UTS Ageing Research Collaborative (UARC)

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A submission to the Independent Review of Residential Aged Care Accommodation Pricing: UARC Response

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Disclaimer

1 Background

The UTS Ageing Research Collaborative (UARC) produces independent research including in partnership with industry practitioners, consumer groups and government, and by coordinating multiple areas of expertise, to address the key challenges in ageing and aged care and to propose appropriate solutions.

- UARC's vision is to enable a healthy ageing population and an aged care sector that is sustainable in terms of its fiscal, financial, workforce and social dimensions.

- UARC conceptualises aged care as a healthcare and social support system that delivers subsidised and regulated services to older people in need. These services need to support the quality of life as well as the quality of care.

- UARC's research is led by senior academic research theme leads, researchers from across UTS faculties and schools and affiliates.

Further information on UARC can be found at About UARC | University of Technology Sydney.

UARC welcomes the opportunity to provide this submission to the Independent Review of Residential Aged Care Accommodation Pricing. The submission leverages its expertise in aged care policy and the financial analysis of aged care sector providers, as well as its unique position to provide an objective and independent view on the matters being considered.

This submission addresses specific questions in the consultation paper and comments on other matters of relevance to the Independent Review. It includes analysis contained in the most recent biannual publication on the state of Australia's aged care sector - *Australia's Aged Care Sector: **Mid-Year** Report (2024-25)* which in itself draws on StewartBrown's Financial Performance Survey data.[1] The Full Year (2024-25) edition of the Sector Report will be published in December this year.

UARC welcomes further engagement with the Independent Reviewers should there be any issues on which UARC can assist.

[1] Sutton, N., Ma, N., Yang, J.S., Malady, L., Woods, M., Carnemolla, P., Lin, J. (2025) *Australia's Aged Care Sector: **Mid-Year** Report (2024-25)*. UTS Ageing Research Collaborative, The University of Technology Sydney.

2 Introduction & key messages

The new *Aged Care Act 2024 (Cth)* (the Act), which commenced on 1 November 2025, provides the legislative foundation for the new regulatory framework for the Commonwealth's funded aged care system.[2] The Act is centred on a rights-based framework that puts "older people first and take(s) into account the needs of individuals, regardless of their location, background and life experience".[3]

To this end, UARC fully supports the conduct of an Independent Review of Accommodation Pricing as it will provide the necessary assessment of current accommodation pricing policy settings and system practices to ensure older Australians with low means, and who live in a diversity of locations, have access to high quality aged care homes while enabling providers of aged care homes to invest in the additional supply of quality accommodation needed to meet rising demand.

The aged care system faces several long-term challenges. The demand for funded aged care continues to rise as the population ages, standards of care need to improve, and providers need to provide competitive wages and conditions to attract a skilled workforce. At the same time, nearly half of all aged care homes are operating at a loss, particularly in their delivery of accommodation as well as everyday living services.[4] Aged care homes making ongoing losses are at greater risk of closing, meaning less places are available for older people in need of care in their local area.

The Act recognises the need to "provide for sustainable funding arrangements for the delivery of funded aged care services by a diverse, trained and appropriately skilled workforce" and to "promote innovation in the Commonwealth aged care system".[5] Given the challenges facing the sector, there is a need to improve its efficiency and effectiveness, while also accepting the necessity of increasing the level of funding to keep up with the growing demand. This will ensure that quality providers can continue to operate, have the financial capacity to build more homes and be able to deliver the quality of care older people deserve.

These higher levels of funding need to be equitably shared between taxpayers and older people with significant income and assets who access subsidised aged care services, while also protecting those with low means. As the Act's Statement of Principles notes: "Individuals accessing funded aged care services are expected to meet some of the costs of those services if those individuals have the financial means to do so."[6]

The changes to accommodation funding, which commenced on 1 November 2025, will not solve all the related challenges confronting the Government, taxpayers (both current and future) and older people requiring funded residential aged care services. It is a complex challenge and will require ongoing adjustments and evolution. This Independent Review (the Review) is an important step in identifying the nature of the accommodation funding challenges and proposing equitable and sustainable solutions.

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[2] *Aged Care Act 2024 (Cth)*
[3] *Aged Care Act 2024 (Cth)*, s.5(b)(iii).
[4] Sutton, N., Ma, N., Yang, J.S., Malady, L., Woods, M., Carnemolla, P., Lin, J. (2025) *Australia's Aged Care Sector: **Mid-Year** Report (2024-25)*. UTS Ageing Research Collaborative, The University of Technology Sydney, pp. 10 and 80.
[5] *Aged Care Act 2024 (Cth)*, s5(g), (h).
[6] *Aged Care Act 2024 (Cth)*, s.25(10).

3 Equity of contribution and outcomes

This section considers the first matter identified in the Review – that policy settings should:

"provide equity of contribution and outcomes regardless of how a particular individual's aged care accommodation costs are met or where they are located"[7]

Consideration of "equity of contributions and outcomes" requires the exploration of several dimensions. This section addresses the issue of locational equity. It examines the appropriateness of accommodation price settings across different locations. One of the more important issues is that of ensuring that older persons of low means are able to receive high quality services. This matter is addressed in the next section (Section 4) of this submission.

