

Submission by Consumer Policy Research Centre to Consumer Affairs Victoria Retirement Villages Act Review

10 December 2019

Submitted via email: rvreview@justice.vic.gov.au

Dear Consumer Affairs Victoria

The Consumer Policy Research Centre (CPRC) welcomes the opportunity to comment on the Issues Paper for the *Retirement Villages Act 1986 (Vic) (RV Act)* Review.

CPRC is an independent, not-for-profit consumer research organisation. CPRC undertakes interdisciplinary and cross-sectoral consumer research. Our mission is to improve the lives and welfare of consumers by producing evidence-based research that drives policy and practice change. CPRC has a particular focus on consumer wellbeing and welfare in markets for essential services, financial services, housing and care.

Our submission is informed by quantitative research by the University of Melbourne, which was commissioned as part of CPRC's \$210,000 Research Pathways Program. This program supports greater academic research for impact in informing policy and practice design. The project also received co-funding from Residents of Retirement Villages Victoria (RRVV). The submission is based on interim findings of the research project. A final research report will be delivered in early 2020.

This submission has been prepared by CPRC with input from the research team.

Overview

Our homes are fundamental to our wellbeing and ability to lead a good life. As we grow older we may experience particular housing preferences and needs, including in relation to care, accessibility and community. For around 36,000 Victorians,¹ a retirement village is their long-term home, and they look to village operators to provide important features such as a quality residence, safety and security, good maintenance, and emergency support.

People are vulnerable when deciding to enter a retirement village. The decision may be made in emotional and stressful circumstances, such as when health concerns arise or a partner dies. Retirement village costs and agreements are very complex, and have major financial ramifications. Strong regulation of the sector is therefore warranted.

People pay substantial entry fees of hundreds of thousands of dollars to live in a retirement village, followed by ongoing costs for services and maintenance. On leaving a retirement village, the entry fees are refunded to the resident, but significant deductions are made for exit fees such as 'deferred management fees' and the costs of refurbishing or reinstating a

¹ Consumer Affairs Victoria, Review of the *Retirement Villages Act 1986*: Issues Paper, 13.

unit prior to sale or re-lease. There is no consistent way of calculating any sharing of capital gains or losses. Residents can ultimately incur a loss when they leave. Retirement village agreements are akin to financial products, with complex fee structures and terms and conditions that can only be understood by a limited pool of professionals.

Based on the survey research conducted for this submission, the Victorian retirement village market does not meet the preconditions for effective consumer engagement and a well-functioning market.² Despite efforts to improve disclosure of key costs, only a minority of survey respondents found it easy to compare and understand key costs such as exit fees, sharing of capital gains/losses, and unit refurbishment/reinstatement costs. Satisfaction rates were also low. Only a minority (37.7%) of survey respondents were satisfied with total costs (i.e. the overall package of entry costs, ongoing costs, exit costs and sharing of capital gains/losses).

Retirement village costs are not disclosed in a consistent way; agreements are lengthy, unique and complicated; and comparison tools are lacking for prospective residents. The costs of retirement villages are inherently complex and difficult to translate in simplified terms. Disclosure—as a consumer protection tool—is therefore important, but not sufficient in itself, to ensure people receive good outcomes in this market.

Based on the research findings and CPRC's *Five Preconditions of Effective Consumer Engagement* report, which identifies the core market preconditions for consumers to make informed choices, CPRC recommends that the Victorian Government:

- Tailor retirement village information and outreach to meet the needs of older people facing barriers to access, such as digital exclusion, bereavement and health conditions.
- Collect and publish information about retirement village features valued by prospective and current residents. This may include a housing directory for older people that provides information about individual retirement villages.
- Develop a training, qualification and oversight regime for managers of retirement villages.
- Investigate how information about key retirement village costs can be presented in a consistent way to consumers.
- Investigate the limits to disclosure of significant costs such as exit fees and investigate ways of protecting consumers from excessive costs.
- Standardise retirement village agreements to enable advice to be given by a broader range of legal, financial and housing professionals.
- Provide clear, comprehensive information about how retirement villages compare with other forms of housing, including mainstream housing markets.
- Improve communication, education and outreach programs to ensure prospective and current retirement village residents gain access to key information and advice, including increasing funding to independent community organisations.

² Solomon, L. and Martin-Hobbs, B. (2018) *Five Preconditions of Effective Consumer Engagement—A Conceptual Framework: Product Information, Consumer Choice and Market Engagement*, Consumer Policy Research Centre.

Research background

The quantitative research for this submission was conducted by Dr Sue Malta and Dr Maho Omori, from the Melbourne School of Population and Global Health, in conjunction with Associate Professor Tim Kyng, Macquarie University. Dr Malta is a sociologist and chief investigator of this project, and has extensive experience as a researcher focusing on the care and wellbeing of older adults, including retirement village research previously highlighted at the Parliament of Victoria Inquiry into the Retirement Housing Sector. Dr Omori is a sociologist and researcher with expertise in ageing and health. Associate Professor Kyng is an academic actuary who has conducted retirement village research for the past five years. The research team has provided input into this submission.

The research was overseen by a Steering Group consisting of eleven members: the research team, members from each of the funding organisations (CPRC, RRVV), and representatives from consumer advocacy organisations: Housing for the Aged Action Group (HAAG) and COTA (Council on the Ageing) Vic. Other research experts (now retired) and consumer representative members were also included in the Steering Group.

Ethics approval was sought and received from the Melbourne School of Population and Global Health Human Ethics Advisory Group on 5 September 2019.

The research project consisted of a number of components:

- desktop review of online resources
- online survey
- community events.

Desktop review

A computer desktop review was undertaken to determine the kinds of online information readily available and accessible to consumers regarding retirement village living. A 'naïve' search approach was implemented, designed to mimic that carried out by an uninformed, novice consumer.

To this end, the search terms 'retirement', 'retirement living' and 'retirement village' were used in a Google search. Screenshots were then collated of the first ten pages of results generated. The majority of the Google search results produced pages of private developer or organisational units available for sale. With the exception of generic financial retirement advice from Australian Super Funds and generic consumer advice from CAV, the balance of websites were advertising platforms for the sale of retirement units.

Online survey

The survey was developed in consultation with the members of the Steering Group. The central questions which governed the survey design concerned the following:

- What information resources are currently available?
- How usable is the information provided and what deficiencies are there?
- How do these deficiencies affect consumer choice/decisions?
- At what stage in the choice process do consumers make a decision?
- What factors provide the impetus for the consumer decision (e.g. available information, village tour, connection to staff, friends already living there etc.)?

The survey consisted of 31 questions in total (see Appendix A). The design of the questions included a mix of response types, such as Likert scales ranging from 0 – 4, where 0 = extremely important, 4 = not at all important (for example); yes/no answers; or tick box questions; and open-ended qualitative questions. The survey included a number of demographic questions, including age, gender, length of time living in retirement villages and the reasons for moving into one.

Scales of self-rated confidence in using the internet were included to assess the correlation, if any, between the available information sources and levels of comprehension.

The online survey targeting retirement village residents was available for six weeks, from 23 September to 4 November 2019. During this period the survey link was uploaded on the RRVV and HAAG websites and distributed widely by email throughout professional and personal networks by the researchers and other Steering Group members. The researchers also contacted community member-based organisations such as U3A and local bowling clubs, to promote the survey among their members.

Respondents were eligible to participate if they were: English-speaking Victorian residents, aged 50 years and older, and currently residing in a retirement village.

To ensure privacy and confidentiality—and to encourage candid responses—the survey was anonymous and no individual or particular retirement village was identifiable from the responses. All survey responses were collected and managed in Qualtrics (an online survey platform) and internet protocol addresses were not tracked. Data was exported into an Excel database and analysed using the SPSS statistical software package.

Community events

For those who had difficulty accessing the internet (or had no internet access) or preferred completing the survey in person, three community events were held at two locations: two in a Melbourne CBD location and one in an outer Melbourne suburb. Flyers advertising these events were distributed widely via the researchers and Steering Group networks.

Requests for paper forms of the survey were received by direct telephone calls and emails, which were then posted out to potential respondents.

Results

Overall 950 surveys were received, consisting of 920 online surveys and 30 hard copy surveys. It is not possible to provide a response rate due to the nature of online distribution which limits tracking ability. Further, as the sample is based on a convenience sample (those who self-selected to participate rather than on a randomly-generated probability sample), we cannot calculate the sampling error. That said, such a large response means we can infer what the results mean. In probability sampling, for instance, a sample population of 10,000 with a response rate of approximately 750 to 1,067 participants would be considered robust, and would generate a 90 to 95% confidence level in the data, with a $\pm 3\%$ margin of error.³ The number of responses received in a relatively short period of time (six weeks) therefore indicates the level of community interest in the topic and that responses are indicative of community feelings.

³ Sue, V.M. and Mitchell, L.A. (2012) 'Sampling' in *Conducting Online Surveys*, 33-50.

We note that not all respondents answered every question, therefore, the number of responses for individual questions varied.

The focus of this submission

This submission analyses the University of Melbourne's survey research using the lens of CPRC's 2018 report *Five Preconditions of Effective Consumer Engagement*. This framework identifies the following preconditions for effective consumer participation in markets. When these preconditions are absent or lacking, there is little demand-side pressure, consumers struggle to make meaningful choices, and competitive markets cannot operate effectively. The preconditions are:

1. Barriers to access for people with reduced capacity or vulnerability are removed
2. Product or service information is disclosed in a relevant, clear and comprehensible manner
3. Comparison tools are simple and effective
4. Switching costs (financial and non-financial) are low
5. People are aware of how to access, assess and act on information

In discussing these preconditions, the submission addresses matters raised in the CAV Issues Paper, including disclosure of retirement village features and costs, contract complexity, deferred management fees and other exit costs, and qualifications and training of retirement village managers.

The remainder of this submission analyses survey responses as they relate to each of the five preconditions and the extent to which those preconditions are present in the retirement village market.

1. Barriers to access for people with reduced capacity or vulnerability are removed

In a genuinely inclusive market, all customers can obtain the products and services they need at a fair price. Traditionally, some customer groups have been regarded as having reduced capacity to engage with markets, or to be vulnerable to poor outcomes. Older adults are one of those groups. For example, the Australian Securities and Investments Commission (ASIC) has a particular focus on the needs of older people and the risks they face in accessing complex financial products and services and in planning for retirement.⁴

More recent regulatory concepts of consumer vulnerability recognise that vulnerability in market interactions is not so much based on membership of a particular group, but the various *circumstances* that can cause vulnerability and affect us all. On this view, vulnerability is not something experienced by fixed groups of people, but can be faced by anyone at various stages of their lives, due to common or unavoidable events such as poor physical or mental health, financial shocks, the death of a loved one, or disability.⁵ Older

⁴ Australian Securities and Investments Commission (2017) ASIC's Work for Older Australians.

