



Pride  
Aged Living

# White Paper in Response to Taskforce Recommendation 11 – Additional Services in Aged Care

Pride Aged Living & Russell Kennedy

21 August 2024



Take pride in your success

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## Glossary of Abbreviations and Terms

<b>Abbreviations and Terms</b>	<b>Description</b>
ACA	Australian Consumers' Association
ACFR	Aged Care Financial Report
ACQSC	The Aged Care Quality and Safety Commission
AS	Additional Services
DAP	Daily Accommodation Payment
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortisation
IHACPA	Independent Health and Aged Care Pricing Authority
MSU	Memory Support Unit
PAL	Pride Aged Living
PBS	Pharmaceutical Benefits Scheme
QoCP	Quality of Care Principles
QoL	Quality of Life
RACS	Residential Aged Care Service
RAD	Refundable Accommodation Deposit
RK	Russell Kennedy
SCAS	Specified Care and Service

## 1.0 Structure and background of this White Paper

The Final Report of the Aged Care Taskforce<sup>1</sup> (Final Report) was released on 12 March 2024. It recognised a need for a general increase in the level of funding for everyday living in residential aged care and specifically addressed the issue of enabling residents to elect to pay for better or additional everyday services if they wished.

The Final Report included the following specific recommendation:

### Recommendation 11

Enable residents and their representatives to negotiate better or more daily living services for a higher fee, subject to at least:

- publishing prices and services
- only allowing agreement to higher fees for agreed services to be made after a participant has entered care
- a cooling off period and regular review opportunities to ensure the resident still wants the services and can still use them.

The Final Report also addressed the following alternative approach:

*“Without the protections outlined in the recommendation, the Taskforce suggests there would need to be a cap on the amount providers could charge. Further, the Taskforce believes there is a need for ongoing monitoring, with appropriate action taken to ensure protections are adequate and adhered to”.*

**Recommendation 11 seeks to promote autonomy in older persons by recognising they should be in a position to negotiate for Additional Services (AS).**

This White Paper is a joint project by Pride Aged Living (PAL) and Russell Kennedy Lawyers (RK). It considers the existing Additional Services framework from a regulatory perspective and the current practice of providers who offer Additional Services and explores provider attitudes to the recommendations in the Final Report. The observations contained in this White Paper represent the individual and collective professional experience of PAL and RK in advising operators of Additional Services programs and take into account a provider survey undertaken by PAL and RK (PAL/RK Survey) in May and June 2024.

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<sup>1</sup> <https://www.health.gov.au/resources/publications/final-report-of-the-aged-care-taskforce?language=en>

## 2.0 About Pride Aged Living and Russell Kennedy

### Pride Aged Living Pty Ltd

The team at Pride Aged Living guides aged care providers and retirement living operators towards business sustainability and exceptional consumer experiences.

Our collective knowledge, drawn from relevant industry experiences, underpins our understanding of the challenges operators face and our ability to provide forward-thinking, outcome-focused solutions.

As partners in our clients' journeys, we complement their capacity for growth with expert analysis, guidance, and our suite of innovative products. With Pride Aged Living on board, you are better enabled to make decisions with confidence in the areas of:

- Operational Performance
- Clinical and Quality Performance
- Capital Projects and Strategy
- Corporate Governance

We bring a commercial approach to the development, implementation and review of Additional Services programs. We have unrivalled experience as the industry leader in Additional Services, having implemented it in over 20,000 beds.



**Bruce Bailey –**  
Managing Director



**James Saunders –**  
Partner



**Megan White –**  
Principal Consultant

## Russell Kennedy

Russell Kennedy provides legal advice and representation to aged care providers. It is recognised by the aged care sector and by its peers for the breadth and depth of its lawyers' expertise, experience and capability.

Russell Kennedy was named Australia's 2020 'Law Firm of the Year' in the area of Retirement Villages and Senior Living Law by Best Lawyers. Victor Harcourt was named 'Lawyer of the Year' for Retirement Villages and Senior Living Law in Melbourne (2023), followed by Anita Courtney for 2025.

Six of our aged care lawyers are listed in Retirement Villages and Senior Living Law in the 2025 Best Lawyers in Australia. A Russell Kennedy lawyer has been recognised as Lawyer of the Year in seven out of the past eight years, highlighting the firm's leadership in this sector.

Our regulatory compliance team help clients adhere to and navigate the aged care regulatory framework. We provide guidance on compliance, advice on legal risks, and assist in preparing regulatory documents. We also represent clients during legal challenges, investigations, inquiries, administrative law proceedings and enforcement actions. We provide compliance documents, tools, programs and education.



**Victor Harcourt –**  
Principal



**Anita Courtney –**  
Principal



**Solomon Miller –**  
Principal

### 3.0 Executive summary

- I. Recommendation 11 seeks to promote autonomy in older persons by recognising they should be in a position to negotiate for Additional Services as a means to achieve the quality of life they wish to enjoy within a residential aged care setting. Additional Services are care or services other than a specified care and service (SCAS). Pursuant to Section 54-1(1)(a) of the *Aged Care Act 1997* (ACA), the *Quality of Care Principles 2014* (QoCP) lists the SCAS. The Additional Services contract is protected by the consumer laws applicable to the transaction as well as any ACA laws. Although, as noted above, there is only the one section in the ACA (and the associated Principles) which deals with the Additional Services.
- II. The Taskforce's recommendations identify two (2) models for Additional Services; broadly, Option A is based on a regulatory approach, while Option B is based on a consumer protection model. The two alternative pathways for regulating Additional Services have significantly different impacts on all stakeholders. The ultimate pathway needs to consider these implications from all perspectives and should be based on evidence of failures in the current system that are sought to be addressed.
- III. There are some core aspects of Additional Services that are of significant importance to different stakeholders, these include:
  - Choice
  - Value
  - Certainty and transparency
  - Commercial considerations
  - Consumer protection
  - The preservation of an egalitarian setting with a residential aged care facility offering Additional Services
  - Practicality
  - Transitional provisions.



- IV. A number of these core aspects have been considered in reports associated with the Royal Commission into Aged Care Quality and Safety (Royal Commission), other formal research and more recently, analysis undertaken by the Department of Health and Aged Care (Department), the Aged Care Quality and Safety Commission (ACQSC), and third-party commercial organisation including Provide Aged Living. This White Paper draws on these sources to help inform the ongoing discussion of the future regulation of Additional Services. Our research is not exhaustive. The authors of this White Paper wish to contribute to the debate to assist decision-makers in designing a system that addresses the concerns of all stakeholders and, as far as practical, avoids unintended consequences and perverse incentives.
- In **Section 7.0**, we present the findings of our review of the findings of the Royal Commission, as set out in the Final Report and the Research Reports prepared for the Royal Commission. In our opinion, the Royal Commission findings support Additional Services as a means of enhancing consumer choice and contributing to high quality of care for people living in a residential aged care setting. We did not find any specific criticism of the existing system under which Additional Services are provided to these residents.
- V. While the provision and receipt of Additional Services is driven by a number of factors, these can vary in their significance to individual care recipients and service providers. The research undertaken by van Leeuwen and van Loom into *“What contributes to Quality of Life (QoL) in older people living in their own homes”* and summarised in **Section 8.1** provides a broad context within which to consider the implications of both Option A and Option B. Additional Services has a valuable role in contributing to QoL, particularly in relation to packaged Additional Services programs that directly address the themes of Financial security and Role and Activity.
- VI. In **Section 8.2**, we provide a review of the recent findings of the ACQSC in relation to consumer complaints and observe that if there are consumer complaints in relation to Additional Services, the level of these complaints is such that they do not rank in the top ten (10) issues raised with the ACQSC. Given the overall rate of complaints received by the ACQSC is 1:196, we concluded that there is no material level of complaint in relation to the existing models of Additional Services being operated by providers.
- VII. There is much press relating to the financial viability of residential aged care providers. In seeking to understand the impact on financial viability, we reviewed the results of the Aged Care Financial Performance Survey undertaken by Stewart Brown in the period 2022-2024. Our findings are set out in **Section 8.3**. While there are limitations to the analysis contained in the survey reports, it does suggest that the contribution of Additional Services to the financial outcome of providers is meaningful and is increasing over time.
- VIII. **Section 8.4** contains a summary of data on Additional Services compiled by the Department based on the average revenue contribution of \$900,000 for each provider who charges Additional Services. The contribution of Additional Services to revenue and EBITDA would be considered meaningful and could be significant to the overall financial viability of providers who offer Additional Services.