The following analyses and discussion are adapted from *Australia's Aged Care Sector: **Mid-Year** Report (2024-25)* which examined Refundable Accommodation Deposit (RAD) pricing from new residents up to 31 December 2024.[8] (UARC notes that the increase in the maximum RAD threshold to $750,000 as of 1 January 2025, from $550,000, has brought with it additional potential implications for the equity of contributions and outcomes.)

The following compares prices for accommodation in aged care homes with prices in the relevant local market for private accommodation. Several issues deserve consideration in designing such an analysis.

One issue needing to be addressed by the Review is what 'price' should be referred to? Specifically, is it the higher accommodation supplement price received by providers for full and partially supported residents (however funded between taxpayers and those residents) or the price agreed in negotiation between providers and non-supported residents. Further, is it the rent price or the lump sum price?

A second consideration is what should constitute a comparable form of accommodation between residential aged care and private residences in the local community:

- An often-used comparator (as exemplified by the following) is house prices. While this is a readily available data set, it does not align well with the 'accommodation' a person is paying for in an aged care home.
- A closer comparator may well be apartments, although that would fail to fully reflect the availability of significant common areas (such as loungerooms, dining, recreation, garden and other spaces) that residents in aged care homes can access.
- A more nuanced comparator may be a serviced apartment in a retirement village. In that instance it would be necessary to separately account for the value of the services received, as is the case in an aged care home where the costs of care and everyday living services are separately funded.

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[7] Residential Aged Care Accommodation Pricing Review Consultation Paper, p 6.
[8] Sutton, N., Ma, N., Yang, J.S., Malady, L., Woods, M., Carnemolla, P., Lin, J. (2025) *Australia's Aged Care Sector: **Mid-Year** Report (2024-25)*. UTS Ageing Research Collaborative, The University of Technology Sydney.

A third issue is what should be defined, for the purpose of analysis, as the local accommodation market. The national median (house) price clearly fails to recognise the variation in prices across the nation:

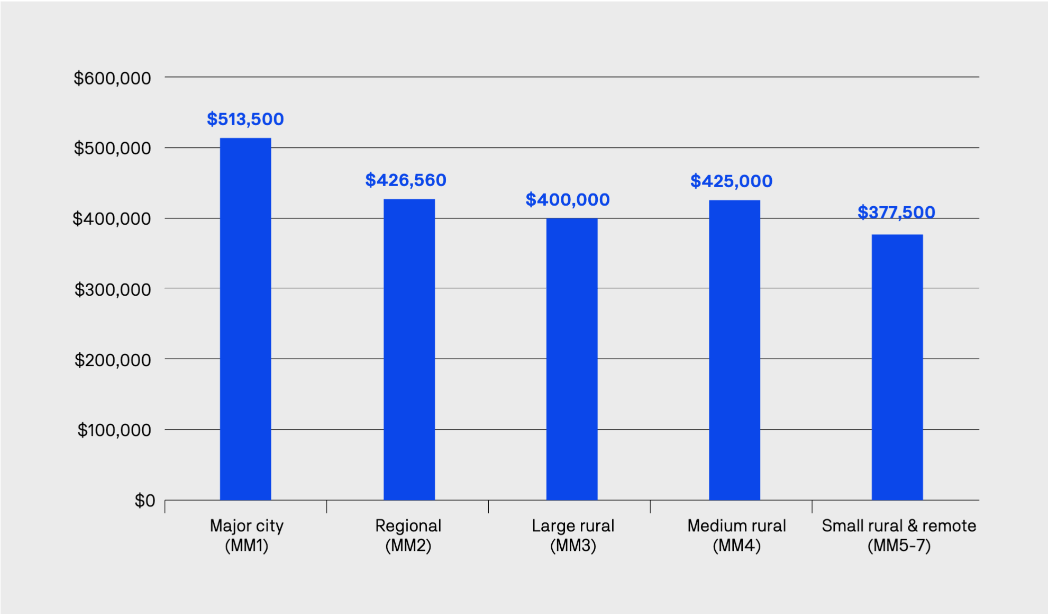
- A frequently used approach to lower-level locational disaggregation is the Monash Modified model (MM). However, variations in accommodation prices apply across all MM areas.[9] For instance, the median dwelling value for Sydney as at 31 October 2025 ($1,256,156) was close to twice that of Hobart ($686,262) and both are very different from the combined national capital cities median value of $959,526.
- These variations are less of an ‘equity of access’ issue for home-owning non-supported residents moving to an aged care home located in the same area. But not so for those who are not home owning and for those who are moving from a low market value area to a high value area.