⁵ See e.g. Competition and Markets Authority (2019) *Consumer Vulnerability: Challenges and Potential Solutions*, 4-7; Australian Securities and Investments Commission (2019) *ASIC Corporate Plan 2019-23—Focus 2019-20*, 12.

people will experience many of these circumstances, on either a permanent or transient basis, as they age.⁶

Importantly, regulators are now also more attuned to how market-based factors can create or exacerbate circumstances of vulnerability, as a result of complex market structures, business practices or pricing, consumer-business power imbalances, and the targeted exploitation of particular communities or groups of people.⁷

People making decisions about retirement villages face a number of significant vulnerabilities. As highlighted by the Parliament of Victoria Inquiry into the Retirement Housing Sector, retirement village pricing and agreements are very complex,⁸ making decision-making difficult for anyone considering entering a retirement village, regardless of their personal or financial resources. The total cost of a retirement village unit is difficult to estimate, comprising numerous, inconsistently calculated individual costs,⁹ including entry costs, ongoing fees and charges, exit costs such as deferred management fees, the costs of refurbishing or reinstating a unit on leaving, any sharing of capital gains or losses with the village, and ongoing charges after leaving a retirement village until the unit is sold or re-leased. People hand over significant entry fees, which are refundable on exit, and trust village operators to manage these funds appropriately.

Prospective residents of retirement villages also face personal vulnerabilities. Prior research shows older people often make decisions about housing in stressful circumstances, such as when health concerns arise or a partner dies or a relationship ends.¹⁰ Older people may be moving from a home and local community where they had deep psychological connections.¹¹ Consumers are at risk when making major financial decisions in emotional and difficult circumstances.

Compounding these vulnerabilities are people's intentions about the length of the time they plan to spend living in a retirement village. In the survey conducted by the University of Melbourne, the majority (83.5%) of respondents reported that they plan to live in a retirement village for the rest of their lives. The decision to enter a retirement village therefore has long-term consequences and leaves people vulnerable to poor treatment if they cannot easily move from a village; for example, because of health conditions.

Another personal vulnerability among people entering retirement villages is digital access and capability. A significant amount of information about retirement villages is provided online, creating a barrier to informed decision-making where people do not have digital access or capability. In the survey for this submission, respondents were asked whether they

⁶ Australian Institute of Health and Welfare (2018) *Older Australia at a Glance*, cat. no. AGE 87.

⁷ See e.g. Competition and Markets Authority (2019) *Consumer Vulnerability: Challenges and Potential Solutions*, 4-7; Australian Securities and Investments Commission (2019) *ASIC Corporate Plan 2019-23—Focus 2019-20*, 12.

⁸ Parliament of Victoria, Legislative Council, Legal and Social Issues Committee (2017) *Inquiry into the Retirement Housing Sector*, 31-57.

⁹ *Ibid* 45-57.

¹⁰ Malta, S., Williams, S. and Batchelor, F., "'An ant against an elephant': Retirement village residents' experiences of disputes and dispute resolution' (2018) 37(3) *Australasian Journal on Ageing* 202, 205; Whelan, S. et al (2019) *Moving, Downsizing and Housing Equity Consumption Choices of Older Australians*, Australian Housing and Urban Research Institute.

¹¹ Whelan, S. et al (2019) *Moving, Downsizing and Housing Equity Consumption Choices of Older Australians*, Australian Housing and Urban Research Institute.

are confident using the internet, with the majority (85%) reporting they were somewhat or very confident. The survey may overestimate internet access and capability among retirement village residents, given the majority of survey responses (920 of 950) were completed online, and therefore a much higher percentage of the survey population may experience digital inclusion than the general population of older people. Digital inclusion tends to decline as age increases. People aged 65 years and over are the least digitally included age group in Australia.¹²

People entering retirement villages therefore face a range of personal and market-based vulnerabilities that are barriers to effective engagement in a competitive market. The recommendations in this submission seek to address some of these barriers, including reducing the complexity and risk of retirement village living by standardising agreements and protecting consumers from excessive costs.

In addition to these recommendations, the Victorian Government should tailor retirement village information and outreach to meet the needs of older people experiencing particular vulnerabilities, such as limited digital access or capability, bereavement and health conditions. This can include tailoring the form of information (e.g. print; accessible online resources) and the channel used to provide information (e.g. later-life community, health and support services).

<p>Recommendation 1: Tailor retirement village information and outreach to meet the needs of older people facing barriers to access, such as digital exclusion, bereavement and health conditions.</p>

2. Product or service information is disclosed in a relevant, clear and comprehensible manner

Like other private housing markets in Australia, the retirement village sector is premised on consumer choice. There are no default options or allocated housing; people must choose *between* competing retirement villages and other forms of housing, as well as assess the numerous options and contracts available *within* a particular retirement village. For the market to operate effectively, prospective residents require (among other preconditions) sufficient information to make an informed choice, including information about price, quality and terms of sale. At a minimum, the information about these features needs to be transparent, comprehensible and comparable.¹³

However, while disclosure of key information is necessary for well-functioning markets and good consumer outcomes, it is not sufficient in itself. On the supply side, businesses can introduce complexities that diminish people's ability to compare prices, quality and terms of sale. They can also obfuscate key information; for example, by using shrouding techniques,

¹² Barraket, T. et al (2019) Measuring Australia's Digital Divide: The Australian Digital Inclusion Index 2019, RMIT University and Swinburne University of Technology, for Telstra, 16-17.

¹³ Solomon, L. and Martin-Hobbs, B. (2018) Five Preconditions of Effective Consumer Engagement—A Conceptual Framework: Product Information, Consumer Choice and Market Engagement, Consumer Policy Research Centre, 29.

which highlight attractive features of a product (e.g. low upfront costs) and make equally important features less visible (e.g. exit fees or the conditions of attractive features).¹⁴

On the demand side, people face common and significant barriers to purely rational decision-making and assessment of disclosed information. These barriers are not isolated to more vulnerable consumers. When faced with decisions characterised by high levels of complexity, choice, risk and uncertainty, many consumers tend to rely on heuristics or mental shortcuts to simplify decision-making and reduce the amount of information they need to process.¹⁵ If the information is complex, onerous or lengthy, people may instead use proxies such as brand or word-of-mouth to make a choice. More information does not necessarily lead to better decisions, and can in fact be counterproductive if people are compelled to turn to alternative and potentially less reliable information sources.¹⁶

Behavioural economics research suggests that once people have to take into account more than two or three different factors in decision-making, our ability to identify good and bad deals becomes very inaccurate, even for people with high levels of numeracy and education.¹⁷ Retirement village agreements exceed that level of decision-making complexity, in terms of the number of fees and charges to take into account, the current and future timing of those costs, cooling-off and consideration periods, and quality and service factors.

In 2019, ASIC and the Dutch Authority for Financial Markets (AFM) released a joint report on the limits of information disclosure in financial services markets. Their analysis is relevant to other markets for complex products and services, such as retirement villages. ASIC and the AFM suggest policy-makers need to rethink the role of disclosure as the default option in consumer protection, and what role disclosure actually plays in shaping effective demand-side pressure. The report highlights four limitations of a disclosure-based approach:

- disclosure cannot solve the complexity that is inherent in products and processes, and disclosure does not ease the ‘contextual and emotional dimensions of financial decision making, both at the point of purchase and over time’
- disclosure must compete for human attention—‘many firms have the commercial opportunity and means to effectively attract, distract and influence us; but regulators, and the disclosures they mandate, generally do not’
- one size does not fit all—the effects of disclosure are different from person to person and situation. ‘It is hard to predict the individual and context-specific differences in how we will behave, make decisions, and engage with and process information’
- in the real world, disclosure can unexpectedly backfire—for example, it can sometimes induce greater trust in an untrustworthy product or service.¹⁸

¹⁴ See e.g. Gabaix, X. and Laibson, D.I. (2005) Shrouded Attributes, Consumer Myopia, and Information Suppression in Competitive Markets, MIT Department of Economics Working Paper No. 05-18. Available at SSRN: <https://ssrn.com/abstract=728545> or <http://dx.doi.org/10.2139/ssrn.728545>.

¹⁵ Tversky, A. and Kahneman, D. ‘Judgment under Uncertainty: Heuristics and Biases’ (1974) 185 *Science* 1124.

¹⁶ Solomon, L. and Martin-Hobbs, B. (2018) Five Preconditions of Effective Consumer Engagement—A Conceptual Framework: Product Information, Consumer Choice and Market Engagement, Consumer Policy Research Centre, 28-29.

¹⁷ Australian Securities and Investments Commission and Dutch Authority for Financial Markets (2019) Disclosure: Why it shouldn’t be the default, 8.

¹⁸ *Ibid.*

These limitations of disclosure apply to retirement villages, including the limited ability of disclosure to tackle the complexity of retirement village agreements. The decision to enter a retirement village has a similar level of complexity to decisions about financial products and services, in that this decision:

- is made infrequently, providing few opportunities for feedback and learning
- often has an emotional dimension, such as when people move for health reasons
- requires trade-offs over time, such as between present and future benefits, or where future benefits or harms may only be discovered long after making the decision (e.g. the quality of village management and maintenance, actual exit costs, capital loss or gain when leaving a retirement village etc.)
- involves uncertainty, such as about a person's future needs, or future behavior on which product features or prices are contingent (e.g. the length of time lived in a retirement village)
- involves risk, including balancing the chance of positive returns against the risk of loss (e.g. the risk of exit fees exceeding any share of capital gains and diminishing the amount of entry costs returned to the resident).¹⁹

Retirement village agreements also appear to be *strategically* complex. The significant and numerous costs on leaving a retirement village (e.g. exit fees and ongoing charges until the unit is sold or re-leased) may constitute what is termed 'sludge' by behavioural economics expert Cass Sunstein; that is, 'excessive, unnecessary frictions that make it difficult for us to do what we want'. This includes products that are easy to get into but hard to get out of.²⁰

Despite the best efforts of regulators and policy-makers, strategic complexity can 'confuse us and/or take advantage of our confusion, and defeat our attempts to engage with or understand even simplified disclosure.'²¹ For example, consumer research has shown the limited impact of both simplified and detailed disclosure on consumer outcomes. A study for the Financial Rights Legal Centre examining consumer choices about home insurance showed only 41% of people provided with 'simple' key fact sheets selected the objectively best insurance product, and 59% of people provided with either the 'simple' key fact sheet or longer product disclosure statement made suboptimal choices. In some groups, up to 42% of people chose the worst product on offer.²²

Given the limitations of disclosure, ASIC and the AFM recommend a regulatory focus on the complexity of products and services, and how decisions are framed and made. Tools such as product design, governance and distribution can assist regulators in addressing complexity and accommodating the realities of consumer decision-making.²³

The survey results indicate improved disclosure is needed in relation to some features of retirement villages. However, the results also suggest the Victorian Government needs to

¹⁹ Ibid 10.

²⁰ Ibid 14.

²¹ Ibid 12.

