25 July 2025

Hon Jim Chalmers MP
Treasurer
Via Treasury website Click or tap here to enter text.

Dear Treasurer

Economic Reform Roundtable

Ageing Australia welcomes the opportunity to inform deliberations of the Economic Reform Roundtable.

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 advocate for our members, providing expert advice, resources and tailored services to ensure they deliver exceptional care to older Australians

The commencement of the new Aged Care Act on 1 November will see Australia enter a new chapter in aged care, with rights-based legislation in place. Yet funding and financial sustainability continue to be a concern.

Lack funding was identified as a major source of the issues leading to the Aged Care Royal Commission:

> At no point has the level of funding for aged care in Australia been determined by the actual cost of delivering aged care services to a specified quality standard. The amount spent on aged care services in Australia reflects the available funding envelope rather than the cost of delivering high quality care. This has had serious consequences for older people and the aged care sector.[1]

Increasingly, older people will seek the experience of ageing connected to place and community, and we will need sufficient providers, packages, and workforce to meet demand. Others will require residential care to support increasingly chronic and complex conditions.

To meet the future demographic and care needs of our community, funding models need to incentivise productivity and investment, as well as sustainability. Fit-for-purpose pricing methodologies by the Independent Health and Aged Care Pricing Authority for residential care and Support at Home, backed by Government funding decisions, are essential.

Innovation is also key. The demographic challenges ahead present an opportunity to work better, focusing on quality. With a smaller proportion of the population contributing through taxation to funded services as well as delivering care, we must drive improved productivity in aged care. We provide two examples of innovation from aged care providers that have delivered improved outcomes for patients while delivering efficiencies.

Smart technology investment to improve care outcomes
Curtin Heritage in Perth invested significant funds into establishing an AI support system for their residential facility, which has seen a reduction in falls of 40%. Beyond the

[1] Royal Commission into Aged Care Quality and Safety. (2021). *Final Report*, Vol. 2, p. 195.

improvements for residents, this initiative has delivered savings to the Western Australian health department by reducing hospitalisations.

According to the Australian Institute of Health and Welfare, falls in people aged 80+ led to around 86,000 hospitalisations in 2022-23, over one-third of total falls resulting in hospitalisation.[2] In 2020–21, fall injuries are estimated to have cost the health system $4.7 billion.[3] A 40% reduction in falls in residential aged care nationally would both save hundreds of millions for public hospitals and improve outcomes for older people.

The investment in the AI tool was significant for Curtin, and an evaluation on cost effectiveness for aged care alone may not demonstrate efficient spending. However, when the savings to public hospital budgets and the benefits of additional free public hospital beds are considered, the investment would be more than justified.

Policy incentives that drive innovative care models

Australia is experiencing a severe workforce shortage in aged care, a problem that is particularly pronounced outside metropolitan areas. A Government report projected an undersupply of 79,473 nurses in Australia by 2035, with an undersupply in aged care of 17,551 full-time equivalent nurses.[4] In the near future, we will not be able to meet the inflexible requirements for 24/7 registered nurse staffing and mandatory care minutes in residential aged care homes.

iAgeHealth by McLean Care, is a 24/7 virtual multi-disciplinary health service. It provides residential aged care facilities and clients in a home and community setting within rural, regional and remote locations, access to an on-demand clinical and allied health workforce via a virtual healthcare platform integrated with 'internet of things' devices to support timely diagnosis, treatment, monitoring and evaluation.

iAgeHealth has demonstrated a range of benefits for participants, including 24/7 access to healthcare services, daily follow-up for residents from nurses/allied health when needed, improved wound healing times, reduced pain, improved mobility, improved timely access to multi-disciplinary healthcare and a decrease in unnecessary hospitalisations.

While in-person care is optimal, virtual nursing can improve care and wellbeing outcomes for residents and should count towards care minutes. It is also a demonstrator for what might be possible for other innovative care models if policy settings are sufficiently nuanced and flexible.

It is our collective responsibility to be future-ready and able to support the ageing journey with dignity and respect. Using foresight, investment and planning, we can develop a 'continuum of ageing' that places older people at its heart. Doing so, will give confidence to every older person in Australia.

Thank you again for the opportunity to contribute to this Roundtable. If you would like to discuss this submission or have any questions, please contact Anne Liddell, Head of Strategic Policy, at Anne.Liddell@ageingaustralia.asn.au.

Yours sincerely,

Roald Versteeg
General Manager Policy & Advocacy

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[2] Australian Institute of Health and Welfare, Injury in Australia: Falls, 24 June 2025

[3] Australian Institute of Health and Welfare, Health system spending on disease and injury in Australia, 2020-21, 29 November 2023

[4] Department of Health and Aged Care, Nursing Supply and Demand Study 2023-2035