The variations in private accommodation values within and between MM areas also poses a significant policy issue for the government in setting the value of the accommodation supplement. That supplement value then impacts directly on the viability of providers irrespective of the area in which their aged care homes are located. It affects the relative attractiveness of accepting a supported resident relative to a RAD-paying resident and it also affects the levels of the Daily Accommodation Contribution (DAC) / Refundable Accommodation Contribution (RAC) contributions of partially supported residents which are capped by the supplement value. The supplement value further feeds directly into the fiscal outlays from the government’s Budget. As discussed later in Section 4, how to balance the various objectives of the supplement is an important consideration for the Review.

Figure 1 shows median RAD prices by homes in different areas as at December 2024, as classified by the MM model. There are clear locational variations; RAD prices paid by new residents in major cities at that time ($513,500) were significantly higher than those in the rest of the nation. The lowest RADs were for homes in small rural and remote areas ($377,500). Median RAD prices <u>across all locations</u> remained below the prevailing maximum RAD of $550,000.

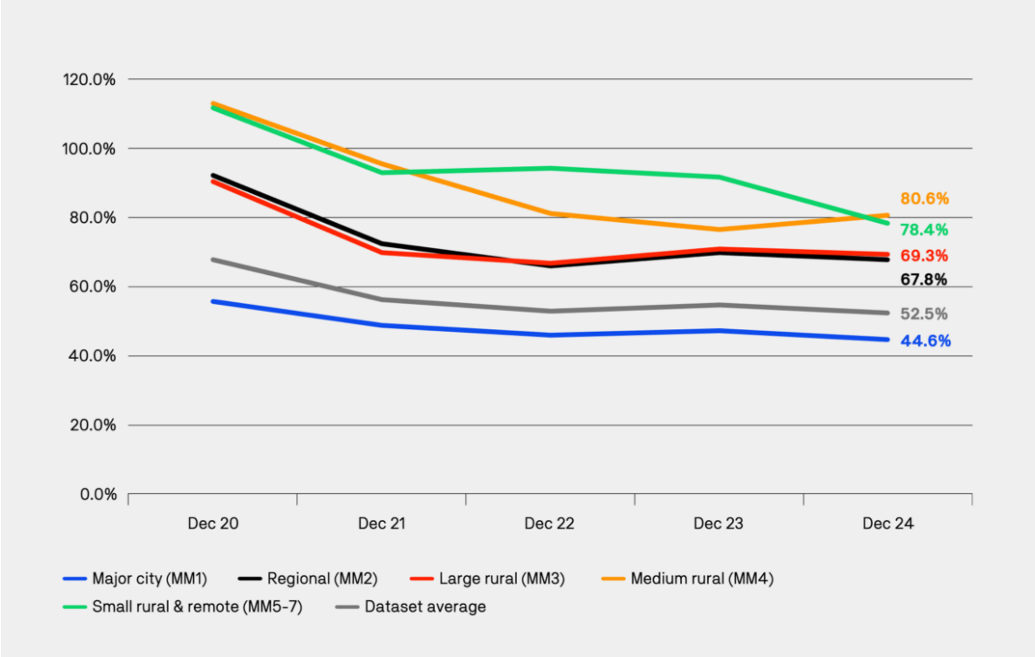
[9] https://propertyupdate.com.au/the-latest-median-property-prices-in-australias-major-cities

Figure 1: Median RAD price paid by new residents as at December 2024, by location



While recognising the limitations of analysis based on house prices, as discussed above, the following presents the relative difference between RAD values and local housing prices over time. As shown in Figure 2, RAD values have declined as a proportion of local house prices (those in the same postcode) across all MM areas, primarily due to rising property values. However, cross-sectional variations by MM area remain significant. As at December 2024, the median RAD in major cities equated to 44.6% of the local median house price. By contrast, the median RAD was equivalent to 80.6% of local house prices in medium rural towns – thereby consuming a greater share of asset values for non-supported home owning residents.

Figure 2: Median RAD price paid by new residents at December 2024 as a proportion of median local house price, by location.



The gap between median RAD prices and median local house prices indicates that non-supported older people moving into aged care homes in major city areas are likely to still have the means to access residential aged care for some time to come regardless of whether RADs in those areas trend upwards towards the new cap and as a consequence of higher occupancy and limited vacancies.

However, non-supported older people in regional and remote areas already experience greater affordability challenges, as indicated by the median house price being close to the median RAD. Therefore, any increase in RADs in non-metro regions will necessarily result in greater concerns regarding equity in access to residential aged care. This analysis underscores the need for greater geographically responsive policy settings and a continued focus on equitable access to quality accommodation.

A policy setting which puts funding arrangements on the path for RADs to be phased out, and replaced with DAPs, could ameliorate, though not necessarily solve, the locational disadvantage currently evident with the reliance on RADs. In this respect UARC notes that this Review's consultation paper highlights that such a reform in the policy settings would entail "a number of legislative amendments" and that a review of the use of RADs is slated (in legislation) for review in 2030.[10] However, there remains much analysis and policy development to ensure that a move to a rental model improves broad-based accessibility to quality accommodation.

