

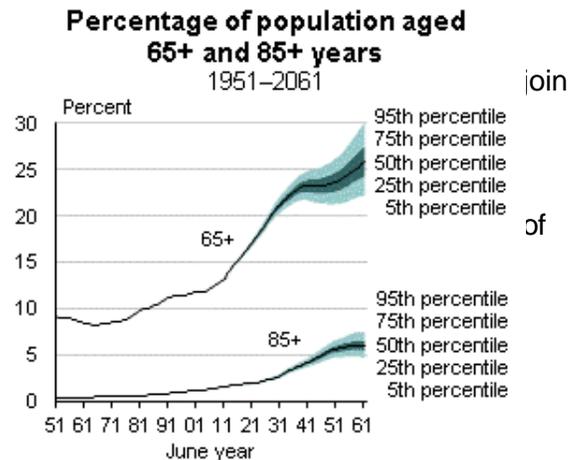
Rarotonga as a Retirement Destination

A Proposal by Dr. Peter Huckle

The Rarotongan economy is highly dependent on short term tourism. This is a fickle market and one which is subject to not only fashion, but the whims of the latest postings on social media. This proposal offers an alternative, one which can be pursued over the years and which will result in a gentler, more environmentally friendly alternative and have the benefit of the injection of much needed capital and regular income into the economy.

The New Zealand retirement village market is highly competitive and well regulated. Many if not most of these retirement villages have a waiting list of people wanting to them (See the website <https://www.villageguide.co.nz/retirementvillages> for a directory of retirement villages throughout New Zealand). New Zealand has an ageing population - the percentage people over the age of 65 is expected to grow significantly over the coming years as shown in this graph:

Retirees these days are generally active and engaged in their communities. They can be viewed as a valuable addition to the population in terms of what they will contribute, both socially and economically.



Source: Statistics New Zealand

The proposal

That New Zealand retirees over the age of 55 should be allowed Cook Island residency when they purchase retirement homes on similar terms to NZ retirement communities (the New Zealand purchase contract is known as the Occupational Rights Agreement) which is defined in the Retirement Villages Act 2003 (<http://www.legislation.govt.nz/act/public/2003/01/12/latest/DLM220365.html>).

Retirement villages can impose a set of conditions to ensure an orderly running of their facilities – a sample from the Kamo Home in Whangarei is shown in Attachment 1.

Existing resorts could devote all or only some of their units for retirees and that there would be no necessity for additional buildings to be erected in most cases.

Who would be eligible to retire here?

Actively healthy retirees over the age of 55 with no criminal record, with pensions and/or savings who are English or Maori speakers and who have a current NZ passport.

Why would this proposal be a benefit?

The proposal would reduce the Cook Island's dependence on short term tourism and its impact on the culture and environment of the islands. With fewer short term visitors there would be reduced chance of the import of infectious diseases.

There would be increased employment opportunities on the island for personal care, food production and delivery, recreation and entertainment.

There would be a reduction in the environmental impact of short-term visitors – and altogether a slower pace of life would return.

There would be an injection of capital and increased regular income for the island economy.

The development of enhanced health care facilities and expertise would benefit the entire island community.

Facilities

The presence of a new cohort of retirees on the island could result in the enhancement of existing and development of new facilities for:

- Health care
- Continuing Education e.g. computers, literature, Maori speaking, crafts, art, performing arts
- Food production and distribution
- Transportation
- Shopping
- Recreation including bowling, walking, cycling, yoga, gardening, art, books, films, dance, theatre, music, food, singing, sailing, weaving
- Environmental projects
- Services such as hairdressing
- Library services

Where to begin ...

The island would develop a NZ approved purchase contract conforming to the NZ Occupation Rights Agreement as defined in the Retirement Villages Act 2003 (<http://www.legislation.govt.nz/act/public/2003/0112/latest/DLM220365.html>). If the purchase price of units and weekly charges were subject to VAT, these payments could be ringfenced to pay for expanding health facilities.

There would need to be created a retirement category of residence.

The health service capabilities need to be appraised to ensure that the needs of an initially small number of additional residents can be met.

A programme for trialling should be defined and validated by visiting a number of NZ facilities to review options.

A small number of resort locations (2 or 3?) would be chosen for trialling the proposal.

The chosen locations would develop promotional material to be reviewed for integrity with the involvement of the BTIB.

Begin the trial with the selected resort(s) which should be monitored and feedback incorporated before full roll out.

The current market in New Zealand can be gauged to some extent by looking through the Trademe listings for retirement home (<https://www.trademe.co.nz/a/property/retirement-villages>).

Attachment 1: Retirement Village Life. FAQ from The Kamo Home, Whangarei

<http://www.khvct.co.nz/faq>

What is an Occupational Right Agreement?

The Occupational Right Agreement (ORA) is the name of the agreement between you and Kamo Home and Village Charitable Trust. It gives you your right to occupy a unit within our Retirement Village, and sets out the terms and conditions which apply. You must talk to a lawyer before you sign your ORA, and he or she will need to witness your signature and complete a certificate confirming that you had the required legal advice.

What is a disclosure document?

A disclosure statement sets out information about the ownership, management, services and facilities of our Retirement Village. It also sets out information about the costs of entering and leaving the village, the costs while you live there, and what you can expect to get back when you leave. It includes important information about the cooling off period after you sign the ORA, during which you can cancel the agreement and get a full refund. You must receive a copy of our Disclosure Statement before you sign your ORA.

What kind of legal title do residents have?

