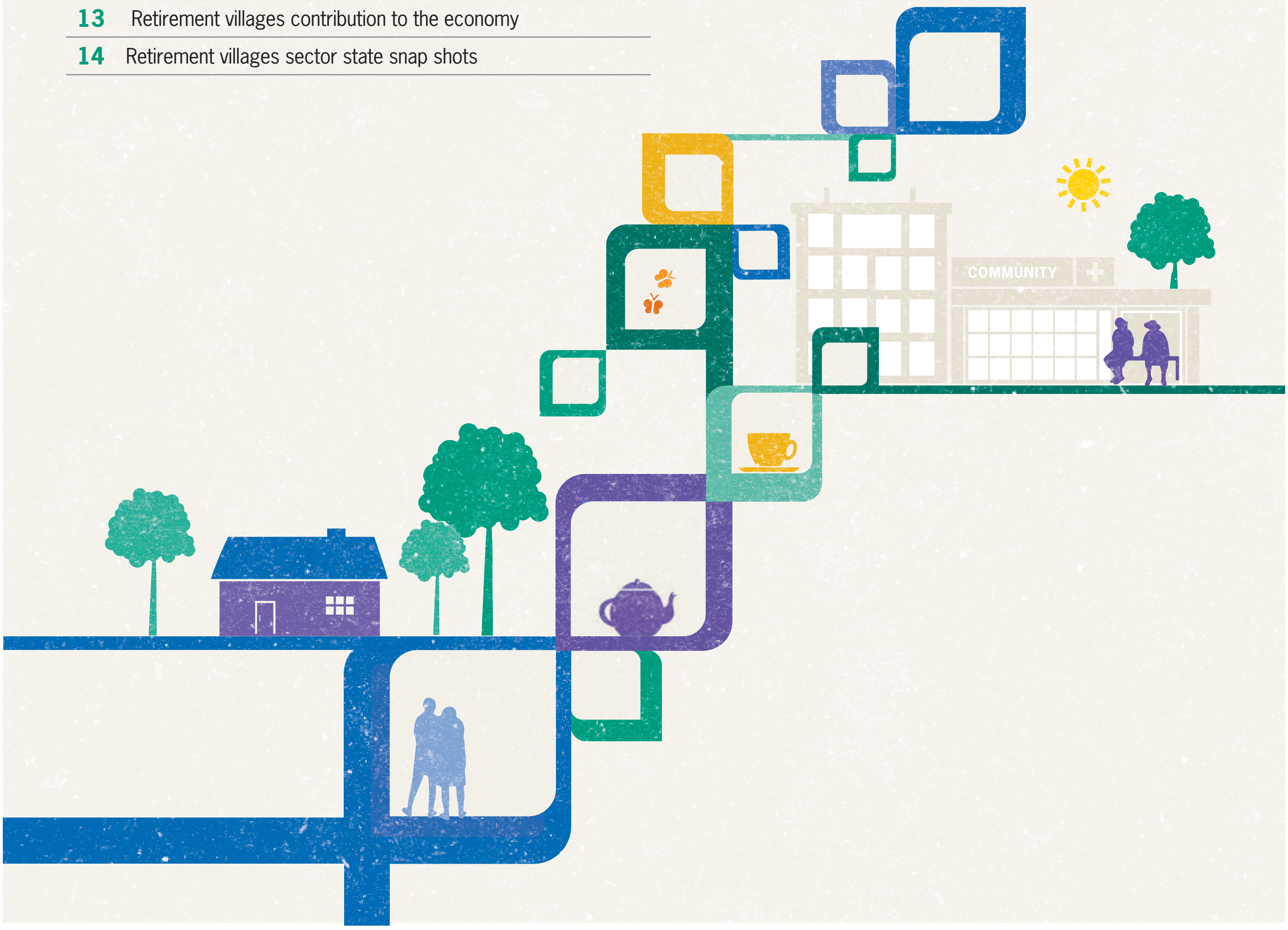
OCTOBER 2014

Property Council of Australia

National overview of the retirement village sector

Contents



Executive Summary

The dramatic increase in the number of Australians turning 65 over the next 20 years is now an established demographic fact. Treasury projects a doubling of the seniors' population by 2050, with an economically significant reduction in the ratio of taxpayers to retirees.

To support this growth there needs to be a large corresponding increase in the amount of purpose-built housing, so that the 8.1 million Australians who will be over 65 by 2050 continue to have the choice, independence and autonomy that they expect and deserve.

Currently about 184,000 Australians live in retirement villages, or 5.7 per cent of the over 65 population. This penetration rate is projected to increase to 7.5 per cent in 2025. The increased rate, combined with the increase in the seniors' population, means that there will be approximately 382,000 people wanting to live in a retirement village in 2025. This is more than double the 184,000 residents currently calling a retirement village home. As such, a large amount of investment will be needed in the sector in coming years.

The private and not for profit sectors can play a larger role in meeting the needs of senior Australians. The people who invest in and create retirement villages in particular have an integral role in building age-friendly communities, which are often a social and service hub outside the community too.

Retirement villages offer a range of services and supports to their residents. As these services and supports are self-funded, there is an additional benefit of not only improving residents' lifestyles, but generating savings to governments. The analysis has shown that this generates $2.16 billion in savings to the health care system. $1.98 billion of these savings are achieved by retirement villages delaying residents' entry into government funded aged care facilities.

While there has been some research on retirement villages delaying the entry of their residents into aged care, quantitative research on broader impacts and savings to the healthcare system is sparse. There are however some logical correlations that can be drawn between the services and supports offered by a retirement village, and cost savings to government. The analysis completed estimates that **in addition to the $1.98 billion saved through delayed entry to aged care, there is a potential $177 million saved through residents requiring fewer hospital and GP visits, earlier discharge from hospital, and better mental health.**

The retirement living sector is a successful modern industry, providing a range of care options to facilitate ageing in place. The Productivity Commission has highlighted in recent reports that an ageing Australia needs to do more to prepare for its ageing future, and that retirement villages play an integral role in that future.

Retirement villages are part of the solution to the challenge of ensuring there are enough affordable homes for Australians of all ages, compatible with different stages of life, and less reliance on taxpayers. The sector supplies specially designed homes, preventative health care and community services, often at much lower margins than other property assets competing for scarce capital.

And most importantly, all surveys show – whether it's individual providers or the national McCrindle Baynes Census – that the vast majority of the 184,000 people who live in retirement villages across Australia are happy – and happier than they were before they moved there.

Statement of Limitation

In preparing this report, GTAL has relied upon, and presumed accurate, any information (or confirmation of the absence thereof) provided by the Property Council of Australia and the Retirement Living Council and/or from other sources. Except as otherwise stated in the report, GTAL has not attempted to verify the accuracy or completeness of any such information. If the information is subsequently determined to be false, inaccurate or incomplete then it is possible that our observations and conclusions as expressed in this report may change.

GTAL derived the data in this report from information sourced from the Property Council of Australia and the Retirement Living Council (if any) and/or available in the public domain at the time or times outlined in this report. The passage of time, manifestation of latent conditions or impacts of future events may require further examination of the project and subsequent data analysis, and re-evaluation of the data, findings, observations and conclusions expressed in this report. GTAL has prepared this report in accordance with the usual care and thoroughness of the consulting profession, for the sole purpose described above and by reference to applicable standards, guidelines, procedures and practices at the date of issue of this report. For the reasons outlined above, however, no other warranty or guarantee, whether expressed or implied, is made as to the data, observations and findings expressed in this report, to the extent permitted by law.