A central consideration in this respect is the application, and relevance, of the Maximum Permissible Interest Rate (MPIR). It is currently used to calculate the daily accommodation payment (DAP) fee payable by non-supported residents not paying the full RAD when entering residential aged care. Although the MPIR is intended to equitably assign a DAP amount, the basis of the rate estimation introduces some challenges when addressing concerns about equity.

[10] Residential Aged Care Accommodation Pricing Review Consultation Paper, p 18.

The setting of the MPIR is based on the estimate of an aged care provider's cost of capital or expected interest costs of capital, taking the view that the absence of a RAD would require a provider incur costs in obtaining alternative funding for the purposes of investing. The calculation of the rate is opaque, representing a minimum borrowing rate based on interest rates set by Reserve Bank of Australia plus a fixed rate.[11] The MPIR is applied to the unpaid RAD balance and used to estimate the DAP payment, therefore determining the different financial outcomes from paying DAPs or RADs for both the residents and providers. As of 1 October 2025, the MPIR stands at 7.61%, which is down from a recent high of 8.42% during January-March 2025 and low of 4.01% during October-December 2021.[12]

The MPIR's reliance on the prevailing market rates results in varying differences in the amount paid by residents. For example, a resident paying a DAP instead of a RAD of $550,000 paid $114.67 per day in October 2025 compared to $60.42 in October 2021.

This volatility drives unacceptable temporal inequities for residents who do not have the financial means to pay a RAD on entry to an aged care home. It also distorts the balance between RADs and DAPs chosen over time. Further, RADs in themselves are not necessarily a sound basis for representing the cost to providers of delivering accommodation in aged care homes.

[11] Simply Retirement. (2025). The Maximum Permissible Interest Rate (MPIR) and how it is calculated.
[12] Department of Health and Aged Care. (2025, October). Base interest rate (BIR) and maximum permissible interest rate (MPIR) for residential aged care.

4 Access for low means residents

This section considers the second matter noted in the Review – that policy settings should:

"ensure that low means residents have access to high quality accommodation within residential aged care"[13]

The Act has many provisions that relate to low means residents having access to high quality accommodation within residential aged care. Some provide a wider context, such as s.23 which establishes the rights of individuals to safe, fair, equitable and non - discriminatory treatment and s.20 which elaborates on the meaning of high-quality care.

The Act at s.25(3)(a) recognises that individuals to be able to reside at the individual's home (if the individual so chooses) or, if that is not possible, in a setting (such as an aged care home) that is appropriate given the individual's circumstances, needs and preferences. At s.15, standards may be set for the physical environments in which funded aged care services are required to be delivered.

UARC supports the objective of ensuring low means residents have access to high quality accommodation in residential aged care. It has undertaken an analysis of the current application of the higher accommodation supplement by the government to providers which have 40% or more low means residents. This can form a basis for assessing whether this program design provides a positive incentive for facilitating their access to aged care homes. Separate analyses are required to establish whether all such homes are of a high quality.

UARC's *Australia's Aged Care Sector: **Mid-Year** Report (2024-25)* indicated that the average supported resident ratio for all homes for December 2024 was 46.1%.[14] It has been quite stable, ranging between 45.3% and 46.4% over the last 5 years. Just over 70% of homes reported a supported resident ratio above 40%.

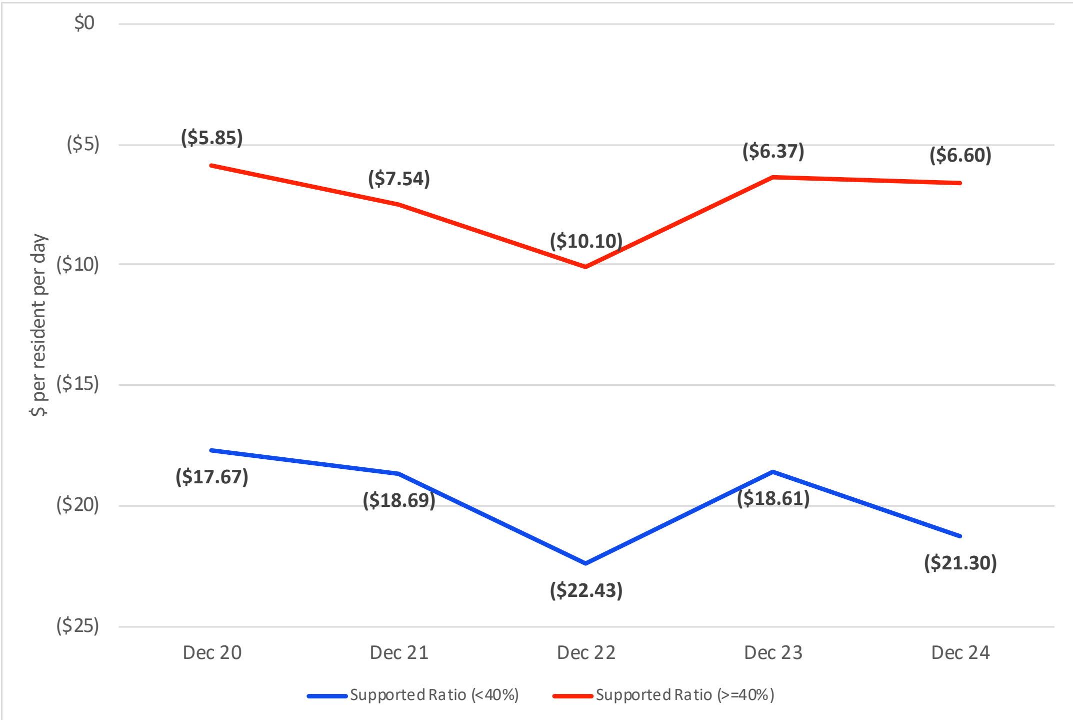
Homes above and below the 40% threshold have differences in the proportion of RAD and DAP combinations, full RAD amounts and accommodation results. As shown in Table 1, homes with over 40% of supported residents are less likely to be located in metropolitan areas and have a lower proportion of residents paying full RADs and lower average new full RAD amounts. They also had better accommodation financial results (though still making an average loss of $6.60 per resident per day). As shown in Figure 3 below, the trend in accommodation results shows a recent widening of the gap between aged care homes above (>=40%) and those below (<40%) the supported resident threshold of 40%.

