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The Board Pack

What Executives and Directors need to know in Aged Care

Q2 FY26

Q2 Snapshot

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Regulation & Reform

Two new reports were released by the Productivity Commission (PC) during the last quarter. These included the final productivity inquiry report in December 2025 - delivering quality care more efficiently, as well as the Report on Government Services 2026 for aged care services.

Key statistics and trends showed steeply declining supply relative to demand, longer wait times for assessment and care, and an increase in supported residents in RAC.

The My Aged Care portal came under further scrutiny, this time from the Inspector General of Aged Care's My Aged Care Review - Final Report.

The Support at Home (SAH) waitlist continues to rise each quarter.

Another key issue is the increasing number of individuals awaiting assessments, then being placed on the waitlist. This represents a growing cohort of vulnerable people also requiring support, currently in limbo.

Funding & Finance

Quarterly Residential Aged Care (RAC) financial performance fell slightly in Q1 of FY26 due to seasonal trends, whilst year-on-year performance strengthened for both RAC and Home Care.

The upcoming quarter will see the start of funding changes to care minutes which will impact MM1 providers. Future funding reforms are also around the corner with payments to arrears starting in July and the Residential Aged Care Accommodation Pricing review due to be tabled in Parliament no later than July 2026.

Operations & Compliance

The Aged Care Quality and Safety Commission (the Commission) has now adopted a risk-based regulatory model, with stronger expectations on provider governance capability, clinical oversight, quality systems and evidence of meaningful consumer engagement.

Capital Development & Growth

Amongst unprecedented demand, insufficient supply and a strong property market, it has been a very busy quarter for growth planning. We are seeing continued M&A activity and increasing interest in brownfield and greenfield capital developments.

In this edition we cover some of the key transactions in the sector as well as the critical steps to succeeding in capital development activities.

Workforce

Overall, 60% of providers met both their care minute targets, up from 54% in Q4, largely driven by Enrolled Nurse (EN) minutes.

With funding changes effective from 1 April 2026, 39% of MM1 providers face the risk of financial penalties based on their December 2025 quarterly performance reports.

The Stage is Set

The aged care sector has moved beyond incremental change and into a period of structural reset. Demand continues to outstrip supply, funding is evolving, and regulatory expectations are shifting. The consequence is clear: **the margin for strategic error is narrowing**.

This Board Pack highlights three realities that Boards should be actively responding to:

First, the system is under sustained pressure. Waitlists for Support at Home continue to grow, Residential Aged Care is operating at or near capacity, hospital beds are being blocked and workforce and cost pressures remain unresolved. While funding uplifts are coming through, they are being absorbed by higher labour, compliance and operating costs, leaving many providers with limited capacity to reinvest or grow.

Second, the operating model is changing. The introduction of the new Aged Care Act, the shift to risk-based regulation, and the linkage of funding to care minutes represents a fundamental shift in how performance will be assessed. Compliance is no longer episodic, it must be demonstrated in real time. Governance is no longer about frameworks alone, but about clear, observable control across quality, workforce and financial performance.

Third, the sector is repositioning. The gap between demand and supply, combined with policy settings and increasing capital interest, is driving a new wave of capital development, mergers and acquisitions, and portfolio reshaping. Organisations are making deliberate choices about where to invest, what to exit, and how to build the scale and capability required to remain competitive in the next phase of the sector.

For Boards, the question is not whether change is coming, but how strategically you choose to respond. How is your organisation positioned in this market? What is your strategic advantage? And how will you execute before the window to act closes?

Our clients that are moving early are aligning capital development with future demand, using M&A to build scale and capability, and resetting strategy to reflect the emerging regulatory and funding environment. Those that are standing still will become increasingly constrained by ageing assets, subscale operations, or models that will not remain viable in a more dynamic future.

If the themes in this Board Pack reflect your organisation's current position or future ambition, now is the time to act.

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Regulation & Reform

<table>
<tr><th>TOPIC</th><th>SUMMARY</th><th>ACTIONS</th></tr>
<tr>
<td>PRODUCTIVITY COMMISSION INQUIRY REPORT</td>
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The PC released its final productivity inquiry report in December 2025, including a report on delivering quality care more efficiently. The report included three relevant recommendations intended to improve economic efficiency and support long-term system sustainability:

- Greater regulatory alignment across care systems (e.g. aged care, NDIS and veterans care) The PC proposes aligning worker regulation and quality and safety oversight, potentially through a single regulator.
- Expansion of collaborative commissioning models and coordination to reduce preventable hospitalisations and emergency presentations.
- Increased investment in prevention and early intervention through a proposed National Prevention Investment Framework.

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Assess:

Ways your organisation can collaborate closely with other care systems.

Any opportunities to enhance your approach to prevention and intervention.

