



**Ansell
Strategic**

The Board Pack

**What Executives and
Directors need to know
in Aged Care**

Q1 FY26

Q4 Snapshot



Regulation & Reform

This has been one of the busiest quarters with the volume of reforms announced and implemented.

Adjustments to AN-ACC funding were announced and enacted on 1 October, with a redistribution in the proportion of funding allocated between both classes MMM categories. The changes reduce funding for higher AN-ACC classes and reallocate funding to lower and mid-level classes in an effort to further align with costs of care. Proportionally more funding will also be distributed to rural and remote homes, reflecting the tougher operating environment.

The Final Rules were released, clarifying transitional arrangements for existing recipients of aged care as well as the services that can be included within the new Higher Everyday Living Fee (HELFF) program, effective 1 November 2025.

A review on the accommodation pricing of aged care was announced, which will consider the sustainability of the current accommodation funding arrangements in residential aged care.

Workforce

54% of providers met both requirements, up from 49% in Q3. With funding changes effective from 1 April 2026, MM1 providers face increased pressure to comply or risk financial penalties based on their December 2025 quarter performance.

Funding & Finance

The financial performance of residential aged care (RAC) has declined between Q3 and Q4 FY25, as more providers are increasing their workforce to meet care minute targets. Home Care providers experienced a slight uplift in performance between Q3 and Q4 2025. Many providers reviewed their pricing and efficiencies in preparation for the new Support at Home Program.

Operations & Compliance

The Department paused compliance audits over Q4 FY25 as the sector prepared to transition to the new Aged Care Act 2024. The next wave of assessments mark a major transition as the first conducted under the Strengthened Standards. While a surge in audits is not expected, compliance will be assessed through tangible quality outcomes, rather than procedural compliance alone.

M&A

It has been a very busy quarter for M&A activity. The latest edition of our **Deal Tracker publication** has been released, capturing all of the latest transactions and offering insights in our learnings of the successes and challenges in recent transactions.

Entering a New Era

Finally, the long-awaited Aged Care Act 2024 was introduced on 1 November. The new legislation is the cornerstone of the Commonwealth Government's response to the Aged Care Royal Commission (Recommendation 1).

The greater certainty and growing demand has resonated positively with the investment community, and we have witnessed record numbers of acquisitions over the last 6 months. This Board Pack features our 2024/25 [Deal Tracker](#) which explores the major transactions reshaping the aged care and retirement living market.

Despite the strong interest in acquiring existing aged care services, investment in new supply has slumped to record lows – only 802 residential aged care beds were added in FY25 against Government projected requirements of over 10,000 beds per annum. Labor's reform program continues to draw heavy criticism from media and State Governments as severe aged care supply shortages impact healthcare systems around the country.

Perhaps the most alarming feedback has come from the Inspector General of Aged Care (IGAC) in their first report card on the Government's implementation of the Royal Commission Recommendations. In a scathing assessment of the Government's reform program, Natalie Siegel-Brown concludes that the new Act and accompanying reforms will not achieve the transformational change the Royal Commission deemed vital.

The IGAC warns that the reforms introduced to date, coupled with the retention of the rationed aged care system, are likely to do more damage to older Australians than good. It would appear that the reform process has a long way to go for the Labor Government!

While the reform process has been long and the Act is imperfect, it offers the sector much needed stability and a framework for forward planning. There are numerous positive signs pointing towards a new wave of growth and innovation; the financial performance of the sector has stabilised, workforce levels have rebalanced from the 2021-22 crisis point, and demand and investment levels continue to grow.

These dynamics create ideal conditions for well-governed and ambitious organisations to get ahead in this New Era.

