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

Catholic Health Australia Submission: Aged Care (Accommodation Payment Security) Levy Amendment Bill 2025 and Aged Care and Other Legislation Amendment Bill 2025

Thank you for the opportunity to provide Catholic Health Australia (CHA)'s views on the Aged Care (Accommodation Payment Security) Levy Amendment Bill 2025 and Aged Care and Other Legislation Amendment Bill 2025 (ACOLA Bill) as part of the Senate Community Affairs Committee's inquiry reviewing the provisions of the Bills. CHA appreciates the work of the Government and the Department of Health, Disability, and Ageing (the Department) to ensure that the finalised Rules and Amendments to the Act can collectively support the implementation of the new Aged Care Act 2024.

CHA supports the Government's continued efforts to strengthen the aged care system through legislative reform. This submission focuses on ensuring that provider obligations are clearly articulated and that older Australians are well-informed and supported in understanding their eligibility for aged care services.

CHA emphasises the importance of strong Government leadership to address implementation challenges following the commencement of the Aged Care Act 2024 on 1 November 2025. A cohesive and responsive approach is essential to uphold a high-quality and safe aged care system for all Australians, regardless of financial means or geographic location.

We also highlight Catholic providers' ongoing policy work across the broader care economy, recognising that aged care reform must be integrated with wider efforts to build a resilient, equitable, and sustainable care system. In particular, we continue to advocate for reforms to funding models, practical implementation support, and robust workforce planning - key enablers for providers to deliver care that is dignified, responsive, and economically viable.

CHA welcomes the opportunity to contribute to ongoing discussions and assist in the implementation of these reforms. If you wish to discuss anything further, please contact Alex Lynch, Director of Aged and Community Care Policy on 0411 841 071 or at alexl@cha.org.au.

Yours sincerely,



Alex Lynch

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Catholic Health Australia – Submission to the Inquiry on the Aged Care (Accommodation Payment Security) Levy Amendment Bill 2025 and Aged Care and Other Legislation Amendment Bill 2025

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Catholic Health Australia

www.cha.org.au

Catholic Health Australia (CHA) is Australia's largest non-government grouping of health, community, and aged care services. CHA Members provide 12 per cent of all aged care facilities across Australia, in addition to 20 per cent of home care provision.

Our members account for over 15 per cent of hospital-based healthcare in Australia and operate hospitals in each Australian state and in the Australian Capital Territory, providing about 30 per cent of private hospital care and 5 per cent of public hospital care in addition to extensive community and residential aged care.

CHA not-for-profit providers are a dedicated voice for the disadvantaged which advocates for an equitable, compassionate, best practice and secure health system that is person-centred in its delivery of care.

Background

The Aged Care and Other Legislation Amendment Bill 2025 (ACOLA Bill) introduces a series of technical and editorial amendments to the Aged Care Act 2024, aimed at improving the clarity, accessibility, and usability of the legislation. CHA welcomes these changes, which support aged care providers in navigating the regulatory framework more effectively and delivering high-quality care.

The Aged Care (Accommodation Payment Security) Levy Amendment Bill 2025 makes necessary consequential amendments to the Accommodation Payment Security Levy Act 2006, ensuring its continued functionality under the new legislative framework. These updates maintain the integrity of accommodation payment security arrangements and align the Levy Act with the broader reforms introduced by the Aged Care Act 2024.

These legislative changes are part of a wider transformation of the aged care system, including the introduction of strengthened Aged Care Quality Standards and the rollout of the Support at Home program. Collectively, these reforms aim to improve outcomes for older Australians, enhance provider accountability, and ensure long-term system sustainability.

While CHA supports the direction of these reforms, we note the operational complexity involved - particularly in areas such as the ICT transition, workforce readiness, and service delivery. Ongoing concerns remain around price caps, care management limits, and the lack of modelling on consumer behaviour and market dynamics. These factors will significantly influence how effectively providers can meet the needs of older people under the new framework.

