

27 March 2025

Aged Care Quality and Safety Commission

By email: CR.consultation@agedcarequality.gov.au

Cost recovery consultation

Ageing Australia welcomes the opportunity to provide feedback on the Aged Care Quality and Safety Commission (Commission) [Cost Recovery Consultation Paper](#) for provider registration, renewal of registration and provider-initiated variations to registration in 2025-2026.

Ageing Australia is the national peak body for aged care, representing providers of retirement living, seniors housing, residential care, home care and community services. We advocate for our members, providing expert advice, resources and tailored services to ensure they deliver exceptional care to older Australians.

Overall, we believe that some of the proposed fees are neither fair nor reasonable, and some fees represent a significant increase over current arrangements.

Ageing Australia's recommendations and feedback are provided below.

Recommendations

- R1 The Commission simplifies the arrangements to ensure providers understand each component and their total fee.**
- R2 For transparency, the Commission should publish the assumed number of hours required for each fee activity across its staffing levels, and the average hourly rates applied as part of its efficient standard time.**
- R3 Full waivers be extended to all providers delivering specialised care for diverse needs groups, regardless of their MMM category.**
- R4 The proposed fee waivers should be expanded to support smaller providers and those operating in regional and rural areas, helping to address thin market participation and viability issues.**
- R5 The proposed three tiered cost recovery structure for category 6 residential care home audits includes more tiers for smaller homes, ensuring fees are proportionate to size and financial capacity of providers.**
- R6 The transitional arrangements for residential care providers with multiple residential care homes are confirmed so fees are not inappropriately brought forward.**
- R7 There should be an allowance for reasonable provider-initiated variations to registration, to support service adaptation and growth.**
- R8 Registration renewal invitations from the Commission be made closer to the registration expiry date.**
- R9 If the renewed registration period is less than three years, there be a partial refund of fees proportionate to the reduced registration period.**

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Overall

The Commission proposes charging fees to fully cover the costs of activities associated with Government-funded aged care services, including renewal and varying registration and audit activities associated with these processes. The rationale for cost recovery for renewal of registration activities is unclear, given the aged care sector is largely taxpayer funded. We believe that direct Government funding for the Commission would be more efficient.

Given these fees will increase provider costs, it is important the Commission engage with the Department of Health and Aged Care to ensure these fees are considered as part of aged care funding. The Commission should also engage with the Independent Health and Aged Care Pricing Authority (IHACPA), so all parties are aware of new costs for their costing studies.

Members have provided feedback regarding the complexity of the proposed fee structure, including the differing components which make up the total fee. We recommend the Commission simplifies the arrangements to ensure providers understand each component and their total fee.

For transparency, the Commission should publish the assumed number of hours required for each fee activity across its staffing levels, and the average hourly rates applied as part of its efficient standard time. Actual hours utilised with each provider should also be shared.

When referencing what cost recovery is, we note the statement in the [Guide to the Cost Recovery Consultation Paper](#) (page 2) "The application of charging should not, however, adversely impact disadvantaged Australians". Contrary to this statement, the proposed fee arrangements in the cost recovery consultation paper are likely to have an adverse impact on many disadvantaged Australians, including people receiving care from smaller residential care providers, home care and community services providers¹, and those delivering specialised care for diverse needs groups (additional to those providers identified in the consultation paper as eligible to receive full or partial fee waivers).

To minimise the impact these fees will have on disadvantaged Australians, we recommend:

- full waivers be extended to all providers delivering specialised care for diverse needs groups, regardless of their MMM category.
- the proposed fee waivers should be expanded to support smaller providers and those operating in regional and rural areas, helping to address thin market participation and viability issues.

The costs of these fee waivers should not be borne by the rest of the sector. Instead, funding should be provided by the Government directly, as part of its commitment to support aged care services across Australia, including diverse needs groups and thin markets.

Residential care

The introduction of fees for provider registration, renewal, and variations will place additional financial strain on residential aged care providers. Many residential care homes, including those delivering specialised care for diverse needs (e.g. Culturally and Linguistically Diverse (CALD) communities), operate within tight budget constraints and are already operating at a loss. Increased regulatory costs will divert funds away from

¹ Our [State of the Sector: Aged Care 2024 Report](#) (page 32), showed that only 24% of small or very small providers agreed that they have the financial resources needed to meet the requirements of the new reforms, compared to 40% of medium or large providers.

direct care services, staff training, and responsive programs that enhance the quality of care for residents.²

There is a risk that smaller or community-based providers will struggle to meet these financial requirements, and as a result, may limit or withdraw services. This is likely to disproportionately impact diverse needs communities, where trusted providers play a critical role in ensuring appropriate care.

