

Cost recovery consultation paper

**For provider registration, renewal of registration
and provider-initiated variations to registration
2025-2026**

Charging for regulatory activity involves government entities charging individuals or organisations in the non-government sector some or all of the minimum efficient costs of a specific government activity. The Cost Recovery Policy along with the Australian Government Charging Framework (the Charging Framework) sets out the policy under which government entities design, implement and review charging for regulatory activities. The CRIS is the public document to ensure the transparency and accountability for the level of the charging and to demonstrate that the purpose for charging, as decided by Government, is being achieved.

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Australian Government
Aged Care Quality and Safety Commission

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1. Introduction

1.1 Purpose

The Australian Government Cost Recovery Policy (CRP) sets out the framework under which government entities design, implement and review cost recovered activities. The CRP, together with the Australian Government Charging Framework (the Charging Framework), sets out the overarching policies under which government entities design, implement and review cost recovered activities. The Charging Framework requires government entities to document cost recovery arrangements, including the activities and services for which costs are being recovered, in a Cost Recovery Implementation Statement (CRIS).

This Cost Recovery Consultation Paper provides information on how the Aged Care Quality and Safety Commission (the Commission) proposes to implement cost recovery charging for provider registration, renewal of registration and provider-initiated variations to registration. It also proposes to report actual financial and non-financial performance information for provider registration, renewal of registration, and provider-initiated variation of registration, and contains financial and non-financial forecasts for 2025-26 and three forward years.

After the outcomes of consultation have been taken into account, this Cost Recovery Consultation Paper will be amended and become the Commission's CRIS. The Commission will publish the 2025-26 CRIS and continue to update and maintain annually until the activities have been discontinued or the CRIS amended following review and further consultation.

1.2 Context for cost recovery

The Commission currently recovers costs for some of the activities it undertakes, as documented in the Commission's [2024-25 CRIS for applications for aged care approved provider status](#) and the [2024-25 CRIS for accreditation services](#). Cost recovery by the Commission aligns with the Government's overarching cost recovery policy that, where appropriate, non-government recipients of specific government activities should be charged some or all of the costs of those activities.

The *Aged Care Act 2024* (the new Act), due to commence on 1 July 2025, will establish an entirely new framework for the regulation of Commonwealth-funded aged care. A central feature of the new regulatory framework will be the creation of a single-entry point into the market for prospective aged care providers, making the market entry process simpler, more effective and easier to understand for new applicants.

Noting the significant change to the Commission's activities under the new Act, feedback is sought on the proposed implementation of cost recovery arrangements for provider registration, renewal of registration and provider-initiated variations to registration.

1.3 Description of the regulatory charging activities

The new Act will require prospective providers to apply to the Commission to become registered to deliver funded aged care services. Section 104(2)-(3) of the new Act requires that the applicant pay the required registration fee and provide all necessary information with their application. Section 107(2)-(3) of the new Act requires that the applicant pay the required renewal of registration fee and provide all necessary information with their application. Section 124(2)-(3) of the new Act requires that the applicant pay the required registration fee and provide all necessary information with their application.

Registration

From the commencement of the new Act, aged care providers will need to be registered in one or more of six registration categories that prescribe the service types they may deliver.

Provider registration category	Description	Service types
Category 1	Home and community services	<ul style="list-style-type: none"> • Domestic assistance • Home maintenance and repairs • Meals • Transport
Category 2	Assistive technology and home modifications	<ul style="list-style-type: none"> • Equipment and products • Home adjustments
Category 3	Advisory and support services	<ul style="list-style-type: none"> • Hoarding and squalor assistance • Social support and community engagement
Category 4	Personal care and care support in the home or community (including respite)	<ul style="list-style-type: none"> • Allied health and other therapy • Personal care • Nutrition • Therapeutic services for independent living • Home or community general respite • Community or general respite • Community cottage respite • Care management • Restorative care management
Category 5	Nursing and transition care	<ul style="list-style-type: none"> • Nursing care • Assistance with transition care
Category 6	Residential care (including respite)	<ul style="list-style-type: none"> • Residential accommodation • Residential everyday living • Residential services • Residential clinical care

Entities seeking registration must apply to the Commission by submitting a registration application form. The form will require:

- the registration categories the entity is seeking to be registered in;
- the service types they intend to deliver;
- each service group through which the entity intends to deliver those service types;
- any specialist aged care program the entity intends to deliver those service types under;
- each residential care home (if any) that the entity is applying for approval of;
- each approved residential care home (if any) of the entity;
- each responsible person of the entity;
- the legal and business structure of the entity, including the nature and extent of the relationship between the entity and any associated providers of the entity; and
- any other information prescribed by the rules.

A standard registration period will be three years, but different periods may be set by the Commissioner where appropriate.

Renewal of registration

The Commission will invite providers to renew their registration up to 18 months before their registration expiry date. Once providers have received this invitation, they may apply to the Commission to renew; this application must be accompanied by the prescribed fee (see section 107(2)(b) of the new Act).

The renewal process will be risk-based and proportionate, and as such will be different for different kinds of providers, depending on the registration category and service types they deliver, their compliance history and other factors.

Variations to registration (Provider initiated)

To vary their registration, a registered provider must apply to the Commissioner for a variation under section 124 of the new Act. Variations include:

- registering the provider into, or removing them from, one or more registration categories;
- imposing, varying or revoking a condition to which the provider's registration is subject;
- approving a new residential care home and adding it to the provider's registration;
- adding a new approved residential care home to the provider's registration; and/or
- removing an approved care home from the provider's registration.

A variation application must be accompanied by the prescribed fee, if any (see paragraph 124(2)(b) of the new Act). Section 3.1 describes these processes in further detail.

