National Seniors AUSTRALIA

23 January 2026

Senate Standing Committee on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Senate Standing Committee on Community Affairs – Review of the Aged Care Rules Review 1

National Seniors Australia (NSA) welcomes the opportunity to provide feedback in response to the review of the Aged Care Rules by the Senate Community Affairs Legislation Committee.

NSA is a peak consumer body representing the interests of all older Australians with more than 280,000 supporters and members nationwide. We advocate for an aged care system that prioritises fairness, transparency, affordability and accessibility, while remaining responsive to the evolving needs of older people.

Through collaboration, evidence-based advocacy and open dialogue, NSA seeks to support the development of an aged care framework that meets the expectations of both current and future generations of older Australians, reflecting a world-class system.

While the Review encompasses a broad range of provisions, this submission focuses on Chapter 4 Funding of Aged Care Services, which establishes the framework for subsidies, consumer contributions, means testing and accommodation payments under the Aged Care Act 2024.

NSA supports the intent of the reforms to improve sustainability, transparency and fairness. There is, however, early evidence since the commencement of 1 November 2025, which suggests that aspects of Chapter 4 are generating significant concern among care recipients, carers and sector stakeholders, warranting review.

We have identified the following key issues arising from the new funding arrangements in Chapter 4:

- **Affordability pressures arising from increased consumer contributions**
- **Complexity and lack of consumer comprehension of funding arrangements**
- **Concerns regarding Refundable Accommodation Deposit (RAD) retention provisions**
- **Equity impacts for low-income and vulnerable cohorts**
- **Inequity, created through the sustainability of the entire aged care system being primarily achieved through consumer cost-shifting.**

National Seniors AUSTRALIA

We consider these issues require policy adjustment to ensure the funding framework supports access, consumer confidence and equity while maintaining long-term system sustainability.

Should you require further information, please contact the NSA policy Team via policy@nationalseniors.com.au.

Yours Sincerely

Chris Grice

Chief Executive Officer

Suite 19A, 160 Ann St Brisbane QLD 4000
GPO Box 1450 Brisbane QLD 4001

P 07 3233 9100 F 07 3211 9339
E general@nationalseniors.com.au

nationalseniors.com.au
National Seniors Australia Limited ABN 89 050 523 003

National Seniors AUSTRALIA

Australia's Ageing Population and Growing Demand

Before discussing the new Aged Care Act, it is important to contextualise the conditions under which the new funding arrangements have been created, namely the growing and future demand for aged care services.

Australia's population growth has slowed in recent years due to declining fertility rates and reduced migration. While Australia remains younger than many comparable economies, population ageing is accelerating[1]. More than 23 per cent of Australians are now aged over 60, and demand for aged care services will continue to increase.

Table 1. POPULATION OUTCOMES AND PROJECTIONS, AUSTRALIA

	2023–24*	2024–25	2025–26	2026–27	2035–36	2065–66
Population at 30 June (millions)	**27.2**	**27.6**	**28.0**	**28.3**	**31.5**	**41.0**
Population growth (%)	2.0	1.5	1.3	1.2	1.1	0.7
Population growth ('000)	534	417	362	332	354	304
Natural increase ('000)	105	105	99	105	119	69
Births	290	289	286	295	354	415
Deaths	185	183	186	190	235	346
Net overseas migration ('000)	429	310	260	225	235	235
Migrant arrivals	661	575	565	560	555	555
Migrant departures	232	260	305	330	320	320
Median age (years)	38.3	38.4	38.6	38.8	40.2	43.7
Old-age dependency ratio	26.5	26.9	27.4	27.9	31.0	38.7

* Actuals.
Note: The old-age dependency ratio is the number of people aged 65 years and over per 100 people aged 15 to 64. Since the forecasts in this table were prepared, the ABS has released an additional quarter of population data, covering the period to the end of the 2024–25 financial year.
Source: Australian Bureau of Statistics (ABS), *National, state and territory population, March 2025*; Centre for Population.