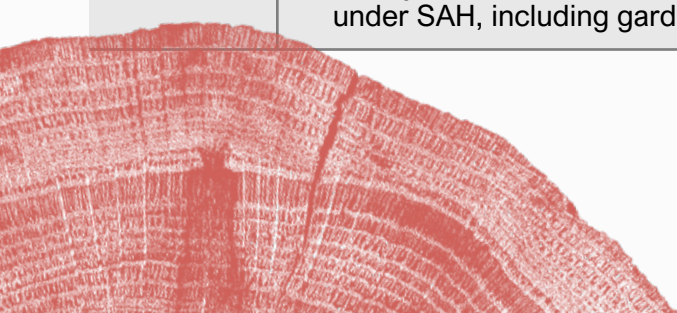


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TOPIC	SUMMARY	ACTIONS
<p>INSPECTOR GENERAL REPORT</p>	<p>The Inspector General of Aged Care (IGAC), Natalie Siegel-Brown, has released her first report on the Commonwealth Government’s management of the aged care reforms. The Inspector General of Aged Care Act 2023 (IGAC Act) requires the IGAC to assess the Government’s progress against each of the 148 recommendations of the Royal Commission into Aged Care 2021.</p> <p>The major conclusion reached by the IGAC is that the Government has failed to introduce the new, entitlement-based system recommended by the Royal Commission (Royal Commission recommendations 25 and 41). The report states that the Government’s reform program will be unable to deliver the transformational change the Royal Commission considered vital. Consistent with the concerns highlighted in our 2021 Budget Paper, the IGAC highlights the risks of implementing the easiest recommendations whilst retaining Australia’s rationed system.</p> <p>The IGAC’s assessment concludes as follows:</p> <ul style="list-style-type: none"> ▪ Attempts to protect and promote the rights of older people seeking or receiving aged care fell manifestly short of achieving the system-wide transformation. ▪ The retention of the rationed system, home care co-payments and the growing administrative burden will exacerbate waitlists, especially for the financially disadvantaged. ▪ The clinical focus of AN-ACC and mandated staff minutes undermines the holistic notion of high-quality care. ▪ Government reforms to date have ignored the needs of people from diverse backgrounds. Mainstreaming of aged care services has made outcomes worse for Aboriginal people. ▪ The time available for staff to deliver personal care is being steadily eroded by increasingly prescriptive administrative and reporting tasks. <p><i>“The transformational change Commissioners envisaged has not been delivered to date and will not be delivered by the Act. Stakeholders and the Inspector-General are anticipating a range of unintended, and intended but undesirable, consequences to become evident following the Act’s commencement.” - Natalie Siegel-Brown, IGAC</i></p> <p>There is no requirement for the Government to respond to the IGAC findings and none had been provided at the time of this Board Pack. Shortly after the report was tabled, the Minister for Aged Care and Seniors released the Government’s internal survey demonstrating high levels of satisfaction with the aged care system.</p>	<p>Monitor:</p> <p>Upcoming reports from the Inspector General and potential implications for reforms and impacts on your operations.</p> <p>Consider:</p> <p>Where your organisation aligns with the findings of the IGAC’s report, consider advocating for structural reform.</p>

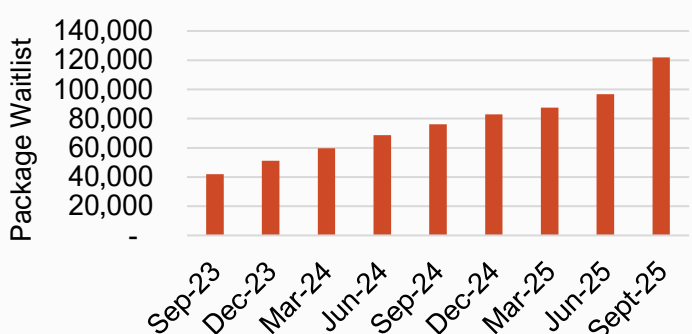
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<p>AN-ACC FUNDING ADJUSTMENT</p>	<p>The Government implemented adjustments to AN-ACC funding from 1 October 2025. The key changes included:</p> <ul style="list-style-type: none"> ▪ The AN-ACC base price (per National Weighted Activity Unit) increased from \$282.44 to \$295.64 as of 1 October 2025. This represents a 4.67% increase. ▪ Re-weighting of the AN-ACC classes, with classes 2 to 4 receiving the highest funding uplift, whilst classes 1, 10 and 13 receive the largest decrease. ▪ The MMM categories were also re-weighted, with MMM1 receiving the 4.7% funding uplift from the base price increase, MMM2-3 receiving a minimal 0.9% net uplift, and MMM4-5 receiving the highest uplift of 6.5%, recognising the higher costs of delivering care in rural/remote locations. ▪ The hotelling supplement was raised from \$15.60 per resident per day (PRPD) to \$22.15 PRPD on 20 September 2025. This will now be indexed annually, based on pricing advice from IHACPA. <p>The numbers appeared positive in the headlines; however, the AN-ACC activity unit weightings and care minute adjustments revealed an overall funding increase of only 1.59% based on current resident profiles, with a slight 0.6% reduction in registered nurse and care minute targets. This resulted in an average funding increase of just 2.6% per care minute. Market expectations were higher, and Regis responded with an ASX Announcement stating the indexation would not cover anticipated staff costs and revised its earnings outlook. The company's share price fell by more than 25%.</p> <p>Sector concerns also grew following IHACPA's affirmation that its cost-based National Efficient Price does not include provider margins. As noted in previous Board Packs, much of the recent positive financial performance has come from providers not meeting mandated care minutes. From April 2026, those providers will face subsidy reductions, decreasing sector returns. The absence of margins on care operations has raised concerns about longer-term viability.</p> <p>These factors, combined with high construction costs, are contributing to low levels of planned investment in new aged care homes. Only 802 new beds opened in 2024/25—far short of the Commonwealth's projected annual demand of around 10,000. The supply shortage is placing critical pressure on state hospital systems, increasing calls for the Commonwealth to reconsider its aged care funding parameters.</p>	<p>Assess:</p> <p>What do the funding changes mean to your forward operations projections and feasibility studies for new developments?</p> <p>Consider:</p> <p>Are there opportunities to work with State Governments to address hospital capacity shortage and diversify your revenue streams?</p>