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Glossary

Aged care	Aged care refers to residential aged care and is an accommodation option for older people who cannot live independently at home and have been assessed by a member of the Aged Care Assessment Service (in Victoria) or Aged Care Assessment Team (other jurisdictions) as needing this care.
Deferred Management Fee ("DMF")	A DMF is the amount a village operator charges a resident when they leave the village. It is agreed at the time of entry and applied on exit. The method of calculating the DMF differs across retirement village operators.
Dwelling	A single unit, apartment or villa in a retirement village.
Exit entitlement	The amount paid to the resident once they vacate their dwelling. This usually consists of the ingoing contribution (see ingoing contribution definition below), plus any capital gains as stipulated in the contract, less the DMF, less the cost of reinstatement/refurbishment as stipulated in the contract.
Freehold	Freehold refers to a form of agreement for accommodation in a retirement village where the resident owns the dwelling. DMF is still normally accrued in this agreement.
Ingoing contribution	The upfront payment made by the resident to enter into a leasehold agreement for a dwelling in a retirement village, by way of a refundable payment.
Leasehold	A form of agreement for accommodation in a retirement village where the resident leases the dwelling from the operator. This is the most common form of agreement for residents in a retirement village.
Net tax	Net tax includes the company tax, GST and payroll tax paid by the retirement village sector.
Non-owner resident	A non-owner resident describes a resident who does not own their dwelling. This usually refers to a resident who holds their dwelling under a leasehold agreement.
Resident	In this report a resident is a senior living in a retirement village.
Retirement village	A facility that contains a number of dwellings that accommodates seniors.
Retirement village operator	A retirement village operator is a legal entity that owns and operates one or more retirement villages.
Senior	A senior for the purposes of this report is a person aged 65 years or more.

Context

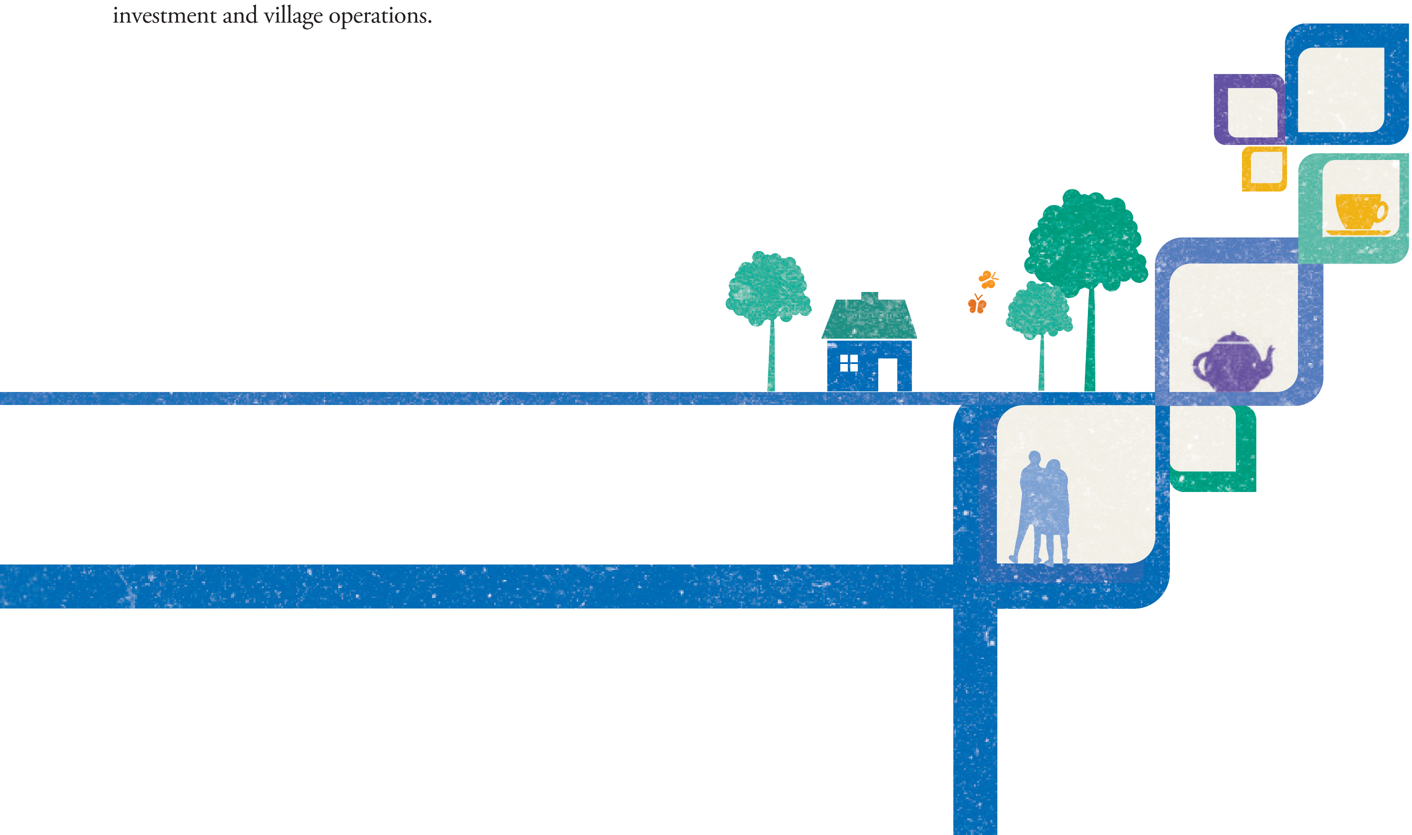
Retirement villages are an important component in supporting Australia's growing seniors population. Many senior Australians have chosen retirement villages because villages offer age appropriate supports in a community environment.

Villages also reduce the costs on publicly funded health services. This is achieved through a safe and supportive environment where the residents are part of a close-knit local community and receive a range of services.

Retirement villages are a self funded service, receiving no government funding or subsidies. Through the services and supports that they offer to their residents they are able to reduce the reliance on other high cost and publicly funded health settings. This results in substantial cost savings to the health care system. These cost savings are estimated here for the first time.

As well as generating savings, the retirement village sector contributes to national GDP and taxation revenue, through investment and village operations.

This report reviews the national retirement village sector, with specific focus on its benefits to residents, and resulting government health care savings.



Retirement villages deliver residents independent living in a community environment supported by additional services

What is a retirement village?

A retirement village is a residential, multi-dwelling complex specifically designed for seniors aged 55 years and over. The majority of villages are single-level or low-rise villas occupying landscaped grounds and with community spaces.

Retirement villages offer a range of health, leisure and support services. Many include recreational and medical facilities, such as community halls, bowling greens, and rooms for visiting doctors or allied health professionals.

In some cases the village is co-located with an aged care facility.

Retirement villages and aged care facilities differ in the level of personal support and payment structures.

The level of support offered to residents differs:

Retirement village residents;

- Live independently.
- Not dependent on staff
- Access to additional assistance through paid help such as cooking or home care packages.

Aged care residents;

- Less independent.
- More frail, require a high level of care and daily assistance with personal care such as dressing, bathing and cooking.

