

Aged Care Sector Reforms

Six months in review

May 2026

The current and emerging regulatory landscape

Key reforms since the introduction of the new Aged Care Act

- **Financial and Prudential Standards:** In April 2026, the Commission advised it would commence a targeted review of the Financial and Prudential Investment Standard (**Investment Standard**), which applies to all non-government registered providers in Category 6. The Investment Standard requires providers to maintain an Investment Management Strategy to ensure their capacity to deliver safe, quality services and to safeguard refundable deposits. Providers will be selected for review based on a range of factors including the holding of refundable accommodation deposits, prior non-compliance risks, and organisational characteristics. The Commission will publish an insights report, detailing their findings and identifying common issues for providers to consider.
- **Care minutes targets compliance:** Provider compliance with both total care minutes and registered nurse targets has increased from 32% in Q2 2023-24 to 60% in Q1 2025-26. The [Quarterly Financial Snapshot](#) found that during Quarter 1 of 2025-26, providers delivered an average of 220.66 total care minutes per resident per day, representing an increase of 1.79 minutes from the previous quarter. Of this total, registered nurses (including contributions from enrolled nurses) provided an average of 47.93 minutes. The most significant improvement was observed in metropolitan (MM1) homes, which achieved 60.6% compliance, likely attributable to the funding penalties for providers who failed to meet their care minute targets, commencing from 1 April 2026.
- **Fuel prices:** On 20 April 2026, the Fair Work Commission issued a [Fuel Cost Recovery Road Transport Order](#) in response to the impact of the Middle East conflict on fuel prices. The Order permits eligible owner-drivers and independent contractors in the road transport industry to recover increased fuel costs from hirers. However, it does not extend to the aged care sector. Any staff travel costs incurred in delivering funded aged care services cannot be charged to clients and are excluded from care management, meaning providers must absorb any fuel cost increases. In this context, it is important to note that providers are unable to terminate client agreements solely due to increased costs.
- **Transactional activity and notifications:** There has been an increase in transactional activity across the sector, driven in part by the heightened regulatory burden imposed on providers under the Act and the increasing funding challenges. Relevantly, for providers engaged in a transaction, the material change notification provisions have been expanded to require providers to notify the Aged Care Quality and Safety Commission (**Commission**) of any restructure, sale, acquisition or merger involving the provider. This expanded obligation now captures share sales, which were not previously subject to notification requirements.
- **GST changes:** While funded aged care services delivered under the Act are generally GST-free, the Minister for Aged Care and Seniors authorised amendments to the GST framework, with the effect that services delivered under Higher Everyday Living Fee (**HELFL**) agreements are now subject to GST. With the transition to HELFL arrangements effective from 1 November 2026, registered providers should review their HELFL pricing structures now to ensure the new tax treatment is factored into final agreements and seek advice on this issue.
- **Aged Care Transition Taskforce:** The Taskforce convened for the final time in February 2026. Over the course of several meetings, the Taskforce provided implementation-focused advice, serving as a conduit between the sector, the Department of Health, Disability and Ageing (**Department**), the Commission and Services Australia. The Taskforce identified and escalated key implementation risks, worked through practical solutions, and informed, amongst other things, the development of the Aged Care Rules and educational materials. While the Taskforce has now concluded, ongoing sector engagement will continue through other advisory bodies.

- **Commission Regulatory Strategy:** Late last year, the Commission published its [2025-26 Regulatory Strategy](#). The Strategy is underpinned by four key pillars: embedding older people’s rights across all regulatory activity; adopting a risk-led and proportionate approach that directs oversight to areas where harm is most likely to occur; supporting providers who demonstrate a genuine commitment to compliance; and taking decisive enforcement action in response to serious or systemic failures.
- **Sector report:** The Commission is monitoring 373 providers, with COVID-19 vaccinations and workforce targets identified as key risk areas. Total complaints have continued to rise year on year (from 9,074 in 2022-23 to 10,658 in 2024-25), with residential care complaints predominantly relating to medication management, staff numbers and falls management, and home services complaints led by fees and charges. In the serious incident space, the most reported categories in residential care were unreasonable use of force (47%) and neglect (31%), while in home services, neglect relating to missed shifts and missed medications comprised most incidents. During the reporting period, the Commission also issued 54 banning orders and investigated 89 providers and workers for Code of Conduct breaches.

