

**Senate Community Affairs Committee**  
**ANSWERS TO ESTIMATES QUESTIONS ON NOTICE**  
**SOCIAL SERVICES PORTFOLIO**  
**2014-15 Supplementary Estimates Hearings**

**Outcome Number:** 3- Ageing

**Question No:** 463

**Topic:** Pension Indexation

**Hansard Page:** Written

**Senator Polley** asked:

- a. In terms of changes to the indexation of the aged pension, has the Department undertaken any work on how this will impact on aged care provider revenue (noting that it is calculated at 85 per cent of the pension)?
- b. If so, will any work (including modelling) be provided to the Aged Care Sector Committee?
- c. If not, does the Department intend to undertake any calculations? Has the Department undertaken any work on alternative supplementary funding streams to be made available to make up for the shortfall resulting from changes to the indexation of the pension?

**Answer:**

The answer below addresses parts a), b) and c) of question 463.

The maximum rate of basic daily fee for most residents is calculated at 85 per cent of the basic Age Pension. This fee is intended to cover costs such as cleaning, maintenance and laundry. This is just one part of a residential aged care provider's revenue and, on average, accounts for around 20 per cent of total provider revenue.

Subject to the passage of legislation, from July 2017, the rate of Age Pension will be indexed by the Consumer Price Index only. As the Age Pension will continue to be indexed, the basic daily fee will also continue to increase. Departmental modelling indicates that, on average, increases in the basic daily fee account for less than 1 per cent of total provider revenue in a year.

This modelling has not been provided to the Aged Care Sector Committee.