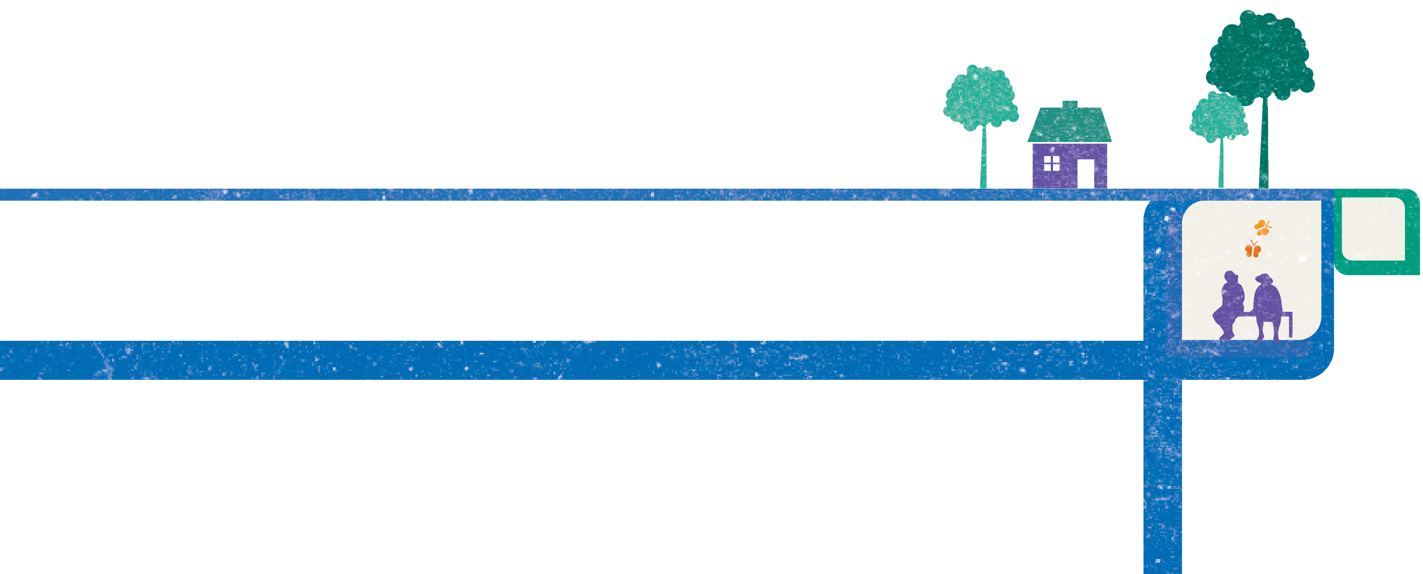
Payment structures differ:

Retirement village;

- The most common title is leasehold with a deferred management fee (DMF) paid.
- Ingoing contribution is paid on entry and is repaid, minus the DMF, on exit and sale of the dwelling.
- A resident may also receive a share of a capital gain or loss.

Aged care;

- A choice between an upfront lump sum and Daily Accommodation Payment, or a combination of both.



Retirement villages offer affordable accommodation where residents are part of a supportive community

Retirement villages address the main wellbeing concerns of seniors.

The Productivity Commission found that "age-friendly housing and neighbourhoods can have a positive effect on the health and quality of life of older Australians".[1*]

Older people across Australia list loneliness and social isolation, mobility and access to transport, lack of independence and insufficient finances as their major concerns.[2] From a health perspective, they list their top concerns as dementia and memory loss, mobility, frailty and mental health (including depression). Because retirement villages are specially designed for older people, they can help alleviate several of these concerns.

Retirement villages offer a community within which seniors receive support in many ways including user pays services from the organisation, informal support from their fellow residents and friends, and organised activities and assistance.

The 'community feel' in retirement villages is fostered especially through community activities and events. Villages offer many opportunities for residents to interact – while still maintaining a personal and private space – through on-site recreational facilities, community meeting centres and social activities. The largest village survey conducted to date by independent researchers, the McCrindle Baynes Villages Census 2013, found that 95 per cent of respondents participated in activities organised by the village.

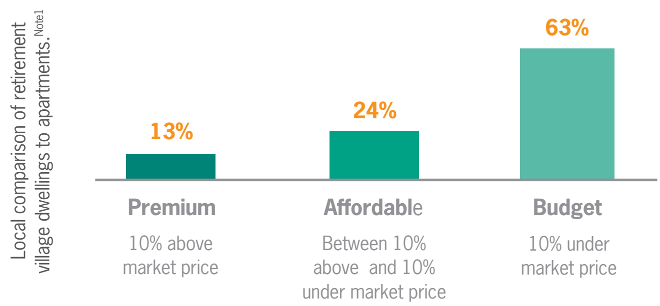
95%

of village residents participated in activities organised by the village.[4]

87%

of residents chose their particular village for a safe environment, emergency support and to maintain their independence.[4]

Chart 1: Retirement village dwellings are often an affordable alternative to local apartments.[5]



*Market value is the average apartment price in the LGA. Note 1

The above graph shows a comparison of retirement village dwellings to like apartments in the local area.

Retirement villages are an affordable way to downsize from the family home and free up equity. Analysis shows that 63 per cent of retirement village dwellings are sold substantially under the market price for similar sized homes in the local area.[5] Through selling the family home and downsizing to a lower priced retirement village dwelling, seniors free up equity to fund their lifestyle and additional services over the next stage of their life. This reduces their reliance on government funded services.

* See endnotes on page 22

Note 1: 'Local areas' comparison are Local Government Areas ("LGAs").

184,000 seniors call a retirement village home

5.7%

of Australians over the age of 65 are living in retirement villages in 2014.[3]

There are currently 184,000 seniors living in retirement villages throughout Australia.[3]

- The penetration rate of over 65's into retirement villages has increased from 5.3 per cent in 2010[1] to 5.7 per cent currently.[3]
- NSW, VIC and QLD have the largest overall number of residents in retirement villages.
- SA, WA and QLD have a higher proportion of their senior population in retirement villages.
- There are approximately 1.3 residents per dwelling.[3]

Chart 2: Market share of the retirement village sector in each state (by dwelling number).[3]

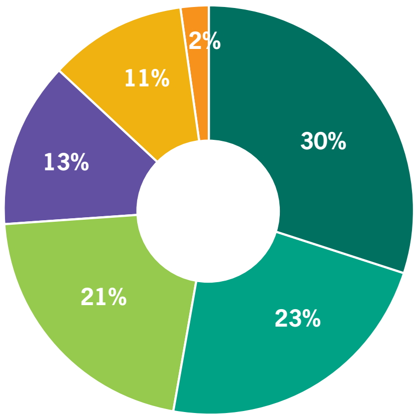


Table 1: State breakdown of retirement village dwelling and resident numbers[3, Note 1]

State	Penetration Rate of over 65s in retirement villages	Number of residents in retirement villages	Number of dwellings
New South Wales and ACT	4.90%	55,413	42,625
Victoria	5.30%	43,107	33,159
Queensland	6.40%	38,842	29,878
South Australia	8.60%	23,236	17,874
Western Australia	6.90%	20,599	15,846
Tasmania	3.40%	2,883	2,218
Australia	**5.70%**	**184,080**	**141,600**

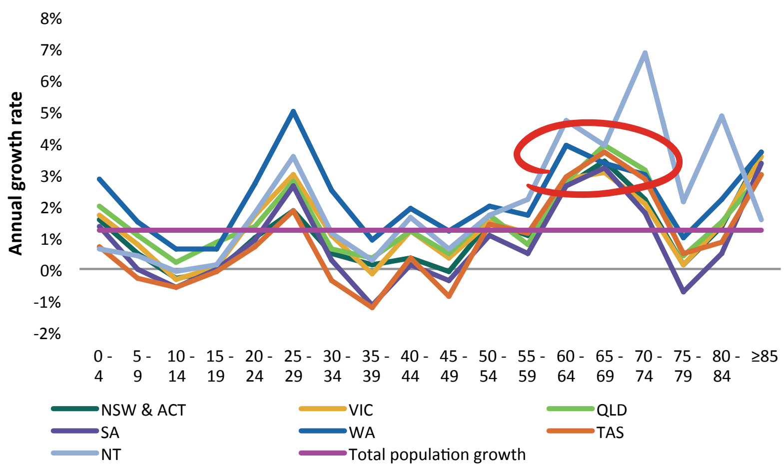
Note 1: Calculated from data gathered from villages.com and agedcareguide.com.au.