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<td>REPORT ON GOVERNMENT SERVICES</td>
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In January 2026, the PC also released the Report on Government Services 2026 for aged care services. Key statistics and trends showed the ongoing pressure facing the sector including declining supply relative to demand, increasing wait times and an increase in supported residents in RAC. Some of the findings included:

- **Operational RAC places** per 1,000 people aged 70+ **declined** from 67.5 FY24 to 65.4 FY25.
- **Shifts in provider ownership type mix:**

- **Increase in supported residents;** 42% of new admissions in FY24-25, up from 39% in FY22-23.
- **Escalating home care commencement delays to** 245 days following package approval, more than doubling compared with the previous year.
- **Increased wait times for entry into permanent RAC** with the median time from assessment approval to entry rising to 71 days.
- **Longer assessment timeframes:** The median time between referral for an aged care assessment and ACAT approval increased from 22 days to 27 days.
- **Improved care minute compliance**, with 45.9% of RAC services meeting both total care and registered nurse minutes targets, an increase on the previous year at 34%.

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Consider:

Are there any service offerings your organisation could explore to address the issues with wait times, access and the gap between care services needed versus provided?

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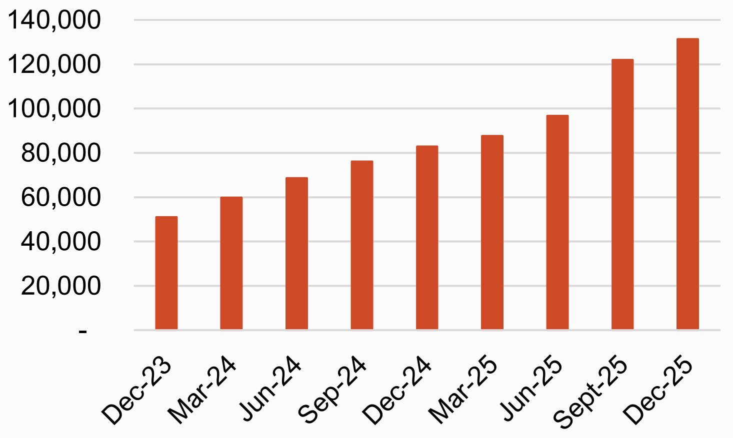
Regulation & Reform

TOPIC	SUMMARY	ACTIONS
MY AGED CARE REVIEW FINAL REPORT	My Aged Care, continues to face scrutiny, this time following the release of the Inspector-General of Aged Care's [My Aged Care Review - Final Report](). The report identified persistent and systemic shortcomings in the platform and concluded that My Aged Care is not fit-for-purpose, despite ongoing improvements since its introduction in 2013. The review stated that changes are not progressing fast enough and provided various recommendations for strengthening the system.	**Monitor:** Continue to monitor for new updates to the My Aged Care website.
SUPPORT AT HOME PACKAGE WAITLIST	As of 31 December 2025, 131,000 people were waiting for a SAH package at their approved classification level. A further 104,000 people were awaiting an assessment for SAH services. In total, 235,000 people are in need of services, are either waiting for an assessment or for allocation. People assessed as requiring SAH are also now allocated a priority category, with wait times varying by priority category. Individuals assessed as 'urgent' are typically allocated a package within one month, those classified as 'high' priority wait approximately 1.5 to 2.5 months. Those of 'medium' or 'standard' priority wait between 8 to 11 months. As evidenced in the graph below, the waitlist has continued to grow throughout the past 2 years, resulting in critical delays in care access for older people assessed as needing support in their homes. **SAH Package Waitlist** 	**Assess:** What strategies or service options are you implementing to support clients while they remain on the waitlist? **Review:** Is there an opportunity to expand the SAH services you provide, for people waiting to receive care?

Operations & Compliance

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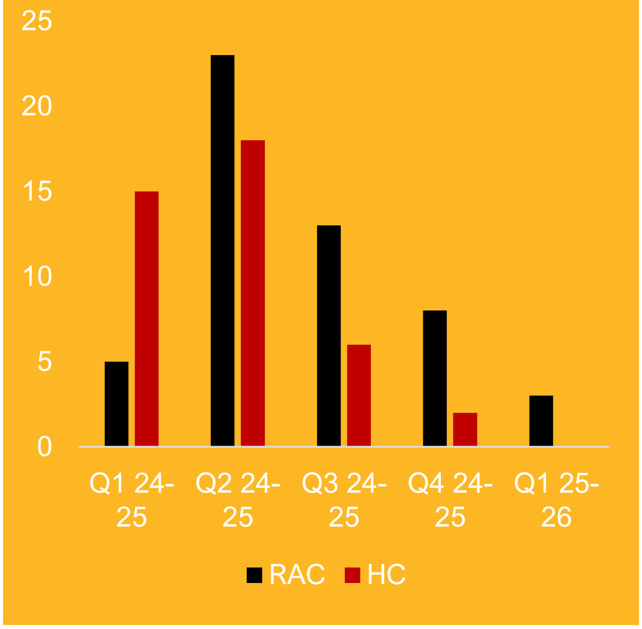
COMPLIANCE TRENDS