²² Ibid 14 citing Malbon, J. and Oppewal, H. (2018) *Ineffective Disclosure: An Experimental Study of Consumers Purchasing Home Contents Insurance*, Australian Centre for Financial Studies, Monash University, for the Financial Rights Legal Centre.

²³ Australian Securities and Investments Commission and Dutch Authority for Financial Markets (2019) *Disclosure: Why it shouldn't be the default*, 52.

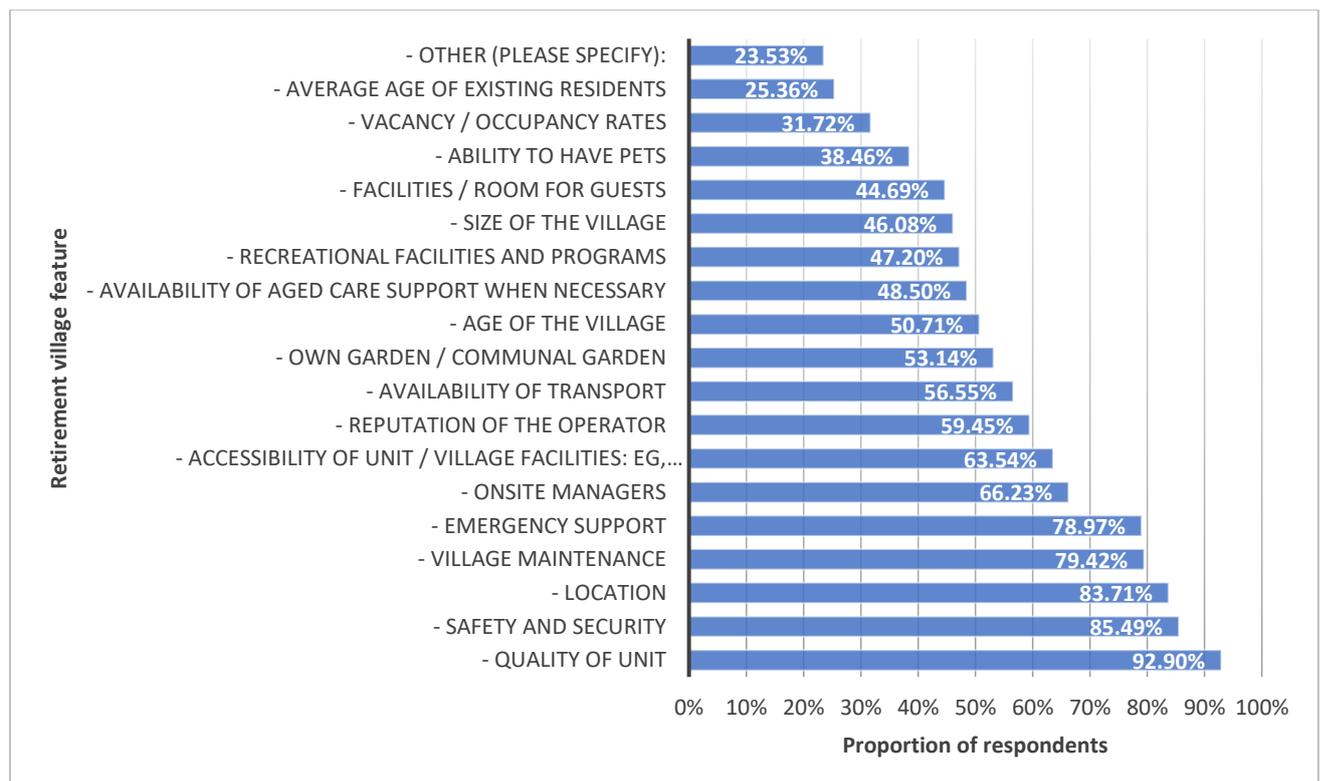
more fundamentally address the complexity of retirement village costs and the way in which retirement village agreements are structured.

Retirement village features and management

Survey respondents were asked about the importance of particular retirement village features, how easy it was to compare information about these features, and their satisfaction with these features. We note that among survey respondents, the majority (56.3%) have lived in a retirement village for six years or more, suggesting most respondents are beyond any ‘honeymoon’ period and are well-placed to comment on issues such as their satisfaction with management and costs that only become apparent or more understood once a person has lived in a retirement village for some time.

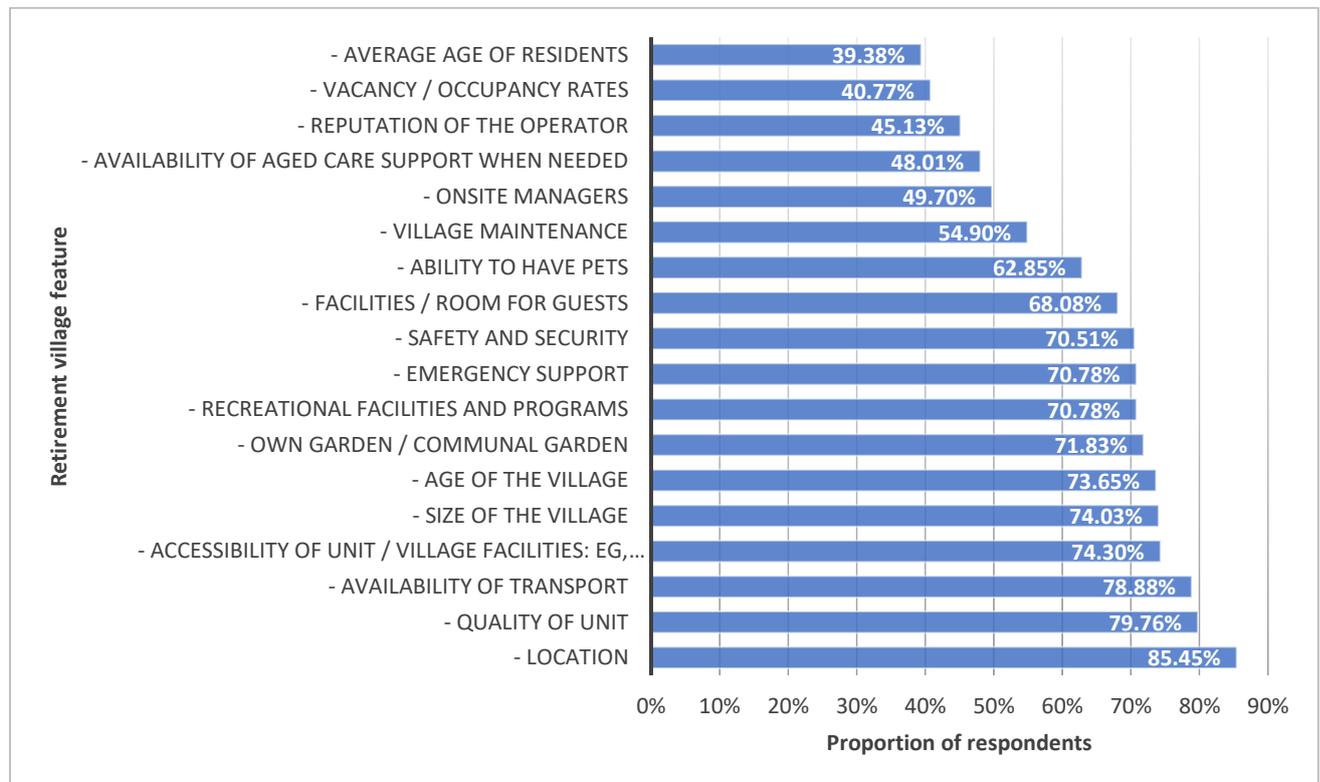
Figure 1 shows importance ratings for major retirement village features. Survey respondents placed the highest importance on the quality of unit, safety and security, location, village maintenance, and emergency support, with ~80% or more of respondents rating these features very or extremely important.

Figure 1: Proportion of respondents rating a retirement village feature very or extremely important



Many of the features that were important to survey respondents also received good comparability ratings. As shown in Figure 2, the majority (70% or more) of respondents found the quality of unit, safety and security, location and emergency support somewhat or very easy to compare. However, only 54.9% of respondents found village maintenance somewhat or very easy to compare.

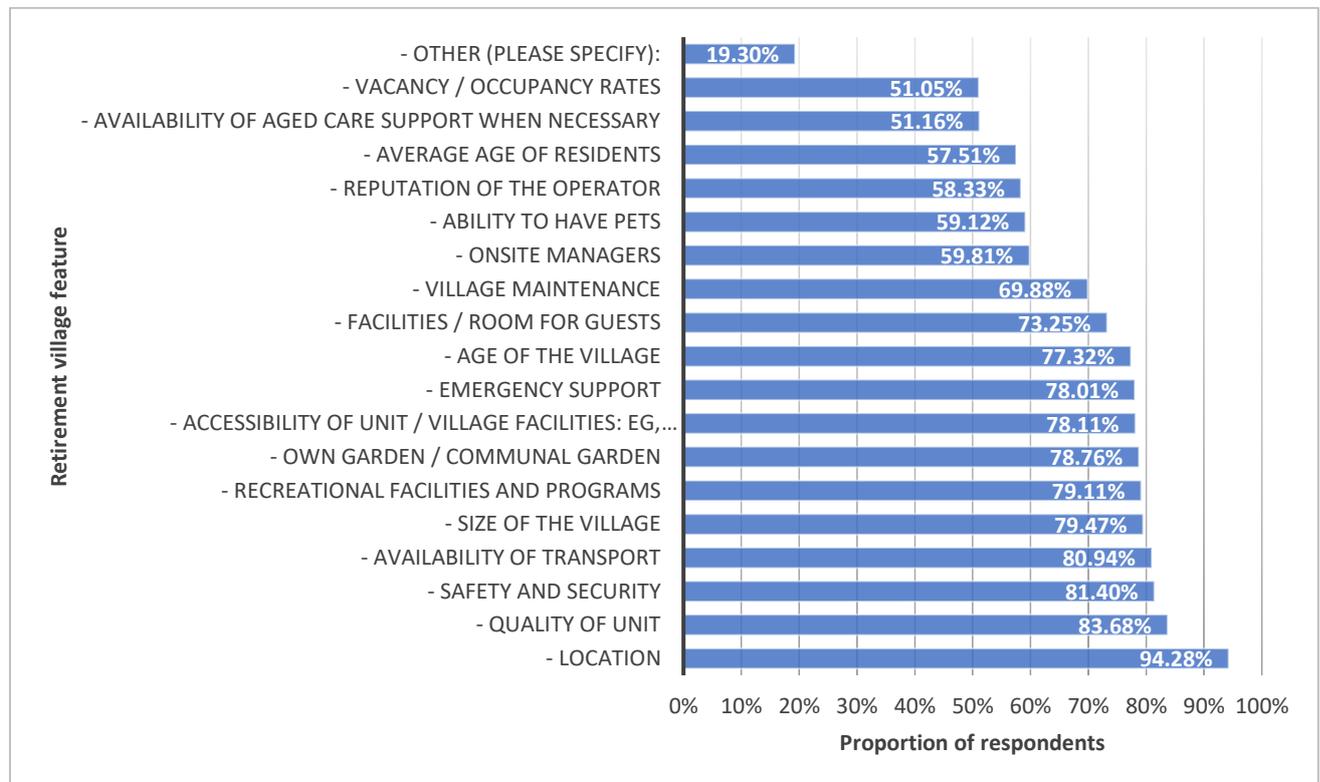
Figure 2: Proportion of respondents rating information about a retirement village feature somewhat or very easy to compare



We also note that only ~50% or less of respondents found it somewhat or very easy to compare onsite managers, the availability of aged care support, the reputation of the village operator, vacancy/occupancy rates, and the average age of residents.