The type of ownership under our ORA is a "licence to occupy". This is the most common type of ownership for New Zealand retirement villages. It gives you the right to live in the unit and to enjoy the facilities which we offer, but does not mean that you own the unit.

Who monitors the practices of Kamo Home and Village Charitable Trust to ensure that I am not exploited?

The operation of retirement villages is governed by the Retirement Villages Act 2003 ("RV Act"). The RV Act gives you specific rights, some of which are recorded in the ORA. Your Solicitor must explain these rights to you and you should ask your solicitor to take you through the ORA and its attendant documents. You must sign the ORA in the presence of your Solicitor.

One of the important protections given to residents by the RVA is the requirement for villages to appoint a statutory supervisor. Kamo Home & Village Charitable Trust has appointed Covenant Trustee Services Limited as its statutory supervisor. Covenant's role is to monitor the village's financial position and to report annually to the Registrar of Retirement Villages and also to the residents at the village's Annual General Meeting. Covenant also holds in its trust account all deposits and other payments made by incoming residents, and any refunds payable to outgoing residents until those transactions are settled.

What will it cost me to enter to Kamo Home and Village?

The price payable for an occupation right is the Entry Payment. That depends on the particular unit you decide to live in and its current market value. You will also be asked to cover our legal costs and statutory supervisor's charges associated with entry to the Village. Kamo Home & Village will ensure that your costs are clear – there will be no hidden surprises or extras. You will also have your own legal costs for independent legal advice.

What will it cost me to stay?

Our weekly service fee is currently \$110 per week. This cost is calculated by dividing the total amount of the village's operating costs by the number of completed units.

What will cost me if I decide to leave?

When you leave the village you are required to pay a "Village Contribution" as set out in your occupation right agreement. The amount depends on how long you have lived in your unit and can be up to 27% of the Entry Payment you paid when you moved in. That payment is taken into account when your Exit Payment is calculated – your Entry Payment, less the Village Contribution, and our legal costs and statutory supervisor charges associated with you leaving. The Exit Payment is generally made when a new resident enters into an agreement

for the unit. You are not entitled to any capital gain if the new resident pays more than you did for the unit. However, if they pay less than you did, we may also ask you to offset the capital loss.”

You will also be expected to continue to pay your weekly service fee of \$110 for up to six months or until the unit becomes reoccupied, whichever is occurs first.

Are there any rules that I will need to abide to whilst living in my villa/apartment?

Yes. The Village Rules are included as a schedule in the occupation right agreement, so you will be aware of your responsibilities before you decide to sign your agreement.

Who manages the village?

Kamo Home and Village Charitable Trust employ a General Manager who is responsible for the day to day operation of the village. He or she is supported by staff that is dedicated to meeting the needs of residents and subscribe to the values of Kamo Home and Village Charitable Trust. The Manager will meet regularly with the residents to share information and to discuss matters of interest.

In the unlikely event I need care or support, what assistance is available to me?

Personal care, housekeeping and other support services can be purchased from the residential facility if required. A full list of services and fees will be made available to you.

Can my family and friends come to stay?

Yes. - This is your home. Your family and friends are very welcome to stay with you for short periods (up to three weeks) provided you tell us before they arrive. If you would like someone to stay for longer than three weeks you must obtain the written permission of the General Manager first.

What happens when I go on holiday?

You lock up your unit and apartment confident that everything will remain secure until your return. For a small charge we will air your home and/or water your plants.

May I bring my pet with me?

You must seek approval in writing first and approval is most likely if you live in a unit or a ground floor apartment. We will want to reach agreement up-front over who will care for the pet when you cannot and we will want to obtain the agreement of your future neighbours to you having your pet. We will also want to agree what will happen if your neighbours subsequently complain about your pet. We will agree all this in writing.

Can I rent my apartment?

No. - Your Unit or apartment is solely for use of the persons named in the Occupation Right Agreement.

Can I change the decor in my apartment - For example floor and wall coverings?

Yes. – Though you must seek approval in writing first. You will however be encouraged to use approved contractors. When you vacate your villa or apartment you may be required to re-instate the unit or apartment to how it was originally.

Can a Family Trust Purchase an Occupational Right Agreement?

No. - An Occupation Right Agreement can only be issued in the names of the residents occupying the unit or apartment although the funds used to acquire an ORA may be paid from a Family Trust. You can also request that any termination proceeds be paid to a Family Trust when you leave. You should talk with your solicitor if you wish to use funds from a Family Trust.

Can I bequeath my Occupation Right to a family member?

No. - The Occupation Right Agreement is not transferable and automatically terminates when you pass away.

If I have a concern or a complaint, who do I raise issues with?

Kamo Home and Village Charitable Trust recognises that from time to time residents have concerns and/or complaints which they wish to raise. While we prefer to deal with these informally, Kamo Home and Village Charitable Trust does have a formal complaints procedure in place and residents are entitled to ask for a copy. If satisfaction cannot be achieved through our complaints process within 20 working days the matter can be escalated by lodging a Disputes Notice under the RV Act.

What do you mean by the cooling off period?

Under the RVA you have a 15 working day "cooling off period" after you sign the occupation right agreement. At any time during that period you may cancel the agreement by giving us written notice. There is no penalty for cancelling during that time and you will receive your deposit back with interest. Note however that your lawyer may still charge you a fee for their services. Kamo Home & Village Charitable Trust will generally not allow you to move into your unit until the cooling off period has expired. If your unit is under construction when you sign your occupation right agreement, you also have the right to cancel if the unit is not completed within six months of date for completion specified in the agreement.

