RVR RESEARCH

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Mandatory Repayment Timeframes in Australian Retirement Villages:
Assessing Impacts on Operator Viability

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INVESTIGATING THE IMPACT OF MANDATORY REPAYMENT TIME FRAMES ON RETIREMENT VILLAGES IN AUSTRALIA AND IMPLICATIONS FOR NEW ZEALAND

EXECUTIVE SUMMARY

Australia: Mandatory repayment time frames for retirement villages vary significantly across states (6 to 18 months), with considerable differences in hardship provisions and appeal mechanisms.

Key Outliers: Notable examples include Queensland's proposed shift from 18 to 12 months [10][11], Victoria's current lack of a general timeframe (except for aged care moves) [7], South Australia's dual 12-month + 30-day model [15], and the insolvency of Settlers Lifestyle Group.

NZ Recommendation: New Zealand should consider adopting a standard mandatory repayment time frame, clear hardship criteria, and an independent tribunal for expedited appeals.

Consolidated Recommendations: Key suggestions include uniform terminology, objective hardship safeguards for operators, and quarterly regulatory reporting to monitor compliance.

(A glossary of terms and acronyms is provided at the end to aid readability.)

INTRODUCTION

The retirement village sector plays an increasingly vital role in both Australia and New Zealand, providing a diverse range of housing and lifestyle options tailored to the needs of senior citizens. These communities offer a spectrum of accommodation, services, and social activities designed to support independent living in later life.

A significant aspect of the financial arrangements within these villages concerns the **exit entitlements**, which represent the capital sum residents are entitled to when they leave. To safeguard the interests of departing residents and facilitate their transition to alternative living arrangements (including aged care), the concept of mandatory repayment time frames for these exit entitlements has gained prominence. This mechanism aims to ensure that former residents receive their funds within a specified period, preventing prolonged financial uncertainty.

This report undertakes a comprehensive investigation into the impact of **mandatory repayment timeframe** legislation on the retirement village sector in Australia. By examining the experiences of various Australian states that have implemented such legislation, this analysis seeks to identify key trends, challenges, and successes.

The findings from the Australian context will then be synthesised to draw potential lessons and implications for the retirement village sector in New Zealand, which is currently considering the introduction of similar legislation. Understanding the multifaceted effects of mandatory repayment time frames in Australia is crucial for informing policymakers and stakeholders in New Zealand as they navigate the complexities of regulating this important sector.

MANDATORY REPAYMENT TIME FRAME LEGISLATION IN AUSTRALIA

The regulatory landscape for retirement villages in Australia is primarily governed at the state level, resulting in a diverse range of legislation concerning mandatory repayment time frames for exit entitlements.

NEW SOUTH WALES (NSW)

Resident Demand Time frame: Legislation effective **1 January 2021** gives registered interest holders the right to demand their exit entitlement if a unit remains unsold after **6 months (metro areas)** or **12 months (regional areas)** [1]. *Note: This is a resident-driven claim, not a fixed operator deadline.*

Non-Registered Holders: For license/lease residents, existing law already required refunds within **6 months** of vacating [1, 86].

Payment on Resale: For registered interest holders receiving payment triggered by a new resident, payment is due within **14 days** of specific events (e.g., new contract, full payment received) [1].

Proposed Reforms: Aim to standardise time frames to **6/12 months** for all resident types from vacant possession [5].

Hardship: Operators facing hardship can apply to the **NSW Civil and Administrative Tribunal (NCAT)** for extensions or instalment payments, considering hardship to both operator and resident[1].

VICTORIA (VIC)

Current Status: Victoria currently does **not** have a broad mandatory buyback time frame [7].

Aged Care Exception: Residents moving into aged care are entitled to payment within six months, even if the unit is unsold [7].

Proposed Reforms: The **Retirement Villages Amendment Bill 2024** proposes requiring exit entitlements be paid within **12 months** of the resident providing vacant possession [7,8].

Hardship: This Bill does **not** currently include an explicit operator-driven extension mechanism for hardship [8]. Clarity on the definition of “vacant possession” remains a point of discussion [7].

Appeals (Current): Under current law, delays beyond contractual terms or the 6-month aged care rule allow residents to apply to the **Victorian Civil and Administrative Tribunal (VCAT)** to compel payment and seek interest [7, 86].

