing. They review the origins, growth and legal framework of the sector and examine current provision from the perspective of planning for the future needs and requirements of older people. They also conducted a survey of retirement villages, looking at locations, facilities, numbers and types of units, and the age and sex of residents.

The next section explains the methods used to carry out our study and discusses the problems involved in researching this particular population. We compare data from our surveys with those of Stimson et al. as a means of checking their representativeness.

3 Research Methods

3.1 Creating a Survey Sample

Studying the retirement village sector presents a number of difficulties. It is a sector which has been growing and changing rapidly in recent years but has attracted little quantitative research. No obvious sampling frame existed for retirement village residents. DSS administrative records on recipients of the Age Pension, for example, do not include sufficient accurate information on type of residence to allow the construction of a population sample for retirement villages. Nor do they cover either self-funded retirees or people below the pension age who have taken early retirement and moved to a retirement village. The Australian Bureau of Statistics collected information on residents in special forms of accommodation, including retirement villages, as part of their survey on Disability, Ageing and Carers (ABS, 1993), but the data did not distinguish between different types of retirement village. The sector has also grown and diversified substantially since this survey was carried out.

For these reasons it was necessary to use other methods to survey villages and their residents. Inquiries made to State and Territory Councils on the Ageing, to a national industry body for the sector, and to researchers in Queensland who had been working in this field, suggested that it would be possible to assemble a reasonably up-to-date national listing of retirement villages from a range of different sources. This could then be used to create a sample of villages, stratified by State, size and urban/rural location. It appeared that there was only one resident-funded village operating in the Northern Territory and only a small number in Tasmania, so it was decided that the surveys should concentrate on the other States.

The first stage of drawing the sample involved constructing a national database of retirement villages. In doing this we were fortunate to be able to draw on a previous listing assembled from various sources by researchers in Queensland as part of the larger study of older persons' housing referred to earlier (Stimson et al., 1997). This was used as a starting point and was merged with the latest available lists from the various State Councils on the Ageing (COTA) and the South Australia Seniors' Information Office. The NSW Department of Fair Trading was able to provide a comprehensive database for New South Wales and a report by its compiler (Heydon, 1996). The Queensland Department of Fair Trading also provided a partial list of retirement villages in their State. These sources were crosschecked, duplication was removed and some areas of ambiguity were checked with individual villages. Organisations with an interest in the topic, such as the NSW Tenants Accommodation Rights Service and

Retirement Villages Residents' Associations in the different States were also consulted.

The resulting information, while as comprehensive and accurate as has been possible in the short time available, is still less than perfect, for a number of reasons. First, the lack of any peak national body or government department to monitor the sector means that information from the States varies in quality, level of detail and currency. Local COTAs often do not have the resources to ensure comprehensiveness and accuracy. Secondly, variation in legislation and definitions between States results in anomalies such as hostels being included in some States and not in others. Thirdly, private sector organisations in the retirement village industry are sometimes reluctant to provide information. Finally, the sector is also growing and developing at a pace which makes it difficult to keep information up to date.

These limitations mean that estimates of numbers and costs derived from the main database have to be regarded with some caution and also affect the extent to which it is possible to generalise from the sample surveys. Nevertheless, we are confident that the data assembled represent as accurate a picture as is currently possible without the expenditure of considerably greater time and resources.

3.2 The Telephone Survey of Retirement Village Managers

At the planning stage, the sample of retirement villages was selected with the aim of producing an achieved population sample of at least 1000 households. It was not known at that point how the resident population would break down by household type or size, but assuming that units contained an average of 1.2 persons the sample was expected to represent around two per cent of the estimated aged population of retirement villages, drawn from around 50 villages. An initial sample of 100 villages was drawn randomly by computer from the main database, stratified proportionately by State (excluding Tasmania and the Northern Territory). The geographical distribution of this sample was checked to ensure that it included villages located in capital conurbations, regional centres and other coastal or rural areas, and that villages of different sizes were also captured (in so far as this was known). Letters were written to all of the initial sample to allow for refusals and non-contact.

Managers of the villages were then approached by telephone until the sample was complete. Since the Department's concern was primarily with occupants of independent self-care units or serviced accommodation rather than those in publicly-subsidised hostels or nursing homes, it was decided to exclude villages which only provided these two types of accommodation. As anticipated, gaining the cooperation of managers was not always straightforward, particularly since the managerial structure of some of the organisations involved in retirement village provision meant that agreement often had to be sought from the head office. Carrying out the survey just before and after the Christmas and New Year holidays also presented difficulties. In spite of these problems, the rate of direct refusal to participate was low and the full planned sample was achieved. The final sample for the telephone survey covered 52 villages with just over 2800 units of self-care or serviced accommodation - more than anticipated because the average size of villages was greater than expected.

3.3 The Resident Survey

Part of the inclusion of villages in the telephone sample involved recruiting support from the managers for the resident survey, since there was no way of approaching the occupants of the retirement villages directly. Managers were asked to distribute to each of their occupied self-care or serviced units a package containing a self-completion questionnaire, a letter explaining the purpose of the survey, a reply-paid return envelope and a pen printed with the logos of the SPRC and the University of New South Wales. The latter was intended to facilitate the completion of the questionnaire and to provide a small incentive for participation. Respondents were also given a toll-free telephone number on which to contact the researchers if they had any queries or difficulties with the questionnaire. Both the telephone and postal surveys are reproduced in Appendices One and Two to this report.

The draft questionnaire was piloted with a small number of residents in two villages close to Sydney and some amendments were made as a result of their comments. Also, two of the sample villages catered for ethnic-specific clienteles for whom English was not always the first language. The questionnaire was therefore translated into the relevant languages for these villages.

3.4 Response Rates

The total number of questionnaires initially distributed to the 52 villages was 2819, based on the number of self-care and serviced units reported by managers. Subsequently, two village managements reported that their governing bodies had decided after all against participation. Another manager indicated that because of the age and frailty of their residents it was unlikely that we would receive any responses. This appeared to suggest that cooperation with the study might be limited, so it was decided to remove this village from the sample. One final village also later reported that they had a large number of vacancies and had thus received too many questionnaires. Adjusting for all the above changes, the total valid number of questionnaires distributed was 2665 in 49 villages, of which

1264 were returned completed. The overall response rate was thus 47.4 per cent. This compares favourably with many postal surveys, especially given the type of aged population involved and the difficulty of having to rely on village managements as an intermediary. It is also probable that there were additional vacancies in other villages. Stimson et al. (1997), for example, found an average vacancy rate of just over six per cent in their survey of retirement villages. Thus the real response rate was possibly higher than 50 per cent, but cannot be estimated with any greater precision[1].

Response rates varied substantially by village, within a range of 8.4 to 87.5 per cent, but only three were below 20 per cent and three above 80 per cent. Most fell between 35 and 60 per cent. It was clear from follow-up phone calls to villages where the response rate was particularly low that some managers had been slow in distributing the packs. Late distribution is likely to have influenced response rates, as a number of phone calls were received from residents in these villages checking whether it was too late to reply. The constraints of time and methodology did not, however, allow for follow-up letters to individual residents to boost returns.

3.5 Adjusting for Response and Sampling Errors

One of the advantages of using a population sample which is clustered together in villages is that residents are likely to share many characteristics, particularly those relating to age, household type, housing costs and facilities available. This suggests that it may be legitimate to allow for non-response by applying a simple weighting, based on the percentage village response rate (VRR). The variation in response rate between villages may suggest other differences, aside from problems caused by late distribution of questionnaires, but without knowing more about the overall population it is difficult to test for these differences. One possibility is that responses were influenced by the type of village, and a comparison does show that response rates tended to be somewhat higher among villages run by religious/charitable organisations and community non-profit organisations than among those in the private sector. Even so, there were still private, for-profit, organisations (which might be expected to cater for a wealthier clientele) in the highest response rate group and charitable organisations amongst those with the lowest rates. In the absence of better information about non-respondents, a simple individual weighting of 100/VRR was therefore adopted to

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1 A further nine questionnaires were returned after analysis was underway and have not been included in the dataset.

deal with non-response. In fact this turned out to make only a small difference to most parts of the analysis.

The second problem concerns errors arising from the sampling methods adopted. As was explained earlier, in the absence of a sampling frame which would allow a randomised national selection of individual retirement village residents, villages were selected randomly from a national list of those known to offer self-care and/or serviced accommodation, stratified proportionately by State. The resident survey was a census of occupants in the sample villages. Assuming that the village sample was representative, the resident population sample should also be representative of the overall retirement village population. Table 3.1 shows how the eventual village sample was distributed according to the forms of accommodation they offered and the type of organisation.

Table 3.1: Retirement Village Sample: Accommodation Provided by Type of Organisation

	Organisation Type				
Accommodation type	Private/ for profit	Religious/ charitable	Community/ not for profit	Public (including local government)	Total
Independent living units only	6	10	4	3	23
Serviced apartments only	2				2
Independent units and serviced apartments	3	1			4
Independent units and hostels		5	2		7
Independent units and/or serviced apartments, plus hostel and nursing home	4	4	5		13
Total	**15**	**20**	**11**	**3**	**49**

Source: SPRC Retirement Village Surveys

The distribution of villages by State was 21 in New South Wales (43 per cent), nine in Queensland (18 per cent), seven in Western Australia (14 per cent), six in Victoria (12 per cent), five in South Australia (10 per cent) and one in the ACT (two per cent). This reflected best estimates of the national, numerical distribution of villages offering self-care and serviced accommodation.

There are a number of inevitable limitations, however, to the representative nature of the sample. First, we know that the national village database may not be fully comprehensive or accurate. Secondly, there is insufficient information on those (relatively few) villages where managers did not wish to participate to tell how far the characteristics of their residents differed from those in the participating villages. The random selection of villages was also adjusted slightly, both to exclude some villages found only to provide hostel accommodation and to include a small number of villages outside major capital or regional conurbations. Finally, three villages were dropped from the sample for the reasons discussed above. Thus the final group of villages from which the residents were surveyed was somewhat different from a fully random sample.

How much does this matter? Clearly in an ideal situation the sample would be fully representative, or if not, the selection bias introduced would be capable of estimation. The difficulty here lies in the lack of accurate data on the overall retirement village population. In order to get some idea of whether our sample is representative, Table 3.2 compares it along a few key dimensions with 1993 ABS data and those from the more recent survey by Stimson et al. (1997).

The table suggests that compared with the ABS data from 1993 our sample has fewer residents from Victoria and Western Australia and more from Queensland. However, according to the information collected for the database (and discussed in the interim report), there are now substantially more people living in retirement villages in both Queensland and New South Wales than the ABS data would suggest. Stimson et al. do not break down the number of residents by State, but their data and those of Heydon (1996) also indicate that New South Wales and Queensland have been the main growth areas for this sector of housing.

In terms of household characteristics, our sample appears to contain somewhat fewer women than other surveys would suggest live in retirement villages. However, the numbers and distribution of household types reported in the AHURI survey (Stimson et al., 1997) are difficult to reconcile with their sex breakdown, even if the figure for couples is counted as a measure of individuals rather than households. The age bands differ for the two surveys, but allowing for the larger percentage of unknown ages in the AHURI survey the two distributions appear not be dissimilar.

3.6 Summary

The data discussed in the rest of the report is based mainly on two surveys, one of the managers of sample of 52 retirement villages in all States and Territories of Australia except Tasmania and the Northern Territory, and the other of the

Table 3.2: Retirement Village Resident Sample Compared with Other Survey Data (individuals)

	Survey			
	ABS 1993	SPRC Survey: Unweighted	SPRC Survey: Weighted	AHURI 1995
	Percentages			
State				
NSW	49.6	45.4	44.0	
Vic.	18.0	12.0	10.7	
Qld.	8.5	25.5	28.5	
SA	8.5	8.4	8.9	
WA	14.0	8.3	7.4	
ACT	0.5	0.4	0.6	
Tas.	1.0	-	-	
Sex				
Women	71.4	66.6	66.7	72.1
Men	28.6	33.4	33.3	27.9
Household Type				
Single women		53.8	54.4	49.7
Single men		12.1	12.0	9.5
Couples		32.9	32.6	'About 18.0'
Other		1.2	0.9	Not stated
Age (AHURI 1995)				
64 or under				3.7
65-74				21.9
75-84				35.7
85 or over				12.7
Not known				26.0
Age (SPRC Survey)				
65 or under		6.7	6.3	
66-70		11.9	11.4	
71-75		21.7	21.8	
76-80		22.6	23.3	
80 or over		34.2	34.1	
Not known		2.9	3.1	

Source: ABS, 1993; Stimson et al., 1997; SPRC Resident Survey.

residents of 49 of the sample villages. Because of difficulties involved in surveying this population we cannot be certain that our sample is fully representative of the national picture. It appears reasonably consistent with the limited other data available, except for some possible differences in the distribution of residents by State and a small under-representation of women. Since the lack of accurate national data makes it difficult to estimate the size and direction of any sampling bias, no further adjustments or weightings have been applied. The weight for village response rates makes little difference to the percentage distribution by State, household, sex or age, but it may affect other aspects of the analysis, so weighted data are used where appropriate.

Before discussing the results of the surveys we present an overview of the retirement village sector as a whole, drawing on other research studies and on our own database.

4 A Profile of the Retirement Village Sector

4.1 Previous Estimates of the Numbers of Retirement Villages in Australia

As has been emphasised, comprehensive and accurate information on the characteristics of the Australian retirement village sector is elusive. In a background paper for the National Housing Strategy, Howe (1992) suggested that there were then an estimated 35 000 to 40 000 units of accommodation in retirement villages, accommodating perhaps up to 60 000 people. The ABS disability survey (1993) on the other hand gave an estimate of only 39 000 individuals in this form of housing.

Stimson et al. (1997, Table 5.3) have estimated the total number of retirement villages in Australia in 1995 as being just under 1340. Although we draw on their database for our work, collection of more recent data suggests that this total is an underestimate. This may be partly a question of classification, but it also reflects the fact that the sector is growing. Their research indicates that the largest proportion of retirement villages is to be found in New South Wales, followed by Victoria, Queensland, Western Australia and the ACT. Tasmania has the fewest villages and the Northern Territory had none in 1995 (although one has since opened). More than 35 per cent of the retirement villages they found were run by charitable organisations, a large majority of which are owned by churches. A small proportion were operated by community groups, State and local government affiliates, cooperative societies and clubs. The rest were in the private sector.

Our database allows us to present further estimates of the numbers of villages and units by State, along with some information about the types of accommodation and provider organisations, although the level of information varies. We begin with New South Wales.

4.2 New South Wales

As was mentioned earlier, the report from the NSW Department of Fair Trading (Heydon, 1996) adopted a broad definition of a retirement village. According to this definition, there were some 900 villages in NSW in 1996, 644 (72 per cent) of which provided independent living or self-care accommodation. Around half comprised independent living units only and 45 per cent (406) offer hostel care, with over half of these providing hostel accommodation alone. Eighty three villages (nine per cent) provided serviced apartments and around five per cent also had a nursing home on site. Overall, 245 (27 per cent) of facilities were 'combination' villages, providing self-care accommodation along with hostels and/or nursing homes.

Only 12 per cent of villages in NSW were operated for profit by private companies. Church organisations ran 44 per cent, while around one-third were operated by community groups, and a small proportion by other charitable organisations. Contractual and financial arrangements varied considerably. While 77 per cent of villages offered loan and licence occupancy agreements, around seven per cent had leasehold arrangements and five per cent operated under strata title. Some rental arrangements were also available, primarily through the Department of Housing, but also through non-profit organisations which set aside a few units in a village for rental by people who are financially disadvantaged.

The database holds information on the number of independent units in 638 retirement villages in NSW (nearly all of those providing self-care accommodation in 1996). The total number was just under 25 000 and the average per village was 39, but villages ranged in size from two to 720 units. Table 4.1 gives a breakdown of the number of villages of different sizes.

Table 4.1: Size Distribution of Retirement Villages in New South Wales (Providers of self-care units)

Number of independent units	Retirement villages	
	Number	Percentage
Less than 10	109	17.1
10 to 29	252	39.5
30 to 49	125	19.6
50 to 99	96	15.0
100 to 149	32	5.0
150 to 199	10	1.6
200 and over	14	2.2
Total	**638**	**100**

Source: SPRC Retirement Village Database

From the available data, it appears that around 80 establishments in New South Wales had serviced apartments, and in a quarter of them this was the only form of accommodation provided. In the remaining cases, serviced apartments are provided in tandem with self-care accommodation. The numbers of serviced apartments within a village ranged from four to 280, but 73 per cent had less than 50. Heydon (1996) estimates that they accommodated around 8300 residents.

4.3 Queensland

Although Queensland appears to have the second largest concentration of retirement villages by State, there is much less detailed information available about them. After those which were definitely only hostels were eliminated from the Queensland listing, the estimated number of retirement villages with some independent self-care units was 328. No information on the numbers of units is available from the database, although the survey by Stimson et al. suggests that the average number of self-care units per village in Queensland is higher than in other States. Assuming that the average is similar to that of New South Wales there could be at least 13 000 units in Queensland.

4.4 Victoria

The Victorian database indicated a total of 233 retirement villages providing self-care accommodation, although information on the number of independent units was available only for 79 villages. Also, the information from Victoria does not clearly distinguish between independent and hostel accommodation. Where hostels are attached to the village, their accommodation may in some cases be included in the total. Numbers of units per village varied between eight and 415. The average for these villages was 114, although this probably overestimates the average for the State as a whole.

4.5 Western Australia

Following the elimination of retirement villages which were clearly hostels from the Western Australian listing, the total number of retirement villages in Western Australia was estimated at between 250 and 275. As was the case in Queensland, no data on the numbers of units were available.

4.6 South Australia

The estimated number of retirement villages in South Australia was 226. Of these, 11 definitely provided only hostel accommodation, while another 26 were probably hostels. Thus the number of retirement villages in South Australia offering self-care accommodation was somewhere between 189 and 215. Information on the number of independent or self-care units was only available for 132 villages. In these the number ranged from three to 260 per village, but more than three-quarters have less than 50 (Table 4.2).

Table 4.2: Size Distribution of Retirement Villages in South Australia (Providers of self-care units)

Number of units	Retirement villages	
	Number	Percentage
Less than 10	43	32.6
10 to 49	59	44.7
50 to 99	19	14.4
100 to 149	5	3.8
150 and over	6	4.5
Total	**132**	**100**

Source: SPRC Retirement Village Database

4.7 Australian Capital Territory

According to the database, the Australian Capital Territory has 31 retirement villages, with the number of units of accommodation recorded in 21 cases. Village sizes ranged from four to 109 units of independent accommodation, with an average of 40 per village.

4.8 Summary

The information available from our database on the size and scope of the retirement village sector in Australia is incomplete and the level of detail available for different States is inconsistent. Nevertheless, it provides a reasonably good picture of the retirement village sector nationally. It appears that there may currently be in the region of 1700 retirement villages providing independent housing, often alongside more supportive accommodation. Information on the numbers of units is lacking or only partial in several States, but extrapolating from the others, it seems that there could be up to 70 000 units of accommodation, although a proportion of these may be serviced or in hostels. This estimate is not inconsistent with that quoted by Howe (1992) for the early 1990s, since it is clear that the sector has been growing steadily since then, but it is substantially larger than the figure put forward in the 1993 ABS disability and ageing survey.