TOPIC	SUMMARY	ACTIONS
<p>SENATE INQUIRY</p>	<p>In October 2025, the Senate released its report on the Inquiry into Aged Care Service Delivery. This report revealed the extent of growing backlogs in Home Care – almost 240,000 people either waiting for their assessed package or waiting for assessment by ACAT (see breakdown below).</p> <p>The 20,000 additional packages, promised to be released by the Government in September, had also not been released at the time of the Senate’s report. The report called for the Government to remove the rationed system and review the Single Assessment Framework, which has been criticised for causing additional administrative bottlenecks.</p> <p>In November 2025, the Senate also voted to establish two additional inquiries into the aged care reforms, concerning the following:</p> <ul style="list-style-type: none"> ▪ The integration of CHSP into the SAHP, which includes timelines, potential impacts on existing and future participants and provider readiness. ▪ The pricing and accessibility of the new SAHP, with concerns raised by the IGAC about the impact of co-payments on accessibility, the pricing mechanisms and ensuring equitable access to care for the financially disadvantaged, the process and wait times to access care and the impact of the program on RAC and hospitals. 	<p>Monitor:</p> <p>The outcome of the inquiries and potential changes to the release of future SAHP packages.</p>
<p>FINAL RULES</p>	<p>The final Aged Care Rules were released in September 2025. The Rules confirmed some previously ambiguous parameters, including:</p> <ul style="list-style-type: none"> ▪ Providers of Transitional Care Program (TCP) must now comply with specific starting/ceasing notification requirements (section 149 of the Rules). ▪ Restorative care providers are now required to include an exit strategy as part of the resident’s restorative care plan. ▪ The cooling off period was extended from 14 days to 28 days, allowing recipients to withdraw from the agreement over a longer timeframe. ▪ Hourly caps have been removed from some services under SAH, including gardening and cleaning. 	<p>Consider:</p> <p>Does the Board understand the Final Rules, and does it feel comfortable that the organisation has adequate practices in place to be compliant and minimise risks?</p>



TOPIC	SUMMARY	ACTIONS
<p>ACCOMMODATION PRICING REVIEW</p>	<p>The <u>Accommodation Pricing Review</u> (the Review) was announced in September 2025 and will examine if the current accommodation pricing and the government’s Accommodation Supplement remain appropriate and sustainable under the reformed aged care system.</p> <p>The Review will advise on policy, funding and administrative settings to:</p> <ul style="list-style-type: none"> ▪ Ensure equitable contributions and outcomes for all residents, regardless of payment method or location; ▪ Maintain access to high quality accommodation for low means residents; ▪ Support provider investment and the supply of quality RAC facilities; ▪ Encourage innovation and attract capital to the sector; and ▪ Assess the adequacy of accommodation revenue, including the supplement, in light of recent reforms such as the 2% Residential Accommodation Deposit (RAD) retention and the increase in the maximum room price to \$750,000 from 1 January 2025. <p>Accommodation Supplement</p> <p>The Review will assess the rate and design of the Accommodation Supplement to ensure it supports high quality accommodation and delivers equitably accessible aged care accommodation for both supported and non-supported seniors. It will assess the adequacy of current rates to cover provider’s capital and operating costs, the effectiveness of existing incentives for accepting low means residents and opportunities to link funding to quality and design standards. The Review will also consider how the Accommodation Supplement pricing influences investment in RAC and whether Commonwealth funding remains equitable and sustainable.</p> <p>Accommodation Pricing</p> <p>Alongside the supplement review, the accommodation price setting will also be examined. Key considerations include making daily prices the default to improve transparency and simplify pricing, assessing whether the Maximum Permissible Interest Rate (MPIR) remains an appropriate mechanism for linking RADs and Daily Accommodation Payments (DAPs), and evaluating the potential need for a minimum room price for non-supported residents. The Review will report to the Minister by May 2026 and be tabled in the Parliament by 1 July 2026.</p>	<p>Monitor:</p> <p>Upcoming updates in relation to the Review.</p> <p>Consider the implications on future development planning and capital cashflows.</p>

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<p>HIGHER EVERYDAY LIVING FEE RULES</p>	<p>The Higher Everyday Living Fee (HELFF) final rules were released in September 2025, and the program came into effect on 1 November 2025. HELFF replaces Additional Services (AS) and Extra Services (ES) fees.</p> <p>Key information regarding HELFF:</p> <ul style="list-style-type: none"> ▪ HELFF cannot be agreed before entry into care or be a condition of entry to a RAC facility. ▪ Providers must comply with a 28-day cooling off period for HELFF, which allows residents to cancel or vary their HELFF services within this time period without a cancellation fee. ▪ Residents cannot be charged for services they do not or cannot use. ▪ Providers must review HELFF agreements at least annually. ▪ Once the charges for HELFF services have been agreed they can only be increased by indexation annually. ▪ Services can be delivered either individually or bundled, aligning to the previous AS model. <p>HELFF Agreements</p> <p>To receive a HELFF service a resident must have an agreement with their provider. There are two types of HELFF agreements:</p> <ul style="list-style-type: none"> ▪ Standing (written) HELFF agreement: used for services planned or agreed to in advance, including ongoing, fixed term and one-off services. ▪ Ad-hoc HELFF agreements: used for unplanned, one-off services requested by a resident at the time of delivery (e.g., a coffee from an onsite café). <p>Transition to HELFF</p> <p>Previous AS and ES Fee arrangements can continue until 31 October 2026 for residents who subscribed before 1 November 2025. All new entrants from 1 November 2025 must now be under the HELFF program. The new program also clarifies the services that can and cannot be charged for under HELFF.</p> <p>Despite this, there still remain questions among providers about the operational effectiveness of delivering mixed bundles and ad-hoc services to residents from a governance and billing perspective.</p>	<p>Assess:</p> <p>What is your transition plan for existing AS and ES residents?</p> <p>Are your mixes of services compliant against the new Act and Rules?</p> <p>Will there be an impact on the compliance and profitability of your package of services?</p>

