



# Regulatory Bulletin

## Provider governance obligations

RB 2023-23

**This Regulatory Bulletin explains the governance obligations that registered providers and their governing bodies must comply with under the new *Aged Care Act 2024* and the *Aged Care Rules 2025*. The new *Aged Care Act* commences from 1 November 2025.**

The new *Aged Care Act 2024* (new *Aged Care Act*) and the *Aged Care Rules 2025* (*Aged Care Rules*) set out the governance obligations that registered providers (providers) and their governing bodies must comply with (meet).

You should read this Regulatory Bulletin with our [Provider Governance Policy](#) and [Regulatory Strategy](#).

### Key points

- Providers have obligations under the new *Aged Care Act* and the *Aged Care Rules* to strengthen their governance practices.
- The provider governance obligations require specific providers\* to:
  - have a governing body made up of [independent](#) non-executive members and at least one member with experience providing clinical care
  - set up and maintain a quality care advisory body
  - offer to form a consumer advisory body at least once every 12 months
  - prioritise people receiving aged care (rather than the interests of the holding company) if the organisation is a wholly owned subsidiary.
- In specific circumstances, a provider can apply for a determination (decision) from the Commissioner that means, for a limited time, they do not need to meet one or both of the following requirements:
  - to have a governing body with a majority of independent non-executive members
  - to have at least one governing body member with experience providing clinical care.

\*These providers are described in the *Aged Care Rules*.



- These legal obligations align with the strengthened Aged Care Quality Standards (strengthened Quality Standards), particularly strengthened Quality Standard 2: The organisation. Strengthened Quality Standard 2 holds the governing body responsible for meeting the requirements to deliver funded aged care services.
- Providers must comply with the new [Financial and Prudential Standards](#) that are a condition of their registration. These Standards set out the minimum requirements for good financial and prudential management.
- The Commission will hold providers to account for:
  - the quality and safety of the care they provide
  - meeting their responsibilities under the new Aged Care Act and other aged care laws. This includes their governance responsibilities.



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**Notes:** This Regulatory Bulletin summarises legislative provisions relating to governance conditions.

**To be reviewed:** November 2025



# Provider governance obligations

## Governance is important in delivering quality care

Governance means the rules, practices, processes and systems an organisation uses to manage how it runs and the services it provides.

The governing body has overall responsibility and ultimate accountability for the organisation. This includes responsibility for strategic and operational decisions that affect safety and quality of care and services.

Good governance helps providers identify, manage and prevent risks of harm to older people. It improves outcomes for older people and supports providers to comply with their obligations.

## Commission's Provider Governance Policy

Our [Provider Governance Policy](#) explains the governance obligations providers need to meet under the new Aged Care Act. It also has best practice principles for providers to follow to help them meet these obligations.

The policy includes information on:

- what we expect from registered providers
- guiding principles of good governance in aged care
- governing body membership requirements
- quality care advisory bodies
- consumer advisory bodies

- governing body determinations
- provider constitutions
- strengthened Aged Care Quality Standard 2
- Financial and Prudential Standards
- how we collect provider governance information
- how we regulate provider governance.

## Governance obligations

Under section 24(2) of the new Aged Care Act, providers must 'take all reasonable and proportionate steps to act compatibly with the rights' of older people. These rights are described in section 23 of the new Aged Care Act, the Statement of Rights.

Strong governance helps providers to uphold these rights. It promotes safe, inclusive and person-centred care. It also makes sure older people:

- can be independent
- have freedom of choice
- have fair access to services
- have privacy
- can raise concerns without fear
- are treated with dignity and respect.

Providers must have governance structures that use these principles to:

- provide quality and safe care
- meet their obligations under the new Aged Care Act.



Providers have a range of governance obligations. These obligations require specific providers (as described in the Aged Care Rules) to:

- have a governing body made up of:
  - a majority of independent non-executive members
  - at least one member with experience providing clinical care (see [section 157 of the new Aged Care Act](#))
- set up and maintain a quality care advisory body (see [section 158\(2\) of the new Aged Care Act](#))
- offer to set up a consumer advisory body at least once every 12 months (see [section 158\(4\) of the new Aged Care Act](#))
- prioritise people receiving aged care (rather than the interests of the holding company) if the organisation is a wholly owned subsidiary (see [section 161 of the new Aged Care Act](#)).

## Connection with other provider responsibilities

As part of the registration process, providers must meet governance requirements set out in strengthened Quality Standard 2. These governance requirements align with the governance obligations set out in the new Aged Care Act.

Under strengthened Quality Standard 2, we will assess providers against outcome statements about:

- partnering with older people
- quality and safety culture
- accountability
- quality systems
- risk management
- incident management
- feedback and complaints management
- information management

- workforce planning
- human resource management
- emergency and disaster management.

## Reporting on provider governance obligations

The Royal Commission into Aged Care Quality and Safety recommended that older people have better access to information about providers' operations (how they are run). We collect provider governance information we receive through the registration process. We also collect provider governance information through provider reporting and notifications.

Providers must report on their governance through the:

- Provider Operations Collection Form
- Aged Care Financial Report (which includes a General Purpose Financial Statement and an Annual Prudential Compliance Statement)
- Quarterly Financial Report.

We learn more about registered providers through their:

- reports on the National Aged Care Mandatory Quality Indicator Program
- reports on 24/7 registered nurse coverage
- Serious Incident Response Scheme notifications.

Providers must notify us of any changes in circumstances that affect their ongoing registration. This includes changes in circumstances for:

- responsible persons
- the organisation
- governance.

For more information about provider reporting and notification obligations, see our Intake Information Management Policy.



## Regulating provider governance obligations

The Commission takes a proportionate, risk-based approach to regulating provider governance. Our regulatory decisions are guided by the key principles of being:

- objective
- accountable
- timely
- proportional
- focused on outcomes and the rights of older people.

We consider the level of risk to older people and take action in proportion to that risk. The action we take is guided by our:

- Supervision Model
- Decision Making Framework
- Risk-based Monitoring Framework
- Compliance and Enforcement Policy.

Providers must comply with their governance obligations under the new Aged Care Act. But we encourage them to go beyond the minimum requirements and continuously improve their governance using best practice principles.

## Need to know more?

You can find definitions of key terms, including 'governing body' and 'responsible person', in our [glossary](#).

Related guidance:

- [Provider Governance Policy](#)
- Risk-Based Monitoring Framework
- Supervision Model
- Compliance and Enforcement Policy
- Decision Making Framework
- Intake Information Management Policy
- [Regulatory Strategy](#)

If you have any questions or feedback on this Bulletin, email: [info@agedcarequality.gov.au](mailto:info@agedcarequality.gov.au).

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*The Aged Care Quality and Safety Commission acknowledges the Traditional Owners of Country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to Elders both past and present.*



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