Figure 3 shows satisfaction ratings for retirement village features. Notably, the majority (78% or more) of respondents were somewhat or very satisfied with features ranking highly in importance, including location, unit quality, safety and security and emergency support. These features also received some of the highest comparability ratings. People's ability to compare these features among retirement villages may be enabling people to make more informed and satisfying choices.

Figure 3: Proportion of respondents somewhat or very satisfied with a retirement village feature



In contrast, only 59.8% of respondents were somewhat or very satisfied with onsite managers, and only 58.3% were satisfied with the reputation of the operator. These features also received relatively low comparability ratings. The lack of comparability in relation to these particular features may be making it difficult for prospective residents to choose housing that meets their preferences and needs. A lack of transparency and comparability about village managers and the reputation of village operators could prevent good consumer outcomes: it creates an unfair competitive advantage for poor operators (who can better hide poor management from prospective residents), and provides less of an incentive for good operators to invest in quality management if this does not bring a competitive advantage.²⁴

To provide greater transparency and comparability of retirement village features, the Victorian Government should ensure that it is collecting relevant information and making it publicly available for prospective and current residents. One way of doing this would be to establish a housing directory for older people that provides information about individual retirement villages, including management standards and the reputation of the operator (e.g. based on complaints and disputes), among other features. The directory could build on and significantly expand the retirement villages register currently operated by CAV.

The directory could use existing information sources, including data about whether, in respect of a particular village operator, complaints have been made to CAV, disputes have

²⁴ See e.g. Akerlof, G.A., 'The Market for "Lemons": Quality Uncertainty and the Market Mechanism' (1970) 84 *Quarterly Journal of Economics* 488.

been mediated by the Dispute Settlement Centre of Victoria, or decisions have been made by the Victorian Civil and Administrative Tribunal or the courts.

The directory could also incorporate information about compliance with the industry-led 'Retirement Living Code of Conduct', developed by the Retirement Living Council (the peak body for the retirement industry) and Leading Aged Services Australia. While the Code is a voluntary industry initiative and does not cover all retirement villages, reporting of signatory compliance with Code commitments could be useful for prospective residents, including any breaches of the Code relevant to management standards.

The Victorian Government should also develop a training, qualification and oversight regime for managers of retirement villages, given relatively low satisfaction rates in relation to onsite managers. Professionalisation appears necessary due to the complexity of the management role, which requires understanding the retirement village regulatory regime, dispute resolution, residents' rights, and the particular needs of people as they grow older. Managers play an important role in ensuring residents are satisfied with features that were commonly ranked very or extremely important, such as safety and security, village maintenance and emergency support. Managers' training, qualifications and oversight should be commensurate with that role, and the compliance of individual villages with these requirements should be identified in a housing directory for older people.

Recommendation 2: Collect and publish information about retirement village features valued by prospective and current residents. This may include a housing directory for older people that provides information about individual retirement villages.

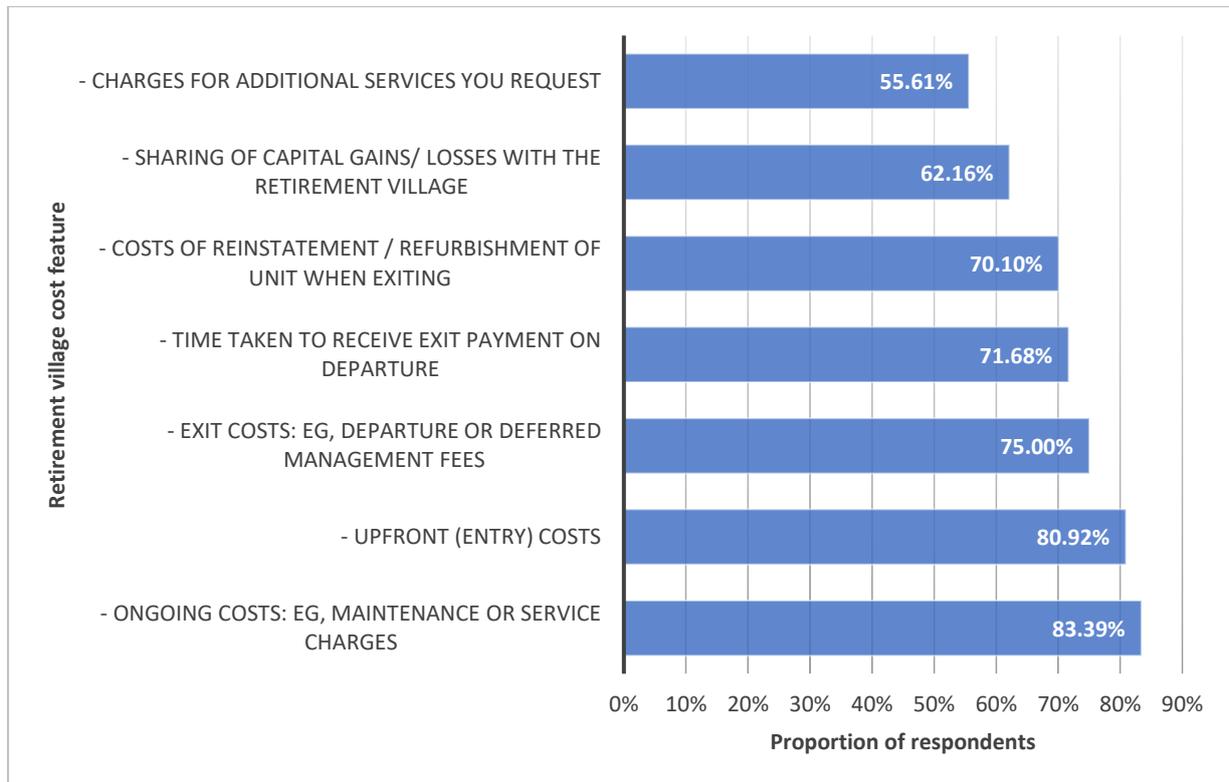
Recommendation 3: Develop a training, qualification and oversight regime for managers of retirement villages.

Financial costs

Survey respondents were also asked about the importance of retirement village financial costs, how easy it was to compare information about these costs, self-reported understanding of these costs when choosing a retirement village, and satisfaction with these costs.

Figure 4 shows importance ratings for retirement village costs. The majority (~80%) of respondents considered upfront costs and ongoing costs were very or extremely important when deciding on a retirement village. A majority (70% or more) also considered exit costs, the costs of refurbishment or reinstatement of the unit on leaving, and the time taken to receive exit payments on leaving, were very or extremely important.

Figure 4: Proportion of respondents rating a cost feature very or extremely important



However, despite the importance of these costs, Figure 5 shows that just under half (48.7%) of survey respondents found exit costs, such as deferred management fees, somewhat or very easy to compare. Less than two in five respondents found it somewhat or very easy to compare the overall package of costs (39.8%), sharing of capital gains or losses with the retirement village (37.2%), charges for additional services (36.9%), the costs of reinstatement or refurbishment of the unit (35.6%) and the time taken to receive exit payments on departure (27.5%).

Figure 5: Proportion of respondents rating a cost feature somewhat or very easy to compare

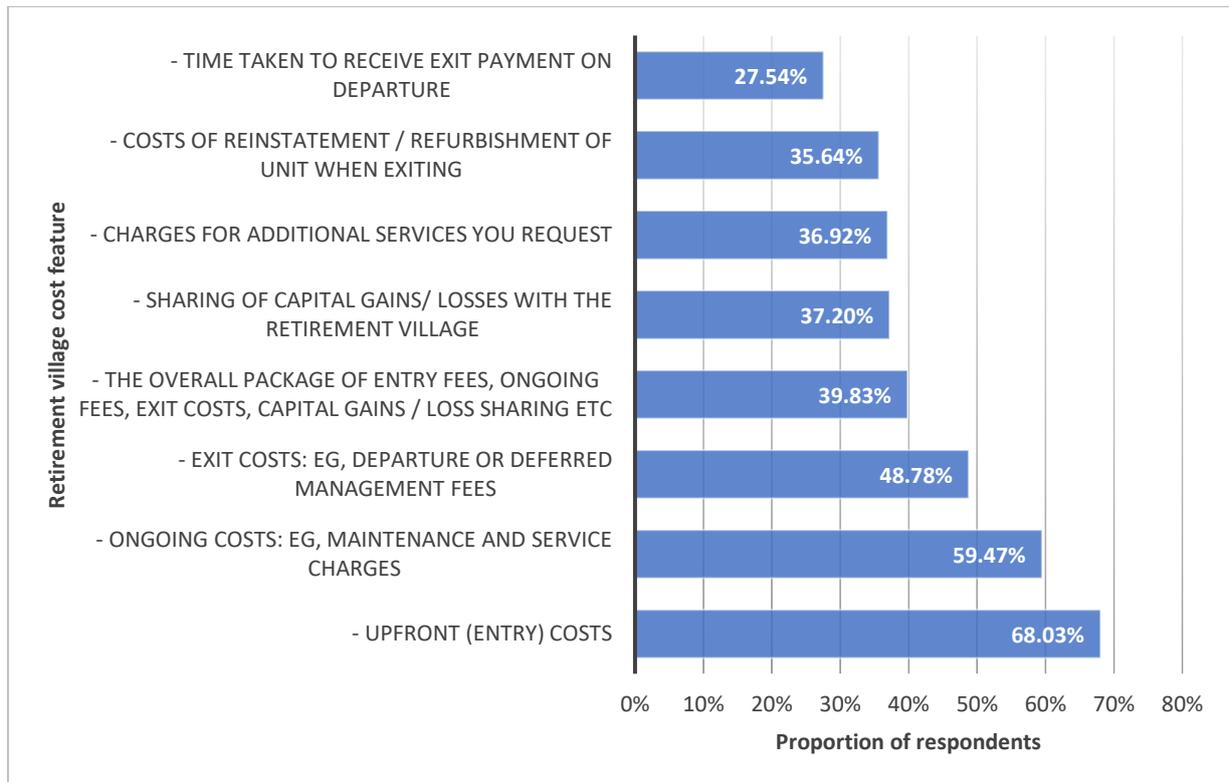
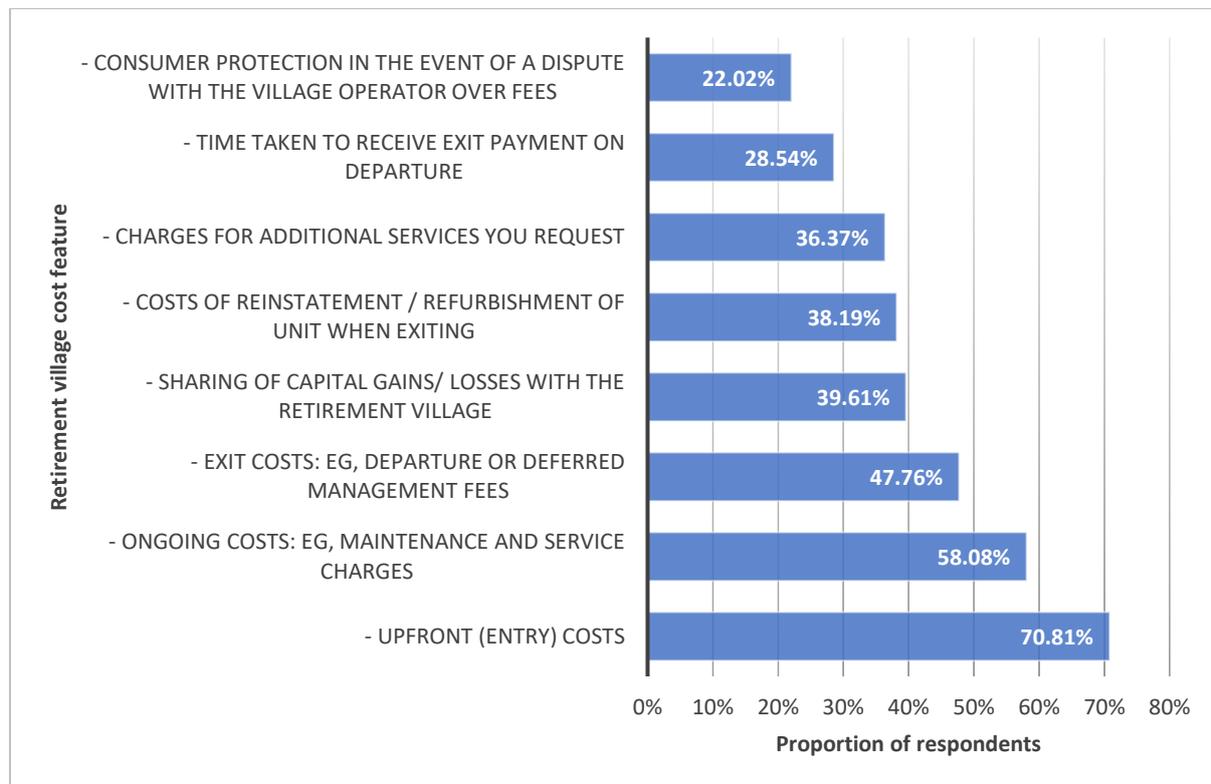