Providers may also apply to vary the approval of an approved residential care home in relation to the provider by varying the total number of beds covered by the approval, and the application must be accompanied by the application fee, if any (see paragraph 137(2)(b) of the new Act).

1.4 Activities being cost recovered

The Government proposes that entities applying to register as a provider of funded aged care services be charged a fee to recover the costs of the assessment of their application. Additionally, further costs will be recovered from applications at the time of renewal of registration and when a provider seeks to vary their registration.

The provider-initiated variations to registration proposed for charging are:

- registering the provider into, or removing them from, one or more registration categories;
- approving a new residential care home and adding it to the provider's registration.

Section 3 describes the types of applications and process where fees will be charged. Charging is expected to commence 1 July 2025.

1.5 Appropriateness of cost recovery

Consistent with the Charging Framework, applicants for provider registration, renewal of registration and provider-initiated variations to registration will be charged fees as they create a need for the specific regulatory activities by their intention to supply aged care services through an aged care business. The new system of obligations, including the fees, is intended to be proportionate to the environment a provider operates in, the services they deliver and any risks of harm that may be present. In practice this means the proposed fees will be different depending on the registration category, or categories, an applicant is applying to be registered in or is renewing.

The Commission will conduct an annual review of the charging model and fee levels before each new financial year begins. A post-implementation review in relation to the implementation of these charging arrangements will commence in the 2025-26 financial year. The outcome of the post-implementation review will be described in a subsequent CRIS.

2. Policy and statutory authority to charge (cost recover)

2.1 Government policy approval to charge for these regulatory activities

In the 2024-25 Budget, the Government agreed to a two-stage approach for cost recovery under the new Act and subsequently gave authority for consultation with the sector on this basis.

Stage One covers cost recovery arrangements for the first two financial years (2025-26 and 2026-27) from the commencement of the new Act and focuses on regulatory activities that are broadly equivalent to those currently subject to cost recovery and for which the sector is already accustomed to paying fees. Translating current cost recovery arrangements to the regulatory activities required under the Act means there will be some changes relating to the proposed fee structure.

Stage Two covers cost recovery arrangements from two years post implementation of the new Act (2027-28 onwards) with further consultation on these arrangements to occur closer to this time.

Authority to commence sector consultation on cost recovery arrangements under the new Act was received through the 2024-25 Mid-Year Economic and Fiscal Outlook (MYEFO) Aged Care and Other Health Matters Submission.

2.2 Statutory authority to charge

The Commission's current cost recovery arrangements are authorised by section 23 of the *Aged Care Quality and Safety Commission Act 2018*. Under the new Act, sections 594-595 provides for the charging of fees for services provided by the Commissioner and Complaints Commissioner in performing their functions. Furthermore, sections 104, 107 and 124 of the new Act provide that applications for registration, renewal and variation (respectively) must be accompanied by any fee prescribed by the rules.

As the relevant fees are to be prescribed by the Aged Care Rules (the rules), cost recovery for these services cannot commence until the rules have commenced. Fee amounts will be prescribed in subordinate legislation which, subject to parliamentary processes, will commence on 1 July 2025.

3. Cost recovery model

3.1 Outputs and business processes of the activities

The objective of these regulatory charging activities is to ensure the efficiency, productivity and responsiveness of the registration, renewal and variations processes, and the quality of applications submitted for decision.

The new 'universal' provider registration model will introduce a single registration for each provider across all aged care programs. The universal provider registration approach aims to improve transparency of which providers are operating in the sector and how they are working, require only one set of consolidated obligations specific to each registered provider, reduce administrative burden and improve regulatory oversight.

These activities also contribute to the Commission's 2024-25 Portfolio Budget Statement¹ outcome of 'Protect and enhance the safety, health, wellbeing and quality of life of older Australians receiving aged care services, including through effective engagement with them, regulation and education of Commonwealth-funded aged care service providers and resolution of aged care complaints.'

The regulatory activities proposed for cost recovery in this cost recovery consultation paper are:

1. Applications for the provider registration
2. Applications for renewal of the registration of registered providers
3. Provider-initiated applications for variation of registration to:
 - a. register in a new category
 - b. remove a registration category
 - c. add a new approved residential care home
4. Audit activities associated with registration, renewal or variation of registration.

3.1.1 Registration of a new provider

An entity seeking to deliver funded aged care services will need to apply for registration in one or more of the 6 registration categories (see **Attachment A**). The registration process will include an examination of the applicant's suitability to provide funded aged care services in their intended service types, the suitability of their responsible persons, and their commitment, capability and capacity to deliver their intended service types in the registration categories in accordance with their obligations under the new Act. Even if an entity intends to deliver services across multiple registration categories, they will only need to undergo a single registration process. The registration process will start when a new entity applies to the Commission to be registered and ends when a decision is made to register an entity or to refuse registration. The standard registration period for providers will be 3 years. The Commission may set a different registration period where

¹ The Aged Care Quality and Safety Commission's Portfolio Budget Statement is available on the Department of Health and Aged Care website (<https://www.health.gov.au/sites/default/files/2024-05/budget-2024-25-health-and-aged-care-portfolio-budget-statements.pdf>)

appropriate, for instance by specifying a shorter registration period where deficiencies in a provider's service delivery have been identified during audit.