Growth in the population of seniors is driving demand for more retirement villages

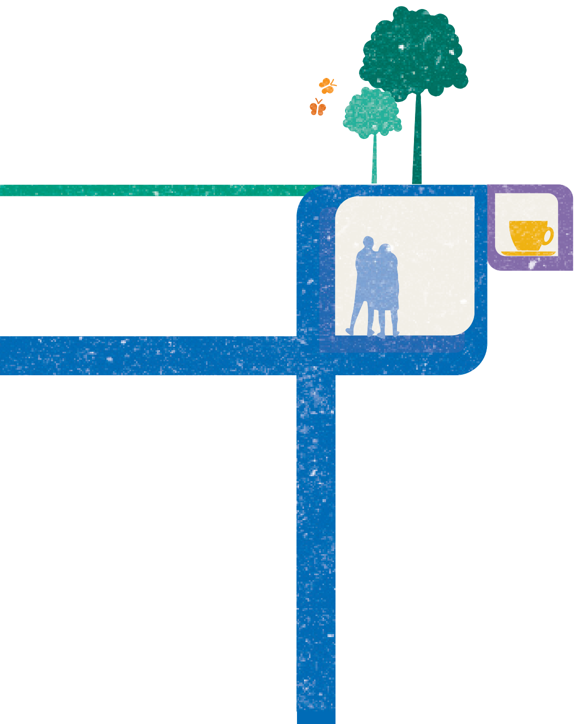
The high growth forecast for the population of over 65s in Australia will drive growth in demand for accommodation options for seniors, including retirement villages. Across all states and territories growth of this age bracket is well above that of the total population. Treasury has projected the number of seniors over of the age of 65 to more than double by 2050.[6] In the medium term this is projected to increase to 5.1 million by 2025.[19]

This increase in the population of seniors, in combination with the projected increase in penetration rate of over 65s into retirement villages to 7.5%,[1] means that dwellings for 382,200 people will be required by 2025.[3] This is almost 200,000 more than, and greater than double, the number of residents currently calling a retirement village home. To meet this increase in demand a lot more investment will be needed in the retirement village sector over the coming years.

Chart 3: State population growth by age bracket[7]



This chart shows a high annual growth rate of seniors aged 60 to 74 and indicates that demand in accommodation for seniors is likely to increase in the coming years.



7.5%

of Australians over the age of 65 are forecast to live in retirement villages in 2025, increasing from 5.7% in 2014.[3]

8.1 million

Australians will be aged over 65 in 2050,[6] *increasing from 3.2 million currently.*[7]

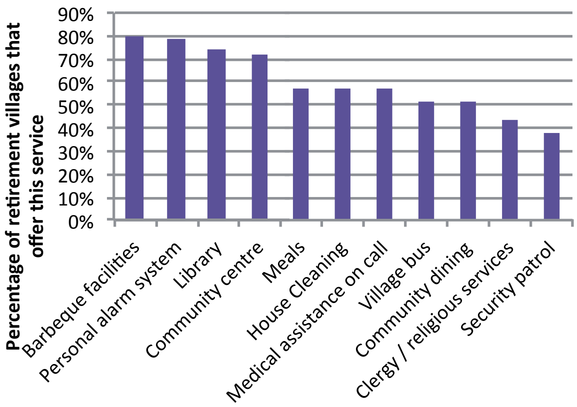
382.2 thousand

People will be seeking accommodation in a retirement village by 2025.[3]

Retirement villages reduce the cost of publicly funded health care services by providing a supportive, well serviced community

Many benefits are generated through the supportive environment fostered in retirement villages. Services are coordinated by the retirement village operator and funded at cost (not-for-profit) through a service fee. Village operators do not draw on, nor are they subsidised by, government funds. Instead, they deliver substantial cost savings to the health care and aged care systems.

Chart 4: Services and facilities offered in retirement villages[8]



While quantitative research in this area is scarce we estimate that there is a potential annual saving of $2.16 billion to the public purse.

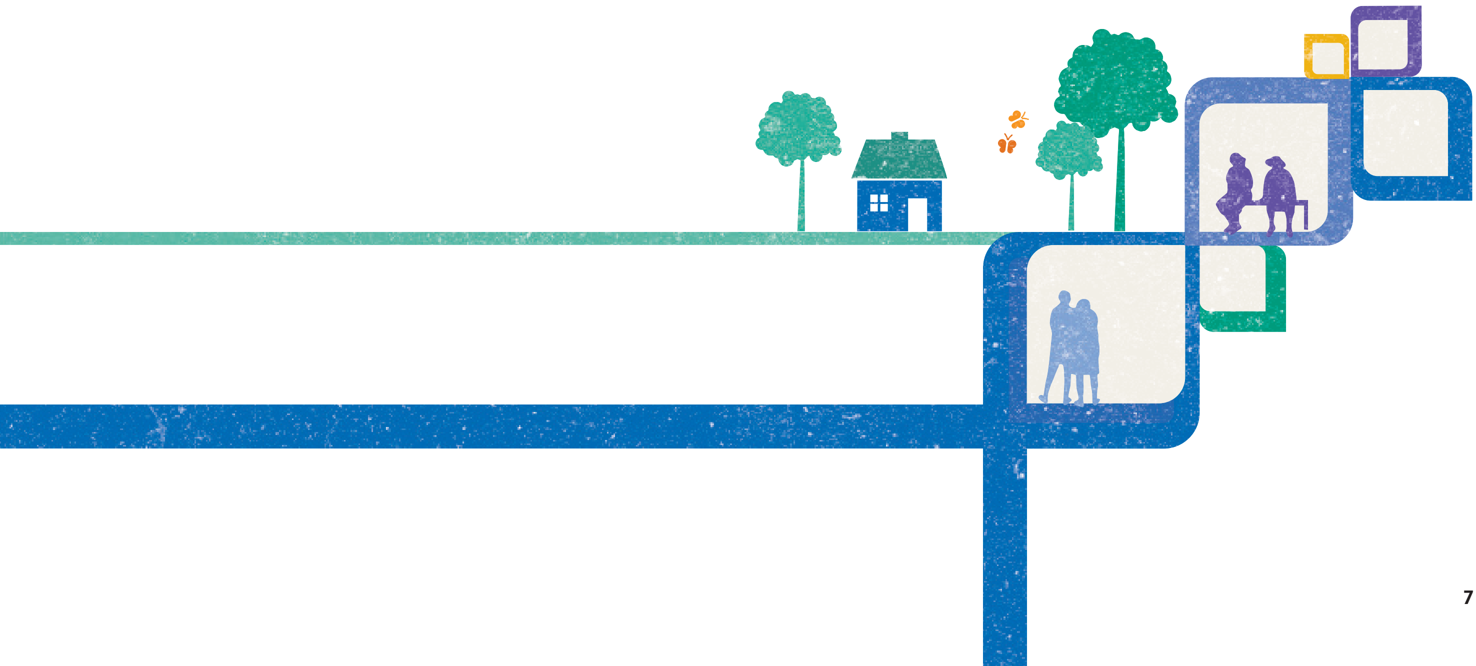
$2.16 billion

in savings to the Government though delayed entry into aged care, less frequent and shorter hospital stays , fewer GP visits and savings through improved social wellbeing.