[13] Residential Aged Care Accommodation Pricing Review Consultation Paper, p 6.
[14] *Australia's Aged Care Sector: **Mid-Year** Report (2024-25)*, p 122.

Table 1: Financial results and supported ratio

	Supported ratio (<40%)	Supported ratio (>=40%)
Proportion of homes	29.6%	70.4%
Full RAD	41.1%	34.4%
Full DAP	34.5%	41.9%
Combination - Part RAD Part DAP	24.4%	23.7%
Average of new Full RADs / RACs	$552,849	$448,900
Accommodation Result	($21.30)	($6.60)
MMM1	68.2%	60.4%

Figure 3: Accommodation results trends (per resident per day)



Moreover, there are other locational differences in the proportion of residents paying RAD, DAP, or a combination of both across the supported ratio threshold. Table 2 shows that for homes above the 40% supported resident ratio, the proportion of residents paying full RADs in non-metro areas is lower than those located in the metro areas, and they paid a lower average RAD. For homes below the 40% supported resident ratio, those in non-metropolitan areas receive a significantly lower RAD/RAC value than their metropolitan counterparts.

Table 2: Differences in RAD and DAP across regions and supported ratio

	Supported Ratio (<40%) & metro	Supported Ratio (>=40%) & metro	Supported Ratio (<40%) & non-metro	Supported Ratio (>=40%) & non-metro
Full RAD	39.7%	35.2%	43.9%	33.0%
Full DAP	35.4%	41.8%	32.6%	42.1%
Combination - part RAD part DAP	24.8%	23.0%	23.5%	24.9%
Average of new Full RADs / RACs	$604,528	$481,396	$435,508	$397,215

One conclusion would appear to be that the program design threshold setting of 40% of supported residents does not present an impediment for the majority of homes. Subject to further analysis, a tangential conclusion which may be drawn from these results is that, on average, homes which receive a higher proportion of DAPs produce better accommodation financial results even though the value of the RADs that they receive are markedly lower than the RAD values received by homes which receive a higher proportion of RADs. UARC also notes that providers can invest some of their RAD balances and those returns are included in their overall financial results.

This Review has the opportunity to explore a greater range of issues that may have a bearing on considering whether low means residents have access to high quality accommodation within residential aged care.

Given the accommodation financial results, one question could be whether the level of the higher accommodation supplement which is paid to homes which meet or exceed the supported resident threshold is too high. However, given that, on average, those homes were still making an accommodation financial loss, this likelihood is not high.

Nonetheless, exploration of the level of the higher accommodation supplement (which, in itself needs a name change!), should commence with the more fundamental question of what should be the objectives of the supplement. The Review is urged to start with the objects of the Act and associated Statements of Rights and Principles, but to also enter into discussion with all stakeholders and present government with a clarified set of objectives. In developing a set of objectives, the Review should accept that not all will be collectively aligned and that trade-offs are inevitable – though those trade-offs should always be made transparently to ensure accountability.

Further analysis may indicate whether there are some regions where the financial profile of residents means that despite best endeavours, some homes are unable to reach the threshold and suffer a significant financial impact as a result. Homes in popular regional retirement areas near large cities may be in this situation. Whether there is a need for some tapering of the ‘penalty’, or an overall smaller such penalty, and whether this would add undue complexity, is a matter for the Review.

As noted earlier, another line of inquiry is whether the quality of the accommodation available to low means residents is significantly lower than for other residents, Again, however, provided that all accommodation meets or exceeds the minimum mandatory standards, there seems little reason to prevent older people with significant means from being able to live in accommodation settings that they can afford and that the market is willing to offer.