The complexity of the registration process will depend largely on the range of registration categories that an entity is seeking to register into. The key business processes the Commission will undertake on receipt of an application for registration are as follows:

- **Triage assessment:** An assessment of the application that determines whether it contains sufficient information to meet the requirements of section 104(3) of the new Act.
- **General assessment:** An assessment of the application that determines whether the delegate can be satisfied of the general requirements that apply for all registration applications in section 109(1) of the new Act.
- **Category-specific assessment:** A more detailed assessment may be required that examines whether the delegate can be satisfied of the specific requirements that apply differently depending on the registration category in section 109(2) of the new Act. These requirements are:
 - **Category 1-3:** That the entity intends to deliver the service types applied for in the three year period after the application is made, and that they have the commitment, capability and capacity (including through the systems they have or propose to have) to deliver those service types in accordance with their obligations.
 - **Category 4-5:** In addition to the above, that an audit has found that the entity will be able to conform to the Quality Standards as they apply to the relevant registration categories.
 - **Category 6:** In addition to both of the above, that the entity has an approved residential care home or has made an application to have a residential care home approved, and that these residential care homes meet the requirements for approval.
- **Decision-making:** Once the assessment(s) above have been completed, the delegate must either make a decision on the basis of the evidence in front of them, or seek further information from the applicant to reach a decision. A decision may be made at the conclusion of each stage of the assessment process. The evidence the delegate will require to make their decision will vary depending on the registration categories applied for, noting that as a general rule there is more risk associated with an incorrect decision in higher categories. For applicants applying to register into categories 4-6, the delegate will also need to consider the findings of the audit report. Following consideration of the factors listed above, if the delegate intends to refuse the application they are required to liaise with the applicant and provide them with an opportunity to respond. The delegate must then consider any information, documentation or other response provided by the applicant before making a final decision.

- **Administration and supporting activities:** There are a range of administrative and supporting activities required before a decision can be made in relation to an application, including (but not limited to):
 - Every application must be recorded in the Commission’s case management system, with all records (e.g. information, statements of reasons, other supporting documentation) being generated and stored.
 - Public-facing registers such as the Provider Register, Government Provider Management System (GPMS) and My Aged Care may require updates to ensure alignment between government records and publicly available information.
 - For applicants applying for registration in category 6 and approval of a residential care home, a decision will need to be made regarding whether the home meets the legislative requirements for approval prior to the registration decision being made, due to the operation of section 104(2)(c) of the new Act.
- **Audit:** For applicants applying to register in categories 4-6, the delegate will also need to liaise with the applicant to organise a timeframe for the audit to take place, that aligns with the Commission’s National Audit Program. The audit must be undertaken, and a report finalised (including the relevant procedural fairness steps) before the final decision on registration can be made. The audit process for the registration is likely to focus primarily on gathering evidence of the applicant’s systems and processes to inform an assessment of whether they will enable the applicant to conform to the relevant Quality Standards. For category 6 applicants, it is possible that this will involve the Commission attending any residential aged care homes of the applicant and gathering evidence of likely conformance with Standards 6-7.
- **Residential care home approval:** An assessment of the application that determines whether the delegate can be satisfied of the residential care home requirements in section 113 of the new Act that apply for each residential care home specified on the application.

3.1.2 Renewal of existing registered providers

Registration will be time limited, with providers’ suitability, commitment, capability and capacity being regularly reassessed. The key business processes the Commission will undertake to facilitate a renewal application include those listed above for registration, in addition to the following:

- **Decision-making:** In addition to the considerations described for registration above, the delegate must also consider the registered provider’s conduct (including complaints, non-compliance and any other regulatory intelligence) during the previous registration period. For larger providers, this is likely to be a significant amount of information for the delegate to consider and is therefore likely to require greater time and effort than might have been the case during an entity’s initial registration. Following consideration of the factors listed above, if the delegate intends to refuse the application they are required to liaise with the

applicant and provide them with an opportunity to respond. The delegate must then consider any information, documentation or other response provided by the applicant before making a final decision.

- **Administration and supporting processes:** In addition to those listed above for registration, the Commission must invite a registered provider to renew their registration within 18 months of their registration expiry date. These invitations will advise providers of the requirements for the submission of their application, including relevant timeframes. Applicable timeframes will vary by provider based on a range of factors, including:
 - the service types being delivered by the provider;
 - the size of the provider (in terms of number of residential aged care homes and/or geographic footprint); and
 - whether an audit against the Quality Standards is required.
- **Audit:** Providers intending to apply for renewal are likely to be delivering funded aged care services to individuals, as opposed to at initial registration where a provider would not yet be delivering these services. As such, renewal audits, required for providers registered in categories 4, 5 or 6, will draw on a broader evidence base and will likely involve a greater degree of on-site assessment of the quality and safety of care being delivered. For providers registered in category 6, each approved residential care home through which the provider is delivering services will be audited against all of the Aged Care Quality Standards to determine both their current conformance, and their ability to continue to conform if their registration is renewed. The audit, or audits, must be undertaken, and a report, or reports, finalised (including the relevant procedural fairness steps) before the final decision on renewal can be made.

3.1.3 Variations to registration

Providers may apply to vary their registration in the following ways:

- register in a new registration category;
- remove a provider registration category;
- vary or revoke a 'Commissioner-imposed' condition on their registration;
- impose a new condition on their registration;
- add a new approved residential care home to their registration; and/or
- remove an approved residential care home from their registration (including transfer of homes from one provider to another).

Providers may also apply to vary the approval of an approved residential care home in relation to varying the total number of beds covered by the approval.

The types of variations proposed for charging are variations to registration to:

- register in a new registration category;
- remove a provider registration category; and
- approve a new residential care home and adding it to the registration.

To vary a registration the Commissioner must be satisfied that it is appropriate in all the circumstances to do so. In addition, where a provider is seeking to expand their registration into a new registration category, the Commissioner must be satisfied that they meet the relevant registration requirement(s) for that category. Where a provider is seeking to add or remove a residential care home, the Commissioner must have regard to whether the provider has taken sufficient steps to ensure continuity of care for individuals received services through that home.