These savings include:

- **$1.98 billion** in aged care expenditure per annum through retirement villages delaying the entry of residents into aged care services.
- A minimum of **$177 million** saved in health care expenditure every year as a result of residents requiring fewer hospital and GP visits, earlier discharge from hospital and better mental health outcomes.

These savings are explained further over the next five pages.



While there has been some research on retirement villages delaying the entry of their residents into aged care, quantitative research on broader impacts and savings to the healthcare system is sparse. However there are logical correlations that can be drawn between the services and supports offered by a retirement village and cost savings to the health care system that allow us to calculate indicative savings to government. The analysis completed estimates that in addition to the $1.98 billion saved through delayed entry to aged care, there is at least $177 million saved through residents requiring fewer hospital and GP visits, earlier discharge from hospital and improved mental health outcomes.

Retirement village living delays entry into (government funded) aged care facilities

Age appropriate facilities coupled with additional health and wellbeing services allow retirement village residents to remain in their home for longer, even if they are living alone. This enables them to delay entry into residential aged care.

The Australian Institute of Health and Welfare, Patterns in Aged Care Program Use 2002-03 to 2010-11 report determined that residents in retirement villages enter aged care on average five years later than those going from a family home. Grant Thornton analysis taken from Village Master software[9] also identified a five year delay.

Average age of entry into aged care.[10]

Average age of entry from a retirement village into aged care.[10]

- As the annual cost to the federal government of an aged care bed is $52,049, a five year delay saves $260,000 per person. When this is applied to the 7,609 residents moving from a retirement village to aged care in 2013, a total saving to government of **$1.98 billion** per annum can be extrapolated.

Table 2: Numbers and related references used in calculation of delay to aged care

Value	Number	Source
Annual cost of an aged care bed	$52,049	Stewart Brown; Aged Care Financial Performance Survey Report; 2013
Delay in moving to aged care	5 years	Australian Institute of Health and Welfare, Patterns in Aged Care Program Use 2002-03 to 2010-11; 2014 IRT, Independence of Senior Australians and the Built Environment: Exploring the Relationship; 2010 Grant Thornton, Case studies conducted on retirement villages; 2014
Residents moving to aged care from a retirement village	7,609	Australian Institute of Health and Welfare (AIHW); Residential Aged Care in Australia 2010–11: A Statistical Overview; 2012

Through age appropriate design and provision of additional care, retirement villages reduce the burden on the hospital system through lower admissions

The level of facilities and services offered by retirement villages reduces the number of hospital admissions.

Each year 611,400 seniors are admitted to hospital at an average cost of $4,800 per admission.

Living in a retirement village reduces the number of hospital admissions through the facilities and supports offered, as well as the improved social wellbeing of residents. Compared to the family home, retirement villages offer a safer environment, as operators are obliged to ensure safety standards are met.[11]

As retirement villages are purpose built, age appropriate designs such as ramps and railings help reduce accidents. In addition to this, the ability of retirement village staff to offer immediate assistance can reduce the number of ambulance calls and hospital admissions. The common problems of social isolation and depression in the general seniors population are counteracted by the community support offered by the other village residents.

These factors assist in avoiding the two main factors that lead to hospitalisation: falls and depression.[12]

There are 184,000 residents in retirement villages. For every 10 per cent reduction in hospital visits for these residents the government saves $16.7 million. While further research is needed, if we estimate a reduction of 50 per cent, a saving to government of $83.7 million is achieved.

Table 3: Numbers and related references used in calculation of reduced hospital admissions

Value	Number	Source
Admissions to hospital for seniors	611,400	ABS; Health Services: Patient Experiences in Australia; 2010
Percentage of the population who live in a retirement village	5.70%	Page 5
Nightly cost of a hospital bed	$686.50	Australian Medical Association; List of Medical Services and Fees; 2012
Average nights stayed in hospital of a person over the age of 65	7	AIHW; Hospitalised Injuries in Older Australians:2011-12; 2012

Retirement villages reduce the burden on the hospital system through earlier discharge rates

Retirement village living can reduce the length of stay in hospitals by providing services that are integral to early discharge.

A major cost to the health system is the inability to discharge seniors back to a safe and supported environment. Retirement villages assist by providing services that allow for an early discharge in a supported and safe environment.

Through conversations with the health sector, [Note 1] and our own health specialists we estimate that a faster discharge of two days on average is achieved. This is a conservative figure.

There is no delay in returning home as hand railings, non-slip mats and motion-sensor alarm systems are standard in most villages.

These safety measures are often required by patients returning home. Retirement village communities often host visits from their local GP. They also have site-based managers, who can monitor residents after discharge. This is a vital element in reducing a resident's length of hospital stay.

Retirement village managers can help organise discharge plans for residents who have undergone surgery or are in need of further support for daily activities.

There are approximately 34,850 retirement village residents admitted to hospital annually, and for each day of earlier discharge, the government saves $23.9 million.

An average early discharge of two days saves **$47.8 million** annually.

Table 4: Numbers and related references used in calculation of early discharge

Value	Number	Source
Admissions to hospital for seniors over the age of 65	611,400	ABS; Health Services: Patient Experiences in Australia; 2010
Percentage of the population who live in a retirement village	5.70%	Page 5
Nightly cost of a hospital bed	$686.50	Australian Medical Association; List of Medical Services and Fees; 2012

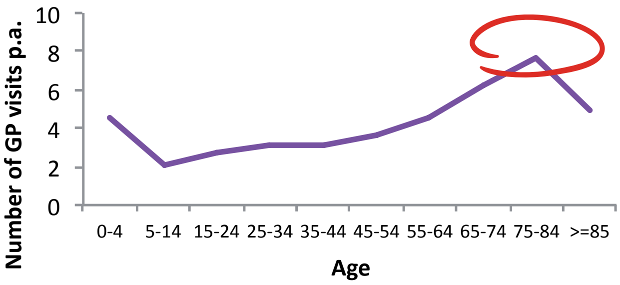
Note 1: Two days is an estimate provided to us from the discharge department at a major metropolitan hospital.

Retirement village living reduces the frequency of visits made by residents to the GP

Retirement villages help reduce the number of visits that need to be made by their residents to the local general practitioner.

Seniors often require multiple GP visits, on average six to seven times a year. While many of these are necessary, there may also be cases in which a qualified nurse or retirement village staff member are able to assist with minor health concerns or provide someone to talk to regarding health and wellbeing. A survey by Grant Thornton indicated that approximately 60 per cent of retirement villages offer some form of medical assistance on-site.