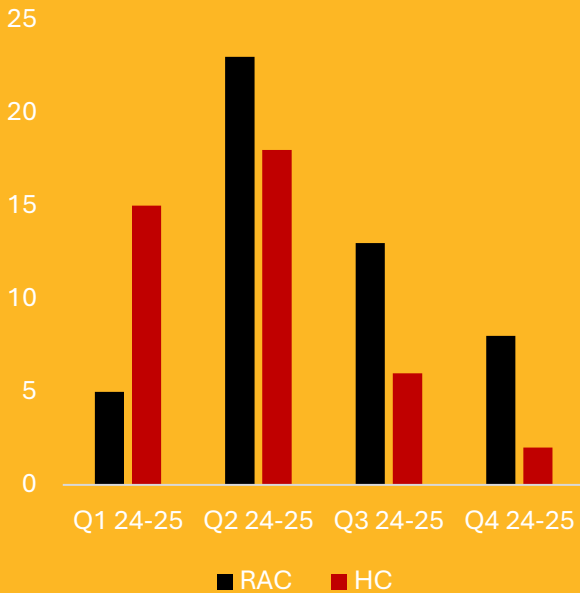
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<p>SUPPORT AT HOME PACKAGE WAITLIST INCREASES</p>	<p>The prolonged waitlist for a Support at Home (SAH) program package remains a major source of distress for older Australians, their families and a pressing issue for the Government. As of 30 September 2025, there were almost 122,000 people waiting for a package at their approved level, a significant increase from approximately 96,000 people waiting at 30 June 2025.</p> <p>In addition, over 116,000 people were waiting to be assessed as of 30 September 2025. Of these, approximately 40% are awaiting a home support assessment and approximately 60% are awaiting a comprehensive assessment. Beyond those waiting for an assessment or package, approximately 16,000 people are currently receiving care below their assessed level and are awaiting an upgrade.</p> <p>As of September, the median wait time for a comprehensive assessment was 42 days, while home support assessments had a median wait time of 19 days. However, even after assessment, significant delays persist before care is allocated. The average wait time from assessment to the allocation of a SAH package for medium-priority clients across all levels is almost 12 months, compared to just 11 days for high-priority clients. These figures highlight ongoing bottlenecks in the assessment and allocation process, with timely access to support heavily dependent on priority status.</p> <p>Between 1 November and 31 December 2025, a further 20,000 packages will be rolled out under the SAHP, followed by an additional 43,000 between 1 January and 30 June 2026. However, this will not be sufficient to address the existing backlog, meaning many older Australians will continue to wait without the care they urgently need.</p> <p>SAH Package Waitlist</p>  <table border="1"> <caption>SAH Package Waitlist Data</caption> <thead> <tr> <th>Date</th> <th>Package Waitlist</th> </tr> </thead> <tbody> <tr> <td>Sep-23</td> <td>~40,000</td> </tr> <tr> <td>Dec-23</td> <td>~50,000</td> </tr> <tr> <td>Mar-24</td> <td>~60,000</td> </tr> <tr> <td>Jun-24</td> <td>~70,000</td> </tr> <tr> <td>Sep-24</td> <td>~80,000</td> </tr> <tr> <td>Dec-24</td> <td>~90,000</td> </tr> <tr> <td>Mar-25</td> <td>~100,000</td> </tr> <tr> <td>Jun-25</td> <td>~110,000</td> </tr> <tr> <td>Sept-25</td> <td>122,000</td> </tr> </tbody> </table>	Date	Package Waitlist	Sep-23	~40,000	Dec-23	~50,000	Mar-24	~60,000	Jun-24	~70,000	Sep-24	~80,000	Dec-24	~90,000	Mar-25	~100,000	Jun-25	~110,000	Sept-25	122,000	<p>Assess:</p> <p>What strategies or service options are you implementing to support clients while they remain on the waitlist?</p> <p>Consider:</p> <p>Your service's capacity to expand offerings for clients who choose to supplement their SAH package with additional user-pays services.</p>
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Operations & Compliance



COMPLIANCE TRENDS

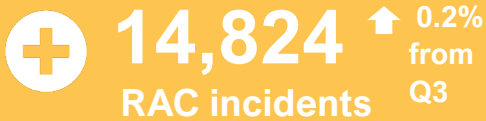
Non-compliance notices issued in RAC & HC



SITE AUDIT TRENDS

Site audit data was not updated for Q4 in the most recent Sector Performance Report. The Commission paused site audits during the transition to the new Aged Care Act. However, monitoring and surveillance activities continued during this period.

SERIOUS INCIDENT REPORTING SCHEME (SIRS)

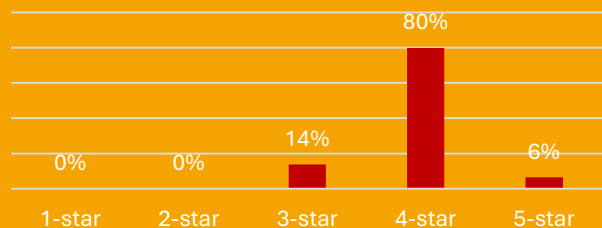


COMPLAINTS

1,731 ↑ 8% from Q3
RAC complaints

1,172 ↑ 2% from Q3
HC complaints

STAR RATINGS, OVERALL



Sources: Star Ratings Extracted from MyAgedCare, Extracted October 2025, Sector Performance Report, April to June 2025