QUEENSLAND (QLD)

Current Time frame: Legislation includes an **18-month** buyback period from the date a resident terminates their contract, with payment due earlier if the unit is resold or per contract terms [10].

Information: Operators must provide an exit entitlement statement within 14 days of a written request [10].

Hardship: Operators can apply to the **Queensland Civil and Administrative Tribunal (QCAT)** for an extension (up to 6 months recommended in reviews) based on financial hardship or market conditions, demonstrating reasonable efforts to sell [10].

Proposed Reforms: Recommend reducing the standard time frame to **12 months** (commencing 20-40 business days after vacant possession) plus a potential **6-month extension** [11].

Exemptions: Specific exemptions exist for resident-operated freehold villages meeting certain criteria (e.g., no commercial operator, no DMF) [14].

SOUTH AUSTRALIA (SA)

Current Time frame: As amended by the Retirement Villages (Miscellaneous) Amendment Act 2024, the mandatory statutory repayment period is reduced from 18 months to **12 months**, plus an additional **30-day period** for reinstatement/refurbishment [15].

Early Payment: Payment is due earlier if specified contract conditions are met or within **10 business days** of receiving an ingoing contribution from a new resident [19].

Hardship: Operators can apply to the **South Australian Civil and Administrative Tribunal (SACAT)** for an extension based on “special circumstances,” including financial hardship and evidence of reasonable steps taken to sell/fulfil conditions [19].

Reform Context: The SA government has also considered reforms based on NSW and QLD models [22].

WESTERN AUSTRALIA (WA)

New Legislation (2025): New legislation (Retirement Villages Amendment Act 2024), expected to commence with regulations in **2025**, will require operators to pay exit entitlements (lease-for-life) or complete buybacks (strata) within **12 months** of a resident’s permanent departure [23].

Hardship: The legislation includes provisions

allowing operators to apply to the **Commissioner for Consumer Protection** for an extension of up to **12 months** under specified exceptional circumstances (e.g., inability to sell) [23].

Transition: Operators will have a **12-month transition period** after commencement to comply[24].

Aged Care Costs: The reforms also enable residents awaiting payment to request financial assistance from operators for aged care costs [24].

TASMANIA (TAS)

Specific Time frame (Incapacity): Legislation provides for repayment within **45 business days** for residents vacating due to mental/physical illness or incapacity (certified by practitioner/ACAT), if needed for alternative accommodation [32, 94].

General Expectation: For other situations, payment is generally expected within **6 months** as a matter of contract/practice, though no strict mandatory time frame exists for all departures [94].

Hardship: The Act allows operators to apply to the **Director of Consumer Affairs** for an extension based on undue hardship [32].

AUSTRALIAN CAPITAL TERRITORY (ACT)

Non-Registered Holders: Must receive payment within **14 days** after the contract ends, unless ACAT orders otherwise [34].

Registered Holders: Must be paid within **14 days** after trigger events (e.g., new resident payment, new contract) [34].

General Time frame: There is **no general mandatory time frame** like 6 or 12 months [34].

Hardship: No specific hardship extension process beyond general **ACT Civil and Administrative Tribunal (ACAT)** dispute resolution [34].

NORTHERN TERRITORY (NT)

No Specific Legislation: The NT has **no specific retirement villages legislation** governing mandatory repayment time frames [35, 36].

Governing Law: Exit entitlements are typically governed by **general property and contract law**. There are no statutory time frames or extension mechanisms specific to retirement villages [35, 36].

TABLE 1: MANDATORY REPAYMENT TIME FRAME LEGISLATION IN AUSTRALIA

Table 1 summarises the mandatory repayment frameworks across Australia:

