

ESTIMATES BRIEF – Hot Issue**Supplementary Budget Estimates – October 2025****AGED CARE****Aged Care****Key facts and figures**

- In the 2025–26 Budget, the Government provided \$410.0 million over five years from 2024–25 to continue to deliver aged care reforms, strengthen and support the aged care workforce, and implement recommendations from the Royal Commission into Aged Care Quality and Safety.
- In May 2025, there was a decision by Government to defer commencement of the aged care reforms by four months to 1 November 2025 at a cost of \$0.9 billion ([Attachment A](#)). This delay was to allow for essential legislative amendments, and ICT and sector readiness elements to be finalised.
 - The *Aged Care and Other Legislation Amendment Bill 2025* (the Bill) was passed by Parliament on 4 September 2025. The Bill received Royal Assent on 19 September 2025.
 - As part of negotiations on the Bill, the Government announced an additional 20,000 Home Care Packages to be delivered prior to the commencement of the Support at Home program on 1 November 2025, with a further 63,000 additional Support at Home program places to be released by 30 June 2026 ([Attachment B](#)). Costs of the additional places have not yet been announced.
- On 12 September 2025, the Government announced changes to the Australian National Aged Care Classification (AN-ACC) funding model, increases to the Hotelling Supplement rate, and extension of the AN-ACC Transition Fund and the Independent Health and Aged Care Pricing Authority's 2025-26 pricing advice ([Attachment C](#)).

2025-26 Budget***Implementation of Aged Care Reforms***

- The Government will provide \$291.6 million over five years from 2024–25 (and an additional \$12.7 million in 2029–30) to continue the delivery of aged care reforms and the implementation of recommendations from the Royal Commission into Aged Care Quality and Safety (page 48-49, Budget Paper No. 2). Funding includes:
 - \$116.1 million in 2025–26 in additional funding for the Aged Care Quality and Safety Commission to deliver its regulatory functions under the *Aged Care Act 2024*.
 - \$53.2 million in 2025–26 to continue implementation of the Single Assessment System and support the staged digital implementation of the *Aged Care Act 2024* to ensure continuity of aged care assessment services.

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- \$47.6 million over four years from 2025–26 (and an additional \$12.7 million in 2029–30) to support First Nations organisations to deliver culturally appropriate aged care assessments for First Nations people.
- \$37.8 million in 2025–26 for the Aged Care Quality and Safety Commission to support the staged digital implementation of the *Aged Care Act 2024*.
- \$24.4 million in 2024–25 for additional *Commonwealth Home Support Programme* assessments to meet new requirements under the *Aged Care Act 2024*.
- \$5.7 million in 2025–26 for the National Centre for Monitoring Dementia to provide dementia data and monitor progress with the National Dementia Action Plan.
- \$3.6 million in 2025–26 to support an evaluation and stakeholder engagement in a review of the Aged Care Quality Standards.
- \$2.4 million in 2025–26 to extend the *Care Together Program* to support the start-up and development of cooperative and mutual enterprises, and deliver business resources and professional support to the aged, disability and veterans' care sectors.
- \$0.7 million in 2025–26 for Uniting Care to continue the operation of the Aged Care Workforce Remote Accord to support the aged care workforce in remote and very remote communities.
- The Government will achieve savings of \$21.2 million over three years from 2024–25 by not proceeding with part of the 2022–23 March Budget measure titled *Ageing and Aged Care* to trial new models of multidisciplinary care in residential aged care and inform pricing arrangements through the National Health Reform Agreement.
- The Government will achieve savings of \$27.7 million in 2025–26 through cost recovery activities under the new charging model of the Aged Care Quality and Safety Commission.
- The cost of this measure will be partially met from within the existing resourcing of the Department of Health, Disability and Ageing.