TOPIC	SUMMARY	ACTIONS
<p>SECTOR PERFORMANCE TRENDS - COMPLIANCE</p>	<p>The latest Sector Performance Report did not include site audit data for Q4 2024–25. This is because the Commission paused all RAC and Home Care audits during the transition to the new Aged Care Act, originally scheduled to commence on 1 July 2025 and subsequently deferred to 1 November 2025. However, risk-based monitoring and surveillance activities continued throughout the quarter.</p> <p>Analysis of the three-year trend indicates a steady improvement in provider performance against the Quality Standards since late FY2023. Despite these gains, governance remains a persistent area of weakness across both sectors. Historically, low compliance in governance has been closely linked to broader performance issues, including deficiencies in financial management and workforce capability.</p> <p>Over the past three years, the number of non-compliance notices and directions issued has continued to decline across both RAC and Home Care. In Q4, only 8 RAC and 2 SAHP non-compliance notices were issued, and no directions were issued. The Commission maintained its emphasis on provider supervision, compliance monitoring, and early intervention where potential harm or risk of harm was identified.</p> <p>Compliance Outlook</p> <p>The next wave of assessments will mark a major transition as they will be the first conducted under the Strengthened Quality Standards. While a surge in audit activity is not expected, the focus and expectations will evolve.</p> <p>The Commission have indicated they will continue to apply a risk-based, fair, and proportionate approach; however, this should not be seen as reduced oversight. Instead, providers can expect a new era of accountability, with greater emphasis on governance, clinical oversight, and meaningful consumer engagement.</p> <p>Compliance will increasingly be assessed through demonstrable evidence of continuous improvement, data-driven decision-making, and tangible quality outcomes rather than procedural compliance alone.</p> <p>Looking ahead, the year will favour providers that move beyond minimum compliance to show leadership in quality, safety, and governance maturity. In particular, those that can anticipate risk, embed learning, and demonstrate a culture of accountability and improvement across all levels of their organisation.</p>	<p>Ask:</p> <p>Are you confident that your governance systems, clinical oversight and data capability will meet the heightened expectations under the Strengthened Quality Standards?</p> <p>Assess:</p> <p>Are your risk management processes, as well as training and development practices, sufficient to demonstrate sound leadership and governance maturity?</p> <p>Are your board and leadership teams receiving data-driven reporting that enables effective oversight and timely decision-making?</p>

TOPIC	SUMMARY	ACTIONS
<p>SECTOR PERFORMANCE TRENDS – SIRS & COMPLAINTS</p>	<p>Residential Aged Care The rate of SIRS in RAC increased over the past three years before declining during Q4. While this drop may indicate fewer incidents, it could also suggest that some incidents are not being detected or reported. While complaint numbers vary quarter to quarter, complaints increased by 7% in Q4. Medication administration and management has remained the leading source of complaints for the past 3 years.</p> <p>Home Care In home care services, SIRS notifications have risen steadily since reporting began in 2022-23 and have stabilised in 2024-25. However, reporting rates in home services remain significantly lower than RAC. The Commission has stated that they will continue to work with providers to strengthen their capability to detect, report and prevent incidents. Home services complaints increased by 1% in Q4. Lack of communication and consultation remains the most common issue raised, while concerns about fees and financial management are the second-highest issue raised. These themes have been persistent over several reporting periods, prompting the Commission to undertake targeted research into both categories. The findings are expected to guide providers on improving transparency, consumer engagement, and financial communication.</p> <p><i>The regulatory landscape is entering a period of heightened accountability driven by the Strengthened Standards and an intensified focus on provider-level governance.</i> Providers will be assessed not only on whether issues are resolved, but on the maturity and effectiveness of the systems that prevent issues from recurring. The shift, combined with a more sophisticated risk-based model, means organisations must be able to demonstrate not only that they meet requirements, but that they have the systems, governance, and data capability to sustain quality and safety over time. Boards will also need greater visibility of risk, stronger assurance mechanisms, and reliable data insights to navigate the next phase of reform confidently and effectively.</p>	<p>Assess: Are you systematically reviewing your SIRS and complaint data to identify emerging trends, recurring themes, or potential gaps in detection and reporting and using these insights to drive targeted improvement?</p> <p>Consider: Actively engaging with consumers, staff and advisory groups to co-design opportunities for improvement.</p>

Key Legislative Changes to Medication Administration in Victoria

On 9 September 2025, the Victorian Parliament passed the Drugs, Poisons and Controlled Substances Amendment (Medication Administration in Residential Aged Care) Act 2025 (the Act). The Act introduces a requirement for all registered RAC providers in Victoria to ensure that only nurses (Registered or Enrolled Nurses (RN/EN) or other registered health practitioners administer Drugs of Dependence and Schedule 4, 8 and 9 medications to residents who cannot self-administer.

As noted on the previous page, medication administration and management have been the leading sources of complaints in the sector over the past three years. This change aims to reduce the risk of medication-related incidents in residential aged care. The new requirements will take effect from 1 July 2026.

The legislative change means that unregistered staff, including medication-credentialed care workers, will no longer be permitted to administer Schedule 4 medications in RAC. This represents a significant shift for providers who have increasingly relied on trained care staff to undertake medication administration tasks, a function that has allowed RNs to focus on more complex clinical care.

Medication administration remains one of the most time-intensive responsibilities in RAC, and ***returning this task exclusively to RNs, a scarce resource in aged care, will have notable workforce and operational impacts, particularly given the ongoing shortage of qualified nurses across the sector.*** Providers are encouraged to ensure RNs are supported to perform tasks that “only an RN can do”, focusing their expertise on comprehensive clinical assessment and care delivery.