State	Mandatory Time frame (General)	Other Time frame (Specific Conditions)	Commencement Date (Latest Major Change/ Proposal)	Authority/ Legislation	Hardship Extension Mechanism?
NSW	6 months (metro), 12 months (regional) - Resident Demand [1]	14 days for registered interest holders (upon resale/re-occupancy triggers) [1]	01/01/2021 (Resident demand)	Retirement Villages Act 1999 [1]	Yes (via NCAT) [1]
VIC	None (except aged care) [7]	6 months (aged care) [7]	Bill 2024 Proposed (12 months general) [7, 8]	Retirement Villages Act 1986; Retirement Villages Amendment Bill 2024 (proposed) [7, 8]	No (in current proposal) [8]
QLD	18 months [10] (12 months proposed [11])	Earlier upon resale or contract terms [10]	10/11/2017 (18m) [13]; Reforms proposing 12m pending [11]	Retirement Villages Act 1999 [10, 170]	Yes (via QCAT/ Regulator) [10]
SA	12 months + 30 days (refurbishment) [15]	Earlier if contract conditions met or upon relicensing [19]	05/12/2024 [15]	Retirement Villages Act 2016 (amended 2024) [15]	Yes (via SACAT) [19]
WA	12 months [23]	-	December 2025 (Expected) [23]	Retirement Villages Act 1992 (amended 2024) [23]	Yes (via Commissioner) [23]
TAS	6 months (practice/ contract) [94]; 45 business days (illness/ incapacity for aged care) [32]	Balance as per Act section 12 for general departures [32]	N/A (Existing provisions)	Retirement Villages Act 2004 [32, 33]	Yes (via Director) [32]
ACT	None (General) [34]	14 days (non-registered upon contract end); 14 days (registered upon triggers) [34]	N/A (Existing provisions)	Retirement Villages Act 2012 [34]	No (Formal process) [34]
NT	None specified [35, 36]	Governed by contract/property law	N/A	No specific RV Act for time frames [35, 36]	N/A

FINANCIAL DISTRESS IN AUSTRALIAN RETIREMENT VILLAGES POST-IMPLEMENTATION

Since the implementation of mandatory repayment time frames, there appears to have been only one instance of financial distress supposedly linked, although direct causal links are sometimes complex to establish definitively.

In Queensland, the collapse of Settlers Lifestyle Group in 2019 was directly attributed by the administrator to the state's mandatory buyback rules, particularly the 18-month time frame which had recently been extended to include freehold units [37, 38, 40, 41]. This triggered an "insolvency event" at their Rockhampton village [38]. This case highlighted the potential financial strain on operators, especially those with many unsold units or limited capital, and raised concerns about impacts on smaller and resident-operated villages [42]. While the legislation allowed hardship extensions via QCAT, this was insufficient to prevent insolvency for Settlers [10]. This event influenced discussions in other states, like Western Australia, considering similar legislation [37]. (See further analysis in Comparative Analysis section below)

In Victoria, with historically limited mandatory time frame legislation, no specific instances of financial distress have been directly attributed to such rules. However, the proposed 12-month time frame in the 2024 Bill reflects an acknowledgment of potential financial pressures and a move towards greater resident security [7]. The average resale time of 7.3 months (2021 Census) suggests 12 months may be manageable for many, but it will require adjustments [9].

New South Wales has not seen specific instances of widespread financial distress directly linked to its resident-demand time frame rules effective since 2021. Ongoing discussions about reforms suggest continuous evaluation [5].

No specific instances directly linked to mandatory repayment time frames were found in the provided sources for South Australia, Tasmania, ACT, or the Northern Territory.

Beyond direct links, other financial pressures and restructuring events have occurred:

The acquisition of major operator Aveo Group by Brookfield Asset Management followed scrutiny over contracts and fees, and a class action [43]. Aveo later sold multiple villages to Teman Communities [44].

The Queensland government purchased vacant former Aveo Freedom communities for social housing, potentially indicating financial difficulties leading to their closure [45].

Lendlease faced tax issues related to the sale of its retirement village business [46].

In Western Australia, Regis announced the closure of its Weston Home, potentially influenced by upcoming mandatory repayment rules or other factors [47].

In Queensland, Seasons Caloundra transitioned to a rental model citing financial non-viability due to lack of demand for its specific unit type [48, 49, 50].

TABLE 2: INSTANCES OF FINANCIAL DISTRESS/SIGNIFICANT CHANGE IN AUSTRALIAN RETIREMENT VILLAGES POST-IMPLEMENTATION

Table 2 outlines notable instances of financial distress or significant changes:

Village Name / Operator	State	Type of Distress / Change	Year	Potential Link to Mandatory Time frames?	Other Contributing Factors	Snippet IDs
Settlers Lifestyle Group (Rockhampton)	QLD	Insolvency	2019	Yes (Directly attributed by admin) [38]	Mandatory buyback legislation (freehold units), specific model vulnerabilities, owner context [38, 40, 117, 40]	[37, 38, 40, 41, 116]
Seasons Caloundra	QLD	Transition to Rental Model	2024	Possible (Exacerbated by)	Lack of demand for specific unit type, financial non-viability [48]	[48, 49, 50]
Aveo Group	National	Acquisition after Scrutiny/ Class Action	2017 onwards	Possible (Indirectly via scrutiny)	Allegations of unfair practices, fee gouging, reputation damage, class action [43]	[43, 44]
Regis Weston Home	WA	Closure	2024	Possible (Influenced by upcoming rules)	Not specified in detail, potentially upcoming legislation or operational factors [47]	[47]
Aveo Freedom Communities (Multiple)	QLD	Sale for Social Housing	2022	Possible (Implied difficulty)	Not specified in detail (Implied financial difficulty leading to vacancy/sale) [45]	[45]
Lendlease RV Business	National	Tax Issues on Sale	Ongoing	No	Tax treatment of business sale [46]	[46]

FAILURE RATES OF RETIREMENT VILLAGES IN AUSTRALIA BEFORE IMPLEMENTATION

The available research material does not provide specific statistical data on the failure rates of retirement villages in Australia before the widespread implementation of mandatory repayment time frames (generally considered pre-2010). Sparse historical data makes determining precise rates challenging.

However, the sector's evolution provides context. Initially dominated by charitable organisations post-WWII, the industry saw a significant influx of for-profit operators from the 1970s [51]. This commercialisation likely introduced different financial pressures and potentially increased failure risks compared to earlier community-focused operations.

The period between 2007-2010 saw substantial growth, which might have included some unsustainable ventures, though specific failure rates aren't documented [53].

Pre-2010, the regulatory perspective differed; retirement villages were sometimes viewed less as investments requiring stringent financial oversight [52]. The lack of mandatory time frames gave operators more flexibility but also led to resident complaints about delays, prompting reforms.

The absence of explicit failure data might reflect a less developed regulatory framework for financial oversight at the time, or that failures were genuinely rare or went unreported.

CASE STUDIES: FINANCIAL CHALLENGES OR SUCCESSES FOLLOWING LEGISLATION

Settlers Lifestyle Group (QLD): A prominent case of financial challenge. Insolvency in 2019 was directly linked by the administrator to Queensland's 18-month mandatory buyback legislation, particularly its extension to freehold units [37, 38, 40, 41]. This case highlights the interaction between regulation, business models (freehold vulnerability), and potentially owner experience/financial structure. (See further analysis in Comparative Analysis section below)

Seasons Caloundra (QLD): Transitioned to a rental model in 2024, citing financial non-viability due to lack of demand for its specific care-focused units [48, 49, 50]. While not directly linked to buyback rules in the sources, it shows how market factors and business models interact with financial sustainability.

Aveo Group (National): Faced significant financial and reputation challenges from 2017 onwards due to scrutiny over contract terms, alleged unfair practices ("churning," excessive fees), and a class action lawsuit [43]. This led to acquisition by Brookfield Asset Management, indicating instability likely influenced by increased regulatory attention and consumer awareness, indirectly related to the environment prompting time frame reforms [43].

Lifestyle Communities (VIC): Presented as a case of financial success in Victoria, a state with historically less stringent buyback rules [57]. Their focus on the affordable luxury market in semi-regional areas demonstrated consistent growth [57]. This suggests factors like market positioning, operational efficiency, and demand are crucial, potentially making operators resilient even as regulations (like VIC's proposed 12-month time frame [7]) evolve.

EXAMPLES OF SUCCESSFUL IMPLEMENTATION OF MANDATORY REPAYMENT FRAMEWORKS

Despite challenges, successful implementation involves proactive strategies by operators and regulators:

Voluntary Shorter Buyback Periods: Some operators offer shorter periods than legally required, gaining a competitive advantage by attracting residents who prioritise liquidity [4].

Hardship Extension Mechanisms: Provisions in QLD, SA, WA, and TAS allowing operators to apply for extensions under specific circumstances (hardship, market conditions) act as a crucial risk mitigation tool, preventing immediate collapse if reasonable sales efforts fail [10, 19, 23, 32].

"Aged Care Rule": Implemented or proposed in states like NSW, VIC, QLD, and WA, this requires operators to contribute towards aged care costs (e.g., Daily Accommodation Payments) while a unit is being sold [1, 7]. This addresses a key financial pressure point for residents transitioning to higher care [78].

Exemptions for Specific Village Types: QLD's exemption for certain resident-operated freehold villages acknowledges diverse financial structures and tailors regulation appropriately [14].

