



Policy costing

50,000 additional home care packages and \$3 billion for increased hours of care

Party:

Australian Greens

Summary of proposal:

- Component 1 – Progressively increase the number of places under the Home Care Packages Program over time, as follows:
 - 15,000 Level 3 and 15,000 Level 4 packages would be added in the proposal’s first year
 - 5,000 Level 3 and 5,000 Level 4 packages would be added in the proposal’s second year
 - 5,000 Level 3 and 5,000 Level 4 packages would be added in the proposal’s third year.These changes would mean that a total of 50,000 additional ongoing packages would be provided from the third year of the proposal.
- Component 2 – Provide capped funding of \$3 billion evenly over four years into a fund that would contribute to meeting the cost of:
 - increasing pay for aged care workers by 15 per cent over three years
 - increasing the hours of care provided to each patient per day to four hours and eighteen minutes
 - increasing staff-to-patient ratios to ensure an adequate level of care, including a minimum of one registered nurse rostered 24 hours per day, seven days per week
 - monitoring mandatory reporting on the use of chemical and physical restraints in aged care facilities
 - conducting a full independent review of the Aged Care Funding Instrument.

The proposal would have effect from 1 July 2019.

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$9,301 million over the 2019-20 Budget forward estimates period. This impact is largely due to an increase in administered expenses. A relatively small amount of departmental expenses was included to administer the fund. Given the exact nature of the mandatory reporting and review are unknown, a proportion of the fund that the Parliamentary Budget Office (PBO) has assumed to be administered expenditure could ultimately be departmental expenditure instead.

The proposal would be expected to have an ongoing impact which extends beyond the 2019-20 Budget forward estimates period. Detailed financial implications for the proposal over the period to 2029-30 are included in [Attachment A](#).

Departmental expenses to administer funding for the increased number of home care packages would not be expected to be significant and have not been included. This is because the cost of managing people receiving Level 3 and Level 4 packages is expected to be similar to the cost of managing people waiting in the queue to receive these packages. Departmental expenses were included to implement Component 2 of the proposal.

The estimated financial implications of this proposal are based on administrative data on the average cost of a home care package, sourced from the Department of Health.

The estimates are sensitive to uptake and service utilisation assumptions, which are based on the current operation of the program. The PBO has not undertaken an assessment as to whether the capped funding under Component 2 of the proposal would be sufficient to achieve the specifically listed objectives.

Table 1: Financial implications (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-1,840	-2,217	-2,607	-2,636	-9,301
Underlying cash balance	-1,840	-2,217	-2,607	-2,636	-9,301

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

Key assumptions

The PBO has made the following assumptions in costing this proposal.

- All new Level 3 and Level 4 packages would be taken up as soon as they become available by eligible recipients currently on the national package queue to receive these packages.
- All new Level 3 and Level 4 packages would be used for the same number of days each year as current Level 3 and Level 4 packages.

Methodology

Administered expense estimates for the additional packages were calculated by multiplying the increased number of packages each year by the expected average cost of a Level 3 or Level 4 package in that year. Administered expenses for Component 2 of the proposal reflect the specified capped funding amount.

Departmental expense estimates reflect the PBO’s judgement on what it would cost to administer the fund under Component 2 of the proposal.

All estimates have been rounded to the nearest \$1 million.

Data sources

The Department of Health provided the home care estimates model as at the 2019 Pre-election Economic and Fiscal Outlook.

The Department of Finance provided wage cost index and efficiency dividend data as at the 2019 Pre-election Economic and Fiscal Outlook.

Attachment A – 50,000 additional home care packages and \$3 billion for increased hours of care – financial implications

Table A1: 50,000 additional home care packages and \$3 billion for increased hours of care – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
Expenses													
Administered													
<i>Component 1 – Additional Level 3 home care packages</i>	-411	-554	-702	-713	-726	-735	-747	-758	-772	-782	-793	-2,380	-7,692
<i>Component 1 – Additional Level 4 home care packages</i>	-676	-910	-1,153	-1,171	-1,199	-1,215	-1,233	-1,252	-1,275	-1,291	-1,311	-3,910	-12,686
<i>Component 2 – Capped funding</i>	-750	-750	-750	-750	-	-	-	-	-	-	-	-3,000	-3,000
Total – administered	-1,837	-2,214	-2,605	-2,634	-1,925	-1,950	-1,980	-2,010	-2,047	-2,073	-2,104	-9,290	-23,378
Departmental													
<i>Component 2 – Capped funding</i>	-3	-3	-2	-2	-	-	-	-	-	-	-	-11	-11
Total – departmental	-1,840	-2,217	-2,607	-2,636	-1,925	-1,950	-1,980	-2,010	-2,047	-2,073	-2,104	-9,301	-23,389
Total – expenses	-1,840	-2,217	-2,607	-2,636	-1,925	-1,950	-1,980	-2,010	-2,047	-2,073	-2,104	-9,301	-23,389

- (a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- (b) Figures may not sum to totals due to rounding.
- Indicates nil.