Figure 6 shows the proportion of respondents understanding a cost feature very or extremely well, on a self-reported basis. Just under half (47.7%) of respondents said they understood exit costs very or extremely well when choosing a retirement village. Further, only a minority of respondents reported this level of understanding of the sharing of capital gains or losses with the village (39.6%), the costs of reinstatement or refurbishment of the unit (38.1%), charges for additional services (36.3%), the time taken to receive exit payments on departure (28.5%), and consumer protection in the event of fee disputes (22%).

Figure 6: Proportion of respondents understanding a cost feature very or extremely well



To further test people’s understanding of costs, survey respondents were asked whether they have to pay a departure fee (such as a deferred management fee) when they leave the retirement village, and when they found out that they have to pay a departure fee. The majority (82.5%) of respondents reported that they will have to pay a departure fee, 8% reported they do not have to pay a departure fee, and 9.5% said they were unsure or did not know. It is concerning that almost 1 in 10 respondents did not know whether they are liable for this cost on leaving, which would diminish the exit payments they receive.

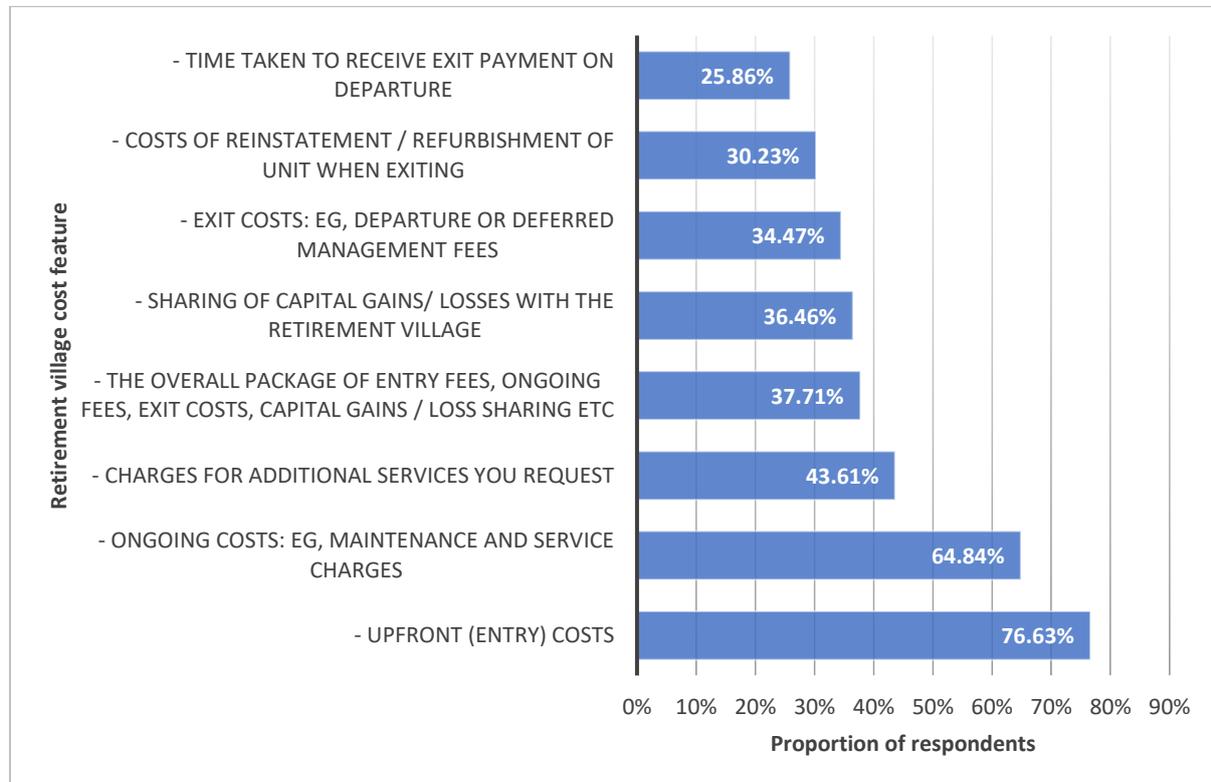
The majority (89.4%) of survey respondents found out about a departure fee before they moved into the retirement village. However, almost 1 in 10 respondents (8.7%) only found out they have to pay a departure fee *after* moving into a retirement village, which is particularly concerning given these fees can have significant financial ramifications. Deferred management fees are calculated as a percentage per year of either the upfront contribution or purchase price, or the new resident’s upfront contribution or purchase price. The fees are usually calculated up to a capped percentage; for example, if the fee is 2.5% per year up to a maximum of 25% and the resident is there for ten years or longer, the final fee is 25%.²⁵

Figure 7 shows satisfaction ratings for retirement village costs. Only a minority (37.7%) were somewhat or very satisfied with total costs (i.e. the overall package of entry costs, ongoing costs, exit costs and capital gains or loss sharing). Further, only a minority of respondents were satisfied with the individual costs associated with leaving a retirement village, including sharing of capital gains or losses with the village (36.4%), exit costs such as deferred

²⁵ Parliament of Victoria, Legislative Council, Legal and Social Issues Committee (2017) Inquiry into the Retirement Housing Sector, 48.

management fees (34.4%), the costs of unit reinstatement or refurbishment (30.2%) and the time taken to receive exit payments on departure (25.8%).

Figure 7: Proportion of respondents somewhat or very satisfied with a cost feature



These results suggest that the current disclosure of financial costs is not sufficient, on its own, to ensure most people have a good understanding of the financial implications of entering a retirement village and are satisfied with these costs. A regulatory focus on measures such as product regulation and governance appears necessary, particularly given retirement village agreements are akin to financial products in their complexity. Governments also need to ensure that older people are able to sufficiently draw down their housing assets to fund aged care and other expenses, with housing one of the largest stores of wealth among older people for these expenses.²⁶ When 'invested' in a retirement village, those assets are at risk of dissipation through any excessive costs on departure.

The Victorian Government should investigate how it can require consistency in the way information about key retirement village costs is presented to consumers, and investigate the limits to disclosure of significant costs such as exit fees. These costs are inherently complex and while disclosure is important, it can only go some of the way in achieving good consumer outcomes, as the report by ASIC and the AFM explains.

The Victorian Government could consider:

- prescriptions for how key costs are to be calculated, to provide consistency and comparability among different retirement villages

²⁶ ARC Centre of Excellence in Population Ageing Research (2019) Housing in an Ageing Australia: Nest and Nest Egg?, CEPAR Research Brief, 27-28.

- funding of independent comparator tools for the Victorian retirement village market²⁷
- ways of simplifying key costs such as exit fees and ensuring they do not exceed reasonable levels.

People are unlikely to be able to compare relevant financial costs without requirements to simplify and standardise the disclosure of those costs, potentially by category. Other industries (such as energy, financial services and telecommunications) have taken steps to improve the consistency of product information disclosure.

To help prevent excessive costs, Government could consider consumer protection remedies such as product intervention powers. For example, ASIC was recently given a power to ban or amend harmful financial products where there is a risk of significant consumer detriment. In assessing whether a product has this effect, ASIC takes into account the nature and extent of the detriment, the actual or potential financial loss to consumers resulting from the product, and the impact of the detriment on consumers. In its first use of the power, ASIC has banned a particular model of short-term credit that charges borrowers excessive collateral fees for administration of the loan.²⁸ This type of power could be effective in the retirement village market to prevent unjustified fees being charged and gaming of fee structures.

Recommendation 4: Investigate how information about key retirement village costs can be presented in a consistent way to consumers.

Recommendation 5: Investigate the limits to disclosure of significant costs such as exit fees and investigate ways of protecting consumers from excessive costs.

Contracts

Simplification and standardisation of retirement village agreements would also make the costs of retirement villages more comprehensible and allow a broader group of professional advisors to assist people with retirement village decision-making.