Non-compliance notices issued in RAC & HC



PROVIDER SUPERVISION

55 RAC providers under Active Supervision

⬇ 34% from Q4 (83)

6 RAC providers under Heightened Supervision

⬇ 33% from Q4 (9)

SERIOUS INCIDENT REPORTING SCHEME (SIRS)

15,216 RAC incidents ⬆ 2.6% from Q4

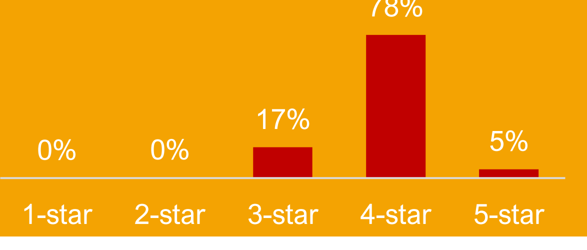
1,599 HC incidents ⬆ 4.6% from Q4

COMPLAINTS

1,811 ⬆ 5% from Q4 RAC complaints

1,276 ⬆ 9% from Q4 HC complaints

STAR RATINGS, OVERALL



Sources: Star Ratings Extracted from MyAgedCare, Extracted January 2026, Sector Performance Report, July to October 2025 (Q4), Published February 2026

Operations & Compliance

TOPIC	SUMMARY	ACTIONS
SECTOR PERFORMANCE TRENDS	**Compliance, Enforcement Action and Provider Supervision** It has been noted that there have been fewer non-compliance notices issued across the sector. This may be in part, due to the pausing of site audits over the past two quarters in preparation for the new Aged Care Act. It is expected that now that the Strengthened Standards have been implemented, the Commission will begin to increase visits in 2026. The Commission continues to adopt a risk-based regulatory model, with stronger expectations on provider governance capability, clinical oversight, quality systems and evidence of meaningful consumer engagement. As of 31 October 2025, 55 providers were in active supervision, and 6 providers were in heightened supervision. **Residential Aged Care** The rate of Serious Incident Response Scheme (SIRS) notifications per 10,000 occupied bed days increased from 8.0 in Q4 2025 to 8.8 in Q1 2026. The majority of these were related to unreasonable use of force (47%) and neglect (31%). There was also a 5% increase in RAC complaints in Q1 2026 relative to Q4 2025. The leading source of complaints was not having enough workers and the appropriateness of their skill mix. The continued rise in SIRS notifications and complaints suggests ongoing pressure points in RAC. The data highlights the strong link between workforce capacity and safety outcomes and consumer experience. These trends reinforce the importance for providers to strengthen workforce governance and clinical oversight, particularly in relation to staff capability, supervision, and behaviour support practices. Boards and executive teams should ensure they have clear visibility of incident and complaint data, with systems in place to identify patterns early and address underlying risks before they escalate into safety incidents or regulatory scrutiny. **Home Care** In Q1 2026, the number of SIRS notifications increased relative to Q4 2025. Neglect comprised the most frequent incident type (57%) with most cases relating to missed shifts that resulted in missed medication. There was also a 9% increase in complaints relative to Q4 2025. Complaints relating to fees and charges were the most prevalent for the quarter. The new SAH pricing transparency is intended to help address this issue. However, current SAH pricing challenges are considered further on page 12.	**Focus Areas:** Organisational governance and oversight. Continuous improvement; ensuring issues are identified early, addressed, and used for learning. Ensure data and reporting systems provide timely insight into risks, incidents, complaints, and performance trends. **Review:** Complaints and SIRS data analysis for patterns, recurrence and systemic risks.

Operations & Compliance

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TOPIC	SUMMARY	ACTIONS
PROVIDER REGISTRATION	From 1 November 2025, providers began operating under the new aged care provider registration framework, which introduces six registration categories aligned to the types of services delivered. At the same time, the Commission shifted to a revised audit and assessment model reported to be focused on greater transparency, fairness and engagement, including: ▪ Announced visits, allowing providers to ensure key personnel, governance leads and documentation are readily available. ▪ Communication about emerging concerns or potential non-conformances during the site audit. ▪ Opportunities to respond to preliminary findings. This new regulatory environment is still emerging, and the sector has yet to see how these processes will influence compliance outcomes under the Strengthened Quality Standards. The true impact particularly on assessment expectations, evidence requirements and provider risk profiles remains uncertain. Providers should use this transition period strategically to strengthen foundations that will determine their success under the new model. This includes: ▪ Reviewing and stress-testing governance and oversight systems. ▪ Strengthening data quality, reporting capability, decision making and assurance processes. ▪ Embedding a culture of transparency, accountability and proactive and preventative risk management. ▪ Ensuring leadership understands the new assessment approach and can demonstrate preparedness. With compliance settings evolving and expectations rising, providers that invest now in governance maturity and organisational readiness will be best positioned to navigate the new regulatory landscape confidently.	**Assess:** Are your governance, risk, and operational systems aligned to the requirements of the new provider registration categories? Do you have clear oversight of how compliance will be demonstrated?

