



Consultation on Residential Aged Care Accommodation Pricing

Brotherhood of St. Laurence

10 November 2025

The Brotherhood of St. Laurence (BSL) welcomes the opportunity to submit feedback on the Residential Aged Care Accommodation Pricing Review.

The Brotherhood of St. Laurence and Aged Care

BSL is a social justice organisation working alongside people experiencing disadvantage to address the fundamental causes of poverty in Australia. We believe no one should live in poverty. Our purpose is to advance a fair Australia through our leadership on policy reform, our partnerships with communities and the quality of our services.

BSL is a residential aged care service provider.

BSL welcomes the passage of the *Aged Care Act 2024* into law, and the redressing of some of the critical issues raised by the Aged Care Royal Commission into Quality and Safety in Aged Care. We remain concerned, however, for the most vulnerable older people in our community whose aged care needs may remain unmet. This is because older people experiencing disadvantage have specific and complex needs. They require assistance to navigate services, support to connect with service providers and often hands-on support to resolve crises and presenting complex issues. Further, many clients experience multiple forms of disadvantage alongside the compound effects of older age. The foundation to working with these cohorts is building trusted relationships and prioritising easy access to much needed services and supports.

BSL welcomes the Accommodation Pricing Review (the Review) to consider the appropriateness of current settings for the Accommodation Supplement and accommodation pricing.

BSL presents responses (below) to selected consultation questions, with a particular focus on residents experiencing disadvantage.

Accommodation Supplement for supported residents

Consultation question 1: Outline how you think the Accommodation Supplement could be reformed to ensure quality accommodation for residents of low means

Quality accommodation for residents of low means can be supported by streamlining the Accommodation Supplement and removing disincentives for residential aged care homes (RACH) to accept residents experiencing disadvantage.

Where a RACH is classified as a specialised service (for example for people from a disadvantaged background), BSL proposes that homes should automatically receive the Accommodation Supplement to directly support quality care for residents. This is because the RACH is likely eligible for the supplement based on its status as a specialised service by meeting the minimum occupancy requirements of residents who are low means, supported residents or for whom concessional resident supplements are payable.

The automatic application of the Accommodation Supplement would also remove the additional administrative burden on providers to apply for the supplement and for this to potentially change from month to month. This would remove this burden and uncertainty for providers, which can present a disincentive to accept residents of low means to quality accommodation.

Consultation question 2: Should the value of the Accommodation Supplement be universal or tiered such as by location or proportion of residents or other basis?

BSL considers that the value of the Accommodation Supplement should be tiered to better address the needs of residents of low means. This could be achieved by ensuring the supplement increases as the proportion of residents of low means in a RACH increases. Currently, the supplement is paid at the same rate regardless of the proportion of beds occupied by residents of low means (above the minimum requirement of 40% or more). However, a higher number of supported residents (above the 40% threshold) has a compounding effect in terms of clinical and other risk across the Home delivering care for a greater proportion of residents of low means.

Consultation question 3: Should the Higher Accommodation Supplement be staggered over time, so that as the accommodation facilities age the supplement is reduced (with the full value payable again after a new renovation)?

BSL considers the Higher Accommodation Supplement should conform with depreciation of building works over time.

Consultation question 4: How suitable is the current incentive structure to encourage providers to accept low means residents (a discount on the Accommodation Supplement based on a single threshold of 40% supported residents)? How could those incentives be preserved or enhanced?

As noted in our response to question 2, the current incentive structure does encourage providers to accept some low means residents (to qualify based on a threshold of 40% supported residents). However, it does not encourage them to accept more than the minimum threshold. This can have unintended

consequences including reducing or removing access to quality residential care for additional low means residents (beyond the threshold).

An alternative approach would be to provide a tiered qualification, where providers who accept more than 40% of their residents as supported would receive a higher Accommodation Supplement payment.

Consultation question 5: How can the Accommodation Supplement be reformed to support an uplift in the quality of accommodation?

The responses to questions 2 and 4 (above) would support provision of quality accommodation for residents of low means.

Consultation question 7: In what ways could the Accommodation Supplement be reformed to better incentivise capital investment in residential aged care?

See question 3 above.

Consultation question 8: To what extent are the current rates of the Accommodation Supplement sufficient to cover providers' capital and operational costs relating to accommodation?

The Accommodation Supplement is designed to compensate providers for the capital and operational cost of providing accommodation to supported residents.

However, the current rate of the Accommodation Supplement (\$70.94 for fully compliant facilities in 2025¹) does not meet the actual costs of building, maintaining and operating aged care accommodation – particularly given the rapid escalation in costs associated with construction, financing and compliance across the sector. It also does not take into account inflationary pressures on maintenance and operations (e.g. cleaning, laundry, maintenance, utilities, insurance and property management).

Key pressures include:

- wage growth following Fair Work Commission determinations
- rising energy and insurance costs
- increased compliance and reporting burdens under the new Aged Care Act and AN-ACC model.

This underfunding contributes to inequitable access to aged care accommodation – particularly for supported residents and non-metropolitan service providers, discourages new investment and undermines provider sustainability. Particular consequences include reduced investment in new or upgraded residential aged care infrastructure; deferred maintenance of existing facilities - leading to quality and safety risks; closure of smaller or regional homes - particularly those with a high proportion of supported residents; and increased reliance on Refundable Accommodation Deposits (RADs) and accommodation payments from wealthier residents to cross-subsidise supported places.

¹ [StewartBrown - Aged Care Financial Performance Survey Report June 2025.pdf](#)

As a result, the supplement fails to support equitable access to quality aged care accommodation across regions and income levels.

Consultation question 9: How do the costs of providing accommodation vary across different operating environments, such as differences in location?

The running costs for providers depend on location. For example, there is considerable variation in the costs of food and utilities in rural, regional and remote areas. These differences also extend to the cost and availability of contractors to undertake refurbishment work.

Consultation question 15: Should the government introduce a mandated minimum accommodation payment that prevents providers receiving less revenue from non-supported residents than they do from supported residents?

BSL supports this proposal as it would remove any financial disincentives for providers when considering supported and non-supported residents.

Daily payments as the default room price

Consultation question 17: Would setting DAPs as the default make accommodation pricing easier to understand for prospective residents and their families?

In our experience, both forms of payments - RADs and Daily Accommodation Payments (DAPs) - are difficult to understand. More effective, plain language, resources are needed to support prospective residents and their families to make their choices.

There is also a need for individual advocacy services to help residents and families understand the financial contracts they are required to sign. This could take the form of a free information line for financial and legal advice relating to residential aged care contracts. Often, providers give information about the contracts to prospective residents, but there is an inherent conflict of interest in doing this.

Consultation question 19: Do you think the DAP should be set as the default payment type? Why?

While it makes sense to retain the choice of payment types, there is some merit in DAPs being the default type from the perspective of both providers and residents.

Of the two payment types, we see DAPs as the more attractive payment type for both residents with low incomes, and some providers. In our experience, DAPS are preferred for residents with low incomes, as the larger principle required to pay the RAD is prohibitive.

DAPs are also preferred by some providers, as they do not require a principal payment refund to residents when they leave the RACH which impacts liquidity of providers. This is especially important for smaller, not-for-profit providers. Also, providers can retain a percentage of the fees paid by the resident (although this is changing as of 1 November 2025 with RAD retention permissible).

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