

Understanding the costs of residential aged care (from 1 November 2025)

BASSCARE is committed to delivering high-quality, compassionate care for older people, no matter their financial situation. The Australian aged care system is government-regulated, which means the fees you may be asked to contribute are set or guided by the Australian Government and are based on your income, assets and overall capacity to pay.

Residential aged care fees generally fall into several key categories, outlined below. Some fees are means tested (based on your income and assets), while others apply to all residents.

Basic daily fee

All residents are required to pay a basic daily fee, which is not means tested. This contribution helps cover everyday living expenses such as meals, utilities, cleaning and general services. The basic daily fee is set by the Australian Government and is capped at 85% of the single basic Age Pension.

It is reviewed and adjusted twice a year in line with pension changes.

Contributions toward everyday living costs

Hotelling contribution

Some residents may be asked to pay an additional contribution towards hotel-style living costs, known as a hotelling contribution. This amount is means tested and depends on your income and assets.

Services Australia will assess whether you are required to pay this contribution and advise you of the amount. Maximum daily rates are indexed in March and September each year.

While the hotelling contribution has a daily cap, there is no annual or lifetime cap on the total amount you may pay.

Non-clinical care contribution

Residents assessed as paying the maximum hotelling contribution may also be asked to contribute towards non-clinical personal care services. These include assistance with tasks such as bathing, dressing and mobility.

Services Australia will confirm whether this fee applies to you and what the daily amount will be. Daily and lifetime caps apply to the non-clinical care contribution, and the maximum contribution is indexed in March and September.

Contributions you make in home care can also count towards your overall lifetime cap on means-tested aged care fees.

Accommodation costs

Accommodation costs relate to your room and living space within a BASSCARE residential aged care home. Depending on your financial circumstances, the Australian Government may cover all or part of your accommodation costs, or you may be required to pay an accommodation amount set for your chosen room. You can decide how this payment is made: as a lump sum, a daily payment, or a combination of both.

To ensure your fees are calculated correctly, completing a means assessment with Services Australia is strongly recommended. You can also estimate potential costs using the Residential Care Fee Estimator on the My Aged Care website (myagedcare.gov.au)

New accommodation arrangements

If you enter permanent residential aged care on or after 1 November 2025, updated Australian Government arrangements for accommodation payments will apply.

Refundable Accommodation Deposit (RAD) retention

When accommodation is paid as a lump sum Refundable Accommodation Deposit (RAD) and you enter care on or after 1 November 2025, aged care providers will retain 2% of the RAD each year. This retained amount is not refunded when you leave care. Retention applies for a maximum of five years.

The remainder of your RAD, after any retention amounts, is refunded to you or your estate when you leave care.

Daily Accommodation Payment (DAP) indexation

If you pay some or all of your accommodation as a Daily Accommodation Payment (DAP) and you enter care on or after 1 November 2025, your DAP will be indexed twice yearly on 20 March and 20 September. Indexation does not apply to residents receiving government assistance with accommodation costs who pay a Daily Accommodation Contribution (DAC) instead.

DAP amounts are calculated using a government-set maximum permissible interest rate (MPIR), which can change over time.

Higher Everyday Living Fee (HELFF)

Some aged care homes offer enhanced everyday living services that go beyond the minimum government-funded care requirements, and these additional services are not subsidised by the Australian Government.

BASSCARE currently offers higher everyday living services for no additional daily fee. Participation in these offerings is entirely optional and is designed to provide residents with greater choice and flexibility.

Example: Paying for your accommodation

The examples below are illustrative only and use rounded figures; your actual costs will depend on government rates and your personal circumstances.

Option	How it works	Simple example	Good to Know
Refundable Accommodation Deposit (RAD)	You pay a lump sum upfront.	Pay 450,000 once. Most is refunded when you leave care, with 2% per year retained for up to 5 years if you entered care on or after 1 November 2025.	Lower or no daily accommodation fees may apply when you pay a RAD.
Daily Accommodation Payment (DAP)	You pay a daily amount instead of a lump sum.	Do not pay the \$450,000 upfront. Pay about \$75 per day, based on the unpaid amount and a government-set interest rate.	No lump sum is required, but you will have ongoing daily accommodation costs.
Combination (RAD + DAP)	You split the cost between a lump sum and a daily payment.	Pay \$200,000 upfront and a reduced daily fee on the remaining amount.	A combination can balance lower upfront payments with more manageable ongoing daily costs.