Operations & Compliance

The Risk of "Paper Governance"

Across the sector, we are seeing a clear pivot in how the Commission is scrutinising providers with a growing emphasis on the robustness of clinical governance practices at the home level. Recent regulatory activity suggests that **compliance issues are no longer being viewed as isolated to individual homes.** Instead, the Commission is increasingly attributing findings to systemic organisational governance failures. In practice, this means the Commission is looking beyond whether a single home has met a standard and is now challenging providers on broader, organisation-wide expectations.

This shift places greater emphasis on how governance systems operate in practice, not simply whether policies exist, and prompts the provider to reflect on questions such as:

- Is the organisation's clinical governance framework (CGF) effective and consistently operationalised across all services?
- Is it clearly understood by leaders and frontline staff, and do they know their roles in identifying, managing, and escalating risk?
- Can the organisation demonstrate consistent oversight and response to emerging clinical risks?

Many providers have a CGF document. However, a recurring issue across the sector is that these frameworks often remain corporate documents, with limited translation into the day-to-day realities of residential care. A key question organisations should ask is:

"If a Registered Nurse at the point of care, reads the Clinical Governance Framework, would they clearly understand their role in managing and escalating risk*?"*

For many organisations, the answer is uncertain. The CGF may be comprehensive, but not written in a way that frontline staff can easily interpret or apply. This is particularly important in aged care, where a significant proportion of the workforce, including clinicians, speaks English as a second language. Governance frameworks that rely heavily on technical language, abstract structures, or corporate terminology may not effectively translate into practical action.

For the CGF to be meaningful, it must support clear decision-making at the point of care. At the home level, this means staff should understand which clinical risks they are responsible for identifying, when and how to escalate those risks, and how quality data and incident trends inform improvement. In other words, clinical governance should be visible in everyday operations.

The bar has shifted: **strong clinical governance is no longer something that lives in a policy manual**; it must be evident at the point of care. Providers who can demonstrate a clear line of sight from Board oversight, through organisational governance, to everyday clinical decision-making will be far better equipped to manage risk, respond to regulatory pressure and protect quality of care.

If you'd like to explore how to translate your CGF into practical, frontline action, reach out to us for a discussion on strengthening clinical governance in practice.

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Funding & Finance

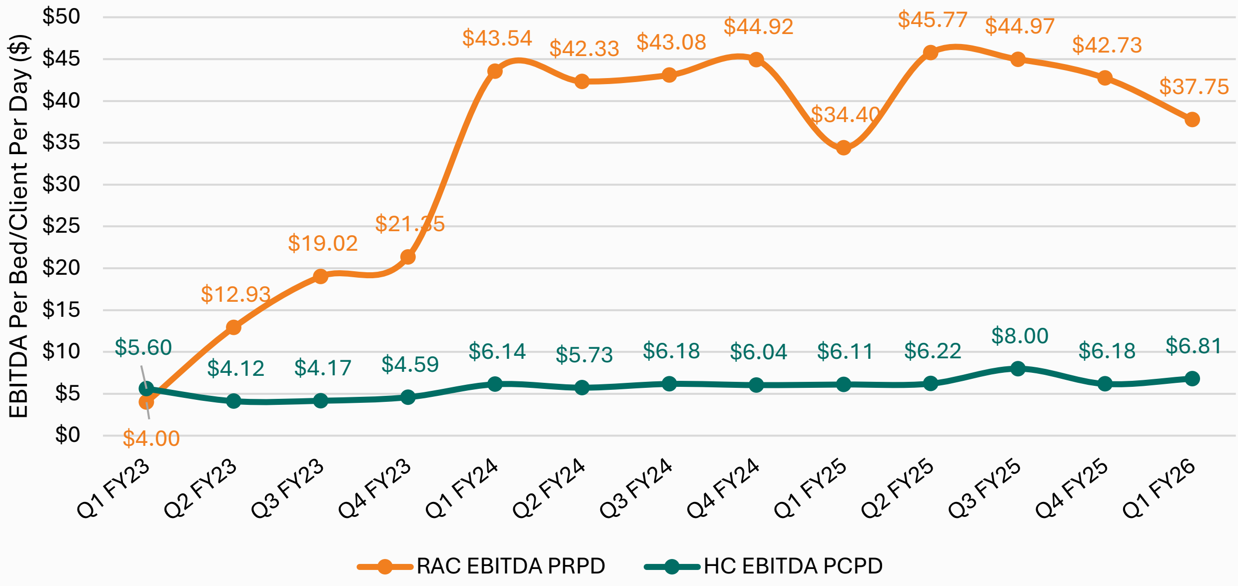
The Quarterly Financial Report (QFR) for Q1 FY26 followed the sector's typical seasonal pattern, with RAC financial performance declining in the first quarter before expected improvements in Q2 as funding uplifts commence, which is consistent with both the Department data and StewartBrown survey observations. Despite this dip, overall results indicate a stronger position compared with Q1 FY25. For home care, the sector's average EBITDA margin remained broadly consistent with Q1 FY25.