The Parliament of Victoria Inquiry into the Retirement Housing Sector noted contracts can be long (sometimes over 100 pages) and technical, making rights and obligations even more difficult to understand.²⁹ The Inquiry heard that legal advice is not always easy to find, and even when obtained, feedback suggested many practitioners do not specialise in retirement housing legislation or provide advice on contracts. The President of the Law Institute of Victoria (LIV) told the Inquiry that only a small number of legal firms in Victoria have a strong understanding of retirement housing contracts. Recognising the financial liabilities arising

²⁷ Examples of existing comparison tools that could be investigated by the Victorian Government include the NSW Fair Trading Retirement Village Calculator (<http://rvcalculator.fairtrading.nsw.gov.au/detailed-calculator>) and the Macquarie University Retirement Village Cost Calculator (<https://rvcalculator.mq.edu.au/#/>).

²⁸ Australian Securities and Investments Commission (July 2019) Using the Product Intervention Power: Short Term Credit, Consultation Paper 316; Australian Securities and Investments Commission (12 September 2019) 'ASIC makes product intervention order banning short term lending model to protect consumers from predatory lending'.

²⁹ Parliament of Victoria, Legislative Council, Legal and Social Issues Committee (2017) Inquiry into the Retirement Housing Sector, xvi.

under retirement village agreements, the LIV also identified a need for ‘collaborative professional practice’ that combines legal and financial advice.³⁰

The Inquiry recommended the LIV develop professional accreditation specific to retirement housing. Alongside this, we recommend the Victorian Government addresses the underlying complexity of retirement village agreements. Professional advice will be more accessible to Victorians—particularly people on lower incomes and those from culturally and linguistically diverse backgrounds—if a broader group of legal, financial and housing professionals can advise on retirement village contracts, and these contracts can be more readily interpreted and compared, saving time and costs.

With standardised, clearer agreements, a housing information and advice service would also be better placed to advise on the implications of particular retirement village agreements, alert people to inconsistent or unusual fees, charges or conditions, and assist in resolving disputes that arise after entry into a retirement village.

Recommendation 6: Standardise retirement village agreements to enable advice to be given by a broader range of legal, financial and housing professionals.

3. Comparison tools are simple and effective

For a market to function effectively, consumers need to be able to easily compare competing products and services. The comparison task is generally undertaken by individual consumers, using tools such as:

- calling different providers to clarify particular details. In the case of retirement villages, this approach can be particularly onerous and may entail physically visiting different villages and meeting with representatives
- brokers or intermediary services, or other expert advisors—financial and legal advisors may play a key role in providing advice to people considering moving to a retirement village and comparing options
- information summaries—including price fact sheets, critical information summaries and disclosure statements
- comparator websites—for example, government comparison websites.

Increasingly, the comparison process will also rely on consumer data availability and transfer, such as the sharing of personal banking and energy data with competitive product/service providers via the Consumer Data Right.

The comparison process is also being mediated by intermediaries such as commercial comparators and brokers. These services carry risks of poor consumer outcomes if the service is not comprehensive and only includes information about a selection of providers, or if the service has a commercial interest in promoting a product that is not necessarily in a customer’s best interests; for example, where commission payments are made.³¹

The Victorian retirement village market stands out as lacking in government or commercial comparison tools. People using the mainstream housing sales market and the private rental

³⁰ Ibid 37-41.

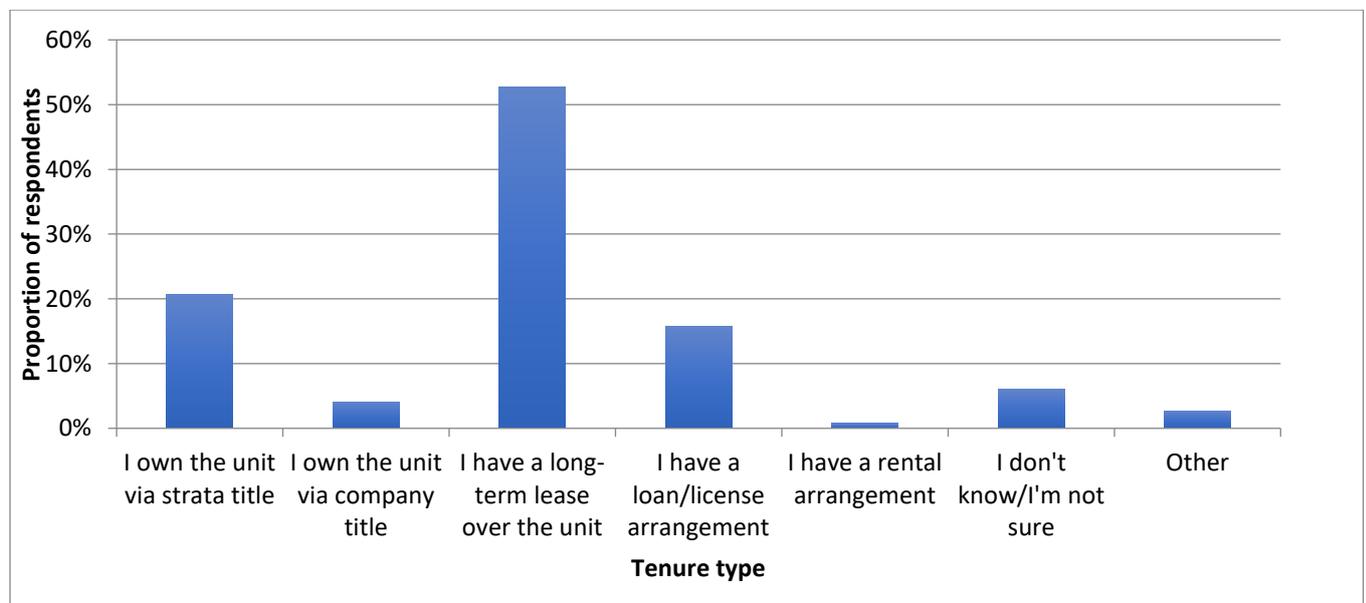
³¹ See e.g. Australian Competition and Consumer Commission (2018) Restoring Electricity Affordability and Australia’s Competitive Advantage: Retail Electricity Pricing Inquiry—Final Report, 275-277.

market can at least access major websites such as realestate.com.au and domain.com.au to compare information about housing prices. The total costs of retirement villages are particularly difficult to calculate and compare. Only 39.8% of survey respondents found total costs somewhat or very easy to compare, and only 37.7% of respondents were somewhat or very satisfied with total costs. The Victorian Government could consider funding of independent comparator tools (as per Recommendation 4). In other complex markets, government and regulators have invested in developing comparison tools, such as the Victorian Energy Compare and Energy Made Easy websites in the energy market. To develop a comparator tool, the Victorian Government could investigate retirement village cost calculator tools developed by NSW Fair Trading and Macquarie University.³²

Another important deficiency in the retirement village market is that comparison tools are lacking about the differences between retirement villages and *other forms of housing*. The Victorian Government could play an important role here by reviewing the current information it provides about retirement villages on the CAV website, in consultation with prospective and current retirement village residents, and testing any new information resources with users. That information could be included in a new housing directory for older people or located in other sites that people are likely to access.

Based on the dominant tenure types reported in the survey, it seems consumers need clear, comprehensive information about how retirement villages compare with other forms of housing such as mainstream owner-occupied housing and private renting, and the potential financial implications of entering a retirement village. This information should clearly explain the different tenure arrangements in retirement villages. As Figure 8 shows, only a minority (20.7%) of survey respondents own their residence on a freehold basis via strata title. The majority (68.5%) live in their residence under a long-term lease or a loan/license.

Figure 8: Proportion of respondents with common retirement village tenure types



³² NSW Fair Trading Retirement Village Calculator (<http://rvcalculator.fairtrading.nsw.gov.au/detailed-calculator>); Macquarie University Retirement Village Cost Calculator (<https://rvcalculator.mq.edu.au/#/>).

The survey findings show a slightly higher level of freehold ownership than the data cited in the CAV Issues Paper and may overstate freehold ownership, depending on respondent understanding of their tenure type.³³ On either measure, most retirement village residents do not enjoy the benefits of ownership and have a relatively vulnerable form of tenure, in that they are dependent on the retirement village operator to provide the housing features and amenities they need, similar to private renters. Significant upfront costs—which effectively constitute rent in advance—reduce the bargaining power of residents when things go wrong, as they have already paid for services.

In explaining the nature of retirement villages and tenure types, the industry-led Retirement Living Code of Conduct states:

To live in a Retirement Community, a prospective resident enters a contract with the owner or operator. There are various types of tenure in Retirement Communities. Some provide freehold title to homes within the community, but it is more common for Retirement Village occupancy to be via a long-term or lifetime lease or licence agreement between the resident and operator. Others provide a rental tenancy agreement.

*A home in a Retirement Community is not an investment property, nor is it a vehicle to build personal wealth. It is a lifestyle choice, a place to live and a hub for services; a place to enjoy facilities, activities and the company of others (our emphasis).*³⁴

The ostensible value of entering a retirement village appears to be the services and amenities on offer, for which substantial costs are imposed. The Victorian Government should therefore investigate how information about retirement village costs can be presented in a consistent way to consumers (as per Recommendation 4), and provide information about how retirement villages compare with other forms of housing.

Recommendation 7: Provide clear, comprehensive information about how retirement villages compare with other forms of housing, including mainstream housing markets.

4. Switching costs (financial and non-financial) are low

A further precondition for consumer engagement and a well-functioning market is low switching costs. Switching costs create barriers to changing providers and taking advantage of more affordable or suitable products and services. Industry participants can exploit situations where switching costs are high, by imposing excessive costs or providing lower quality services. Financial barriers to switching include exit fees, early termination fees, connection or establishment fees and other charges associated with changing providers. Non-financial barriers to switching include common behavioural biases such as loss aversion (where people seek to minimise losses when faced with uncertainty, and revert to the status quo) and inertia ('deciding not to decide' can be preferable for people if a decision is cognitively and emotionally taxing).³⁵

³³ Consumer Affairs Victoria, Review of the *Retirement Villages Act 1986*: Issues Paper, 12.

³⁴ Retirement Living Council and Leading Aged Services Australia (2018) Retirement Living Code of Conduct, 6.

³⁵ Solomon, L. and Martin-Hobbs, B. (2018) Five Preconditions of Effective Consumer Engagement—A Conceptual Framework: Product Information, Consumer Choice and Market Engagement, Consumer Policy Research Centre, 41.

There are numerous and often substantial exit costs associated with leaving a retirement village, including deferred management fees, potential capital losses, unit refurbishment or reinstatement costs, and/or ongoing charges until a unit is sold or re-leased. As discussed above, only a minority of respondents were satisfied with costs such as sharing of capital gains or losses (36.4%), exit costs such as deferred management fees (34.4%), the costs of unit reinstatement or refurbishment (30.2%) and the time taken to receive exit payments on departure (25.8%). This dissatisfaction may create a barrier to relocating to another retirement village, and leave residents captive to their existing village operator.