Phased Implementation & Transition Periods: WA's 12-month transition period allows operators time to adapt financial planning and operations to new requirements, minimising disruption [24].

RESEARCH THE PERSPECTIVES OF KEY STAKEHOLDERS

RESIDENTS:

- Generally view mandatory time frames positively, providing financial security and reducing stress, especially when moving to aged care [7].
- Desire timely access to funds [56].
- Broader concerns about exit fees and contract transparency remain [59].
- Some advocate for even shorter time frames than currently proposed or implemented [9].
- Many desire simpler contract language [56].

OPERATORS:

- Express concerns about negative impacts on cash flow, financial stability, and ability to invest, particularly with shorter time frames [5].
- Highlight potential for reduced innovation if funds are tied up [63].
- Acknowledge the need for consumer confidence but advocate for balanced approaches, reasonable transition periods, and clear definitions (e.g., "vacant possession") [63].

REGULATORS:

- View time frames as crucial for consumer protection and fairer outcomes [1].
- Aim to balance resident interests with sector viability, often engaging in reviews and consultations to inform legislation [12, 24].

INDUSTRY ASSOCIATIONS (E.G., PROPERTY COUNCIL, RETIREMENT LIVING COUNCIL):

- Support a fair and equitable sector but emphasise evidence-based regulation [68].
- Express concerns about potential risks of mandatory buybacks (e.g., property devaluation, adverse effects on smaller operators) [5, 62].
- Advocate for balanced approaches that avoid hindering investment and supply [5, 62].

Consumer Advocacy Groups (e.g., National Seniors Australia):

- Strongly advocate for mandatory time frames to reduce financial risk for older Australians [9].
- Cite past instances of lengthy delays and financial losses [56].
- While supporting time frames, push for broader reforms on fees, costs, and contract clarity [56].

TABLE 3: STAKEHOLDER PERSPECTIVES IN AUSTRALIA REGARDING MANDATORY REPAYMENT TIME FRAMES

Table 3 summarises the perspectives of key stakeholders:

Stakeholder Group	Key Views/Concerns	Snippet IDs
Residents	Welcome certainty, need timely access to funds (esp. for aged care), broader financial concerns, desire transparency, some want shorter times.	[4, 7, 9, 56, 59]
Operators	Concerns re: cash flow/ liquidity, impact on investment/ innovation, need balanced approach, clear definitions, importance of transition periods.	[5, 63]
Regulators	Aim to enhance consumer protection, ensure fairer outcomes, balance with sector viability, undertake consultations.	[1, 12, 24]
Industry Associations	Support fair sector, emphasise evidence-based policy, highlight risks of mandatory buybacks, advocate balanced approach, avoid hindering supply.	[5, 62, 68]
Consumer Advocacy Groups	Strongly support mandatory time frames for financial security, advocate broader reforms (fees, transparency), cite past negative experiences.	[9, 56]

COMPARATIVE ANALYSIS OF INSOLVENCY RATES: AUSTRALIAN RETIREMENT VILLAGES VS. GENERAL BUSINESSES

1. SUMMARY

An analysis comparing insolvency rates between the Australian retirement village (RV) sector and the broader Australian business landscape reveals a significant disparity.

Retirement Village Insolvency Rate: Based on available data and the key case of Settlers Lifestyle Group, the annual insolvency rate for Australian retirement villages is estimated to be extremely low, approximately 0.02%.

General Business Insolvency Rate: In contrast, the general Australian business insolvency rate for FY 2023-24 reached approximately 0.33% [143].

Conclusion: This suggests a markedly higher degree of financial stability and resilience within the retirement village sector compared to the general business environment, despite sector-specific regulatory pressures like mandatory repayment time frames.

2. RETIREMENT VILLAGE INSOLVENCY IN AUSTRALIA: THE SETTLERS CASE STUDY

2.1 CALCULATION OF THE INSOLVENCY RATE

The estimated ~0.02% annual insolvency rate is derived from observing one significant event over the past eight years: the Settlers Lifestyle Group collapse in 2019.

This involved ~5 villages [116, 96] out of a total market estimated at over 3,000 villages (based on 2,272 in 2014 [166] and likely growth).

While based on a single case and assuming village-level insolvency, it underscores the rarity of such events.