Residential Aged Care

The report shows an increase in RAC facilities' EBITDA PRPD between Q1 FY25 and Q1 FY26, from $34.46 PRPD to $37.75 PRPD. As expected, this figure reported in the QFR is higher than the results published by StewartBrown due to the lower representation of FP providers in the StewartBrown dataset. For comparison, StewartBrown reported an EBITDA of $15.86 PRPD for Q1 FY26, down from the prior year of $13.82 PRPD. These EBITDA figures are significantly lower than an operating EBITDA of $55 - $60 PRPD required to motivate ongoing investment in the aged care sector.

Sector revenue increased by 11.7% to $466.09 PRPD, primarily driven by the 15.1% rise in AN-ACC funding. However, expenses also grew materially, up 11.1% to $452.72 PRPD. Beyond higher hourly rates, the report highlights that providers increased care time delivery to avoid risking care minutes shortfalls under the new model applying from 1 April 2026. This is driving labour costs up to $253.93 PRPD (increased 12.7% YoY). Despite these efforts, 40% of homes were still not compliant with care minutes targets in Q1 FY26. In addition, food costs increased by 6% compared with the prior year.

QFR EBITDA PRPD/PCPD for RAC and Home Care, FY23 – FY26 (YTD)



Funding & Finance

Future QFRs are expected to reflect further operational and financial impacts as the sector transitions through multiple reforms, such as the implementation of the Aged Care Act 2024, upcoming increases in AN-ACC pricing and tariff adjustments, new care minutes supplement requirements, cost-based annual pricing and accommodation payment reforms.

While providers' revenue is expected to rise under the new funding settings, providers might simultaneously face increasing labour costs, compliance costs and cash flow pressures associated with strengthened care minutes requirements and broader reform changes.

Occupancy improved from 89.0% in Q1 FY25 to 90.9% in Q1 FY26, and also increased modestly by 0.3% compared to the previous quarter. StewartBrown's latest estimates show a further uplift, with occupancy rising to 94.9% in Q1 FY26 (excluding non-established homes), up from 93.8% in Q1 FY25. At 94%, the sector is effectively at capacity, with turnover preventing a true 100% rate.

Home Care

Home Care sector performance remained relatively stable in Q1 FY26, with sector EBITDA of $162.8 million and an average EBITDA margin of 7.6%, in line with Q1 FY25. Profitability also improved modestly, with 75% of providers reporting positive results (For-profit 79.9% and Not-for-profit 71.3%). StewartBrown's results similarly show a slight uplift, with average EBITDA increasing from $4.02 pcrpd in Q1 FY25 to $5.28 pcrpd in Q1 FY26, and up from $4.44 pcrpd in the previous quarter.

Despite these improvements, margins across the sector remain low. StewartBrown's September-25 survey (covering 85,074 packages) reported an average profit margin of just 5.3%, well below the minimum 9.5% threshold they consider necessary for the SAH sector to be investible.

Funding & Finance

TOPIC	SUMMARY	ACTIONS
LOW / NO INTEREST LOAN SCHEME	While aged care is primarily funded and regulated by the Commonwealth, State Governments are starting to get involved as pressures facing the hospital system are exacerbated by a lack of RAC supply. **The Western Australian Government announced a $100 million Low Interest Loan Scheme** to help RAC providers build new facilities, expand services and refurbish ageing infrastructure. In addition, the **South Australian Government has announced a $250 million No Interest Loan Scheme** in the hopes it will incentivise the construction of 650 new aged care beds. These initiatives aim to reduce barriers to capital investment amid rising construction costs, workforce shortages, and capacity pressures in hospitals. The challenges are particularly evident in South Australia, where RAC wait times following approval are 90 days and occupancy is high at 92%. As of February 2026, approximately 360 older people were in metropolitan hospitals or other health services in South Australia waiting for a RAC bed.	**Consider:** Opportunities to use low / no interest loans to fund new developments or refurbishments. **Assess:** Your organisation's readiness to meet eligibility, planning and reporting requirements for loan applications.
AGED CARE CAPITAL ASSISTANCE PROGRAM (ACCAP)	On 6 March 2026 **the Government announced an additional investment of $115 million through the ACCAP** to "rapidly increase access to RAC in select hotspots". The four areas to be targeted in this additional funding round include Adelaide, Illawarra, Perth and the Hunter. Interested providers are encouraged to put forward an Expression of Interest to build and open more beds in these areas that can be operationalised in two years.	**Consider:** Submitting an EOI if your organisation is exploring development in any of these areas.
PAYMENTS IN ARREARS	From 1 July 2026 the government will begin the transition to paying RAC providers in arrears rather than in advance. The transition will take two years until 30 June 2028. During this period, each month, the advanced payment providers receive will be decreased by 4.17%, with the balance paid at the end of the month once the monthly claim has been lodged. Whilst this does not affect the overall net funding providers will receive, the expected time to transition means that in practice, providers will be receiving 4.17% lower funding each month for two years. Providers should ensure that they have the capacity to handle the reduced cashflow and can appropriately manage their expenses and liquidity.	**Prepare:** For the reduction in monthly funding and plan to maintain sufficient liquidity.

