

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Budget Estimates 2011-2012, 30/31 May 2011

Question: E11-100

OUTCOME 4: Aged Care and Population Ageing

Topic: COST OF DELIVERING CARE IN THE HOME

Written Question on Notice

Senator Boyce asked:

- a) The Budget papers state that there will be savings of \$211.7 million dollars over five years because of the lower costs of delivering care in the home. Could you provide a detailed breakdown of all the components of those savings?
- b) Can you give us the detail and costing of programs that will be decreasing and those that will be increasing?
- c) In Budget Estimates at page 64 Ms Halton describes the \$211.7 million as "the cost of a policy change". Should that not be described as 'savings'?
- d) What happens to the \$211.7 million dollars of savings? Does it simply disappear into the calculations of accounts or is it earmarked for spending elsewhere? Could you please explain exactly what happens to this \$211.7 million dollars?

Answer:

- a) The aged care planning ratio stipulates the Government will provide 113 aged care places for every 1,000 people aged 70 years and over. The 113 places are comprised of 48 high care places and 65 low care places. Within this there is another ratio, which is that over the longer term there will be 88 residential and 25 community care places. In the short term that has been changed to 86 and 27 respectively. This temporary change to the ratio generates a net saving of \$211.7 million as community care packages are marginally cheaper to deliver than residential care places (because they do not include accommodation).
- b) Under this measure, the number of residential care places in Program 4.8 - Residential Care was reduced by 2,497. This reduction in residential care places resulted in a saving of \$554.5 million over five years from 2010-11, for the reasons outlined in the response to question (a). This includes a reduction in funding for the Department of Veterans' Affairs who are responsible for funding services to veterans in residential aged care.

The number of community care places was increased by 809, resulting in an increase in the appropriation in Program 4.4 - Community Care, of \$47.5 million over five years from 2010-11. There was also an increase in the number of flexible community care places of 1,720 increasing the appropriation for Program 4.7 - Flexible Aged Care, by \$295.4 million.

The net save from this measure was \$211.7 million over five years from 2010-11.

- c) No. Budget impacts are generally described as cost impacts. In this case, the cost impact of this policy change is a savings to the Budget of \$211.7 million over five years from 2010-11.
- d) The \$211.7 million saving is being used to fund other Government priorities.