



THE HON JUSTINE ELLIOT MP

Minister for Ageing

MEDIA RELEASE

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MINISTER FOR AGEING RELEASES QUEENSLAND AGED CARE DATA: \$5.4 BILLION OVER NEXT FOUR YEARS

Minister for Ageing, Mrs Justine Elliot today released financial data showing record Commonwealth financial support for Queensland aged care providers – totalling \$5.4 billion over the next four years.

Over the last 10 years, Queensland aged care providers received the highest level of increases in financial support in the nation – and their level of funding continues to grow under the Rudd Government.

Mrs Elliot cited recent projections from the Department of Health and Ageing which showed:

- Over the next four years, total aged and community care funding in Australia will reach record levels of **more than \$40 billion** -- with **\$28.6 billion of that on residential aged care** alone.
- **Of that, over the next four years from 2008-09 to 2011-12 the cumulative total to Queensland will be about \$5.4 billion alone;**
- This year (2008-09) Queensland aged care providers will receive more than \$1.2 billion. This represents an increase of more than eight per cent in the subsidy for a resident at the same level of frailty compared to 2007-08; and
- Queensland high-care providers recorded the highest returns in Australia after costs, in the order of \$10.31 per resident a day in 2005-06.

This financial support comes in addition to the Queensland Government – which in its 2008-2009 Budget – committed to exempt residential aged care providers from paying land tax totalling \$20 million over four years.

“This is about preparing Queensland for the challenges of our nation’s ageing population, looking after aged care residents and ensuring the long-term viability of the nursing home sector,” Mrs Elliot said.

The Federal Government released the data after a new grouping of Queensland aged care providers earlier this month claimed they need more financial support and claiming it was on the verge of financial ruin.

Mrs Elliott stressed there was scope for the Queensland aged sector to ensure to its own long-term future through industry re-structure, citing:

- Material from the Hogan's Review of Pricing Arrangements in Residential Aged Care found that, on average, Queensland aged care homes were the second most inefficient aged care homes after Victoria. (page 75 of the Final Report); and
- the Bentley's/James Underwood and Associates National Residential Aged Care Survey 2006-07 found that high-care aged care homes in Queensland made higher surpluses than high-care homes in all other jurisdictions (page 11).

(In Queensland, there are about 500 services, providing more than 30,000 residential places. Some 71 per cent of residential care providers in Queensland are not-for-profit which is above the national average of 61 per cent.)

In addition, historically, before the commencement of the Aged Care Act in October 1997 under the Howard Government nursing home subsidies were state-specific.

Before 1997, rates in Queensland were the lowest of all states, which was about 14 per cent below the national average. Over a nine year period, to 1 July 2007, all subsidies were moved to the national average. That occurred under the Howard Government.

This meant that Queensland subsidies were increased by substantially more than those of other states.

From 1 July 1998 to 1 July 2007, the Queensland subsidy for a Resident Classification Scheme 1 client (including CAP) was increased by 49.3 per cent - an increase of 4.6 per cent a year. It increased from \$89.74 a day to \$134 a day.

Now all jurisdictions get the same level of funding, but make no mistake, Queensland has had the biggest increase over the last decade. Because of these large increases in rate levels, Queensland is now getting an extra \$70 million a year in residential aged care subsidies.

Over the 10 years to June 2007, Queensland aged care providers received a cumulative total of about \$7.5 billion in subsidies. Over the next five years from 2007-08 to 2011-12 the cumulative total to Queensland will be about \$6.5 billion.

Mrs Elliot said: "I want to work with the Queensland aged care sector to ensure its long-term viability.

"We provide record funding, but they have to also improve their practices," Mrs Elliot said.

As suggested by most Bentley's MRI and Stewart Brown reports, there are more financial returns to be had if providers can improve their efficiency towards the levels achieved by those providers in the top quartile of economic performance.

"This Government is playing its part. No Federal government in Australian history has spent more on aged care and community care than this one. We are proud of our plans for aged and community care," Mrs Elliot said.

For more information, contact Mrs Elliot's office on (02) 6277 7280