The key business processes the Commission will undertake when considering a variation application may include:

- **Triage Assessment:** An assessment of the variation application to determine whether it contains sufficient information to meet the legislative requirements of section 124(2) of the new Act.
- **Assessment:**
 - Variations to registration categories:
 - Where a provider is seeking to be registered into an additional registration category, the delegate will be required to conduct a new assessment against the category-specific requirements for that category under section 109(2) of the new Act.
 - For providers seeking to remove a registration category, the Commission will need to assess and decide whether the provider has put sufficient measures in place to ensure continuity of care for any individuals currently receiving services under the categories that the provider is seeking to have removed.
 - Further, where a provider is seeking registration in category 6, this may also mean approving a new residential care home as is the case for registration applications.
 - Variations to add a residential care home:
 - For providers seeking to add or remove a residential care home, the delegate must consider any potential impacts on continuity of care as a result of changes to the status of the home.
 - In addition, the delegate must be satisfied that the variation is appropriate, in light of factors such as the provider's financial viability and sustainability, governance systems and structures, and compliance history, before making a decision.
- **Audit:** Where a provider is seeking registration in categories 4-6, this may require an audit against one or more of the Quality Standards, as for registration above.

- **Residential care home approval:** An assessment of the application that determines whether the delegate can be satisfied of the residential care home requirements in section 113 of the new Act that apply for each residential care home specified on the application.
- **Decision-making:** Following consideration of the factors listed above, if the delegate intends to refuse the application they are required to liaise with the applicant and provide them with an opportunity to respond. The delegate must then consider any information, documentation or other response provided by the applicant before making a final decision. If the delegate decides under section 124(1) of the act to vary the registration of a registered provider, the provider will be issued with a notice of the decision.
- **Administration and supporting processes:** For all successful variation applications, the Commission's internal business systems and Provider Register will need to be updated. Further, public-facing registers such as the Provider Register, Government Provider Management System (GPMS) and My Aged Care may require updates to ensure alignment between government records and publicly available information.

3.2 Costs of these regulatory activities

An activity-based costing (ABC) method, for the allocation all direct and indirect costs for each regulatory activity proposed for charging, has been used to determine the efficient costs of the regulatory activities described in this paper.

Direct and indirect costs have been estimated based on the average time required to assess one application and complete one audit. Direct costs are those costs that can be directly attributed to the regulatory charging activity, such as the staffing costs for the completion of audits or assessment of applications. Indirect costs are those costs which are difficult to link to individual regulatory activities, such as corporate overhead costs.

3.2.1 Direct costs

Main cost drivers

The most significant cost driver for the cost recovered activities is the staffing required to undertake the end-to-end process of provider registration, renewal and provider-initiated variations to registration.

Travel costs such as air fares, car hire, and accommodation costs for the period staff are required to be on-site conducting audits is another significant cost driver. However, these costs are not proposed for cost recovery at this time.

Cost driver assumptions

The direct staffing costs are based on the efficient standard time taken to complete each stage of the registration, renewal or variation (the effort) process multiplied by the average direct cost of the staff who complete each activity and the number of staff required to complete each stage. Staff from Australian Public Service (APS) Level 4 to Executive Level 2 or equivalent are involved in the process, with the bulk of the work completed by APS 6 staff and decision-making activities completed by Executive Level staff.

3.2.2 Indirect costs

Main cost drivers

Indirect costs such as corporate overheads, utilities, ICT systems, and capital costs have been attributed to the costings for each regulatory activity.

Cost driver assumptions

All indirect costs have been disaggregated and allocated across each cost recovered activity to provide the full cost of each activity, on the basis of full-time staff equivalents involved in the activity.

3.3 Design of the regulatory charge

Consistent with the Charging Framework, the Commission intends to cost recover the full, recoverable costs of the regulatory activities required for provider registration, renewal and provider-initiated variations to registration. Annual indexation will be applied to the proposed fees. The fees reflect the efficient cost of the service provided by the Commission and do not incur GST.

Charging is proposed to commence from 1 July 2025, pending commencement of the relevant rules.

For registration and renewal, the fees have been calculated for both provider-level activities and category specific activities, with activities for categories 4-6 requiring more effort due to the higher level of risk associated with the delivery of these service types. For variation applications, the type of variation applied, adding or removing a category, will be the primary point of differentiation. The difference in fees across the registration categories 1-6 is reflective of the different effort (time taken and level of APS staff) required to complete the activity. Additionally, audits will only be undertaken for categories 4-6, therefore audit fees only apply for applications to register, renew, or vary (add) one or more of these categories.

3.3.1 Fees

Registration

Registration applications		
Charge point	Fee	Frequency
Entity level assessment	\$3,290	Once per application
Review of category specific requirements (Categories 1-3)	\$1,270	Once per category applied for
Review of category specific requirements (Categories 4-5)	\$3,820	Once per category applied for
Review of category specific requirements (Category 6)	\$5,090	Once per category applied for
Residential care home approval	\$3,820	Once per residential care home
Additional Information: <ul style="list-style-type: none"> • Estimated number of impacted entities in 2025-26: 410 • Estimated number of newly impacted entities in 2025-26: 123 • Prospective Commonwealth Home Support Providers (CHSP) do not currently have to be an 'approved provider' or pay market entry fees like prospective residential, home care package and flexible aged care providers, so the registration fee will be a new fee for all CHSPs. 		

Registration audits		
Charge point	Fee	Frequency
Registration audit (Categories 4-6)	\$14,910	Once per application
Additional Information: <ul style="list-style-type: none"> • Estimated number of impacted entities in 2025-26: 410 • Estimated number of newly impacted entities in 2025-26: 410 • There is no equivalent activity under the existing Aged Care Act, therefore charging for this activity will represent a new charge for all prospective providers applying for categories 4, 5 and/or 6. 		

