



**Ansell  
Strategic**

# **The Board Pack**

**What Executives and  
Directors need to know  
in Aged Care &  
Retirement Living**

**Q4 FY25**

# Q4 Snapshot



## Regulation & Reform

The delay of the Act has provided additional time to transition. New rules, information and guidelines continue to be released for the Act, Strengthened Standards and Support at Home (SAH) program.

The Aged Care Quality and Safety Commission (ACQSC) released a consultation report on the new Financial and Prudential Standards. The minimum liquidity threshold has been updated and providers will be able to present alternative liquidity assessments.

## Funding & Finance

As expected, RAC profitability slightly decreased in Q3 as wage cost pressures re-emerged.

Occupancy at 94% means the sector is effectively at capacity, with minimal ability to absorb additional demand without new investment.

Home care profitability is stable YoY, with package utilisation at ~86%. Growth opportunities lie in scaling and efficiency ahead of SAH reforms.

## Operations & Compliance

### Residential Aged Care

**81%** of services found fully compliant (down from 87%)

### Home Care

**64%** of services found fully compliant (up from 40%)

## Retirement Living

Retirement living remains in a period of strong demand and several operators are expanding portfolios through acquisitions and greenfield developments.

Village operators should evaluate the impact of the Lifestyle Communities VCAT decision.

## Workforce

Care minute compliance has improved, with nearly 50% of providers meeting both requirements. This material improvement is driven by the inclusion of EN minutes. Care minutes remain a focus of the Commission and providers are further incentivised to meet the minutes with upcoming funding changes from 1 April 2026.

## M&A

M&A appetite remains relatively strong for larger RV portfolios and quality RAC homes. We are seeing higher prices for modern RAC homes. The divestment of single sites and older stock remains more challenging in both RAC and RV. There has been limited activity and consolidation in HC.

# Entering a New Era



The deferral of the Aged Care Act 2024 has provided welcome breathing space, but the pressure of the impending reforms remains substantial. It has been over two decades since the sector has undergone a transformation of this magnitude, and the operational and governance load is being felt from frontline staff through to boards. The Department of Health, Disability and Ageing continues to release guidance to support the transition, and providers should be actively using these resources to update, test and strengthen their readiness plans.

While financial and compliance indicators may appear favourable on the surface, sustainability concerns remain. Recent gains in RAC financial performance face headwinds from wage increases and the push to meet mandated care minutes. Economies of scale continue to drive ongoing M&A activity, but growth should only be pursued where acquisitions align with a clear strategic and operational rationale.

Home care providers are also entering a critical period as the sector transitions to the new Support at Home program from July 2025. While the reforms aim to simplify funding and improve flexibility for consumers, the operational changes required are significant.

Strong occupancy and population growth would normally underpin new development, yet high construction costs, accommodation pricing uncertainty (at a time when the RAD pool has grown to \$42b), and questions over long-term sector viability are eroding business case confidence. The shortfall in new builds – well below the Department's 10,000-bed annual estimate – is contributing to bottlenecks across health and aged care. RAC places are scarce, home care waitlists are growing, hospitals unable to discharge older patients, and informal carers are under strain.

Yet alongside these challenges, opportunities are emerging. In the first few years after the Act's commencement, we expect to see an expansion of digital and virtual care models, including the integration of AI to enhance both service delivery and back-of-house efficiencies. Hybrid subsidised and user-pays models, such as HELF, are likely to become more common, broadening access to lower-level care and support services.

Assisted living and the repositioning of retirement villages will continue to gain traction, enabling residents to age in place, easing pressure on residential aged care. The PwC Retirement Living Census reinforces this trend, with more village operators offering in-home care. We also anticipate stronger collaboration between the health, aged care, and housing sectors to address ongoing demand bottlenecks and improve service integration.

Despite the challenges, we remain optimistic about the long-term outlook. Now is the time for Boards to reassess strategic positioning, investment priorities, and preparedness for reform – and to be ready to lead bold change across the sector.



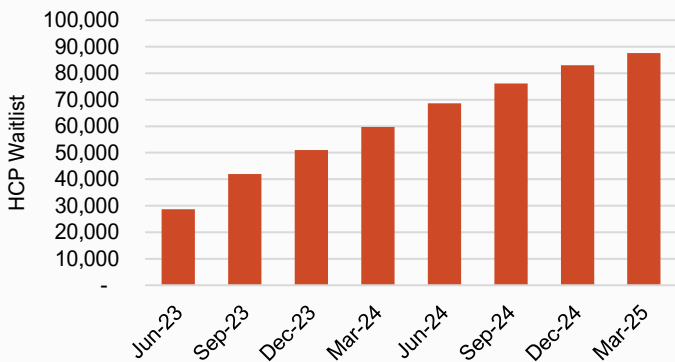
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TOPIC	SUMMARY	ACTIONS
<b>NEW AGED CARE ACT &amp; RULES</b>	<p>The deferral of the new <i>Aged Care Act 2024</i> (new Act) to 1 November 2025 provides greater time to help providers with the transition. The rules continue to be updated and information to support the transition continues to be provided. Some of the most material changes noted in the key <a href="#">rule changes summary document</a> include:</p> <ul style="list-style-type: none"> <li>▪ Greater participant protections and rights (cooling-off periods, exit support and strategies in TCP, restorative care)</li> <li>▪ Increased financial governance and transparency (monthly statements, fee disclosures)</li> <li>▪ Home care subsidies and fees: care management supplement (3 hours per quarter); removal of hourly caps on house cleaning and gardening services.</li> <li>▪ Workforce planning (workforce screening, allied health provider definition)</li> <li>▪ Higher Everyday Living Fee (HELF), which will replace Additional and Extra Services, will require a signed service agreement and the rules now support fee bundling and cost recoveries.</li> </ul> <p>Boards should ensure management is reviewing these impacts across compliance, workforce, finance, IT systems, and participant experiences, especially in the lead-up to November 2025.</p> <p>The Department has also updated the “<a href="#">Provider Operational Readiness</a>” priority actions list which can help providers with transitioning to the new Act.</p>	<p><b>Consider:</b></p> <p>Consider the impact of the new rules on your organisation.</p> <p>Review and assess your readiness for the Act using the Department’s priority actions list.</p>
<b>QUALITY STANDARDS</b>	<p>The final strengthened Quality Standards (Standards) <a href="#">document</a> was released. The Standards will be introduced with the commencement of the new Act from 1 November 2025.</p> <p>The Aged Care Quality &amp; Safety Commission (Commission or ACQSC) has prepared a <a href="#">checklist</a> to assist providers with getting ready for the transition.</p>	<p><b>Consider:</b></p> <p>Review and assess your readiness for the strengthened Standards using the Commission’s checklist.</p>



