



THE HON JUSTINE ELLIOT MP

Minister for Ageing

MEDIA RELEASE

22 March 2008

JE 08/21

\$300 million zero real interest loans – attracting proven providers to Australia's areas of high need for aged care beds

The Federal Government today announced it will deliver on its election commitment to provide \$300 million in zero real interest loans for aged care providers to build or expand aged care beds in areas of "high need".

The plan is expected to create 2,500 permanent residential aged care places in areas of "high need" such as regional and "undersupplied" areas.

This is about finding new ways to get proven providers – through low cost finance – to establish aged care services in areas where they were previously unlikely to invest.

It is also about preparing Australia for the challenges of the 21st century and our nation's long-term needs.

Australia is facing a demographic shift. Australians now have one of the world's longest life expectancy rates, outliving Swedes, Norwegians and Finns. Australia will change forever.

An Australian born today can expect to live to reach 80.9 years of age; it is 78.5 years for a man and 83.3 for a woman.

Currently, there are 1.9 million Australians aged 70 and over, comprising 9.3 per cent of the population. Within 40 years the number of people aged over 65 will almost triple, from 2.8 million today to around 7.2 million in 2047, or from around 13 per cent of the population today to over 25 per cent.

For the last 12 years, the previous Government neglected aged care and the needs of older Australians.

Federal Cabinet recently approved the delivery plan of the zero real interest loans.

The three-part delivery plan comprises:

- Stage One: An initial \$150 million zero real interest loans for up to 1,250 residential aged care places provided by the Commonwealth;
- A review and evaluation within 18 months* – to determine the implementation arrangements for the remaining 1,250 places; and
- Stage Two: providing the second set of 1,250 places - \$150 million zero real interest loans.

(*The 18 month review will take into account the effectiveness of the plan and the definition of areas of high need.)

In September 2007, Federal Labor made the pledge in its **New Directions for Older Australians: Zero Real Interest Loans for New Residential Aged Care Beds in Area of High Need** document.

The pledge was in response to the 12 years of neglect of aged care in Australia by the previous government and Australia's rapidly ageing population due to advances in health and medicine contributing to the longevity of those born between the world wars.

To ensure accountability and transparency, the Department of Health and Ageing will independently assess the applications and oversee the application process for the zero real interest loans.

Guidelines, definitions of "high need" and criteria for the zero real interest loans are recommended by the Department of Health and Ageing.

Applications for Stage One will begin next month and will be processed by the department's Ageing and Aged Care Division.

Department of Health and Ageing's eligibility criteria for the provider include:

- A good past record as an existing provider;
- A sound record of developing new services in a timely manner;
- Sound financial viability;
- A willingness to provide aged care services in the identified areas of high need and address any additional identified care needs; and
- The ability to access a suitable site.

State and territory government entities will be permitted to apply for the loans as in some small regional centres and rural and remote areas they are the only operators.

The loans are over 12 years and will target parts of Queensland, the Northern Territory, NSW, Victoria, Western Australia and South Australia. All of the Northern Territory (with special attention to Aboriginal needs) and Tasmania are targeted.

The department's areas of need are as follows:

- In general, areas selected are non-metropolitan regions with operational residential aged care ratios below the current national target ratio of 88 residential places per 1000 people aged 70 years and over and where there are not a large number of recently allocated places already under development;
- While in general metropolitan areas have been excluded, included are those metropolitan areas in Perth which failed to attract a sufficient number of quality applications in recent Aged Care Approvals Rounds (ACAR) to allocate all available places, and which have large indicative release in future years;
- All of Tasmania has been included because of the inability to allocate all available places in the previous ACAR;
- Some non-metropolitan regions with higher ratios have been included because of the high proportion of indigenous people who require care at an earlier age; and
- In some larger non-metropolitan regions, specific geographic locations within those regions have been targeted where there are particular areas of undersupply.

The department will not advertise set numbers of places in particular areas. Providers will be able to apply for both high and low care residential places and for community care places as part of an overall application to set up services in targeted locations.

Applications will open in early April and forms will be available from the Department of Health and Ageing and on the website.

Aged Care in Australia – the facts

The Department of Health and Ageing oversees more than 2870 accredited nursing homes with 167,070 aged care beds across Australia.

Details: Office of Justine Elliot – (02) 6277-7280 or Kylie Rose – 0447 492 206