5 Building provider capacity for investing

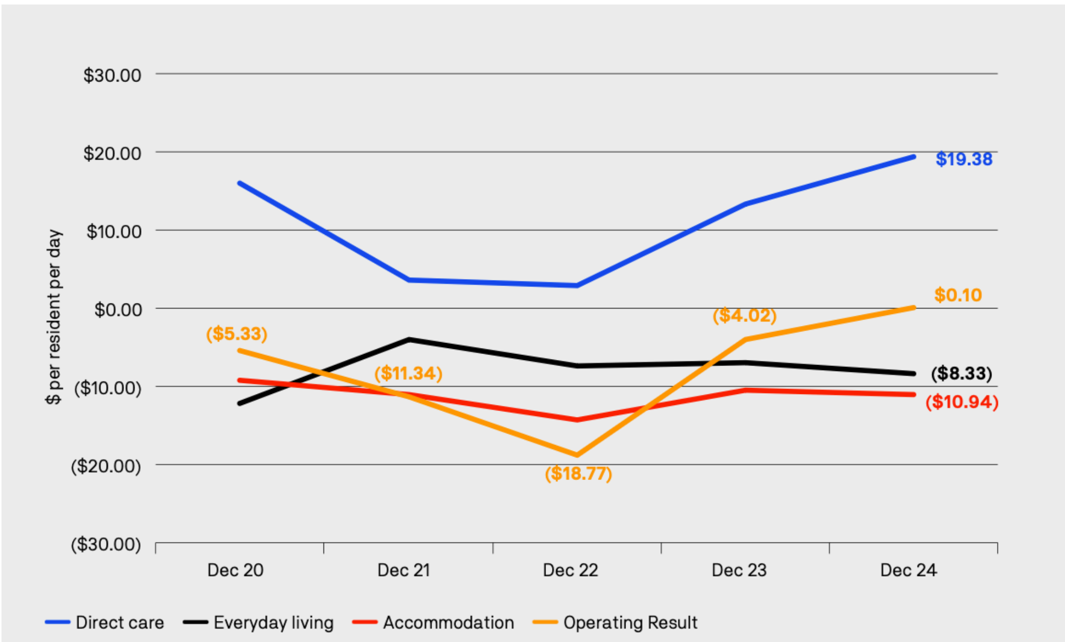
This section considers the third matter noted in the Review – that policy settings should:

"support the capacity of providers to invest in and deliver places in high quality residential aged care homes that will meet the needs of Australia's ageing population"[15]

For providers to have capacity to invest in residential aged care a sufficient return on capital (ROC) is required. Capital follows returns. A sufficient ROC will require underlying stable returns from accommodation services. Providers have, for several years now, reported ongoing losses in accommodation services.[16] At the same time, surpluses generated from direct care are used to cross-subsidise these losses (as well as those incurred in delivering everyday living services) (see Figure 4 below). As an aside, UARC notes that the current direct care surpluses result from IHACPA including the full funding of the cost of mandated minutes in its pricing advice and some providers notably under-delivering that care. This is a return to a situation prevailing over many past years under the Aged Care Funding Instrument (ACFI) and suggests that it is a persistent behaviour of some providers in the sector.

The practice of providers diverting taxpayer funded surpluses from direct care services to cover accommodation services is concerning. Instead of cross-subsidising losses, providers need to set their accommodation prices above cost recovery and achieve reasonable returns. Providers will struggle to raise the capital needed for new and refurbished assets if the overall business model does not generate sufficient returns. The structural imbalance in the sector's business model will continue to impede providers' capacity to invest. Policy settings need to be directed towards responding to this imbalance.

Figure 4: Average net result, by service area, by per resident per day



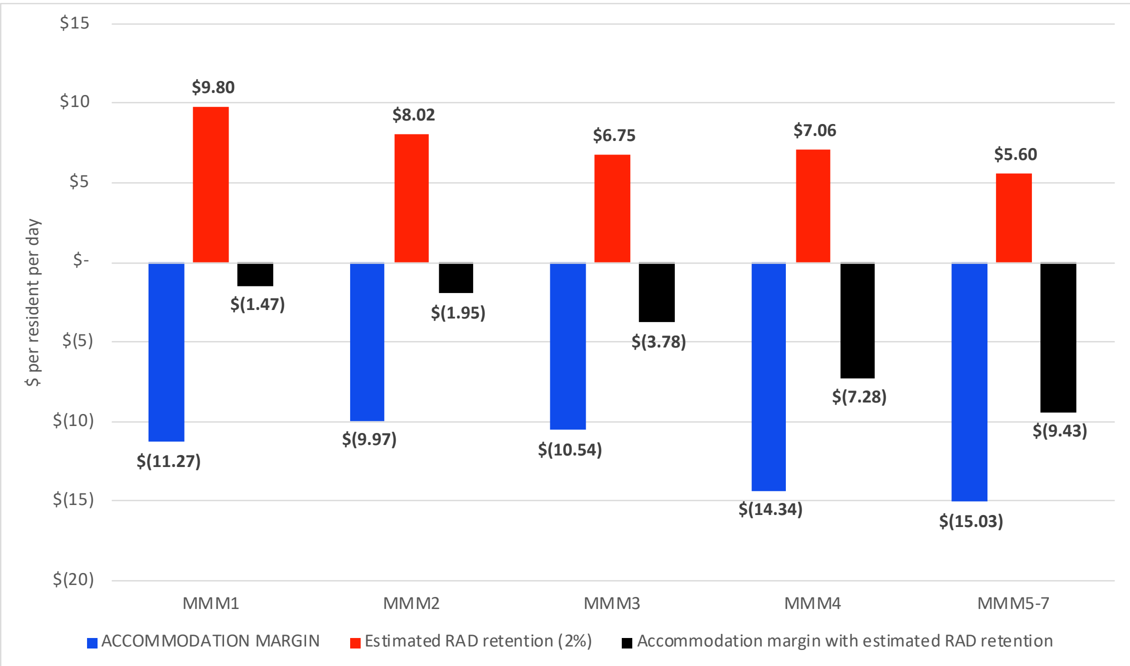
[15] Residential Aged Care Accommodation Pricing Review Consultation Paper, p 6.
[16] *Australia's Aged Care Sector: **Mid-Year** Report (2024-25)*, page 11.