- **Pricing transparency:** The Support at Home program introduces new protections to ensure prices charged by providers are not unreasonable. Providers are required to report pricing information to the Department every two months and include all costs of delivering direct services in one unit price. From 1 July 2026, price caps for funded aged care services will be introduced, adopting the advice of the Independent Health and Aged Care Pricing Authority. The Commission will continue to receive and assess complaints about pricing and is working with the Department to actively monitor providers' compliance. Where non-compliance is detected, the Commission may take regulatory action, including requiring providers to adjust their prices. Escalated enforcement measures may include compliance notices, conditions on a provider's registration, or varying a provider's registration to prevent them from delivering certain funded aged care services.
- **Meal requirements:** On 26 February 2026, the Commission published [Regulatory Bulletin RB 2026-2](#) which describes the meal requirements and how the Commission intends to monitor and regulate providers registered in Categories 1 and 4 who need to comply with the requirements. Relevantly, the guidance confirms that providers remain fully responsible for compliance even where meals are delivered by an associated provider.

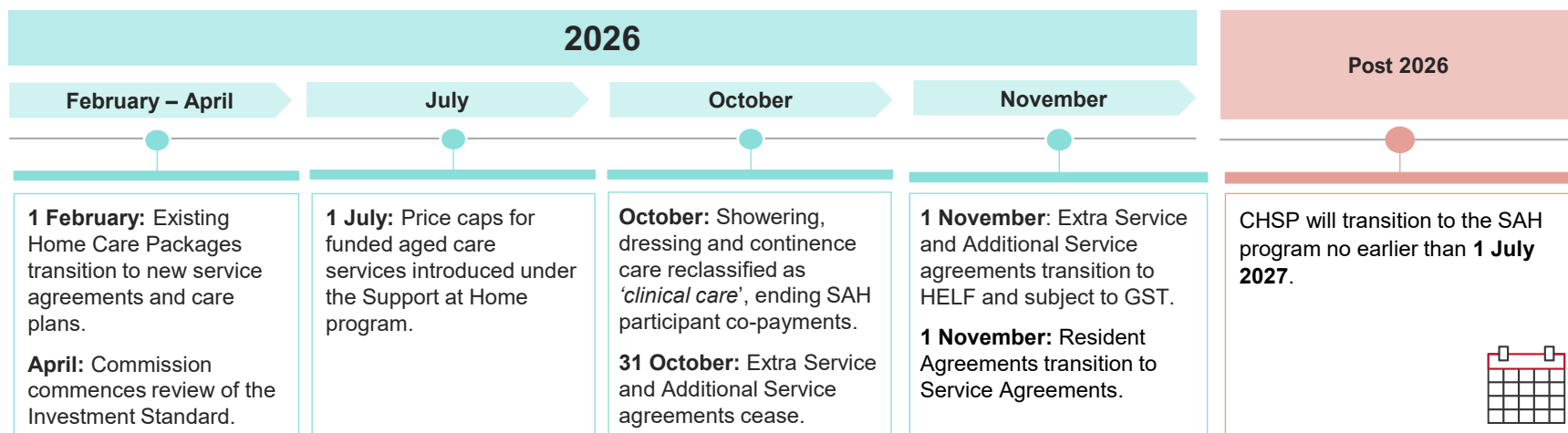
Resources

Access our other recent updates via [Aged Care Act 2024](#).



Where to next?

Next steps in the 2026 aged care reform journey



Contact us

Our experienced Aged Care Team is here to assist you through these reforms. We would be delighted to find out how we can help your organisation. To stay informed with our latest updates about the aged care or disability sector, we invite you to join our mailing list. Please contact Penelope Eden on the email below to be added to the list.



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