- IX. As noted in **Section 2.0**, Pride Aged Living has extensive experience working with providers to design, implement, manage and monitor Additional Services programs. This White Paper contains a summary of key findings of a recent analysis undertaken by us regarding our clients and other providers of Additional Services identified during the provision of our services to our clients. While this analysis is less robust than the PAL/RK Survey, it is consistent with the survey's findings regarding the extent of Additional Services in the sector and the level of fees being charged.
- X. **Section 9.0** provides an overview of the Pride Aged Living and Russell Kennedy Survey, seeking to gain input from a range of providers who are representative of the sector and providers who currently operate Additional Services programs on issues relevant to the current models of Additional Services programs and provider views on merits of Options A and B. The Survey responses are contained in **Appendix A - Pride Aged Living and Russell Kennedy Survey**.
- XI. **Section 10.0** analyses the current prevalence of Additional Services programs. Using 215,777 as the base number of places, survey participants operating Additional Services programs represent 22% of all residential places.
- Approximately 91% offer the services as a package (this includes those that offer a package plus individual selections).
- XII. **Section 11.0** considers the financial importance of Additional Services programs to survey respondents. The revenue derived, the breadth of adoption of Additional Services, and the responses given by respondents to the PAL/RK Survey all suggest that current Additional Services income is important for providers' financial sustainability.
- XIII. **Section 12.0** provides an overview of the difference between package and individual service models for offering Additional Services to consumers.
- XIV. **Section 13.0** contains details of key elements of current Additional Services programs offered by respondents. It addresses such issues as:
- a. The way in which services are offered, package versus individualised services
  - b. Fee charged
  - c. Program efficacy measures
  - d. Services valued by consumers
  - e. Complaints.
- XV. In **Section 14.0**, we asked providers for their views on possible future regulatory approaches. There is limited support for Option A. Respondents are relatively evenly split on their attitudes to regulation focused on enhanced consumer protection.
- XVI. The PAL/RK Survey contained a section where we asked respondents to provide other feedback. A thematic summary of the feedback we received is contained in **Section 15.0**. We identified five (5) themes. These themes highlight respondents' concerns about the impact of any changes to the current system on all

stakeholders. Respondents appear to be supportive of changes that result in fair, transparent, and affordable improvements in daily living services for aged care residents.

When we consider the data associated with this White Paper, we draw the following overall conclusions in relation to the operation of Additional Services programs and the proposals embedded in Taskforce Recommendation 11:

- There is strong evidence that consumers differentiate between acceptable and high-quality aged care.
- There is strong evidence that consumers are willing to pay for high-quality care.
- We found no evidence of significant rates of complaints about existing Additional Services programs.
- A significant and increasing number of providers are including Additional Services in their standard offering. Additional Services could be said to be mainstream.
- Consumers want and value autonomy, clarity in financial matters and meaningful activities. Additional Services programs support these consumer wants.
- There is some evidence that Additional Services support the financial viability of providers.
- There is some opportunity to improve the efficacy of Additional Services programs.
- The majority of current programs operate on a package basis. While some homes offer ad-hoc Additional Services, in our experience, these are very limited in their nature, and the services do not have universal appeal.
- Providers are supportive of changes that improve the transparency and confidence in the provision of Additional Services. However, they are concerned that the proposed changes could have significant unintended negative consequences on the continued provision of Additional Services that consumers value and that support the financial viability of providers.

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*While the system is working, there is always opportunity to improve its design and outcomes for all stakeholders. The challenge is to void binary outcomes of winners and losers and lift the outcomes for all stakeholders. Our hope is that this White Paper contributes to these discussions and considerations.*

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## 4.0 Definition of Additional Services

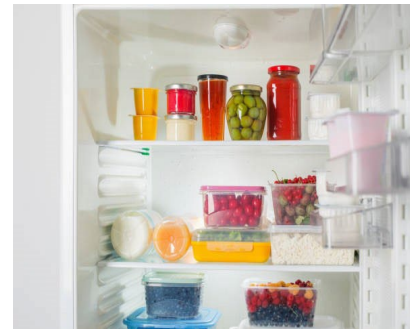
Pursuant to Section 54-1(1)(a) of the *Aged Care Act 1997* (ACA), an additional service is a care or service other than a specified care and service (SCAS). The *Quality of Care Principles 2014* (QoCP) lists the SCAS.

The ACA says little about Additional Services other than that an approved provider has a responsibility *“to charge no more for any other care or services than an amount agreed beforehand with the care recipient, and to give the care recipient an itemised account of the other care or services”*. An additional service can be an item not listed in the SCAS (e.g. haircuts), or it can be an item listed in the SCAS but of a different standard (e.g. luxury soap).

An additional service is not to be confused with Extra Service Status granted by the Secretary to the Department to parts of a residential aged care service in which the provider delivers accommodation, services and/or food to a standard significantly higher than the average standard in residential care services that do not have extra service status.

The ACQSC’s Regulatory Bulletin [RB 2023-20 Additional Services](#) sets out its expectations about how an approved provider can deliver and charge for an additional care or service. It notes that the item must be a care or service the provider is not required to provide or one that is *substantially better* than the standard that must be provided under the QoCP and in adherence with Quality Standards.

It is generally accepted that an additional service is one that is provided to the resident in return for the fee and not to some other person. This is because care is defined in the ACA to mean *services, or accommodation and services, provided to a person whose physical, mental or social functioning is affected to such a degree that the person cannot maintain himself or herself independently.*



## 5.0 Regulatory observations current and prospective

The ability of providers to charge for Additional Services has been present in the ACA since its commencement in 1997. The wording of section 56-1(e) has not changed, but what did change around 2014 was the Government's embracement of Additional Services as a mechanism to provide choice to all residents to receive care or services different to the SCAS. Recognising that Extra Services were often limited to a few residents of higher financial means, the Government actively encouraged approved providers to offer Additional Services to all residents. This aims to allow all residents to enjoy care or services that were different or of a better quality at a price more affordable than extra service status places.

Aside from setting the inclusion/exclusion criteria for Additional Services and matters of disclosure, the ACA is silent on the requirements of approved providers. Section 56-1(e) is based on what one would expect in a usual consumer contract. The provider offers to sell an item for a disclosed price and, following the purchase provides a receipt for the transaction.

The Additional Services contract is protected by the consumer laws applicable to the transaction, as well as any ACA laws.

Although, as noted above, there is only the one section in the ACA (and the associated Principles) which deals with the Additional Services. Most providers include in their resident agreement the terms and conditions applicable to the Additional Services sold in the facility, as well as the items and cost. Monthly statements set out the costs charged to the resident, and processes are set up to monitor the residents' ability to benefit from the Additional Services.

As explained previously, the Commission has issued a regulatory bulletin [RB 2023-20 Additional Services](#) that sets out its expectations for the delivery of Additional Services to residents in a manner that provides protection to the resident. While this bulletin does not have any legislative authority, it reflects generally accepted practices within the sector, including ensuring that a resident is only charged for an additional service when they can access the care or service and they have the ability to derive a benefit from it. That is, the item is available, and the resident can actually take up the benefit of it.



## Regulatory Bulletin

Additional fees in residential aged care

## 6.0 Taskforce recommendations

When we reviewed the Taskforce's recommendations, we identified two (2) models for Additional Services: Option A, based on regulation, and Option B, based on consumer protection.

### 6.1 Option A – Opt-in/Opt-out with a cooling-off period

#### Overview

This model is similar to the superseded model of an **extra service**, which led to the development of 'wings', where services and fees relate only to residents in the distinct section of the home. In some instances, it was applied at the whole home level. Some stakeholders were critical of this model, as they considered it created classes of residents. This was particularly challenging to the church and charitable sector.

Under the extra service model, the resident selected their room based on the standard of the accommodation and the perceived value of the extra services provided.

The resident ordinarily chose their room/wing prior to entry, save for where the whole home operated on an extra service basis. The resident could upgrade post-entry if they were not satisfied with their original choice or if their preference changed.

Under Option A, the choice of Additional Services would be made after entry and on an individual rather than packaged basis. The residents would have a continuing option to opt out of Additional Services. This is consistent with the wing approach to extra service but inconsistent with the whole-of-home approach to extra services.

#### Considerations

##### Trauma and a two-class system

As a number of Additional Services are room-specific, this means a provider who offers Additional Services would have to have 'wings', both with and without in-room Additional Services. Conceivably, by not exercising the choice at entry, the resident would first move into a room without the in-room Additional Services. If they decided they wanted these in-room services, they would then have to change rooms. If having opted into the in-room services and at a future point in time they didn't value a particular in-room service, they would have to move to a wing without that service. They may also have to forgo other in-room services they value, as the individual services may not be able to be separated.

Aside from the trauma associated with the above moves, this approach will result in a two-tier system of service delivery and accommodation. This is analogous to an airline with economy and business class. This approach is at odds with the majority of providers who are for-purpose and who have egalitarianism at the core of their mission.

### **Security of tenure**

Under the existing Act, residents have security of tenure, which relates to the room in which they live. Under Option A, the new Aged Care Act would need to include a clear process to manage security of tenure to a resident who was to opt out of in-room Additional Services. These provisions would need to be considered:

- The circumstances in which security of tenure would not apply
- How to deal with a lack of alternative rooms being available
- Notice periods to allow the operator time to create a vacancy in a non Additional Services room
- Issues related to residents with specific care needs e.g. Memory Support Unit, where in-room Additional Services are provided.

### **Retrofitting non-additional service rooms**

In our experience, providers tend to have uniform rooms with respect to in-room Additional Services. This model would require a significant redesign of aged care homes to reflect distinct in-room services in different sections of the home.

Due to building configuration and care model design (e.g. small house model), some homes are unlikely to be able to accommodate a two-tier model.

### **Transition issues**

A significant transition period would be required to allow for accommodation redesign and grandfathering of existing resident contracts, and to ensure the financial stability of the sector.

### **Individual versus packaged approach**

Two additional services valued by consumers demonstrate the challenge of the individual services approach; greater meal choice and happy hour/alcohol with meals. As the majority of residents have a level of cognitive decline, it is reasonable to assume there would be instances where a person who was not paying for these services might ask for these services. This would mean staff would have to decline these options or ensure there was authority for Additional Services such as these to be provided and charged. This could be embarrassing for the resident or staff and would further entrench a two-class system.

### **Opt-in Opt-out**

Currently, residents have to opt in or out of accommodation and, in the vast majority of cases, Additional Services at the time of entry. Making one of these choices at entry and another post-entry adds complexity and inconsistency to the decision process for the consumer and complexity for the provider.

