

Retirement Village Regulations 2026

The *Retirement Village Regulations 2026* were issued on 4 March 2026. RRVV has now had time to read and clarify the regulations which will be effective from 1 May 2026.

We will address matters raised in the new regulations in two parts:

- a. Regulations relating to **capital maintenance** and **operating budget matters** (see below); and
- b. Regulations relating to insurance, bylaw, breach of contract and dispute resolution (a separate update to follow next week).

RRVV considers that residents and their Residents' Committees should understand and develop action plans relating to the following:

Capital Maintenance: Plan and Fund

1. **Clause 46** provides a definition of works that are capital maintenance. They are:
 - a. Surface treatments including painting, resealing, rendering, staining, varnishing, polishing and sanding of floors, ceilings and interior and exterior walls
 - b. Resealing, regrouting or patching of laundries, bathrooms, kitchens, swimming pools, driveways, pathways, paved areas or tiled or concrete surfaces
 - c. Maintaining or repairing doorknobs, locks, hinges, windows or flyscreens
 - d. Maintaining or repairing light fittings, lights, light bulbs or fans in communal areas
 - e. Maintaining or repairing fences, gates or doorways
 - f. Maintaining or repairing signage, awnings or soft furnishings
 - g. Maintaining, repairing or replacing components of heating, cooling or ventilation or hot water systems including thermostats, compressors, filters, pumps, elements and controls provided that entire systems are not being replaced
 - h. Maintaining or repairing pipes, taps or sink fixtures
 - i. Maintaining or repairing pool pumps, filters, heaters, chlorinators or associated equipment
 - j. Maintaining, repairing or replacing components of a lift including the care, ropes, rails, doors, drive systems, brakes, buffers and controls
 - k. Maintaining or replacing vehicles owned or operated by the operator or proprietor for purposes other than personal use
 - l. Any other works approved by the residents committee

It is important to note that this list applies to both common areas and individual resident premises. Section 38BG(2) of *the Retirement Villages Act* provides that an operator is responsible for capital maintenance of all capital items in the village, unless owned by a resident (strata title), common property (owners corporation) or if the item of capital is of a class prescribed in the regulations (see Clause 48 below).

Residents' Committees need to work with operators to ensure that the Capital Maintenance Plan for the village takes account of the above items for both common areas and individual resident premises. To ensure that this occurs, it may be necessary to conduct audits of both common areas and individual resident properties.

2. **Clause 47** provides that works that are necessary as a result of negligence by the operators are not regarded as capital maintenance. Such works might include the failure to maintain or replace an item of capital in accordance with the Capital Maintenance Plan.
3. **Clause 48** provides that items of capital include the following
 - a. Walls, cladding, floors, ceilings and roofs
 - b. Boilers, central heating equipment and pumps
 - c. Fences and gates
 - d. Garage doors, lockable shed and carports
 - e. Air conditioning systems and units
 - f. Road and pathways within the retirement village
 - g. Solar panels and electric vehicle charges

It is important to note that this list applies to both common areas and individual resident premises.

As with Clause 46, Residents' Committees need to work with operators to ensure that the Capital Maintenance Plan for the village takes account of the above items for both common areas and individual resident premises. To ensure that this occurs, it may be necessary to conduct audits of both common areas and individual resident properties.

4. **Clause 49(1)(a)** provides that items of capital for which the operator is **not** responsible include capital items that are purchased and installed by residents

This means that if a resident has renovated their unit during their time at the village and replaced items originally provided by the operator, the new items cease to be capital maintenance items for the operator. This ceases to be the case, once the resident who purchased the item vacates the premises.

5. **Clause 50** provides that maintenance or replacement of capital items can be considered urgent in the following situations:
 - a. Failure of telecommunication system, such as phone or internet services
 - b. Failure of an alarm system
 - c. Fault or damage which impedes a resident's reasonable access to their premises

6. **Clause 51** provides that the operator **must** pay into the fund amounts paid by residents upon entering, while living in or on exiting the village that the operator consider may be required for the capital maintenance of capital items for which the operator is responsible regardless of whether the payment is made as a recurring payment or as a lump sum.

Residents' Committees need to work with operators to ensure that all required monies are paid into the Capital Maintenance Fund. This will assist in ensuring that all items in the Capital Maintenance Plan are appropriately funded. It will also ensure that monies set aside for Capital Maintenance as not used to fund operating maintenance.

Operating Budget Deficits

Under the new Act, deficits in the Operating Budget become the responsibility of the operator. This will apply to all operating budgets for retirement villages commencing on or after 1 May 2026. For most villages, this will be the operating budget that commences on or after 1 July 2026.

The *Retirement Villages Amendment Act 2025* provides in Section 38BD that:

7. A deficit means a deficit in the accounts for a financial year of a retirement village
8. A surplus means a surplus in the accounts for a financial year of a retirement village.
9. The *Retirement Villages Amendment Act 2025* provides:
 - i. In Section 38BE that any surplus in accounts for a financial year of a retirement village must be carried forward to the accounts for the next financial year; and
 - ii. In Section 38BF(1) that a deficit must be made good by the operator of a retirement village.
 - iii. Section 38BF(2) further provides that an operator of a retirement village must not:
 - (a) carry forward a deficit to a subsequent financial year; or
 - (b) request from a resident of the retirement village any special additional payment for the purpose of making good a deficit; or
 - (c) increase, or purport to increase, maintenance charges payable by the residents of the retirement village in any financial year for the purpose of making good a deficit; or
 - (d) use the whole or any part of the maintenance charges collected by the operator in a financial year to make good a deficit; or
 - (e) use the whole or any part of the capital maintenance fund for the retirement village to make good a deficit.
 - iv. The operator of a retirement village must not charge the residents of the retirement village interest in respect of a deficit.

There will be retirement villages that are currently carrying deficits on their operating budgets. These **cannot** be carried forward into the budget for the 2026/2027 year. Residents Committees need to work closely with operators to determine the scope of the budget for the 2026/2027 Financial Year and also how deficits currently on the books are to be handled.

10. It is important to understand that, as per Clause 45 of the *Retirement Village Regulations 2026*, an operator **does not** have to make good a deficit when the deficit occurs as a result of an increase in:
 - a. Rates, taxes or charges payable by the operator in respect of retirement village land; or
 - b. Salary or wages payable by an operator in accordance with an award made by a Commission, Tribunal or board or other body under an act other than the RVA or a Commonwealth act, or
 - c. The cost of utilities or essential services delivered to the retirement village other than telephone or internet, which could not have been reasonably foreseen; or
 - d. Premiums payable by the operator for policies of insurance that are in place in relation to the retirement village, and the increase is not cause by any unreasonable action or omission of the operator; or
 - e. Costs payable by the operator that are reasonably necessary to maintain and operate the village as a result of an extraordinary event that is not caused by any unreasonable action or omission of the operator.