

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Budget Estimates 2011-2012, 30/31 May 2011

Question: E11-482

OUTCOME 4: Aged care and Population Ageing

Topic: Climate Change

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Senator Boyce asked:

Type of information provided to Department of Climate Change and Energy Efficiency

Answer:

The Government has been working through the details of industry and household assistance for the proposed carbon tax to be implemented on 1 July 2012.

The Department of Health and Ageing has been working on some of these issues with the Department of Climate Change and Energy Efficiency (DCCEE). The main issues that have been discussed with the DCCEE relate to general information about residential aged care services such as funding and user charges arrangements, and the range and types of costs met by residents and providers.

On 10 July 2011, the Government announced its Household Assistance Package to support the carbon tax, including measures for aged care. Under this package, assistance will be provided to pensioners and Commonwealth Seniors Health Card holders through a new Clean Energy Supplement of \$338 per year for singles and \$510 per couples.

The package also includes measures to ensure that the compensation available to pensioners to offset the impact of a carbon tax is shared fairly between residents and providers, recognising that providers pay for most of residents' living costs including electricity bills.

The basic daily fee payable by a resident of an aged care facility to the provider will rise from 84 per cent to 85 per cent of the total basic pension amount, which will enable pensioners and Commonwealth Senior Health Card holders to retain almost half of the increase to the Pension Supplement. At the same time, aged care providers will receive additional funding to offset the cost impact of a price on carbon.

Residents who do not receive a pension or do not hold Commonwealth Senior Health Card will be protected from this increase. Their basic daily fee will remain at 84 per cent. A new Government supplement equal to 1 per cent of the basic pension will be paid to aged care homes in respect of these residents, to ensure these homes are able to generate the same level of income for these residents.