

Government believes that these safeguards should remain in place until the recommendations of this pricing review are implemented.

I am further concerned that inadequate pricing of the Accommodation Supplement means that building a new aged care home for lower-means clients is not viable. Western Australia has the highest costs to build an aged care bed in Australia, at over \$500,000 per bed compared to \$345,000 nationally. These escalating costs create a structural barrier for providers seeking to develop new residential aged care homes, particularly for lower-means clients. To cover the costs of an average aged care build in Western Australia, a provider would need to charge a Refundable Accommodation Deposit of at least \$500,000 or a Daily Accommodation Payment of \$107 per day. In contrast, the maximum Accommodation Supplement (\$69.79 per day) covers less than two-thirds of this cost. Under these conditions, capital investment in beds for supported residents is not viable. Without additional funding to reduce the gap, providers will not be able to attract investment to build new beds specifically for supported clients.

WA already has a chronic shortage of aged care beds and requires up to 2,800 additional aged care beds by 2029, equivalent to 28 large aged care homes, to keep pace with demand. We cannot wait until 30 June 2026 for the settings to change. Pricing changes need to happen now, to enable the necessary business cases and investment decisions to start building as soon as possible.

For the pricing arrangements to drive equity of access, it must be calibrated to the capital costs in each State. I recommend the Accommodation Supplement includes a loading to reflect the high construction costs in States such as Western Australia, as well as in regional and remote areas.

The Western Australian Government is so concerned about these issues that it has stepped in to reduce the gap with a \$100 million Low Interest Loan Scheme which aims to bring up 500 additional beds online specifically for supported residents. While this initiative reduces the upfront barriers to capital investment, it does not address the structural underfunding of accommodation for supported residents. I look forward to this Review ensuring market settings are right to meet current and future demand for residential aged care for all older Australians, regardless of their means.

In addition, I urge the Commonwealth to consider expediting the release of the Residential Aged Care Accommodation Pricing Review report. We ask that considerations are made to the accommodation pricing in residential aged care, including the rate and design before the upcoming 2026-27 State Budget. This is an important opportunity to ensure equitable access for Western Australians and to provide the sector with sufficient time for planning and implementation before the State Budget.

I welcome further engagement with the Review and remain committed to working with the Commonwealth Government and the aged care sector to improve outcomes for older Western Australians.

Yours sincerely



HON SIMONE MCGURK MLA
**MINISTER FOR CREATIVE INDUSTRIES; HERITAGE; INDUSTRIAL
RELATIONS; AGED CARE AND SENIORS; WOMEN**

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