

# Retirement villages reforms – Operator Forums

## April 2026

*Responses to specific questions raised by forum attendees*

### **Reforms to the *Retirement Villages Act 1986 (the Act)*, introduced by the *Retirement Villages Amendment Act 2025 (Amendment Act)* and the new *Retirement Villages Regulations 2026 (the Regulations)***

*1. Where can I get further information?*

- See the [Consumer Affairs Victoria \(CAV\) website](#).

*2. Are further reforms to the Act being considered?*

- The Minister must carry out a review of the effect and operation of these reforms within 2 to 5 years.
- The second stage of regulations supporting the Amendment Act reforms will take effect on 1 September 2026.
- These regulations will include a new Code of Practice. The draft Code is currently being developed and will be released for public consultation.

*3. How have community views informed these reforms?*

- There has been significant consultation on the reforms. This includes a Parliamentary Inquiry (2016-2017), the release of two public options papers alongside community forums and consultation (2019-2022), and the release of exposure drafts of an Amendment Bill (2022-2023).
- Following the passing of the Amendment Act in May 2025, the Department of Government Services consulted key stakeholders on the development of the Regulations, holding more than 20 in-person and online workshops with Stakeholder Reference Group members (representing key industry and resident stakeholders). The information gathered and subsequent written feedback has directly informed the Regulations.
- Additionally, on 3 March 2026, an advance copy of the Regulations and accompanying materials was published on the CAV website and provided to all registered retirement village operators.

*4. Why are the Regulations being delivered in two stages? What will be included in the second stage?*

- This approach ensures that those regulations that are required to operationalise Amendment Act reforms commence on 1 May 2026, while further consultation on remaining regulatory matters, including the Code of Practice for retirement village operators and registration and exemption fees, can occur prior to commencement of those reforms on 1 September 2026.
- This phasing will also allow for public consultation on the second stage of regulations and accompanying Regulatory Impact Statement in mid-2026.

## When the reforms apply

### 5. *I am trying to understand which reforms apply to my retirement village contract. What does “entered into a contract” mean?*

- Some reforms apply to all residents – current or new.
- Other reforms only apply to residents who have entered into a contract on or after 1 May 2026 (the date the reforms take effect).
- “Entry into a contract” refers to the date from which parties have rights and responsibilities under a retirement village contract (generally the date the contract is signed) – not the date the resident moves into the retirement village.
- You should seek legal advice if you are unsure whether a contract has been entered into.

### 6. *Will residents who have entered into a contract before 1 May 2026 benefit from the reforms?*

- Residents who entered into a contract before 1 May 2026 will still benefit from some of the reforms, including:
  - the guiding principles as set out in the Act
  - changes to contract termination processes
  - annual contract checks
  - changes to capital maintenance and replacement requirements, and
  - access to the new dispute resolution framework, including VicAssist Retirement Villages.
- The following reforms do not apply to residents who entered into contracts before 1 May 2026:
  - new pre-contractual disclosure requirements
  - equal apportionment of capital gains and losses
  - standard form contracts, and
  - the requirement for exit entitlements to be paid within 12 months of providing vacant possession.
- If there are contract terms contained in pre-1 May 2026 contracts that conflict with new requirements under the reforms that will apply to all residents (e.g. the provision of aged care payments), the new laws will prevail over those contract terms. Seek legal advice on your contract if you are unsure.

## Contracts and information disclosure requirements

### 7. *When do I need to use the new standard form contract?*

- You can find an accessible version of the new contract on the [CAV website](#).
- Operators can start using this contract now.
- It becomes mandatory to use this contract for all new contracts on and from 1 September 2026.
- Operators who enter into a contract on or after 1 September 2026 that is not in the standard form may be found guilty of an offence.
- If operators do not use the new standard contract, from 1 May 2026 their contracts must still comply with all new requirements under the reforms.
- The Retirement Villages (Contractual Arrangements) Regulations 2017 and the Retirement Villages Regulations 2026 provide guidance on what modifications are required to existing contracts to ensure they are compliant with the new reforms.

### 8. *What are “grace period contracts”?*

- As set out above, any retirement village contracts entered into from 1 May 2026 until 31 August 2026 (inclusive) are not required to be in the standard contract form yet, but must still comply with the reforms that commenced on 1 May 2026.
- These reforms include a range of prescribed and prohibited terms aimed at improving contractual disclosure of all costs and charges payable, responsibilities around capital maintenance and replacement, payment of exit entitlements and other general rights and obligations.
- If operators choose to continue to use their existing contracts between 1 May 2026 and 31 August 2026, these are referred to as contracts entered into during the “grace period” contained in the Regulations.
- Schedule 3 of the Regulations outlines the requisite modifications required to contract forms prescribed in the Retirement Villages (Contractual Arrangements) Regulations 2017.