CHA continues to advocate for practical implementation support, robust workforce planning, and policy settings that enable providers to deliver care that is responsive, dignified, and sustainable.

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Submission

Section 1: ACOLA Bill - Schedule 1

CHA broadly supports the amendments outlined in Schedule 1 of the Aged Care and Other Legislation Amendment Bill 2025 (ACOLA Bill). These changes are primarily technical and editorial in nature, aimed at improving the clarity, accessibility, and usability of the Aged Care Act 2024. CHA's comments in this section reflect our commitment to supporting the effective implementation of the new Act and highlight key policy positions and recommendations to ensure the legislative framework remains practical, coherent, and responsive to the needs of older Australians and the providers who care for them.

Definition of 'high quality care'

CHA supports the inclusion of a reference to Section 20 of the Aged Care Act 2024, which defines high-quality care. This definition provides a foundational benchmark that informs the interpretation and application of subsequent provisions in the Act. Embedding this concept early in the legislation contributes to a consistent understanding of high-quality care.

To reinforce this consistency, CHA recommends that the Aged Care Act Rules 2025 adopt a similar approach - explicitly referencing key concepts such as high-quality care both in the definitions and throughout operative provisions. For example, Section 15-15 of the Rules, which refers to Standard 2 of the Strengthened Aged Care Quality Standards, could be improved by directly linking back to Section 20. More broadly, this approach should be applied consistently across the Rules governing the Standards and reflected in supporting guidance materials. This would promote a coherent and unified understanding of high-quality care across legislation, regulation, and practice—supporting both compliance and improved outcomes for older Australians.

Enabling older Australians to age in place

In alignment with this definition of 'high quality care', greater flexibility in care management allocations under the Support at Home program will be necessary. Specifically, CHA recommends allowing up to 15% of a package to be used for care management in cases where providers are supporting individuals with significant clinical acuity or complex needs. This flexibility is consistent with the overarching goal of SaH – enabling older Australians with higher care needs to remain at home for longer.

Providers remain concerned about the proposed reduction in the care management cap from 20% to 10%, particularly given that care management currently accounts for approximately 17% of package expenditure. The Government has advised that care management allocations are based on 1-6 hours per month for standard clients, and 2-7 hours for clients eligible for diversity supplements - though only 2-4 hours are typically required. However, these estimates may not reflect the true complexity of care required in practice. The significant reduction in care management is at odds with the intention to improve the ability of older Australians to delay potential admission to residential aged care, reduce unplanned hospitalisation and improve management of comorbidities at home.

Halving the care management cap introduces other significant risks, including:

- Reduced proactive care coordination;
- Decreased service availability due to underfunding;
- Provider reluctance to accept higher-acuity clients; and
- Loss of experienced care managers.

To mitigate these risks, Government should increase the care management allocation to 15% of a given SaH package. This would better support providers in delivering safe, coordinated, and person-centred care to older Australians with complex needs, while maintaining alignment with the principles of high-quality care embedded in the new Act.

Review of Strengthened Aged Care Quality Standards

CHA supports the introduction of a five-yearly periodic review of the Strengthened Aged Care Quality Standards (the Standards), consistent with the recommendations of the Royal Commission into Aged Care Quality and Safety. Regular review is essential to ensure the Standards remain contemporary, evidence-based, and responsive to the evolving needs of older Australians.

To uphold the integrity and effectiveness of this review process, CHA recommends that the Government undertake transparent, timely, and meaningful consultation with the aged care sector. This approach aligns with the intent of the ACOLA Bill's explanatory memorandum, which emphasises the importance of scrutiny and accountability in the development and implementation of any changes arising from such reviews.

In previous submissions on the Rules, CHA has recommended that the Government include a clear definition and illustrative use cases for the Quarterly Financial Report (QFR) within supporting guidance materials. This would assist providers in understanding and complying with reporting obligations under the new Standards. As part of the five-yearly review, it is critical that financial reporting requirements are assessed to ensure they remain fit-for-purpose and are updated as needed to reflect sector realities.