Renewal of registration

Renewal applications		
Charge point	Fee	Frequency
Entity level assessment	\$295	Once per application
Review of category specific requirements (Categories 1-3)	\$775	Once per category applied for
Review of category specific requirements (Categories 4-5)	\$4,060	Once per category applied for
Review of category specific requirements (Category 6)	\$5,410	Once per category applied for
Additional Information: <ul style="list-style-type: none"> • Estimated number of impacted entities in 2025-26: 797 • Estimated number of newly impacted entities in 2025-26: 797 • There is no equivalent activity under the existing Aged Care Act, therefore charging for this activity will represent a new charge for all providers. This will be a recurring charge at least every 3 years (dependent on the provider's registration period) unless the provider exits the market, therefore consideration has to be given to the ongoing impact of this charge. 		

Renewal audits		
Charge point	Fee	Frequency
Provider-level evidence gathering (Categories 4-6)	\$7,910	Once per application
Audit – Categories 4-5 (low complexity)	\$9,820	Once per application
Audit – Categories 4-5 (moderate complexity)	\$15,590	Once per application
Audit – Categories 4-5 (complex)	\$18,000	Once per application
Audit – Category 6 residential care home (1-150 beds)	\$16,380	Once per residential care home
Audit – Category 6 residential care home (151 – 250 beds)	\$17,550	Once per residential care home
Audit – Category 6 residential care home (251+ beds)	\$18,720	Once per residential care home
Additional information: <ul style="list-style-type: none"> • Estimated number of impacted entities in 2025-26: 664 • Estimated number of newly impacted entities in 2025-26: 491 • Renewal audits are akin to reaccreditation site audits (residential services) and quality reviews (home services), however fees have only been charged for reaccreditation site 		

Renewal audits

audits, and reaccreditation fees have been set at approximately 60% of the full recoverable amount.

- The proposed renewal audit fees for category 6 are similar to the full recoverable cost of reaccreditation site audits.

Provider initiated variations

Variation applications

Charge point	Fee	Frequency
Remove category (Categories 1-3 OR Categories 4-6 with zero consumers)	\$550	Once per application
Remove category (Categories 4-6 with consumers)	\$4,830	Once per category applied for
Add category (Categories 1-3)	\$1,270	Once per category applied for
Add category (Categories 4-5)	\$3,820	Once per category applied for
Add category (Category 6)	\$5,090	Once per category applied for
Residential care home approval	\$3,820	Once per new residential care home

Additional Information:

- The estimated number of impacted entities has not been calculated for this activity, however the forecast volume of applications across each charge point above to add or remove a registration category is 432. The total number of impacted entities may be lower if a single provider submits requests to add or remove multiple categories.
- There is no equivalent activity under the existing Aged Care Act, therefore charging for this activity will represent a new charge for all providers.

Variation audit

Charge point	Fee	Frequency
Variation audit (add categories 4-6)	\$18,580	Once per application

Additional information:

- Estimated number of impacted entities in 2025-26: 4
- Estimated number of newly impacted entities in 2025-26: 4
- There is no equivalent activity under the existing Aged Care Act, therefore charging for this activity will represent a new charge for all providers.

3.3.2 Fee waivers

Provider registration

The intent of provider registration fee waivers is to encourage providers to enter and operate in this market. It is proposed that provider registration fee waiver arrangements remain broadly consistent with the current market entry (applications for aged care approved provider status) fee waivers. In addition, to support increasing First Nations provider representation in the aged care sector, it is proposed that waiver arrangements are expanded to include all Aboriginal Community Controlled Organisations (ACCO) entering the market.

Applicants will be required to submit documentary evidence to substantiate their claim for the fee waiver based on this eligibility criteria. Due to the nature of provider registration the Commission will not hold any data related to these providers, so the provision of documentary evidence is necessary.

Registration application AND Registration audit		
Charge point	Fee waiver eligibility criteria	Fee after fee waiver has been applied
Entity level assessment	Full (100%) fee waiver: <ul style="list-style-type: none"> Applicants intending to deliver at least 85% of care and services to care recipients located in Modified Monash Model (MMM) areas 6 and/or 7; OR Aboriginal Community Controlled Organisations (ACCO) 	\$0
Review of category specific requirements (Categories 1-3)		\$0
Review of category specific requirements (Categories 4-5)		\$0
Review of category specific requirements (Category 6)		\$0
Registration audit (Categories 4-6)		\$0
Residential Care Home Approval		\$0

Renewal of registration

The intent of renewal of registration fee waivers is to support provider to continue to operate in thin markets and address potential viability risks for providers seeking to remain in the market. Although this is the intent of reaccreditation site audit fee waivers, it is not possible to extend the

current reaccreditation fee waiver criteria to all renewal activities under the new Act, as they were constructed specifically for residential aged care services. Renewal activities will extend to providers across registration categories 1-6, therefore new eligibility criteria are proposed for those activities that do not solely relate to category 6.

Fee waiver eligibility criteria options for renewal applications and audit (provider-level evidence gathering and category 4-5 audits) have been constructed using the same proxies for potential viability risk as current state; remoteness of the location of service delivery and the size of the provider. These are the most reliable and already accepted indicators of viability currently available to the Commission. For efficiency, the criteria have also been constructed based on Commission held data which eliminates the need for providers to submit documentary evidence to substantiate their eligibility. For the remoteness criteria, it is proposed that this is limited to 100% of care and services delivered in the specified MMM category, as this is likely to be the most stable percentage point. For provider size, it is proposed that this is based on the size in comparison to the rest of the sector, rather than a specified consumer count, because it is acknowledged that the number of consumers within HCPs and CHSPs services may fluctuate