Recommendation 11 does not address why it is appropriate for a resident to have to make a decision on their room and its cost (setting aside how that cost will be paid) and why it is inappropriate for a resident to be asked to make the decision in respect of Additional Services on the same basis.

The current policy position recognises the legitimacy of a **no opt-out** system as per the following Government statement on the My Aged Care website -

*Some homes allow you to pick and choose what additional services you would like, so you only pay for what you use. Others may have a package of additional services they provide, and some of them must be agreed to as a condition of living in the home.*

The Taskforce does not address the rationale for not allowing residents to make a decision on which facility to enter based on the business model of the individual facility. The responses to the PAL/RK Survey demonstrate that residents are both willing and able to make such decisions.

### Limitations

While Option A focuses on regulation, it does not address the following key consumer protection issues, as such, even the regulated environment may leave consumers vulnerable to inappropriate operator actions:

- Level of Additional Service charges
- Monitoring of providers
- Penalty provisions.

In addition to the shortcomings relating to consumer protection, Option A results in reduced certainty of revenue for providers and limits their capacity to develop business models that:

- Eliminate cross-subsidy of hotel services
- Allow for service differentiation, e.g. some providers may choose to establish a business model without Additional Services if their competition has mandatory<sup>2</sup> Additional Services.

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<sup>2</sup> Subject to capacity to benefit requirement



## 6.2 Option B – Consumer protection / Pre-entry decision

### Overview

While this option is not set out with the same degree of specificity as Option A, it appears to support a continuation of the current model where providers decide on how they will offer Additional Services. In the vast majority of cases where providers are offering Additional Services, they do so on a package basis, and the decision is made at the point of entry.

This option suggests increasing consumer protection through appropriate and targeted regulation. While the Final Report does not include any specific evidence, focusing on consumer protection suggests there are identified problems with the current system. Under this option, it is proposed that the regulator could impose some form of cap on the fees, enhance regulatory oversight and increase penalties for non-compliance.

### Considerations

#### Capping fees

There would need to be separate caps for supported and self-funded residents. When working with providers, Pride Aged Living recommends a cap on fully supported residents of \$ 9.00 per day. This cap is affordable from the pension. Details of our calculation of the affordability of this fee are set out in **Appendix B - Affordability of Additional Services by Supported Residents.**

With respect to the cap on self-funded fees, this could operate in a similar way to the cap on accommodation charges. Charges above the cap require approval from IHACPA.

To be consistent, higher charges could be indexed and the approval renewed at an appropriate frequency, as occurs for higher RADs.

#### Consumer protections

Transparency of additional service charges could be enhanced by having this published on My Aged Care, similar to accommodation charges. This could include service inclusions, descriptions and adoption principles.

The current Act does not provide certainty that the fees can be drawn down from any lump sum accommodation payment made. Making the drawdown compulsory, if requested by the resident, would be consistent with the approach to payment for accommodation and would provide greater certainty and flexibility for residents.

There are other self-regulation regimes in aged care, including care staff and RN minutes, use of RAD, and maintenance of RAD liquidity. A similar self-regulation regime could apply to Additional Services. These could cover the currency of advertised package inclusions and the efficacy of ongoing capacity to benefit assessment.

Non-compliance regimes are well established within the current Act.

**Transition issues**

Option B involves a minimal change to the existing rules, and so eliminates the transition issues highlighted in relation to Option A. It avoids the two-class system and avoids the need for capital expenditure and the complexity related to smaller facilities.

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*The two alternative pathways for regulating Additional Services have significantly different impacts on all stakeholders. The ultimate pathway needs to consider these implications from all perspectives and should be based on evidence of failures in the current system that are sought to be addressed.*

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## 7.0 The Royal Commission observations

### 7.1 Research Paper 13 - Inside the system: aged care residents' perspectives

This research paper<sup>3</sup> presents the results of a survey designed to enable those living in residential aged care, including those living with cognitive decline to express how they feel about their lives and the care they receive. The study was undertaken by the National Ageing Research Institute in partnership with Ipsos and the Social.

We consider the following matters relating to concerns and complaints to be relevant to any discussion of Additional Services programs:

- Concerns about staff, including understaffing, were held by 46.7% of residents
- Services and fees were of concern for 39.7% of residents. These were mainly about food and catering or the dining experience, financial charges, and feeling lonely or bored
- Fees and charges (increasing or many additional costs/everything is an extra cost or confusing) 10.3% (95% CI 9.1% 11.7%)
- Concerns were held about dignity and respect by 23.6% of residents and being given choice by 17.5%. These included lack of choice about timing of meals, personal care and lifestyle activities.

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*This report did not find any systemic concerns that relate specifically to Additional Services charges; however, it did highlight that billing uncertainty through ad-hoc additional charges were a concern to residents. Should Additional Services operate on an individual service charge rather than a package charge, this would result in ad-hoc charges to residents.*

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<sup>3</sup> <https://apo.org.au/sites/default/files/resource-files/2020-10/apo-nid309025.pdf>

## 7.2 The Final Report

The Final Report of the Royal Commission contained the following statements:

*“We propose a number of objects for the new Act, including: to provide a system of care based on a universal right to high quality, safe and timely support and care; to enable people to exercise choice and control; to ensure equity of access; and to provide for regular and independent review of the system.”*

*“The Australian Government should implement governance arrangements for the aged care system that are independent of Ministerial direction. An independent, dedicated statutory body should be established as system governor, administrator and regulator— the Australian Aged Care Commission. A specialist Australian Aged Care Commission can give undivided attention and focus to its task of being an effective system governor of aged care to ensure that high quality aged care reaches those who need it.”*

*“Fundamental to our vision of aged care is a system of **universal entitlement to high quality aged care** based on assessed need. Although there are some differences between us on matters of implementation of this principle, we agree that **this should guide the approach to contributions** and means testing.”*

Highly regulated environments run the risk of reducing individuals’ capacity to **exercise choice and control**, and can stifle innovation, which underpins both **universal access** and the development of both **high quality and acceptable quality service provision**.

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*The regulatory approach proposed under Option A has the risk that it has unintended consequences. In contrast, a consumer protection approach does not involve these risks.*

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### 7.3 Research Paper 6 - Australia's aged care system: Assessing the views and preferences of the general public for quality of care and future funding

Research Paper 6<sup>4</sup> contains the following statements we consider to be relevant to the discussion of Additional Services. The following concerns and complaints are relevant:

*“When considering the characteristics that elevate a provider from being rated as ‘Satisfactory’ to ‘High/Very high’ quality, the most influential were the ability to lodge complaints with confidence that appropriate action will be taken, followed by aged care staffing and **the services and supports that assist older people’s health and wellbeing.**”*

*“**Co-contributions were viewed as a valid funding mechanism to support quality aged care.** There was overall support from the general public for individual payments, in line with ability to pay, as a fundamental component of aged care funding to achieve a high-quality aged care system for Australia in the future.”*

*“If unable to avoid moving into a residential care home, the average willingness to pay co-contribution amounts increased to \$528.75 per week to receive a satisfactory level of quality residential care and **\$693.11 per week to receive a high level of quality residential care** (equating to an additional quality payment of \$164 per week or 31%).”*

*“**The provision of meaningful activities** for older people is another important aspect of person-centred care that has been found in several studies to have a highly positive impact in supporting individuals’ health and wellbeing [Roberts et al., 2018A; Edvarddson et al., 2014; Edvarddson et al., 2010]. Roberts et al. [2018B] assessed preferences that were important to aged care residents in the US to effectively deliver person-centred care and found engagement in meaningful activities was an important preference impacting positively upon quality of life and wellbeing.”*

**The research findings support the concept of Additional Services as:**

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*An embedded attribute of a service that provides high-quality care  
That consumers see contribution to the cost of high-quality care as appropriate  
That consumers are willing to make a significant contribution to receive high-quality care.*

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<sup>4</sup> <https://apo.org.au/node/307124>

## 8.0 Other relevant research and reports

### 8.1 What does quality of life mean to older adults?

A meta-analysis undertaken by van Leeuwen and van Loom<sup>5</sup> into what contributes to Quality of Life (QoL) in older people living in their own homes identified 9 QoL domains described by 38 subthemes. We consider the following three domains and associated sub-themes to be relevant to the discussion of Additional Services programs.

#### **Financial security: Not feeling restricted by your financial situation**

- having sufficient money to meet basic needs
- having the financial freedom to enjoy life.

#### **Autonomy: Being able to manage on your own, retaining dignity and not feeling like a burden**

- being able to manage on your own and do what you want
- being able to choose what you want.

#### **Role and Activity: Spending time doing activities that bring a sense of value, joy and involvement**

- having the freedom to organise your time
- having something to stay occupied and keep you from feeling bored
- doing activities that bring joy or meaning to life
- staying mentally active, up-to-date and in touch with the world around you.

Packaged Additional Services programs directly address the themes of:

- Financial security
- Autonomy
- Role and Activity.

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<sup>5</sup> <https://doi.org/10.1371/journal.pone.0213263>

Asking potential residents to accept Additional Services programs prior to entry addresses the themes of financial security and autonomy. Describing Additional Services programs prior to entry allows potential residents to consider whether a home will accommodate their requirements for role and activity within the context of the intending resident being provided autonomy and the ability to assess their capacity to afford these programs.

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*Additional Services programs can contribute to residents' Quality of Life.*

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## 8.2 The ACQSC Sector Performance Report Q2

The ACQSC publishes reports on the incidence and prevalence of complaints against residential aged care providers. Table 1 is taken from the Sector Performance Report Q2 covering the period Oct 1, 2023 – Dec 31, 2023. It contains the top ten areas of complaint in residential aged care.

