



Cabinet

Minute of Decision

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Retirement Villages Act 2003: Changes to the Exit Repayment Provisions

Portfolio Associate Housing (Hon Tama Potaka)

On 7 September 2026, following reference from the Cabinet Economic Policy Committee, Cabinet:

Changes to the exit repayment provisions

- 1 **noted** that in November 2025, ECO agreed to a package of changes to amend the Retirement Villages Act 2003 (the Act), which included:
 - 1.1 establishing an application scheme for early repayment of residents' funds, with details as set out in Appendix B to the paper under ECO-25-SUB-0199;
 - 1.2 requiring that, if a former resident's unit remains vacant after six months, the operator will be required to pay interest on the former resident's net termination proceeds;
 - 1.3 introducing a 12-month maximum repayment timeframe for residents' net proceeds after occupation right agreement termination (with extensions and exemptions to mitigate financial risks to villages and ensure fairness);

[ECO-25-MIN-0199]
- 2 **noted** that ECO also agreed that the above proposals would apply to occupation right agreements signed one year after the Retirement Villages Amendment Bill (the Bill) receives Royal assent;

Maximum repayment timeframe

- 3 **rescinded** the decision referred to in paragraph 1.3 above; and instead
- 4 **agreed** to amend the Act to introduce a 9-month maximum repayment timeframe for residents' net proceeds after occupation right agreement termination (with no changes to the agreed extensions and exemptions to mitigate financial risks to villages and ensure fairness);

Replacing the interest payment requirement with an initial 10 percent payment

- 5 **rescinded** the decision referred to in paragraph 1.2 above; and instead
- 6 **agreed** to amend the Act to introduce a requirement for operators to pay out 10 percent of a resident's net termination proceeds to a resident exiting the village to live elsewhere within four weeks of occupation right agreement termination ('initial 10 percent payment');
- 7 **agreed**, for the initial 10 percent payment, to apply the same exemptions that ECO previously agreed to in relation to the 12-month maximum repayment timeframe, that is where:
- 7.1 the resident is responsible for finding a new resident for the unit and setting the price that the unit is marketed for; or
- 7.2 50 percent or more capital gains made from the sale of the unit are shared with the outgoing resident or their estate; or
- 7.3 the village is in receivership; or
- 7.4 the village has less than 50 total units;
- 8 **agreed** that the above changes apply after a one-year transition period, to allow operators time to prepare for the changes (for example, adjust their business models and draft new contracts);

Application of changes to existing and new occupation right agreements

- 9 **agreed** to apply the exit repayment provisions to new contracts after a one-year transition period;

Compliance and enforcement

- 10 **agreed** that the Bill include the following two civil liability provisions to support compliance, each with a maximum pecuniary penalty of \$25,000 (individual) and \$50,000 (in any other case):
- 10.1 operator failure to pay a former resident the initial 10 percent payment within four weeks;
- 10.2 operator failure to pay a former resident their exit entitlement within the maximum repayment timeframe;

Next steps

- 11 **invited** the Minister responsible for the Bill (the Minister) to issue drafting instructions to the Parliamentary Counsel Office to make changes to the Bill to reflect the above decisions, and on any minor, technical, or consequential changes that arise during drafting to ensure workability;
- 12 **authorised** the Minister and the Minister for Seniors to make further policy decisions during drafting to ensure safeguards for residents who are exiting a village to live elsewhere (other than to enter an aged residential care facility or to move to another retirement village);
- 13 **authorised** the Minister to make any further decisions needed on appropriate fines and penalties, consistent with penalties previously agreed by ECO [ECO-25-MIN-0199] and the policy intent in the paper under ECO-26-SUB-0177;

- 14 **authorised** the Minister to make further policy decisions consistent with the above policy decisions;

Introduction of the Bill

- 15 s 9(2)(f)(iv)

- 16 **agreed** to delay introduction of the Bill until the next Parliamentary term.

Rachel Hayward
Secretary of the Cabinet

Secretary's Note: This minute replaces ECO-26-MIN-0177. Cabinet agreed to add paragraph 12.