TOPIC	SUMMARY	ACTIONS
NEW FINANCIAL AND PRUDENTIAL STANDARDS – CONSULTATION REPORT	<p>The ACQSC has released the consultation report on the draft Financial and Prudential Standards. As previously noted in the Board Pack, compliance with these new standards will now be monitored by the ACQSC.</p> <p>The new framework introduces three standards – Financial and Prudential Management, Liquidity, and Investment – which replace the current four standards. Notably, the Financial and Prudential Management Standard will now also apply to home care providers (category 4 and above), whereas previously it only applied to RAC.</p> <p>The ACQSC consulted with the sector, and while there was broad support for stronger financial governance, significant feedback centred on the proposed Liquidity Standard – particularly the formula for determining minimum liquidity:</p> <p><b><i>35% of quarterly cash expenses + 10% of RAD liabilities + 10% of ILU/refundable village liabilities</i></b></p> <p>In response to the consultation, the ACQSC has made several key adjustments:</p> <ul style="list-style-type: none"> <li>▪ Reduced the ILU reserve requirement <b>from 10% to 2%</b></li> <li>▪ Included trade receivables in liquidity calculations</li> <li>▪ Introduced flexibility by allowing providers to present <b>alternative liquidity assessments</b> if they fall below the default threshold</li> <li>▪ Phased implementation commencing 1 November 2025, with final guidance expected by August 2025</li> </ul> <p>Remaining concerns raised by stakeholders include:</p> <ul style="list-style-type: none"> <li>▪ Potential <b>working capital constraints</b> that may limit investment in care, infrastructure, or other programs</li> <li>▪ Outdated <b>financial modelling</b>, with claims that risk was overstated due to reliance on pre-COVID data</li> <li>▪ A <b>one-size-fits-all approach</b>, which may disproportionately affect smaller or more diverse providers with different financial structures</li> </ul> <p>No further major revisions to the Standards are expected.</p>	<p><b>Assess:</b></p> <p>In preparation, providers should prioritise:</p> <ul style="list-style-type: none"> <li>▪ Running liquidity simulations using the revised model</li> <li>▪ Evaluating and documenting alternative liquidity methods where needed</li> <li>▪ Updating governance frameworks, internal controls and financial risk documentation</li> <li>▪ Reviewing potential impacts on capital works, innovation, M&amp;A activity, and IT investment plans</li> </ul>

TOPIC	SUMMARY	ACTIONS
SAH UPDATE	<p>Following the deferral of the new Aged Care Act, implementation of the SAH program has also been delayed. In the interim, updated program information has been progressively released, with implications for provider readiness, service design, and integration planning. Recent updates include:</p> <p><b><u>Revised Support at Home Program Manual</u></b></p> <p>Clarifies requirements for commencing funded aged care services, including:</p> <ul style="list-style-type: none"> <li>▪ Service agreement content requirements</li> <li>▪ Information obligations for new participants</li> <li>▪ Expanded detail on Care Management, including eligibility criteria, responsibilities, and pathways</li> <li>▪ Additional guidance on the Assistive Technology and Home Modifications (AT-HM) Scheme</li> <li>▪ New insights into the interactions between SAH and other aged care programs, though clarity is still lacking on how SAH will interface with CHSP (Commonwealth Home Support Program).</li> </ul> <p><b><u>Provider Readiness Materials</u></b></p> <ul style="list-style-type: none"> <li>▪ The Department has released an updated <u>Transition Guide</u>, information regarding <u>claims and payments business rules</u> and <u>Restorative Care Pathway Clinical Guidelines</u>. These aim to assist providers with aligning systems, staff capabilities and care models with SAH requirements. Whilst some areas are relatively basic, it provides clear steps for both HCP and CHSP providers to review and undertake to assist with transition.</li> </ul> <p>There is ongoing sector concerns remain about system readiness, particularly in:</p> <ul style="list-style-type: none"> <li>▪ CHSP transition: No clear framework yet on how clients will move between CHSP and SAH</li> <li>▪ Workforce capacity and training under the revised care management requirements</li> <li>▪ IT system upgrades needed to meet new reporting and care planning obligations.</li> </ul>	<p><b>Ask:</b></p> <p>Do the key people in your organisation understand the requirements as outlined in the Manual?</p> <p>Have you assessed your readiness using the Transition Guide and other checklists provided by the Department? Do you have a detailed action plan in place?</p> <p><b>Monitor:</b></p> <p>Upcoming updates in relation to SAH.</p>