Chart 5: Average number of GP visits annually by age bracket[14]

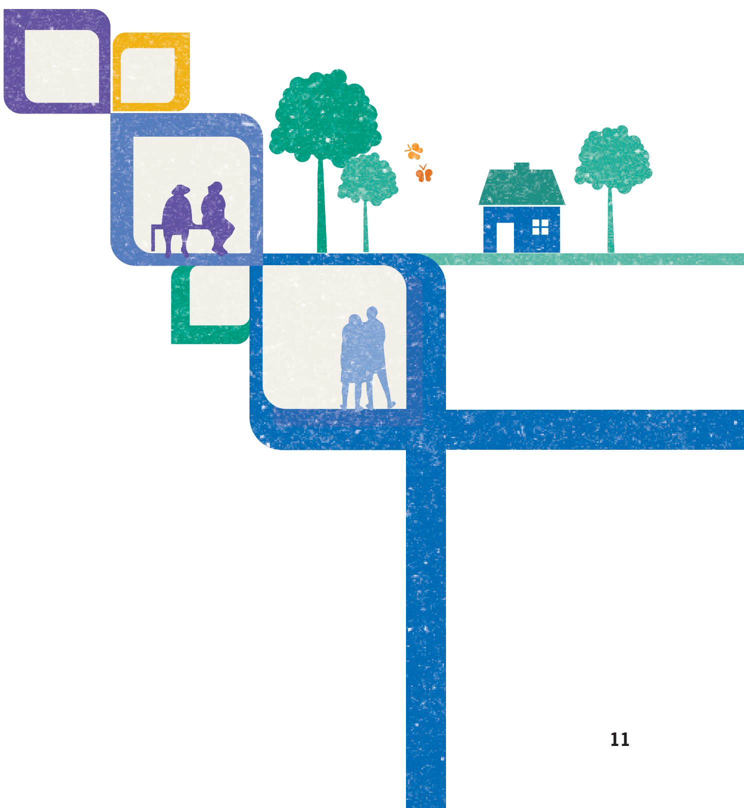


There are approximately 184,000 residents in retirement villages throughout Australia, the vast majority of whom visit the GP multiple times throughout the year.

Discussions with the sector suggest that retirement village residents require fewer GP visits. Each visit costs the government $37. A reduction of between one and three visits is estimated, with villages that offer medical assistance on-site having an even greater ability to reduce the number of GP visits. This results in an annual saving to government of **$15.0 million.**

Table 5: Numbers and related references used in calculation of reduced GP visits

Value	Number	Source
Cost to the Government for a standard visit to the GP	$37.00	Department of Human Services; Medicare Australia Statistics; 2014
Number of individuals residing in retirement villages in Australia	184,000	Page 5
Percentage of retirement villages that offer on-site medical assistance	60 per cent	Grant Thornton Survey; 2014



Living in a retirement village often leads to improved mental health and wellbeing

The high level of social interaction available to residents living in retirement villages decreases the prevalence of social isolation, which is one of the major causes of mental illness in Australian seniors.[13]

Social isolation is estimated to affect 1 in 5 senior Australians[13] and is a leading cause of depression.[15]

Depression is a common mental health condition in people aged 65 and over, with around 10-15 per cent of Australia's 3.2 million seniors affected nationally.[16] It can have a detrimental effect on quality of life and reduce an individual's ability to manage their health. As a result 16 per cent of mental health services and related activities are used by people over the age of 65.

Retirement villages facilitate and encourage the interaction of their residents within the village community, thus improving the social wellbeing of their residents. The improved mental wellbeing of residents in retirement villages assists in reducing their need for mental health services.

Total spending on mental health services in Australia was $7.2 billion in 2011-12 with $1.15 billion spent on over 65s. The prevalence of depression in Australian seniors is 15 per cent. The McCrindle Baynes Villages Census Report shows that 46 per cent of residents report improved mental wellbeing. A reduction in the number of seniors suffering depression once moving into a retirement village of 46 per cent equals an annual saving to government of **$30.5 million.**

Table 6: Numbers and related references used in calculation of reduced mental health spend

Value	Number	Source
Government funding for Mental Health Services (Nationally)	$7.2 billion	AIHW; Health Expenditure Australia 2011-12; 2012
Percentage of mental health services and related activities that are attributed to those aged over 65	16 per cent	Australian Bureau of Statistics; National Survey of Mental Health and Wellbeing; 2007
Percentage of Australians over the age of 65 that have depression	15 per cent	The Royal Australian and New Zealand College of Psychiatrists, Older Australians Deserve a Better Deal in Mental Health; 2010
Number of Australian seniors over the age of 65	3.2 million	ABS, National Regional Profile; 2012
Residents in retirement villages	184,000	Page 5
Percentage of residents surveyed that have improved mental health since entering a retirement village	46 per cent	McCrindle Research, The McCrindle Baynes Villages Census Report 2013; 2013.

93%

of residents surveyed stated that their 'overall happiness and life satisfaction' had increased significantly or stayed neutral since moving into the village.[4]

In addition to healthcare savings, the retirement village sector directly contributes $2.93 billion to GDP and $176.2 million in tax per annum

$2.93 billion

contributed to Australian Gross Domestic Product annually through construction and operation of retirement villages.[17]

$176.2 million

contributed in Australian taxation revenue annually.[18] *This comprises federal company tax, paid at 30 per cent of taxable income, and state payroll tax, paid at different rates across each state and net GST paid by the sector.*

7.5%

Sector Growth p.a.[18] *Growth is measured through the annual growth rate in retirement village equity from 2009 to 2012.*

Chart 6: GDP breakdown by state[17]

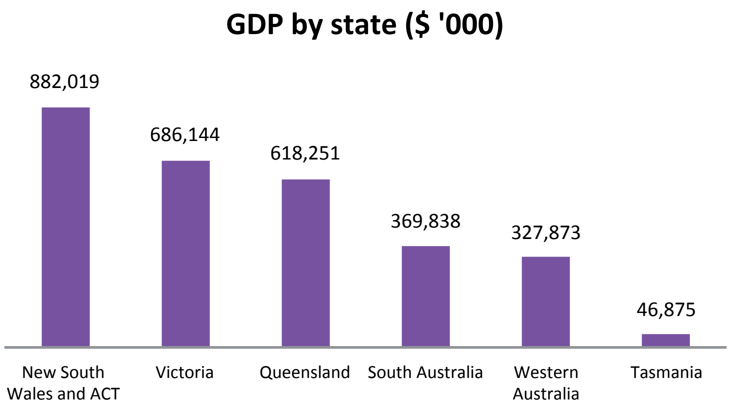
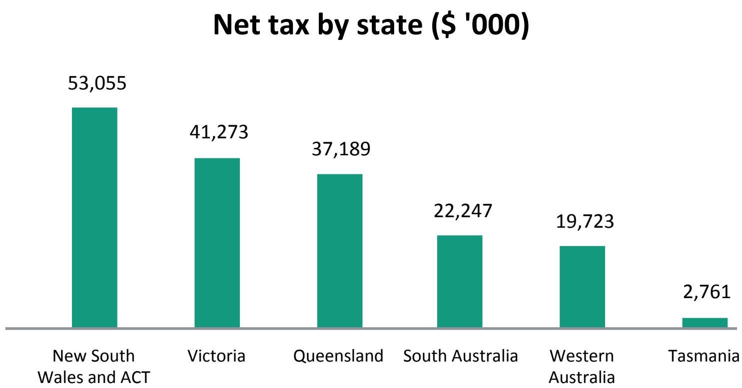