Funding & Finance

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TOPIC	SUMMARY	ACTIONS
FINANCIAL HARDSHIP	Since the introduction of the new Aged Care Act, more users have been seeking financial hardship support. This rise is likely linked to increases in the deeming rate from 0.25% to 0.75% in September 2025, and to 1.25% in March 2026; which affects how income from financial assets is assessed. As a result, more seniors are seeing reduced pension rates, with the asset threshold for full pension eligibility dropping from about \$308k to \$215k. As SAH copayments are tied to pension rates, higher deeming rates may also lead to increased costs for consumers via copayments.	**Discuss**: What new means testing arrangements mean for consumers and how best to navigate the costs.
MPIR	The MPIR is scheduled to increase to 7.96% from 1 April 2026. The increase reflects the higher interest rate environment seen in recent months, after the RBA increased the cash rate in February. The MPIR is likely to go up again in July as a result of the cash rate increase in March. Since the commencement of the new Act, DAPs are now indexed biannually making them slightly less dependent on the initial MPIR at the time of admission. The Residential Aged Care Accommodation Pricing review which is scheduled to be tabled in parliament before 1 July 2026 is considering "the suitability of current arrangements to convert between lump sum and daily payments" and may recommend changes to the current system.	**Plan:** An admission strategy to collect a mix of RADs and DAPs to manage your organisation's cashflow needs.
SUPPORT AT HOME PRICING	On November 1st the New Aged Care Act took effect and the SAH program replaced the Home Care Package program. Package management fees were removed, and the maximum rate for care management fees are now capped at 10%. This is a reduction from previous industry averages of ~17% for care management and ~12% for package management, which is now expected to be included in the pricing of services. The Department released an indicative price schedule to inform providers of the expected national median prices, as well as a range of what they expected home care providers to charge. However, with SAH now operational for over 3 months, the true cost increases are substantially larger than what was indicated. Of over 500 registered providers, the average price for RN care was reported as \$183, (a 36% increase) above the upper threshold proposed in the Department's indicative pricing. Similarly, gardening services and personal care costs have risen substantially. This suggests the Department may not have fully understood the cost of reducing care management fees, and raises uncertainty regarding price regulation, with price caps set to be implemented in July 2026. This issue also impacts consumers choice. With the addition of administrative costs and the new means testing regime, for some consumers services will be cheaper to receive in the open market rather than through SAH. This could result in worse outcomes as they receive services from providers without appropriate experience and credentials.	**Assess:** What your cost of delivering home care is, to ensure your organisation is pricing appropriately.

Workforce

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CARE MINUTE REQUIREMENTS Q1 2026

67% of services met their total care minutes target

81% of services met their RN care minutes target

60% of services met both care minutes targets

⬆ 6% from Q4

CARE MINUTES Q1 2026

220.66 average total care minutes delivered

⬆ 1.9 minutes from Q4

47.93 average RN care minutes delivered

⬆ 0.4 minutes from Q4

WORKFORCE REQUIREMENTS

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

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

⬇ 32% from Q4 (130)

WAGES

$52 average hourly rate for RNs

⬆ $1.89 from Q1 FY25

$39 average hourly rate for ENs

⬆ $2.31 from Q1 FY25

$34 average hourly rate for PCWs

⬆ $6.4 from Q1 FY25

**As reported in the Department's Care Minutes Dashboard for July to September (Q1), Published January 2026*
Comparisons note the change from figures published in the previous quarter

Sources: Sector Performance Report, July to October 2025 (Q4), Published February 2026
Quarterly Financial Snapshot of the Aged Care Sector July to October 2025 (Q4), Published February 2026
Registered nurse coverage in residential aged care dashboard, Published December 2025