Renewal application AND Renewal audit (provider level and category 4-5 audits)		
Charge point	Fee waiver eligibility criteria	Fee after fee waiver has been applied
Entity level assessment	Full (100%) fee waiver if either criteria met: <ul style="list-style-type: none"> Applicants delivering 100% of care and services in MMM 5-7, OR Smallest 10% of the sector based on number of consumers (at provider level) 	\$0
Review of category specific requirements (Categories 1-3)		\$0
Review of category specific requirements (Categories 4-5)		\$0
Review of category specific requirements (Category 6)		\$0
Provider level evidence gathering (Categories 4-6)		\$0
Category 4-5 (low complexity)		\$0
Category 4-5 (moderate complexity)		\$0
Category 4-5 (complex)		\$0

A 'grandfathering' fee waiver arrangement is proposed for category 6 renewal audits as this activity closely resembles reaccreditation site audit activities. This means that those residential providers who received a waiver for their last reaccreditation audit will receive a waiver for their Category 6 renewal audit for the same service in Stage One of the new cost recovery arrangements.

There will be a small number of residential aged care services who have not yet received a reaccreditation site audit, or are approved post July 2025, and will require a renewal audit during Stage One of cost recovery under the new Act. For these services, occupied bed days will be used as a substitute for the number of residential aged care places, as the concept of number of residential aged care 'places' will be ceasing, to allow temporary ongoing use of the existing waiver arrangements.

Renewal audit – Category 6		
Charge point	Fee waiver eligibility criteria	Fee after fee waiver has been applied
Audit – Category 6 (1-150 beds)	Grandfathering arrangement: The category 6 audit fee will be waived for any residential care home that received a fee waiver for their last reaccreditation site audit	Full waiver: \$0
		50% waiver: \$8,190
Audit – Category 6 (151 – 250 beds)	The waiver will be extended to residential care homes that have not previously had a reaccreditation audit, using occupied bed days as a substitute for number of consumers	Full: \$0
		50% waiver: \$8,775
Audit – Category 6 (251+ beds)	Full fee waiver: <ul style="list-style-type: none"> • MMM categories 4-7 and fewer than 25 consumers; OR • Fewer than 25 consumers and specialised homeless or Aboriginal and Torres Strait Islander Status 50% of the applicable fee waived: <ul style="list-style-type: none"> • MMM categories 4-7 and 25-29 consumers; OR • MMM categories 5 and 25-39 consumers; OR • MMM categories 6-7 and more than 24 consumers; OR 	Full: \$0
		50% waiver: \$9,360

Renewal audit – Category 6		
Charge point	Fee waiver eligibility criteria	Fee after fee waiver has been applied
	<ul style="list-style-type: none"> • More than 24 consumers and specialised homeless or Aboriginal and Torres Strait Islander Status; • Fewer than 25 places 	

Variation of registration

It is proposed that the current state market entry waiver criteria will be extended to provider-initiated variations. including the proposed expansion to include any Aboriginal Community Controlled Organisations (ACCOs) who apply. Although the forecast volumes of provider-initiated variations are low, over 50% of the forecast total provider-initiated variations are expected to be variations to register in additional categories therefore we propose to align the variation fee waiver with the market entry fee waiver. Detailed costings have not been provided for this fee waiver proposal because the total volume of activities is so low therefore the cost impact of fee waivers will also be low.

Variation application AND Variation audit		
Charge point	Fee waiver eligibility criteria	Fee after fee waiver has been applied
Remove category (Categories 1-3 OR Categories 4-6 with zero consumers)	Full (100%) fee waiver: <ul style="list-style-type: none"> • Applicants intending to deliver at least 85% of care and services to care recipients located in Modified Monash Model (MMM) areas 6 and/or 7; OR • Aboriginal Community Controlled Organisations (ACCO) 	\$0
Remove category (Categories 4-6 with consumers)		\$0
Add category (Categories 1-3)		\$0
Add category (Categories 4-5)		\$0
Add category (Category 6)		\$0
Residential care home approval		\$0
Variation audit (add Categories 4-6)		\$0

3.4 Cost recovery revenue

Output title	Type	Total recoverable unit cost (\$)	Charge rate (\$)	Estimated volume	Estimated total cost (\$)	Estimated total revenue (\$)
Registration Application						
Entity level assessment	Fee	3,287.70	3,290	410	1,347,955.52	1,348,900
Review of category specific requirements (Categories 1-3)	Fee	1,272.66	1,270	427	543,424.40	542,290
Review of category specific requirements (Categories 4-5)	Fee	3,817.97	3,820	520	1,985,344.41	1,986,400
Review of category specific requirements (Category 6)	Fee	5,090.63	5,090	30	152,718.80	152,700
Subtotal				1,387	4,029,443.13	4,030,290
Registration Audit						
Registration audit (Categories 4-6)	Fee	14,912.42	14,910	410	6,114,091.52	6,113,100
Subtotal				410	6,114,091.52	6,113,100
Renewal application						
Entity level assessment	Fee	297	295	797	236,669	235,115
Review of category specific requirements (Categories 1-3)	Fee	776	775	729	565,361	564,975
Review of category specific requirements (Categories 4-5)	Fee	4,060	4,060	680	2,762,199	2,762,424
Review of category specific requirements (Categories 6)	Fee	5,409	5,410	306	1,655,090	1,655,460
Subtotal				2,512	5,219,319	5,217,974
Renewal audit						
Provider-level evidence gathering (Category 4-6)	Fee	7,910	7,910	664	5,251,974	5,252,240
Category 4-5 (low complexity)	Fee	9,824	9,820	54	530,492	530,280
Category 4-5 (moderate complexity)	Fee	15,594	15,590	150	2,339,079	2,338,500
Category 4-5 (complex)	Fee	18,002	18,000	286	5,148,621	5,148,000
Category 6 (1-150 beds)	Fee	16,385	16,380	1,126	18,449,037	18,443,880
Category 6 (151 -250 beds)	Fee	17,553	17,550	40	702,136	702,000