### 9. *What is a “contract check”?*

- From 1 May 2026, operators must provide an annual contract check to all residents.
- Contract checks must be documented in the [form approved](#) by the Director, CAV.
- A contract check is a financial snapshot of what a resident would receive and what they would owe if they left the village on a given date. Understanding the full financial picture in advance avoids surprises when a resident leaves a village.
- Every resident is entitled to one free check each year and can ask for one at any other time.

### 10. *When will contract check forms be available?*

- It is available on the [CAV website](#).

## Payments, exit entitlements and fees

### *11. What are the changes to aged care payments? What are alternative accommodation payments?*

- The Act now provides for non-owner residents to apply to their operators for early access to their exit entitlement (formerly known as the refundable in-going contribution) to help them pay for the transition into aged care or alternative accommodation.
- Alternative accommodation is defined in the Regulations and includes various arrangements other than aged care, for example, private renting, residential parks, another retirement village and inpatient health services.
- For most residents who are transitioning into aged care, they may request payment of their Daily Accommodation Payment.
- Residents who entered into a contract between 1 August 2006 and 29 July 2017 (inclusive) have a slightly different arrangement. They may request payment of the Refundable Accommodation Deposit from their exit entitlement. The Regulations preserve this preexisting arrangement only for residents who entered into retirement village contracts between those dates. It has not been extended to other residents.
- Applications by residents for aged care or alternative accommodation payments must be in the form approved by the Director CAV, which is available on the [CAV website](#).
- Any existing contract terms dealing with aged care payments may be invalid if they conflict with any of the reforms.

### *12. The changes to aged care and alternative accommodation payments will affect my cash flow. I am worried I cannot comply with these requirements. What do I do?*

- You can apply to VCAT to suspend, delay or otherwise alter these payment requirements if there are exceptional circumstances.

### *13. Can you please explain the changes to how Deferred Management Fees (DMFs) are regulated?*

- There are several changes to make DMFs fairer and more transparent for residents.
- DMFs can now only be calculated as a percentage of the **entry** payment paid by the resident.
- DMFs must be calculated on a daily basis, and only up to the time a resident delivers up vacant possession, so that residents only pay a DMF calculated on the period of time they actually live in the village.
- DMFs must be calculated based on the total length of time spent living in the village, regardless of if the resident moves premises within the village at any time.
- A DMF cannot be charged if the resident leaves during the settling-in period under their contract.

- DMFs must be calculated by reference to the time the resident lives in the village, ending when they deliver up vacant possession of the last premises they occupy in the village.
- These new requirements only apply to contracts entered into on and after 1 May 2026.

*14. Why are DMFs now only allowed to be calculated as a percentage of entry payments?*

- A key objective of the reforms is to improve transparency and to help residents better understand the financial terms in their contracts. This responds to longstanding concerns that some retirement village contracts are too complex, and that residents cannot always clearly understand their current and future financial obligations.
- Calculating a DMF as a percentage of the entry payment supports greater certainty, because the entry payment is a known amount at the time that the contract is entered into.
- By contrast, if a DMF is linked to an exit price, the final fee must be calculated as a percentage of an amount that cannot be known when the contract is entered into. This can make it harder for residents to understand and prepare for the likely financial liability they will incur when they exit the village.

## **Capital maintenance, capital replacement, capital maintenance plans and the capital maintenance fund**

*15. The Regulations provide a list of works that are considered capital maintenance. In villages where residents do not “own” their residence (for example, a lease/license arrangement), does this list apply only to property in common areas or does it also apply to individual residential premises?*

- This applies to individual premises as well.
- Under section 38BG(2) of the Act, an operator is responsible for capital maintenance of all capital items in the village, unless owned by a resident (e.g., sometimes referred to as a strata scheme), common property (which is defined in the Act as relating to an owners corporation) or if the item of capital is of a class prescribed in regulations (e.g., capital items that are purchased and installed by a resident on their premises for private use).

*16. The new capital maintenance and replacement requirements appear to conflict with our village’s obligations under the Owners Corporations Act 2006. What do I do?*

- Under section 38BG(2) of the Act, an operator is responsible for the capital maintenance of all capital items in the village, unless the item is owned by a resident or is “common property” within the meaning of the *Owners Corporations Act 2006*.
- Where a retirement village has an owners corporation, the maintenance and replacement of common property capital items are governed by the *Owners*

*Corporations Act 2006*. In those circumstances, the provisions of the *Retirement Villages Act 1986* relating to capital maintenance, capital replacement, capital maintenance plans, and capital maintenance funds would not apply.

- If you are uncertain about how these frameworks apply to your village's particular ownership or management structure, you should seek legal advice.