Source: 2025 Population Statement, Centre For Population

As of 31 October 2025, 107,281 people were waiting for a **Home Care Package (HCP)** (*old system pre-1 November 2025*) at their approved level. On 1 November 2025, all active HCP approvals transitioned into the **Support at Home (SaH)** (*new system- post 1 November 2025*) priority system.[2].

[1] 2025 Population Statement.
[2] Home Care Packages Program Data Report Quarter 2 2025-26

Table 9: Number of people waiting on a HCP at their approved level by state and territory of residence and level of approval at 31 October 2025

State	Level 1	Level 2	Level 3	Level 4	Total	Share
NSW	1,498	18,131	15,128	3,484	**38,241**	**35.6%**
VIC	1,555	13,410	9,013	1,640	**25,618**	**23.9%**
QLD	1,449	11,584	7,685	1,525	**22,243**	**20.7%**
WA	230	3,377	3,415	885	**7,907**	**7.4%**
SA	306	3,807	3,658	758	**8,529**	**8.0%**
TAS	176	1,341	960	280	**2,757**	**2.6%**
ACT	18	649	565	121	**1,353**	**1.3%**
NT	14	274	246	69	**603**	**0.6%**
Unknown	-	15	12	3	**30**	**0.0%**
Total	**5,246**	**52,588**	**40,682**	**8,765**	**107,281**	**100.0%**
Share by Level	**4.9%**	**49.0%**	**37.9%**	**8.2%**	**100.0%**	

Source: Home Care Packages Program Data Report Quarter 2 2025-26

This reflects sustained growth in wait times for care and increasing pressure on the system. These access challenges are now occurring alongside new funding arrangements, amplifying affordability concerns for older Australians.

As noted by the Royal Commission into Aged Care Quality and Safety, significant budgetary demands would require additional funding streams. With the major political parties rejecting the Commissioner's recommendations to impose a levy to raise additional funds, the Aged Care Taskforce chose to use consumer contributions as the key mechanism to ensure financial sustainability in the face of growing demand for aged care services. This approach received bipartisan support in the passage of the final bill put to parliament.

Funding of Aged Care Services – Chapter 4

Chapter 4 of the Aged Care Act 2024 governs the funding of aged care services, including:

- Commonwealth subsidies
- Consumer and co-payments
- Means testing arrangements
- Accommodation payments and Refundable Accommodation Deposits (RADs).

The stated objective of the Act and Rules is to create a funding model that ensures system sustainability while placing the rights of older people at the centre.

While acknowledging the reforms are in their early stages, NSA is receiving consistent feedback from older Australians concerned about significant price increases and higher consumer contributions for services essential to remaining at home under the SaH program.

1. *Affordability pressures from increased consumer contributions*

Older Australians overwhelmingly wish to remain living at home for as long as possible. Equity of access to aged care requires that services are available based on need, regardless of individual circumstances.

Since the implementation of the SaH program, NSA has received consistent feedback that out-of-pocket costs for aged care services have significantly increased, particularly for non-clinical person care delivered in the home.

Care recipients and carers report:

- Increased prices for services
- Reduced service frequency
- Inability to access support services
- Increased financial stress.

There is concern that the extent of cost-shifting to care recipients was not well understood before commencement, particularly among people on fixed or modest incomes and that changes to funding arrangements within the new Act have exacerbated confusion and concern.

For example, recent increases in SaH service prices reported by care recipients are causing significant concern, including the 10 per cent “platform fee” or third-party invoice surcharge, which further depletes package funds. Care recipients are further worse off due to this financial burden.

These increases appear to exceed what is required to incorporate care management costs into the hourly rates. The hourly rate increases coincide with the introduction of caps on provider management and administration fees.

While some price adjustments may reflect legitimate efforts by providers to rebalance revenue streams in response to these caps, there is growing concern the policy setting may be creating incentives for cost shifting into direct service prices. This raises the risk that management fee caps, rather than delivering genuine savings to care recipients, are inadvertently driving price increases through highly variable hourly rates or reclassified service charges.