Output title	Type	Total recoverable unit cost (\$)	Charge rate (\$)	Estimated volume	Estimated total cost (\$)	Estimated total revenue (\$)
Renewal Audit - Category 6 (250+ beds)	Fee	18,722	18,720	1	18,722	18,720
Subtotal				2,321	32,440,061	32,433,620
Variation applications						
Variation to add categories - Category 1-3	Fee	1,273	1,270	11	13,999	13,970
Variation to add categories - Category 4-5	Fee	3,818	3,820	31	118,357	118,420
Variation to add categories - Category 6	Fee	5,090	5,090	0	0	0
Variation to remove categories - Category 1-3 or Category 4-6 with zero consumers	Fee	548	550	351	192,330	193,050
Variation to remove categories - Category 4-6	Fee	4,825	4,830	39	188,194	188,370
Subtotal				432	512,890	513,810
Variation Audit						
Variation audit (add categories 4-6)	Fee	18,579	18,580	4	74,317	74,320
Subtotal				4	74,316.84	74,320
Residential Care Home Approval						
Residential Care Home Approval	Fee	3,818	3,820	30	114,539	114,600
Subtotal				30	114,539.10	114,600
Total				7,096	48,504,661	48,497,714

4. Risk assessment

The Charging Risk Assessment Rating is currently Medium because the activities proposed for cost recovery within this document are new charging activities and consultation has not yet been completed. Although the fees may also be perceived to be a financial hurdle to entering the industry or remaining in the industry, the intent of the fees is to ensure only applicants that are invested in providing aged care enter the market, with fee waivers available to encourage applicants to enter thin markets and alleviate financial viability issues for providers already in the market.

The Charging Risk Assessment Rating will be updated following consultation and a final rating determined prior to the commencement of charging and the publishing of the 2025-26 CRIS.

The regulatory activities proposed for cost recovery will commence on 1 July 2025, therefore there is a risk that the cost estimates are inaccurate. These risks have been managed by comprehensive resource modelling and cost modelling, with the fees representing the minimum efficient costs. Processes and cost estimates will be reviewed and adjusted through the post-implementation review if required.

The Commission will also continue to manage cost estimate risks into the future by reviewing the costs of the regulatory activities it undertakes with adjustments to fees if required to ensure the fees continue to represent the minimum efficient costs of providing these services.

5. Stakeholder engagement

Following the announcement of the new Act, the Commission is publicly consulting with stakeholders on this paper and will consider all concerns and suggestions regarding the cost recovery arrangements proposed in the paper.

The cost recovery consultation paper is being released from 5 March 2025 to 1 April 2025 for public consultation. The paper will be published on the Commission's website and a mechanism made available for the provision of feedback from interested parties. Multi-mode communications will occur to reach as many existing or prospective providers as possible, along with an accompanying guide to support interested parties in understanding the cost recovery consultation paper. The Commission will review the feedback received during the consultation and publish a document on the Commission's website summarising the outcome of the consultation prior to publishing the 2025-26 CRIS.

This draft will be updated prior to approval by the government and publishing before charging commences. In accordance with the Charging Framework, the CRIS will be updated annually.

6. Financial performance

6.1 Financial estimates

The figures in the table below are forward estimates for cost recovered provider registration, renewal of registration, and provider-initiated variation of registration activities. A review of actual financial performance compared with estimates will be undertaken annually. These forecasts will be updated at the start of each budget year.

The primary drivers for the difference between the total expenses and the total cost recovery revenue are not charging for travel expenses related to audits, the pre-screening activity for all applications to become a registered provider or renew or vary registration, activities specific to refusing an application to become a registered provider or renew or vary registration.

Financial item	2025-26	2026-27	2027-28	2028-29
Total expenses	51,256,644	57,592,251	59,847,496	67,260,513
Total revenue	48,497,714	54,727,491	56,919,683	63,780,411
Balance = revenue - expenses	-2,758,930	-2,864,760	-2,927,813	-3,480,102
Cumulative balance	-2,758,930	-5,623,690	-8,551,503	-12,031,605

6.2 Financial outcomes

Charging for the regulatory activities referenced in this document has not yet commenced. Financial outcomes for the proposed fee structure in section 3.3.1 Fees will be provided from 2026-27 onwards. The table below outlines the financial outcomes for cost recovery for applications for aged care approved provider status and accreditation and re-accreditation for residential care homes. These regulatory activities will cease on 30 June 2025 and will be replaced with the regulatory activities outlined in Section 3 Cost Recovery Model. The increases to forecast expenses and revenue for 2025-26 compared to the estimates and outcomes below are due to the differences between the regulatory activities ceasing on 30 June 2025 and the regulatory activities commencing on 1 July 2025. As described above in Section 3 Cost Recovery Model, all the new Act will require prospective providers to apply to the Commission to become registered to deliver

funded aged care services. All registered providers will be required to apply for renewal before the end of their registration period in order to continue to deliver funded aged care services.

Additionally, all providers seeking to register in categories 3 to 6 or renew their registration in categories 3 to 6 will require a single audit for categories 4 and 5 and an audit of each approved residential care home. This represents an expansion of audit fees from the previous reaccreditation site audit charging arrangements. Additionally, whilst the Commission has authority to fully recover the costs associated with reaccreditation site audits, fees have not been increased in line with increased costs and indexation over successive financial years since 2016-17, meaning that cost recovery has progressively changed from full to partial. This was primarily the result of changes to the audit process (connected to the new Quality Standards) and the impact of the COVID-19 pandemic delaying reviews of the associated charging model. Indexation was appropriately applied in 2024-25, but not backdated, and the proposal to move to full cost recovery was deferred to align with the commencement of the new Act.