Funding Pay Increases for Aged Care Workers – nurses

- The Government will provide \$88.3 million over five years from 2024–25 (and \$0.9 million per year ongoing) to fund the outcome of the Fair Work Commission's decision to increase the minimum award wages of registered and enrolled nurses employed in the aged care sector (page 46–47, Budget Paper No. 2). Funding includes:

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- \$48.7 million over three years from 2024–25 for *Commonwealth Home Support Programme* providers to cover the cost of the increase in award wages.
- \$35.5 million over two years from 2025–26 to fund historical leave provisions for Commonwealth-funded aged care providers.
- \$3.0 million over five years from 2024–25 (and \$0.6 million per year ongoing) for the Independent Health and Aged Care Pricing Authority to develop supplementary Australian National Aged Care Classification funding model (AN-ACC) pricing advice and provide quality assurance.
- \$1.1 million over five years from 2024–25 (and \$0.3 million per year ongoing) to increase funding for the Multi-Purpose Services Program and the *National Aboriginal and Torres Strait Islander Flexible Aged Care Program*.
- The Government will also provide \$30.1 million over five years from 2024–25 (and \$7.8 million per year ongoing) to fund *Commonwealth Home Support Programme* providers through a revised approach of an uplift in indexation to existing grant agreements to cover the cost of the increase in award wages from the Fair Work Commission Stage 3 decision on the Aged Care Work Value Case. The funding will move to the *Support at Home* program when the *Commonwealth Home Support Programme* rolls into the *Support at Home* program from no earlier than 1 July 2027.
- The 2025–26 Budget also includes \$2.5 billion over five years from 2024–25 (and an additional \$6.1 billion from 2029–30 to 2034–35) to meet the cost of the Fair Work Commission’s decision for aged care nurses with funding to other aged care programs including residential aged care, the Home Care Packages program and the *Support at Home* program, which will be delivered through increases that will flow through program indexation. The budget impact of this is largely offset by funding provisioned in the Contingency Reserve for wage increases for aged care nurses.
- This measure builds on the 2023–24 Budget and 2024–25 MYEFO measures titled *Funding Pay Increases for Aged Care Workers*.
- The cost of this measure will be partially met from within the existing resourcing of the Department of Health, Disability and Ageing.

2025-26 MYEFO*Deferred commencement of the Aged Care Act 2024*

- The Government will provide \$0.9 billion over four years from 2025–26 for the deferred commencement of the *Aged Care Act 2024* and associated reforms to 1 November 2025.
 - The Treasurer announced the cost at a press conference on 4 July 2025 (Attachment A).

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- Costs for the deferred commencement, and additional 20,000 Home Care Packages and 63,000 *Support at Home* program places will be included in the 2025-26 MYEFO.

Residential Aged Care Funding

- From 1 October 2025, the AN-ACC price will increase from \$282.44 to \$295.64, consistent with the advice from the Independent Health and Aged Care Pricing Authority.
- The AN-ACC fixed and variable funding categories (casemix classification) will be updated to better align funding with actual costs to meet residents' care needs from 1 October 2025 based on the Independent Health and Aged Care Pricing Authority's advice.
- The AN-ACC Transition Fund will be extended for a further 12 months to support the viability of residential aged care providers operating in specific locations.
- From 20 September 2025, the Hotelling Supplement will increase from \$15.60 to \$22.15 per resident per day consistent with the Independent Health and Aged Care Pricing Authority advice.

Statement of Risks

- The implementation of the *Aged Care Act 2024* is included as a fiscal risk in the Statement of Risks (page 222, Budget Paper No.1)
- The *Aged Care Act 2024* will commence on 1 November 2025 and provides the legislative basis for the Government's reforms to aged care services. This includes the establishment of the *Support at Home* program to deliver improved and more targeted in-home care services, and a new framework for participant contributions for residential aged care and in-home aged care services to create a more equitable and sustainable aged care system.
- As with other new demand-driven programs, there is greater potential for the estimated costs of the aged care programs to be subject to adjustments to reflect observed changes in actual payments. The estimated costs for the *Support at Home* program will depend on successful implementation, demand for the new program, the level of services that care recipients are assessed as eligible for, the services they choose to access and the amount that care recipients contribute towards their costs. The observed impact of the changes to the contribution arrangements for care recipients in residential aged care may also impact on the estimated costs for residential aged care.

AGED CAREFinal Budget Outcome – 2024-25 Actuals

- Payments related to Ageing and Aged Care were \$38.2 billion in 2024-25, which is \$542.5 million below what was projected at the 2025-26 Budget. The variance primarily reflects lower-than-anticipated demand for a range of activities within the Aged Care Quality program, including grants from the Aged Care Support Program and the Aged Care Surge Workforce Program (\$0.3 billion).
- Non-tax receipts for Ageing and Aged Care were \$722.0 million in 2024-25, which is \$527.6 million above what was projected at the 2025-26 Budget. The variance is largely attributable to a higher-than-forecast recovery of overpayments of subsidies to aged care providers, following the transition to monthly, rather than quarterly, reconciliation of payments (\$0.4 billion).