In order to look in more detail at the characteristics of villages and their residents, the next section presents the first set of results from the surveys.

5 Retirement Villages and Their Residents

5.1 Introduction

The first stage report (Eardley, Birch and Thompson, 1997) presented preliminary results from the telephone survey. In this section we bring together key elements of that analysis in a revised form, linked into findings from the resident survey. Detailed analysis of residents' housing costs and financial circumstances is central to the study and is presented separately in Section 6.

Some description of the achieved resident sample was given in Section 3, including some characteristics of the villages where they lived. We begin this section with some further description of the villages which participated in the telephone survey. As was noted earlier, three of the villages in the telephone survey did not in the end take part in the resident survey.

5.2 The Telephone Survey Sample Villages

The sample contained a total number of 2577 independent units and 231 serviced apartments at the time of the survey. A number of villages had further units under development. The mean number of independent units per village was just under 50, ranging from several with only one or two units, to two with between 150 and 200 and one with 400 units. This appears to be close to the average for the States for which there is information in the national database. In addition, the villages sampled contained a further 1180 hostel places and 577 nursing home beds. A breakdown of unit sizes was available for about 92 per cent of the independent units. Of these, 30 per cent had one bedroom, 64 per cent two bedrooms and six per cent three bedrooms. There were also a handful of 'cottage' units which operated like serviced apartments and a few shared houses where residents were treated as 'independent' while only having a room of their own.

As Table 3.2 showed, the largest single type of village is that operated by religious or charitable groups, followed by private sector organisations and community groups. The biggest establishments were mainly in the private sector, though one of the larger villages was run by a community organisation. On the basis of the estimates made in the previous section of the total number of independent and serviced units in retirement villages nationally, our sample represents some three to four per cent of the total.

In all, 41 per cent of the organisations receive some form of Commonwealth or State program funding for some of their provision. This is true for more than half of the religious/charitable and community/non-profit organisations, but for only two of the private sector villages. The main types of program funding received are for hostel provision, nursing home support under the Aged and Community Care Program and service support for people in independent units through Community Aged Care Packages. In addition to those receiving public funding, a number of organisations operate resident-financed systems of hostel-type service packages for people in independent units.

The services and facilities available in the villages and the charges made to residents are discussed later. We now look at the characteristics and circumstances of the occupants of the 49 villages which participated in the resident survey.

5.3 Residents' Personal Characteristics

As we saw in the previous section, approximately two-thirds of all individuals in the sample are women. Sixty per cent of these women live on their own and they make up 54 per cent of all households, whereas only just over a quarter of the men live on their own and single men make up 12 per cent of households. Just under a third of households are couples (including a small number of same-sex couples) and the remaining few are either two relatives living together or two unrelated people sharing.

More than four-fifths of retirement village residents are over 70 years of age and 35 per cent are over 80. Although there have been some suggestions that retirement villages are increasingly catering for a younger, early retirement clientele, the number of residents aged under 60 appears in fact to be small, representing less than two per cent of all individuals, and most of these are in couples with an older partner. The age distribution for women and men is also remarkably similar, as Table 5.1 shows.

Although most residents are aged over 70, only a relatively small proportion have lived in their village for more than a few years. Of all households, less than six per cent moved in before the end of 1980, while 30 per cent came between 1981 and 1990. Just over 64 per cent moved to the village after 1990, including 16 per cent in 1996 or 1997. This is likely to reflect the fairly recent expansion of the retirement village sector. As would be expected, people who moved in to the village longer ago tend to be older and a larger proportion of more recent entrants are in the younger age group (Table 5.2).

Table 5.1: Residents' Age Group by Sex

Age group	Women	Men	Persons
		Percentages	
65 years or under	6.9	7.0	6.9
66 - 70	12.3	12.5	12.4
71 - 75	21.6	24.4	22.5
76 - 80	23.3	23.3	23.3
Over 80	35.9	32.8	34.9
Number (unweighted)	1089	545	1634
Missing = 59			

Source: SPRC Retirement Village Resident Survey

Table 5.2: Present Age of Individual Residents by Year of Entry to Village

		Year of Entry	
Age group	Before 1981	1981 - 1990	1991 or later
		Percentages	
Up to 70 years	6.7	6.8	25.2
71- 80	32.0	45.9	46.5
Over 80	61.3	47.3	28.3
Total	**100.0**	**100.0**	**100.0**
Number = 1608			

Source: SPRC Retirement Village Resident Survey

5.4 Previous Housing Tenure

A large majority of residents overall were owner-occupiers in their own homes before they moved to the retirement village, but there is difference between those who are currently one person households and those who are in couples. Table 5.3 gives residents' previous housing by their current household status. Those few households which are neither single people nor couples are excluded for this purpose. In a few cases where one member of a couple is recorded as having previously been in a different form of tenure from the other, the table is based on the tenure of the first person whose information is given. The table indicates that there is a significant association between previous tenure and household type, with couples more likely to have been home owners and single people more likely to have been renters, both in public and private housing.

Table 5.3: Previous Housing Tenure by Current Household Status

	Household Type		
Previous tenure	Single person	Couples	Total
	Percentages		
Another retirement village	3.2	2.0	2.8
Public rental	5.7	1.5	4.3
Private rental	9.9	2.8	7.6
Own home	74.1	91.3	79.7
Other	7.2	2.5	5.6
Number = 1225			

Note: Chi-square: $p < 0.01$
Source: SPRC Retirement Village Resident Survey

Since the majority of residents living alone are women, it might be expected that this tenure difference reflects the differing economic life histories of men and women. As other literature on retirement villages has suggested (Coleman and Watson, 1997; MacDonald, 1996), gendered differences in life experience are likely to continue into housing circumstances in old age, particularly in view of women's greater longevity. However, there is no significant difference in previous tenure between men and women living alone, so the household type appears to be the main factor in the observed association. Not surprisingly, the type of housing people came from also influences the form of retirement village they are now living in, as Gardner (1994) also found. Thus 92 per cent of all the residents in private villages were previously home owners, compared to between 66 and 72 per cent of people in charitable, community or public sector villages.

5.5 Current Accommodation

The type of housing people occupy in these villages is overwhelmingly a house or unit where they live largely independently, even if they also make use of various services available in the village. Ninety three per cent of residents described their accommodations as being of this type, while five per cent described it as a serviced apartment and just under one per cent as some other form of housing. Heydon (1996) indicated that villages providing serviced apartments make up around nine per cent of the total in New South Wales and house around 17 per cent of all retirement village residents. There is insufficient information to be certain about the national picture, but although our database suggests that serviced apartments are less common in other States, it is possible that our sample under-represents this type of accommodation - a point which needs to be borne in mind in the analysis of housing costs later in the report.

Serviced apartments consist almost entirely of bedsitter or one-bedroom accommodation, mainly, but not exclusively, occupied by people living alone, whereas independent units most commonly have two or one bedrooms. Couples are proportionately more likely to have two-bedroom units, but more than two-fifths of people living alone also occupy more than one bedroom (Table 5.4).

Table 5.4: Accommodation Type and Size by Household

	Household Type		
Accommodation Type and Size	Single	Couples	Other
		Percentages	
Independent Units	93.0	96.6	80.0
Bedsitter/studio	10.6	0.5	6.7
One bedroom	39.7	14.9	20.0
Two bedrooms	41.7	71.6	53.3
Three or more bedrooms	1.0	12.0	-
Serviced Apartments	5.9	2.9	20.0
Bedsitter/studio	4.8	1.0	20.0
One bedroom	1.0	1.5	-
Two bedrooms	0.1	0.5	-
Three or more bedrooms	-	-	-
Other	1.1	0.5	
Total	**100.0**	**100.0**	**100.0**
Number = 1252	828	409	15

Source: SPRC Retirement Village Resident Survey

5.6 Payment of Entry Contributions

Overall, excluding a small number of respondents who did not reply or were unable to answer, nearly 90 per cent of respondents said they had paid an entry contribution when they moved into the retirement village. When this response is broken down by the main defining characteristics of residents, we find that just under 14 per cent of single people did not pay an entry contribution, compared with four per cent of couples - a difference which is statistically significant at the one per cent level (Table 5.5). The type of organisation also appears to make a significant difference. Twenty one per cent of residents in community sector villages and 17 per cent of those in religious/charitable villages did not make

Table 5.5: Whether Residents Paid An Entry Contribution

	Entry Contribution Paid?	
	Yes	No
	Percentages	
All Households	89.5	10.5
Household Type[(a)]		
Single persons	86.3	13.7
Couples	96.1	3.9
Organisation Type		
Private, for profit	97.2	2.8
Religious/charitable	82.9	17.1
Community/non-profit	79.2	20.8
Public	97.2	2.8
Accommodation Type		
Independent Unit	89.4	10.6
Serviced apartment	95.1	4.8
Sex		
Women	89.0	11.0
Men	91.9	8.1
Age (1st person)		
Under 65	89.2	10.8
66-70	89.9	10.1
71-75	87.5	12.5
76-80	92.1	7.9
Over 80	90.1	9.9
State[(a)]		
NSW	84.8	15.2
Victoria	86.3	13.8
Queensland	93.8	6.2
WA	96.7	3.3
SA	100.0	0
ACT (one village only)	100.0	0
Region[(a)]		
Capital city	84.1	15.9
Regional conurbation	91.7	8.3
Small town/rural	95.5	4.5
Number = 1209-1244		

Note: a) Chi-square significance: $p < 0.01$
Source: SPRC Retirement Village Resident Survey

entry payments, as opposed to only three per cent of people in both the private and public retirement sectors. By contrast, there was no significant association between making an entry payment and either age, sex or type of accommodation. There were significant differences by State and by regional location, with higher percentages of residents in New South Wales and Queensland not paying entry contributions, as well as those living in the metropolitan areas of capital cities compared with other conurbations and coastal or rural areas.

It is not surprising to find that non-profit or charitable sector villages are less likely to demand lump-sum payments for admission to a village, since they cater at least partly for a less well-off clientele and allocate a proportion of their accommodation according to need. The lower proportion of entry contributors among people living alone also accords with the earlier finding that they are less likely than couples to have been home owners and thus may have less capital to contribute. State and regional factors are likely to be related to the way different types of retirement village are distributed geographically and, more particularly, where different types of household live. The retirement villages in or close to capital cities, for example, accommodate 46 per cent of all the residents living alone, compared with just under 20 per cent of the couples.

5.7 Tenure and Occupancy Agreements

Respondents were also asked to say how their lump-sum entry payment was described, since this may make some difference to whether they regard themselves as home owners or not. Of those who had made a payment, 48 per cent described it as the purchase price for their unit, 22 per cent as an entry contribution, 17 per cent as a loan, five per cent as a donation, and eight per cent as other or unknown. The nomenclature of payments may be influenced by how village managements themselves present them and by the actual form of tenancy agreement or contract, but there is evidence of considerable uncertainty on the part of residents, since descriptions often varied even within villages where the telephone survey indicated that all residents have the same type of occupancy agreement.

Residents' views of what their contributions consist of also seem to contrast somewhat with what village managements described as the form of occupancy agreement used. Table 5.6 shows that the most common arrangement is the 'loan and licence' agreement, whereby entry contributions are treated as a loan to the organisation, in return for which residents have a licence to remain in their accommodation. The next most frequent tenure is leasehold, while a significant number offer a variety of arrangements, depending on different forms of accommodation available. Strata title - the form of occupancy which most clearly suggests home ownership - is not in fact common.

Table 5.6: Occupancy Agreements Used in Sample Villages by Type of Organisation

	Organisation type				
Occupancy agreement	Private/for profit	Religious/ charitable	Community/ not for profit	Public	Row percentage total
Loan and licence	3	9	4		30.8
Leasehold	6	5		1	23.1
Strata or freehold	2		1		5.8
Company title	1				1.9
Rental	1	5		1	13.5
Varies	2	2	4	1	17.3
Other/not known		2	2		7.8
Number = 52					

Source: SPRC Retirement Village Telephone Survey

Religious/charitable organisations are, not surprisingly, more likely than other types to offer rental only accommodation, which is likely to be targeted towards those with limited means, while leasehold is proportionately more common in the private sector. Otherwise, there does not appear to be any particular association between the type of organisation and the occupancy agreements on offer.

5.8 Social Security Status

Respondents were asked whether they or anyone in their household were currently receiving a social security payment from the Departments of Social Security or Veterans' Affairs, and if so of what type (with up to three possibilities for each respondent). Overall, 87 per cent said they were receiving a payment, 11 per cent said they were not and two per cent did not know or did not answer. Of the 1092 respondents who said they received a payment, 97 per cent (1056) listed at least one type of payment. The combination of payment types received is given in Table 5.7.

The table indicates that only just over one in ten residents is a fully self-funded retiree and that the vast majority rely on some form of pension or other social security payment for at least part of their income. Only just over one-fifth of those receiving a payment said that they were getting Rent Assistance, a rather lower figure than would be suggested by DSS administrative records, which show that of the nearly 27 000 age pension recipients recorded as living in 'special residences' in March 1996, 58 per cent were receiving assistance with rent. It is

Table 5.7: Social Security or DVA Payments Received by Retirement Village Residents

Payment Combination	Percentage of Households
No payment (self-funded)	11.1
No reply	2.3
At least one payment	86.6 (n = 1092)
Of which:	
Full-rate Pension only	45.1
Part-rate Pension only	25.3
Full-rate Pension plus Rent Assistance	14.8
Part-rate Pension plus Rent Assistance	5.4
Full-rate Pension plus part-rate Pension or other payment (more than one individual)	2.2
Rent Assistance only	1.7
Other combinations	2.2
Type of payment missing	3.3
Total	**100.0**
Number = 1092	

Source: SPRC Retirement Village Resident Survey

difficult to make a useful comparison, since 'special residences' covers forms of tenure other than retirement villages, including granny flats and 'leaseback' arrangements, but probably does not include all those pensioners living in retirement villages.

It may be that the survey underestimates to some extent the proportion of respondents getting Rent Assistance, possibly because people find it difficult to separate out payments they receive. There is no statistically significant difference by household type in whether residents receive a social security payment in general, but there does appear to be an association between household type and receipt of Rent Assistance. Of the 241 households in the sample who stated that they received Rent Assistance, 91 per cent live on their own and only just over eight per cent are couples. Putting this another way, the proportion of single people stating that they receive assistance is nearly five times that of couples. How far this is connected with the levels of housing costs paid or people's assessable incomes is explored later in the report, but it should be noted that many respondents, particularly those in couples, would appear not to be eligible for Rent Assistance because their housing charges are too low, irrespective of the levels of entry contribution they paid.

5.9 Services and Facilities in Retirement Villages

The range of services and facilities in retirement villages is important for a number of reasons. The literature shows that people often make the choice to move to a retirement complex partly because it offers them relief from dealing with problems such as home maintenance, or because they can expect to find support and care if their health is failing or if they need emergency assistance. Residents also express desires for security, social and recreational facilities and other forms of help such as transport, cleaning and cooked meals if they cannot or choose not to organise these for themselves. The marketing strategies of many retirement villages focus on the facilities they offer over and above accommodation, promoting a powerful image of a retirement 'lifestyle'.

In relation to this study, the level of services and facilities provided is particularly important as it affects the package which residents are paying for through their initial entry contributions and ongoing charges. Thus, if in one village people are paying substantially higher sums than in another, but the fees in the first village cover necessary services which residents of the second village have to pay for out of their other income, this needs to be taken into account in any comparison of relative costs.

Unfortunately it is difficult without more detailed inquiries to individual villages to obtain a comprehensive picture of the structure of costs, since these vary considerably. What we attempt to provide here is a broad picture of, first, the kinds of services which are generally included in or excluded from ongoing maintenance/service charges and, secondly, the kinds of facilities commonly found in retirement villages. Later these services and facilities are linked to the levels of entry contributions and ongoing charges in so far as this is possible.

Even these first tasks are not straightforward, as residents are not always fully aware of what services are covered in their fees or are not always in agreement about the facilities offered even in the same villages. These divergences of opinion are difficult to interpret. Often a clear majority in an individual village answer in one direction and it seems likely that those few dissenting are incorrect. In other cases opinion is more evenly divided. It is also the case that in some villages people have individual cost packages which mean that they are correct in expressing a different answer from that of their neighbours. Differences of opinion on facilities extend to some on which one might expect there to be an objective view, such as the presence of a swimming pool or bowling green. These discrepancies may reflect problems of comprehension related to older age, but are perhaps also an indication of different people's interest in or use of such facilities.

The telephone survey asked managers about some of the services and facilities, and a comparison of responses to the two surveys does show that in most cases the majority of residents gave the same reply as the manager. The surveys suggested that a basic range of services and facilities are common to many retirement villages. These tend to be available to all residents and costs are normally met by the entry contributions and ongoing maintenance fees. Certain other services are also often available, but have to be paid for separately, unless they are part of the package which comes with serviced apartments or hostel provision. Table 5.8 gives a list of the services and facilities managers were asked about and shows whether they are normally available without separate charge. The services most commonly available are emergency assistance, home maintenance, security and recreation. 'Other' services mentioned most commonly, either by managers or residents, include hairdressing, gardening, minibus outings, help with paperwork and care of pets. In several of the smaller villages, charges also included the provision and replacement of washing machines and refrigerators.

Table 5.8: Services Available to Residents in Independent Living Units

Services	Percentage of villages where services available
On-site emergency assistance	78
Link to external emergency services (e.g. Vitalcall, Medicheck)	49
On-site medical care (such as nurse)	43
Personal care[(a)]	41
Cleaning	41
Home maintenance	94
Home help services[(a)]	29
Meals[(a)]	59
Security (e.g. patrol by firm)	76
Transport	45
Recreational or sporting facilities	65
Other services	39

Note: a) Available usually in villages with serviced/hostel and/or nursing home facilities, and normally at extra cost to residents of independent units.
Source: SPRC Retirement Village Telephone Survey

Table 5.9 shows residents' responses to a question asking whether a list of items are covered by their normal ongoing housing charges. Taking the two tables together, it seems that charges normally include council and water rates, building insurance, maintenance to common areas and gardens, and often repairs and maintenance of residents' own housing. Where no answer was given, in many

Table 5.9: Services Included in Ongoing Housing Charges

Service	Yes	No	Don't Know	No Response
	Percentages			
Council rates	78.9	6.7	3.1	11.3
Water rates	79.6	6.6	3.2	10.6
Electricity costs for common areas	68.3	11.2	2.3	18.2
Electricity costs for private accommodation	14.2	57.9	0.9	27.0
Building insurance	69.0	10.7	3.2	17.1
Repairs/maintenance to private accommodation	56.9	21.6	2.6	18.9
Maintenance to common areas	81.2	6.2	2.0	10.6
Housework	4.7	63.2	0.6	31.6
Cleaning	7.4	61.4	0.6	30.1
Meals	5.7	62.7	0.4	31.2
Personal care	3.8	62.6	0.6	33.1
Other (gardens most frequently mentioned)	5.2	7.8	0.8	86.3
Number = 1266				

Source: SPRC Retirement Village Resident Survey

cases the intention was probably to indicate 'no', since generally only 'yes' boxes were ticked. Only a small percentage of residents received domestic or personal services such as housework, meals and cleaning at a cost included in their normal ongoing charges. As later analysis shows, these were mainly people in serviced apartments paying substantially higher than average costs.