2.2 CONTEXTUALISING THE SETTLERS INSOLVENCY

The Settlers insolvency provides critical context:

Acquisition: The portfolio was acquired in Sep 2016 by Forum Partners (a real estate private equity firm) from Ingenia Communities for $55 million [40]. Forum Partners had limited prior direct operational experience in the RV sector [119, 120].

Insolvency Trigger: Initiated in early 2019 [116], the administrator (FTI Consulting) directly attributed it to QLD's mandatory buyback legislation (18 months, extended to freehold units) [38, 40].

Underlying Vulnerabilities: The legislative trigger likely impacted a business with specific vulnerabilities:

Business Model: Primarily a freehold title model in affected QLD villages. Residents owned units and received significant capital gains share [167]. This model heavily relies on timing of new sales for payouts, unlike more common Lease/License for Life (LTO) models with substantial Deferred Management Fees (DMF) providing steadier cash flow.

Financial Structure: Post-acquisition debt likely increased, reducing financial buffers.

Ownership Experience: Forum Partners' relative lack of deep operational RV experience may have hindered effective responses.

Market Factors: Specific market conditions or village appeal could have slowed re-sales.

Conclusion on Settlers: Appears to be a case where specific regulatory pressure critically impacted an operator with a confluence of risk factors (less resilient freehold model, potential financial constraints, less specialised owner experience).

2.3 SUBSEQUENT ACQUISITION BY TEMAN COMMUNITIES

In July 2020, five Settlers villages were acquired out of receivership by Teman Communities [96], led by experienced RV manager Jamie Sterland.

The purchase price (~$28 million) was likely "well below replacement cost," reflecting a distressed sale [96, 102].

This highlights the sector's capacity for restructuring and continuation of operations post-insolvency.

3. GENERAL AUSTRALIAN BUSINESS INSOLVENCY RATE

3.1 STATED INSOLVENCY RATE FOR 2023-24

ASIC data showed over 11,000 Australian companies entered external administration in FY 2023-24 [143].

This represents an insolvency rate of approximately 0.33% across ~3.4 million registered companies.

This rate is more than 16 times higher than the estimated RV sector rate.

3.2 CONTRIBUTING ECONOMIC FACTORS

The higher general rate reflects a challenging economy:

- Withdrawal of COVID-19 support.
- Rising interest rates.
- Persistent inflation increasing costs.
- Supply chain disruptions & labour shortages.
- Shifts in consumer spending [145, 147, 149].
- Hard-hit sectors: Construction and Accommodation/Food Services [151, 152].

4. COMPARATIVE ANALYSIS AND PERSPECTIVE

4.1 DIRECT CONTRAST OF INSOLVENCY RATES

RV Sector: ≈ 0.02% annual rate.

General Business: ≈ 0.33% annual rate (FY24).

This highlights the relative financial stability of the RV sector.

4.2 POTENTIAL REASONS FOR THE DISPARITY

Several factors contribute to RV sector resilience:

Business Model Resilience: Prevalence of LTO/DMF models provides upfront capital (interest-free loan [127]) and substantial DMF upon exit, smoothing revenue compared to solely resale-dependent models [125].

Regulatory Oversight & Safeguards: State legislation often includes crucial hardship extension provisions (QLD [10], SA [19], WA [23]), acting as a safety valve.

Strong Demographic Demand: Australia's aging population provides a stable, growing market [169].

Asset Backing: Significant real estate assets provide security.

4.3 BALANCED PERSPECTIVE: STRUCTURAL RISK VS. ACTUAL STABILITY

Structural Vulnerability: The Settlers case shows mandatory buybacks can pose a genuine liquidity risk, especially interacting with specific models (freehold) or challenged operators.

Empirical Stability: However, the extremely low historical insolvency rate (~0.02% vs. ~0.33% general) indicates this risk has rarely translated into widespread failure.

Conclusion: Resilience stems from financial models, regulatory safeguards (hardship clauses), and demand. Settlers is an outlier, not indicative of systemic fragility.

4.4 KEY COMPARATIVE TABLE

Table 4 provides a direct comparison of key metrics:

Metric	Retirement Village Sector (Estimated)	General Australian Business (FY24)
Insolvency Rate (Annual)	**≈ 0.02%**	**≈ 0.33%**
Basis	1 group (5 villages) / ~3000+ villages over 8yrs	11,000+ companies / ~3.4m registered
Key Trigger Example	Mandatory Buybacks + specific model/ owner factors	Broad Economic Headwinds
Resilience Factors	LTO/DMF prevalence, Regulation (inc. hardship), Demand, Assets	Varies widely by sector

5. CONCLUSION

The analysis reveals a substantial difference in stability: the Australian RV sector's realised insolvency rate (~0.02%) is exceptionally low, over 16 times lower than the general business rate (~0.33% in FY24).