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HOME CARE PACKAGE WAITLIST INCREASES	<p>The <u>Home Care Package</u> waitlist remains a deep source of concern for older Australians, their families, and the government. As of 31 March 2025, <b>87,597 people are waiting</b> for a package at their assessed level. The waitlist has nearly <b>tripled since mid-2022</b>. The published waitlist excludes those waiting to be assessed – a critical unreported backlog that further complicates visibility and planning. People are waiting for approximately 3 weeks on average just to be <u>assessed</u>, with some people waiting 138 days.</p> <p>Level 4 packages carry the longest delays, with wait times ranging from <b>12 to 15 months</b>. There has been mounting public scrutiny with reports highlighting that delays in accessing care significantly increases risks of hospitalisations and that there are people dying whilst waiting for a package.</p> <p>The cross-bench had demanded the early release of 20,000 packages, however, the delayed implementation of the new Act has postponed the 83,000 planned packages from July to November. A Senate inquiry has been announced to understand the broader impacts of these delays on individuals, families, hospitals, and the broader health system.</p> <p><b>Home Care Package Waitlist</b></p>  <table><caption>Home Care Package Waitlist Data (Estimated)</caption><tr><th>Date</th><th>HCP Waitlist</th></tr><tr><td>Jun-23</td><td>28,000</td></tr><tr><td>Sep-23</td><td>42,000</td></tr><tr><td>Dec-23</td><td>52,000</td></tr><tr><td>Mar-24</td><td>60,000</td></tr><tr><td>Jun-24</td><td>68,000</td></tr><tr><td>Sep-24</td><td>75,000</td></tr><tr><td>Dec-24</td><td>82,000</td></tr><tr><td>Mar-25</td><td>87,597</td></tr></table>	Date	HCP Waitlist	Jun-23	28,000	Sep-23	42,000	Dec-23	52,000	Mar-24	60,000	Jun-24	68,000	Sep-24	75,000	Dec-24	82,000	Mar-25	87,597	<p><b>Assess:</b></p> <p>How are we supporting clients during delays—especially those awaiting Level 4 care?</p> <p>How is the waitlist impacting our service delivery, client safety and hospital interface?</p> <p><b>Consider:</b></p> <p>Your service offering and the potential to expand services to those who choose to top up the HC Packages with additional user-pays services.</p>
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PRODUCTIVITY COMMISSION REPORT	<p>In the lead-up to the Economic Reform Roundtable, the Productivity Commissioner released five interim reports providing insights and recommendations on improving Australia's productivity. Given the size and growth of the care economy, it was the central focus of the fifth report: <u>Delivering quality care more efficiently</u>.</p> <p>The report identifies the care economy as a key area for productivity reform, emphasising that higher spending does not necessarily result in better outcomes. It calls for smarter, outcome-focused care delivery.</p> <p>A major recommendation is to harmonise quality and safety regulation across aged care, the NDIS, and veterans' services—proposing shared worker screening, unified accreditation frameworks, consolidated reporting, and even a single regulator for the entire care sector.</p> <p>The report also highlights the potential of AI and digital technologies to enhance efficiency, responsiveness, and oversight at both the service-delivery and regulatory levels.</p> <p>While these recommendations form part of a broader discussion and there is currently no government commitment, the sector should continue to monitor developments closely as they could have significant long-term implications.</p>	<p><b>Monitor:</b></p> <p>Monitor the Policy Roundtable discussions and future reports from the Productivity Commission.</p> <p>Consider direct involvement with future consultations.</p>



## COMPLIANCE TRENDS



81%

↓ 6% from Q2

of RAC audit decisions this quarter met all requirements

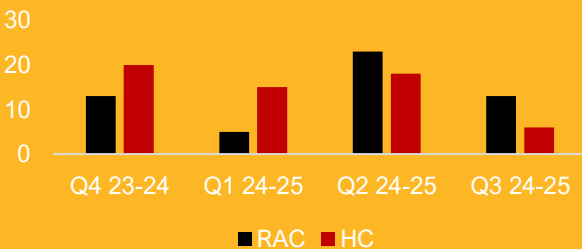


64%

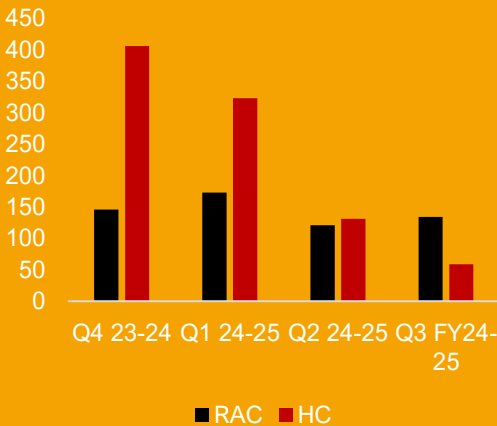
↑ 24% from Q2

of HCP audit decisions this quarter met all requirements

### Non-compliance notices issued in RAC & HC



## SITE AUDIT TRENDS



	RAC	HC
No. Site Audits	134	59
No. Audit Decisions	122	22

## SERIOUS INCIDENT REPORTING SCHEME (SIRS)



14,799

RAC incidents

↓ 0.9%  
from  
Q2



1,566

HC incidents

↑ 1.1%  
from  
Q2

## COMPLAINTS

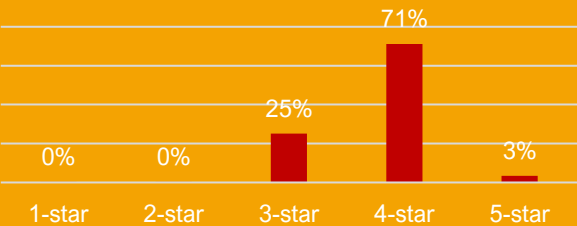
1,606

↑ 11% from Q2  
RAC complaints

1,147

↑ 14% from Q1  
HC complaints

## STAR RATINGS, OVERALL



Sources: Star Ratings Extracted from MyAgedCare, Extracted July 2025, Sector Performance Report, January to March 2025