Table 1

Complaints by issue	
Medication administration and management	182
Falls prevention and post-fall management	133
Personal care personal and oral hygiene	129
Personnel number sufficiency (staffing)	129
Representative/family consultation and communication	108
Lack of consultation communication	106
Personnel behaviour	96
Client assessment	96
Food and catering	90
Staff training	83

Complaints against Additional Services was not in the top ten areas of complaint. There are no mentions of complaints relating specifically to Additional Services in the Sector Performance Report, or the Complaints about Aged Care Services Report 2023.

The overall incidence of complaints, as reported to the ACQSC, against residential facilities was 1:196 residents.

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*We found no evidence of an elevated level of complaints with the current Additional Services models operated by providers.*

---

### 8.3 The Aged Care Financial Performance Survey by Stewart Brown

The Aged Care Financial Performance Survey includes some analysis of the revenue contribution from Additional Services. However, this analysis assesses the revenue on an average basis across all respondents rather than respondents who offer Additional Services. This limits the conclusions that can be drawn as to the impact of Additional Services revenue on relative provider financial performance.

Table 2 shows the relative value of Additional Services income by quartile over the period 2022 – 2024.

Table 2

	FY 2021-22				FY 2022-23				FY 2023-24			
	First quartile all Homes	Second quartile all Homes	Third quartile all Homes	Bottom quartile all Homes	First quartile all Homes	Second quartile all Homes	Third quartile all Homes	Bottom quartile all Homes	First quartile all Homes	Second quartile all Homes	Third quartile all Homes	Bottom quartile all Homes
Fees for AS and extra or optional service	4.58	3.03	1.90	1.64	5.45	3.45	2.62	1.73	6.03	4.24	2.91	2.78
Indirect care revenue	68.07	66.63	65.51	64.98	73.00	70.15	69.82	68.89	77.82	75.45	74.18	74.10
Indirect care revenue, excluding AS	63.49	63.61	63.61	63.34	67.55	66.70	67.20	67.16	71.79	71.20	71.27	71.32
AS revenue to Indirect care revenue	6.73%	4.54%	2.90%	2.52%	7.46%	4.91%	3.76%	2.50%	7.74%	5.62%	3.93%	3.75%

The contribution is highest in quartile 1 and declines by quartile. All quartiles show an increasing contribution over the period.



The above results suggest there is an association between higher overall financial performance and the level of Additional Services fees (average). Whether providers charging Additional Services are overrepresented in higher quartiles isn't apparent. If this is the case, then it would suggest that offering Additional Services is a differentiator in the financial performance of providers.

Given the way the survey averages fees overall for respondents, the increase in the contribution of Additional Services fees over time likely reflects an increase in the percentage of respondents to the Survey who charge these fees over the relevant period.

### 8.4 Department of Health and Aged Care

The Department has provided us with the data in Table 3, which was taken from the Sector Performance reports.

Of the 760 residential aged care providers with 2022-23 ACFR data, 223 (29%) recorded Additional Services revenue.

On average, these providers collected \$900,900 in Additional Services fees (\$200.9m/223).

100 of the 244 (41%) for-profit providers with ACFR data in 2022-23 recorded Additional Services fee revenue. This compares to 118 of 430 (27%) of not-for-profit providers and 6% (five of 86) for government providers.

On average, Additional Services represents 0.83% of total revenue in 2022-23. The highest Additional Services fee as a percentage of total revenue for an individual provider was 11.4%.

The following table shows a breakdown of count and percentage of providers who had Additional Services fees as a percentage of total revenue in percentage bands.

Table 3

Percentage of revenue	0%	0 to 1%	1 to 2%	2 to 3%	3-4%	4-5%	5% or more
Provider count	537	140	35	21	10	6	11
Share of sector	70.7%	18.4%	4.6%	2.8%	1.3%	0.8%	1.4%

While a meaningful percentage of providers (29%) currently charge Additional Services, the true measure of the prevalence of Additional Services within the sector is the percentage of places to which they relate. While the Department data does not detail this, our experience is that larger organisations tend to have a relatively high adoption rate.

Available evidence suggests the prevalence is much higher than the 29% as calculated by the Department.

As the analysis of revenue contribution is done across the whole sector, it would understate the relative contribution to the total revenue of those providers who charge Additional Services fees.

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*Based on the average revenue contribution of \$900,000 for each provider who charges Additional Services, the contribution of Additional Services to revenue and EBITDA would be considered as meaningful.*

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## 8.5 Pride Aged Living Operational Insights

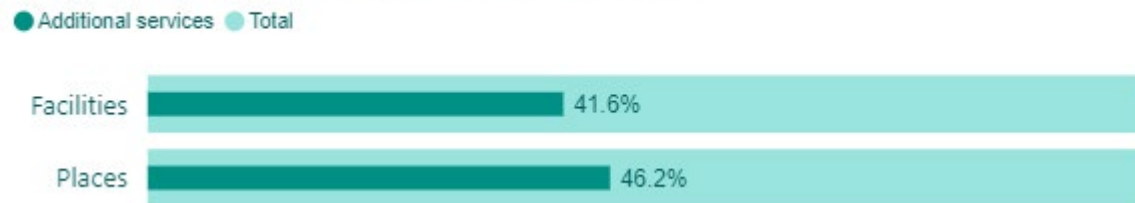
As the major adviser and supporter of the implementation of Additional Services programs in the sector, Pride Aged Living collects data on our clients and providers who compete with them. While this data is qualitative, it provides some insight into the nature of and prevalence of Additional Services within the sector.

When we analysed the competitor data collected by us, we found that 13.2% of facilities located proximate to our clients were charging Additional Services.

When we extrapolated this, assuming that where a facility was part of a larger group, all facilities in the group would be charging Additional Services, this resulted in a prevalence rate of 41.6% of facilities. This translates to 46.2% of places.

Chart 1

### Additional services market penetration



Charts 2 and 3 show the distribution of facilities in our operational insights on the basis of geography and size (number of places).

Chart 2

AS market penetration by state

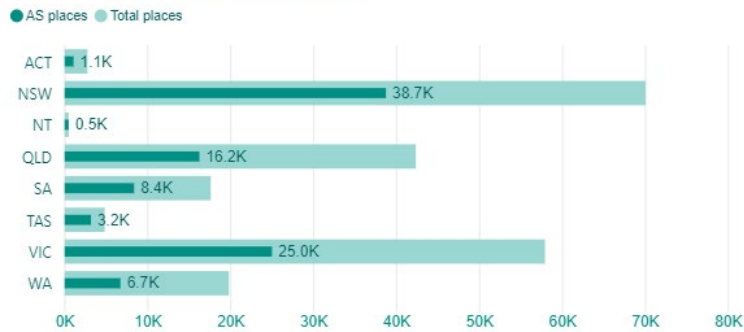


Chart 3

Number of facilities by number of places

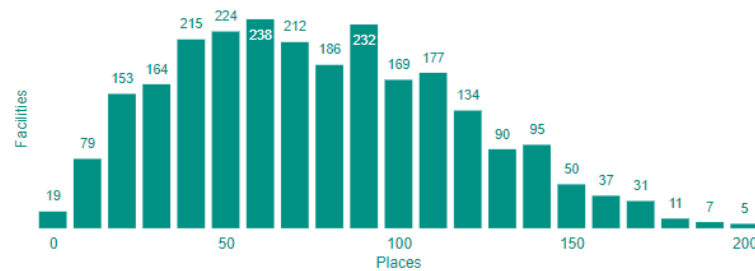
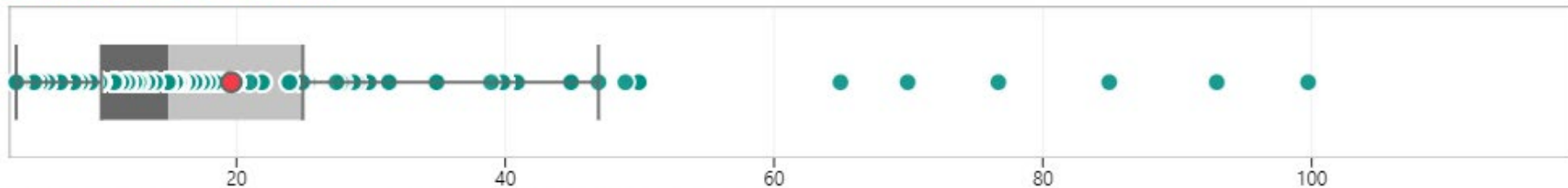


Chart 4 shows the distribution of Additional Services fees charged by providers. Based on this data set we found the median daily fee for those who charge on a package basis was \$19.67. The dispersion of fees is shown.

Chart 4

Average AS fee details



Minimum: 3.67  
 Mean: 19.67 (red dot)  
 Maximum: 99.80

Quartile 1: 10.00 (dark grey area)  
 Quartile 2 (Median): 15.00  
 Quartile 3: 25.00 (light grey area)

## Conclusions based on other relevant reports

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*There is strong evidence that consumers differentiate between acceptable and high-quality aged care.*

*There is strong evidence that consumers are willing to pay for high quality care.*

*We found no evidence of significant rates of complaints about existing Additional Services programs.*

*A significant number of providers and places are offered on an Additional Services basis.*

*Consumers want and value, autonomy, clarity in financial matters and meaningful activities. Additional Services programs support these consumer wants.*

*There is some evidence that Additional Services support the financial viability of providers.*

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## 9.0 Pride Aged Living and Russell Kennedy Survey

Pride Aged Living, in conjunction with Russell Kennedy and Inside Ageing, developed a provider survey to inform this White Paper. The PAL/RK Survey consisted of 32 questions and covered the following areas:

- Provider profile
- Features of current programs
- Provider perspectives on Recommendation 11.