*17. Where can I find a list of capital items?*

- Section 38BG(1) of the Act defines items of capital as:
  - a building or structure in a retirement village; or
  - plant, machinery or equipment used in the operation of a retirement village; or
  - a part of the infrastructure of a retirement village; or
  - any other thing that is prescribed in the Regulations.
- Regulation 48 of the Regulations also prescribes a range of items of capital and regulation 49 lists items of capital that are not the responsibility of the operator.

*18. We already have a fund set up that we use to pay for all capital maintenance, replacement and other things. Will this fund comply with the new capital maintenance and replacement requirements?*

- A capital maintenance fund is required if the operator sets aside a portion of maintenance charges to fund future capital maintenance after the end of the financial year in which those charges were paid.
- The Act and the Regulations specify additional amounts that operators must pay into the fund.
- There are rules around how maintenance funds are collected and spent to ensure they are used only for legitimate maintenance purposes. The Act requires that a fund be set up to:
  - hold maintenance charges paid by residents; and
  - pay for the maintenance of capital items.
- Replacement of capital items must be solely funded by the operator. There are no other new requirements as to how an operator is to fund replacement of capital items, other than that operators must bear those costs.
- For specific queries around the new laws and an individual village's particular accounting model, seek professional legal and/or accounting advice.

*19. We do not charge our residents maintenance charges. Are we exempt from the capital maintenance requirements?*

- Maintenance charges are defined as a recurring charge payable by a resident under a retirement village contract:
  - for the provision of goods or services (other than optional services) by the operator of the village, or
  - to contribute to the costs of managing the retirement village, including the costs of employing or engaging persons in relation to the village, and the

costs of maintaining facilities in the retirement village and capital maintenance in the retirement village.

- A maintenance charge does not include fees charged under the *Owners Corporations Act 2006*. An operator is not required to establish a capital maintenance fund or capital maintenance plan if there is an owners corporation incorporated in respect of retirement village land and a maintenance plan and fund has been established under the *Owners Corporations Act 2006*.
- If maintenance charges are charged to a resident in the village, a capital maintenance fund must be established. The operator must pay into the fund:
  - any portion of maintenance charges that may be required for the capital maintenance of items of capital for which the operator is responsible,
  - amounts received by the operator under an insurance policy in respect of property covered by the capital maintenance plan,
  - any interest received from the investment of the capital maintenance fund, and
  - any other recurring or lump sum payments made by a resident upon entering, while living in, or upon exiting the retirement village for the purposes of capital maintenance of items for which the operator is responsible.
- Whether or not a capital maintenance fund is established under the Act, the capital maintenance reforms will apply to all operators (with exceptions for owners corporation villages).
- This means that all operators will be responsible for maintaining and replacing capital items in the village, unless the item is owned by a resident, is common property under the *Owners Corporations Act 2006*, or other prescribed classes of capital items.
- All operators will also be required to prepare a capital maintenance plan for the capital maintenance of items of capital for which the operator is responsible.

## Financial matters

### *20. Who is responsible for auditing the finances of our village? What happens if we also operate Aged Care Services and/or NDIS services?*

- Section 34A of the Act requires the operator to have financial statements (presented at an annual general meeting) audited by an independent person who is a member of, and holds a current practicing certificate from CPA Australia, the Institute of Public Accountants, or Chartered Accountants Australia and New Zealand.
- Some retirement villages may be co-located with other services such as aged care or the NDIS. It is important to understand that each of these schemes is subject to its own legislative and regulatory frameworks.

- Operators should understand their distinct obligations in relation to each individual framework under which they operate and ensure that they comply with all relevant laws.
- If you are unclear about which frameworks apply to you, you should seek legal advice.

## Dispute resolution

### *21. Do I have to participate in the new conciliation scheme (VicAssist – Retirement Villages)?*

- Participation in VicAssist – Retirement Villages is not mandatory, but alternative dispute resolution processes can often be cheaper and faster than seeking an order via VCAT.
- Parties engaged in conciliation may also have more control over the process and outcome, as conciliation seeks to bring parties towards a mutual agreement.
- If a party does not participate in conciliation, or if the dispute may be deemed to be unsuitable for conciliation, a no resolution certificate might be issued. A no resolution certificate may be admissible in evidence before a court or tribunal in subsequent proceedings.
- The Code of Practice proposed to be prescribed in stage 2 of the regulations later this year may provide further guidance or requirements in relation to participation in conciliation.

### *22. Is there a difference between a “dispute” and a “complaint”?*

- The terms “dispute” and “complaint” are interchangeable in everyday language, but this does not mean that they have the same treatment under the law.
- The Amendment Act introduces the term “village dispute” which means either a:
  - management dispute – a dispute between a resident and the operator or proprietor of the village, in relation to matters administered under the Act; or
  - resident dispute – a dispute between residents that affects the use and enjoyment of the village by other residents, or the use of services by other residents.
- A dispute does not include merely asking a person to take an action or cease taking an action.
- Retirement village operators must establish and maintain a procedure for dealing with village disputes, including management disputes and resident disputes.
- Penalties apply for breaches of the requirements regarding having and maintaining an internal procedure for village disputes.
- Both management disputes and resident disputes may be referred to the conciliation scheme introduced under Part 6E of the Act.

