

Media release

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Retirement villages sector discussion paper encouraging

The Ministry of Housing and Urban Development's discussion paper on the retirement village sector is an important and positive contribution to shaping the future of retirement village living in New Zealand.

"We are pleased the discussion paper has picked up most of the substantial reforms the sector is already voluntarily rolling out in retirement villages across the country," says John Collyns, Executive Director of the Retirement Villages Association (RVA).

"These include amending Occupation Rights Agreements (the contract between an operator and resident) to eliminate any unfair clauses, making it clear the maintenance and replacement of operator-owned chattels should be the operator's responsibility and introducing the compulsory disclosure of information and financial implications when residents transfer to care facilities.

"The discussion paper also proposes that the ORA be partially standardised where possible and the disclosure statement be replaced with one or two shorter documents. The RVA's own Key Terms Summary has been highlighted as a model, which we welcome.

"Ultimately, the discussion paper preserves the integrity of the successful retirement village model, which is the reason why more than 100 people choose to move into a retirement village every week. Independent research shows nearly 90 per cent of over 50,000 residents are satisfied or very satisfied with village living. It's important we respect their choice.

"Our residents tell us they want safety and security, companionship, peace of mind, certainty of cost and a pathway to care if they need it. Retirement village operators are the only organisations in New Zealand building aged care facilities and that's a responsibility we take extremely seriously."

Other proposals in the discussion paper also reflect the RVA's approach, in particular relating to residents moving out of a village, says Mr Collyns.

This includes village outgoings and fixed deductions (Deferred Management Fee) to cease being charged either immediately or no later than four weeks following vacation, no right to pass on capital loss unless residents also have the benefit of capital gain and the payment of interest on the capital sum after a six month period and/or a compulsory repayment of the capital sum potentially six or 12 months following vacation (with some exceptions).

"The repayment of interest after nine months is our preferred option, but we remain open to discussion on the matter."

The sector will be examining the discussion paper's proposal to replace the current complaints and disputes system either with a private dispute resolution scheme provider or the Retirement Commission, he says.

Graham Wilkinson, President of the RVA and a retirement village operator, says the discussion paper highlights the fact retirement village living is a popular choice for older New Zealanders.

"The retirement villages sector has a range of operators, both large and small, and with varying models and offerings that provide flexibility and choice for Kiwis. All villages know that without happy residents, there's no business, so we work extremely hard to meet our residents' expectations.

"The sector is also one of the country's largest house builders, offering older New Zealanders a range of affordable accommodation options with independent living through to a continuum of care and expansive community facilities."

The vast majority of retirement villages have already implemented substantial changes to the way they operate and other villages were following, says Mr Wilkinson.

"For villages with more than 50 units, more than three quarters have no weekly fees once a resident vacates a unit, almost two-thirds of villages do not continue to accrue a Deferred Management Fee once the unit is vacated, and 90% of villages have removed any capital loss clauses where the resident does not share any capital gain.

"More than 70% of villages also make a compensatory payment when the capital sum remains unpaid for any period.

"The RVA remains committed to working with the Ministry and the Government to ensure the best outcomes for retirement village residents and operators alike."

The discussion paper can be found [here](#).

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