



OUR POSITION

Regional and remote aged care: reforms to sustain and improve vital services

BACKGROUND

Catholic Health Australia (CHA) is Australia's largest non-government, not-for-profit group of health, community, and aged care providers.

Our members operate over 80 hospitals in each Australian state and in the Australian Capital Territory, providing around 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 Members also provide approximately 12 per cent of all aged care facilities across Australia, in addition to around 20 per cent of home care services. This includes 350 aged care facilities and 53,000 older Australians cared for in their home.

CHA not-for-profit health, community and aged care 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. CHA champions reforms aligned with the healing ministry of Christ and the work of Catholic congregations around the country. The aim of our position statements is to outline CHA's policy and advocacy priorities on key issues that are essential to the mission and values of its members.

A more in-depth analysis of our policy positions is available through [our government submissions](#).



POSITION

Access to aged care remains a challenge in regional, rural and remote areas. Despite over a third of older Australians living in these locations¹, only 21% of residential care services are located in rural, remote or very remote areas² (Modified Monash Model (MMM) 4-7).

The level of frailty in these areas is expected to increase at a faster rate compared to metropolitan areas.³ Older people are unable to get sufficient access to complex wraparound supports to respond to their needs or have to travel long distances to access care.⁴

Aged care providers incur significantly higher operating costs in regional, rural and remote areas.⁵ Limited access to essential health services and infrastructure further restricts options to expand service offerings or achieve efficiencies through economies of scale.

The funding model, called the Modified Monash Model (MMM), does not accurately reflect the high cost of service provision in some rural and remote areas such as mining towns. These towns face significant isolation challenges, located six or more hours by road from metropolitan centres, making essential health services scarce and more costly. Immediate changes are needed to the categorisation of these communities to ensure older Australians, regardless of where they live, can access safe and high-quality care and providers can continue to operate sustainably.

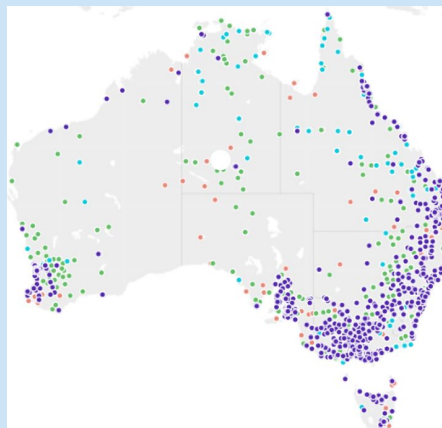
The residential aged care sector has been operating at a \$5 billion operating loss over the last five years.⁶ This has deterred investment in capital infrastructure upgrades and technology uplift, particularly in regional, rural and remote locations. Current capital funding by the Government is one eighth of demand in the sector.⁷

With an ageing population and a scarcity of capital investment in the sector due to financial stress, the supply of aged care services will remain constrained in these areas. More investment in capital is needed to expand the availability of aged care services in regional, rural and remote areas.

How many services are available in regional, rural and remote areas?

Despite over a third of older Australians living in these locations, only 15% of home care and 21% of residential aged care services are located in rural, remote or very remote areas.

Figure 1: Latest data on location of aged care services in Australia⁸



Why do older people miss out on aged care services in regional, rural and remote communities?

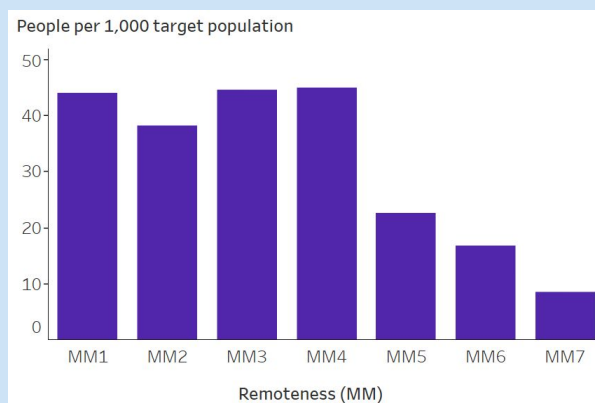
Several factors contribute to service shortages in regional, rural and remote areas, all of which are out of scope of the provider to adjust to:

- Increased costs for food, laundry, maintenance, cleaning and workforce due to geographical isolation and competition from adjacent industries.⁹
- Limited access to essential health services and infrastructure restricts options to expand aged care service offerings or achieve efficiencies through economies of scale.
- The existing funding model doesn't account for the differentiated cost of delivering services in all communities.
- Workforce shortages persist and an absence of affordable staff housing impacts the ability of providers to recruit and retain staff.

