



Cabinet Business Committee

Minute of Decision

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Property Law Act 2007: Amendments Relating to Commercial Leases and Mortgages

Portfolio Justice

On 8 April 2020, the Cabinet Business Committee, in accordance with the Power to Act authorised by Cabinet [CAB-20-MIN-0145]:

- 1 **noted** that the Property Law Act 2007 states that a landlord may cancel a lease if the rent is unpaid for no less than 10 working days, and the landlord has served a notice of the breach that specifies a period of not less than 10 working days to remedy the breach, and the lessee does not remedy the breach by the end of the specified period;
- 2 **noted** that the Property Law Act 2007 cover the requirements before a mortgagee can exercise powers of possession or sale when the mortgagor is default, and that they require the mortgagee to give 20 working days' notice to the mortgagor to remedy a default before the mortgagee can exercise their powers, when the mortgage is for land. For goods the notice period is 10 working days;
- 3 **agreed** that the Property Law Act 2007 be amended to extend timeframes for the cancellation of commercial leases, from 10 to 30 days for both the period the lessee must be in arrears before notice can be given, and for the period to remedy a breach of the covenant to pay rent. These periods would continue to be able to be concurrent;
- 4 **agreed** that the Property Law Act 2007 be amended to restrict the exercise of mortgagees' powers by extending the period of notice in sections 120 and 129 from 20 to 40 working days for mortgaged land, and from 10 to 30 working days for mortgaged goods;
- 5 **agreed** that the extended timeframes apply to notices that were issued from 10 days after the promulgation of the Epidemic Notice;
- 6 **invited** the Minister of Justice to issue drafting instructions to give effect to the above proposals;
- 7 **agreed** that the Minister of Justice be authorised to make additional minor policy decisions to assist with drafting, in discussion with the Minister of Finance as appropriate;

- 8 **noted** that decisions from the paper attached under CBC-20-SUB-0034 will be part of public announcements on the wider package of business support from government.

Vivien Meek
Committee Secretary

Present:

Rt Hon Jacinda Ardern (Chair)
Rt Hon Winston Peters
Hon Grant Robertson
Hon Phil Twyford
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Andrew Little
Hon Carmel Sepuloni
Hon Dr David Clark
Hon David Parker
Hon Nanaia Mahuta
Hon Jenny Salesa
Hon Damien O'Connor
Hon Kris Faafoi
Hon Ron Mark
Hon Tracey Martin
Hon James Shaw

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet
Treasury

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