Table 5.10 gives residents' responses to a further question about facilities available in the village. This was based on a similar question asked of village managements by Stimson et al. (1997) in their survey. In this case we make the assumption that a particular facility is available if more than two-thirds of the residents say that it is and *vice versa*. If responses are more evenly divided this is indicated.

It appears that indoor activities such as games and crafts are the most common. Bowling greens and outdoor pools are only to be found on 10-15 per cent of sites. It seems that the vast majority offer their residents space for cars and around half have a hairdresser on site and offer a dining room, library and chaplaincy services.

Table 5.10: Residents' Responses on Facilities and Activities Available in Retirement Villages (Percentage of Villages)

Facilities	Yes	No	Opinion divided
Outdoor swimming pool	10.2	87.8	2.0
Indoor swimming pool	6.1	91.9	2.0
Tennis	4.1	95.9	-
Bowling Green	14.3	75.5	10.2
Putting Green	4.1	93.9	2.0
Fishing	-	93.9	6.1
Games room	32.7	46.9	20.4
Crafts	28.6	47.0	18.4
Hairdresser	36.8	48.9	14.3
Dining room	24.5	57.1	18.4
Car space	77.6	4.0	18.4
Library	40.8	40.7	18.5
Religious service	46.9	47.0	6.1

Number = 49

Source: SPRC Retirement Village Telephone Survey

There are noticeable differences between our sample and that of Stimson et al. (1997) in this respect. They found higher provision of indoor pools (though they may have included spa baths), bowls, putting and fishing, and fewer hairdressers, dining rooms and car spaces. Their information came from managers rather than residents and some questions are clearly open to interpretation. Fishing, for example, may not be available on or close to the site, but somewhere nearby with transport provided.

5.10 Independence and Care Needs

As we have seen, most of the residents in the sample live in housing which is described as 'self-care', and the sampling process deliberately excluded people living in publicly subsidised hostel or nursing home accommodation. Nevertheless, many of the retirement villages do have a range of care or support services available and most residents are in their 70s or 80s. We might therefore expect a substantial proportion of them to need or use some of these additional services. It is difficult to determine levels of independence and care needs in detail in such a survey, but residents were asked two question aimed at establishing a broad picture of their self-perceived needs. First they were asked how independent their health allowed them to be. Table 5.11 gives the results by the age of the first person (the only person in two-thirds of the cases).

Table 5.11: Residents' Self-Reported Independence by Age Group

	Age Group					
Level of Independence	Under 66	66-70	71-75	76-80	Over 80	Total
	Percentages					
Take full care of self/selves	89.2	85.0	91.4	85.0	75.2	82.8
Care for self/selves but need some help with housework and/or meals	10.8	14.2	8.6	14.6	21.6	15.8
Need personal care	-	0.8	-	0.3	3.3	1.4
Number = 1193						

Note: Chi-square: $p < 0.01$
Source: SPRC Retirement Village Residents Survey

Overall, more than four-fifths of respondents felt that they were not impeded from looking after themselves by their health, and the proportion who felt they needed care beyond some help with basic household tasks was small. This is perhaps not surprising given the focus of the study and the deliberate exclusion of people in nursing homes. What is more interesting is the way this appears to change significantly with age. As we might expect, the oldest group is the one most likely to need some help or care, but after that it is the younger group which feels itself rather less independent. The numbers in this group are small, so we should be cautious about drawing firm conclusions, but it may be that the reason why some people enter retirement villages around or before their mid-sixties is precisely because their health is poor or because they feel the need for a more supportive environment.

The second question asked was how well people thought their care needs were being met at present, according to a number of possible statements. Table 5.12 shows the results, again by the first person's age. Respondents could tick more than one box, so the percentages are of the total number of comments.

Most people said they did not need any additional care and about ten per cent of these made further comments, mainly explaining that they received enough help from the village, their partner or family, or from community services. Most of the rest of the additional comments came from people who first mentioned their partner or family as providing assistance. In terms of age, the pattern is similar to

Table 5.12: How Well Residents' Care Needs Are Being Met by Age Group

	Age Group					
Care Needs	Under 65	66-70	71-75	76-80	Over 80	Total
	Percentages					
Need no additional care	80.6	66.9	77.1	69.4	58.2	66.8
Partner/family assists with care	4.8	8.8	7.6	10.8	11.9	10.1
Retirement village provides enough help	6.5	13.5	8.7	9.6	15.1	11.9
Community services provide enough help	3.2	6.8	4.7	7.6	10.4	7.8
Care needs not adequately met by village or community services	4.8	4.1	1.8	2.5	2.5	4.3

Number = 1328 responses from 1141 households

Source: SPRC Retirement Village Residents Survey

the previous table, except that here it is the group aged 65-70 who appear to draw more heavily on help from the retirement village or from community services.

A further set of questions sought to determine whether people were paying for services over and above those covered by their normal housing charges. In all, 23 per cent said they did and six per cent did not reply. The main services people listed were cleaning and other light housework, and meals. Other less common services mentioned included personal care (such as showering), lawn mowing and heavy gardening, external window cleaning, pest control, transport to medical appointments, and rental fees for use of garages and communal laundry facilities. Table 5.13 looks at receipt of extra services by whether people see themselves as independent and by accommodation type. Few of the serviced apartment residents pay for extra services because, as is shown later, their higher fees tend to cover most of the services for which other people are paying. Most of those who are paying for services are those who said they needed some extra assistance or whose needs are not being fully met elsewhere.

Table 5.13: Receipt of Extra Services by Level of Independence and Accommodation Type

Level of Independence and Accommodation Type	Whether Extra Services Received	
	Yes	No
	Percentages	
Take full care of self/selves	18.1	81.4
Self-care units	18.6	81.0
Serviced apartments	5.3	92.1
Care for self/selves but need some assistance	55.9	43.9
Self-care units	59.7	40.0
Serviced apartments	26.2	73.8
Need personal care	78.4	21.6
Self-care units	90.5	9.5
Serviced apartments	62.5	37.5
All households	23.4	69.8
Number	285	900

Source: SPRC Retirement Village Resident Survey

5.11 Summary

This section has described the main features of the sample villages included in the survey and examined the characteristics and circumstances of their residents. The telephone survey included 52 villages, of which 49 took part in the resident survey. Religious or charitable sector villages made up the largest number, followed by those in the private sector. Private villages have more units of accommodation on average, however, so their residents made up the largest group in the survey.

Two-thirds of individual residents are women, of whom three-fifths live on their own. Just one-third of all households are couples. The vast majority of residents are aged over 70 and more than a third are over 80. Overall, most were previously home owners, but the proportion of home owners is significantly smaller among people now living on their own. The type of housing people now occupy is also associated with previous tenure.

The sample was deliberately targeted primarily towards people living in independent housing and the proportion of serviced apartment dwellers included is possibly lower than that in the overall population. The most common dwelling size is two bedrooms. Couples are proportionately more likely to occupy housing of this size, but around two-fifths of single people do too.

Eighty-eight per cent of all the resident households paid some lump-sum entry contribution when they moved into their village, though the percentage is lower for single people. Those who did not make entry payments are mainly resident in the charitable and community sector villages. The vast majority are recipients of the age pension or some other social security payment, and only about one in ten of households are fully self-funding in retirement. However, only about one-fifth of social security recipients say that they are receiving Rent Assistance and most of these are single people. People living on their own are around six times as likely to be receiving assistance with housing charges as couples.

There appears to be considerable uncertainty amongst residents about what services are covered by their ongoing service or maintenance charges, but taking their responses and those of the managers together, it seems that in most villages charges at least include council and water rates, building insurance, electricity and maintenance for common areas and sometimes maintenance of the private accommodation. Occupants of serviced apartments usually also receive some meals, cleaning and other housework, and some level of personal care as part of their fee package. The facilities and activities most commonly available in the villages are games and crafts, car spaces, dining rooms, hairdressing, libraries and chaplaincy services, and only a small minority have swimming pools on site.

Four out of five respondents described themselves as not impeded by ill-health from living independently and only a small number felt that they needed personal care. In general the percentage able to live fully independently decreases by age, as might be expected. The youngest age group (those aged under 65), however, appear to be less independent than all other age groups except those over 80. People aged 65-70 were also more likely than others amongst the 'younger old' to say they needed some assistance to live independently. It is possible that some of these younger residents were motivated to enter a retirement village at a relatively early age because of existing health problems or a need for a supportive environment. Just under a quarter of all households are paying for some extra services from their village, mainly for cleaning and other light housework or meals. Since most of them are also those who said they needed some extra assistance or had needs not being adequately met elsewhere, it appears that little of this extra money expended could be described as purely discretionary.

In order to understand this question more fully we need to take into account how much people in different circumstances are paying for their housing. The next section of the report is devoted to housing expenditures. We look at the level of entry costs, ongoing charges, deferred management fees, extra service payments and the relationship between these payments for different types of resident, as well as residents' reported levels of disposable income and non-housing assets.

6 Housing Costs and Financial Circumstances

6.1 Entry Contributions

In order to understand whether Rent Assistance for retirement home residents is accurately targeted towards those who most need it, we need to know the size of entry contributions people have been paying relative to the extra allowable amount (EAA) threshold and the relationship between these entry payments and ongoing housing charges. We start here by looking at the entry contributions paid by residents in the survey sample. These are put in context by comparing them with other data collected for the retirement village database. We then match contribution levels against the relevant EAA for the year in which residents entered the village.

We saw earlier that nearly 90 per cent of residents had paid an entry contribution of some kind as part of their occupancy agreement and that making a payment was significantly associated with a number of other factors or household characteristics. In the telephone survey we asked managers about current entry payments for different types of accommodation and most were able to give estimates, often within a band which varied according to the size and age of the particular properties. Some could only estimate likely market values of properties if they came up for resale. In a few cases there were no entry contributions and in about a quarter of cases managers could not give figures. In six cases the upper limit varied according to different option 'packages' which are discussed below in more detail. Only three of the seven villages with serviced apartments were able to provide figures. Table 6.1 shows the ranges of entry contributions within which the sample villages offered accommodation of different sizes.

Overall, there was no variation in entry contributions for one-bed units in 13 villages and for two-bed units in 16 villages, or about 46 per cent of those able to give an answer. Although the range of costs was wide, there was a clear concentration of villages with payments set in the $75 000 - $150 000 bracket.

Table 6.2 provides descriptive data on the actual entry contributions paid by respondents in the resident survey, broken down by key subcategories of analysis. It shows the mean and median levels paid by residents in each sub-group, along with standard deviations as an indicator of variation, and 95 per cent confidence intervals for the means. The latter shows the range within which we can be confident that the overall population mean falls if the sample is representative. In

Table 6.1: Entry Contributions in Retirement Village Sample

Banded entry contributions	Accommodation type: 1-bed independent unit: bottom of range	1-bed independent unit: top of range	2-bed independent unit: bottom of range	2-bed independent unit: top of range	Serviced apartments
None	7	1	1	-	-
Less than $25 001	7	7	2	2	-
$25 001 - 50 000	3	7	1	2	1
$50 001 - 75 000	2	2	3	3	1
$75 001 - 100 000	8	10	13	10	-
$100 001 - 125 000	3	3	7	5	1
$125 001 - 150 000	2	1	1	3	-
$150 001 or more	2	1	6	6	-
Varies according to optional packages	1	3	2	6	-
Total number replying	**34**	**35**	**36**	**37**	**3**

Source: SPRC Retirement Village Telephone Survey.

this analysis weighting the data to compensate for variation in response rates does have some impact, so results are given both weighted and unweighted for comparison

The table requires a number of explanatory comments. First, the higher figures produced in most subcategories of analysis by weighting the data indicate either that response rates were lower on the whole in villages where entry contributions tend to be higher, or that in these villages people with higher entry contributions were more inclined to respond to the survey. Bearing in mind the uncertainties about whether the sample is fully representative, we can be reasonably confident that the population means lie in the range between the lowest derived from the unweighted sample and the highest produced by weighting the data.

The second point to note is that the various subcategories interact. Thus the mean figures for all households in self-care accommodation are considerably lower than those for couple households, for example, because twice as many households are single people as are couples. Similarly, the breakdown by State is influenced not only by differential land and housing costs across Australia, but also by the distribution of different types of organisation. Organisation type is clearly one of the key determinants of the level of entry contributions, with the average figures for private sector organisations being around twice those in the charitable or community sector.

Table 6.2: Descriptive Data on Entry Contributions

Unit of analysis	Mean $	Median $	Standard deviation $	95% confidence interval for mean $
Accommodation Type[(a)]				
Unweighted				
Self-care	94 064	89 998	64 632	90 006 - 98 121
Serviced apartment	71 529	67 000	45 501	58 861 - 84 196
Weighted				
Self-care	98 551	90 000	64 412	95 745 - 101 358
Serviced apartment	73 741	70 000	38 275	67 141 - 80 340
Household Type[(a)]				
Unweighted				
Single person	77 801	72 000	59 632	73 208 - 82 394
Couple	120 585	120 000	62 048	114 259 - 126 911
Weighted				
Single person	82 981	76 000	60 121	79 818 - 86 144
Couple	123 421	122 456	60 898	119 106 - 127 737
Accommodation Size[(a)]				
Unweighted				
Bedsitter	33 947	20 000	35 473	27 212 - 40 682
1 bedroom	51 863	29 750	52 266	45 801 - 57 925
2 bedrooms	116 387	107 630	51 514	112 200 - 120 573
3 or more bedrooms	183 471	197 000	49 103	169 936 - 197 001
Weighted				
Bedsitter	40 900	33 394	35 294	36 463 - 45 337
1 bedroom	60 444	43 700	56 165	55 861 - 65 026
2 bedrooms	117 983	107 800	52 568	115 062 - 120 904
3 or more bedrooms	185 326	197 500	48 807	175 902 - 194 750
Organisation Type[(a)]				
Unweighted				
Private, for profit	124 271	120 000	57 806	119 456 -129 087
Religious/charitable	57 263	43 100	51 391	50 939 - 63 589
Community/non profit	64 249	65 000	48 464	57 276 - 71 221
Public	14 624	13 000	18 231	8 263 - 20 985
Weighted				
Private, for profit	122 014	115 000	58 455	118 840 - 125 189
Religious/charitable	59 361	47 517	49 986	54 899 - 63 823
Community/non profit	68 895	65 000	52 935	63 133 - 74 657
Public	19 912	13 000	25 741	13 320 - 26 505
State[(a)]				
Unweighted				
NSW	108 026	115 000	74 133	101 188 - 114 863
Victoria	58 379	65 000	28 013	53 479 - 63 278
Queensland	106 811	105 350	51 661	100 242 -113 380
WA	39 641	20 000	39 891	32 067 - 47 215
SA	95 586	78 000	45 472	86 421 - 104 750
ACT (one village only)	97 833	87 500	23 693	72 969 - 122 698
Weighted				
NSW	114 674	124 000	70 964	110 126 - 119 222
Victoria	59 379	65 000	29 245	110 126 - 119 222
Queensland	107 121	103 000	54 067	55 592 - 63 166
WA	42 038	20 000	40 427	102 689 - 111 554
SA	94 663	77 000	46 183	87 863 - 101 462
ACT (one village only)	97 833	87 500	23 693	72 969 - 122 698

Number = 1022 - 1034

Note: a) Analysis of variance in means: $p < 0.01$

Source: SPRC Retirement Village Resident Survey

Bearing in mind these interactions, we can see that entry contribution levels are significantly higher on average in self-care than in serviced accommodation. They also increase with both the size of accommodation and the size of the household. In the telephone survey, managers made it clear that it was normally only the first of these which affected costs directly, and the table shows that the mean for single people is higher than that for all occupants of one-bedroom units, for example, because many residents are living on their own in accommodation with more than one bedroom.

Although there are statistically significant differences between the means for the subcategories shown, the standard deviation figures also show that in many cases the variation is substantial even within subcategories. One reason for this could be that the analysis does not take into account the year when people moved to their village and paid the entry contribution. Inflation, changes in house prices and financial developments within villages will all have affected the level of payments required over time. Table 6.3 illustrates the time effect, looking at unweighted mean entry contributions by household. Only single persons and couples are included, as residents in other household types are too few for meaningful comparison.

Table 6.3: Mean Entry Contributions Over Time by Household Type

Household Type and Year of Entry	Mean $	Standard Deviation $	Number of Cases
Single Persons			
Up to end 1979	40 829	51 828	42
1980 - 1984	35 663	31 091	63
1985 - 1989	60 860	49 858	131
1990 - 1994	93 079	58 668	249
1995 onwards	92 684	62 497	173
Couples			
Up to end 1979	87 883	58 791	12
1980 - 1984	42 741	36 992	17
1985 - 1989	107 749	57 110	48
1990 - 1994	127 955	55 186	178
1995 onwards	129 482	67 094	120
Total			**1033**

Source: SPRC Retirement Village Resident Survey

With the exception of the period between 1980 and 1984, the breakdown by year of entry shows increases over time in average entry contributions for both single people and couples.

Standard deviations are affected by the number of cases, but it is evident that there was still substantial variation in payments within year bands. It is not clear why there should have been a dip in payment levels in 1980-1984, though the numbers are small and were perhaps influenced by an intake in particular villages which opened during this period.

Analysis by State shows a similar progressive increase in payments, with an estimated unweighted mean for the years from 1995 to the present of around $125 000 in New South Wales, $117 000 in South Australia, $106 000 in Queensland, $71 000 in Western Australia and $66 000 in Victoria.

One of the other major differences in average entry contributions is between villages in or around capital cities, in regional conurbations, and elsewhere (in small towns, coastal and rural areas). Amongst those entering villages since July 1995, the average payment in or near State capitals was just under $102 000, compared with $128 000 in regional centres and $69 000 elsewhere. This appears counter-intuitive in terms of relative land values, but is likely to reflect the concentration of different types of villages in different areas. However, with a sample of only 49 villages it is difficult to draw any conclusions about geographical differences.

Comparison with Other National Data

To see whether our sample is representative of the national picture we can compare it with information collected for the main database, most of which relates to years between 1995 and the present. Figures given are rounded to the nearest thousand dollars.

In New South Wales, entry payments ranged from around $10 000 to $150 000 for accommodation under loan and licence agreements, with the average being around $90 000. Leasehold agreements are mainly operated in the private sector and carried entry contributions of between $150 000 and $250 000, while villages operating strata and company titles tended to have costs in the range of $100 000 - $300 000.

