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UnitingCare Australia calls residential funding decision a setback for aged care

The Government has announced a 2.55% increase to the 2026-27 Australian National Aged Care Classification (AN-ACC), lifting the base price for residential care. UnitingCare Australia joins other industry advocates in warning this falls short of rising workforce and operating costs, placing further pressure on a sector already under strain.

"Older people and the aged care sector are being short-changed. Funding is not keeping pace with the real cost of delivering the high-quality care older Australians deserve and it will be especially challenging for smaller providers in rural and remote communities to keep their doors open," said Tamara Thomas, National Director of UnitingCare Australia.

"At a time when we should be investing in services to meet growing demand and supporting older Australians who cannot afford their own care, this decision will instead deliver another cost to absorb and push providers to make difficult trade-offs to make ends meet," Ms Thomas said.

The new AN-ACC price is based on advice from the Independent Health and Aged Care Pricing Authority (IHACPA), which said the increase aligns funding with the cost of residents' care across Australia.

"This decision does not keep pace with real costs. Aged care workers have rightly received a 4.75% wage increase this year, while inflation remains at 3.5%.

"Calling this an increase is misleading when in practice, it represents a cut for providers who are already being asked to deliver more care, meet higher standards, comply with expanded regulatory requirements and absorb significant workforce costs," Ms Thomas said.

Michael Elias, Chief Executive of Clayton Church Homes said this adds to the unstainable financial pressure that has been building for years.

"Many providers have spent years absorbing losses in the interests of residents, hoping reform would finally align expectations with funding. Instead, the sector is once again being asked to bridge the gap and is neither sustainable nor fair to the older Australians who rely on our services," said Mr Elias.

"If providers aren't supported to remain financially viable, the question becomes who will be there to care for older Australians in the future. Older Australians deserve to age with dignity, and that requires funding that reflects the true cost of delivering care," Ms Thomas finishes.

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About UnitingCare Australia

UnitingCare Australia is the national body for the Uniting Church's community services network and an agency of the Assembly of the Uniting Church in Australia. Through advocacy and by strengthening service provision, UnitingCare Australia gives voice to the Uniting Church's commitment to social justice.

The UnitingCare Network is the largest network of social service providers in Australia, delivering 5.8 million interactions annually across 1,600 service locations in urban, rural, and remote communities, with over 55,000 staff and 17,000 volunteers.

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