Other switching barriers are the ages of retirement village residents and low rates of geographic mobility among older people. The average age of survey respondents was 77 years. The majority (81.9%) were aged 70-89 years. While retirement villages are technically for people aged 55 years or older, typical residents are much older than this (at least on the basis of this survey's findings). It is notable that just over one third of respondents (34.2%) were aged 80-89 years. Geographic mobility declines with age: only 3% of owner-occupiers aged 75 years and over move home each year, with health and affordability major barriers to moving among older people. Psychological connections to housing and local communities also contribute to low moving rates.³⁶

Close regulation of the sector is therefore warranted to ensure village operators do not take advantage of a constrained group of residents, who face significant barriers to switching. This should include the professionalisation of village management and measures to protect people from excessive exit costs (as per Recommendation 5), to reduce one significant barrier to switching.

5. People are aware of how to access, assess and act on information

Underlying the four previous preconditions of consumer engagement is consumer awareness. For a market to function well, consumers need to be aware how they can:

- access assistance and fair products when they have reduced capacity
- access key information about competing products and services
- assess which product or service best meets their preferences
- act on information that enables switching to a product or service better meeting their preferences.

Where consumers do not know where to seek assistance, find relevant information, how to compare different providers and services, or how to switch providers, they may encounter barriers to effective choice. These barriers, whether actual or perceived, can result in an *intent-behaviour gap*, whereby people fail to translate their intents into action.³⁷

Moreover, for regulatory interventions to be successful, consumers must be aware of any reforms, especially rights and information-based interventions. Targeted awareness-raising through salient channels and trusted sources can improve consumer outcomes. This can

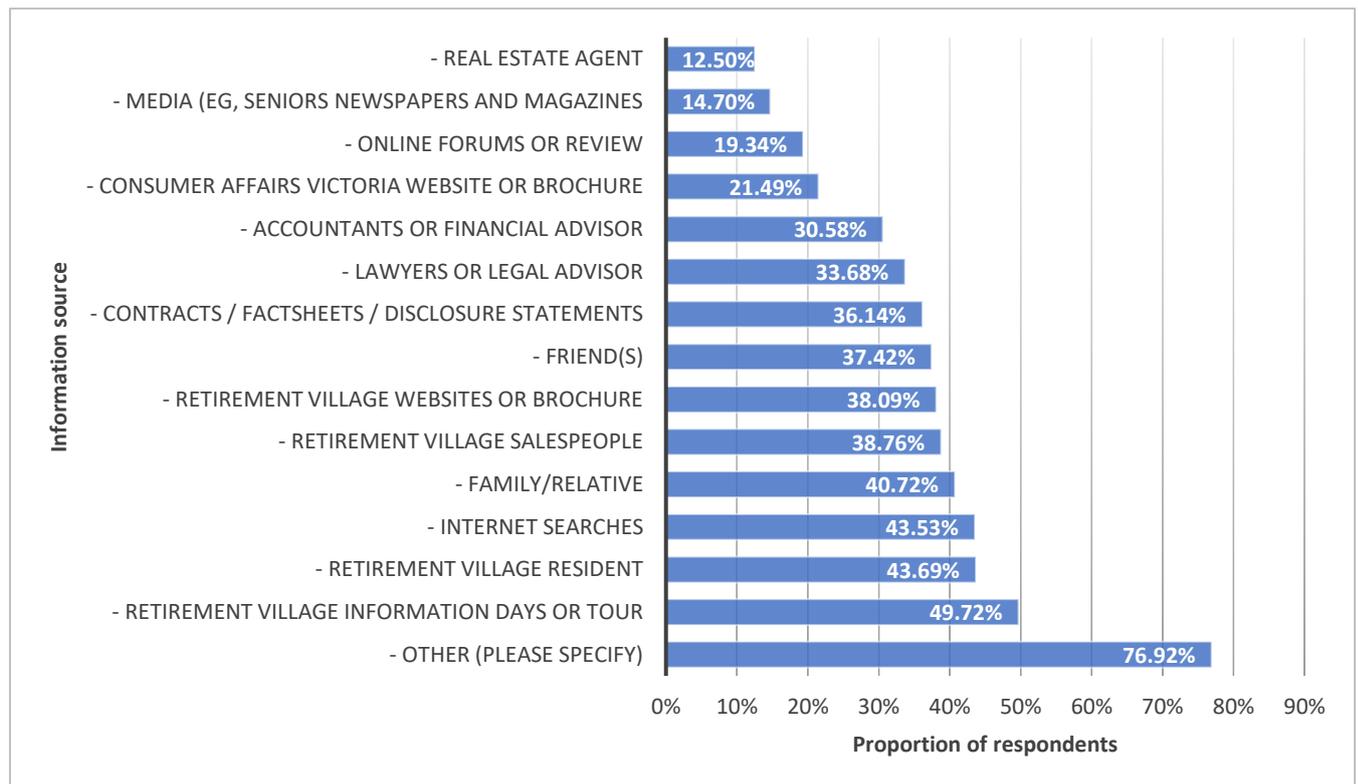
³⁶ Whelan, S. et al (2019) Moving, Downsizing and Housing Equity Consumption Choices of Older Australians, Australian Housing and Urban Research Institute.

³⁷ Paschal Sheeran, P., 'Intention—behavior relations: A conceptual and empirical review' (2002) 12 *European Review of Social Psychology* 1.

include grassroots outreach to targeted communities and broad-based awareness campaigns.³⁸

Government and industry already use a range of channels and methods to provide information about entering a retirement village. Survey respondents were asked to rate the usefulness of major information sources, as set out in Figure 9.

Figure 9: Proportion of respondents rating an information source very or extremely useful



Most interestingly, the majority of survey respondents indicated they used 'other' information resources rather than the most common resources developed to support prospective residents to compare retirement villages. While the University of Melbourne is currently compiling the free-text responses to this question (with full results available in the final report due at the end of January 2020), early indications are that many people are seeking advice from alternative sources to those listed above.

Excluding 'other' information sources, the most useful information sources are outlined below, with the following proportions of survey respondents rating these information sources very or extremely useful:

- retirement village open days or tours (49.7%)
- retirement village residents (43.6%)
- internet searches (43.5%)
- family/relatives (40.7%)

³⁸ Solomon, L. and Martin-Hobbs, B. (2018) Five Preconditions of Effective Consumer Engagement—A Conceptual Framework: Product Information, Consumer Choice and Market Engagement, Consumer Policy Research Centre, 47.

- retirement village salespeople (38.7%).

However, we emphasise that these results still mean that the majority of survey respondents did not rate these information sources as very or extremely useful. With this caveat in mind, it is notable that the most highly rated information sources feature industry marketing (open days, tours and salespeople), internet searches and trusted social relations—family and retirement village residents. Friends were also a relatively high-rating information source (37.4% of respondents found friends a very or extremely useful information source). We also note that 36.1% of respondents found retirement village contracts, factsheets and/or disclosure statements very or extremely useful.

Considered as a whole, people are relying quite heavily on non-government and non-professional information sources to make decisions. Industry sources are partial and do not provide people with independent information. Reliance on sources such as family and friends is understandable when people are faced with complex decisions and do not know who to trust, but these information sources are not always suitable. While in many CPRC projects it is common for there to be different consumer decision-making styles across the customer base (e.g. rational information seekers versus opinion seekers),³⁹ the over-reliance on opinion appears to be more common where there is a lack of trusted, independent information available for consumers to access and compare products and services. Government and regulators can make information more readily available, in terms of both price and quality of market operators, to facilitate consumer choice and competition.

ASIC and the AFM observe the challenges with reliance on salespeople as a channel for information:

As with the underlying financial decision, judging quality advice involves unreasonable computational complexity and requires expertise and pre-existing knowledge. The absence of these can lead us to substitute other attributes—such as social affinity (grounded in shared religion, language or culture), strong social rapport and/or a trusted brand—to help us assess quality. For instance, one investor involved in ASIC research based her decision to invest in an unlisted, unrated debenture on the trust she had in the salesperson, which was in turn grounded in the language and cultural background she shared with the salesperson.⁴⁰

The survey findings about information sources should be considered alongside the other findings about respondents' understanding of and satisfaction with certain retirement village features and costs, such as the lower rates of satisfaction with onsite managers and the reputation of village operators, and the total costs of living in a retirement village and the costs associated with leaving.

The use of the information sources described above is not translating into high rates of understanding and satisfaction across key areas. The Victorian Government should provide increased funding for services that deliver housing information and advice to older people in Victoria, particularly people on more limited incomes who cannot afford private legal or other advice. Without an accessible housing advice and information service, older people face a

³⁹ Forthcoming CPRC research.

⁴⁰ Australian Securities and Investments Commission and Dutch Authority for Financial Markets (2019) Disclosure: Why it shouldn't be the default, 17-18.

significant power imbalance when engaging with well-resourced retirement village operators and in seeking to understand the housing options available to them.

We also highlight the benefits of the Victorian Government ensuring that consumers are aware of the benefits of seeking legal advice, and ensuring that people are able to obtain good-quality advice. Only 33.6% of survey respondents found lawyers to be a very or extremely useful information source. This may indicate financial or awareness barriers to consumers obtaining advice on one of the most significant capital outlays of their lives, and/or a lack of good-quality advice.

Recommendation 8: Improve communication, education and outreach programs to ensure prospective and current retirement village residents gain access to key information and advice, including increasing funding to independent community organisations.

CPRC thanks Consumer Affairs Victoria for the opportunity to contribute to the Retirement Villages Act Review. If you have any questions or would like further information regarding this submission, please contact Emma O'Neill, Research and Policy Director, on 03 9639 7600 or at emma.oneill@cprc.org.au.

Yours sincerely



Lauren Solomon
Chief Executive Officer
Consumer Policy Research Centre

Appendix A



Improving consumer decision-making about retirement housing

Who is conducting this survey?

Researchers from the University of Melbourne have been funded by the Consumer Policy Research Centre (CPRC) and Residents of Retirement Villages Victoria (RRV) to undertake an independent research project to find out what information people use and the impact this information has on their decision to relocate to a retirement village, or not.

What is this survey about?

The aim of the survey is find out what information is readily available, how easy it is to understand, and how accurate the information is regarding availability, housing contracts, services and fees and so on.

You can complete this survey if you:

- ✓ *Live in Victoria*
- ✓ *Are aged 50 years and older*
- ✓ *Are English speaking*
- ✓ *Currently live in a retirement village*

The information you provide will be used to provide input into Consumer Affairs Victoria review of the *Victorian Retirement Village Act 1986*.

Please note:

- You do not have to complete this survey if you do not want to
- Your participation is completely voluntary.
- Fill in the questions you feel comfortable answering
- This survey is anonymous. The researchers or CPRC or RRVV have no way of identifying who has completed each survey and it will not be possible for you to be identified in any report or publication of this work
- By completing the survey you are giving your consent to take part in the survey and for the researchers to compile reports/publications of the results
- Data from this study may also be used in future research projects that are closely related to the current project or in the same general area of research as this current project
- The survey should take no more than 30 minutes to complete

The survey begins with some demographic questions, followed by some questions which you can just answer 'Yes/No', or tick a box, and other open-ended questions where you can type/write your answers.

This survey will now close on 30th October 2019.