There was little information on costs available for Queensland from the database, but some indication can be gleaned from the Queensland Department of Family and Community Services study (QDFCS, 1995), which drew on a small sample of 25 villages, 13 of which were commercially operated retirement villages and 12 of which were run by community and charitable organisations. They found that the lowest entry contributions for villages operated by community and charitable organisations in the sample ranged from $46 000 to $117 000, with an average of $93 000. Comparable figures for commercial villages ranged from $70 000 to $140 000, with a mean of just over $101 000. The highest entry contribution for villages run by community and charitable organisations was $146 000, compared with $265 000 in the case of one for-profit establishment. The overall average entry contribution for commercial villages was $148 000, while that of community and charitable villages was $104 000.

Data on entry contributions were available for 128 South Australian retirement villages. Overall, costs ranged from $50 000 to $300 000. In many cases figures were supplied in ranges, or varied according to the size of the unit. Based on the lowest figures supplied, the average entry contribution for these villages was around $106 000.

In Victoria data were available for only 76 villages. As with South Australia, many were supplied in ranges, and the lowest figure was again used in calculations. These ranged from $10 000 to $220 000, with an average of $103 000. No details of costs were found for Western Australia, but in 14 villages in the ACT costs ranged from $30 000 to $235 000, with an average of $105 000.

Overall, this comparison suggests that, within the limitations of the data, our sample reflects average costs by State. The possible exception is Victoria, where payments in the sample survey seem lower than those indicated in the database. However, the latter holds details for only about one-third of all the retirement villages in Victoria and may thus be unrepresentative.

As we have seen, current Rent Assistance policy treats residents paying entry contributions above a specific level as owner occupiers and thus ineligible for assistance. It may be useful therefore to compare average entry contributions payable in retirement villages with data on the average costs of an equivalent type of housing in the general housing market, to see how different the cost of retirement village housing looks from that of units and townhouses more generally.

Data supplied by the Real Estate Institute of Australia shows that the median weighted sale price of all units and townhouses in the capital cities of Australia in late 1996 was approximately $130 000, ranging from $84 000 in Hobart and $87 000 in Adelaide to $128 000 in Brisbane and $177 000 in Sydney (REIA, 1997). A further comparison comes from the ABS Survey of Income and Housing Cost 1994-95, which gives the median estimated selling price of all houses and units belonging to age pensioners in Australia as just under $139 000 (ABS, 1997). Pensioner housing in New South Wales again came out as the most expensive on average, with a median price of just under $145 000, followed by

Queensland. Victoria had the cheapest pensioner housing overall among the States included in our study, at a median price of $101 000.

It is difficult to make direct comparison between retirement village costs and those of other properties, but on the basis of these data it appears that retirement village entry costs in the commercial sector are within the mainstream market range for the type of property.

Entry Contributions Relative to the Extra Allowable Amount Threshold

The next question to consider is what proportion of residents paid entry contributions above and below the extra allowable amount threshold in force at the time they entered the village. As we saw earlier, this is one of the main determinants of whether a resident would be eligible for Rent Assistance towards their ongoing charges. According to the information available from the database, it seemed that in most States no more than 30-40 per cent of even the lower levels of entry contributions in recent years were set below this extra allowable amount.

A slightly different picture is suggested by the telephone survey of village managers. From this it appears that 68-72 per cent of the sample villages set entry contributions for one-bed self-care units below the threshold, including two where the contribution was exactly at the threshold itself. For two-bed units this percentage falls to around 44-45 per cent. There was less information available about serviced apartments, but new residents in two of the three villages for which information was given would be paying below the current threshold.

Another way of looking at this question is to see what proportion of the units of accommodation carry entry contributions above or below the threshold. Just counting those villages where managers gave a definite answer, and taking the upper band of entry contributions for one-bed units as an indicator, we found that villages where contributions are likely to be below the threshold included just under 43 per cent of the total number of independent units. The villages providing serviced apartments where the managers could give a figure, and this was below the threshold, contained around 26 per cent of all the serviced apartments.

Table 6.4 now provides some further answers to this question from the resident survey. It shows the unweighted percentage of resident households whose payments were equal to or below the threshold when they entered the village, by accommodation type and size. Exact entry dates are not known, but most respondents were able to give the month and the year.

Table 6.4: Percentage of Entry Contributions Below Extra Allowable Amount, by Accommodation Type and Size

	Extra Allowable Amount by Year								
Accommodation Type and Size	Up to end June 1989 ($64 000)	July 1989 - June 1990 ($68 500)	July 1990 - June 1991 ($74 000)	July 1991 - June 1992 ($79 500)	July 1992 - June 1994 ($80 500)	July 1994 - June 1995 ($82 000)	July 1995 - June 1996 ($84 000)	July 1996 - June 1997 ($88 500)	Total (cases)
	Percentages								
Self-care units									
Bedsitter	96.6	100.0	100.0	100.0	77.8	100.0	85.7	100.1	93.9 (62)
1 bedroom	85.9	75.0	62.5	75.0	65.3	58.3	73.1	70.4	74.0 (194)
2 bedrooms	34.9	12.0	22.2	26.1	14.8	24.7	32.4	23.6	24.9 (140)
3 or more bedrooms	0		0		0	0	0	0	0
All sizes	60.5	39.0	46.0	37.7	27.7	31.6	42.1	41.1	42.2 (396)
Serviced apartments	75.0	25.0	-	100.0	80.0	60.0	83.3	60.0	66.7 (32)

Source: SPRC Retirement Village Resident Survey

Overall, just over 42 per cent of independent self-care units carried entry contributions at or below the threshold. The proportion has fluctuated over time, but appears to have ranged between 32 and 46 per cent since the new threshold related to the assets test was introduced in July 1989.

The size of accommodation, however, makes a substantial difference. Around three-quarters of all one-bedroom units have been below the threshold over the whole period, as opposed to less than a quarter of two-bedroom units. The number of serviced apartments for which we have information is too small to break down into sizes, although they are mainly of the bedsitter or one-bedroom type. There are also too few for the comparison over time to be meaningful, but overall it appears that around two-thirds carried entry contributions below the extra allowable amount. This means that 43 per cent of entry contributions paid for all housing types were at or below the relevant threshold for the resident's date of entry to the village.

The effect of applying a weight for non-response is to reduce the percentage of independent units falling below the threshold over the whole period by around three percentage points, with some variation according to accommodation size. The overall percentage for service apartments remains the same and the total percentage for all households falls to just over 40 per cent.

Entry Contributions and Receipt of Rent Assistance

We saw earlier that nearly 89 per cent of all respondents had paid an entry contribution. There was virtually no variation in this percentage according to whether respondents were social security recipients. Of the social security recipients who said they received Rent Assistance, just under 18 per cent had made an entry payment, compared with 23 per cent overall. Table 6.5 shows stated receipt of Rent Assistance by level of entry contribution.

As would be expected, Rent Assistance recipients are clustered among those paying lower entry contributions and nearly a third of all recipients did not pay a contribution at all. A handful of respondents claimed to be receiving Rent Assistance even though they had apparently paid entry contributions above the extra allowable amount. It seems probable that this is a misunderstanding and these respondents are either not in fact receiving assistance or have remembered incorrectly the amount of entry contributions paid.

Part of the rationale for the current policy on eligibility for Rent Assistance is that there is thought to be an inverse correlation between the size of entry contributions and the level of ongoing service charges, so that people paying

Table 6.5: Receipt of Rent Assistance by Level of Entry Contribution (Pensioners and allowees only)

Entry Contribution Level	Percentage of Respondents Receiving Rent Assistance
No entry contribution	32.3
Up to $10,000	18.8
$10,000 - $50,000	21.4
$50,001 - $100,000	24.0
$100,001 - $150,000	2.6
$150,001 - $200,000	0.9
Over $200,000	-
Total	**100.0**
Number = 229; missing = 11	

Source: SPRC Retirement Village Resident Survey

higher amounts to enter a village are assumed to have lower ongoing charges than those making small entry payments. To see how far this is true we now therefore look at the level of ongoing payments made by residents in the survey and compare this with data from other sources.

6.2 Ongoing Service Fees and Charges

As we saw earlier, ongoing charges generally cover council and water rates, building insurance, electricity to common areas, maintenance, gardening and other general services. Mostly they do not cover personal electricity costs or home contents insurance. The fees for serviced apartments, however, normally also cover two meals a day, personal electricity use, home cleaning and in the majority of cases some degree of personal care. In retirement village complexes where all levels of care are available (that is, self-care units, hostel and nursing home), access to services such as meals or nursing assistance may incur additional charges for residents of independent units. Several of the smaller non-profit organisations also provide refrigerators, stoves and washing machines for residents, and maintenance fees for these appliances are incorporated into the weekly charges.

In some cases service and maintenance fees are linked to deductions from entry contributions. For example, in one village residents could choose the option to pay 87.5 per cent of the Age Pension and then other deferred management fees would be taken out of any capital growth in the value of their property. Alternatively, the same resident could choose to pay the full service and management fees as they occurred and receive the full capital gain. Deferred management fees and the treatment of capital growth are therefore also important in understanding the structure of costs and are discussed later in the report.

In the telephone survey only a small minority of managers (from seven villages or 13 per cent of the sample) said that ongoing charges varied according to the level of entry contributions. Forty per cent (21), however, indicated that they varied according to other factors. Some of the non-profit bodies in particular described charges as being based on the costs needed to break even in their annual budgetary process, with the required payment level spread equally amongst residents. Many villages automatically indexed charges to the CPI or in line with pension increases. Additional fees were also incurred for units with carports or garages.

Table 6.6 summarises the range of ongoing maintenance/service fees payable in different types of accommodation. Not all managers were able to give a figure. In those villages where they could, fees for a single person in a one-bed self-care unit ranged widely from $12.00 per week to just over $83, with a mean charge of around $41. For a couple in a two-bed unit they were about 13 per cent higher. On average, payments by people in rental tenure are higher than for loan and licence or leasehold occupants, as might be expected given that they would have lower entry contributions. Charges in serviced apartments are also considerably higher, although the information only comes from a small number of organisations.

Table 6.6: Summary Data on Service Charges in the Retirement Village Sample
(Dollars per week)

Household and accommodation type	Mean	Minimum	Maximum	Number of villages
Single person in a 1-bed independent unit	40.56	12.00	83.95	35
Couple in a 2-bed independent unit	45.75	21.85	86.10	21
Rental unit	63.64	35.00	123.67	10
Single person in a serviced apartment	170.00	140.00	201.00	6
Couple in a serviced apartment	243.13	140.00	327.00	4

Source: SPRC Retirement Village Telephone Survey.

Only a limited amount of information on service charges was available from the national database. This indicated that in New South Wales fees for housing occupied under loan and licence agreements mostly averaged between $20 and $50 per week In Queensland the QDFCS (1995) sample indicated that higher level maintenance fees for non-profit villages ranged from $36 to $55 per week, with an average of $41. Similar fees in commercial villages ranged from $33 to $69 per week, with an average of $56.

Information was available for 131 villages in South Australia. Figures often varied within villages, and based on the highest weekly rate per village they ranged from an estimated $20 to $140 per week. The latter figure was the only charge in excess of $80 and may actually be for a serviced apartment. The average weekly charge was just under $45. Table 6.7 shows the distribution of villages according to fee bands.

Table 6.7: Highest Ongoing Weekly Charges for Independent Units in Retirement Villages in South Australia

	Retirement villages	
Highest ongoing weekly charge	Number	Percentage
Less than $20	1	0.8
$20 to $29.99	8	6.1
$30 to $39.99	16	12.2
$40 to $49.99	81	61.8
$50 to $59.99	18	13.7
$60 to $69.99	2	1.5
$70 to $79.99	4	3.1
$80 and over	1	0.8
Total	**131**	**100**

Source: SPRC Retirement Village Database

Information in Victoria was available for only 68 villages. As in South Australia, calculations for individual units are based on the highest weekly figure supplied. These ranged from $12 to $60, with an average of $36. The figures are given in bands in Table 6.8. Higher level fees in the ACT ranged from $32 per week to $56 per week, with the average being just over $41.

Table 6.9 gives a breakdown of charges paid by residents in the SPRC survey, according to different subcategories of analysis. The data given are weighted for non-response, which, as with entry contributions, has the effect of raising mean values slightly. Overall, residents in independent, self-care units paid an average

Table 6.8: Highest Ongoing Weekly Charges for Independent Units in Retirement Villages in Victoria

	Retirement villages	
Highest ongoing weekly charge	Number	Percentage
Less than $20	5	7.3
$20 to $29.99	13	19.1
$30 to $39.99	28	41.2
$40 to $49.99	18	26.5
$50 to $59.99	3	4.4
$60 and over	1	1.5
Total	**68**	**100**

Source: SPRC Retirement Village Database

of just under $45 per week, within a range from under $2 to as much as $290 per week. Service apartment dwellers paid an average of $145 per week, with a minimum of $17 per week and a maximum of $236.

The table shows that there is no significant difference between payments made by single people and couples. As with entry contributions, the size and type of accommodation is clearly a more important factor. Although it seems surprising at first sight that bedsitter type accommodation should cost more than larger units, this is because most bedsitters are of the more expensive serviced apartment type of housing. South Australia stands out among the States as having particularly high weekly costs, mainly because nearly all the SA residents in the sample were living in private retirement villages and these have higher than average charges even within the for-profit sector.

The difference between average costs for residents receiving social security payments and those who are self-funded is significant at the five per cent level, but is nevertheless quite small. However, people receiving Rent Assistance are on average paying significantly more than those who are not. This is not surprising since assistance would only be available where the charges are above the specified threshold. There is virtually no difference in terms of whether people paid entry contributions above or below the extra allowable amount threshold.

Perhaps the most interesting point arising from the analysis is that weekly payment levels are clearly associated with the degree of independence expressed by residents. Thus the modest extra average amounts paid by those needing some assistance are likely to cover at least part of the extra help or services they

Table 6.9: Average Weekly Service Charges in Retirement Villages

Units of Analysis	Mean Charges $	Standard Deviations
Accommodation Type[a]		
Self-care units	44.85	17.65
Serviced apartments	145.30	58.08
Other	96.24	71.65
Household		
Single persons	51.87	34.85
Couples	48.67	25.62
Accommodation Size[a]		
Bedsitter	88.56	65.02
1 bedroom	48.14	25.30
2 bedrooms	44.78	18.33
3 or more bedrooms	47.67	14.14
Organisation Type[a]		
Private, for profit	55.99	39.16
Religious/charitable	47.36	20.78
Community/non profit	41.20	14.53
Public	37.63	8.38
State[a]		
NSW	50.41	31.11
Victoria	41.80	20.29
Queensland	50.88	30.32
WA	40.89	12.41
SA	81.26	53.01
ACT (one village only)	35.31	1.78
Social Security Status[b]		
Receiving Pension or Allowance	50.32	32.21
Self-funded	55.02	32.81
Receipt of Rent Assistance[a]		
Receiving Rent Assistance	66.70	27.54
Not receiving Rent Assistance	45.91	41.59
Year of Entry[a]		
Up to 1979	52.65	42.02
1980-84	45.73	23.20
1985-89	54.72	36.75
1990-94	48.17	27.62
1995 to present	53.11	33.93
By Entry Contribution Relative to EAA Threshold		
At or below threshold	50.84	39.28
Above threshold	50.00	28.88
Level of Independence[a]		
Take full care of self/selves	48.63	27.87
Care for self/selves but need some help with housework etc.	56.61	39.86
Need personal care	107.41	75.64

Note: Analysis of variance: (a) = $p < 0.01$; (b) = $p < 0.05$

Source: SPRC Retirement Village Resident Survey

require, while the considerably higher costs met by residents needing personal care again reflect these requirements. Most of this effect is caused by the serviced apartment dwellers. If we look at self-care residents alone the difference in costs between those fully independent and those needing some assistance disappears altogether and is much reduced even among the few needing personal care.

To show how service charges are concentrated around certain levels, Table 6.10 breaks down the unweighted charges into bands and cross-tabulates them by household type, since the threshold of rent above which Rent Assistance is payable is set differently for single person and couple households.

Table 6.10: Service Charge Levels by Household Type

	Household Type			
Service Charges Per Week	Single Persons	Couples	All Households	Number of Cases
	Percentages			
Up to $20.00	3.2	0.8	2.4	28
$20.01 - $40.00	38.0	38.8	38.3	448
$40.01 - $60.00	43.7	48.1	45.2	529
$60.01 - $80.00	7.4	8.6	7.8	91
$80.01 - $100.00	2.7	2.8	2.7	32
Over $100.00	5.0	1.0	3.7	43
Above minimum rent threshold, to 3/97: ($35.70 for singles and $58.10 for couples)	78.8	13.6	56.70	
Number = 1171				

Source: SPRC Retirement Village Resident Survey

More than four-fifths of all households are paying charges of between $20 and $60 per week and there is little difference in the payments of single people and couples, except possibly that there are slightly more single people in both the lowest and highest payment band. As a result, single people are nearly six times as likely as couples to have charges in the range of eligibility for Rent Assistance, because the single person threshold is set substantially lower than that for couples. As we saw earlier, single people are nearly six times as likely to be receiving Rent Assistance as couples (30.1 per cent compared to 5.6 per cent). Table 6.11 shows the household breakdown of respondents who stated they were receiving Rent Assistance, by the level of weekly service charges.

Table 6.11: Receipt of Rent Assistance by Household Type and Level of Weekly Service Charge

		Household Type	
Weekly Service Charge	All Households	Single Persons	Couples
		Percentages	
Up to $20	0.9	1.0	-
$20.01 - $40.00	17.0	17.7	5.3
$40.01 - $60.00	48.4	50.7	26.3
$60.01 - $80.00	17.5	15.3	42.1
$80.01 - $100.00	4.5	3.0	21.1
Over $100.00	11.7	12.3	5.3
Number	223	19	222
Missing = 18			

Source: SPRC Retirement Village Resident Survey

Again there are some discrepancies, with a few respondents claiming to be receiving Rent Assistance even though their reported rent levels would seem to disqualify them, but these only involve a very small number of cases. On the other hand, as we saw earlier, it is possible that the overall levels of Rent Assistance receipt are underestimated to some extent. Comparison between Tables 6.11 and 6.10 shows that although other factors, including the entry contribution level and the means test, might be expected to affect entitlement to Rent Assistance overall, the rent threshold appears to be one of the main explanation for differences in receipt of assistance between household types. Whether this seems fair, in terms of targeting, is considered later when we look at residents' current financial circumstances.

