



Aged Care Workforce Remote Accord Response to the Residential Aged Care Accommodation Pricing Review

November 2025



About the Aged Care Workforce Remote Accord

The Aged Care Workforce Remote Accord (the Remote Accord) is a group of service providers and industry experts delivering aged care services in regional and remote areas of Australia.

The Remote Accord was formed based on the belief that every community – including those in remote and very remote areas of Australia – has an equal right to accessible, high quality aged care services.

The Remote Accord saw its genesis in the 'A Matter of Care: Australia's Aged Care Workforce Strategy' report; Strategic Action 11 recommended that the Government and industry support the establishment of a Remote Accord.

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Introduction

This submission to the Department of Health, Disability and Ageing is made by the Aged Care Workforce Remote Accord (Remote Accord) in response to the September 2025 consultation paper on the Residential Aged Care Accommodation Pricing Review. In giving this response, the Remote Accord wishes to ensure that the unique challenges facing service providers and their clients in remote and very remote Australian communities are given consideration. This submission draws on direct feedback from providers working in Modified Monash Model (MMM) regions 5 to 7 who have highlighted how accommodation pricing supplements impact remote and very remote communities.

➤ Key Recommendations

This response to the Residential Aged Care Accommodation Pricing Review focuses solely on answering the questions regarding accommodation supplements for supported residents. Services in remote and very remote Australia have a high proportion of supported residents and regularly exceed the 40% threshold for determining daily supplement rates. Some remote services are entirely made up by supported residents.

- The current supplement does not cover operational costs for providing accommodation in remote areas. Remote services need increased funding to maintain and uplift the quality of their accommodation.
- The supplement should not be reduced over time for remote services as facilities age.
- The supplement should be tiered based on remoteness as per the Modified Monash Model.



➤ Recommendation 1: Increase the Supplement in Remote Areas

The current accommodation supplement is not suitable to cover operational costs related to providing accommodation in remote Australia. Building and maintaining infrastructure is challenging in remote Australia in terms of time and cost. Building timeframes take longer because materials need to be brought in, workforces need to be sourced, and there is less preexisting infrastructure to support building.

Operational Costs in Remote Australia

Research from 2018 reveals that remote facilities incur higher costs than major city facilities for building, maintenance, compliance¹. The biggest predictor of cost for providing accommodation is remoteness¹. The relative value unit of providing accommodation per bed per day is 2.41 in MMM6 areas and 3.41 in MMM7, indicating that the cost of providing accommodation is 141% (MM6) and 241% (MMM7) higher than the national average¹. In simple terms, for every \$1 that is spent for an average facility, \$2.41 (MM6) and \$3.41 (MMM7) are spent to provide the same level of accommodation in remote areas. The actual drivers of increased costs in remote areas are the size of the residential aged care facility, and whether the facility has an Indigenous speciality¹. See table 1 for the best predictor of fixed care costs by facility. Fixed care costs account for around 50% of the daily total cost of providing residential care¹.

Table 1. Relative Value Units of Providing Fixed Care¹

Category	Description	Fixed care relative value unit per occupied bed day	Comparison to the national average	Cost of providing fixed care compared to a \$1 average
1	Very remote (MMM7), indigenous care	4.63	363% higher than the national average.	\$4.63
2	Remote (MMM6), indigenous care	1.62	62% higher than the national average.	\$1.62
3	Remote (MMM6-7),	1.87	87% higher than	\$1.87



	non-indigenous, up to 29 approved beds		the national average.	
4	Remote (MMM6-7), non-indigenous, 30 or more approved beds	1.06	6% higher than the national average.	\$1.06
5	Specialised homeless	1.79	79% higher than the national average.	\$1.79
6	All other Residential Aged Care Facilities (RACFs)	0.95	5% lower than the national average.	\$0.95

Juniper is an aged care provider that operates in Western Australia, with several locations in Perth, regional areas, and remote areas. They operate residential aged care homes in remote Western Australia.

Case Study

Costs of Providing Accommodation at Juniper Services

Figures from Juniper suggest that the current accommodation supplement is much lower than what it needs to be in Australia. For new and rebuilt facilities, the cost to construct a bed is around \$600k. If this cost is multiplied by the weighted average cost of capital for aged care (which is 10 per cent), and divided by 365, the cost of providing accommodation for one bed works out to around \$165 per resident per day.

This is a substantially higher cost than the current accommodation supplement rates cover, which range from \$46.26 to \$70.94 for services that have more than 40% supported residents. This means that providing accommodation results in a shortfall of \$95-\$120 per bed per day.