TOPIC	SUMMARY	ACTIONS
SECTOR PERFORMANCE TRENDS - COMPLIANCE	<p><b>Residential Aged Care</b></p> <p>Sector-wide compliance with all Quality Standards remained steady at 81%, consistent with the previous four quarters.</p> <p><b>Standard 3</b> (Personal and Clinical Care) and <b>Standard 8</b> (Organisational Governance) continue to be the weakest areas, highlighting persistent issues in clinical care delivery and governance oversight.</p> <p><b>Home Care</b></p> <p>Compliance was lower at 64%, though some weaker areas improved markedly from Q2:</p> <ul style="list-style-type: none"> <li>▪ <b>Standard 2</b> (Assessment &amp; Planning) rose to 73% (from 54%).</li> <li>▪ <b>Standard 8</b> (Organisational Governance) improved to 82% (from 46%).</li> </ul> <p><b>Standard 7</b> (Human Resources) <b>remained a concern</b> at 77%, with the recruitment, training, and support element (7(3)(d)) recording the lowest compliance across HC audits.</p> <p>Only 22 HC providers were audited in Q3, limiting representativeness. Lower volumes were due to the Commission reallocating home care assessment teams to complete overdue RAC reaccreditation audits and prepare for the new Aged Care Act and registration system.</p> <p><b>Provider Type Observations</b></p> <p>Small providers recorded the lowest compliance (74%), followed by medium (78%) and large providers (86%). Minimal difference was noted between for-profit (80%) and not-for-profit (83%) providers.</p> <p><b>Compliance Outlook</b></p> <p>We do not anticipate a significant increase in audit actions in the coming year. In the Minister’s Statement of Expectations, the Commission was instructed to adopt a “<i>risk-based, fair, proportionate, and balanced</i>” approach to non-compliance. This acknowledges sector pressures during the transition to the new Act. The Commission’s own <u>Statement of Intent</u> reinforces that commitment.</p> <p>Whilst this will be welcome news for providers, reliance on regulatory goodwill during the transition should not lull organisations into complacency – proactive compliance remains essential.</p>	<p><b>Assess:</b></p> <p>How are you monitoring current compliance?</p> <p>When was the last time you assessed the effectiveness of your process for monitoring compliance?</p> <p>What are your lines of defence?</p> <p>Is your current compliance record reflective of key person or system strength?</p>

TOPIC	SUMMARY	ACTIONS
SECTOR PERFORMANCE TRENDS – SIRS & COMPLAINTS	<p><b>Residential Aged Care</b></p> <p><b>Neglect remains the second-most reported</b> incident after unreasonable use of force, accounting for three in every ten incidents. Nearly 46% of neglect notifications relate to medication errors. <b>Medication management</b> was also the most common subject of complaints, with volumes increasing in Q3. While providers often respond with staff training or medical reviews, the recurrence rate indicates a need for <b>stronger root cause analysis and systemic prevention measures</b>.</p> <p>Other frequent concerns included staffing levels and falls prevention/post-fall management.</p> <p>A high proportion of incidents link back to staffing levels, skills, and supervision. These are <b>core governance concerns</b> and should prompt providers to assess their governance frameworks.</p>	<p><b>Assess:</b></p> <p>Are complaint and SIRS data being analysed for patterns, recurrence, and systemic risks?</p> <p>How are you assessing the effectiveness and sustainability of actions implemented in response to SIRS, complaints and other internal indicator measures?</p> <p><b>Ask:</b></p> <p>Is consumer feedback consistently informing service delivery and design?</p>
	<p><b>Home Care</b></p> <p>Complaints data points to ongoing <b>consumer dissatisfaction</b>, particularly around lack of consultation and communication. <b>Neglect</b> remains the most common SIRS category, representing more than half of reported incidents. Staff-related financial coercion was the second most reported incident type.</p>	
	<p>Governance is becoming more complex in aged care, requiring Boards to adopt more structured and targeted review processes. Boards should ensure that complaint and SIRS data is examined not only for individual incidents, but for overarching themes, recurrence rates, and systemic risks. This review should extend to assessing the effectiveness of preventative actions and whether they are sustained over time. Importantly, the feedback loop must be closed – recipient feedback and complaint learnings should directly inform the redesign of processes, communication protocols, and care delivery models to address root causes and improve the consumer experience.</p>	

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<b>NQIP</b>	<p>Key insights of the Q3 National Quality Indicator Program (NQIP) data includes:</p> <ul style="list-style-type: none"> <li>▪ Clinical Outcomes: Over the past three years, eight of the nine long-term indicators have improved, with fewer care recipients experiencing adverse outcomes such as pressure injuries or unplanned weight loss. However, falls rates remain unchanged, indicating an ongoing area of risk.</li> <li>▪ Workforce Stability: Staff turnover rates have declined, signalling improved workforce retention across the sector.</li> <li>▪ Consumer Experience: Reported satisfaction and quality of life measures continue to trend upwards.</li> <li>▪ Hospitalisation: Rising rates of emergency department presentations and hospital admissions, pointing to potential gaps in acute care management and preventative care strategies.</li> </ul>	<p><b>Ask:</b></p> <p>How is incident data analysed to identify patterns and root causes?</p> <p>Are risks escalated and addressed proactively?</p> <p>Is incident data driving measurable improvements?</p>
<b>TARGETED REVIEWS</b>	<p>The Commission conducted targeted reviews (Jan–Apr 2025) to assess provider compliance with governance responsibilities under the <i>Aged Care Act 1997</i> and relevant Prudential Standards.</p> <p>Overall compliance was generally strong, but notable gaps were identified:</p> <ul style="list-style-type: none"> <li>▪ Lack of timely notification and documentation of key personnel changes via the Government Provider Management System.</li> <li>▪ Incomplete governance policies, including those for managing refundable deposits.</li> <li>▪ Many providers did not maintain Consumer Advisory Bodies or Quality Care Advisory Bodies as required by the Act.</li> </ul> <p>As highlighted under compliance with the standards, SIRS and complaints, governance issues remain a challenge for many organisations. A provider’s understanding of their governance responsibilities becomes even more important with the commencement of the new Act and associated standards commence from 1 November 2025.</p>	<p><b>Assess:</b></p> <p>Review current governance frameworks against upcoming Act and standards.</p> <p>Consider including governance compliance health as a standing board agenda item, with KPIs and periodic review cycles.</p>



Both the Quarterly Financial Snapshot (QFS) and StewartBrown's survey for Q3 show improved profitability in RAC and modest gains in HC over the year.