At present, policy is based on the assumption that for residents of retirement villages who are considered home owners (those with entry contributions above the extra allowable amount), service charges are not likely to be significantly different to those paid by other home owners in strata title units. It is difficult to know how far this is true, as there is little detailed information available on which to base a comparison. One source of limited information is the ABS Housing Survey (1994), which includes data on fees for 573 bodies corporate, by number of rooms and State, and on council rates payable in just over 9300 houses or units (Table 6.12). The number of observations for bodies corporate in some States is small, but overall it appears that combined fees and rates in 1994 were in the region of $31 to $35 per week depending on the size of accommodation. Queensland had the highest average figures, ranging from $38 to $45 per week. If we compare these figures with those in Table 6.8 and allow for some inflation

Table 6.12: Estimates of Average Weekly Body Corporate Fees and Rates by State and Number of Rooms: 1994

	Body Corporate Fees $			Rates $		
State	1 Room	2 Rooms	3 Rooms	1 Room	2 Rooms	3 Rooms
NSW	16.13	15.75	15.82	16.09	16.76	22.87
Victoria	12.00	8.80	8.00	18.84	19.27	24.62
Queensland	17.22	16.11	20.27	18.52	17.59	24.62
SA	23.29	8.94	7.58	13.43	13.35	17.51
WA	9.50	9.17	10.96	11.81	12.73	17.32
Tas.	5.00	3.83	5.00	11.20	14.82	17.88
NT	-	20.42	-	16.00	14.47	23.71
ACT	12.00	8.91	9.85	24.50	16.74	22.35
All	14.81	12.82	13.38	15.93	16.36	21.06
Total number of observations	**57**	**377**	**139**	**135**	**1521**	**7685**

Source: ABS Housing Survey (1994), Special Tabulations

since 1994, it appears that current retirement village fees are on average fairly similar to those in the ABS survey, though perhaps somewhat higher for people in private sector villages.

Payments for Additional Services

It was stated earlier that some residents are regularly paying extra sums of money for additional services not covered by their normal ongoing service charges or fees. Overall, just under a quarter of households are making such payments. The proportion varies by accommodation, sex and household type, though not to a statistically significant extent. Significant variation is found only by age, organisation type and the level of reported independence. In line with what was found earlier about the apparently higher service needs of the younger age group, residents aged between 55 and 60, although making up a small proportion of the total, are nearly three times as likely to be making extra payments as those aged 65-70. Apart from this, the likelihood of making extra payments increases progressively by age, rising to nearly 36 per cent of households with the first or only member aged over 80. The age composition of residents in different types of accommodation is also a factor in the higher proportion of residents of religious/charitable villages who make extra payments, particularly compared with those in community or public organisation. The clearest differences, however, arise between those with different levels of reported independence.

Only 18 per cent of residents taking full care of themselves are making extra payments, compared with 55 per cent of those who feel they need additional help and 78 per cent of those needing personal care.

What do these findings suggest about the links between need and expenditure? First, the fact that residents of serviced apartments are not significantly more likely to be making extra payments than those in self-care units implies that the higher charges incurred on average by the latter group may put them roughly on a par with the former in terms of their different levels of need. Secondly, the association between perceived support needs and extra expenditure suggests that this extra spending may not be purely discretionary, although we cannot say from the survey questions how far people's self-reported levels of need would match an 'objective' assessment. The category of residents whose circumstances seem more uncertain is the younger age group. We speculated earlier that they may possibly be entering retirement villages at an earlier age because of already poor health, but an alternative explanation could be that they have higher expectations of the kind of services they want from a retirement villages and are more able to afford the extra costs.

In order to have a clearer sense of the importance of these extra payments we need to know how much money is involved. Table 6.13 summarises the average amounts spent by residents on additional services, by accommodation and household type, organisation, age group and levels of independence. The figures are presented unweighted, as the small numbers involved makes weighting somewhat hazardous. As usual the effect of weighting is, in general, to raise the values by a small amount.

The mean amount paid by all those making an extra payment is around $18 per week and although there is some apparent variation according to the factors included in the table, in no cases are the differences in the mean statistically significant. Most people in fact pay considerably less than the average figures would suggest, as the mean is boosted by a small number of households with exceptionally high payments covering substantial personal care.

Table 6.14 breaks weighted payments down into bands by household type. Overall, just under four-fifths of households, both single and couples, are spending less than $20 per week on extra services, and over half are paying $10 or less.

Before moving on to consider the relationship between ongoing charges and entry contributions, it helps to look at the various ways in which residents may also be liable for additional management fees. These are often recouped over time by village managements as deductions from entry contributions or as a percentage of any increase in the capital value of units.

Table 6.13: Average Expenditures on Additional Services

Units of Analysis	Mean Expenditures $	Number of Cases
Accommodation Type		
Self-care	17.92	203
Serviced apartment	26.35	9
Household Type		
Single person	16.89	158
Couple	22.20	55
Organisation Type		
Private	23.05	93
Religious/charitable	15.51	80
Community	13.76	35
Public	5.72	7
Age Group		
65 or under	18.77	7
66-70	12.29	14
71-75	12.24	29
76-80	20.37	54
Over 80	19.09	123
Level of Independence:		
Take full care of self/selves	16.07	125
Care for self/selves but need some help	21.20	78
Need personal care	27.47	8

Source: SPRC Retirement Village Resident Survey

Table 6.14: Additional Service Payments by Household Type

Extra Payments (per week)	Single Persons	Couples	All Households
		Percentages	
Up to $10.00	59.2	46.4	55.9
$10.01 - $20.00	20.0	31.5	22.8
$20.01 - $30.00	8.8	4.8	7.8
$30.01 - $40.00	1.6	-	1.2
$40.01 - $50.00	d6.9	6.5	6.8
Over $50.00	3.5	11.3	5.4
Number = 230			

Source: SPRC Retirement Village Resident Survey

6.3 Deferred Management Fees and Capital Value Accumulation

It is often a condition of residents' occupancy agreements that retirement village organisations can withhold a percentage of the entry contribution, loan or purchase price as a management fee if the unit comes up for resale or reallocation when a resident moves on or dies. In some States these arrangements are governed by legislation, whereas in others retirement village organisations have discretion in how they operate.

In our sample, according to the telephone survey, 43 villages (83 per cent) operated some form of percentage deduction from entry contributions and seven did not. A further two managers could not say. Classifying the various different arrangements is difficult as there is considerable variation. In general, where some figure could be established, the maximum percentage likely to be deducted after a period of years varied from under 10 per cent to as much as 100 per cent, although the higher figures were normally found only in those village requiring lower entry contributions.

12 villages (25 per cent) could not supply a predetermined schedule of deductions from entry contributions because they offer a variety of options to accommodate individual residents' financial circumstances. The option chosen by residents would thus determine the method to be used to calculate the value of any annual deductions. These options include the following varieties listed below.

- The payment of a higher entry contribution and lower weekly fees in place of annual deductions.
- Deferred management fees to be taken out of the capital gains. This option was only offered in some retirement villages where the entry contribution exceeded $100 000.
- The payment of a fixed management fee for a specified period of time. Depending on the specifications laid down by the village, the fee may or may not be deducted from the entry contribution.
- Ongoing management fees to be paid every six months with or without a full refund of entry contributions on the resale or reallocation of units.
- Annual deductions to be calculated on a daily rate.
- Annual deductions to be made from entry contributions and a percentage of the capital growth value to be retained by the organisation.

- Several villages operated a specified Capital Return Formula to calculate the annual amount to be deducted from entry contributions and the proportion of any capital growth to be retained by the organisation.

Another question is what happens if a resident moves to a different unit in the village complex, perhaps because of a need for a smaller or larger unit, or if a higher level of care is needed. In the first scenario, villages were divided as to whether new entry contributions are required. Twenty (41 per cent) said that they would be required, as the unit would be sold at market value and a new payment made for the new accommodation, whereas 16 (33 per cent) said that a new payment would not normally be required under these circumstances. The mechanisms of financial transfer between different units were not, however, altogether clear. In the event of a need developing for more intensive personal care, slightly more villages stated they would require a new payment, though several also commented that the organisation would normally cover the cost of entry to a nursing home if required until the previous unit had been resold and funds released.

Residents of retirement villages do not automatically receive a full share of the capital growth value of their accommodation if it is resold. Only 20 managers (38 per cent) said that residents normally retain some share in the capital growth and in 29 villages (59 per cent) they would receive no share at all. The remaining three could not say. Of the 18 villages where the capital growth retention formula could be classified in some way, four said residents would receive the full market resale value subject to the percentage deduction for management fees discussed above, six said they would receive part of the value after deducting management fees and maintenance costs, two said they would get back only the costs of any improvements they made themselves and six operated a range of options.

These options include the choice to pay a lower weekly fee in return for which the retirement village retains all or part of the capital growth value if the resident leaves the retirement village or dies. Some of the villages which set lower entry contributions also have a provision for retention by the organisation of part or all of any capital gain on the resale of the unit. Retirement villages also often charge fees for the sale of units and for refurbishment costs at the end of the occupancy period. These fees are commonly deducted from the capital growth value of the accommodation when the unit is resold. Some charge fees irrespective of occupancy and the utilisation of services. In this situation, the former resident is liable to pay ongoing costs until the apartment is resold or reallocated.

In the resident survey respondents were asked to state what percentage of their lump-sum entry contribution would be returned to them if they left the village and how much of any capital growth they would retain. As the paragraphs above indicate, these are questions of some complexity. Residents often did not know the answer, or gave answers which differed from those of others in the same village or from those of the manager. Although the optional packages available in some village means that residents may be correct in differing from their neighbours' responses, this seems to be area of financial commitment which residents find difficult to understand and about which they are not always well informed.

Table 6.15 presents data on what proportion of entry contributions residents expected to be refunded, according to whether these contributions were above or below the extra allowable amount and broken down by organisation type. Where deductions are made over a fixed period of years, the figures represent the maximum they would receive if they stayed in the village for the full deduction period. These estimates are unweighted and should be regarded as indicative only, since it was not possible to establish more precise figures in a survey of this kind. The total number of residents able to give an answer was 863, representing 77 per cent of all those paying an entry contribution. Of these, 800 gave answers to all the questions involved in the table.

Table 6.15: Average Levels of Expected Entry Contribution Refund

Units of Analysis	Mean Percentages	Number of Cases
All households responding to questions	71.5	800
At or below EAA threshold	50.6	342
Private	73.0	81
Religious/charitable	31.7	127
Community	65.7	111
Public	3.3	23
Above EAA threshold	87.0	458
Private	88.4	347
Religious/charitable	80.4	86
Community	90.8	24
Public	100.0	1

Source: SPRC Retirement Village Resident Survey

The table shows that while respondents as a whole expect to have an average of just under 72 per cent of the value of their entry contributions refunded if they moved, there is a substantial difference between those whose contributions were below the extra allowable amount threshold relevant to the year they entered the village and those where it was above the threshold. The numbers of people in community and public sector villages are too small to draw any conclusions, but for the charitable villages in particular there is a distinct division between the donor-funded, low entry cost establishments, where people cannot expect to receive much of their payments back, and the higher cost villages where the refund is commensurately larger. The distinction is less clear cut in the private sector villages, but the average levels of refund tend to be higher, in line with a view of tenure as resembling owner-occupation.

Table 6.16 shows the refund percentages in bands, again by organisation type. Overall, just under a third of those able to answer expect to receive a full refund and a similar proportion expect to receive 75 - 99 per cent back. At the other extreme 17 per cent expect to have no refund. Comparison by organisation, however, shows the concentration of high refunds in the private sector villages, and the polarisation within the charitable and community sectors between zero and relatively high refunds.

Table 6.16: Expected Refunds of Entry Contributions by Organisation Type

	Organisation Type				
Level of Refund	Private	Religious/ charitable	Community	Public	All
			Percentages		
None	2.6	31.5	23.0	88.9	16.4
1 - 25	2.0	0.9	2.7	3.7	1.9
26 - 50	1.3	13.1	2.0	-	4.5
51 - 75	15.8	8.1	8.1	3.7	12.1
76 - 99	35.4	43.2	12.8	-	32.4
100	42.9	3.2	51.4	3.7	32.7
Number	455	222	148	27	852

Note: Chi-square: $p < 0.01$
Source: SPRC Retirement Village Resident Survey

Residents were also asked what percentage of any capital growth they would expect to retain if they moved out and the property was resold or reallocated. The percentage of people replying was only 58 per cent of those paying entry contributions and there are some difficulties with interpreting the answers, as capital growth rules are often linked to the deferred management fee deductions discussed above. Residents again sometimes gave answers which differed within villages or with those given by managers. There were nevertheless a number of modal responses which suggested that villages tend to set the amounts of capital growth retained by residents at a few main levels, namely zero, 50 per cent, 80 per cent or 100 per cent.

Table 6.17 breaks down the levels of capital growth retained by bands, showing the modal points, and by organisation type. Overall, nearly 60 per cent said they would expect to lose all of any increase in the capital value of their accommodation, including, perhaps surprisingly, almost 48 per cent of residents in private sector villages. This applies to most of the residents of other types of villages, except that in some religious/charitable villages residents may retain a 50 per cent or 80 per cent share. Thirteen per cent expect to retain the full value of any increase, virtually all of whom are in private sector villages.

Table 6.17: Expected Percentage of Capital Growth Retained by Organisation Type

	Organisation Type				
Level of Growth Retained	Private	Religious/ charitable	Community	Public	All
	Percentages				
None	47.5	62.9	90.7	85.0	59.2
1 - 49	2.2	1.8	-	5.0	1.9
50	4.7	13.2	4.1	5.0	6.9
51 - 79	5.9	-	-	-	3.3
80	13.1	18.0	-	-	12.0
81-99	5.9	2.4	1.0	5.0	4.2
100	20.7	1.8	4.1	-	12.6
Number	358	167	97	20	642

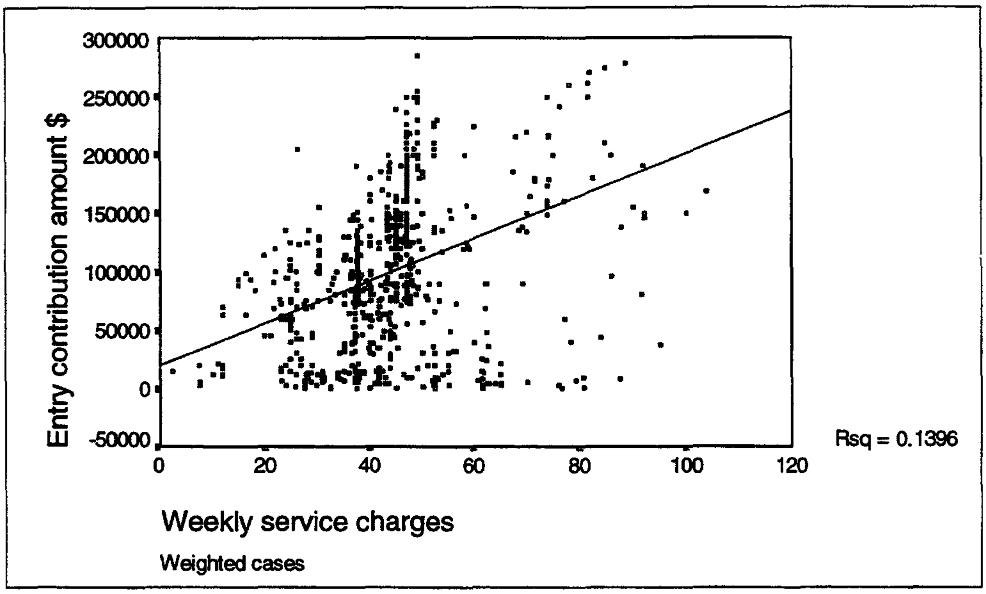
Source: SPRC Retirement Village Resident Survey

Having established what levels of payments residents have made in order to move into their village and the range of ongoing service charges, extra payments and deferred management fees they face while they live there, we can now move on to examine the relationship between these different elements of the costs structure for retirement villages.

6.5 The Relationship Between Entry Contributions and Service Charges

If, as was suggested earlier, people paying higher contributions have lower service charges and *vice versa*, this should be demonstrable by correlating the two scales of charges. We might expect the two main types of accommodation to show different patterns, however, so Figures 6.1 and 6.2 present correlation results and regression plots for self-care units and serviced apartments separately. The first analysis includes all residents of self-care units, irrespective of when they moved into the village. A small number of outlier values have been removed to make the visual pattern more comprehensible.

Figure 6.1: Entry Contributions Correlated with Ongoing Service Charges: Residents in Self-care Accommodation

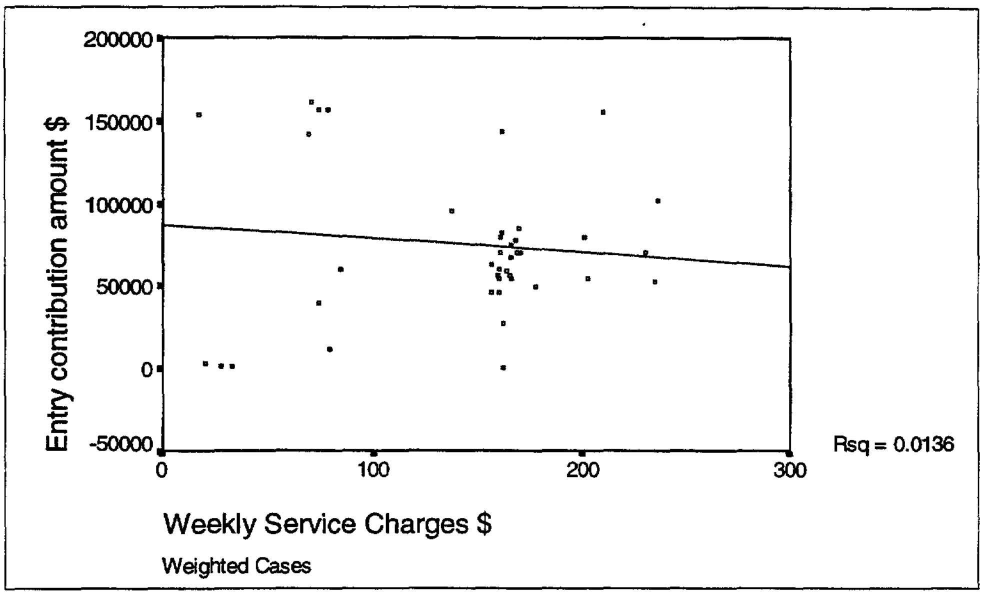


The plot shows that taking all the years together entry contributions are significantly correlated with service charges[2]. However, the r-squared figure shows that the correlation is very weak, as can be observed from the plot, and the regression line of best fit runs in the wrong direction. Thus, in so far as service charges in self-care accommodation are linked with the level of entry contributions there is a slight tendency for them to increase as entry payments rise rather than fall. As for serviced apartments, the number of observations is much smaller and while the line of best fit is in the right direction, there is no statistically significant correlation[3].

2 Correlation coefficient = 0.3736 and $p < 0.01$

3 Correlation coefficient = - 0.1165 and $p > 0.05$

Figure 6.2: Entry Contributions Correlated with Ongoing Service Charges: Residents in Service Apartments



The same analysis can be repeated for different years of entry and for different organisation types and while there are variations in the degree of correlation, none support the notion of a strong inverse relationship. Table 6.18 gives a selection of correlation statistics for different categories of resident.

Although in the first two cases the correlation is significant, the relationship is again very weak and positive. The only sub-group showing any kind of inverse relationship is that of residents entering independent, self-care housing since July 1995, but the correlation barely achieves significance even at the five per cent level.

Another way of perceiving the relationship between entry contributions and service charges is to think of the real entry contribution as being only that part which is witheld by the retirement village organisation. We have seen that there is considerable variation in the level of potential refunds, so it may be that there is a closer correlation between these deferred management fees and the level of ongoing charges.

Figure 6.3 plots this relationship for residents of self-care units only. The numbers of serviced apartment dwellers for whom the information is available is too small for comparison. The correlation, while significant, is still very weak and still positive.