Additionally, CHA recommends that the meal obligation requirements for home and community service providers be incorporated directly into the Standards, rather than being maintained as a separate obligation under Section 148-20 of the Rules. Integrating this requirement into the Standards would promote consistency, reduce regulatory fragmentation, and reinforce the importance of nutrition and meal provision as core components of quality care.

Prioritisation assessments

CHA supports the omission of 'short-term' from subparagraph 84(b)(iv) to exclude short-term residential care approvals from requiring a priority assessment. CHA believes that this amendment would enable place allocation to occur for this cohort of older people without a prioritisation process and therefore streamline their access to care.

However, CHA emphasises the importance of ensuring that the wording of the amendments is future-proofed and fit for purpose, particularly in light of the staged implementation of aged care reforms. While CHA acknowledges the intent to integrate specialist services such as the Commonwealth Home Support Programme (CHSP) into Support at Home, it is critical that the prioritisation process for these services is carefully considered within the broader context of the new Act, which will commence on 1 November 2025. Given that CHSP will be iteratively integrated into Support at Home by 2027, the legislative framework must be sufficiently robust and adaptable to support this transition and ensure equitable and continuous access to services.

Practicality of the point allocation system

CHA and its members have noted that the points assigned to prioritisation criteria appear low, meaning individuals must report extenuating circumstances to be classified as high or urgent priority. To improve transparency and usability, CHA recommends that supporting guidance materials include worked examples using real-life case studies. This would help older people understand the rationale behind their priority category and ensure the system is both meaningful and practical.

Clarity on interim budget mechanisms

CHA remains concerned about the lack of guidance on what care older people can expect under the low and medium priority categories, and how this may affect timely access to services. Without adequate implementation support, the prioritisation system risks longer wait times. Clear pathways for reassessment and guidance on communicating changing care needs are essential for effective wait list management.

Items 50–52 of the ACOLA Bill confirm that individuals allocated an interim place retain their priority category. While this is a positive step, there is no clear framework for managing reassessments or wait list transitions. CHA recommends the development of practical guidance materials, such as factsheets, to support providers and older people navigating interim arrangements.

CHA also remains concerned that interim budget provisions (Sections 194-5 and 204-5) embed a rationed care model, where older people may wait for essential services. This risks poorer outcomes compared to funding sufficient volumes of Support at Home (SaH) packages to meet demand. If interim budgets are retained, they should reflect the next-lowest SaH package level under the level an older Australian is assessed for, rather than a fixed percentage. In addition to being a more appropriate metric for care provision, this would substantially reduce the administrative burden on providers of maintaining additional package levels. Additionally, supporting mechanisms must ensure that implementation aligns with available funding and reflects the broader policy context.

Providers are expected to deliver high-quality care under the Aged Care Quality Standards, yet face funding shortfalls under interim budgets. CHA urges the Government to prioritise funding of Support at Home packages in line with Royal Commission Recommendation 39, supported by transparent modelling, as part of ongoing policy development following the commencement of the Act. Further detail on this recommendation is found in a subsequent section of this submission.

Reportable incidents

CHA acknowledges the amendments introduced in the ACOLA Bill concerning the management of reportable incidents. Notably, Item 67 provides greater clarity around roles and responsibilities, which CHA considers a constructive step aligned with the Department's broader efforts to reduce regulatory burden and streamline reporting processes. CHA welcomes the use of the phrase "one of the following" in reference to reporting entities, which appropriately includes the Aged Care Quality and Safety Commission without mandating duplicate reporting to multiple bodies.

CHA reiterates the importance of strategic alignment of incident reporting requirements across the health, aged care, and disability sectors. Harmonising these frameworks would reduce complexity for providers operating across multiple domains and support more consistent and effective incident management. In addition, CHA recommends that incident management systems used across these sectors be designed for interoperability, enabling seamless data exchange and reducing administrative overhead.