From a consumer perspective, this undermines transparency and makes it difficult to distinguish between necessary cost recovery and opportunistic pricing behaviour. Without stronger price monitoring, clearer cost definitions, and effective regulatory oversight, there is a real risk that care recipients, particularly those with limited capacity to compare providers or negotiate, will face overall cost increases despite reforms intended to improve affordability and value for money.

We fear that this will reduce the amount or frequency of services a care recipient can access under the new Support at Home system compared to the previous Home Care Package program. Anecdotal evidence suggests that this is occurring, but without careful comparison, it is not possible to substantiate this.

Funding arrangements must reflect the real cost of service delivery, which has escalated due to inflation and workforce pressures. Current subsidy levels do not adequately account for cost increases, creating sustainability risks for providers and inequities for care recipients.

Aged Care providers are increasing prices primarily because underlying cost growth, particularly workforce wages, regulatory compliance and capital expenses, has outpaced government funding and indexation under Chapter 4 of the Aged Care Act 2024.

Labour costs now account for the majority of provider expenditure[3], driven by

- mandatory wage increases
- 24/7 registered nurse requirements
- care minute obligations
- persistent workforce shortages[4].

Providers also face rising insurance, infrastructure, digital reporting and governance costs. While Chapter 4 relies on indexation and approved pricing arrangements to maintain funding capacity adequacy, available evidence and audit commentary from the Australian National Audit Office indicate ongoing uncertainty as to whether these mechanisms adequately reflect real cost growth.

As noted earlier, a significant factor that appears to have driven up service costs under the new SaH program is the introduction of caps on management and administration fees under Chapter 4 of the Aged Care Act 2024. While these caps were intended to address concerns about home care providers charging highly variable fees for care and package management, there is a growing risk that limitations on revenue for administrative tasks are simply resulting in higher service prices.

Additionally, costs associated with insurance, digital reporting, and capital continue to rise faster than subsidy indexation. As a result, funding shortfalls are increasingly covered by higher out-of-pocket costs

[33] Quarterly Financial Snapshot of the Aged Care Sector 4 2024-25 1 April to 30 June 2025
[4] Financial Report on the Australian Aged Care Sector 2023-24

Suite 19A, 160 Ann St Brisbane QLD 4000
GPO Box 1450 Brisbane QLD 4001
P 07 3233 9100 F 07 3211 9339
E general@nationalseniors.com.au
nationalseniors.com.au
National Seniors Australia Limited ABN 89 050 523 003

for older Australians. This trend undermines affordability and shifts the burden of system sustainability onto those least able to bear it.

In practice, this funding gap is being bridged through higher consumer prices and co-contributions, increasing affordability pressures for older Australians and resulting in unintended cost shifting to consumers.

2. Complexity and care recipients' understanding

Chapter 4 introduces a funding framework that combines subsidies, means testing, service caps, approved prices and co-contributions. Care recipients report that the system is difficult to understand and navigate, even with provider assistance.

Effective navigation often requires specialist financial advice, raising concerns about inequitable outcomes between those who can access advice and those who cannot.

This complexity:

- Reduces informed choice
- Increases stress and confusion
- Risks poorer decision-making by consumers and families.

Older Australians find the system difficult to understand and navigate, even with provider support. Effective navigation often requires specialist financial advice, raising concerns about inequitable outcomes between consumers who can access advice and those who cannot[5]. This complexity reduces informed choice, increases stress, and risks poorer decision-making by older people and families.

Our concern is that the new Act, by using means testing to enforce an intricate consumer contribution regime, creates a more complicated system, erodes efficiency, and places a significant burden on older people and their carers (including spouses and children simply trying to help loved ones navigate the system).

3. Refundable Accommodation Deposit (RAD) retention

The Act permits providers to retain up to two per cent of RADs for up to five years. While NSA acknowledges the objective of improving provider sustainability, this represents a significant departure from long-standing consumer expectations of a full RAD refund.

[5] What's changed with 1 November 2025 aged care reforms?