To mitigate the trade-off between the level of direct care and overall financial returns, there is a need to adjust accommodation pricing and funding settings that ensure this area of activity is financially sustainable. The introduction of the 2% RAD retention and increases to the maximum room price contribute to addressing these challenges but the latter also poses risks for equity of access.

Based on the June 2025 StewartBrown financial survey data, the estimated 2% retention of RADs indicate some improvement in accommodation results. However, accommodation results of homes are still below break-even. As of June 2025, the estimated retention amount of $8.67 offsets most of the accommodation margin loss of $11.71, but there is still a shortfall of $3.04. Regional variations are evident as shown below in Figure 5. Homes in non-metropolitan area have lower estimated RAD retention due to lower RAD prices and thus have limited financial support compared with metropolitan homes.

Overall, there is a need for the development of policy settings which enable providers to achieve a reasonable return on accommodation (as well as on direct care and everyday living services) to ensure viability and the attractiveness of investing in residential aged care. The policy settings need to recognise that such factors as local market demand and competition will influence the ability of providers to generate a reasonable return in any particular area. Accordingly, a room price that is set in accordance with local market returns (e.g., as a proportion of relevant accommodation prices) provides a basis for providers being able to anticipate baseline returns and provide a more reliable case for further investment in the sector.

Figure 5: Accommodation revenue with estimated RAD retention for the year to end June 2025



6 Innovating and attracting investment

This section considers the fourth matter noted in the Review that policy settings should:

> *"foster a sector able to innovate and attract investment"*[17]

The Statement of Principles in the Aged Care Act includes that the regulation of the aged care system:

> *" [be regulated in a way that] promotes innovation, continuous improvement and contemporary evidence-based best practice in the Commonwealth aged care system".*[18]
> *and*
> *" [is managed to ensure] (a) it is sustainable and resilient; and (b) the Commonwealth's investment in the system represents value for money, including by ensuring that public resources are used in the most efficient, effective, ethical and economic manner."*[19]

In addition to these Statement of Principles, other legislative and regulatory initiatives have been implemented as part of the broader aged care reform process that sets the foundations for the sector to capitalise on innovation and attract investment.

One of these reforms has been the abolition of the Aged Care Approval Round (ACAR). This has created an opportunity for more diversity in the settings in which aged care services are delivered, as well as the scales and locations of those services. Provider responsiveness to consumer needs and preferences, and to local market requirements and expectations, is also coupled with greater consumer choice.

Also worth noting is the more liberal definition of "a residential care home' that has been introduced in the Aged Care Act. Notwithstanding its unnecessarily medicalised language, it creates more options for providers to deliver care services in the style of accommodation in which people want to live, and in locations of their choice.[20]

However, more needs to be done on aged care policy settings to overcome certain barriers preventing the stimulation of innovation and investment. An important opportunity is through regulatory settings to encourage providers to use the National Aged Care Design Principles and Guidelines (the Guidelines). Such guidelines are inspiring some developers to explore innovative higher care settings, and encouragingly these are deinstitutionalised.[21] Background on the Guidelines, and how they can inspire the reimagining of aged care environments in Australia, is provided in Appendix 1.

However, the Guidelines alone cannot serve as mechanisms/levers for attracting investment or for driving design innovation in residential aged care accommodation. While they are grounded in a rigorous review of existing literature and shaped by

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[17] Residential Aged Care Accommodation Pricing Review Consultation Paper, p 6.
[18] *Aged Care Act 2024 (Cth)*, s.25(13)(a).
[19] *Aged Care Act 2024 (Cth)*, s.25(12)(a).
[20] *Aged Care Act 2024 (Cth)*, s.10.
[21] Examples include one from Tasmania based on the small housing model - https://glenview.org.au/services/korongee-dementia-village, and two international examples from Denmark and the Netherlands.

extensive consultation with a broad range of stakeholders,[22] their primary purpose is to reflect best practice and the lived experience of those receiving and delivering care, rather than to stimulate investment.