In our submission to the Government's Economic Reform Roundtable, CHA has also emphasised the need to reduce low-value regulatory requirements, streamline compliance processes, and embed digital solutions that return time to frontline care. A shift towards principles-based regulation, focused on outcomes and risk, would offer greater flexibility while maintaining safeguards. CHA encourages the Government to commit to a joint review of regulatory duplication across jurisdictions, with a focus on harmonisation and red tape reduction, particularly given the context of the implementation of the new Act.

Furthermore, CHA supports the amendment to Section 166-520(2a) in the Final Draft of the Rules, which expands consideration beyond cognitive impairments to include other impairments that may inhibit an individual's ability to communicate injury or discomfort in relation to reportable incidents. This change reflects CHA's previous recommendations and strengthens protections for vulnerable individuals.

Rollover credits

CHA notes that Item 81 includes additional details on Section 193, which allows individuals to access unspent credits from their quarterly budgets, with caps in place to help maximise the availability of Home Care Package (HCP) funding. However, there appears to be no limit on how long credits can be rolled over, potentially allowing large sums to accumulate across quarters. This could undermine the intent of ensuring funding reaches those who need it most.

While short-term rollover is reasonable to accommodate unplanned needs, ongoing accumulation suggests a misalignment between assessed needs and actual service use. If funding is not being used, it should be redirected to others in need.

As CHA outlined in its submission to the Senate Inquiry into the Aged Care Bill (October 2024), and its Submission on Release 2a of the Rules, it is essential that the Government monitors the impact of funding reforms, including rollover provisions, and is prepared to adjust policy settings to address any unintended consequences. This is critical to maintaining a financially sustainable and responsive aged care system post-implementation of the Act.

Clarity in messaging regarding unspent funds

While CHA welcomes the editorial improvements to the Act, greater clarity is needed on grandfathering arrangements for individuals accessing aged care services before and after 1 November 2025, particularly how these provisions interact with the Rules for Support at Home and residential aged care.

In reference to Item 176 of the ACOLA Bill, CHA is concerned that older Australians may not be adequately supported when transferring between providers under Support at Home. While the Rules outline transfers and mergers between service branches (Item 174), they do not address transfers of individual accounts between different providers.

To ensure continuity of care and transparency, CHA recommends that transfer mechanisms—including how funding allocations and unspent credits are managed—be clearly outlined in the Support at Home Handbook or Rules, with consideration of the role of agencies such as Services Australia in managing home care accounts.

Section 2: ACOLA Bill - Schedule 2

In the main, CHA welcomes the amendments introduced as part of Schedule 2 of the ACOLA Bill to the Aged Care (Consequential and Transitional Provisions) Act 2024. These provisions are essential to ensure that systems, processes, and procedures are underpinned by appropriate legislative authority, facilitating a smooth commencement of the new Aged Care Act 2024. CHA supports the intent to provide necessary authorisations that enable continuity of care for older Australians during the transition period, without breaching other legislation such as the Privacy Act 1988.

Schedule 5 - Automation of administrative action

CHA notes the references within both the Aged Care (Consequential and Transitional Provisions) Act 2024 and the Aged Care Act 2024 to the potential use of computer systems and programs—

such as artificial intelligence (AI)—to automate administrative actions for transitional purposes. CHA and its members recognise the transformative potential of these technologies to enhance access to care, streamline service delivery, reduce administrative burden, and optimise resource allocation across the aged care system.

To fully realise these benefits, CHA strongly recommends that the implementation of such systems be guided by clear principles and robust safeguards. These should be embedded within support and guidance materials developed for key operational bodies, including the Department of Health, Disability and Ageing, and Services Australia.

Further detail on CHA's position regarding the use of AI and digital tools in health and aged care is available in our submission to the Legislation and Regulation Review of Safe and Responsible Artificial Intelligence in Health Care, accessible [here](#).