Workforce

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TOPIC	SUMMARY	ACTIONS
CARE MINUTES	From April 2026, RAC providers located in MM1 areas who do not meet their care and RN minute targets will see a drop in funding. This will occur through the 'care minutes supplement'. Per the latest Department data **39% of MM1 homes were not meeting both of their targets in the September quarter** and would therefore see a funding drop. Whilst the change may provide an incentive for providers to deliver on the care minutes they are being funded for, it also risks making it more difficult for providers who are not currently meeting their targets, or who experience a short-term drop, to increase the minutes in the future. From April 2026, any provider trying to increase their care minutes would need to bear the increased cost of doing so without funding, as any increase in funding would only begin the quarter after achieving a higher number of minutes. The **sector average total care minutes delivered in Q1 2026 was 220.66 which exceeded the total care minutes target**. Around 67% of services met the care minute mandate during Q1 2026. On average, the RN target was also met, with 47.93 minutes delivered against a target of 44.04 minutes. This achievement largely reflects the inclusion of EN minutes. When EN minutes are excluded, the care delivered by RNs alone would fall to 43% of providers meeting their RN requirement. ***Overall, 60% of providers met both their targets in Q1 2026, up from 54% in Q4 2025.*** The UARC Aged Care Sector Full-Year Report (released December 2025) found that RAC homes exceeding mandated care minute targets often rely on higher-cost staffing strategies, including relying on agency staff and staff overtime, raising fiscal sustainability challenges. For these homes, achieving mandated care minute targets while remaining financially viable may be challenging. Reliance on agency staffing can also have implications for continuity and quality of care, potentially undermining the objective of mandating direct care minutes to improve resident outcomes.	**Plan:** How your organisation will meet the targets to prevent funding being reduced. Model the financial impact of the new funding arrangements and incorporate into future budgets and forecasts. **Review:** Your workforce planning, systems for tracking care and RN minutes in real time, to identify gaps early, and ensure compliance.

Capital Development & Growth

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Australia's aged care sector is experiencing significant pressures as growth in supply falls well below demand, and hospital bed blocking continues to worsen. Reports show approximately 3,200 older Australians remain in hospitals due to the lack of available aged care places, a 30% increase in five months, with Queensland and New South Wales facing the most critical pressures.

We are seeing more greenfield and brownfield development across the sector, however construction activity in aged care remains well below the level required to meet future demand. Sector analysis indicates Australia needs around 8,900 new RAC beds each year, yet current development volumes are far lower, widening the gap between demand and actual capacity. Senate Estimates in October 2025 projected there would be approximately 1,700 new beds in 2025-26 and 4,000 beds in 2026-27.

Development and growth during this phase of unprecedented demand is a key area of focus for many providers. While the property market continues to strengthen across Australia, considering how your organisation can leverage this market to rejuvenate aged care and retirement living stock is paramount. We have outlined some of the key considerations for your organisation when exploring brownfield and greenfield capital developments below:

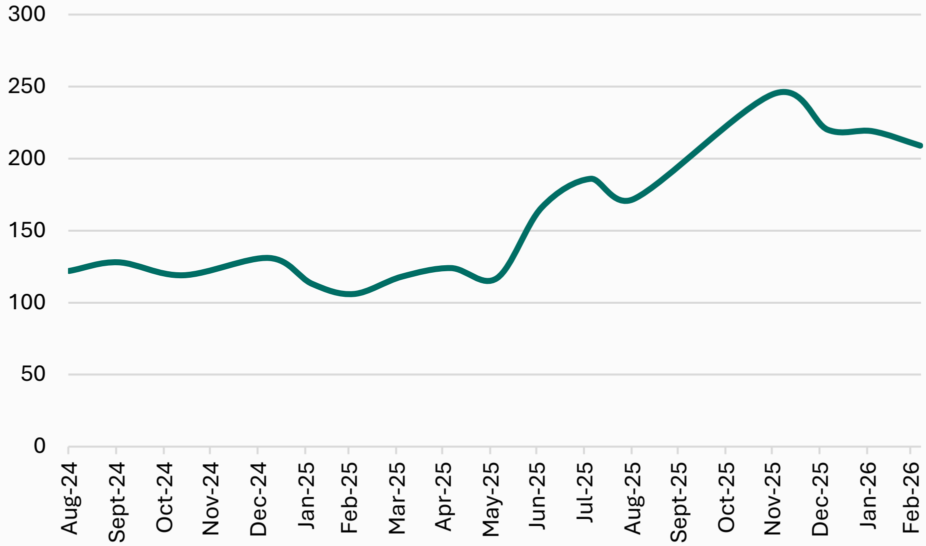
Actions for Brownfield and Greenfield Capital Development

We prioritise 5 key actions that support successful brownfield and greenfield capital development in aged care and retirement living:

1. **Know your market:** Through comprehensive and targeted market analysis, providers can identify opportunities within the local market and determine the likely client profile for a new build, redevelopment or expansion. You can then use market insights to identify gaps in local supply, ensuring the proposed development aligns with consumer expectations, pricing tolerances and addresses demonstrated supply gaps.
2. **Considered strategic alignment:** Align growth and development aspirations with organisational strategy, avoiding growing for growth's sake and ensuring developments align with your organisation's model of care and long-term strategic objectives.
3. **Service Model Refinement:** Define a service model that reflects both the opportunities identified in the market analysis and the organisation's strategic aspirations. Refine the model to realise your model of care visions in built form. Engage your operational teams early to test the model, ensuring it is practical, efficient and supports effective service delivery.
4. **Test Financial Sustainability:** Undertake robust financial modelling to assess the capital investment, operational viability, and expected financial returns associated with the development. Testing should consider retirement village loans and RAD outflows if brownfield as well as the management of staged resident relocations.