## Compliance and offences

### *23. What new offences and/or increased penalties have been introduced under the reforms?*

- Several new offences have been introduced which provide increased protections for residents. Examples include where:
  - a contracting party fails to enter into a retirement village contract with a resident in the prescribed standard form;
  - an operator fails to publish an information statement on the internet site of the operator;
  - an operator takes action regarding a retirement village dispute that might be reasonably regarded as deterring a person from giving notice of the dispute or causing detriment to a resident;
  - an operator fails to provide a free contract check-up to a residence once per calendar year; and
  - an operator fails to prepare an emergency plan for the village.
- Some of these offences can also be enforced by issuing an infringement notice (a fine).
- A full list of the prescribed infringement offences is available in Schedule 1 of the Regulations.

## Exemptions

### *24. Has anything changed with the exemption process? Will I maintain my current exemptions?*

- Every village that requires an exemption must apply for one.
- Exemptions are now only granted on a village-basis, rather than being granted on an operator-basis.
- The Director, CAV is required to consider a range of matters under the Act and Regulations when making a decision about exemptions. This includes:
  - the reasons for the application
  - any submissions made by residents or interested parties
  - the impact of the exemption on residents
  - how disputes will be managed if the exemption is granted
  - whether residents would be disadvantaged
  - the fees charged in the village
  - whether the village is owned or operated by a not-for-profit, volunteers, residents, a religious organisation, or as a cooperative
  - whether the retirement village or part of the retirement village occupied by residents is comprised of freehold lots owned by a resident, or that are common property owned by an owners corporation that has resident members
  - whether the retirement village principles would continue to be applied

- if an exemption was previously granted, the reasons for and the terms of that exemption
- any submissions made by an entity that the Director, CAV considers is an interested party or is representing an interested party
- whether the applicant has previously been convicted of an offence under the Act or Regulations.

#### *25. What will happen to an exemption granted prior to the reforms commencing?*

- Any exemptions granted prior to 1 May 2026 will remain valid for 12 months from that date (until 1 May 2027).
- If you wish for an exemption to continue beyond 1 May 2027, you will have to apply for a new exemption to continue being exempt from any requirements in the Act. An exemption application fee may apply.
- You can apply for an exemption via [myCAV](#) .

## **Village structure and association villages**

#### *26. I represent an association village. Who is the “operator” of my village?*

- The Amendment Act introduces a new definition of “operator” – the person who is responsible for the daily operation of the retirement village, whether or not that person is also the proprietor of the village.
- The Act also defines the “proprietor” as the person who is the owner of any retirement village land in the village, except for freehold lots that are owned by residents, or common property that is owned by an owners corporation.
- Other than some matters relating to owners corporations, the Act does not distinguish between the different ownership or business structures that underpin retirement villages, nor does it distinguish between the different types of village proprietors or operators.
- Whether or not an association village falls under the definition of operator and/or proprietor depends on the unique circumstances of each village, such as the functions of the association and the proprietor, and the legal relationship between those parties.
- For specific queries around the application of the Act and Regulations to different ownership and business structures, we encourage you to seek legal advice.

## **Resident rights and practical operations**

#### *27. Can an operator refuse to allow alterations as requested by a resident?*

- The Act allows non-owner residents to request an operator’s consent to add, remove or alter any fixtures or fittings within their premises. Operators may not unreasonably refuse consent, and they may grant their consent subject to reasonable conditions. What is or is not unreasonable depends on the circumstances.

- Non-owner residents can now make some modifications without an operator's consent. These include:
  - installing flyscreens, window treatments and dressings
  - installing picture hooks or screws for wall mounts, shelves or brackets
  - installing security systems which don't unreasonably interfere with the privacy of other residents; and
  - alterations made in accordance with section 55 of the *Equal Opportunity Act 2010*.

## Code of Practice

### *28. What matters will be covered in the Code of Practice?*

- The Amendment Act allows for 'codes of practice' dealing with the following matters to be developed:
  - marketing
  - information disclosure
  - operation and administration of villages
  - the payment of fees and charges
  - renovation and refurbishment requirements
  - good practice in dispute resolution processes
  - compliance with agreements reached during external conciliation, and
  - other matters.
- A Code of Practice is currently being developed and will be released for public consultation as part of the second stage of regulations supporting the Amendment Act reforms, commencing on 1 September 2026.
- Everyone will have an opportunity to comment on the draft Code of Practice during the public consultation period commencing in mid-2026.