To truly transform aged care accommodation settings through leveraging these Guidelines, complementary policy mechanisms and targeted investment strategies may be required to reward innovation and encourage widespread adoption.

Further analysis is required, particularly after the abolition of bed licences, as to whether current policy settings and channels of consumer information can suitably reward providers of innovative developments. Rewards such as receiving additional financial benefit through higher levels of occupancy, the ability to charge higher accommodation premiums, and achieving operational savings from the efficiencies that innovative design should deliver.

The absence of such financial incentives would create a significant barrier to scaling innovation, leaving these approaches as isolated exemplars rather than mainstream solutions. Where there is an identifiable market failure, additional taxpayer funded subsidies may have a role. The use of the Guidelines and the broader development of such innovative aged care settings through a diversity of policy changes, market responses and subsidies would be complex. They would require coordinated reform in both capital funding and providers' operating models.

A critical step in transforming aged care accommodation would be to go beyond recommendations and make the Guidelines legally enforceable. Such an approach is well established in the disability sector. For instance, AS 1428: Design for Access and Mobility is explicitly referenced in both the National Construction Code (NCC) and the Disability (Access to Premises - Buildings) Standards 2010.[23] As a result, compliance with AS 1428.1 General Requirements for Access is mandatory for all new building work where accessibility provisions apply.

Embedding the Guidelines in legislation would create certainty and ensure that innovative design principles move beyond aspiration. This step would encourage industry-wide adoption, enhance the quality of life for residents, and align aged care standards with broader inclusion objectives.

However, achieving these outcomes will require strong collaboration among standard-setting bodies and stakeholders to harmonise frameworks and support implementation. There must also be recognition that there can at times be tension between innovation and "investibility". There will be a clear role for both strong collaboration and government involvement in achieving a balance that meets the new Act's Statement of Rights and its object of system sustainability.

The collaboration must also involve the use of participatory processes that recognise expertise and lived experience in the sector. This requires the involvement of residents, families and care staff from the earliest stages of planning, through design and development, and continuing into post-occupancy evaluation. There are several important considerations:

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[22] Stakeholders included recommendations from the Royal Commission, older Australians and their families and carers, peak bodies, aged care providers, architects, health and care professionals, and academic and technical experts (REF).
[23] [Part D4 Access for people with a disability | NCC]

- Recognise that the physical design of care environments shapes not only a person's capacity to maintain independence and agency, but also the kinds of care practices that are possible within them.
- Embed the perspectives and insights of people with lived and living experience throughout all phases of research, planning and design.
- Prioritise support approaches and environments that are guided by the person, adaptable to their changing needs, and that actively address the disempowerment commonly felt in care settings.
- Continue building evidence about what enables people to remain engaged in community life. Importantly, question the assumption that simply living in the community automatically results in meaningful community participation.

7 Appendix 1 - National Aged Care Design Principles and Guidelines

The National Aged Care Design Principles and Guidelines (the Guidelines) encourage providers, along with other stakeholders, to apply a set of principles when designing aged care environments. These Guidelines were developed in response to recommendations from the *Royal Commission into Aged Care Quality and Safety*, which called for the Australian Government to "guide the design of the best and most appropriate residential aged care accommodation for older people by developing and publishing a comprehensive set of National Aged Care Design Principles and Guidelines on accessible and dementia-friendly design for residential aged care."[24]

In practice, the Guidelines are intended to help accommodation providers create spaces that "support the development of safe and comfortable environments that promote residents' independence, function, and enjoyment".[25] They provide essential resources for providers and architects to ensure that building designs enable high-quality personal and clinical care while creating safe workspaces. In doing so, they emphasise principles such as well-being, community life, and social interaction.

One of the most significant and recent examples of how the Guidelines can inspire the reimagining of aged care environments in Australia is the 2024 Jury Report - 'Reimagining Where We Live' design ideas competition, initiated by the Australian Government Department of Health, Disability and Ageing and endorsed by the Australian Institute of Architects. The competition aimed to demonstrate how the Guidelines could inform innovative design solutions for residential aged care. Entrants were invited to design accommodation for one of two hypothetical sites and scales: an urban metropolitan site accommodating at least 100 residents which represents a medium-to-large development, or a regional town site designed for 60 residents, which represents a small development.

The competition received over 50 compliant entries, showcasing a wide range of innovative approaches, including integrated community hubs and intergenerational, co-located living arrangements alongside schools, childcare centres, greenways, and parks. Collectively, these concepts demonstrate the potential for aged care environments to evolve beyond traditional institutional models toward socially connected settings that foster a sense of home, provide access to outdoor spaces, and help maintain connections with the community (they directly adhere to the principles outlined in the Guidelines).

[24] Royal Commission into Aged Care Quality and Safety. (2021) *Final report: Care, dignity and respect. Volume 1: Summary and recommendations*, No. 45, p. 239.
[25] Australian Government Department of Health and Aged Care. (2024). National Aged Care Design Principles and Guidelines, p. 2.