In alignment with broader policy objectives focused on productivity and innovation in the care economy, CHA has also outlined strategic recommendations in our submission to the Government's Economic Reform Roundtable, which is available [here](#). These recommendations span economic resilience, budget sustainability, workforce stability, and system integration. Collectively, they aim to support the development of a cohesive and adaptive care economy that leverages technology to improve efficiency without compromising care quality or accessibility.

Schedule 6 - Modification of operation of Commonwealth aged care system during first 24 months

CHA acknowledges the significance of Item 2 of Schedule 6, which empowers the Minister for Aged Care to make transitional rules during the first 24 months of the new Act's operation. This provision is designed to ensure continuity and operability of care services under both the old and new legislative frameworks. The explanatory memorandum clarifies that these powers are intended to address unintended or unforeseen circumstances that may arise during the transition. CHA supports this interpretation, which aligns with our longstanding position advocating for proactive monitoring of potential unintended consequences—particularly those affecting consumer and provider behaviour in response to the reforms.

Interim budget allocation

CHA and its members remain concerned the Government's interim budget allocation policy for older people awaiting full SaH packages, as outlined in a previous section. CHA and its members are concerned that providers may be placed in a position where they are underfunded to deliver adequate services, yet remain obligated to meet the Strengthened Aged Care Quality Standards. While the interim allocation aims to provide some care rather than none, it risks compromising care quality and safety, and fails to meet the full needs of recipients.

In line with the transitional powers under Item 2 of Schedule 6 CHA recommends the Government and IHACPA closely monitor the uptake and impact of the SaH program during its first 12 months. Particular attention should be given to whether older people are forgoing specific supports due to the introduction of a new service list. CHA remains concerned that price signals within the co-contribution scheme may lead to unintended case-mix changes, potentially affecting both the appropriateness of care and the financial sustainability of the sector.

To mitigate these risks, CHA recommends that the SaH program be funded based on robust demand modelling, which accounts for demographic trends and older Australians' preferences to age at home. This approach would reduce waiting periods, consistent with Royal Commission Recommendation 39b, which calls for timely access to care to prevent deterioration in health and increased costs.

Monitoring of impacts of price caps

Importantly, Subitem 6 of Schedule 6 allows the Minister to enact rules retrospectively, enabling responsive action to unforeseen issues that may only become apparent after their occurrence. CHA supported the removal of price caps for SaH services during the first 12 months of implementation, a proposal that CHA originally developed and recommended. We commend the Government's decision to adopt this measure to reduce implementation risks.

Throughout this initial period, CHA urges the Department and IHACPA to monitor discrepancies between actual service prices and IHACPA's indicative prices. Should significant gaps persist, CHA recommends that the suspension of price caps be extended beyond 1 November 2026. In a system where pricing is tightly regulated, competition may shift toward cost-cutting rather than quality enhancement. Therefore, CHA advocates for ongoing evaluation of price caps to ensure they support the broader objectives of the new Act—namely, a high-quality, person-centred aged care system.

Additionally, a capped price system carries significant risk of stifling innovation and the capacity of aged care providers to offer new services to meet emerging needs.

Section 3: Aged Care (Accommodation Payment Security) Levy Amendment Bill 2025

The Aged Care (Accommodation Payment Security) Levy Amendment Bill 2025 introduces technical amendments to the Accommodation Payment Security Levy Act 2006, aligning it with the new provider framework established under the Aged Care Act 2024. Specifically, the Bill updates references from “approved providers” to “registered providers,” ensuring consistency with the terminology and regulatory structure of the new Act.

Importantly, the Bill retains provisions that enable the Minister to impose a levy on specific classes of providers to recover amounts paid under the Refundable Accommodation Deposit (RAD) scheme. While this power has not been exercised to date, its continued inclusion ensures the Government has a mechanism to safeguard public funds and maintain the financial integrity of the accommodation payment system.

CHA acknowledges the context in which this amendment is being enacted—within a broader suite of aged care reforms aimed at improving transparency, accountability, and sustainability. CHA supports these amendments as a necessary and prudent step to ensure legislative coherence and operational readiness under the new aged care framework.