Chart 7: Net tax breakdown by state[18]



Australia

$2.93 billion

contributed to Australian Gross Domestic Product annually through construction and operation of retirement villages.[17]

$176.2 million

contributed in Australian taxation revenue annually.[18] *This comprises federal company tax, paid at 30 per cent of taxable income, state payroll tax paid at different rates across each state, and net GST paid by the sector.*

$2.16 billion

savings to the health care and aged care systems annually.[20]

Chart 8: Australian seniors population growth[7]

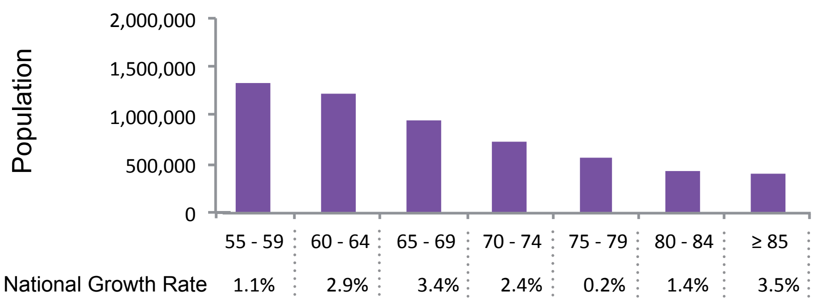


Table 7: Residents and dwellings in Australia[3]

Penetration rate of over 65s in retirement villages	Number of residents in retirement villages	Number of dwellings
5.7%	184,080	141,600

Table 8: Not for profit breakdown in Australia[3]

Percentage of not for profit retirement villages across the country	Not for profit sites	For profit sites	Total sites
40.1%	912	1,360	2,272

New South Wales and Australian Capital Territory

$882 million

contributed to Australian Gross Domestic Product annually through construction and operation of retirement villages.[17]

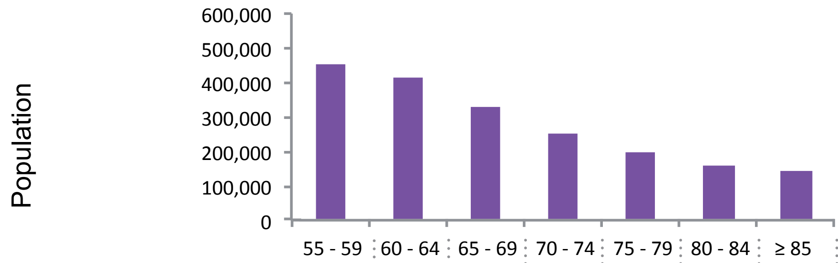
$53.1 million

contributed in taxation revenue annually.[18] *This comprises federal company tax, paid at 30 per cent of taxable income, and state payroll tax, paid at 5.45 per cent in NSW and 6.85 per cent in the ACT, as well as net GST paid by the sector.*

$650.2 million

savings to the health care and aged care systems annually.[20]

Chart 9: New South Wales and Australian Capital Territory population growth[7]



	55 - 59	60 - 64	65 - 69	70 - 74	75 - 79	80 - 84	≥ 85
State Annual Growth Rate	1.0%	2.7%	3.4%	2.2%	0.1%	1.3%	3.7%
National Annual Growth Rate	1.1%	2.9%	3.4%	2.4%	0.2%	1.4%	3.5%

Table 9: Residents and dwellings in New South Wales and Australian Capital Territory[3]

Penetration rate of over 65s in retirement villages	Number of residents in retirement villages	Number of dwellings
4.9%	55,413	42,625

Table 10: Not for profit breakdown in New South Wales and Australian Capital Territory[3]

Percentage of not for profit retirement villages across the state	Not for profit sites	For profit sites	Total sites
31.1%	231	512	743

Victoria

$686.1 million

contributed to Australian Gross Domestic Product annually through construction and operation of retirement villages.[17]

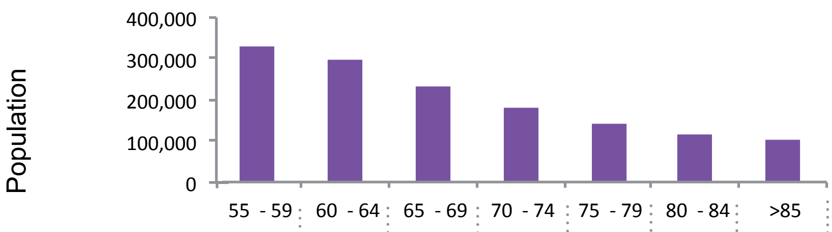
$41.3 million

contributed in taxation revenue annually.[18] *This comprises federal company tax, paid at 30 per cent of taxable income, and state payroll tax, paid at 4.85 per cent and net GST paid by the sector.*

$505.8 million

savings to the health care and aged care systems annually.[20]

Chart 10: Victorian population growth[7]



	55 - 59	60 - 64	65 - 69	70 - 74	75 - 79	80 - 84	>85
State Growth Rate	0.5%	2.6%	3.2%	1.8%	-0.7%	0.5%	3.4%
National Growth Rate	1.1%	2.9%	3.4%	2.4%	0.2%	1.4%	3.5%

Table 11: Residents and dwellings in Victoria[3]

Penetration rate of over 65s in retirement villages	Number of residents in retirement villages	Number of dwellings
5.3%	43,107	33,159

Table 12: Not for profit breakdown in Victoria[3]

Percentage of not for profit retirement villages across the state	Not for profit sites	For profit sites	Total sites
27.3%	119	317	436

Queensland

$618.3 million

contributed to Australian Gross Domestic Product annually through construction and operation of retirement villages.[17]

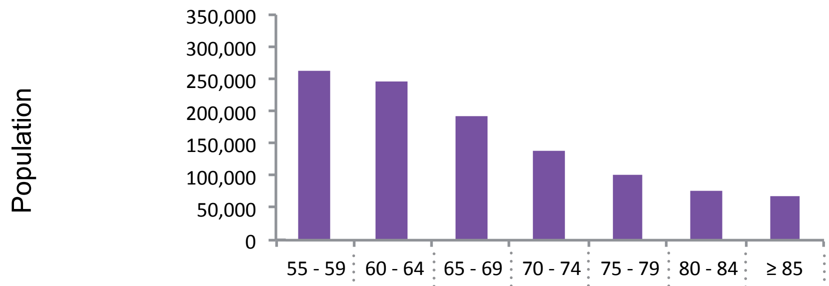
$37.2 million

contributed in taxation revenue annually.[18]
This comprises federal company tax, paid at 30 per cent of taxable income, and state payroll tax, paid at 4.75 per cent and net GST paid by the sector.