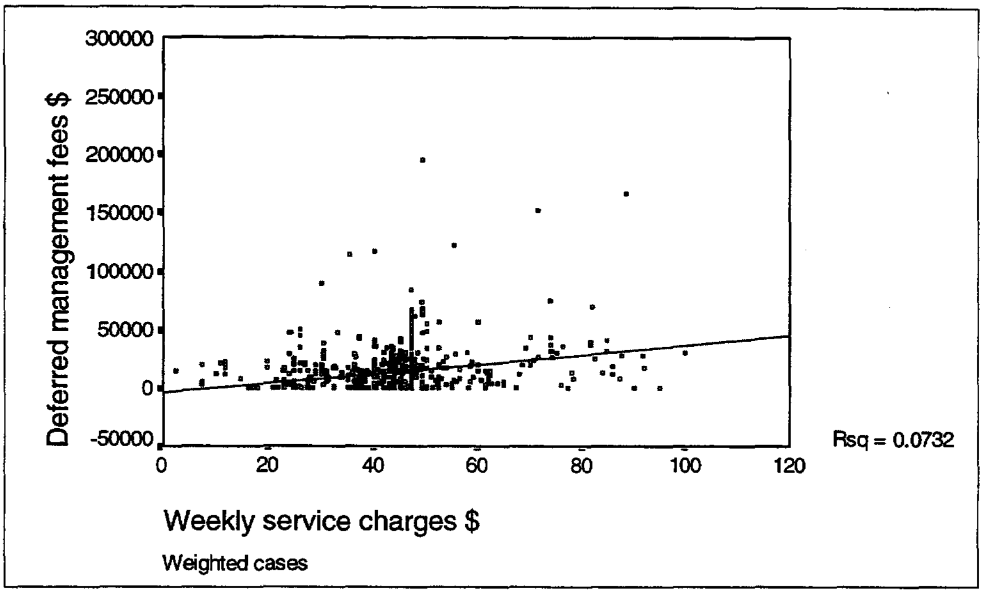
Table 6.18: Correlation Coefficients of Service Charges with Entry Contributions

Categories	Number of cases	Mean $	Standard deviation	Correlation coefficient	p	r^2
Residents entering self-care housing before July 1989						
Entry Contribution	255	58 674	54 546	0.3973	0.000	0.1578
Service Charge	261	43.16	21.39			
Residents entering self-care housing from July 1995						
Entry Contribution	204	107 175	69 210	0.2178	0.002	0.0474
Service Charge	206	45.34	17.87			
Residents entering private sector villages from July 1995						
Entry Contribution	114	138 917	65 010	- 0.1904	0.046	0.0208
Service Charge	115	56.68	38.03			
Residents entering private sector villages before July 1989						
Entry Contribution	128	91 673	52 302	0.1737	0.054	0.0302
Service Charge	129	56.56	37.40			
Residents entering Charitable or community sector villages from July 1995						
Entry Contribution	108	70 544	53 983	0.0086	0.931	0.0001
Service Charge	106	46.13	24.84			

Source: SPRC Retirement Village Resident Survey

Overall, this analysis has suggested that the level of ongoing charges is higher on average for serviced apartments dwellers than for those in self-care accommodation. This difference relates mainly to the cost of extra services which the former receive, and because their accommodation is generally much smaller and less self-contained they tend to pay smaller entry contributions. Among the main group of self-care residents, however, service charges are not inversely correlated with entry contributions. If anything, they are slightly higher on average where entry contributions are also higher. It seems likely, therefore, that ongoing fees are determined more by other factors such as development costs and maintenance requirements. Since the facilities will generally be more extensive in

Figure 6.3: Ongoing Service Charges Correlated with Residual Entry Contributions (Deferred Management Fees): Residents in Self-care Accommodation



more expensive villages, ongoing charges are likely also to be commensurately higher.

One of the arguments put forward in the Queensland Department of Family and Community Services paper (1996) was that the proportion of service fees to entry contributions was higher for people paying average entry contributions than for those making payments at the higher level. For this reason, it was argued, it would not be inconsistent with targeting objectives to make all those who paid entry contributions at or below the average eligible for Rent Assistance. How far is this argument supported by the national data?

Table 6.19 shows the ratio of annualised service charges to entry contributions for residents in independent units, looking at both average payments and those in the higher brackets. The Queensland data are based only on leasehold villages, whereas our data include a variety of occupancy agreements, but in order to exclude residents with particularly low contributions (normally donations), we take only those entry payments which were above $10 000. Figures are given first for all years of entry combined and then just for residents entering after June 1995, and are weighted for non-response. Serviced apartment figures are included for comparison, but the numbers are too small to break down by year of entry or payment level.

Table 6.19: The Ratio of Service Charges to Entry Contributions

	Mean $	Service charges as percentage of entry contributions	Weighted cases
Independent Units			
All years			
Average			
Annual service charges	2276	2.1	1793
Entry contributions	108 779		1834
ECs above $150 000			
Annual service charges	2899	1.5	395
Entry contributions	195 873		404
Since July 1995			
Average			
Annual service charges	2401	2.0	373
Entry contributions	119 937		382
ECs above $150 000			
Annual service charges	2742	1.4	106
Entry contributions	202 616		106
Serviced Apartments			
Average			
Annual service charges	7819	10.1	108
Entry contributions	77 348		119

Source: SPRC Retirement Village Resident Survey

The pattern observed in the Queensland research is supported by the national data, in that people making average entry contributions do pay proportionately higher service charges as a percentage of the entry contribution than those making higher initial payments. Whether this means that Rent Assistance is targeted too tightly on those with lower than average entry contributions depends partly on the financial circumstances of residents once they have entered the village.

6.6 Residents' Financial Circumstances

It was not possible in a postal survey of this kind to obtain detailed information on residents' financial circumstances. It is well known that asking people about their incomes and assets is difficult in any survey. Where, as in this case, there are already problems involved in contacting the target population, questions about income can often result in even lower response rates. The survey therefore restricted financial questions to a small number of a fairly general nature. Aside from asking about receipt of social security payments and housing charges, residents were asked to estimate, within a set range, how much net income they normally had left over each week after meeting all their housing-related costs. This is clearly an imprecise measure of disposable income, but it does provide an indicator of how residents experienced their financial circumstances. A further question also asked respondents to nominate, from a given list, up to two main sources of current income. In terms of wealth, residents were invited to estimate their total assets, again within bands, excluding the value of their home but including the main forms of wealth which would be counted towards the Age Pension assets test.

As might be expected, the response rates for these questions were among the lowest in the survey. In all, just under 18 per cent did not reply to the income question and 13 per cent did not answer on assets. Of those who did answer, 34 per cent (weighted) said they had $25 or less of disposal income per week after housing costs and a further 22 per cent had between $26 and $50 per week. Only 13 per cent said they had more than $200 per week.

Disposable income is associated at a statistically significant level with the type of household. Thus 39 per cent of single people reported having only up to $25 per week compared with 25 per cent of couples, while at the other end of the scale 29 per cent of couples had more than $250 per week, compared with only 11 per cent of single people. Even among single people there is also a significant difference by sex, with 42 per cent of single women reporting income in the lowest band as opposed to 25 per cent of men. Women living on their own in retirement villages do appear on average to have very low levels of disposable income after housing.

On the other hand, there is no significant difference in the distribution of post-housing income levels according to the type of accommodation occupied, even though the serviced apartment dwellers in the sample had slightly lower post-housing incomes on average than those in self-care housing. Nor does income vary significantly by levels of independence.

One factor which does suggest a significant difference is organisation type. Table 6.20 shows that residents in religious/charitable and community sector villages are proportionately more likely than those in the private sector to have particularly low disposable incomes, and that the latter comprise the bulk of those at the higher income level. Apart from this, however, the distributional differences are not great. Incomes in public sector villages look a little different, being clustered more in the middle range. This may be a product of the lower than average housing charges required in these villages (see Table 6.8), although the numbers are too small to draw any firm conclusions. Overall, it appears that

Table 6.20: Household Disposable Incomes After Housing Costs by Organisation Type (unweighted data)

	Organisation Type				
Income Levels $ per week	Private	Religious/ charitable	Community	Public	All Households (number of cases)
			Percentages		
25 or less	29.6	35.0	44.8	19.4	33.8 (349)
26 - 50	22.4	23.1	21.7	25.8	22.5 (233)
51 - 100	15.1	17.3	13.8	32.3	16.0 (165)
101 - 150	11.9	8.3	9.9	16.1	10.6 (110)
151 - 200	9.4	9.7	5.4	3.2	8.5 (88)
201 - 250	3.8	4.3	3.0	3.2	3.8 (39)
Over 250	7.8	2.2	1.5	-	4.8 (50)
Number	523	277	203	31	100.0 (1034)

Note: Chi-sqare: $p < 0.01$
Source: SPRC Retirement Village Resident Survey

except for those with the lowest and highest incomes, differences in housing cost levels may tend to balance out against pre-housing incomes so that, between organisation types at least, disposable incomes do not vary substantially.

A further question is how far disposable income varies in relation to receipt of social security and, especially, Rent Assistance. If these payments are accurately targeted on those with lower incomes we should expect to find this reflected in the survey. The data tend to support this assumption up to a point (Table 6.21). Overall, as we saw earlier, nearly 90 per cent of households are receiving some sort of social security payment. This figure rises to 94 - 96 per cent among those with disposable incomes below $150 per week. Above this level it begins to decline and drops sharply to only 31 per cent among those with incomes over $250 per week. Around five per cent of those in the two lowest reported income brackets also said that they do not receive payments and further analysis shows that this cannot be explained fully by their level of reported assets. However, the numbers involved are small and the discrepancy may be caused by underestimation of income or assets.

The picture is similar when it comes to receipt of Rent Assistance. Forty-one per cent of residents receiving assistance with their housing costs have after-housing disposable incomes of under $26 per week and two-thirds have no more than

Table 6.21: Percentage of Residents Receiving Social Security Payments and Rent Assistance by Level of Reported After-housing Disposable Income

Income Levels ($ per week)	Receiving a social security payment Percentage	Total number of cases	Receiving Rent Assistance Percentage	Total number of cases
25 or less	94.8	343	27.2	313
26 - 50	95.3	232	25.6	215
51 - 100	95.7	162	25.7	152
101 - 150	93.5	108	19.4	98
151 - 200	83.9	87	11.3	71
201 - 250	84.6	39	3.8	33
Over 250	30.6	49	6.7	15
All households	90.5	923	23.4	210
Number		1020		897

Source: SPRC Retirement Village Resident Survey

$100 per week. As income rises, so receipt of Rent Assistance declines. This suggests reasonably successful targeting. However, there is another way of looking at this question. Even among those receiving some form of social security payment (and therefore assessed as within income and asset test thresholds), nearly 80 per cent of residents are apparently not receiving Rent Assistance. Why is this? As was suggested earlier, it may be that there is some under-reporting of receipt of assistance in the survey. However, another possibility is that entry contributions were above the threshold for some residents' year of entry to the village. The combined levels of item non-response for questions on income, entry contributions and social security payments reduces the sample somewhat, but of the 655 valid cases of social security recipient households not receiving Rent Assistance, 37 per cent had apparently paid entry contributions at or below the extra allowable amount threshold. Just over three-fifths of these had reported disposable incomes after housing of no more than $100 per week.

The reason this group is not receiving Rent Assistance is that their service charges are not high enough to attract assistance. Amongst those cases in the sample where all the information was present, around four-fifths of single social security recipients not receiving assistance (but with entry contributions below the EAA threshold) had weekly service charges below the minimum rent threshold. This applies to more than 90 per cent of the relevant couples. As we saw earlier, the different rent thresholds for single people and couples result in a much higher level of eligibility for the former - an approach which appears to be valid on the basis of relative post-housing incomes. However, the effect overall may be to exclude from eligibility a small but significant group of residents whose weekly charges are often only marginally below the minimum required for Rent Assistance and whose incomes after housing costs appear in many cases to be very low. This, of course, is not an issue for retirement village residents alone - it is a structural effect of only assisting with rent where it exceeds a given level - but it may be one reason why some residents experience Rent Assistance policy as unfair.

While this analysis does seem largely to explain the relatively low level of receipt of Rent Assistance among survey respondents, it does raise some questions about the accuracy of reported post-housing incomes. Among social security recipients, reported housing charges averaged only around $45 per week and even those making extra payments estimated these at an average of only $15 per week. Full pensions at the time of the survey were $173.20 per week for a single person and $144.45 per week for each of a couple. Yet over half the respondents reported after-housing incomes of only $50 per week and a third said they had no more than $25 per week left to spend. This suggests that some respondents may have underestimated the level of their disposable income, or reported what they had left after other kinds of necessary expenditure, such as fuel costs or medical payments.

The main sources of residents' income, apart from social security pensions, are bank interest or dividends from shares. Small numbers received some income from superannuation or occupational pensions. Table 6.22 breaks down residents' responses by the main household types. About one-fifth of single people and one-third of couples gave more than one source and these are amalgamated in the table. For couples, however, the separate responses for the two members are kept separate.

Single people are substantially more likely than couples to have no income other than the pension, which supports the other evidence suggesting that people (especially women) living on their own in retirement villages tend to be noticeably less well-off than couples. The income sources of members of couples tend mostly to be the same, reflecting either shared income or at least a view of it as joint, except that the second member (in most cases the woman) is more likely to have an annuity or allocated pension and the first (usually the man) to have an occupational pension or superannuation. Not surprisingly, in view of the average age of residents, scarcely any receive any earnings from work.

Finally, we look at the level of assets reported by residents. Here there are clear differences again by household type and by the type of retirement village. Just under three-quarters of single persons said they had less than $50 000 in assets, as opposed to about half of couples. At the other end of the scale, 16 per cent of

Table 6.22: Residents' Main Sources of Income by Household Type

	Household Type		
	Single Persons	Couples	
		First person	Second person
		Percentages[(a)]	
Bank interest/shares	54.2	69.9	69.4
None other than social security or DVA payment	34.3	17.4	17.1
Superannuation/occupational pension	10.6	17.1	3.7
Annuity/allocated pension	5.9	3.2	6.8
Help from family	2.5	1.2	0.5
Income from property	2.4	3.9	2.9
Earnings from work	0.4	0.7	-
Other (mainly UK or other overseas pensions)	2.5	3.9	2.0
Number	837	409	

Note: a) Percentages do not add to 100 because respondents could offer up to two answers.
Source: SPRC Retirement Village Resident Survey

couples reported having more than $200 000, compared with six per cent of single people. Table 6.23 gives the distribution of reported assets by type of retirement village organisation. It shows that while a majority of all residents report assets in the lowest bracket, a substantially larger proportion of residents in private sector villages have higher levels of wealth, in addition to the value of their current accommodation.

Under current Rent Assistance rules, if entry contributions are below the EAA threshold, residents can be eligible for help with housing costs, but the entry contribution counts towards the assets test. In 78 per cent of cases where contributions were below the threshold, other assets were reported as below $50 000 and in 93 per cent of cases they were below $100 000. For people with entry costs above the threshold (who are thus treated as home owners) assets were considerably higher on average: 22 per cent were above $150 000 and 16 per cent

Table 6.23: Residents' Reported Assets by Type of Organisation (weighted data)

Asset levels	Private	Religious/ charitable	Community	Public	All households
			Percentages		
Less than $50 000	53.3	75.6	76.4	90.3	63.6
$50 000 - 100 000	20.3	11.7	11.5	9.7	16.4
$100 001 - 150 000	7.5	2.3	7.1	-	6.0
$150 001 - 200 000	4.2	4.6	2.1	-	3.8
Over $200 000	14.7	5.7	2.9	-	10.1

Unweighted number = 1088

Source: SPRC Retirement Village Resident Survey

above $200 000. This appears to support the proposition that Rent Assistance is well targeted. However, almost 50 per cent of this group reported non-housing assets of under $50 000. It may be that most of these have chosen to concentrate their assets in their retirement village accommodation and have enough income to meet their ongoing charges comfortably, but if this is not the case then some may be disadvantaged compared to residents who paid just under the EAA threshold and are eligible for Rent Assistance.

So what are the circumstances of this group? They constitute about one-fifth of the whole sample and just under a quarter of those paying some entry contribution. They all live in self-care housing and three-quarters are in private sector villages. Just over two-fifths are couples, as opposed to one-third in the whole sample. About 94 per cent receive some social security payment and a small number (around seven per cent) say they are in fact receiving Rent Assistance. This may be because they recollected paying higher contributions than they actually did. Ninety five per cent are paying weekly service charges of between $20 and $60.

It is not possible using the information collected in the survey to add absolute levels of reported assets to entry contributions or to contributions after deduction of notional deferred management fees. We can, however, cross-tabulate the grouped amounts to see how far levels of housing and non-housing assets are correlated. Taking just those who paid entry contributions above the threshold but reported assets of under $50 000, 41 per cent expected to retain no more than $100 000 from their entry contributions after deductions, but very few were likely to have less than $50 000. About 70 per cent expected to have no more than $150 000. Fifty eight per cent reported disposable income of less than $50 per week and 70 per cent said they had less than $75 per week (although, as suggested earlier, average income levels may be underestimated.

This analysis suggests that for a majority of the retirement village population Rent Assistance is targeted with reasonable accuracy. There does appear, however, to be a 'boundary problem', whereby a group of residents with only moderate total assets and low levels of post-housing income may face some disadvantage through the dual effect of the extra allowable amount and minimum rent thresholds. What this implies for policy is discussed in the Section 8 of the report.

6.7 Summary

This section has examined residents' housing costs and financial circumstances. Looking first at the levels of entry contributions, we find that average payments are substantially higher for self-care accommodation than for serviced apartments, and vary significantly by dwelling size. Entry costs for private sector villages are also higher than for other types of organisation.

Average payments are lower in villages in the metropolitan areas of State capital cities than in other regional conurbations even though land values are likely to be higher in the capitals. This seems to be mainly because more of the villages around the capital cities are of the type which cater for a less wealthy clientele. Comparison with other information from the main database and elsewhere suggests that entry payments in our sample are broadly representative of retirement villages nationally, with the possible exception of Victoria.

Just over 40 per cent of current residents in self-care accommodation have paid entry contributions at or below the threshold of eligibility for assistance with their ongoing housing charges. This percentage has fluctuated since 1989 and is much lower for units with two or more bedrooms. For serviced apartments, however, it is around two-thirds.

Average service charges in self-care housing are around $45 per week and nearly nine out of ten residents are paying between $20 and $60 per week In serviced apartments the average is around $145 per week, which normally includes meals, cleaning and some personal care. Because the minimum rent threshold for Rent Assistance is set higher for couples than for single people, around six times as many single residents as couples have charges in the range for Rent Assistance eligibility. Average service charges for self-care residents appear to be similar to body corporate fees for strata units generally, including average council rates, but they are higher for many people living in private sector villages.

Around a quarter of residents regularly pay extra amounts to the village for services not covered by their normal charges. Eighty per cent pay less than $20 per week, but the oldest age group and those who said they needed extra assistance tend to pay higher amounts.