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2025–26 Budget Aged Care Funding

UCB (\$m)	2024–25 (\$m)	2025–26 (\$m)	2026–27 (\$m)	2027–28 (\$m)	2028–29 (\$m)	Total (\$m)
SPENDING						
Implementation of Aged Care Reforms						
Approval for Aged Care Quality and Safety Commission Funding Model	0.0	-116.1	0.0	0.0	0.0	-116.1
Single Assessment System*	0.0	0.0	0.0	0.0	0.0	0.0
First Nations Aged Care Assessment	0.0	-12.3	-10.8	-11.7	-12.8	-47.6
Aged Care Quality and Safety Commission – staged digital implementation of the Aged Care Act 2024*	0.0	0.0	0.0	0.0	0.0	0.0
Commonwealth Home Support Programme – Assessments*	0.0	0.0	0.0	0.0	0.0	0.0
National Centre for Monitoring Dementia	0.0	-5.7	0.0	0.0	0.0	-5.7
Aged Care Quality Standards review	0.0	-3.6	0.0	0.0	0.0	-3.6
Establish a Cooperative and Mutual Enterprise Support Program	0.0	-2.4	0.0	0.0	0.0	-2.4
Remote Accord	0.0	-0.7	0.0	0.0	0.0	-0.7
Funding Pay Increases for Aged Care Workers - nurses						
Funding uplift for the Commonwealth Home Support Programme**	-3.4	-17.2	-28.0	0.0	0.0	-48.7
Historical leave liabilities**	0.0	-19.1	-13.2	0.0	0.0	-32.3
Funding uplift for specialist aged care programs	..	-0.2	-0.3	-0.3	-0.3	-1.1
Supplementary pricing advice for AN-ACC*	0.0	0.0	0.0	0.0	0.0	0.0
Sub Total – SPENDING	-3.5	-177.2	-52.3	-12.0	-13.1	-258.1
SAVINGS						
Implementation of Aged Care Reforms						
Aged Care Quality and Safety Commission – Cost Recovery	0.0	27.7	0.0	0.0	0.0	27.7
Reversal of Multidisciplinary Outreach Services for residents in aged care facilities	10.5	10.5	0.2	0.0	0.0	21.2
Sub Total – SAVINGS	10.5	38.2	0.2	0.0	0.0	48.9
Total (NET)	7.0	-139.0	-52.1	-12.0	-13.1	-209.2

* Costs will be fully met from within existing resources of the Department of Health, Disability and Ageing.

** Costs will be partially met from within existing resources of the Department of Health, Disability and Ageing.

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2025–26 MYEFO Aged Care Funding

UCB (\$m)	2025–26 (\$m)	2026–27 (\$m)	2027–28 (\$m)	2028–29 (\$m)	Total (\$m)
SPENDING					
Deferred commencement of the <i>Aged Care Act 2024</i>					
Deferred commencement	-403.6	-206.3	-136.9	-125.5	-872.3
Additional 20,000 Home Care Packages	*	*	*	*	*

* Figures have not been announced.

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Supporting information

Relevant Media Reporting

- Attachment A – *Treasurer puts cost of delaying new Aged Care Act at \$900M, Lauren Broomham, The Weekly Source, 5 June 2025.*
- Attachment B – *Passage of aged care legislation marks another step towards a new aged care act | Health, Disability and Ageing Ministers | Australian Government Department of Health, Disability and Ageing, The Hon Sam Rae MP media release, 4 September 2025.*
- Attachment C – *Minister Rae media release – Australian Government invests to support quality aged care services, 12 September 2025.*

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Attachment A -The Weekly Source

Treasurer puts costs of delaying new Aged Care Act at \$900M

5 June 2025

Lauren Broomham

The Federal Government's decision to delay the start of the new Aged Care Act to 1 November 2025 will cost around \$900 million over the forward estimates, Treasurer Jim Chalmers has confirmed following yesterday's (4 June) unexpected announcement. As reported by The Weekly SOURCE, Health and Aged Care Minister Mark Butler and the new Minister for Aged Care and Seniors, Sam Rae, announced the Government would recommend to the Governor-General, Her Excellency the Honourable Sam Mostyn AC, that the legislation be pushed back by four months.