For example, a 60 bed, single site residential aged care home in MMM4 would have paid \$11,891 in 2022, but will be required to pay \$29,995 under the proposed new arrangements – an almost three-fold increase. The fee of \$29,995 includes:

- an entity level assessment fee of \$295;
- a review of category specific requirements (category 6) fee of \$5,410;
- a provider level evidence gathering (categories 4-6) fee of \$7,910; and
- an audit – category 6 residential care home (1-150 beds) fee of \$16,380.

Additionally, the proposed first threshold (1-150 beds) of the sliding scale, outlined on page 16 of the consultation paper, is too broad. This is inequitable and does not recognise smaller facilities, including in regional and rural areas, where the ability to pay such fees is limited and will impact on viability. A revised sliding scale for smaller sites, which is consistent with the current scale (of 1-9, 10-24, 25-80, 81-160 and 161+ places), is needed to ensure fairness for smaller providers.

We recommend that the proposed three tiered cost recovery structure for category 6 residential care home audits includes more tiers for smaller homes, ensuring fees are proportionate to size and financial capacity of providers.

Home care and community services providers

Another concern is the expansion of fees to home and community care providers for the first time, as they relate to renewal of registration and provider-initiated variations to registration.

The timing of these fees is problematic, given the expected substantial changes to unit pricing, funding, and transition expenses. Service providers are currently navigating the most substantial regulatory, pricing, and compliance changes in decades. Many are working through the practical realities of transitioning to a unit-based funding model, and implementing new technology to meet compliance and reporting requirements. The proposed changes must be evaluated in this broader context, to ensure they do not create unintended barriers that undermine service delivery and continuity of care.

The proposed registration fees will negatively impact small home care providers in particular, who are in registration categories 4-5, as they will need to disproportionately recover the cost of renewal of registration through pricing structures. This will either result in higher prices for older people, or reduce availability of services as providers leave the sector.

An example on page 9 of the [Guide to the Cost Recovery Consultation Paper](#), shows a provider registered in categories 1-5 providing care and services to 112 consumers. The renewal fee is either \$34,240 or \$36,650, depending on whether the complexity category for the renewal audit is deemed moderate or complex. Such a fee is a significant expense for a provider with 112 consumers.

We recommend lower fees for smaller providers of home care and community services.

² StewartBrown Survey notes that administration costs have increased by a cumulative 69.6% from September 2017 to September 2024 compared to CPI increases of 24.9% in the same period - much of this is due to increased compliance and reporting activity. Figure 23, Page 31 [StewartBrown - Aged Care Financial Performance Survey Report September 2024.pdf](#)

Transitional arrangements – residential aged care providers

The transitional process for providers with multiple residential care homes has not been explained.

The current arrangements require reaccreditation for each residential service which can occur over different years for a provider. The new arrangements introduce a universal provider registration model, with single registration for each provider across all aged care programs.

Providers are concerned if the Commission deems a provider's registration expiry date to be when the next reaccreditation would have been due rather than when a later or the last reaccreditation would have been due. If this occurs there will be a bring forward of fees and consequential financial impact compared to what would have been the case if the new arrangements had not been implemented.

Requiring providers to expedite the reaccreditation process and incur associated costs (which may not have been due for another 1-2 years) is, in our view, unreasonable.

We recommend that the transitional arrangements for residential care providers with multiple residential care homes are confirmed so fees are not inappropriately brought forward.

Provider-initiated applications for variations

The introduction of cost recovery fees for provider-initiated variations to registration raises further concerns. For example, many home care providers will need to adjust service offerings, restructure operations, or expand into new areas in response to the changes under Support at Home. If the cost of making these adjustments is prohibitively high, it could discourage innovation and flexibility in service delivery.

We recommend an allowance for reasonable provider-initiated variations to registration, to support service adaptation and growth, thereby contributing to a viable sector that can meet increasing demand for aged care services.

Invitation to renew registration

The consultation paper notes that the Commission intends to invite providers to renew their registration up to 18 months prior to expiry. Given the standard registration period will be three years, this timeline seems unreasonably long.

We recommend that registration renewal invitations from the Commission be made closer to the registration expiry date.

The Commission also needs to clarify if audit fees are due in advance, or at the time of the audit.

Registration period

It is noted that whilst the standard registration period will be three years, different periods may be set by the Commissioner where appropriate.

If a provider applies and pays the relevant fees with the expectation that the registration period will be three years, but the Commissioner sets a shorter term, we recommend there be a partial refund of fees proportionate to the reduced registration period.

Thank you again for the opportunity to provide feedback on the cost recovery consultation paper. Please contact Anne Liddell, Head of Policy, at anne.liddell@ageingaustralia.asn.au if you have any questions or would like to discuss this submission.

Yours sincerely,

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