Suite 19A, 160 Ann St Brisbane QLD 4000
GPO Box 1450 Brisbane QLD 4001
P 07 3233 9100 F 07 3211 9339
E general@nationalseniors.com.au
nationalseniors.com.au
National Seniors Australia Limited ABN 89 050 523 003

If care recipients are required to make increased contributions toward their aged care, these payments must be demonstrably necessary to support provider financial sustainability and the delivery of quality care, not mechanisms for extracting excess profits.

The government has a clear responsibility to ensure that public subsidies and consumer contributions are used efficiently, appropriately and for the intended purpose. This requires robust, enforceable financial transparency arrangements for providers receiving government funding and consumer payments, including clear visibility into cost structures, profit margins, and the allocation of funds between care delivery, administration, and returns.

Without such transparency, consumer confidence in the aged care funding system will be undermined, and the fairness objectives of Chapter 4 will not be realised.

4. Equity impacts for low-income and vulnerable people

NSA is concerned that the combined effect of means-tested contributions and service caps may disproportionately affect older Australians with limited financial capacity but high care needs.

The current funding settings risk unintentionally widening disparities between asset-rich and asset-poor consumers. Funding arrangements must ensure that need, not financial means, remains the primary determination of access to care.

An example of this disparity in practice is the treatment of showing. Showering is not a discretionary or optional service; it is a fundamental activity of daily living essential to health, dignity, and the ability to remain safely at home. For many older Australians, particularly those with mobility limitations, cognitive impairment, or chronic illness, assisted showering is the primary form of personal care support that enables them to live independently and avoid premature entry into residential aged care.

Under the current arrangements, even full-rate Age Pension recipients are required to contribute up to five per cent toward the cost of assisted personal care services such as showering. For individuals living on a fixed and modest income, this co-contribution represents a material and ongoing financial burden for a service that is non-negotiable.

Requiring full pensioners to pay for essential personal care undermines the stated policy objective of supporting older people to age in place. It effectively shifts the cost of basic care onto those least able to afford it, increasing financial stress and, in some cases, leading individuals to reduce or forgo services altogether. This creates downstream risks, including poorer hygiene, increased falls risk, preventable hospitalisations, and earlier entry into higher-cost residential care. NSA strongly maintains that the need for capacity to pay must remain the primary determinant of access to aged care services.

5. Inequity created by achieving aged care system sustainability

Fairness and affordability sit at the core of a sustainable aged care system, yet current funding settings are placing increasing financial pressure on older Australians. The Act explicitly increases the reliance on consumer contributions, particularly for non-clinical and everyday living expenses, as a strategy of consumer cost shifting for those with the capacity to pay [6].

We recognise the importance of funding reform to ensure long-term system sustainability; however, Chapter 4 relies heavily on increased consumer contributions, rather than broader revenue measures.

The inequity inherent in an aged care funding model that seeks to sustain the aged care system primarily by shifting costs onto older Australians who cannot afford them.

Conclusion

NSA supports the objectives of the Aged Care Act 2024 and recognises the need for funding reform. However, early evidence suggests that aspects of Chapter 4 are placing unnecessary financial stress and burdens on older Australians.

There is a need to review the act from an efficiency and transparency perspective to ensure that it is not unduly burdening consumers and unnecessarily driving up the cost of aged care.

Addressing these issues promptly will be essential to ensuring the funding framework delivers a system that is sustainable, fair and genuinely accessible.

Given the recent commencement of the Act, NSA notes that publicly available data on affordability, access and consumer outcomes is limited. We have long called for more systemic monitoring and transparency reporting during the transition period.

Our view focuses explicitly on early identification and correction of unintended consequences, which is critical to maintaining confidence in the reforms.

The aged care reforms are intended to deliver a world-class aged care system, yet significant gaps in funding, pricing transparency and service delivery remain. Legislation alone will not achieve reform, it must be matched by ongoing review, clear accountability and a willingness to adjust policy where outcomes do not align with intent.

NSA calls on the government to actively monitor the real-world impacts of Chapter 4 and make timely, evidence-based changes to ensure the system is fair, sustainable, and genuinely works for older Australians.

---

[6] Steward Brown Taskforce Funding Reforms Analysis 2024