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Blueprint for New Zealand's Retirement Villages Sector

In December 2020, the then Commission for Financial Capability, now known as Te Ara Ahunga Ora, published a White Paper, advocating a review of the retirement village legislation framework.

The RVA has developed a comprehensive blueprint to improve the sector including:

- Appointing an Independent Member to the RVA's Executive Committee so the perspectives of older people are heard
- Certainty around weekly fees (fixed or a predicable increase, ceasing when a unit is vacated)
- A commitment to making sure operators re-licence vacant units as quickly as possible
- Ensuring the terms around transfers to care are transparent
- A pledge to address any perceived or real "unfair" clauses in ORAs.

An independent survey shows the overall average time village operators took to repay former residents or their estates their net capital minus a deferred management fee is just four months. 77 per cent of units relicensed last year were within six months and a further 14 per cent within a further three months. Just nine per cent, or 283 units, took nine months or more.

Voluntary reforms

In September 2022, New Zealand's retirement village sector also unveiled major changes to the way we operate in the most significant voluntary reforms to the industry since legislation was passed in 2003.

The key changes are:

- A requirement that operators pay interest on outstanding capital sums if a former resident has not been repaid within nine months of leaving a unit
- All operators are being asked to stop charging weekly fees once a unit is terminated and vacated
- RVA members have been asked to amend Occupation Rights Agreements (the contract between an operator and resident) to eliminate any perceived unfair clauses. These include clearly setting out responsibilities for repairs and maintenance of operator-owned chattels.
- The sector's best practice disclosure guidelines regarding residents' transfer to care will be recommended to be incorporated into the Retirement Villages' Code of Practice.
- Furthermore, if a resident is moving from a village without the necessary level of care and needs funds to pay for residential care costs in another facility, village operators will take all reasonable steps to assist them to get a residential care loan from the Ministry of Social Development.
- If a loan is not possible, the operator will advance sufficient funds to cover the residential care costs with the advance secured against the net proceeds when they are paid out to the former resident.

The 2022 AGM voted to trial the reforms for a year to identify any unintended consequences. The reforms will be reconsidered at the 2023 AGM, and if agreed, they will become industry standards against which members are audited every three years.

According to research last year, 87 per cent of residents moved seamlessly from the village to care. Of the 13 per cent who moved to another facility in 2021, four per cent was because there wasn't the right level of care available in their home village, two per cent needed to make a temporary move because a bed wasn't immediately available, and seven per cent moved away for personal reasons.

For more information, please visit:

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