



8 August 2025

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Via email community.affairs.sen@aph.gov.au

Dear Committee Secretary,

Aged Care (Accommodation Payment Security) Levy Amendment Bill 2025 and Aged Care and Other Legislation Amendment Bill 2025

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 endorse the objectives of the *Aged Care Act 2024*, which will deliver essential reforms to the sector for older Australians and aged care providers.

As such, we are broadly supportive of both Amendment Bills. Our objectives are for the new Act to commence smoothly and for it to support a sustainable aged care system into the future. The sector requires certainty – we are less than three months from the commencement of the new Act, but the Rules have not been finalised. Without the final Rules, the sector cannot complete its preparation for 1 November 2025.

As such, Ageing Australia's submission focuses on the critical concerns that need to be addressed to ensure the success of the new Act. We have also encouraged our members to provide submissions, detailing the many technical challenges, new and old, that exist in the Act. We implore the committee to consider all these challenges and how they can be addressed before or after 1 November 2025.

List of recommendations

- R1 Pass the Amendment Bills as soon as possible, preferably in the first week of the August sitting.**
- R2 To ensure that older people receive the support they need, particularly during transition and implementation of the new Act, the care management cap should be returned to 20%.**
- R3 To support ICT transition, finalise government systems as soon as possible and ensure functionality ahead of 1 November 2025.**
- R4 Retain items 180, 181, and 182 of the *Aged Care and Other Legislation Amendment Bill 2025*.**

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Amendment Bills

R1 Pass the Amendment Bills as soon as possible, preferably in the first week of the August sitting.

Aged care providers have been working tirelessly to prepare for the new Act. However, they require certainty well in advance of 1 November. While there are issues that remain in the draft Rules released last week, confirming the final Rules as soon as possible is the top priority. The immediate passage of the Bills supports the finalisation of the Rules, which should be confirmed the week following.

We note that the *Aged Care and Other Legislation Amendment Bill 2025* has introduced time-limited powers for the Minister (Schedule 2 - Part 4, new schedule 6 - Modification of operation of Commonwealth aged care system during first 24 months). We are supportive of this power acting as a "failsafe", as there could be issues that emerge after 1 November that require rapid resolution.

We are generally satisfied that this power is open to appropriate scrutiny and that sufficient guardrails are in place as outlined in the Explanatory Memorandum. These include: the two-year time limit to this power and any rules made under this power; powers being limited to service continuity and payments to providers; the explicit exclusion of rules providing for conviction or pecuniary penalties; and that these rules will still be disallowable by Parliament. It also clearly states that the Minister must have an objective basis for making any rules, that the rules must be necessary or appropriate, and that the Minister cannot make rules for the sake of convenience. We expect that the Minister would consult with Ageing Australia and other key stakeholders when appropriate before using this power.

Care management

R2 To ensure that older people receive the support they need, particularly during transition and implementation, the care management cap should be returned to 20%.

Under the *Aged Care Act 2024* access to care management funding has been reduced from 20% to 10% of the package funding. Care managers play a critical role in supporting older Australians to make and implement choices about their own care.

Our engagement with hundreds of members in recent months has shown that care management is one of the highest areas of risk for Support at Home, including:

- a likely reduction of nurses and other health professionals in the care management workforce;
- increased risk of unmet clinical needs, due to reduced access to clinical care managers; and
- increased workload for remaining care partners, negatively impacting quality care and rights-based models of care provision.

The funding reduction comes at a time when consumers need their care management most, to navigate the complex new arrangements and decide on the best options for their care. Our experience shows that quality care management will support independence in decision making and improve well-being. We are also unaware of any evidence that older people have raised 20% care management as a concern, and sought the reduction from 20% to 10%.

ICT transition and Government readiness

R3 To support ICT transition, finalise government systems as soon as possible and ensure functionality ahead of 1 November 2025.

Ageing Australia is extremely concerned regarding the overall Information and Communication Technologies (ICT) readiness for both government departments and the sector ahead of 1 November 2025.

We are aware that government ICT systems are still not fully ready, and as a result, providers and software vendors cannot make final preparations. For example, we are aware of an issue that prevents providers from re-opening invoices. In a test environment, this means there is no way for the provider to determine whether the problem relates to their claim or to the system.

There is also no functionality to support bulk uploading of claims, with indications that this functionality will not be introduced until after 1 November. Individual claims will add significant administration time, during a particularly busy period with a stretched workforce.

Beyond these system challenges, providers will need time for system updates, workforce training and general preparedness ahead of 1 November. We are again concerned that there is no alternative plan if ICT systems do not function as intended before 1 November 2025.

Ageing Australia's priority is ensuring we do not have a repeat of the disastrous NDIS online payment portal launch in 2016. The launch of the MyPlace portal on 1 July that year resulted in families facing thousands in out-of-pocket costs, while some providers had to cease services after months without full payment. The rapid review conducted in the immediate aftermath noted that Services Australia (then the Department of Human Services) were satisfied the system was viable, despite identified system defects and gaps requiring further development. The Government must be certain we do not experience similar issues on 1 November.

Higher everyday living fees in residential care

R4 Retain items 180, 181, and 182 of the *Aged Care and Other Legislation Amendment Bill 2025*

The new higher everyday living fee (HELF) will replace extra service fees and additional service fees for people living in permanent or respite residential aged care, where the provider offers higher everyday living services. The *Aged Care Act 2024* includes requirements intended to protect residents, including that higher everyday living services cannot be agreed upon before a person has entered care or be a condition of entry. Ageing Australia supports efforts to protect older people.

The amendment Bill moves the details of these arrangements into the Rules, still meeting the policy intent.

We believe there will be unintended consequences under the new arrangements, with many providers indicating they will likely reduce the scope of additional services in the future. This will result in fewer choices for older people, as feedback from older people and families indicates that they intentionally seek homes that offer these services. It is therefore critical that any unintended consequences can be reviewed, in line with the policy intent, in a timely manner.

Final comments

The *Aged Care Act 2024* is the culmination of years of work from across the sector. This is a once-in-a-generation reform, and it is essential we get it right for older people now, and for our community into the future.

Australia's aged care needs are increasing. The aged care sector is not currently in a financial position to meet expected demand or invest to meet future needs. While some reforms will improve sector sustainability, other reforms do not and – in some instances – risk provider sustainability.

The inability to meet the demand for aged care in the future will ultimately impact on the quality of care provided to older Australians and create further strain on our public hospitals.

Over the coming months, we strongly encourage all members of the committee to engage with us and with local aged care providers to understand the impacts of these reforms, and how we can design a system that supports both sustainability and investability. Without a vibrant aged care sector, we cannot meet the demands of the future.

Please contact Roald Versteeg, General Manager of Policy and Advocacy,
if you have any questions or would like to
discuss.

Yours sincerely,

Tom Symondson
Chief Executive Officer