Despite the structural risk posed by mandatory time frames (highlighted by Settlers' specific circumstances), the sector's resilience stems from:

- Robust business models (LTO/DMF).
- Regulatory safeguards (hardship extensions).
- Strong demographic demand.
- Asset backing.

The overall data reinforces the sector's reputation for remarkable stability. It remains a very low-risk sector in practice compared to the broader economy.

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(Note: This list compiles unique sources referenced across the provided documents. Numbers have been updated sequentially based on the combined list. Not all numbers sited are referenced through the document. These also contain information we used throughout the research. If you require any URLs or links to the original documentation, please email admin@chayeai.xyz. If you want to, you can simply copy and paste into ChatGPT which will reveal original sources.)

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■GLOSSARY OF TERMS AND ACRONYMS

(This glossary provides definitions for key terms used throughout the report.)

ACAT: Australian Capital Territory Civil and Administrative Tribunal / Aged Care Assessment Team (context dependent, though typically Tribunal in this report)

ASIC: Australian Securities & Investments Commission

DMF: Deferred Management Fee (also known as Exit Fee) - A fee payable by residents upon permanently leaving a retirement village, typically calculated as a percentage of the entry price or resale price, accrued over time.

Exit Entitlement: The capital sum a resident is entitled to receive when they permanently vacate a retirement village unit, after deduction of fees (like DMF).

Freehold Title: A form of property ownership where the resident owns the title to the land and dwelling (common in some Australian villages, less so in NZ).

Hardship Provision/Mechanism: A legislative clause allowing operators to apply for an extension to the mandatory repayment time frame under specific difficult circumstances (e.g., financial distress, inability to sell).

HUD: Ministry of Housing and Urban Development (New Zealand)

Ingoing Contribution: The initial capital payment made by a resident to secure the right to occupy a unit in a retirement village.

LTO: Licence to Occupy (also Lease for Life or similar terms) - The most common tenure model in NZ and prevalent in Australia, where residents purchase a contractual right to occupy a unit for their lifetime or until they leave, but do not own the underlying property title.

Mandatory Repayment Time frame: A legally mandated maximum period within which a retirement village operator must pay a departing resident their exit entitlement.

NCAT: NSW Civil and Administrative Tribunal

NZ: New Zealand

ORA: Occupation Right Agreement - The standard legal contract used in New Zealand for Licence to Occupy arrangements in retirement villages.

QCAT: Queensland Civil and Administrative Tribunal

RLC: Retirement Living Council (part of the Property Council of Australia)

RV: Retirement Village

RVA: Retirement Villages Association (New Zealand)

SACAT: South Australian Civil and Administrative Tribunal

VCAT: Victorian Civil and Administrative Tribunal

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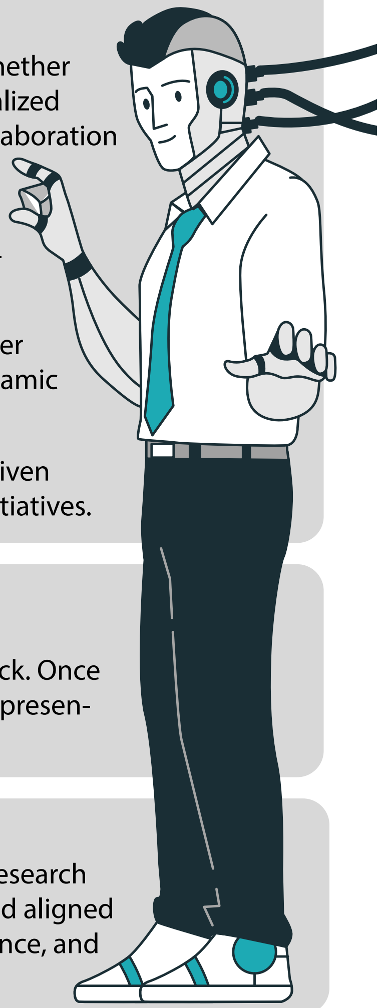

6 Final Polish & Delivery

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