While the legislation intends to reduce medication-related harm, a key driver of medication incidents continues to be inadequate knowledge & training, time and workload pressures in RAC. Accordingly, providers should prioritise:

- Strengthening training and competency programs for all staff involved in medication management;
- Enhancing medication governance and oversight systems, including regular audits and clinical review; and
- Leveraging technology, such as electronic medication management systems, to improve accuracy and reduce errors at the point of administration.

The Department of Health Victoria will collaborate with providers and key stakeholders to develop regulations outlining exceptional circumstances (exemptions) where this requirement may not apply and how these situations will be managed.

However, accommodating the legislative changes will require providers to proactively review and redesign medication administration processes, adjust their workflows, staffing models, and clinical governance frameworks to ensure compliance by 1 July 2026. Providers should also establish measures to monitor the impact of these changes, including trends in medication errors, incident reports, and complaints, to evaluate whether the reforms achieve their intended outcomes and to inform ongoing quality improvement across the organisation.

Funding & Finance



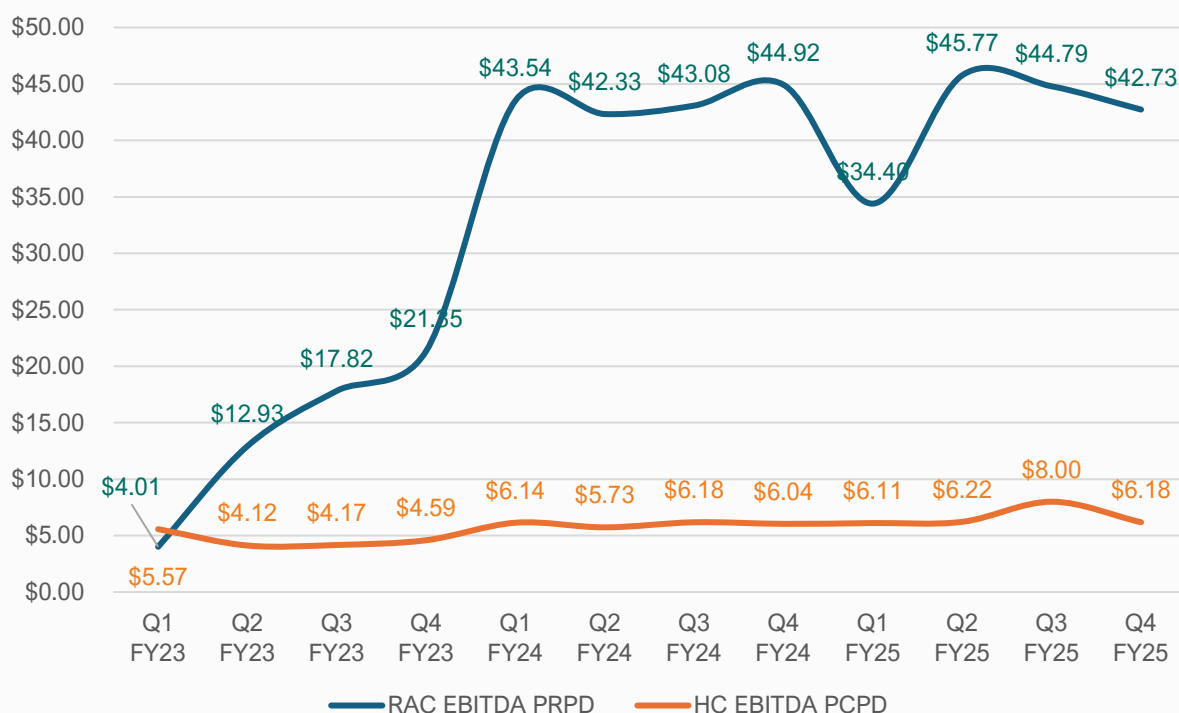
The Quarterly Financial Report (QFR) for Q4 FY25 was released on 31 October 2025. The report shows an overall slight reduction in the financial performance of the RAC sector compared to Q3, consistent with trends for the Home Care sector compared to the previous quarter. The longer term, 12-month trend shows that the financial performances of both RAC and Home Care have largely stabilised since Q4 FY24.

Residential Aged Care

The report shows a decline in RAC facilities' EBITDA PRPD between Q3 and Q4 FY25, from \$44.97 PRPD to \$42.73 PRPD, respectively. We note that the EBITDA figures reported in the QFR are significantly higher than those reported by StewartBrown for Q4 FY25 of \$19.79 PRPD. This may be explained by a higher representation of NFP providers included in StewartBrown's survey, who perform less favourably compared to FP providers. Further to the above, according to the QFR approximately 83% of FP providers were profitable/in surplus, in contrast to only 64% of NFP providers.

The decline between quarters likely reflects the sector's slight increase in care minute compliance. Despite this, many facilities across the sector continue to fall short on their minute targets, and as such we expect this trend to continue as providers ramp up their workforce in preparation for the funding changes occurring from April 2026. Under these changes, providers will be financially penalised for not meeting their care minute targets. AN-ACC adjustments from 1 October 2025 will also impact provider margins and EBITDA, particularly for providers in MM1 locations, which may exacerbate this declining performance trend.