We received 127 responses (93 offering Additional Services programs) covering over 48,000 aged care places (40,000 places offering Additional Services programs).

Full details of the methodology and results of the PAL/RK Survey are contained in [Appendix A - Pride Aged Living and Russell Kennedy Survey](#).

As Charts 5 & 6 show, the responses were geographically diverse and covered facilities of varying sizes.

Chart 5

### Locations of operation

Number of times mentioned

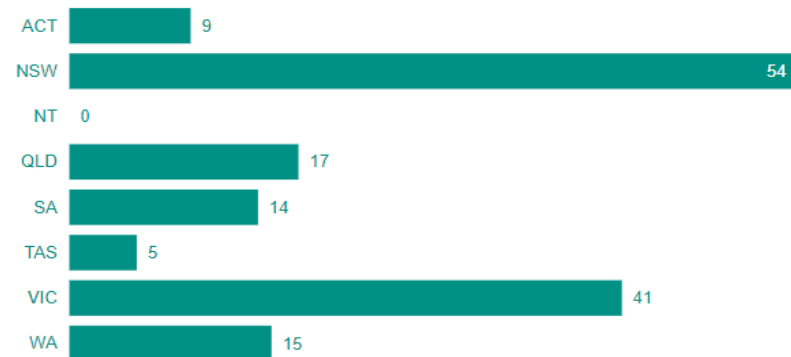


Chart 6

### Our facility/s typically have the following number of places



It is more likely that respondents who operate Additional Services programs would respond to the PAL/RK Survey, as the survey was specifically about these programs. We acknowledge that this may overstate the percentage of providers/facilities operating Additional Services programs. The methodology is also likely to understate the percentage of places operating Additional Services programs. Any participation bias would not impact the percentage of providers who operate package programs compared to those who operate individual programs.

## 10.0 Adoption of Additional Services within the sector

As outlined in **Section 2.0**, Pride Aged Living is the leading adviser to residential aged care providers in the design and implementation of Additional Services programs. When we implement programs for our clients, we undertake market research on their competitors. This research provides us with a localised perspective on the prevalence of Additional Services programs among providers. At a localised level, we estimate that 15.5% of aged care places are currently operated with residents paying Additional Services fees.

When we generalised our localised data by extrapolating the localised provision of Additional Services across all facilities operated by providers, our research indicated that 42% of aged care places are currently operated with residents paying Additional Services fees.

Department of Health data identifies 29% of providers as receiving income from Additional Services or Extra Services.

The true measure of the prevalence of Additional Services programs is the percentage of places where residents are paying for Additional Services. We were unable to find data on this measure in the broader industry analyses conducted by the Department of Health and Stewart Brown. Based on the responses to the PAL/RK Survey for this White Paper, we estimate that respondents who operate Additional Services programs do so in relation to 40,000 places. Using the same base number of places as we used for our internal research (215,777), survey participants represent 19% of all residential places.

Approximately 91% of these offer the services on a package (including those that offer a package plus individual selections).

Considering the data from the Department of Health, the Pride Aged Living and Russell Kennedy Survey and the Pride Aged Living Client Analysis, we consider that between 29% and 42% of current online residential aged care places are operated on the basis that residents pay for Additional Services.

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*Additional Services is now mainstream within the residential aged care sector.  
The overwhelming majority of providers who offer Additional Services, operate their programs on a package basis.*

---

## 11.0 Impact of Additional Services on financial sustainability

The Aged Care Financial Performance Benchmark by Stewart Brown highlights the contribution of losses in hotel services, which includes Additional Services, to the lack of profitability/sustainability of the sector. The Sector Performance report by the Department also notes the need for providers to reduce the loss in this area.

The Taskforce recommends removing the cap on the basic daily fee for self-funded residents and acknowledges that this will contribute to increased profitability and sustainability in the sector. It also acknowledges the place for Additional Services in addressing consumer choice. Without a viable Additional Services regime, it is possible that a deregulated basic daily fee could result in all consumers paying for Additional Services within the deregulated basic daily fee, irrespective of their capacity to benefit or desire to do so.

While there is no published data on the impact of Additional Services income on sustainability, the data in the Sector Performance Report and the Benchmark should allow such an analysis to be undertaken. If providers charging Additional Services are overrepresented in quartiles 1 and/or 2, this would suggest that Additional Services directly contribute to above-average profitability.

Of the respondents to the PAL/RK survey who operate Additional Services programs, 83 (89%) said Additional Services income was important to their financial outcome. 76 respondents (84%) also told us that it is not practical for them to operate their programs on a wing basis, which is required if services are to be optional to individual residents.

The above observations are consistent with our experience with the demand for our services by providers wishing to implement Additional Services programs.

While there are limitations to the data on the impact and adoption of Additional Services, available data shows a system with broad adoption by the sector, and significant and increasing revenue to providers.

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*The evidence of revenue derived, the breadth of adoption and the responses given by respondents to the PAL/RK Survey all suggest that Additional Services income is important to provider financial sustainability.*

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## 12.0 Current models of Additional Services

There are essentially two models under which providers offer Additional Services - they are as a package or as individual items. Many providers offer both a package of common items and individual additional items that do not have universal appeal.

### 12.1 Package model

Many providers create a package of popular resident services that are not funded by the Government. Typically, these services were previously provided without charge or at cost on an ad-hoc basis. In our experience, the increase in providers offering Additional Services is a way to address the lack of funding for these services, which tended to be cross subsidised by other revenue streams.

Rather than remove the services, providers are now charging for them. Typically, cost/value tables are developed by providers to determine the cost of providing these services and an appropriate fee with the inclusion of a profit margin, with the profits used to support providers and or encourage service innovation.

The base fee for the basket of services is adjusted (reduced) to reflect that individual residents will not use all services all the time. This is similar to the way in which organisations price buffet meals, a flat fee with access to all dishes coupled with the knowledge that not all consumers will consume all dishes.

The services and fees are included in the residential care agreement, and prospective residents are advised (respite and permanent) of the services and the charge prior to entry. This means potential consumers can make an informed decision based on affordability and the value proposition of a provider's service offering prior to committing to a particular provider. This is similar to and consistent with the way in which intending residents assess the accommodation charge (RAD/DAP).

Where a fee is charged to supported residents or respite residents, it is typically at a reduced (subsidised) rate.

Post entry, residents are regularly assessed to determine their "capacity to benefit" from each service and the package as a whole. Where the value of the usable package elements falls below the daily fee, a reduced fee is applied.

Package fees are not payable when the resident has overnight hospitalisation or social leave on the basis that they have no capacity to benefit during these periods.



## 12.2 Individual service models

Many providers offer a range of bespoke services on a user-pay, opt-in/out basis. These can include services that might be included in a package or services typically involving higher costs or that are unlikely to be used by most residents on a high-frequency basis, e.g., hairdressing, beauty services, and nurse escorts.

These services are advertised pre and post-entry, and fees are charged based on the use of the individual services. In this sense, the charges for these services are ad hoc. The resident or their representative is required to authorise each service. A notice period of one month is typical to cancel ongoing services unless related to a change in health status.

Because services are charged individually, this requires the care recipient or their nominee to address affordability and value on each occasion that the service is contemplated. While this could be said to increase choice, it also increases complexity and involves multiple decisions.

## 13.0 Respondents’ views of current Additional Services Programs

The Pride Aged Living and Russell Kennedy survey asked providers to provide their views on a range of consumer responses to Additional Services.

### How providers structure their Additional Services programs

We asked respondents to identify whether they operated Additional Services programs and, if so, whether these were on a package or individual basis.

Based on the PAL/RK Survey responses;

- 73% (93) of respondents operate Additional Services programs
- Of those who operate programs, 91% (85) operate package programs or package programs with individual options. 9% (8) of providers operate only individual service-based programs
- 33% (28) of providers who offer package services also offer individual services.
- 93 respondents offer Additional Services. Of these, 85 offer Package Additional Services.

Table 4

Do you offer a package or individual services?	Respondents	AS Respondents	Package AS Respondents
Package	57	57	57
Package and individual	28	28	28
Individual	8	8	
Not applicable - we do not operate Additional Services	34		
<b>Total</b>	<b>127</b>	<b>93</b>	<b>85</b>

- 73 (88%) of 83 respondents told us that Additional Services packages are a condition of entry.
- 93 respondents provided an answer to the question as to whether consumers exercise the choice not to enter a home where Additional Services is a condition of entry.
- 27% of respondents told us that some consumers chose not to enter their facilities where Additional Services is a condition of entry.
- We asked the related question of how prevalent the objection to compulsory Additional Services programs is, 92% of respondents estimated that the rate of objection is less than 10% of enquiries.

Chart 7

### What is the frequency of objection to your AS program at the point of entry?



85% of respondents charge supported residents an Additional Services fee. Respondents tend to charge supported residents a lower fee than they charge self-funded residents.

### Range of Additional Services fees

Respondents were asked to provide details of their highest package fee, whether they had a discounted fee for supported residents, and whether they charged these residents Additional Services fees. Charts 8, 9, and 10 show the distribution (median quartile distribution for the highest and lowest fees, the fees charged to all residents, and the fees charged to supported residents).

