



Residential aged care services and sustainability (Pillar 2 of the Royal Commission response) – Residential care funding uplift

In response to the Aged Care Royal Commission, the Australian Government will support residential care by investing \$3.2 billion over 5 years from 2020–2021. This is in addition to the \$3.9 billion funding for mandatory care times and standards. The total increase in funding for residential aged care in response to the Royal Commission will be \$7.8 billion.

From 1 July 2021, a new Government Basic Daily Fee (BDF) supplement of \$10 per resident per day, and continuation of previous 30% increases in the homeless and viability supplements, will support providers to deliver better care and services to residents.

From October 2022, these payments will be rolled into the new Australian National Aged Care Classification (AN-ACC) funding model on an ongoing basis.

To commence receiving the new Government BDF Supplement, providers will need to report on the adequacy of daily living services (such as food, linen, cleaning) they provide, with a particular focus on nutrition. This quality reporting will support the star rating system.

The additional investment will build on the previously announced \$189.8 million investment in residential care to support the increased viability of the sector for the remainder of 2020–21.

Why is this important?

This measure will directly address recommendations from the Aged Care Royal Commission, which sought immediate changes to introduce a Government paid BDF supplement and amendments to the viability and homeless supplement respectively (recommendations 112 and 113).

The increase in funding will support the residential care sector to deliver improved care and services to senior Australians accessing residential aged care.

Continuing the 30% increase to the homeless and viability supplements in residential care supports care in rural and remote areas, and those who access specialist homeless providers.

This measure supports either fully or in part *Recommendations 112 and 113* of the Royal Commission's final report.

Who will benefit?

This funding uplift will support the delivery of better care and services to the 240,000 senior Australians accessing residential aged care each year, maintaining choice and

accessibility to the care and services they need. It will also assist 67,000 senior Australians who access residential respite care each year.

The new Government BDF Supplement will support all residential care providers to deliver better care and services. The increase to the Homeless Supplement will support delivery of care to residents in 19 providers across 40 residential services. The increase to the Viability Supplement will support delivery of care to residents across 227 providers and 455 services.

How much will this cost?

The Australian Government will invest \$3.2 billion over 5 years, from 2020–2021.