What about the wait time and service usage in these locations?

People living in rural and remote areas experience longer wait times¹⁰, and use residential aged care less than the rest of the population, reflecting service shortages and unmet needs.

Figure 2: Latest data on usage of residential aged care in Australia¹¹



What is the solution to address this problem?

More capital investment is needed to respond to critical infrastructure needs in regional, rural and remote areas. CHA acknowledges the commitment by Government to invest \$666 million under the ACCAP until 2028, however more is needed to significantly expand the availability of services in these communities. This funding is one eighth of demand in the sector based on applications received to date¹² and a small proportion of the projected \$72 billion investment required in the sector over the next seven years.¹³

The ACCAP needs to be increased by at least \$297.63 million per year, to support a sustainable aged care sector in regional, rural and remote areas.

If not expanded, aged care services in regional, rural and remote areas will not keep pace with demand, creating both an equity issue and forcing people in regional, rural and remote areas to move to urban centres.

How could this solution address workforce shortages?

Significant parts of the sector are facing challenges with attracting and retaining staff. Part of an expansion to the ACCAP could cover staff housing to address critical staff shortages in the sector. In practice, this means that:

- Investors may be influenced to consider acquiring apartment complexes that would operate as quasi 'aged care workers' homes in geographical locations with high barriers to entry.
- Where aged care facilities provide homes themselves, they could receive similar taxation advantages enjoyed by other community housing providers.
- Due to proximity, staff can more easily build camaraderie with both junior and senior colleagues outside of their immediate work area.

What about funding shortfalls in regional and remote communities?

Currently some rural and remote areas such as mining towns are not adequately funded due to their low MMM categorisation and as a result, aged care services in these towns are running at a substantial loss, with significant risks to their viability. The funding model and associated MMM categorisation in regional, rural and remote areas needs to account for cost variations caused by remoteness. In an independent report commissioned by the Department, stakeholders acknowledged that the MMM will not perfectly reflect need and additional mechanisms are needed to accommodate unique locations¹⁴.

The NDIS has mechanisms to accommodate these outliers, and aged care needs these too. Aged care urgently requires adjustments to the funding arrangements to ensure older people in regional, rural and remote communities have the same choice, access, and quality of care as everyone else.

- ¹ Australian Institute of Health and Welfare (2024) Older Australians. Retrieved on 06/02/2025 from [Older Australians, Older Australians living in rural and remote communities - Australian Institute of Health and Welfare](#).
- ² Australian Institute of Health and Welfare (2024) Providers, service and places in aged care, Retrieved on 10/02/2025 from [Providers, services and places in aged care - AIHW Gen](#)
- ³ Royal Commission into Aged Care Quality and Safety Final Report (2021). Care, Dignity and Respect, Volume 2, Section 2.3.1.
- ⁴ Ibid, Section 2.2.4.
- ⁵ Ibid, Section 4.6.2.
- ⁶ StewartBrown (2024). Aged Care at the Crossroads. Available at: 2024 07 Aged Care At The Crossroads Report
- ⁷ DoHAC (2024). Aged Care Capital Assistance Program. Available at: Aged Care Capital Assistance Program | Australian Government Department of Health and Aged Care, including feedback and data on application numbers.
- ⁸ Australian Institute of Health and Welfare (2024) Providers, service and places in aged care, Retrieved on 10/02/2025 from [Providers, services and places in aged care - AIHW Gen](#)
- ⁹ Royal Commission into Aged Care Quality and Safety Final Report (2021). Care, Dignity and Respect, Volume 2, Section 4.6.2.
- ¹⁰ Australian Institute of Health and Welfare (2024) Timeliness of access to aged care services in Australia. Retrieved on 10/02/2025 from [Timeliness of access to aged care services in Australia. Characteristics associated with elapsed time to receipt of approved care service - Australian Institute of Health and Welfare](#).
- ¹¹ Australian Institute of Health and Welfare (2024) People using aged care. Retrieved on 10/02/2025 from [People using aged care - AIHW Gen](#).
- ¹² DoHAC (2024). Aged Care Capital Assistance Program. Available at: Aged Care Capital Assistance Program | Australian Government Department of Health and Aged Care, including feedback and data on application numbers.
- ¹³ Grant Thornton (2023). Key considerations for a capital model to support sustainability in the aged care sector. Available at: Aged care sector needs \$72.34b in the next seven years | Grant Thornton Australia
- ¹⁴ Reid, M. & Knight, S. (2024) Working Better for Medicare Review: Final Report. Retrieved on 11/03/2025 from [Working Better for Medicare Review – Final report](#).