Chart 8

#### What is your highest package fee?

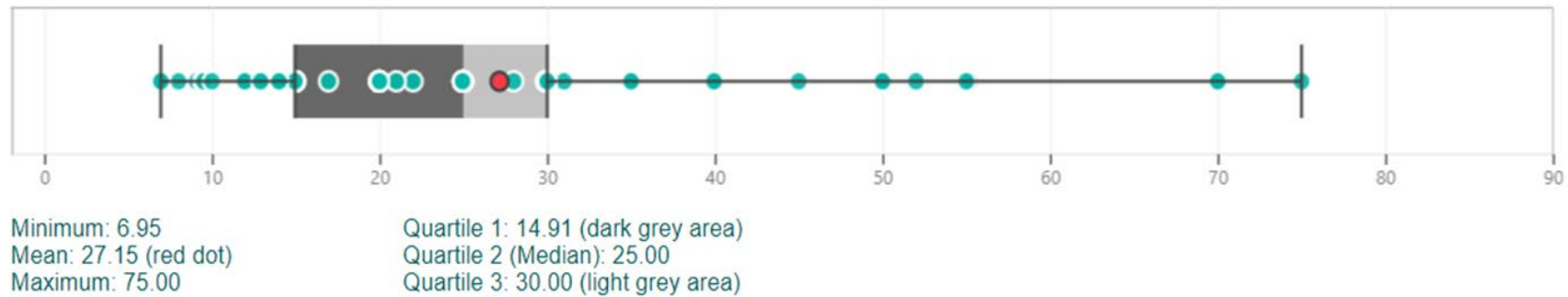


Chart 9

#### What is your lowest package fee?

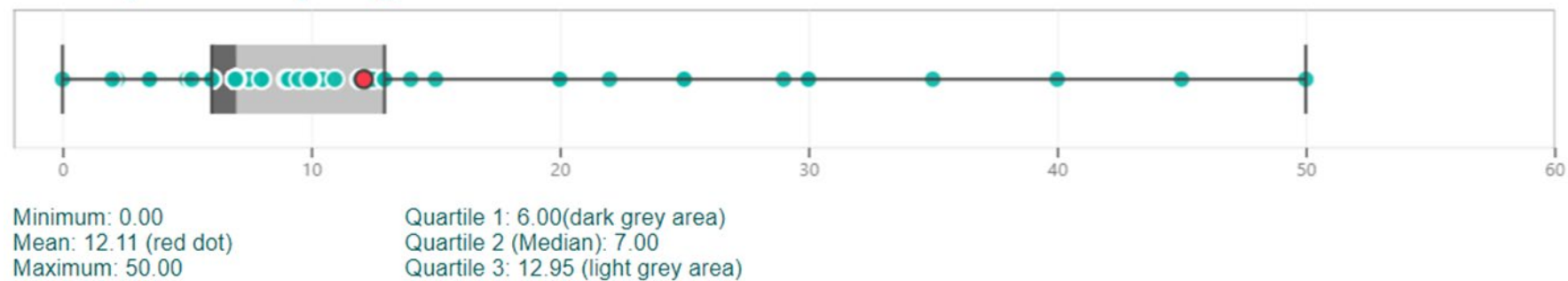
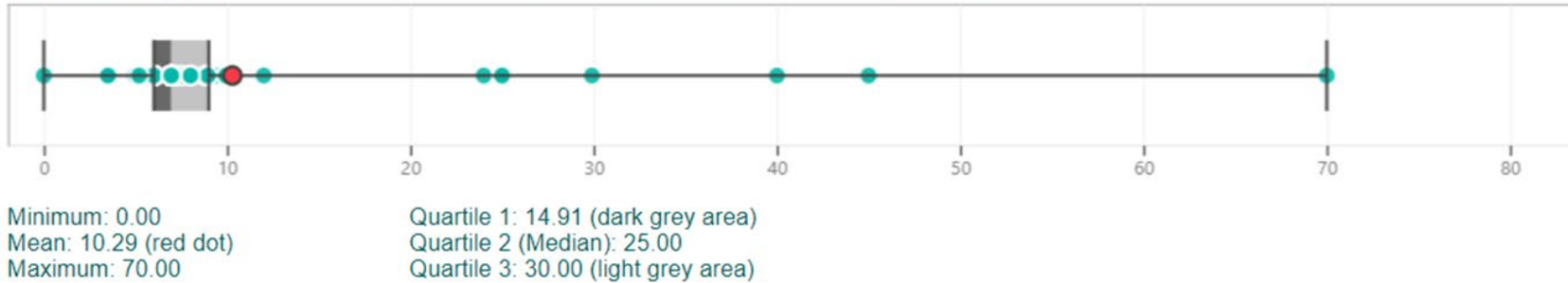


Chart 10

If you charge AS to fully supported residents, what is your highest fee?



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*Additional Services fees for self-funded residents above \$30 are not common.  
Additional Services fees above \$9.00 for supported residents are not common.*

---

### Ensuring compliance and efficacy

14% of respondents do not have a structured approach to ensuring that residents meet the capacity to benefit test.

14% of respondents do not have an embedded program to ensure continuing compliance with their Additional Services programs.

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*There is relatively small, but not insignificant risk that some consumers may not be receiving value from their Additional Services programs.*

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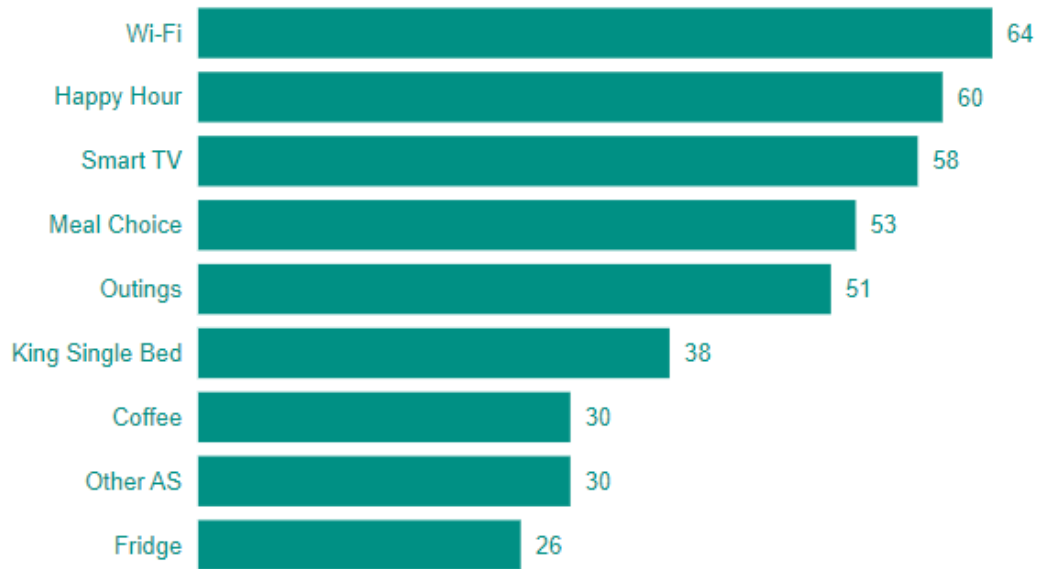
### Services that residents value

Based on the typical inclusions in Additional Services programs, we asked respondents to rate which inclusions in packaged programs were most valued by residents. Chart 11 shows the frequency of each specified package element.

Chart 11

### Highly valued benefits

Number of times mentioned



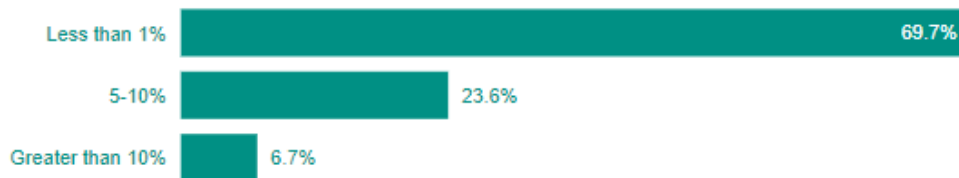
## Complaints

23% of respondents said that Additional Services had caused people not to choose their home. When we asked the rate of objection at the point of entry respondents, 92% said it was less than 10%.

Chart 12 shows the incidence of complaints in relation to Additional Services.

Chart 12

What is the frequency of complaints to you about the value of your AS program from residents/representatives?



The incidence of complaints from residents (after entry) is less than 10% in the 93% of respondents who answered the question.

When asked about the prevalence of contact from the Aged Care Quality and Safety Commission, only 2% of respondents had experienced significant contact in relation to complaints. This is consistent with the observations in relation to the top 20 issues of complaint received by the Commission.

It is possible that the Commission could have contact with a provider without there being a complaint. 20% of respondents had been contacted on this basis in the last 2 years. This suggests that the Commission is undertaking a monitoring and investigating role in relation to Additional Services offered by providers.

---

*We found no evidence of any substantial level of complaints or dissatisfaction by residents in relation to the current model of Additional Services. Residents are exercising autonomy where they have issues with Additional Services charges, either at the time of choosing a provider or once in occupation.*

*Where consumers have issues with Additional Services, the lack of complaints in the ACQSC report combined with the low level of interaction with the ACQSC suggests that where there are complaints, these are managed and resolved at the facility level.*

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## 14.0 Provider preference for any future models

There are a number of key features in both of the alternative models described under Recommendation 11.

Option A is more prescriptive in that it eliminates the choice of packaged and individual programs and prevents providers from developing a business model that suits their markets and positioning within those markets. It could be said that this model disenfranchises residents from making an informed choice at the point of entry in favour of total flexibility. The recommendation appears to address the issue of consumer protection by allowing for opt-in/opt-out, but it does not address the matter of exploitation based on charges and is silent on the issues of compliance monitoring and enforcement powers.