$455.8 million

savings to the health care and aged care systems annually.[20]

Chart 11: Queensland population growth[7]



	55 - 59	60 - 64	65 - 69	70 - 74	75 - 79	80 - 84	≥ 85
State Annual Growth Rate	0.8%	2.8%	3.9%	3.1%	0.4%	1.5%	3.0%
National Annual Growth Rate	1.1%	2.9%	3.4%	2.4%	0.2%	1.4%	3.5%

Table 13: Residents and dwellings in Queensland[3]

Penetration rate of over 65s in retirement villages	Number of residents in retirement villages	Number of dwellings
6.4%	38,842	29,878

Table 14: Not for profit breakdown in Queensland[3]

Percentage of not for profit retirement villages across the state	Not for profit sites	For profit sites	Total sites
37.6%	136	225	361

South Australia

$369.8 million

contributed to Australian Gross Domestic Product annually through construction and operation of retirement villages.[17]

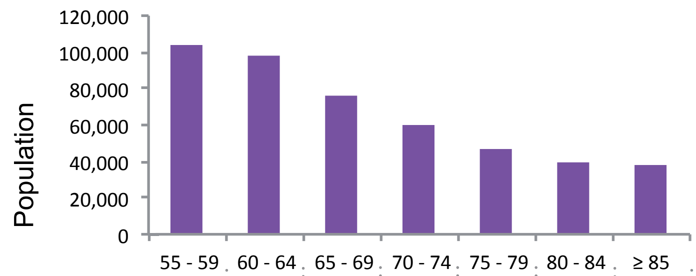
$22.2 million

contributed in taxation revenue annually.[18] This comprises federal company tax, paid at 30 per cent of taxable income, and state payroll tax, paid at 4.95 per cent and net GST paid by the sector.

$272.6 million

savings to the health care and aged care systems annually.[20]

Chart 12: South Australian population growth[7]



	55 - 59	60 - 64	65 - 69	70 - 74	75 - 79	80 - 84	≥ 85
State Annual Growth Rate	0.5%	2.6%	3.2%	1.8%	-0.7%	0.5%	3.4%
National Annual Growth Rate	1.1%	2.9%	3.4%	2.4%	0.2%	1.4%	3.5%

Table 14: Residents and dwellings in South Australia[3]

Penetration rate of over 65s in retirement villages	Number of residents in retirement villages	Number of dwellings
8.6%	23,236	17,874

Table 15: Not for profit breakdown in South Australia[3]

Percentage of not for profit retirement villages across the state	Not for profit sites	For profit sites	Total sites
69.1%	282	129	411

Western Australia

$327.9 million

contributed to Australian Gross Domestic Product annually through construction and operation of retirement villages.[17]

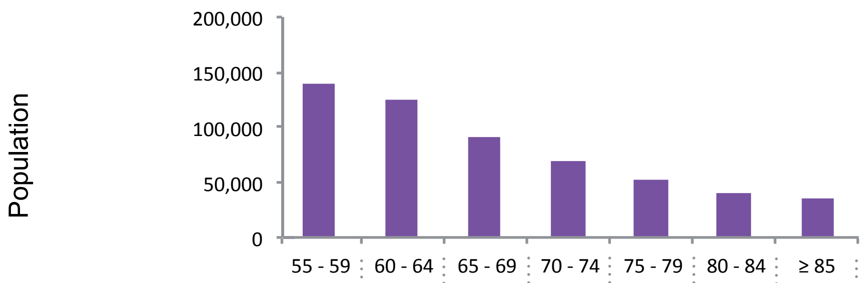
$19.7 million

contributed in taxation revenue annually.[18] This comprises federal company tax, paid at 30 per cent of taxable income, and state payroll tax, paid at 5.50 per cent and net GST paid by the sector.

$241.7 million

savings to the health care and aged care systems annually.[20]

Chart 13: Western Australian population growth[7]



	55 - 59	60 - 64	65 - 69	70 - 74	75 - 79	80 - 84	≥ 85
State Annual Growth Rate	0.5%	2.6%	3.2%	1.8%	-0.7%	0.5%	3.4%
National Annual Growth Rate	1.1%	2.9%	3.4%	2.4%	0.2%	1.4%	3.5%

Table 17: Residents and dwellings in Western Australia[3]

Penetration rate of over 65s in retirement villages	Number of residents in retirement villages	Number of dwellings
6.9%	20,599	15,846

Table 18: Not for profit breakdown in Western Australia[3]

Percentage of not for profit retirement villages across the state	Not for profit sites	For profit sites	Total sites
37.4%	91	152	243

Tasmania

$46.9 million

contributed to Australian Gross Domestic Product annually through construction and operation of retirement villages.[17]

$2.8 million

contributed in taxation revenue annually.[18] This comprises federal company tax, paid at 30 per cent of taxable income, and state payroll tax, paid at 6.10 per cent and net GST paid by the sector.

$33.8 million

savings to the health care and aged care systems annually.[20]

Chart 14: Tasmanian population growth[7]

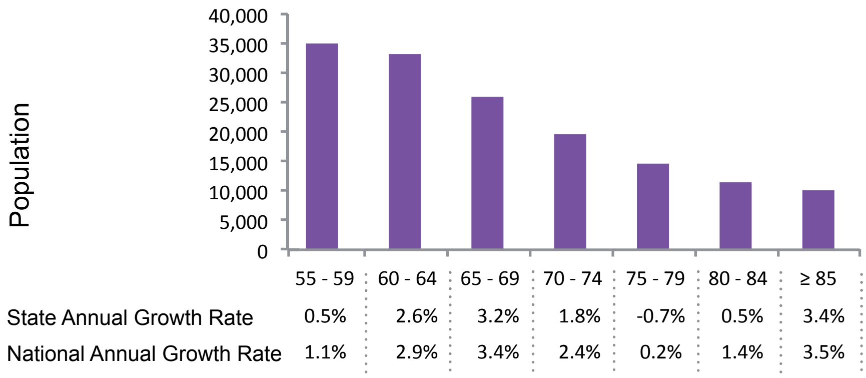


Table 19: Residents and dwellings in Tasmania[3]

Penetration rate of over 65s in retirement villages	Number of residents in retirement villages	Number of dwellings
3.4%	2,883	2,218

Table 20: Not for profit breakdown in Tasmania[3]

Percentage of not for profit retirement villages across the state	Not for profit sites	For profit sites	Total sites
67.9%	53	25	78

Conclusion

Retirement villages provide a supportive accommodation option for the increasing number of Australian seniors.

Many senior Australians choose retirement villages because villages offer age appropriate supports in a community environment.

High growth is forecast for the population of seniors in Australia and this will drive growth in demand for age appropriate accommodation options, including retirement villages.

There will be approximately 382,000 seniors seeking a place in a retirement village in 2025.[3] This is more than double the number of residents currently calling a retirement village home. As such, a large amount of investment will be needed in the sector in coming years.

The self funded services and supports that retirement villages offer generate savings to health and aged care budgets.

$2.16 billion is potentially saved by governments across Australia annually.

These savings include:
$1.98 billion in aged care expenditure every year through retirement villages delaying the entry of residents into residential aged care.

$177 million saved in health care expenditure every year as a result of residents requiring fewer hospital and GP visits, earlier discharge from hospital and improved mental health.

Retirement villages contribute to the Australian economy through increasing national GDP and tax.

$2.93 billion was contributed to Australian Gross Domestic Product annually through construction and operation of retirement villages.[17]

$176.2 million contributed in Australian taxation revenue annually.[18]
This comprises federal company tax, paid at 30% of taxable income, and state payroll tax, paid at different rates across each state, and net GST paid by the sector.

Endnotes

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17. KPMG, Economic Contribution of Australian Retirement Villages, Australia, 2011. –NOTE: 1. Report stated that the retirement village sector contributed 0.2% to Australian GDP. This has percentage has been applied to current GDP to get the figure stated. 2. Northern Territory has only a very small number of retirement villages (approx..3) so is not included in this analysis. 3. State breakdowns are calculated pro rata to the number of retirement village residents in that state.
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