QFR EBITDA PRPD/PCPD for RAC and Home Care, FY23 – FY25



RAC Occupancy

Occupancy improved from 88.5% in Q4 FY24 to 90.6% in Q4 FY25. However, these figures are also below StewartBrown's estimates of 93.5% occupancy for Q4 FY25, which can be explained by StewartBrown appropriately excluding non-established homes (including newer homes still ramping up) and offline beds from its analysis. StewartBrown shows sector occupancy has once again increased to 93.5% for all homes, and 94.4% for mature homes. **At ~94%, the sector is effectively at capacity**, with turnover preventing a true 100% rate.

Home Care

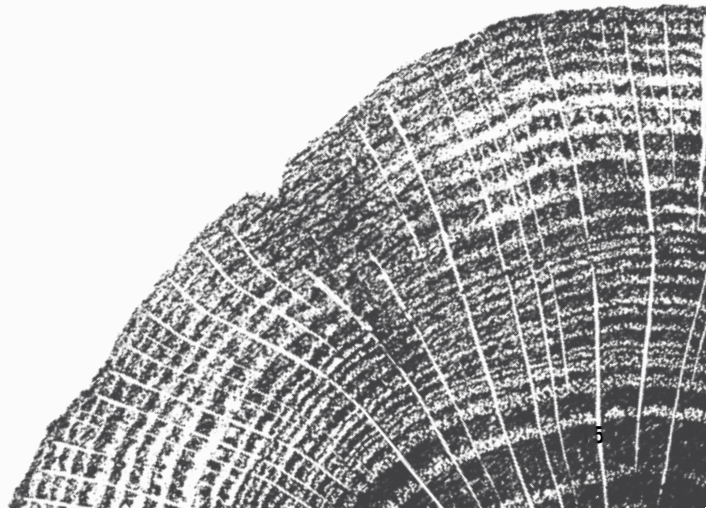
Home Care (still operating under the previous Home Care Program in Q4 FY25) experienced a drop in EBITDA performance, from \$8.00 PCPD in Q3 FY25 to \$6.18 Q4 FY25. This is in contrast to StewartBrown's results, which showed a slight improvement in the performance of the Home Care sector between Q3 and Q4 FY25, from \$3.78 PCPD to \$4.44 PCPD, respectively. Like RAC, the Government's reports show consistently higher financial performance across all providers compared to StewartBrown.

Compared to Q4 FY24, both reports show a slight improvement in the financial performance of Home Care, with the QFR reporting an improvement of \$0.14 PCPD.

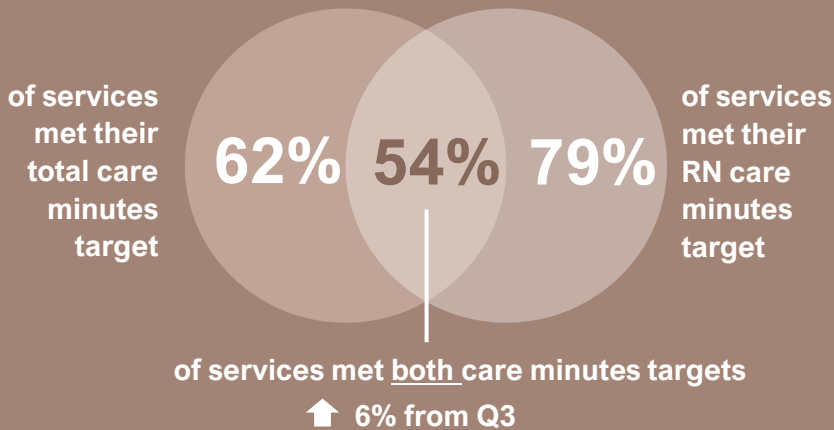
According to StewartBrown, their reported uplift in performance between Q3 and Q4 FY25 may be driven by a growing number of operators adjusting their service pricing in preparation for the commencement of the SAHP, which has seen the cessation of package management fees and a reduction in the maximum that a provider can charge for care management fees.

To offset this, operators across the country are reviewing their service prices, utilisation/care costs and staffing efficiencies. **Many have increased their service prices to reflect the new funding structures.** While the latest quarter's results for StewartBrown show an uplift in EBITDA, this is not consistent with the QFR, which represents the whole sector.

Our review of SAHP pricing for some of the largest home care providers shows that many are already pricing above the national median prices published in the [Summary of indicative Support at Home prices](#). Although the pricing caps are not yet confirmed, if they are implemented as scheduled, and if the Government maintains restrictions on supply growth, providers' ability to organically grow revenue will be constrained. Under these conditions, we may see an **increasing number of SAHP providers experiencing financial pressure**, exiting the sector, and contributing to a rise in transaction activity.



CARE MINUTE REQUIREMENTS



CARE MINUTES

218.87 average total care minutes delivered


↑ 1.6 minutes from Q3

47.69 average RN care minutes delivered

↑ 0.5 minutes from Q3

WORKFORCE REQUIREMENTS

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

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

↑ 73% from Q3 (75)

WAGES

\$51 average hourly rate for RNs

↑ \$0.36 from Q3

\$38 average hourly rate for ENs

↑ \$0.35 from Q3

\$33 average hourly rate for PCWs

↑ \$0.14 from Q3

**As reported in the Department's Care Minutes Dashboard for April to June (Q4), Published October 2025
Comparisons note the change from figures published in the previous quarter*

*Sources: Sector Performance Report, April to June (Q4), Published October 2025
Quarterly Financial Snapshot of the Aged Care Sector April to June 2025 (Q4), Published October 2025
Registered nurse coverage in residential aged care dashboard, Published October 2025*