A robust capital development program provides comfort for Boards and financiers that the development furthers organisational objectives within a commercial and strategic framework.

Mergers & Acquisitions

TOPIC	SUMMARY
NOTABLE TRANSACTIONS THIS QUARTER	Ansell Strategic's annual Deal Tracker publication details transaction activity across Q4 FY25 and Q1 FY26, alongside our observations about transaction trends, success factors and key learnings from recent transactions. **Number of RAC Homes with a Transfer of Ownership Status on MyAgedCare[1]**  Notable recent transactions announced or completed in this past quarter include: ▪ Perth not for profit provider **Curtin Heritage Living has acquired long-standing home care provider Carealot.** ▪ **Medical & Aged Care Group** (**MACG) has purchased Cheltenham Manor and Greenwood Manor**, adding 207 beds to its portfolio. The transaction, was completed at an estimated $200k/bed and brings MACG's scale to 11 homes. ▪ **Opal HealthCare** has purchased three facilities from Australian Aged Care Group, totaling 379 beds. The acquisitions lift Opal's national footprint to 142 communities. ▪ **Estia Health** has expanded their Brisbane footprint through the acquisition of Vacenti's seven aged care homes, adding around 750 places.

[1] Data sourced from MyAgedCare and may not reliably include all transactions. Reporting periods may vary from actual announcement and completion dates. Data represents total homes labelled as transfers for up to 12 months after the transaction occurs, not just transfers occurring in the latest month.

Mergers & Acquisitions

TOPIC	SUMMARY
NOTABLE TRANSACTIONS THIS QUARTER (CONT.)	▪ **Regional home care operators Kirinari and LiveBetter have merged** ahead of the SAH reforms, forming Australia's largest regional human services provider with more than 15,000 customers across NSW, QLD, SA, TAS and VIC. ▪ **Roshana Care Group** has acquired three sites across the country in the past quarter; Rosedurnate Aged Care facility in Parkes, regional NSW, 45-bed Graceland Manor in Elsternwick VIC, and the 80-bed Lerwin Residential Care, located southeast of central Adelaide. ▪ **Hall & Prior** has added its 15th aged care home in NSW by acquiring Lake Cathie Manor, a 129-bed site on the Mid North Coast of NSW. ▪ **Regis Aged Care** has acquired Ocean Mist and Drysdale Grove, the two remaining aged care homes previously owned by family-run OC Health in Victoria, for $45 million, alongside a $36 million RAD liability. ▪ Brisbane-based **SAP Capital** has acquired Tamar Riverside Retirement Village and adjoining land in Launceston, Tasmania. ▪ In October 2025, **Benetas acquired the aged care site at Keyton's Sherwin Rise in Wollert, VIC**, adding to its portfolio of 13 aged care homes. Sherwin Rise is one of Keyton's growth villages in the City of Whittlesea corridor. **Benetas**' recent purchase of The Oaks Retirement Community from Australian Unity in December 2025 also marks the addition of its fifth retirement village to the organisation's portfolio. ▪ Adelaide-based fund manager **ICAM** has acquired Signature Gardens Retirement Resort, an established 150 unit village in Rutherford, NSW. ▪ Community-owned **Cabanda Care**, located in Rosewood, a rural town in the City of Ipswich, southwest of Brisbane, will officially **transition ownership to Lutheran Services** in early 2026. ▪ Adelaide-based NFP, **Eldercare**, has acquired a 131-apartment vertical village in Findon, previously operated as Aura by Livewell Communities.

Mergers & Acquisitions

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TOPIC	SUMMARY
NOTABLE TRANSACTIONS THIS QUARTER (CONT.)	▪ **Ozcare acquires two of Regis Healthcare's Far North Queensland homes**, The Ayr and Home Hill, together comprising 156 operational beds. ▪ **Prestige Inhome Care** announced its third acquisition in the past 12 months; Omni-Care, one of Melbourne's largest home care providers. This deal follows Prestige's acquisition of Vision Australia (1 October 2025) and Mayflower home care package clients (1 November 2025). Prestige is now supporting more than 3,000 clients. ▪ **Scalabrini Communities** has entered South Australia for the first time, acquiring aged care provider The Society of Saint Hilarion, taking over its two aged care homes in Adelaide and 160 HCPs. **Assess:** Is your organisation considering opportunities to grow or rationalise? 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?

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Looking for more?

Contact us at the details below to discuss how we can help

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