In addition to ongoing service charges, some villages exact deferred management fees by witholding a percentage of the entry contribution if a resident moves out or dies. Residents may also not receive the full value of any capital growth. The structure of these deferred management fees is complicated and varies between villages. Overall, residents expected to receive back an average of around 70 per cent of their outlays, with 16 per cent expecting nothing back and one-third expecting a full refund. Three-fifths expected to lose all of the capital growth, including nearly half the private sector residents, and 13 per cent to retain the full value.

For policy purposes it has been assumed that there is an inverse correlation between the level of entry contributions and that of service charges. This is only true when comparing serviced apartment dwellers to occupants of self-care units. For self-care residents, in so far as there is a correlation, ongoing charges actually tend to increase slightly as entry costs increase. This is the case even if weekly payments are correlated with the amounts residents expect to lose from the entry contributions in deferred management fees. There is a very slight inverse correlation for serviced apartments, but no clear pattern. The data do, however, support the observation from previous research in Queensland that people making average entry payments have higher annual ongoing charges as a proportion of entry contributions than those with entry payments in the highest range.

The survey was only able to collect limited information about residents' financial circumstances and nearly one in six did not reply to one of the questions about income or assets. Of those who did reply, 34 per cent reported disposable income after housing costs of no more than $25 per week and 56 per cent said they had no more than $50. Thirteen per cent reported having more than $200 per week. Residents living on their own, especially women, were significantly more likely than couples to report very low incomes. There was little difference between residents in different types of housing, but private sector residents are better off on average than those in religious/charitable or community sector villages. The income figures need to be regarded with some caution, however, as some respondents may have underestimated their post-housing income by deducting other forms of necessary expenditure.

The reported post-housing incomes of people receiving Rent Assistance are lower than for those not receiving help, which suggests that assistance is being targeted accurately. However, four out of five residents who receive Age Pensions or some other social security payment do not receive Rent Assistance. Nearly two-fifths of these paid entry contributions below the threshold, of whom more than 60 per cent had disposable incomes of no more than $100 per week. They are not receiving Rent Assistance because their weekly housing charges are below the minimum rent threshold.

Just over one-third of single people and 17 per cent of couples have no income sources other than a social security payment. For those with other income the main source is interest on bank savings or from shares.

As with income, there is a clear division between the wealthy and the poorer retirees in terms of non-housing assets, with 64 per cent of households reporting assets of less than $50 000 and 10 per cent saying they had more than $200 000. Again, single people and those in the various forms of not-for-profit villages were significantly more likely to have low asset levels. This distribution of assets tends overall to match the varying levels of entry contributions, which supports the proposition that Rent Assistance is reasonably well targeted. On the other hand, half of those paying entry contributions above the Rent Assistance threshold reported assets of no more than $50 000. Two-fifths of these expected to retain less than $100 000 of their entry payments after deduction of deferred management fees and 70 per cent said they had post-housing incomes of less than $70 per week. This suggests that the extra allowable amount threshold, in combination with the minimum rent threshold may create a boundary problem whereby a minority face some disadvantage relative to other people in similar circumstances.

7 Residents' Comments

The survey invited respondents to make comments about their financial circumstances, Rent Assistance policy, living in a retirement village and the services provided, or anything else relevant to the survey. About one-third of the respondents took up this offer and the comments received are discussed under these four headings. The boundaries between categories were not rigid, however, and comments often ranged across more than one theme. Not surprisingly, in view of the relatively low post-housing incomes reported by many residents, many of the comments were concerned with financial worries or difficulties.

7.1 Financial Circumstances

In one form or another, more than one-third of all the comments received were concerned with falling interest rates and growing housing expenses. People living on fixed incomes or money derived from bank interest shares or other investments often worry about the poor returns from investments when interest rates are low. Consequently, as a number of respondents reported, they often have to dip into capital to sustain daily living expenses.

Where incomes are not increasing substantially, increases in maintenance and service charges become a matter of concern. Several respondents complained that maintenance fees were increased every six months.

> *Our maintenance fee is forever rising - three times since we came here and another is tipped for the next budget.*
>
> *When I came here, the maintenance fee was only $86.00. Now it is $167.90.*

Unless alternative arrangements can be made with village management, residents' inability to pay ongoing charges may threaten their security of occupancy. As one respondent wrote,

> *Over a 2 year period, maintenance fees have risen from $145.00 month to $163.30 per month. If this trend continues, payments will be difficult to meet and I don't know what I will do.*

Other financial issues commonly cited by respondents included the following.

- Additional management charges: many respondents objected to paying other irregular charges, over and above the normal maintenance fees. Additional charges included the cost of repairs to communal areas, village roads, and annual pest control.

- Car expenses: again, many respondents indicated that the normal expenses of running a car - registration and insurance - were 'financially crippling'. In the absence of adequate transport services, many residents living in villages on the outskirts of towns or city fringes regard car ownership as a necessity, especially in order to access medical appointments.

- Medical insurance: the cost of private medical insurance premiums was another problem mentioned by a number of respondents.

  > *After paying $2300 per year for hospital cover, which we consider necessary at our age, it does not leave much cash for personal use.*

  Health insurance is often seen as essential where people suffer from chronic health conditions.

  > *I pay $195 every three months for Army Health Benefits which I cannot afford to let go as I am a diabetic on insulin and asthmatic.*

- Perceptions of financial disadvantage: a common feeling was of resentment against other people perceived as being financially favoured. This was especially evident amongst self-funded retirees who indicated that they did not receive any financial concessions for travel, telephone, pharmaceutical or rental expenses[4]. In many instances, respondents who did not receive any concessions perceived themselves to be financially worse off than pension recipients. The following comment typifies the sentiments repeatedly expressed.

  > *We would appreciate a health card so our funds will last a few years longer. [Like] our pensioner friends who didn't bother to save in a superannuation fund as we had to do, at a time when we needed the money more.*

---

4 It should be noted that some health care concessions were extended to self-funded retirees in the 1998 Budget.

7.2 DSS Rent Assistance Policy

About one-fifth of all the comments received referred to Rent Assistance issues. They indicated that DSS policy on help with housing costs is not well understood. The telephone survey of managers suggested that they too are not particularly well informed on the subject and do not normally become involved with advising their residents about possible entitlement. Many of the residents commenting on this issue wrote of struggling financially to pay entry contributions, only to find that they are not eligible for any Rent Assistance. Problems highlighted related to both the extra allowable amount threshold and the definition of entry contributions. One respondent wrote,

> *Social Security informed me I could not obtain Rent Assistance because I paid $75 000 for my unit. I feel it is unfair that single pensioners pay the same maintenance as doubles [couples].*

Another comment was about whether a lump-sum payment could be treated as rent in advance.

> *I enquired about the $30 000 (the entry contribution paid) which I was told was a donation. [However, the] donation represented ten years rent in advance. DSS told me it is classed as a donation, therefore no rental assistance could be given.*

A common perception is that current Rent Assistance policy is seen to be unfair to people living on fixed or diminishing incomes. One respondent expressed this feeling in the following terms:

> *I feel that full-rate pension recipients with only small independent means which fluctuate so much with the changes to deeming rates, should be eligible for Rent Assistance, as the monthly levies are increasing all the time. I am relying heavily on the interest paid to me to meet my obligations.*

Several respondents expressed the view that Rent Assistance should be an automatic entitlement.

> *I think all pensioners should be given rent allowance, regardless if we get a full pension or part. We are being penalised because we have not wasted our money and saved... The politicians should have a month[s] trial living on what we have to and see how they go.*

> *People on full-rate pensions should be eligible for rent assistance. As maintenance fees go up we have great difficulty and certainly cannot afford to pay the prices for extra help, meals etc. they charge here. And, if the monthly charges increase much more we don't know what we will do.*

Not all the comments referring to Rent Assistant Policy were negative. People receiving assistance relied heavily on it and, as one respondent put it, receiving help could make the difference between 'living' and 'existing'. One respondent stated:

> *I could not exist without Rental Assistance here. I have a chronic lung problem and I am on oxygen 24 hours a day and I spend a lot on medication and chemist bills.*

Another man wrote that:

> *Without Rent Assistance [I]would find it very difficult due to high electricity charges in Victoria (and I have electric cooking and hot water service). [I] will have difficulty replacing the television soon, and, not having care, depend on TV at night for entertainment.*

For others, the decision to move into a retirement village was influenced by departmental policy and there was some anxiety that any rule changes might disadvantage current recipients.

> *My decision to move into this retirement village was influenced by the DSS policy relating to Rent Assistance applying at that time. Any rule change to current residents would seem unjust - like moving goal posts in the middle of a football match.*

The following comment brings together the various financial concerns expressed by residents.

> *I believe that we should be entitled to some Rent Assistance. It is a constant battle to make ends meet, especially if you have to only rely mainly on the pension to survive. The bank account will soon be diminished in the current economic climate.*

7.3 Life in a Retirement Village

Just under one third of all the comments received fell into this category, and sentiments were divided between expressions of general satisfaction with life in a retirement village and complaints about inadequate service provision in particular villages.

The Advantages of Retirement Village Life

On the basis of residents' comments, living in a retirement village seems to be a positive experience for many aged persons, who enjoy what one respondents referred to as 'the close and caring community atmosphere'. According to many comments, this atmosphere was often a product of good management.

> *This village has very good management and the staff do everything possible to help you with any problems.*

For many respondents, the primary virtue of living in a retirement village appears to be the high level of personal and physical security the village provides, while at the same time allowing residents to retain a high level of independence. The following comments are illustrative of the range of positive views.

> *This is one of the best villages on the coast. The care is first class, according to the doctors, taxis and the general community.*

> *We are very happy with the unit in which we live and services provided.*

> *I love my retirement village and I would not like to live anywhere else.*

> *I am happy to be in this retirement village. I think it is the best decision I have ever made.*

The levels expressed of satisfaction with life in a retirement village were sometimes tempered by the need to be careful about finances.

> *We are very happy in this retirement village with many indoor and outdoor activities. However, we must be very careful of our finances.*

Complaints About Services

Overall, the majority of the complaints received were very specific, primarily concerned with maintenance issues, the lack of services or inadequate amenities in particular retirement villages. A number of respondents from several villages complained that managements had failed to deliver promised services or planned amenities. In one village, respondents complained that the 'proposed serviced apartments and dining facilities have never eventuated and the village is now six years old'. In another village that also did not have any community or recreational facilities, residents complained that they had to improvise and use one of the garages as the substitute amenities hall.

Some older residents objected to paying higher maintenance levies for amenities they do not use.

> *Many younger residents request management to provide more services, which causes increases in the maintenance levy. The older residents have no need for services like swimming pools, spas etc.*

Another group of comments concerned the inadequacy of transport services provided by villages. In many of the larger retirement villages surveyed the village bus is only used for group activities, such as weekly shopping trips. Village transport rarely caters for individual needs, such as the transportation of residents to medical appointments. Other respondents complained of the poor maintenance and cleaning of communal areas.

7.4 Problems of Ill Health

Health-related problems accounted for about one in ten of all the comments received. A number of respondents suffering from chronic medical conditions emphasised the added financial burden of ongoing medical expenses, generally citing the cost of frequent hospitalisation, transportation to and from medical appointments and of multiple prescription medications as the causes. After paying the weekly medical bills, one respondent wrote, *'there are so many things we have to do without and often there is little money for pleasure or outings'*.

Having briefly summarised the additional comments offered by respondents to the resident survey, we now draw together the findings from the study as a whole and consider the policy implications.

8 Summary and Conclusions

8.1 The Research

Retirement villages constitute a sector of aged persons' housing which has been growing rapidly. We estimate that nationally there are around 1700 retirement villages providing up to 70 000 units of accommodation. The sector is also diversifying, so that retirement villages are increasingly offering supported accommodation and nursing home care alongside independent units.

This study was commissioned because of concern that as a result of the changing cost structures in retirement villages, policies aimed at targeting Rent Assistance might not be working effectively. The aim has been to provide a better information base for any future policy decisions on eligibility for assistance.

The research has involved creating a national database on retirement villages and carrying out two surveys: one of the managers of a sample of 52 retirement villages in all States and Territories of Australia except Tasmania and the Northern Territory, and the other of the residents of 49 of the sample villages. Because of difficulties involved in surveying this population we cannot be certain that our sample is fully representative of retirement village residents nationally. Comparison with other data suggests that our survey probably underestimates the number of serviced apartments nationally and possibly the overall number of retirement village residents in Victoria. Apart from these caveats, we are confident that the findings broadly reflect the national picture, but the limitations should be born in mind when considering the conclusions.

8.2 Main Findings

The surveys show that the majority of retirement village residents are women. Women living alone make up the largest single household type and many of them are likely to be widows. As a group they tend to be worse off financially than both couples and men living alone. There is little evidence that the sector is catering substantially as yet for early retirees, as most residents are over 70 and more than a third are over 80. Residents have mainly come to villages from owner occupation, but the proportion of former home owners is smaller among people now living on their own. Previous tenure also affects the type of villages people have moved into, so former home owners are more common in the private sector villages and former renters in the charitable or community sector villages. The most common dwelling size in self-care units is two bedrooms. Couples are proportionately more likely to occupy housing of this size, but around two-fifths of single people do too.

Paying a lump-sum entry contribution of some kind is clearly the norm, although payments to donor-funded villages are relatively small compared to those for resident-funded villages. Those who did not make entry payments are mainly resident in the charitable and community sector villages. The most common form of occupancy agreement is the 'loan and licence', followed by leasehold tenure. Average payments are substantially higher for self-care accommodation than for serviced apartments, and vary significantly by dwelling size. Entry costs for private sector villages are also higher than for other types of organisation.

Average payments are lower in villages in the metropolitan areas of State capital cities than in other regional conurbations, even though land values are likely to be higher in the capitals. This seems to be mainly because more of the villages around the capital cities are of the type which cater for a less wealthy clientele.

Just over 40 per cent of current residents in self-care accommodation have paid entry contributions at or below the threshold of eligibility for assistance with their ongoing housing charges at the time when they entered the village. This percentage has fluctuated over the years since 1989 and is lower for units with two or more bedrooms. Because average payments for serviced apartments tend to be lower, around two-thirds of entry contributions for this type of housing have been below the threshold since 1989.

Average service charges in self-care housing are around $45 per week and nearly nine out of ten residents are paying between $20 and $60 per week In serviced apartments the average is around $145 per week, which normally includes meals, cleaning and some personal care. Because the minimum rent threshold for Rent Assistance is set higher for couples than for single people, around six times as many single residents as couples have charges in range for Rent Assistance eligibility. Average service charges for self-care residents as a whole appear to be similar to body corporate fees for strata units generally, including average council and water rates, but they are higher for many people living in private sector villages.

It seems that in most villages the ongoing charges include council and water rates, building insurance, electricity and maintenance for common areas and sometimes maintenance of the private accommodation. Occupants of serviced apartments usually also receive some meals, cleaning and other housework, and some level of personal care as part of their fee package.

Four out of five respondents describe themselves as unimpeded by ill health from living independently and only a small number feel that they need personal care. In general the percentage able to live fully independently decreases by age, but the youngest age group appears to be less independent than all other age groups except those over 80. It is possible that some of these younger residents were motivated to enter a retirement village at a relatively early age because of existing health problems or a need for a supportive environment.

Just under a quarter of all households are paying for some extra services from their village, mainly for cleaning and other light housework or meals. Since most of them are also those who said they needed some extra assistance or had needs not being adequately met elsewhere, it appears that little of this extra money expended could be described as purely discretionary. Around a quarter of residents regularly pay extra amounts to the village for services not covered by their normal charges. Eighty per cent pay less than $20 per week, but the oldest age group and those who said they needed extra assistance tend to pay higher amounts.

In addition to ongoing service charges, some villages exact deferred management fees by withholding a percentage of the entry contribution if a resident moves out or dies. Residents may also not receive the full value of any capital growth. The structure of these deferred management fees is complicated and varies between villages. Overall, residents expect to receive back an average of around 70 per cent of their outlays, with 16 per cent expecting nothing back and one-third expecting a full refund. Three-fifths expect to lose all of the capital growth, including nearly half the private sector residents, while only 13 per cent expect to retain the full value.

For policy purposes it has been assumed that there is an inverse correlation between the level of entry contributions and that of service charges. This turns out to be true only if serviced apartment dwellers are compared with occupants of self-care units. For self-care residents, in so far as there is a correlation, ongoing charges actually tend to increase slightly as entry costs increase. This is the case even if weekly payments are correlated with the amounts residents expect to lose from the entry contributions in deferred management fees. There is a very slight inverse correlation for serviced apartments, but no clear pattern. The data do, however, support the observation from previous research in Queensland that people making average entry payments have higher annual ongoing charges as a proportion of entry contributions than those with entry payments in the highest range. This is because the fee structure is basically fairly flat, varying mainly by the size of accommodation rather than the level of entry payments.

The vast majority of residents receive either full- or part-rate age pension or some other social security payment, and only about one in ten of households are fully self-funded in retirement. However, only about a fifth of social security recipients say that they are receiving Rent Assistance, though this may be to some extent an underestimate. Most recipients are single people. Partly because of the minimum rent threshold, people living on their own are six times as likely to be receiving assistance with housing charges as couples.

The survey was only able to collect limited information about residents' financial circumstances. Of those who replied to these questions, just over a third reported disposable income after housing costs of no more than $25 per week and more than half said they had no more than $50. Thirteen per cent reported having more than $200 per week. There are some discrepancies, however, between pension levels and average housing and service charges reported, which suggest that some residents may have underestimated their post-housing incomes. Just over one-third of single people and 17 per cent of couples have no income sources other than a social security payment. For those with other income the main sources are interest on bank savings or share dividends, and small occupational pensions.

Residents living on their own, especially women, were significantly more likely than couples to report very low incomes. There is little difference between residents in serviced apartments and those in self-care housing, but private sector residents are better off on average than those in religious/charitable or community sector villages. The reported post-housing incomes of people receiving Rent Assistance are lower than for those not receiving help, which suggests that assistance is being targeted accurately. However, four out of five residents who receive a social security payment do not receive Rent Assistance. Nearly two-fifths of these paid entry contributions below the extra allowable amount threshold, of whom more than 60 per cent report disposable incomes of no more than $100 per week. They are not receiving Rent Assistance mainly because their weekly housing charges are below the minimum rent threshold.

As with income, there is a clear division between the wealthy and the poorer retirees in terms of non-housing assets, with 64 per cent of households reporting assets of less than $50 000 (and many noting that they had hardly any assets at all), and 10 per cent saying they had more than $200 000. Again, single people and those in the various forms of not-for-profit villages were significantly more likely to have low asset levels.

This distribution of assets tends overall to match the varying levels of entry contributions, which supports the proposition that Rent Assistance is reasonably well targeted. On the other hand, half of those paying entry contributions above the Rent Assistance threshold reported assets of no more than $50 000. Two-fifths of these expected to retain less than $100 000 of their entry payments after deduction of deferred management fees and 70 per cent said they had post-housing incomes of less than $70 per week. This suggests that the extra allowable amount threshold, in combination with the minimum rent threshold may create a boundary problem whereby a minority face some disadvantage relative to other people in similar circumstances.