TOPIC	SUMMARY	ACTIONS
<p>CARE MINUTES</p>	<p>The sector average total care minutes delivered in was 218.87 which exceeded the total care minutes target. Around 62% of services met the care minute mandate during Q4.</p> <p>On average, the RN target was also met, with 47.69 delivered against a target of 43.99 minutes. However, this achievement largely reflects the inclusion of EN minutes. When EN minutes are excluded, the care delivered by RNs alone would fall to 52% of providers meeting their RN requirement.</p> <p>Overall, 54% of providers met both their targets up from 49% in Q3, driven by EN minutes.</p> <p>Care minutes remain a key focus for the Commission, particularly with new funding changes taking effect from 1 April 2026. These changes are designed to further incentivise compliance and strengthen care delivery.</p> <p>Under the new funding model, Base Care Tariff (BCT) funding for MM1 non-specialised homes will decrease from 0.5 to 0.387 National Weighted Activity Unit (NWAU). The remaining 0.113 NWAU will be redirected into a new care minutes supplement, equating to \$33.41 per resident per day based on the AN-ACC price \$295.64 from 1 October. The upcoming funding allocations will be determined by care minute reporting from the October–December 2025 quarter, as submitted through the Quarterly Financial Report.</p> <p>The recent rise in care minute performance coincides with increased pressure on providers to comply, as non-specialised MM1 homes face financial penalties from April 2026 if they fail to meet care minute requirements for the 1 October to 31 December 2025 quarter.</p>	<p>Review:</p> <p>How are you monitoring compliance with the minutes?</p> <p>Have you modelled the financial impact of the new funding arrangements linked to care minutes and incorporated it into future budgets and forecasts?</p> <p>Prepare:</p> <p>How prepared are you for the upcoming 1 April 2026 funding changes?</p>

TOPIC	SUMMARY
<p>NOTABLE TRANSACTIONS THIS QUARTER</p>	<p>Ansell Strategic has released a new edition of our annual Deal Tracker publication. More details about transaction activity across Q3 and Q4 of FY25 can be found in the Deal Tracker, alongside our observations about transaction trends, success factors and key learnings from recent transactions.</p> <p>Notable recent transactions announced or completed:</p> <ul style="list-style-type: none"> ▪ Baptistcare has announced the acquisition of Keyton's 10 strata/purple title villages in WA. This portfolio comprises over 1,630 units and 2,080 residents across Perth, Mandurah and Bunbury. BaptistCare will operate the portfolio from December and commence transitioning the sites through to June 2026. The acquisition expands BaptistCare's retirement living portfolio to 45 villages and over 3,700 units. ▪ Respect Aged Care has completed the acquisition of Chaffey Aged Care, a 100-bed residential aged care home located in Merbein, Victoria. In November, the organisation also acquired Glenella Aged Care, a small home located in Gelenella, Queensland. These acquisitions elevate Respect to 40 aged care homes across five states, with 13 transactions being completed in 2025. This strengthens Respect's position as a leading regional aged care provider. ▪ RSL Care SA has acquired two retirement villages in Mount Gambier, Woodlands Grove (241 homes and 36 serviced apartments) and Hallmont Estate (175 homes), equating to a combined total of over 400 units. This acquisition expands RSL Care SA's footprint beyond metropolitan Adelaide into South Australia's second-largest and fast-growing city, reinforcing its strategy to deliver integrated retirement living and aged care services across regional hubs. ▪ Victorian not-for-profit provider MecwaCare has acquired Allanvale Private Nursing Home, a 51-bed residential aged care facility in Altona Meadows, southwest Melbourne, previously operated by Carewest Group. The acquisition was finalised on 13 June 2025, increasing MecwaCare's portfolio to 22 homes across Victoria. This transaction supports the provider to meet its growth strategy, targeting rising demand for aged care services in high-growth regions.

TOPIC	SUMMARY
<p>NOTABLE TRANSACTIONS THIS QUARTER (CONT.)</p>	<ul style="list-style-type: none"> ▪ SCCQ has assumed control of Southern Cross Care Broken Hill, securing four homes with over 260 aged care beds and three retirement villages across NSW and Victoria. The move ensures service continuity in remote areas facing compliance and workforce challenges. ▪ IP Living, backed by Palisade Impact, has acquired Rosebud Village, a 105-unit retirement community on Victoria’s Mornington Peninsula from Baptist Village Baxter. The transaction, completed in July 2025, forms part of IP Living’s strategy to build a portfolio of high-quality retirement living assets in growth markets. The acquisition enables Baptist Village Baxter to redeploy capital into its Frankston South redevelopment, while IP Living strengthens its position in Victoria’s competitive retirement living sector. ▪ Roshana Care Group has acquired a vacant aged care home within Keyton’s Brentwood Village retirement community in Kincumber, NSW, for approximately \$4 million (equivalent to \$73,000 per bed). The facility will offer 55 beds post-refurbishment. ▪ Hunter Hotel Group has acquired two retirement villages, Elements Springwood (123 units) and Elements Con Noi Carindale (45 units), from founder Chiou See Anderson in April 2025. The acquisition adds 168 units to Hunter’s portfolio and signals the group’s diversification from hospitality into seniors living. <p>Assess:</p> <p>Is your organisation considering to grow or rationalise?</p> <p>Have you been approached with merger or acquisition opportunities? Do you have a set of criteria to assess opportunities before undertaking a costly due diligence process?</p>



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