Option B, while less defined, appears to acknowledge that the current system is generally working for the benefit of providers and residents. It seeks to provide a regime that protects residents from exploitation by bad actors. It could be said that it acknowledges and supports the consumer’s right and general capacity to make choices while protecting those who are unable to do so. The recommendation proposes that this protection be in the form of a cap on ‘standard’ charges and an unspecified form of compliance monitoring with associated enforcement powers.

66% of respondents in the PAL/RK survey were familiar with Recommendation 11.

As shown in Tables 5, 6 and 7, when asked about their view on the key elements of both Option A and B, providers told us:

- 81% of providers do not support the prescriptive approach of Option A
- Respondents were slightly disinclined to support a cap on prices (43% for and 57% against) implicit in Option B
- Respondents were also evenly split on their support for greater regulation (51% against and 49% accepting)
- 69% of respondents who operate Additional Services programs do not support an opt-out provision.

Table 5

Would you support more regulatory oversight on the efficacy of programs?	All Respondents	All Respondents %	AS Respondents	AS Respondents %
No	54	55.1%	38	51.4%
Yes	44	44.9%	36	48.7%
<b>Total</b>	<b>98</b>	<b>100.0%</b>	<b>74</b>	<b>100.0%</b>

Table 6

Would you support price regulation on AS packages, including approval for higher priced packages? i.e. >\$30 per day	All Respondents	All Respondents %	AS Respondents	AS Respondents %
No	54	55.1%	42	56.8%
Yes	44	44.9%	32	43.2%
<b>Total</b>	<b>98</b>	<b>100.0%</b>	<b>74</b>	<b>100.0%</b>

Table 7

Would you support an opt-out provision after an initial period?	Respondents	Respondents %	AS Respondents	AS Respondents %
No	61	62.2%	51	68.9%
Yes	37	37.8%	23	31.1%
<b>Total</b>	<b>98</b>	<b>100.0%</b>	<b>74</b>	<b>100.0%</b>

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*If there is to be a change in the regulation of Additional Services programs, providers prefer Option B.*

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## 15.0 Other provider feedback

The PAL/RK Survey included an option for providers to give us individual feedback on their concerns with Recommendation 11. We collated these comments into 5 core themes:

### 1. **Cost Effectiveness and Value for Money**

A number of providers expressed concern as to whether Additional Services provided, other than on a package basis and with an opt-out provision, would be cost-effective and offer good value to residents or whether these services would cost consumers more.

### 2. **Transparency and Information Clarity**

There are concerns as to whether individual service provision would actually increase clarity and transparency as to the services available and their associated costs. Respondents acknowledged that residents and their representatives need clear, easily accessible information to make informed decisions while acknowledging that care staff may not have the appropriate skills, knowledge and training to provide this. This would increase the risk that residents are unable to access services that add to their quality of life.

### 3. **Affordability and Financial Burden**

The reduced capacity to cross-subsidise the cost of hotel services and the dependence on Additional Services might impose a financial burden on residents, particularly those with limited means. Increases in costs might make high-quality aged care unaffordable for some residents.

### 4. **Implementation and Regulation**

There is general concern about how Recommendation 11 will be developed, implemented and regulated so as to reduce the risk of unintended consequences while achieving better outcomes for all stakeholders. This included concerns over potential exploitation, ensuring fair practices and having adequate safeguards in place.

### 5. **Quality and Availability of Services**

Doubts were expressed by some respondents as to whether higher fees will correspond to a significant improvement in the quality and/or availability of services that support quality of care and quality of life for residents. There are concerns that residents may end up paying more without seeing meaningful enhancements in their care.

These themes demonstrate that respondents are concerned with the impact on all stakeholders and are supportive of changes that result in fair, transparent, and affordable improvements in daily living services for aged care residents.

## 16.0 Appendix A - Pride Aged Living and Russell Kennedy Survey

### 16.1 About the Providers

The PAL/RK Survey comprised 32 questions. It was fielded between 9<sup>th</sup> May 2024 and 7<sup>th</sup> June 2024. Recipients of the PAL/RK Survey comprised 127 persons who are subscribers to the Pride Aged Living Insights, organisations known to Russell Kennedy Lawyers and/or persons within a mailing list maintained by Inside Ageing. For privacy reasons, RK and IA did not disclose the number of recipients from their databases.

Recipients were asked to respond anonymously, although they were provided the opportunity to identify themselves if they were happy to do so. As contacts of the three participating organisations, we contacted independently, and for the three organisations that did not share their contact lists, it is likely that some contacts received multiple (up to three) separate invitations to participate.

Follow-up emails were sent to encourage recipients to respond.

Valid responses were received from 127 respondents.

These 127 respondents offer 48,144 places as below.

Table 8

I am completing this survey in relation to:	Respondents	Respondents %	Places	Places %
An approved provider	93	73.2%	43,545	90.5%
An individual facility	26	20.5%	2,144	4.5%
The economic entity that controls multiple approved providers	8	6.3%	2,455	5.1%
<b>Total</b>	<b>127</b>	<b>100.0%</b>	<b>48,144</b>	<b>100.0%</b>

The 127 respondents operate in the following locations. Note that these are the number of respondents operating in each location, not the number of facilities.

Table 9

Location	Operations
ACT	9
NSW	54
NT	0
QLD	17
SA	14
TAS	5
VIC	41
WA	15

122 of the 127 respondents represent facilities of all sizes.

Table 10

Our facility/s typically have the following number of places:	Respondents	Respondents %
<49	8	6.6%
50-99	53	43.4%
100+	61	50.0%
<b>Total</b>	<b>122</b>	<b>100.0%</b>

Note that here and in similar situations below, a total number of responses lower than the potential number of responses indicates some non-response.

While the PAL/RK Survey responses may be subject to participation bias, the attributes of respondents, provider size, facility size and location are representative of the sector at large.

93 respondents offer Additional Services. Of these, 85 offer Packaged Additional Services, 8 offer individual services, and 34 do not currently offer Additional Services programs.

Table 11

Do you offer a package or individual services?	Respondents	AS Respondents	Package AS Respondents
Package	57	57	57
Package and individual services	28	28	28
Individual services	8	8	
Not applicable - we do not operate Additional Services	34		
<b>Total</b>	<b>127</b>	<b>93</b>	<b>85</b>

The 93 respondents that provide Additional Services offer 40,736 places as below.

Table 12

I am completing this survey in relation to:	Respondents	Respondents %	Places	Places %
An approved provider	66	71.0%	36,674	90.0%
An individual facility	20	21.5%	1,783	4.4%
The economic entity that controls multiple approved providers	7	7.5%	2,279	5.6%
<b>Total</b>	<b>93</b>	<b>100.0%</b>	<b>40,736</b>	<b>100.0%</b>

## 16.2 About the Programs

The 93 respondents offering Additional Services provided the following data on their Additional Services programs.

Table 13

Is the financial return from your AS program important for your financial sustainability?	Respondents	Respondents %
Yes	83	89.3%
No	10	10.8%
<b>Total</b>	<b>93</b>	<b>100.0%</b>

Table 14

Do you have a formal process to ensure the efficacy of the program?	Respondents	Respondents %
Yes	78	85.7%
No	13	14.3%
<b>Total</b>	<b>91</b>	<b>100.0%</b>

Table 15

Do you actively and regularly assess the capacity of residents to benefit from the AS program?	Respondents	Respondents %
Yes	80	86.0%
No	13	14.0%
<b>Total</b>	<b>93</b>	<b>100.0%</b>

### 16.3 Additional Services Pricing

The 93 respondents offering Additional Services provided the following pricing data on their Additional Services program. Outliers have been removed.

Chart 13

What is your highest package fee?

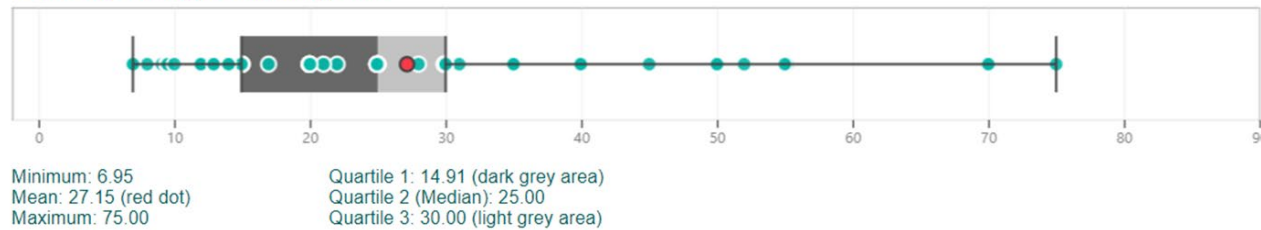


Chart 14

What is your lowest package fee?