Financial worries and difficulties made up the largest group of additional comments offered by residents in the survey. Their main concerns were about interest income falling while service fees continued to rise. While those who received Rent Assistance valued it greatly, there was some perception that the rules unfairly exclude from eligibility people who do need help.

8.4 Policy Implications

On the basis of this study, the answer to the question of whether Rent Assistance is being targeted accurately seems to be that it is for the majority of the population, but that there is a group for whom the extra allowable amount threshold creates a somewhat arbitrary division between those eligible and those not. Given the low levels of disposable income reported by a majority of residents, it seems likely that some of this group may face hardship. To some extent this is an inevitable result of any eligibility threshold: there will always be some people just on one side or the other. It does appear that at least in the private sector villages entry contribution levels have been rising faster than the uprating of the EAA threshold, but looking across the sector as a whole there has been no clear increase over time in the proportion of residents making payments above the threshold.

The position of serviced apartment dwellers clearly differs from those in self-care housing, although our survey included too few to be certain about their circumstances. Their ongoing charges are much higher than for independent residents, even though they mainly occupy smaller and less self-contained accommodation, but they receive additional services in return for the extra payments. Those who pay particularly high entry costs would seem to be disadvantaged in access to Rent Assistance relative to independent residents, but our data suggest that they are fairly unusual.

There have been two main policy alternatives proposed to address possible inequities in the present system. First, the Queensland Department of Family and Community Services (QDFCS, 1995) have suggested detaching the eligibility threshold from the assets test and linking it to average entry contributions. Our survey suggests that this would have only a marginal impact. Counting just those residents entering villages since July 1995, approximately 60 per cent have paid entry contributions above the relevant threshold. Excluding people paying contributions of less than $10 000, the mean payment was just under $108 000. However, only 15 per cent of these made payments of between the threshold and this average. About 58 per cent were single people and the rest couples. They were all residents in self-care units and had disposable incomes spread across the range and estimated assets similar to the whole sample. But none of these single people and only three-quarters of the couples would have received Rent Assistance even if the EAA level was raised because their service charges were below the minimum rent threshold.

The numbers involved in this analysis are small and proper modelling would be required to assess the full impact of the proposal. Nevertheless, our data suggest that unless separate average entry contribution thresholds were set for each type of retirement village few residents would benefit. If separate thresholds were established, aside from the difficulties of data collection, further inequities could be introduced because people paying higher contributions to live in a village in a superior location or with better facilities would be treated the same as those only able to afford entry to less attractive accommodation.

The second proposal was raised in the Strategic Review of the Pensions' Income and Assets Test (Barber, Moon and Doolan, 1994). They recommended that the assets threshold for non-home owners be extended to reflect the average value of pensioner housing generally and that pensioners be given the option of being treated as non-home owners, with the value of their home counted under the assets test. It is not possible to test this proposal using our data without fuller information on residents' assets. However, on the basis of the estimated assets levels of residents' in the survey, it appears that this recommendation would bring a larger proportion of currently non-eligible residents into scope of eligibility than the QDFCS proposal, although many would again be excluded by the minimum rent threshold.

Appendix One:

The Retirement Village Managers Questionnaire

Rent Assistance for Residents of Retirement Villages

Management Telephone Questionnaire

Name of organisation ....

Name of Village ....

Name of respondent ....

Telephone number ....

Village ID ☐☐☐☐

State ....

ACT	1
NSW	2
QU	3
SA	4
VIC	5
WA	6

Introduction

(after establishing that we are talking to the manager or someone who can speak on behalf of the management)

Good morning/afternoon. My name is .... and I am from the Social Policy Research Centre at the University of New South Wales. We wrote to you recently about the research we are carrying out for the Department of Social Security about rent assistance for people living in retirement villages. Did you receive our letter?

(If they need reminding/informing about the project.....)

The DSS is reviewing its policies on who can or can't get help with their accommodation charges. They need accurate and up to date information on the circumstances of residents, their accommodation costs and the services they receive, so we are carrying out a survey of a sample of retirement villages. Your organisation was randomly selected to be part of the survey. I'm sure you're very busy and I'll try not to take up too much of your time, but the research is important in that the results could affect national policy on financial help for your residents. So we'd be very grateful if you would agree to participate.

We need your help with two parts of the research. If you agree I would like to ask you a few questions today about the retirement village. Then, after Xmas we would like your help in distributing a postal questionnaire to your residents. This will ask about things like their age, how long they've been living in the village, what their entry contributions were, and about their current financial circumstances. We can send you a copy of the questionnaire later. I should emphasize that it will be entirely confidential. We will enclose freepost envelopes with the questionnaires so the residents can return them directly to us and they need not give their names or addresses. We are independent of the Department of Social Security and although we are collecting data to help their policy decisions we would not pass on to them any information directly identifying either particular villages or individual residents. All you would need to do with the resident questionnaire would be to deliver the individual packages we send you to each of the units, and perhaps later remind people to return them to us. We will give the residents a freephone number so they can ring us directly if they have any queries or want help in completing the questionnaire.

Would you be prepared to help with this? Thank you very much indeed. Have you got time now to answer some questions about the retirement village, or should we make another appointment to speak later? It shouldn't take more than about 10 minutes.

Thanks. First of all, can I ask you ....

1. What types of accommodation does your organisation offer?

(circle all categories of housing provided)

- independent living units/self-care units 1
- serviced apartments 2
- hostel accommodation 3
- nursing home 4
- Other (write in) 5

....

If they are purely a hostel or nursing home and not a retirement village at all, thank them and terminate interview.

2. How would you describe your organisation?

- private, for-profit 1
- religious/charitable 2
- community/non-profit 3
- public, including local government 4
- other (write in) 5

....

- don't know/can't say 9

3. Do you receive funding for any of your accommodation through the Aged and Community Care Program, including Community Aged Care Packages or some other Commonwealth or State program?

• yes	1
• no	2 - go to Q.5
• don't know	9 - go to Q.6

4. If yes, which programs?

List programs

5. How many units of accommodation do you have altogether?
(for larger organisations running more than one village complete questions for each village)

(write in)

6. How many units of different sizes?

- single rooms
- studio/bedsitters
- 1-bed units
- 2-bed units
- 3-bed units or larger

7. So what is the total number of residents you can accommodate?

8. What form of tenure or occupancy agreement do residents have?

• License or loan agreement	1
• Leasehold	2
• Strata or Freehold title	3
• Company title	4
• Rental	5
• Other (write in)	6

....

• Don't know	9

9. What kinds of services are available to residents in your facility?

• emergency assistance on-site	yes/no
• emergency assistance from outside the facility	
• ((Vitalcall, Medicheck etc)	yes/no
• on-site medical care (nurses etc.)	yes/no
• personal care	yes/no
• security	yes/no
• cleaning	yes/no
• home maintenance	yes/no
• home help services	yes/no
• meals (dining room or meal delivery)	yes/no
• transport	yes/no
• sporting and recreational facilities	yes/no
• other (list)	

....
....
....
....

• None/don't know	9

10a What is the range of entry contributions currently required for different sizes of unit?

• single room	
• studio/bedsitter	
• 1-bed unit	
• 2-bed unit	
• 3-bed unit	
• don't know/can't say	9

10b. Do entry contributions vary depending on whether the accommodation is for a couple or for a single person?

• Yes	1
• No	2
• D/K	9

11a. Are the levels of entry contributions related to the kinds of services residents receive?

• yes	1
• no	2 - go to Q.12
• d/k	9 - go to Q.12

11b. If yes, please explain in what way.

12a. If a resident leaves the retirement village or dies, and the unit is to be resold or reallocated, does your organisation keep back part of the value of their entry contribution or loan?

- yes 1
- no 2 - Q.13
- d/k 9 - Q.13

12b. If yes, what is the usual annual percentage deduction from the entry contribution? And over how many years are deductions made?

(probe for explanation of different forms of deferred management fees)

- percentage deduction
- number of years

explanation

13a. If residents have to move to a smaller or larger unit in the village, would they be required to make another entry contribution?

- yes 1
- no 2 - go to Q.14
- d/k 9 - go to Q.14

13b. If yes, how much?

14a. Would residents have to make another entry contribution if they had to move to more supported accommodation within the village?

- yes 1
- no 2 - go to Q.15
- not applicable 3 - go to Q.15
- d/k 9 - go to Q.15

14b. If yes, how much?

15. What is the range of ongoing service charges/fees (per week or per month) for:

• a 1-bed unit	
• a 2-bed unit	

16. What services do these charges cover?

- council rates yes/no
- water rates yes/no
- electricity costs yes/no
- building insurance yes/no
- home contents insurance yes/no
- maintenance yes/no
- other (list) yes/no

    ....
    ....
    ....
    ....

- d/k 9

17a Do ongoing charges vary according to the level of the entry contribution?

- yes 1
- no 2 - go to Q.18
- d/k 9 - go to Q.18

17b. If yes, what is the relationship between entry contributions and fees?

Probe for explanation of relationship and variability, such as whether residents can choose to pay a lower entry contribution and a higher ongoing charge or vice versa.

18a. Do ongoing charges vary according to other factors?

- yes 1
- no 2 - go to Q.19
- d/k 9 - go to Q.19

18b. If yes, how do they vary?

19a. Do residents receive a share of the capital growth value of their accommodation?

Yes 1
No 2 - go to Q 20
D/K 9 - go to Q.20

19b If yes, what percentage of capital growth belongs to the residents?

Write in percentage and/or explanation of how this works

20. How familiar are you with DSS policy on rent assistance for residents of retirement villages? Would you say that: -

- I understand how it works 1
- I have no idea how it works 2
- I have some idea how it works 3

21. Are there any comments you would like to make on this policy from your experience in running a retirement village?

Thank you very much for your help. I'd like to emphasise again that your answers will be treated as confidential. Can I just check the postal address for sending the package of resident questionnaires? We'll be in touch with you again in a few weeks time.

Date of interview ....

Appendix Two

The Retirement Village Residents Questionnaire

SPRC
Social Policy Research Centre

Survey of Residents of Retirement Villages

Thank you for completing this questionnaire. It should not take more than 10-15 minutes and all the information you give will be treated as **fully confidential**. You do not need to give your name or address, unless you would like us to send you some summary information about the results of the survey. Please fill in one questionnaire for each household and return it in the envelope provided as soon as possible.

If you have any queries about the survey or want help with answering any of the questions, you can call us during office hours without charge, using our FREECALL number 1800 065 576. Ask for Mary-Rose Birch or Tony Eardley.

ID [ ] [ ]
1-2 3-5

First we would like to ask a few questions about you and any other people who live with you.

1. How would you describe your household?
Please tick one box only

as:

1 [ ] one person

2 [ ] a couple

3 [ ] two relatives sharing

4 [ ] other (please describe)

....

please turn over

2. What is the age of the members of your household?

Please tick one box for each member of the household (only those living with you)

1st Person			2nd Person			3rd Person		
Under 55	☐	1	Under 55	☐	1	Under 55	☐	1
55-60	☐	2	55-60	☐	2	55-60	☐	2
61-65	☐	3	61-65	☐	3	61-65	☐	3
66-70	☐	4	66-70	☐	4	66-70	☐	4
71-75	☐	5	71-75	☐	5	71-75	☐	5
76-80	☐	6	76-80	☐	6	76-80	☐	6
over 80	☐	7	over 80	☐	7	over 80	☐	7

3. Please give the sex of all your household members

Please tick one box for each household member

1st Person			2nd Person			3rd Person		
female	☐	1	female	☐	1	female	☐	1
male	☐	2	male	☐	2	male	☐	2

4. How would you describe your current accommodation?

Please tick one box only

1 ☐ a house or unit where you live independently

2 ☐ a serviced apartment

3 ☐ other (please describe)

....

please turn over

5. How many bedrooms are there in your dwelling?

Please tick one box only

1 ☐ bed sitter (combined lounge and bedroom)

2 ☐ one bedroom

3 ☐ two bedrooms

4 ☐ three or more bedrooms

6. When did you move into this retirement village?

Please give month as well as year, if possible

.... (month)

19 .... (year)

7. What type of housing were you living in before you moved to this retirement village?

If there is more than one person in your household please answer for up to two people

(a) 1st Person		(b) 2nd Person	
1 ☐	another retirement village	1 ☐	another retirement village
2 ☐	public rental	2 ☐	public rental
3 ☐	private rental	3 ☐	private rental
4 ☐	own home/unit	4 ☐	own home/unit
5 ☐	other	5 ☐	other

please turn over

8. Did you make a lump-sum payment when you moved into this village?
Please tick one box only

Yes	☐ 1		
No	☐ 2	→	Go to Question 13
Don't know	☐ 9	→	Go to Question 13

9. How much was this lump-sum payment? Please include the full amount paid by the whole household.

$ .... (Give an approximate figure if you cannot remember the exact amount)

10. How was the lump-sum payment described?
Tick more than one box if necessary

1 ☐	entry contribution	4 ☐	purchase price
2 ☐	loan	5 ☐	other
3 ☐	donation	6 ☐	don't know

11. How much of this lump-sum would be refunded to you if you left the retirement village?

Please write in amount or percentage

$ .... OR % ....

12. If your accommodation increased in value, how much of the increase would be returned to you if you left?
Please write in percentage

% ....

please turn over

13. What is the total amount your whole household currently pays in ongoing housing costs (maintenance fees/service charge/rent)?

$...

What period of time does this amount cover?

Please tick one box only

1 ☐	week	4 ☐	quarter
2 ☐	fortnight	5 ☐	year
3 ☐	calendar month	9 ☐	don't know

14. What services are included in your ongoing housing charges?

Please tick one box for each service

	1 Yes	2 No	9 Don't Know
council rates	☐	☐	☐
water rates	☐	☐	☐
electricity costs for common areas eg. entrance hall, external lights	☐	☐	☐
electricity costs for private accommodation	☐	☐	☐
building insurance	☐	☐	☐
repairs/maintenance to private accommodation	☐	☐	☐
maintenance of common areas or gardens	☐	☐	☐
housework	☐	☐	☐
cleaning	☐	☐	☐
meals	☐	☐	☐
personal care	☐	☐	☐
other (please explain)	☐	☐	☐

please turn over

15. Do you or anyone in your household pay for any *extra* services from the village which are not covered by the normal charges or fees? For example: meals, cleaning or personal care.

Please tick one box only

Yes	☐ 1		
No	☐ 2	→	Go to Question 18
Don't know	☐ 9	→	Go to Question 18

16. What additional services does your household receive?

Please list

....

....

....

17. How much extra do you pay for these additional services?

$............................

per:

1	☐	week	4	☐	quarter
2	☐	fortnight	5	☐	year
3	☐	calendar month			

please turn over

18. What facilities are available in your retirement village?

Please tick one box for each facility

	1 Yes	2 No	9 Don't Know
Outdoor swimming pool	☐	☐	☐
Indoor swimming pool	☐	☐	☐
Tennis court	☐	☐	☐
Bowls	☐	☐	☐
Putting green	☐	☐	☐
Fishing	☐	☐	☐
Games room	☐	☐	☐
Craft room	☐	☐	☐
Hairdresser	☐	☐	☐
Dining room	☐	☐	☐
Car space	☐	☐	☐
Library	☐	☐	☐
Religious service	☐	☐	☐

19. How independent does your health allow you to be?

Please tick one box

1 ☐ I/we take full care of myself/ourselves

2 ☐ I/we care for myself/ourselves, but need some help with housework and/or meals

3 ☐ I/we need personal care

please turn over

20. How well are your care needs being met at present?

Tick more than one box if necessary

1 ☐ I/we need no additional care

2 ☐ My spouse/partner/family assists with my care

3 ☐ The retirement village provides enough help

4 ☐ Community services provide enough help

5 ☐ My/our care needs are not being adequately met by the village or community services

We would also like to ask a few questions about your financial circumstances. Everything you tell us will be treated as **fully confidential**.

21. Does anyone in your household currently receive any payments from the Departments of Social Security or Veterans' Affairs?

Please tick one box only

1 ☐ yes

2 ☐ no → Go to Question 23

9 ☐ don't know → Go to Question 23

22. What payments do you (or another household member) currently receive from the Department of Social Security or Veterans' Affairs?

Tick more than one box if necessary

1 ☐ Rent Assistance

2 ☐ Full-rate pension

3 ☐ Part-rate pension

4 ☐ An allowance or other payment

please turn over

23. Did you receive Rent Assistance (help with your housing costs) in the place where you were living before you moved to this retirement village?

Please tick one box

1 ☐ yes

2 ☐ no

9 ☐ don't know

24. Apart from any Government pensions or allowances, what are the *main* sources of income received by members of your household?

If there is more than one person in your household, please answer for the first two people. Tick no more than **two** boxes for each person.

1st Person	2nd Person
1 ☐ I/we have no other income source	1 ☐ I/we have no other income source
2 ☐ Income from property	2 ☐ Income from property
3 ☐ Income from bank interest, shares or other investments	3 ☐ Income from bank interest, shares or other investments
4 ☐ Financial help from family	4 ☐ Financial help from family
5 ☐ Income from annuity or allocated pension	5 ☐ Income from annuity or allocated pension
6 ☐ Superannuation or occupational pension	6 ☐ Superannuation or occupational pension
7 ☐ Earnings from employment or self-employment	7 ☐ Earnings from employment or self-employment
8 ☐ Other (please explain) ____________	8 ☐ Other (please explain) ____________

please turn over

25. What would you estimate to be the total value of the assets owned by all the members of your household?

Please tick one box only. DO NOT include the value of your retirement village home, your personal belongings or the contents of your unit. DO include the value of your car (if you have one), a caravan or boat, holiday home or other real estate, trusts, shares, bonds or other savings.

Less than $50,000	☐	1	$250,001 - $300,000	☐	6
$50,000 - $100,000	☐	2	$300,001 $350,000	☐	7
$100,001- $150,000	☐	3	$350,001 - $400,000	☐	8
$151,001 - $200,000	☐	4	$400,001 - $450,000	☐	9
$200,001 - $250,000	☐	5	More than $450,001	☐	10

If there is more than one person living in your household, is the above amount the total for the whole household or just for one person?

Whole household ☐ One person ☐

26. After you have paid all your housing bills (service charges, maintenance fees or rent etc.), how much money do you usually have left each week? Include the income of your spouse if you are a couple.

Please tick one box only

$25 or less	☐	1	$201 - 250	☐	6
$26 - 50	☐	2	$251 - 300	☐	7
$51 - 100	☐	3	$301 - 350	☐	8
$101 - 150	☐	4	$351 - 400	☐	9
$151 - 200	☐	5	More than $401	☐	10

please turn over

27. Finally, are there any comments you would like to make about your financial circumstances, Department of Social Security policy on Rent Assistance, living in the retirement village and the services provided, or anything else related to the survey?

....

....

....

....

....

If you would like to receive information about the results of the survey, please tick the box below and write in your name and address.

☐ Yes, I would like to hear about the results of the survey

My name is : ....

Address: ....

....

....

Thank you very much for your help. Please now return the questionnaire to the Social Policy Research Centre in the envelope provided. You do not need to put a stamp on the envelope.

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