## Residential Aged Care

The QFS reports EBITDA in Q3 FY25 of **\$44.79 per resident per day (prpd)**, up \$1.71 on Q3 FY24. StewartBrown reports \$22.10 prpd (\$8,067 per bed per annum (pbpa)) for Q3, up \$2 prpd YoY but down nearly \$1 prpd from Q2. There is a once-off timing gap from the Fair Work Commission's January wage increase, with the corresponding AN-ACC uplift not taking effect until March—resulting in providers being **underfunded for the first two months of Q3** to a greater extent than usual. This is evident in EBITDA results, with both the QFS and StewartBrown reports showing a slight decrease in performance from Q2.

The overall improvement over time observed in both the QFS and StewartBrown survey results is also driven by some **providers not meeting care minute targets** (penalties from April 2026 will reverse this benefit). With wages representing 71% of revenue, performance is highly sensitive to labour cost changes.

**Everyday Living and Accommodation margins remain negative**; however, providers offering Additional Services report better Everyday Living results. This demonstrates the positive impact such services – and potentially the new HELF program (although as previously reported, there are potential limitations) – can have on both financial performance and resident experience.

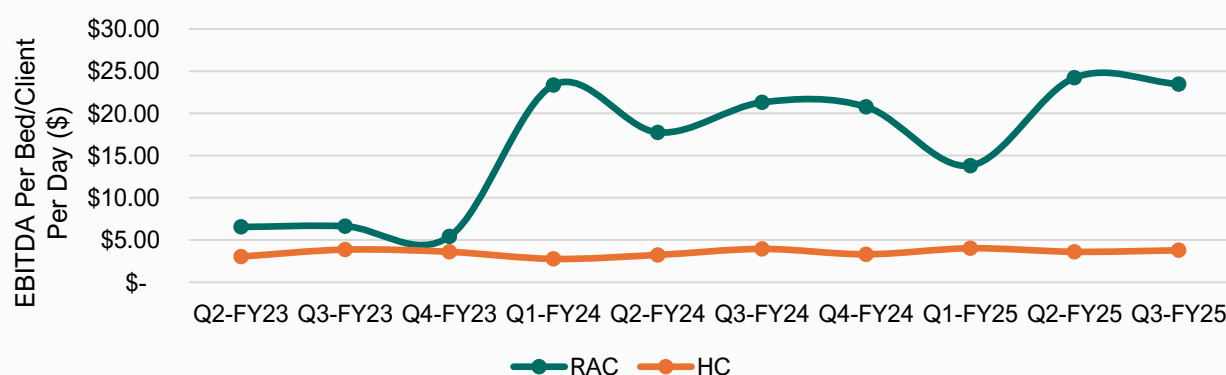
Both reports show **occupancy rising**. QFS reports 90.2% (all operational beds, including government run homes) vs StewartBrown's 94.2% (available beds only). At 94%, the sector is effectively at capacity, with turnover preventing a true 100% rate.

StewartBrown data shows that **providers operating more than 20 homes achieve significantly greater economies of scale**, reporting EBITDA margins more than double those of smaller operators (\$37.45 prpd vs \$14.41 for 1 home, \$12.01 for 2–6 homes, and \$13.61 for 7–20 homes). This performance gap is a key driver of M&A activity in the sector.

## Home Care

EBITDA results **remain relatively stable** across both the QFS and StewartBrown report. Package utilisation improved to 85.5% (QFS) / 86.7% (StewartBrown). Whilst margins are low compared to RAC, the growth opportunities lie in scaling operations and improving efficiency. The move to SAH should accelerate the need for operational streamlining.

