

Aged Care Remote Accord Response to the IHACPA Pricing Framework for Australian Residential Aged Care Services 2027-28

August 2026

About the Aged Care Remote Accord

The Aged Care Remote Accord (the Remote Accord) is a group of service providers and industry experts delivering aged care services in regional and remote areas of Australia.

The Remote Accord was formed based on the belief that every community – including those in remote and very remote areas of Australia – has an equal right to accessible, high quality aged care services.

The Remote Accord saw its genesis in the 'A Matter of Care: Australia's Aged Care Workforce Strategy' report; Strategic Action 11 recommended that the Government and industry support the establishment of a Remote Accord.

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Introduction

This submission to the Independent Health and Aged Care Pricing Authority (IHACPA) is made by the Aged Care Remote Accord (Remote Accord) in response to the August 2026 consultation paper on the Pricing Framework for Australian Residential Aged Care Services 2027-28. In giving this response, the Remote Accord wishes to ensure that the unique challenges facing service providers and their clients in remote and very remote Australian communities are given consideration. This submission draws on direct feedback from providers working in Modified Monash Model (MMM) regions 5 to 7 who have highlighted how residential aged care pricing impacts remote and very remote communities.

↘ Key Recommendations

Getting residential aged care pricing right has never been more important than it is now, one year on from the introduction of the Aged Care Act 2024. In remote Australia, the costs of providing residential aged care are higher than the funding they receive, leading to underfunded and strained services. To support remote service providers, we recommend IHACPA:

- Retain and expand the National Aboriginal and Torres Strait Islander Flexible Aged Care Program (NATSIFACP) to provide culturally appropriate and flexible care.
- Build grants into residential funding to make service delivery viable.
- Ensure the accommodation pricing supplement changes accurately reflect costs of delivering residential aged care in remote communities.

↘ Recommendation 1: Retain and Expand NATSIFACP

The NATSIFACP model plays a vital role in providing culturally appropriate care to Aboriginal and Torres Strait Islander people in remote Australia. There has been uncertainty on the future of NATSIFACP after the introduction of the Australian National Aged Care Classification (AN-ACC) model, and services currently operating through NATSIFACP remain concerned about their future funding sustainability and service model security. Concerns around whether NATSIFACP will continue to be funded have been heightened since expansion was paused on 1 November 2025, until the new aged care reforms are fully implemented and IHACPA recommendations are delivered to Government in mid to late 2026[1].

The cessation of NATSIFACP would remove the flexibility and stability that this program provides for remote and very remote service providers. The majority of NATSIFACP places, both for home care and residential care, are located in remote and very remote locations[2]. Although a small program when compared to the aged care sector as a whole, NATSIFACP is vital for the viability of many providers in remote and very remote Australia.

The flexibility of NATSIFACP allows service providers to transition appropriate infrastructure as and when it is developed. This flexibility is essential in allowing service providers to provide high-quality care to Aboriginal and Torres Strait Islander elders in remote and very remote communities. However, compared to mainstream services, NATSIFACP remains underfunded for its needs. NATSIFACP services regularly deal with poorly maintained buildings, a lack of infrastructure, and clients who need alternative avenues of care compared to mainstream residential aged care. Although a small number nationally, the impact to remote and very remote services of underfunding or ceasing this program would be substantial. **We strongly recommend that NATSIFACP is continued and expanded, because it is a vital source of block funding for remote communities with many Aboriginal and Torres Strait Islander people.**

↘ Recommendation 2: Build Grants into Residential Funding

The current funding system for residential aged care in remote and very remote Australia is insufficient. As a result, many providers are forced to rely on grants to fill the gap between the funding they are given and the funding they need. The funding system must be fixed to ensure older people are receiving the care they deserve.

Services in remote Australia often rely on grant funding to make up for the shortfall in the funding they are allocated, which costs service providers time and administrative effort to apply for. Applying for grants can be complex and places the burden of paperwork on providers trying to deliver care in their communities. Several services in our network told us that grant funding is overused and should be absorbed into broader funding, to boost the total funding available for care delivery.

Absorbing grant funds would reduce the administrative burden of applying for grants that keep services viable and would increase the amount of money services have available to deliver care in remote Australia.

↘ Recommendation 3: Ensure the Accommodation Pricing Supplement Accurately Reflects Costs

We welcome the decision by Government to commit to increasing the Accommodation Pricing Supplement; however, we believe it may not be entirely sufficient to cover the high number of supported residents in remote and very remote Australia. We believe the actual costs of delivering care should be reflected in the accommodation pricing supplement.

Over the financial years 2019-2023, operational costs for providing accommodation ($ per resident per day) increased for all services, from metropolitan to remote services[3]. However, trends from that 5-year period show that remote services consistently spend more money than metropolitan services[3]. In 2023, for operational costs, major city services lost $15 dollars per resident per day[3]. Rural and remote services lost $25-$40 dollars per resident per day[3].

When looking at the costs of providing accommodation, the trends remain similar; remote service providers have higher losses. In 2023, for accommodation costs, major city services lost $12.97 per resident per day[3]. Rural and remote services lost $18.39 per resident per day, even with the additional funding from AN-ACC that provides a subsidy based on approved beds rather than occupied beds[3].

The current funding models for residential aged care are insufficient. Remote services continue to operate at a greater loss than metropolitan services, and a proper investigation into the actual costs of delivering care in remote and very remote Australia needs to be undertaken. **We recommend that research is undertaken to accurately gauge the cost of delivering aged care services in remote and very remote Australia, and that the accommodation pricing supplement accurately reflects the cost of providing residential aged care services.**

Reference List

[1] Department of Health, Disability and Ageing. (2026). Becoming a provider of the National Aboriginal and Torres Strait Islander Flexible Aged Care Program. Available from: https://www.health.gov.au/resources/publications/becoming-a-provider-of-the-national-aboriginal-and-torres-strait-islander-flexible-aged-care-program?language=en

[2] Department of Health, Disability and Ageing. (2025). Aged care data snapshot—2025. Available from: https://www.gen-agedcaredata.gov.au/resources/access-data/2025/october/aged-care-data-snapshot-2025

[3] Sutton, N., Ma, N., Yang, J.S., Lewis, R., Woods, M., Tsihlis, E., Lin, J., & Parker, D. (2023) Australia's aged care sector: Full-year report (2022–23). *UTS Ageing Research Collaborative*. Available from: https://opus.lib.uts.edu.au/bitstream/10453/173661/2/Australia%27s%20Aged%20Care%20Sector%3a%20Full-Year%20Report%20%282022-23%29.pdf