



Secretary

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Australian Department of Health, Disability and Ageing

Via e-mail: accompricingreview@health.gov.au

Victorian submission Residential Aged Care Accommodation Pricing Review Consultation Paper

To the Accommodation Pricing Review

I thank the Department of Health, Disability and Ageing for the opportunity to comment on the Residential Aged Care Accommodation Pricing Review. I consider that this is an important and timely piece of work.

I would like to take this opportunity to raise the particular circumstances confronting Victoria's public sector residential aged care services (PSRACS). Because of the communities the sector serves, PSRACS deserve separate consideration.

As at 31 October 2025 in Victoria, there were 156 PSRACS facilities across Victoria, run by 68 providers and representing over 5,400 beds.

Over 90% of PSRACS are in regional and rural Victoria, where they represent 28% of market share. Of these, 52 PSRACS are the sole provider of residential aged care in the community and are major employers for townships. These rural PSRACS provide local access to residential aged care places in instances of local market failure.

Forty-eight per cent of metropolitan PSRAC beds reside in aged persons mental health residential services that specialise in caring for older people with a mental illness or persistent cognitive, emotional or behavioural issues.

PSRACS serve a much higher proportion of vulnerable older people experiencing financial hardship at 60-80% compared to the 40% noted in the Consultation paper. As a consequence of supporting a more vulnerable cohort, the services are financially unviable under the current Accommodation Supplement settings that penalise high supported resident ratios. This is compounded by several factors:

- Regional cost premiums are not recognised in funding arrangements
- Vulnerable, supported residents may not be able to afford higher Refundable Accommodation Deposits and therefore rely on Daily Accommodation Payments.
- PSRACS already meet the high quality aged care standards set

- The policy direction of relying increasingly on resident contributions, which may be appropriate in other settings, is unlikely to ameliorate current financial sustainability challenges due to the cohorts generally serviced by PSRACS.

The Department advocates for the immediate uplift of the Accommodation Supplement for Supported Residents to incentivise general aged care providers to take on low means patients and build facilities for lower means clients.

Given the impact of these issues on services aimed at the most disadvantaged residents, often in difficult to service locations, consideration of these issues is likely to be fertile ground for acquitting the terms of reference of the Accommodation Pricing Review.

If you would like to discuss this submission further, please contact Andrew Haywood, Executive Director, Funding Costing and Pricing, Hospitals Victoria on andrew.haywood@health.vic.gov.au.

Yours sincerely



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11/11/2025