## EBITDA per Bed/Client per day from Q2-FY23 to Q3-FY25



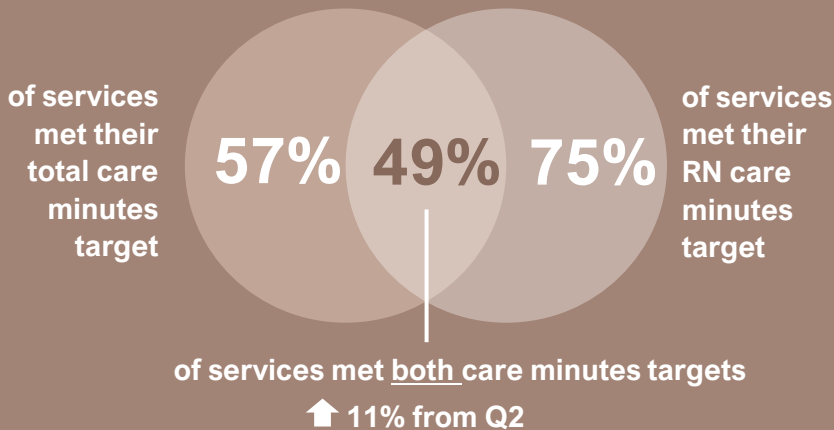


TOPIC	SUMMARY	ACTIONS
<b>FINANCIAL REPORT ON THE AUSTRALIAN AGED CARE SECTOR 2023- 24</b>	<p>The FY24 financial report shows an improvement in financial profitability and strength, but the sustainability of these results without continued funding growth remains a concern amid ongoing sector reform.</p> <p><b>Residential Aged Care</b></p> <ul style="list-style-type: none"> <li>▪ <b>Sector consolidation:</b> provider numbers declined from 764 to 736. Consolidation is also reflected in the balance sheet, with Goodwill assets rising by \$3.7b.</li> <li>▪ <b>Financial rebound:</b> average EBITDA prpd increased \$28 to \$35.61; 59% of providers reported a profit before tax.</li> <li>▪ <b>Length of stay (LOS):</b> median LOS fell to 18.8 months; average LOS declined to 2.8 years, reflecting the trend of people entering later and with more complex conditions.</li> <li>▪ <b>Capital investment:</b> expenditure on completed or in-progress capital works rose for the first time since FY20 to \$4.2b, primarily for new builds. This may also be influenced by higher construction costs.</li> <li>▪ <b>RAD/DAP shift:</b> RAD pool now \$42.2b (up from \$37.5b), with RAD preferences rising (40.1% vs 33.9% in FY23) and DAP preferences falling, driven by the higher MPIR making DAPs less attractive. RADs remain the primary source of debt funding.</li> <li>▪ <b>Balance sheet strength:</b> overall sector improvement, though for-profit providers still have weaker balance sheets than not-for-profits.</li> </ul> <p><b>Home Care</b></p> <ul style="list-style-type: none"> <li>▪ <b>Package growth:</b> recipients increased by 6.6% to 275k, with minimal consolidation (providers down from 923 to 909) despite M&amp;A interest from many providers.</li> <li>▪ <b>Performance improvement:</b> average EBITDA prpd increased \$2.12 to \$4.88; the top quartile remains well ahead (\$15.19).</li> </ul> <p><b>Other Sector Trends</b></p> <ul style="list-style-type: none"> <li>▪ <b>Changing usage:</b> RAC use fell from 7.5% of people aged 70+ in 2004 to 5.6% in 2024, while HC use more than quadrupled (1.4% to 7.8%) reflecting preferences.</li> <li>▪ <b>Future demand:</b> RAC demand is forecast to grow 3.7% p.a. to 410k residents by 2044, requiring over 10,000 new beds each year. While financial performance has improved, the sector's current capital structures and escalating construction costs make it challenging for new build and redevelopment business cases to stack up. This challenge is compounded by uncertainty surrounding the future of RADs and other accommodation payment models. HC demand is projected to grow 2.4% p.a. to 1.82m people by 2044.</li> </ul>	<p><b>Ask:</b></p> <p>How sustainable is your current financial performance under the new Act?</p> <p>What are your capital investment plans and how do you account for and mitigate the risk around RADs?</p> <p>How are you positioning your organisation in light of the projected growth in demand of RAC and HC and the current shortage?</p> <p>Does your organisation have the balance sheet strength to meet the new liquidity requirements?</p>



TOPIC	SUMMARY	ACTIONS
ACCOMMODATION PRICING	<p>The MPIR and maximum accommodation payment amounts have been updated. The MPIR decreased to 7.78% from 8.17% last quarter and will decrease again next quarter as a result of the RBA rate cut in August 2025. The maximum RAD a provider can charge without approval from IHACPA is now \$758,627 (up from \$750,000).</p> <p>Our analysis of advertised RAD pricing on MyAgedCare indicates that the <b>average minimum advertised price for a home's cheapest room</b> has increased by approximately 9% since July 2024 to \$455k, while the <b>average maximum advertised price for their most expensive room</b> has risen to \$622k. Providers should continue to actively monitor opportunities to increase room prices relative to local market dynamics of the home.</p>	<p><b>Monitor:</b></p> <p>What is your accommodation pricing strategy</p> <p>How often do you review room prices?</p>
SAH PRICING FRAMEWORK	<p>IHACPA released a Consultation Paper on the Pricing Framework for Support at Home aged care services (2026–27). Core elements of the framework include:</p> <ul style="list-style-type: none"><li>▪ Comprehensive data collection, relying on provider cost/activity data via ACFR/QFR and Annual Support at Home Costing Studies.</li><li>▪ Unit pricing to vary based on delivery time and day.</li><li>▪ Consideration of varying unit pricing to reflect geographic location (rural / remote) and the demographic of clients (ATSI, culturally diverse, other special needs).</li></ul> <p>IHACPA is also considering and seeking input regarding how CHSP data and providers will be integrated post-2027.</p> <p>With pricing caps set to start July 2026, IHACPA's advice timeline is tight and any further delays could hamper budget planning.</p> <p>As recommended previously, providers should begin capturing accurate cost and activity data, including staff utilisation, travel, administration, and service variability. In addition, evaluate whether your services operate in thin or priority markets where cost loadings may be justified. CHSP providers should prepare for transition by reviewing technology and reporting capabilities.</p>	<p><b>Evaluate:</b></p> <p>Does your organisation have a thorough understanding of cost and activity data?</p> <p>Have you considered how you might change your service delivery model to suit SAH and the pricing model?</p>

## CARE MINUTE REQUIREMENTS \*



## CARE MINUTES

**217.14** average total care minutes delivered

↑ 4.2 minutes from Q2

**47.22** average RN care minutes delivered

↑ 1.4 minutes from Q2

## WORKFORCE REQUIREMENTS

**95%** of services met their 24/7 RN target at June 2025



**75**

workers were investigated over concerns the worker did not comply with the Code of Conduct for Aged Care.

## WAGES

**\$51** average hourly rate for RNs

↑ \$1 from Q2

**\$38** average hourly rate for ENs

↑ \$0.3 from Q2

**\$34** average hourly rate for PCWs

↑ \$0.4 from Q2

*\*As reported in the Department's Care Minutes Dashboard for January to March (Q3), Published July 2025  
Comparisons note the change from figures published in the previous quarter*

*Sources: Sector Performance Report, January to March (Q3), Published July 2025  
Quarterly Financial Snapshot of the Aged Care Sector October to December 2024 (Q2), Published June 2025  
Registered nurse coverage in residential aged care dashboard, Published June 2025*



TOPIC	SUMMARY	ACTIONS
<b>CARE MINUTES</b>	<p>There has been a considerable increase in the proportion of providers meeting their required care minute and RN targets, however, this is partly due to the inclusion of up to 10% EN time from 1 October. Without the inclusion of those minutes, only 35% of services would meet both targets (compared to 49%), and only 49% would meet the RN targets (compared to 75%). The total minutes delivered continues to increase over time. This is being driven by several factors:</p> <ul style="list-style-type: none"> <li>Increasing pressure from the Government to <b>enforce compliance</b>, including targeted audits and investigations of services falling below their targets.</li> <li><b>Upcoming changes to funding arrangements</b>, where funding for MM1 non-specialised homes will be directly linked to the delivery of care minutes, prompting providers to strengthen compliance ahead of these changes.</li> </ul> <p>Since mid-last year, the Commission has intensified its activity, <b>conducting 326 risk-based monitoring assessments in Q3 alone</b>, covering both 24/7 registered nurse and care minutes targets. A number of services have entered enforceable undertakings and the Commission is actively supervising 14 providers operating 76 services.</p> <p>Separately, the Department has required a number of providers to submit substantial information on care minutes over the last 18 months. While less visible publicly, we are aware of many instances where the Department has disputed the inclusion of certain roles and hybrid roles in care minute counts, requiring providers to resubmit data, which can impact star ratings. The Department also now announced that from FY26, providers will be required to <b>submit a Care Minutes Performance Statement, audited by an external auditor</b>. As reported previously, the Department has <b>updated the definition of PCWs</b> which could impact some hybrid roles.</p>	<p><b>Review:</b></p> <p>How are you monitoring compliance with the minutes? Consider real-time reporting tools to actively monitor.</p> <p>Model the financial impact of the new funding arrangements linked to care minutes and incorporate into budgeting and forecasting processes.</p> <p><b>Update:</b></p> <p>Has your organisation prepared clear role classification documentation to support inclusion of roles / hybrid roles in care minute reporting?</p> <p><b>Prepare:</b></p> <p>Review your systems and processes for recording and reporting minutes in preparation for external audits.</p>