Any questions?

If you have any questions about this survey, please contact members of the research team below:

- Dr Sue Malta susan.malta@unimelb.edu.au
- Dr Maho Omori maho.omori@unimelb.edu.au

AT THE END OF EACH QUESTION, PLEASE CLICK ON THE RIGHT ARROW TO PROCEED TO THE NEXT QUESTION.

Start of Block: ABOUT YOU

1. What is your age in years?

2. What is your gender?

Male

Female

Other / Prefer not to say

3. Do you currently live with another person in the retirement village?

Yes

No

4. Which of the following best describes your income?

Self-funded with superannuation / other wealth / investment income

Government pension or allowance

Mix of superannuation and government pension

Employed part-time

Other

5. How long have you lived in a retirement village?

- Less than 1 year
 - 1 - 2 years
 - 3 - 5 years
 - 6 - 9 years
 - 10+ years
-

6. Do you plan to live in a retirement village for the rest of your life?

- Yes
 - No
 - Don't know / maybe
-

7. How would you describe your health?

- Excellent
 - Very good
 - Good
 - Fair
 - Poor
-

8. How confident are you using the Internet?

Not confident at all (1)

Not very confident (2)

Neutral (3)

Somewhat confident (4)

Very confident (5)

End of Block: ABOUT YOU

Start of Block: CHOOSING A RETIREMENT VILLAGE

9. Why did you move from your previous home? Please select all that apply to you

Major health change / concern about future health / reduced mobility

Previous home was too big / maintenance became too burdensome

Change of circumstances: eg, death of spouse or partner / divorce or separation

Social isolation / need to mix with people of a similar age

Financial reasons: eg, need to sell family home / downsize to cheaper accommodation / release home equity

Other (please specify): _____



10. Who was involved in selecting the retirement village? Please select all that apply to you.

Myself

Spouse / partner

Family member(s)

Carer

Accountant or financial advisor

Lawyer or legal advisor

Other

11. When choosing a retirement village, how useful were each of the following information sources in helping you make your decision?

	Extremely useful (1)	Very useful (2)	Moderately useful (3)	Slightly useful (4)	Not at all useful (5)	Not applicable, as I did not use this information source (6)
Retirement village websites or brochures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retirement village information days or tours	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retirement village contracts / factsheets / disclosure statements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retirement village salespeople	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consumer Affairs Victoria website or brochures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internet searches	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online forums or reviews	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accountants or financial advisors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lawyers or legal advisors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Media (eg, seniors news-papers and magazines)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Real estate agents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Family/relatives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Friend(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retirement village residents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify):	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



12. How important to you was each of the following features when choosing a retirement village?

	Extremely important (1)	Very important (2)	Moderately important (3)	Slightly important (4)	Not at all important (5)
Location	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recreational facilities and programs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of transport	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facilities / room for guests	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reputation of the operator	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Village maintenance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Onsite managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Safety and security	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Emergency support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of unit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accessibility of unit / village facilities: eg, wheelchair access, flat surfaces etc	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ability to have pets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Own garden / communal garden	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Average age of existing residents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vacancy / occupancy rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Size of the village	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Age of the village	<input type="radio"/>				
Availability of aged care support when necessary	<input type="radio"/>				
Other (please specify):	<input type="radio"/>				

13. How important to you was each of the following financial features when choosing a retirement village?

	Extremely important (1)	Very important (2)	Moderately important (3)	Slightly important (4)	Not at all important (5)
Upfront (entry) costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ongoing costs: eg, maintenance or service charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Charges for additional services you request	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sharing of capital gains/ losses with the retirement village	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exit costs: eg, departure or deferred management fees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Costs of reinstatement / refurbishment of unit when exiting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Time taken to receive exit payment on departure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. Which of the following housing options did you compare before choosing a retirement village? Please select all that apply to you.

- Yes, I compared different options within a particular retirement village
- Yes, I compared different retirement villages
- Yes, I compared retirement villages with other types of housing
- No, I did not compare any housing options

Skip To: Q17 If Which of the following housing options did you compare before choosing a retirement village? Ple... = Yes, I compared retirement villages with other types of housing

Skip To: Q18 If Which of the following housing options did you compare before choosing a retirement village? Ple... = No, I did not compare any housing options

15. What other types of housing did you consider? Please select all that apply.

Home ownership (with home care package when necessary)

Caravan or residential park

Granny flat

Living with family

Share housing

Rental housing

Public or community housing

Aged care

Other (please specify) _____

16. How easy was it to compare information about the following features of retirement villages?

	Very easy (1)	Somewhat easy (2)	Neutral (3)	Somewhat difficult (4)	Very difficult (5)
Location	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of transport	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recreational facilities and programs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facilities / room for guests	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reputation of the operator	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Village maintenance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Onsite managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Safety and security	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Emergency support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of unit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accessibility of unit / village facilities: eg, wheelchair access, flat surfaces etc	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ability to have pets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Own garden / communal garden	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Average age of residents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vacancy / occupancy rate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Size of the village	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Age of the village	<input type="radio"/>				
Availability of aged care support when needed	<input type="radio"/>				

17. How easy was it to compare information relating to the following costs of retirement villages?

	Very easy (1)	Somewhat easy (2)	Neutral (3)	Somewhat difficult (4)	Very difficult (5)
Upfront (entry) costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ongoing costs: eg, maintenance and service charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Charges for additional services you request	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exit costs: eg, departure or deferred management fees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sharing of capital gains/ losses with the retirement village	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Costs of reinstatement / refurbishment of unit when exiting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Time taken to receive exit payment on departure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The overall package of entry fees, ongoing fees, exit costs, capital gains / loss sharing etc	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

18. Did you read other documentation (such as fact sheets and disclosure statements) before signing the contract?

- Yes
- No
- Unsure / Don't know

Skip To: Q22 If Did you read other documentation (such as fact sheets and disclosure statements) before signing t... = No

Skip To: Q22 If Did you read other documentation (such as fact sheets and disclosure statements) before signing t... = Unsure / Don't know



19. How well did you understand other documentation (such as fact sheets and disclosure statements) before signing the contract?

Extremely well (1)

Very well (2)

Moderately well (3)

Slightly well (4)

Not well at all (5)

20. How well did you understand the retirement village contract before signing it?

Extremely well (1)

Very well (2)

Moderately well (3)

Slightly well (4)

Not well at all (5)

21. Did someone help you understand the retirement village contract and/or other documentation (such as fact sheets and disclosure statements)?
Select all that apply to you.

- Lawyer or legal advisor
- Accountant or financial advisor
- Real estate agent
- Family member(s)
- Friend(s)
- Retirement village resident
- Retirement village operator or salesperson
- Community help service
- Other (specify who): _____

22. When you were choosing a retirement village, how aware were you of the following factors related to your everyday living?

	Completely aware (1)	Considerably aware (2)	Moderately aware (3)	Slightly aware (4)	Not at all aware (5)
Whether you could vote on issues affecting residents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Who was responsible for repairs and maintenance of the unit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Who was responsible for repairs and maintenance of common areas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Who was responsible for costs of repairs and maintenance of the unit and common areas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The process for resolving any disputes between you and the village operator	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

23. When you were choosing a retirement village, how well did you understand the following contract features?

	Extremely well (1)	Very well (2)	Moderately well (3)	Slightly well (4)	Not well at all (5)
Upfront (entry) costs	<input type="radio"/>				
Ongoing costs: eg, maintenance and service charges	<input type="radio"/>				
Charges for additional services you request	<input type="radio"/>				
Exit costs: eg, departure or deferred management fees	<input type="radio"/>				
Sharing of capital gains/ losses with the retirement village	<input type="radio"/>				
Costs of reinstatement / refurbishment of unit when exiting	<input type="radio"/>				
Time taken to receive exit payment on departure	<input type="radio"/>				
Consumer protection in the event of a dispute with the village operator over fees	<input type="radio"/>				

End of Block: CHOOSING A RETIREMENT VILLAGE

Start of Block: LIVING IN A RETIREMENT VILLAGE

24. Below is a list of current ownership or tenure arrangements available in retirement villages. Please indicate which one best describes your arrangement, if known.

- I own the unit via strata title
- I own the unit via company title
- I have a long-term lease over the unit
- I have a loan/license arrangement
- I have a rental arrangement
- I don't know / I'm not sure
- Other (please specify): _____



25. Since moving into the retirement village, how satisfied have you been with the following features?

	Very satisfied (1)	Somewhat satisfied (2)	Neither satisfied nor dissatisfied (3)	Somewhat dissatisfied (4)	Very dissatisfied (5)
Location	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of transport	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recreational facilities and programs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Facilities / room for guests	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reputation of the operator	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Village maintenance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Onsite managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Safety and security	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Emergency support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality of unit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accessibility of unit / village facilities: eg, wheelchair access, flat surfaces etc	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ability to have pets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Own garden / communal garden	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Average age of residents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vacancy / occupancy rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Size of the village	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Age of the village	<input type="radio"/>				
Availability of aged care support when necessary	<input type="radio"/>				
Other (please specify):	<input type="radio"/>				

26. Since moving into the retirement village, how satisfied have you been with the following costs?

	Very satisfied (1)	Somewhat satisfied (2)	Neither satisfied nor dissatisfied (3)	Somewhat dissatisfied (4)	Very dissatisfied (5)
Upfront (entry) costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ongoing costs: eg, maintenance and service charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Charges for additional services you request	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sharing of capital gains/ losses with the retirement village	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exit costs: eg, departure or deferred management fees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Costs of reinstatement / refurbishment of unit when exiting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Time taken to receive exit payment on departure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The overall package of entry fees, ongoing fees, exit costs, capital gains / loss sharing etc	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

27. Will you have to pay a departure fee (eg, a deferred management fee) when you leave the retirement village?

- Yes
- No
- Unsure / Don't know

Skip To: Q33 If Will you have to pay a departure fee (eg, a deferred management fee) when you leave the retiremen... = No

Skip To: Q33 If Will you have to pay a departure fee (eg, a deferred management fee) when you leave the retiremen... = Unsure / Don't know



28. When did you find out you have to pay a departure fee?

- Before moving into the retirement village
 - After moving into the retirement village
 - When I decided to sell my unit / leave the retirement village
 - Unsure / Don't know
-

29. How did you find out you have to pay a departure fee? Please select all that apply.

- Retirement village factsheet / disclosure document
- Retirement village contract
- Lawyer or legal advisor
- Accountant or financial advisor
- Real estate agent
- Family member(s)
- Friend(s)
- Retirement village resident / neighbour
- Retirement village operator or salesperson
- Community help service
- Other (please specify): _____

30. Overall, how satisfied are you now about your decision to move into a retirement village?

- Extremely dissatisfied (1)
- Somewhat dissatisfied (2)
- Neither dissatisfied nor satisfied (3)
- Somewhat satisfied (4)
- Extremely satisfied (5)



31. Please describe in your own words, what information you think would have been helpful to you when considering moving into a retirement village.