Juniper suggests that if a building meets the requirements in Schedule 1 of the Aged Care (Transitional Provisions) Principles 2014, this building should also receive the supplement that is given to buildings built or refurbished after 2012 (\$70.94), so that the shortfall is reduced to \$95 per bed per day for all services. Ideally, the supplement should be raised beyond \$70.94 to reduce this shortfall even further.



Given the costs for building and operating services in remote and very remote areas, the accommodation supplement needs to be increased. **Since remote services spend more than other aged care facilities to provide care, the accommodation supplement should be increased for remote providers to reflect this reality. At a minimum, all remote providers should be receiving the highest accommodation supplement to reflect the higher costs associated with building and operating accommodation in remote areas.**



➤ Recommendation 2: Tier the Supplement by Remoteness

It is well established that remoteness predicts increased costs for building, maintaining, and providing accommodation^{1, 2}. All costs increase with remoteness, and while remote services have seen some relief regarding care-related costs following the introduction of the AN-ACC funding model in 2022, there is still more to be done.

Costs Increase with Remoteness

Over the financial years 2019-2023, operational costs for providing accommodation (\$ per resident per day) increased for all services, from metropolitan to remote services². However, trends from that 5-year period show that remote services consistently spend more money than metropolitan services². In 2023, for operational costs, major city services lost \$15 dollars per resident per day². Rural and remote services lost \$25-\$40 dollars per resident per day².

When looking at the costs of providing accommodation, the trends remain similar; remote service providers have higher losses. In 2023, for accommodation costs, major city services lost \$12.97 per resident per day². Rural and remote services lost \$18.39 per resident per day, even with the additional funding from AN-ACC that provides a subsidy based on approved beds rather than occupied beds².

Despite the current funding models that support remote services, remote services continue to operate at a greater loss than metropolitan services. The accommodation supplement funding model should take the difference in providing accommodation costs across locations into account.

The accommodation supplement should be tiered by remoteness to account for the increased operational and accommodation costs in remote services. Remote services should receive the highest tier of accommodation supplement funding.



➤ Recommendation 3: Staggering the Supplement Over Time

Staggering the supplement over time as buildings age is inequitable for remote service providers. Remote services need to spend more time and money than metropolitan service providers to achieve the same level of refurbishment. Additionally, there are challenges around attracting workforces to complete building refurbishments.

Refurbishment Costs in Remote Australia

The current focus on requiring services to keep their buildings regularly refurbished to receive the higher accommodation supplement is inequitable and unsustainable in remote communities. Significant refurbishments require a spend of $\$25,000 \times 40\% \times \text{number of rooms in service}^3$. For a 10-bed service, this would require a minimum spend of \$100,000. Most aged care services operated in remote Australia are not-for-profits, meaning that they rely primarily on Government grant programs to fund refurbishments.

Additionally, significant refurbishments must result in a benefit to at least 40% of residents or increase the number of resident rooms by 25%³. The level of occupancy in remote services varies considerably, so it is difficult to prove that 40% of residents are being benefitted by a refurbishment. Increasing the number of resident rooms by 25% is unsustainable in remote areas, who already deal with smaller communities and fluctuating occupancy levels. This means that it is harder for remote services to meet the criteria for the higher accommodation supplement.

Remote services have a high proportion of supported residents and higher accommodation costs compared to major city services. **If buildings are fit for purpose to provide accommodation, remote services should be given a longer timeframe to complete refurbishments before receiving the reduced supplement. Ideally, remote services should be allowed to receive the highest accommodation supplement for longer than metropolitan services to assist remote service providers to invest in infrastructure.**



References

- ¹ McNamee, J., Kobel, C., & Rankin, N. (2019) Structural and individual costs of residential aged care services in Australia. The resource utilisation and classification study: Report 3. *Australian Health Services Research Institute, University of Wollongong*. Available from: https://www.health.gov.au/sites/default/files/documents/2019/12/resource-utilisation-and-classification-study-rucs-reports-report-3-structural-and-individual-costs-of-residential-aged-care-services-in-australia_0.pdf
- ² Sutton, N., Ma, N., Yang, J.S., Lewis, R., Woods, M., Tsihlis, E., Lin, J., & Parker, D. (2023) Australia's aged care sector: Full-year report (2022–23). *UTS Ageing Research Collaborative*. Available from: <https://opus.lib.uts.edu.au/bitstream/10453/173661/2/Australia%27s%20Aged%20Care%20Sector%3a%20Full-Year%20Report%20%282022-23%29.pdf>
- ³ Perera, S. (2018). *Significant refurbishment incentive: are you eligible?* Provider Assist. Available from: <https://providerassist.com.au/news-resources/significant-refurbished-incentive-are-you-eligible/>