Speaking during a press conference on the national accounts later that day, the Treasurer acknowledged the financial hit:

"The delay will likely cost in the order of \$900 million over the forward estimates," he said. Still, Chalmers defended the decision, calling the aged care reforms "really important" to the long-term sustainability of the Budget.

"We shouldn't forget that, even with this modest delay, the changes that were worked up by Anika and Mark and are being implemented by Sam and Mark are really important changes to make our budget more sustainable," he said.

"You think about those areas where there is substantial pressure on the Budget, areas like aged care, like the NDIS, like interest costs, we have made good progress ... these are really important reforms."

In a letter to providers, Minister Rae said the additional time would be used to:

- prepare older Australians for the changes
- finalise operational and digital infrastructure
- develop clear implementation guidance and training

"It will also allow Parliament to consider an amendment Bill that finalises the Aged Care Rules and ensures the Act operates effectively," the Minister added.

"I will work hand-in-hand with you, your workers, and older people to get the implementation right for everyone."

AGED CARE**Attachment B – Minister Rae Media Release****Passage of aged care legislation marks another step towards a new aged care act**

4 September 2025

The Hon Sam Rae MP
Minister for Aged Care and Seniors

The Australian Government is getting on with delivering generational aged care reforms, marked by the passage of the Aged Care and Other Legislation Amendment Bill through Parliament today.

Labor inherited a fundamentally broken aged care system when we came to Government, and we're working tirelessly to rebuild the system from the ground up, culminating in the delivery of a rights-based Act.

These reforms not only deliver 58 recommendations of the Royal Commission into Aged Care Quality and Safety but also guarantee the fast-tracked care to older Australians.

Australians have been waiting decades for real aged care reform, and this Labor Government is getting on with the job of delivering an aged care system every older person, family and aged care worker can be proud of.

To support more older people to get the care they need so they can live safely and independently at home, the Government will bring forward 20,000 Home Care Packages to be delivered in the next eight weeks before the Act comes into force.

The Government will also release 63,000 extra Support at Home places by 30 June 2026, making sure people who need it can get the care they need faster.

We acknowledge the contributions and constructive engagement from the Opposition and crossbench to help secure a better outcome for so many older Australians for generations to come.

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Attachment C – Minister Rae media release

Australian Government invests to support quality aged care services

12 September 2025

The Hon Sam Rae MP
Minister for Aged Care and Seniors

The Albanese Government is continuing to support the aged care sector to deliver better quality care for older Australians, with increases to vital funding starting in the coming weeks.

From 1 October 2025, the Australian National Aged Care Classification (AN-ACC) price will increase to \$295.64 per resident, per day, providing more essential support for the over 200,000 older people in residential aged care.

From 20 September 2025, the hotelling supplement will increase by 42 per cent from \$15.60 to \$22.15 per resident, per day. This will help providers cover everyday essentials like food, cleaning and laundry so residents continue to receive safe, high quality services.

These changes are part of our Government's continuing response to the recommendations of the Royal Commission into Aged Care Quality and Safety, which called for a funding system that keeps pace with the real cost of care.

The Government's updates to AN-ACC fixed and variable funding categories will better align funding with costs to meet residents' care needs across Australia, based on the Independent Health and Aged Care Pricing Authority's independent advice.

Care minutes for each AN-ACC class will also be adjusted from 1 October, to align with the AN-ACC funding changes.

Importantly, sustainable aged care funding will help drive investment in new beds, ease pressure on hospitals, and ensure older Australians can access care where and when they need it.

In addition, the AN-ACC Transition Fund will be extended for another 12 months to support smaller providers, especially those in remote and regional communities, so that older Australians can access quality care no matter where they live. Eligible providers will be invited to apply for grants shortly.

For more information, visit the Department of Health, Disability and Ageing [website](#).

Quotes attributable to Minister for Aged Care and Seniors Sam Rae:

"The Albanese Labor Government is securing a more sustainable aged care sector to deliver the world-class care older Australians deserve.

"This announcement means more funding for aged care homes, supporting higher wages for workers and better care for our loved ones."