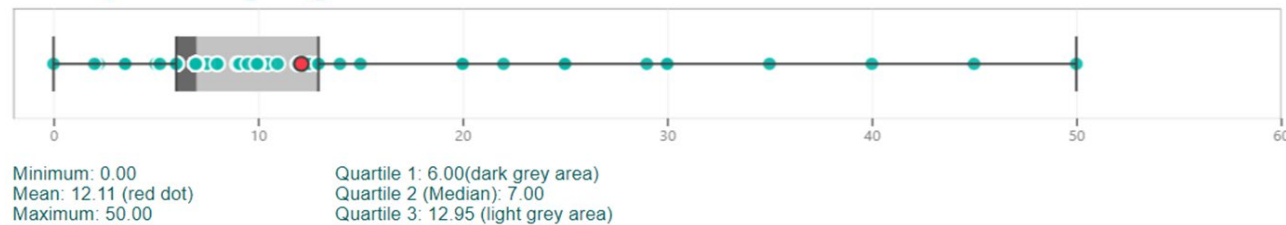
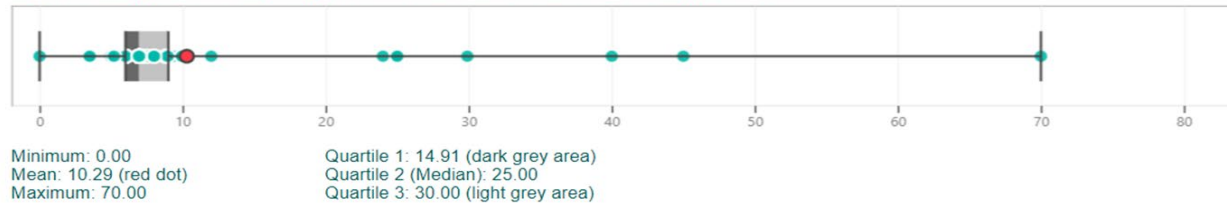


Chart 15

If you charge AS to fully supported residents, what is your highest fee?



## 16.4 Package Additional Services

As mentioned above, of the 93 Additional Services respondents, 85 offer Package Additional Services. These 85 respondents answered the following two additional questions.

Table 16

If you operate a package system, is it a condition of entry to the facility?	Respondents	Respondents %
Yes	73	85.9%
No	10	11.8%
Not applicable	2	2.4%
<b>Total</b>	<b>85</b>	<b>100.0%</b>

Table 17

Do you charge fully supported residents an AS fee?	Respondents	Respondents %
Yes	71	85.5%
No	12	14.5%
<b>Total</b>	<b>83</b>	<b>100.0%</b>

## 16.5 About the Resident Experience of the Program

The 93 Additional Services respondents were asked six questions about resident experiences.

Table 18

In your opinion, has the mandatory requirement for residents to accept the AS program caused people not to choose your facility/s?	Respondents	Respondents %
No	60	64.5%
Yes	22	23.7%
Not applicable	11	11.8%
<b>Total</b>	<b>93</b>	<b>100.0%</b>

In the following two questions, an option to select 1-5% was unintentionally omitted.

Table 19

What is the frequency of objection to your AS program at the point of entry?	Respondents	Respondents %
Less than 1% of residential care enquirers	49	54.4%
5-10%	34	37.8%
Greater than 10%	7	7.8%
<b>Total</b>	<b>90</b>	<b>100.0%</b>

Table 20

What is the frequency of complaints to you about the value of your AS program from residents/representatives?	Respondents	Respondents %
Less than 1% of interested residents	62	69.7%
5-10%	21	23.6%
Greater than 10%	6	6.7%
<b>Total</b>	<b>89</b>	<b>100.0%</b>

Table 21

What is the frequency of contact from the ACQSC or advocacy groups about resident complaints to your AS program?	Respondents	Respondents %
Never	65	71.4%
Seldom	24	26.4%
Significant contact	2	2.2%
<b>Total</b>	<b>91</b>	<b>100.0%</b>

Table 22

Has the ACQSC made contact with you about your AS program in the last 2 years?	Respondents	Respondents %
No	72	79.1%
Yes	19	20.9%
<b>Total</b>	<b>91</b>	<b>100.0%</b>

Respondents were asked which benefits were highly valued by their residents. Multiple selections could be made.

Table 23

Benefit	Mentions
Coffee	30
Fridge	26
Happy Hour	60
King Single Bed	38
Meal Choice	53
Other AS	30
Outings	51
Smart TV	58
Wi-Fi	64



## 16.6 About the Taskforce Recommendations

All respondents were asked the following three questions. Responses for all respondents and for Additional Services respondents are compared.

Table 24

Are you familiar with Recommendation 11?	All Respondents	All Respondents %	AS Respondents	AS Respondents %
Yes	84	66.1%	61	65.6%
No	43	33.9%	32	34.4%
<b>Total</b>	<b>127</b>	<b>100.0%</b>	<b>93</b>	<b>100.0%</b>

Table 25

Would it be practical to operate an AS program on a “wing” basis within your facility/s?	All Respondents	All Respondents %	AS Respondents	AS Respondents %
No	98	79.7%	76	83.5%
Yes	25	20.3%	15	16.5%
<b>Total</b>	<b>123</b>	<b>100.0%</b>	<b>91</b>	<b>100.0%</b>

This question is the “preference” question referred to below.

Table 26

Is your preference for a system of provider choice on AS program design, including decision prior to entry and use of package or individual elements approaches?	All Respondents	All Respondents %	AS Respondents	AS Respondents %
Yes	98	79.7%	74	81.3%
No	25	20.3%	17	18.7%
<b>Total</b>	<b>123</b>	<b>100.0%</b>	<b>91</b>	<b>100.0%</b>

Three more questions were asked of the 98 respondents (74 AS respondents) who responded “Yes” to the preference question above.

Table 27

Would you support more regulatory oversight on the efficacy of programs?	All Respondents	All Respondents %	AS Respondents	AS Respondents %
No	54	55.1%	38	51.4%
Yes	44	44.9%	36	48.7%
<b>Total</b>	<b>98</b>	<b>100.0%</b>	<b>74</b>	<b>100.0%</b>

Table 28

Would you support price regulation on AS packages, including approval for higher priced packages? i.e. >\$30 per day	All Respondents	All Respondents %	AS Respondents	AS Respondents %
No	54	55.1%	42	56.8%
Yes	44	44.9%	32	43.2%
<b>Total</b>	<b>98</b>	<b>100.0%</b>	<b>74</b>	<b>100.0%</b>

Table 29

Would you support an opt-out provision after an initial period?	Respondents	Respondents %	AS Respondents	AS Respondents %
No	61	62.2%	51	68.9%
Yes	37	37.8%	23	31.1%
<b>Total</b>	<b>98</b>	<b>100.0%</b>	<b>74</b>	<b>100.0%</b>

## 16.7 Concerns about Recommendation 11

The PAL/RK Survey included an option for providers to give us individual feedback on their concerns with Recommendation 11, we collated these comments into 5 core themes:

1. **Cost Effectiveness and Value for Money**

A number of providers expressed concern as to whether Additional Services provided other than on a package basis and with an opt-out provision would be cost-effective and offer good value to residents or whether these services would cost consumers more.

2. **Transparency and Information Clarity**

There are concerns as to whether individual service provision would actually increase clarity and transparency as to the services available and their associated costs. Respondents acknowledged that residents and their representatives need clear, easily accessible information to make informed decisions while acknowledging that care staff may not have the appropriate skills, knowledge and training to provide this. This would increase the risk that residents are unable to access services that add to their quality of life.

3. **Affordability and Financial Burden**

The reduced capacity to cross-subsidise the cost of hotel services and the dependence on Additional Services might impose a financial burden on residents, particularly those with limited means. Increases in costs might make high-quality aged care unaffordable for some residents.

4. **Implementation and Regulation**

There is general concern about how Recommendation 11 will be developed, implemented and regulated so as to reduce the risk of unintended consequences while achieving better outcomes for all stakeholders. This included concerns over potential exploitation, ensuring fair practices and having adequate safeguards in place.

5. **Quality and Availability of Services**

Doubts were expressed by some respondents as to whether higher fees will correspond to a significant improvement in the quality and/or availability of services that support quality of care and quality of life for residents. There are concerns that residents may end up paying more without seeing meaningful enhancements in their care.

## 17.0 Appendix B - Affordability of Additional Services by Supported Residents

Table 30 summarises the single-age pension, including supplements as of 20 March 2024, together with the basic daily fee and cost of medicines for a typical pensioner. When these known costs are deducted from the pension, a typical pensioner is left with \$17.01 per day. These funds can be used to contribute to an Additional Services package and are the basis on which Pride Aged Living recommends a cap on Additional Services package fees of \$9.00.

Table 30

Based on pension costs as of 20 March 2024		\$
Standard single pension entitlement includes		
Maximum basic rate		1,020.60
Maximum pension supplement		81.60
Energy supplement		14.10
Total pension entitlement		1,116.30
<a href="https://www.servicesaustralia.gov.au/individuals/services/centrelink/age-pension/how-much-you-can-get">https://www.servicesaustralia.gov.au/individuals/services/centrelink/age-pension/how-much-you-can-get</a>		
Normal resident expenditure		
RACS basic daily fee		61.96
Total fortnightly		867.44
<a href="https://www.health.gov.au/resources/publications/schedule-of-fees-and-charges-for-residential-and-home-care">https://www.health.gov.au/resources/publications/schedule-of-fees-and-charges-for-residential-and-home-care</a>		
PBS safety net threshold for concession card holders (\$1647.90 for general patients)		277.20
Cap fortnightly (\$7.70 per script until capped)		10.66
<a href="https://www.servicesaustralia.gov.au/individuals/services/medicare/pharmaceutical-benefits-scheme/when-you-spend-lot-pbs-medicines/pbs-safety-net-thresholds">https://www.servicesaustralia.gov.au/individuals/services/medicare/pharmaceutical-benefits-scheme/when-you-spend-lot-pbs-medicines/pbs-safety-net-thresholds</a>		
Total normal expenditure		878.10
Total surplus fortnightly		238.20
Total surplus (per day) available for Additional Services and other costs		\$17.01

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This report is provided to your organisation in accordance with the scope of the project as set out in the engagement letter.

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