TOPIC	SUMMARY	ACTIONS
<b>WORKFORCE FUNDING</b>	<p>The Australian Government has committed an additional <b>\$30.8 million</b> to strengthen the aged care workforce:</p> <ul style="list-style-type: none"> <li>▪ \$20.5 million allocated to the <u>Regional, Rural and Remote Home Care Workforce Support Program</u> to attract, train, and retain up to 4,000 additional personal care workers. This is an existing to program that has already attracted 13,000 new PCWs to the home care sector nationally over 3 years.</li> <li>▪ \$10.3 million invested in the <u>Aged Care Transition to Practice Program</u>, aimed at equipping up to 2,125 registered and enrolled nurses with skills to deliver high-quality aged care.</li> </ul>	<p><b>Consider:</b></p> <p>Eligible regional providers should consider engaging with approved organisations to help recruitment and retention initiatives.</p> <p>Encourage existing staff who are studying to complete the Transition to Practice Program.</p>
<b>FWC PAY INCREASE</b>	<p>Upcoming award wage increases include:</p> <ul style="list-style-type: none"> <li>▪ Registered and Enrolled Nurses (Aged Care): Further award wage increases will apply from 1 October 2025 and 1 August 2026.</li> <li>▪ Direct Care and Some Home Care Aged Care Workers: Stage 3 increases will apply from 1 October 2025.</li> </ul> <p>In addition, a further grant opportunity will soon open to help aged care providers offset part of the increased value of historical leave liabilities for workers affected by the Fair Work Commission's Aged Care Work Value Case decisions. Providers should monitor GrantConnect for details.</p>	<p><b>Ask:</b></p> <p>Are your entitlements competitive with the award?</p> <p>How will the further increases impact your service's performance?</p> <p><b>Consider:</b></p> <p>Applying for the grants to assist with covering the increased leave liability.</p>



TOPIC	SUMMARY	ACTIONS
REMOVING RIGHTSIZING ROADBLOCKS	<p>Ansell Strategic has been working with the Property Council to advocate for <b>reforms to the Age Pension assets test and Commonwealth Rent Assistance eligibility</b> to unlock more accessible rightsizing for older Australians. Adjustments could free up <b>59,000+ homes</b>, ease housing and aged care system pressures, and generate \$2.95 billion in stamp duty revenue.</p> <p>The full report can be found <a href="#">here</a> and highlights financial and other barriers to entry into a retirement living. These are important considerations for marketing, pricing and contract structures in villages.</p>	<p><b>Assess:</b></p> <p>What is your target market for your retirement villages? Have you assessed their financial barriers to entry? Does your pricing and contract strategy address some of these barriers?</p>
RETIREMENT LIVING CENSUS	<p>Key insights from <a href="#">PwC/Property Council's 2023-24 Census</a>:</p> <ul style="list-style-type: none"> <li>▪ <b>Average length of stay</b> in Independent Living Units (ILUs) has <b>risen slightly to 9 years</b>, while tenure in serviced apartments is decreasing to 4.7 years. Residents are entering later (average entry age 75) and staying longer (average current age 81), reflecting the <b>increased delivery of home care</b> – now offered directly by 63% of operators. The ability to access care services within a village is becoming a stronger drawcard.</li> <li>▪ Growth in home care provision is also influencing exit trends. While the most common reason to leave remains entry into RAC (43%), there is a <b>rising share of residents passing away or transferring to hospital</b>.</li> <li>▪ ILU prices increased 16.5% in 2024 (from ~\$559k to ~\$651k) but remain at <b>~59% of median local house</b> prices, maintaining their position as a relatively affordable rightsizing option.</li> <li>▪ Demand is high, with <b>vacancy rates at just 4%</b>, yet supply is falling short – only ~12,000 units are forecast by 2030 against an estimated need for 67,000. With villages averaging 29 years old, substantial investment will be required to both upgrade existing stock and deliver new supply to meet future resident expectations.</li> </ul>	<p><b>Evaluate:</b></p> <p>How do the census statistics compare to your village / portfolio?</p> <p><b>Ask:</b></p> <p>What is your strategy and position in retirement living?</p>



