

Ageing Australia: 2026-27 Federal Budget Analysis

12 May 2026

2026-27 Federal Budget

Ageing Australia acknowledges the \$3.7 billion investment in aged care in today's Federal Budget, including the pre-announced \$3 billion package announced by Minister Mark Butler in his speech to the National Press Club on 22 April 2026.

This additional funding is welcome, particularly given the extremely tough fiscal situation and the lack of investment by the government in other areas of social policy. However, we are concerned that this package falls short of the total investment required.

Australia needs to build 10,000 new residential aged care beds per year over the next two decades to keep up with ever-growing demand, but the package announced today is predicted to deliver only half of that – 5,000 new beds per year.

Regarding home and community care, \$389.8 million of additional funds has been allocated to Support at Home. At this stage, there is extremely limited detail available about how many packages this will provide. The budget papers do indicate that package numbers will increase to 420,000 by the end of June 2027 from 380,000 at the end of this financial year, but this is not clearly linked to any identifiable funding in the budget. We will seek urgent clarification regarding the true number of packages to be released next year over the coming days.

Part of the funding allocated to Support at Home will deliver real program improvements, which we have advocated for following structural issues raised by members. The much-needed review of the Integrated Assessment Tool (IAT) aims to deliver a more equitable and timely assessment system, and will seek to address the high levels of criticism of the tool to date, including from our members. The extension of funding for the End-of-Life Pathway is a particularly welcome measure as it ensures that those who live longer than 12 weeks after receiving end-of-life funding will not have that funding cut off. This will ensure people do not miss out on essential palliative care services in their final days. The digitisation of the financial hardship assistance process will simplify and speed up the application process for older people, something we have been particularly concerned about since 1 November.

Budget overview

Budget topic	Budget announcement
<p>Aged care</p>	<p>Ageing Australia acknowledges the \$3.7 billion investment in aged care.</p> <p>The funding includes:</p> <ul style="list-style-type: none"> • \$1.7 billion for residential aged care • \$1.4 billion for Support at Home • \$560 million to support the administration of aged care programs <p>Key measures include:</p> <ul style="list-style-type: none"> • Capital subsidies to support capital investment in residential aged care beds for supported residents • Personal care services re-classified as clinical care, including showering, dressing and continence support • Refinements to the Support at Home program and IAT, including expanding the End-of-Life pathway to provide more care for palliative patients • 20 additional Specialist Dementia Care Program units and an expansion of the Hospital to Aged Care Dementia Support Program
<p>Support at Home</p>	<p>The budget includes \$1.4 billion for Support at Home:</p> <ul style="list-style-type: none"> • \$1.0 billion over four years for full funding of 'personal care' for all care recipients in the Support at Home program • \$389.8 million over four years from 2026–27 to improve assessments, hardship applications and the end-of-life pathway. <p>Note that the Budget does not provide numbers for new Support at Home places, but we understand there will be additional places covered in this funding</p>
<p>Residential Care</p>	<p>The budget includes \$1.7 billion for residential aged care:</p> <ul style="list-style-type: none"> • \$1.1 billion to be held in the Contingency Reserve for future spending to increase the Accommodation Supplement and introduce an additional payment for high supported resident ratios, subject to finalising implementation details. Ageing Australia understands that this will cover the \$5 increase to the Accommodation Supplement for supported residents, but it is unclear at this stage when this will commence. • \$348.4 million over four years to provide capital subsidies to support capital investment in residential aged care beds:

	<ul style="list-style-type: none"> - \$30 per supported resident per day upon commencement of newly constructed homes, payable for up to 25 years - \$15 per supported resident per day upon commencement of significantly expanded homes, payable for up to 15 years • \$33.8 million over four years from 2026–27 to allow greater flexibility in how room prices are set • \$224.3 million over four years for dementia care supports, expanding the Hospital to Aged Care Dementia Support program and up to 20 additional Specialist Dementia Care Program units • Whilst not included in the budget paper, the Health Portfolio Factsheet points to the already announced additional \$20 per bed day for homes with more than 60% supported residents will not apply until 2028
<p>Additional aged care funding</p>	<p>The budget includes \$561.5 million in additional funding for aged care services and programs:</p> <ul style="list-style-type: none"> • \$51.3 million in 2026–27 to extend aged care provider viability support programs • \$29.9 million over two years from 2026–27 to extend the Regional Stewardship of the Aged Care outreach model to strengthen governance and to support the implementation of aged care reforms in regional areas • \$6.7 million in 2026–27 to extend grants that provide innovative respite support and respite care planning to people with dementia under the Support for Informal Carers program • \$6.6 million over four years from 2026–27 (and \$1.7 million per year ongoing) to continue processing exemptions and support alternative clinical arrangements for small providers unable to meet the 24/7 Registered Nurse on site requirement • \$5.5 million in 2026–27 to extend the Palliative Aged Care Outcomes program (PACOP) and the Program of Experience in the Palliative Approach to continue to upskill the aged care and primary care workforce to further embed palliative care capacity in the aged care workforce • \$4.7 million in 2026–27 to continue improving food and nutrition in aged care • \$2.4 million in 2026–27 to extend the Care Together program to support the start up and development of cooperatives and mutual enterprises, and deliver business resources and professional support to the aged, disability and veterans’ care sectors • \$1.0 million over two years from 2026–27 to progress the implementation of a national worker registration

	<p>scheme for personal care workers employed in aged care</p> <ul style="list-style-type: none"> • \$0.7 million in 2026–27 for Uniting Care to continue the operation of the Aged Care Workforce Remote Accord to support the aged care workforce in remote and very remote communities • \$0.4 million in 2026–27 to assist in the management of the Disability Support for Older Australians program • \$259.9 million in 2026–27 for the sustainment of aged care ICT systems • \$120.3 million in 2026–27 in additional funding for the Aged Care Quality and Safety Commission to continue delivering its regulatory functions under the <i>Aged Care Act 2024</i> • \$33.7 million in 2026–27 to improve the Aged Care Quality and Safety Commission’s ICT governance, delivery processes and internal cyber security capability • \$29.9 million over two years from 2026–27 to extend the Regional Stewardship of the Aged Care outreach model to strengthen governance and to support the implementation of aged care reforms in regional areas • \$20.0 million in 2026–27 to continue to meet demand for My Aged Care • \$11.5 million over two years from 2026–27 for the National Centre for Monitoring Dementia to continue to monitor progress of the National Dementia Action Plan • \$7.2 million over four years from 2026–27 to extend funding for the Maggie Beer Foundation to improve the quality of food for people in aged care
<p>Workforce</p>	<p>The budget includes several workforce, skills and migration measures relevant to aged care.</p> <p>Measures include:</p> <ul style="list-style-type: none"> • \$1 million over two years from 2026–27 to develop mandatory minimum qualifications, professional scope and standards for personal care workers as part of a national registration scheme • \$35.2 million over four years from 2026–27, and \$9.1 million ongoing, for Jobs and Skills Australia to continue labour market and skills analysis • \$36.7 million over four years from 2026–27 for broader skills, training and vocational education compliance measures • Maintaining the permanent Migration Program at 185,000 places in 2026–27, with more than 70 per cent allocated to the Skill stream • Migration reforms to better target higher-skilled migrants and accelerate workforce entry through

	<p>faster skills recognition and streamlined licensing pathways</p> <ul style="list-style-type: none"> • \$85.2 million over four years from 2026–27 for faster and more flexible migrant skills assessments • \$167.4 million over four years from 2026–27 to strengthen migration system integrity and compliance • Development of a National Credit Recognition Framework to support faster qualification pathways between TAFE and university study
Data and digital	\$598.3 million over two years from 2026-27 to support the continued enhancement of My Health Record and the sharing by default requirement
Business measures	<p>The budget features a range of business and productivity measures. Ageing Australia will work through these initiatives over the coming days.</p> <p>Some notable business measures include:</p> <ul style="list-style-type: none"> • Making the \$20,000 instant asset write-off permanent to give businesses more certainty to invest. This change will deliver around \$890 million in cash flow support over the next five years, slash compliance costs for small businesses by around \$32 million a year and save them 366,000 hours on record keeping • A permanent two-year loss carry back for companies with turnover of up to \$1 billion from 1 July 2026, so that small businesses can return to profitability faster, and have the confidence to invest earlier and withstand volatility • Working with the states and territories to harmonise payroll tax administrative arrangements