

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Supplementary Budget Estimates 2016 - 2017, 19 October 2016

Ref No: SQ16-000535

OUTCOME: 6 - Ageing and Aged Care

Topic: Aged Care Funding Instrument

Type of Question: Written Question on Notice

Senator: Siewert, Rachel

Question:

With the 2015-16 MYEFO and 2016-17 budget cuts, and ACFI cuts in the last few years, the aged care sector has faced funding cuts of more than \$3 billion. How does the Government expect any sector to withstand such substantial funding cuts?

Answer:

The measures announced at MYEFO and Budget seek to mitigate the higher than anticipated growth in residential care expenditure.

Funding to the residential aged care sector will continue to grow in aggregate at an average of 5.1 per cent per annum over the forward estimates.

The sector has benefitted from major reforms in recent years, which include changes from 1 July 2014 of a 2.4% increase in subsidies, the deregulation of accommodation payments and the higher rate of Government accommodation supplement. These changes had a favourable impact on the sector and the impact of all these reforms need to also be considered.

It is important to note that the changes only apply to new Aged Care Funding Instrument appraisals or reappraisals from 1 January 2017.