TOPIC	SUMMARY	ACTIONS
<b>VCAT DECISION: LIFESTYLE COMMUNITIES</b>	<p>In July 2025, VCAT ruled that Lifestyle Communities' Deferred Management Fee (DMF) clauses were void under the <i>Residential Tenancies Act 1997</i> (Vic) because they did not provide a clear, ascertainable dollar amount at the time of contract signing. The decision triggered a trading halt and a share price drop of around 40%. Lifestyle Communities has announced an appeal and is seeking a stay of orders, while amending future contracts to cap DMFs at 20% of purchase price over five years.</p> <p>While the decision could have significant implications for the land lease sector, legal commentary suggests the impact for retirement village operators is more limited. In practice, the case reinforces existing requirements that exit fees must be clearly disclosed, with calculation methods and purposes plainly set out in both the contract and disclosure statement, and must not be unfair under the Australian Consumer Law. Operators who already meet these standards are unlikely to face increased risk. However, the ruling underscores the need for Boards to review contractual models to confirm compliance, ensure transparency, and mitigate the risk of any clauses being declared void in the event of a challenge.</p>	<p><b>Assess:</b></p> <p>Review standard form contracts, disclosure statements, and marketing materials for clarity, compliance, and fairness.</p> <p><b>Monitor:</b></p> <p>Monitor the outcome of the appeal.</p>
<b>NEW RETIREMENT VILLAGES ACT IN VICTORIA</b>	<p>The <i>Retirement Villages Amendment Bill 2024</i> (Vic) passed both Houses of Parliament on 28 May 2025, presenting significant changes to the legislative landscape in which villages operate.</p> <p>Some key changes include:</p> <ul style="list-style-type: none"> <li>Information statements will be required to be published on village websites.</li> <li>Deferred Management Fees (DMFs) must be charged on a resident's ingoing contribution.</li> <li>Ingoing contributions must be repaid within 12 months of a resident's departure.</li> <li>Refurbishment costs must be borne in the same proportion as capital gains entitlement.</li> <li>Village by-laws must not unreasonably prevent residents from keeping a pet.</li> </ul> <p>The Bill is expected to come into operation on or before 1 May 2026.</p>	<p><b>Monitor:</b></p> <p>For Victorian operators, monitor implementation timelines for the Victoria reforms.</p> <p>Ensure disclosure and exit policies align with new statutory requirements by 2026.</p>



TOPIC	SUMMARY
<p><b>NOTABLE TRANSACTIONS THIS QUARTER</b></p>	<p>Notable recent transactions announced or completed:</p> <ul style="list-style-type: none"> <li>▪ <b>Brookfield</b> has completed a landmark sale of <b>Aveo Group</b> to <b>Scape's The Living Company</b> for <b>A\$3.85 billion</b>—the largest direct real estate transaction in Australia's history. Aveo, which operates over 10,000 retirement units, sold for nearly double what Brookfield paid.</li> <li>▪ <b>Lutheran Homes Group</b> has entered Victoria, acquiring <b>Sunnyside Lutheran Retirement Village (Horsham)</b> and <b>Eventide Lutheran Homes &amp; Hamilton Village</b>, adding 134 RAC beds and 184 ILUs to its footprint. Ansell Strategic assisted with buy side due diligence.</li> <li>▪ <b>Kinyara Health</b>, a prominent home-based care provider, has acquired <b>Accept Care</b>—its first expansion into South Australia. Accept Care will retain its branding and team, but share central services and workforce infrastructure.</li> <li>▪ <b>Estia Health</b>, backed by Bain Capital, acquired two high-end aged care facilities—<b>Little Bay</b> and <b>Warrawee</b>—from <b>Mark Moran Group</b> in Sydney (totalling around 260 beds). This takes Estia's portfolio to 87 homes.</li> <li>▪ <b>Regis Healthcare</b> struck a \$135.5 million deal to acquire <b>four premium Rockpool aged care homes</b> in Southeast Queensland (approximately 600 beds), expanding its network to 72 homes (8,200 beds).</li> <li>▪ US-based <b>Invesco Real Estate</b> is acquiring <b>RetireAustralia</b> from Infratil and NZ Super Fund for <b>A\$845 million</b>, a discount from the initial sale price expectation of \$1b. The portfolio includes 29 villages and 4,300 units, with a development pipeline of up to 800 additional units. The deal awaits FIRB approval.</li> <li>▪ The sale of <b>Keyton</b> continues, with GIC, AustralianSuper, Scape and Nippon Steel Kowa Real Estate reported to be proceeding to the next round.</li> <li>▪ Ansell Strategic assisted the Anglican Diocese of Willochra with the sale of their 42 bed <b>Willochra Home</b> in Crystal Brook, SA to <b>Barunga Village</b>. The deal was finalised in June 2025.</li> </ul>

TOPIC	SUMMARY	ACTIONS
NOTABLE TRANSACTIONS THIS QUARTER (CONT.)	<ul style="list-style-type: none"> <li>▪ <b>Respect Aged Care</b> has continued its rapid expansion in aged care and retirement living well into 2025 with the recent acquisition of <b>NVC Group's</b> aged care portfolio. This transaction includes: <ul style="list-style-type: none"> <li>▪ <b>Riverside Gardens</b>, a 97-bed RAC home in Nambucca Heads;</li> <li>▪ <b>Autumn Lodge</b>, a 95-bed RAC home in Macksville;</li> <li>▪ <b>Cedar Place</b>, a 66-bed RAC home in Kempsey;</li> <li>▪ <b>Fairway Gardens</b>, a 38-unit retirement village in Macksville;</li> <li>▪ <b>Riverside Gardens</b>, a 55-unit retirement village in Nambucca Heads; and</li> <li>▪ <b>Lakeside Gardens</b>, a 32-unit retirement village in Macksville.</li> </ul> </li> <li>▪ <b>Benetas</b> acquired a Victorian aged care facility operated by <b>Moran Health Care Group</b>. The facility, located in the suburb of Roxburgh Park, is co-located to a village owned and operated by Benetas, named <b>Bridgewater Lake Retirement Estate</b>. This facility adds to Benetas' portfolio of co-located communities and marks the 13<sup>th</sup> aged care home operated by the organisation.</li> <li>▪ <b>BaptistCare</b> has acquired <b>Sunrise Supported Living Tuncurry RV &amp; HC</b> in NSW. The portfolio includes a 109 unit retirement village and an over 250 client portfolio of Home Care recipients, 66 of which are residents of the village and the remaining 190 live in the mid-North Coast. This acquisition expands upon BaptistCare's ambitious growth strategy, with recent mergers and acquisitions completed across Victoria, SA, WA, and Tasmania.</li> </ul> <p>We cover these transactions in more detail in our next edition of the Deal Tracker.</p>	<p><b>Discuss:</b></p> <p>What is your organisation's position, appetite and strategy regarding M&amp;A?</p> <p>Are you seeking to grow?</p> <p>Have you considered divesting any non-core services?</p>



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