



THE HON JUSTINE ELLIOT MP

Minister for Ageing

MEDIA RELEASE

30 June 2008

Annual Indexation Comes Into Effect on July 1 – A Further \$163 Million – Invested Into Australian Residential and Home Aged Care

From tomorrow (July 1), the annual indexation for residential care, community care and flexible care comes into effect – adding more than \$163 million in extra Commonwealth government funding.

Payments for residential aged care subsidies and supplements **will increase by \$152 million and community care subsidies by \$11 million.**

The increase is in line with the annual indexation arrangements as advised by the Department of Finance and Administration.

Over the next four years, funding for aged and community care will reach record levels of more than \$40 billion -- with \$28.6 billion of that on residential aged care alone.

Funding to aged and community care in Australia has experienced the largest single increase in a single year - 10.4 per cent for the 2008-09 budget year.

“Make no mistake, no 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,” the Minister for Ageing, Mrs Justine Elliot said.

“This is about planning for Australia’s future and the challenges of the 21st century.

“We want to ensure that older Australians can live independent lives and age in their own homes, but also have the option to enter aged care homes if they need to,” Mrs Elliot said.

The indexation will increase aged care subsidies by 2.3 per cent over the coming year. This indexation is in **addition to the Conditional Adjustment Payment** funded in the budget which was increased to a level of 8.75 per cent, increasing residential care funding more than \$94 million in 2008-09.

The Aged Care Funding Instrument (ACFI) and related funding changes implemented on 20 March 2008 provide a further increase from the Commonwealth of more than \$267 million in residential care funding for 2008-09.

When all Government initiatives are taken together, there is a substantial real increase in funding for the residential aged care sector in 2008-09.

This substantial increase in per-resident funding means that total Commonwealth residential care payments are set to increase by 10.4 per cent in 2008-09 to an estimated total of more than \$6.7 billion.

This increase in funding also provides for an increase in the number of beds funded in aged care homes.

The Australian Government will provide a total of \$526 million for community aged care packages in 2008-09, an increase of more than \$82 million or more than 18 per cent over 2007-08.

This large increase in funding also provides for an increase in the number of older people assisted to stay independently in their own homes.

Increased subsidy rates are also applied to flexible care services, including the Extended Aged Care at Home (EACH) and EACH-Dementia packages.

This means an increase in funding for 2008-09 of more than \$4 million. Flexible care subsidy payments total \$410 million for 2008-09.

The size of increased funding for aged care underscores the Government's commitment to the long-term viability of Australia's aged care sector and the protection of the nation's frail and elderly.

Ageing in Australia

Australia has the second longest life expectancy after the Japanese.

About 13 per cent of our population (some 2.8 million people) is aged 65 years or older.

This is expected to rise to 18 per cent by 2021 and to 26 per cent (around 7 million people) in 2051. The number of people aged over 80 will almost double over the next 20 years.

Currently, there are 2,860 Australians over the age of 100 and that is expected to increase to 78,000 by 2055.

There are 2,870 aged care facilities in Australia, providing 170,000 residential beds.

For more information, contact Mrs Elliot's office on (02) 6277 7280 or 0415 359 023