Financial Item	2021-22 (\$)	2022-23 (\$)	2023-24 (\$)	2024-25 (\$)
Estimates				
Revenue = X	13,481,894	26,099,496	9,341,075	12,217,005
Expenses = Y	20,027,280	58,289,708	13,905,727	21,763,508
Balance = X – Y	-6,545,386	-32,190,212	-4,564,652	-9,546,503
Remissions, rebates and adjustments = Z	736,403	2,069,650	145,397	0
Net balance = balance – Z	-7,281,789	-34,259,862	-4,710,049	-9,546,503
Cumulative balance	-12,277,993	-46,537,855	-51,247,904	-55,221,009
Actuals				
Revenue = X	9,887,170	21,141,782	9,435,542	
Expenses = Y	15,007,507	47,973,080	16,433,996	
Balance = X – Y	-5,120,337	-26,831,298	-6,998,454	
Remissions, rebates and adjustments = Z	580,940	1,724,345	245,380	
Net balance = balance – Z	-5,701,277	-28,555,643	-7,243,834	
Cumulative balance	-9,875,029	-38,430,672	-45,674,506	

7. Non-financial performance

Output description	Total output volume	2025-26	2026-27	2027-28	2028-29
Provider Registration Applications	Actuals				
Provider Registration Applications	Estimated	410	410	410	1,295
Provider Renewal Applications	Actuals				
Provider Renewal Applications	Estimated	797	977	986	852
Provider Variations	Actuals				
Provider Variations	Estimated	432	44	86	175
Registration Audit	Actuals				
Registration Audit	Estimated	410	410	410	587
Renewal Audit	Actuals				
Renewal Audit	Estimated	1658	1837	1879	1817
Variation Audit	Actuals				
Variation Audit	Estimated	4	4	4	5

8. Key forward dates and events

Event	Date
Final Cost Recovery Implementation Statement for provider registration, renewal of registration and provider-initiated variation of registration published	June 2025
Review of fees and apply annual indexation for the 2026-27 financial year	By June 2026

9. CRIS approval and change register

Date of change	CRIS change	Approver	Basis for change

Attachment A

- Registration categories

Provider registration category	Description	Service types
Category 1	Home and community services	<ul style="list-style-type: none"> • Domestic assistance • Home maintenance and repairs • Meals • Transport
Category 2	Assistive technology and home modifications	<ul style="list-style-type: none"> • Equipment and products • Home adjustments
Category 3	Advisory and support services	<ul style="list-style-type: none"> • Hoarding and squalor assistance • Social support and community engagement
Category 4	Personal care and care support in the home or community (including respite)	<ul style="list-style-type: none"> • Allied health and other therapy • Personal care • Nutrition • Therapeutic services for independent living • Home or community general respite • Community cottage respite • Care management • Restorative care management
Category 5	Nursing and transition care	<ul style="list-style-type: none"> • Nursing care • Assistance with transition care
Category 6	Residential care (including respite)	<ul style="list-style-type: none"> • Residential accommodation • Residential everyday living • Residential services • Residential clinical care

Attachment B

- Summary of indicative fee waiver options and implications (2025-26)

		Option 1	Option 2	Option 3 (recommended)
	Fee waiver criteria (for renewal applications, provider level evidence gathering & category 4-5 renewal audit)	100% in MMM 5-7 OR Smallest 3% (9 consumers)	100% in MMM 5-7 OR Smallest 6% (18 consumers)	100% in MMM 5-7 OR Smallest 10% (29 consumers)
	Providers eligible under the criteria	228	264	330
	Percentage of the sector	11.0%	12.7%	15.9%
	Estimated providers in combination criteria receiving a renewal in 25/26 (based on 3-year renewal cycle)	76	88	110
Renewal application Category 1-6 (see options)	Total recoverable amount for renewal applications category 1-6	\$5,378,131	\$5,378,131	\$5,378,131
	Total renewal application fees waived	\$512,845	\$593,821	\$742,277
Renewal audit (see options)	Total recoverable amount for provider level evidence gathering	\$5,444,124	\$5,444,124	\$5,444,124
	Total provider level evidence gathering fees waived	\$623,124	\$721,512	\$901,890
	Total recoverable amount for renewal audit – category 4-5	\$8,256,989	\$8,256,989	\$8,256,989
	Total renewal audit – category 4-5 fees waived	\$1,280,676	\$1,482,888	\$1,853,610
Category 6 residential care home audit (grandfathered fee waiver – consistent across options)	Total recoverable amount for renewal audit – category 6	\$19,790,550	\$19,790,550	\$19,790,550
	Total renewal audit – category 6 fees waived	\$1,350,615	\$1,350,615	\$1,350,615
TOTAL (excluding category 6 audit)	Total recoverable amount (excluding category 6 audit)	\$19,079,244	\$19,079,244	\$19,079,244
	Total application and audit fees waived (excluding category 6 audit)	\$2,416,645	\$2,798,221	\$3,497,777
	<i>Estimated percent of total recoverable amount that is waived (excluding category 6 audit)</i>	12.7%	14.6%	18.3%

TOTAL (including category 6 audit)	Total recoverable amount (including category 6 audit)	\$38,869,794	\$38,869,794	\$38,869,794
	Total renewal fees waived (including category 6 audit)	\$3,767,260	\$4,148,836	\$4,848,392
	<i>Estimated percent of total recoverable renewal amount that is waived (including category 6 audit)</i>	9.7%	10.7%	12.5%

Note: **MMM 5** = Small rural towns, **MMM 6** = remote communities (remote mainland areas and islands less than 5km offshore), **MMM 7** = very remote communities and islands more than 5kms offshore.



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