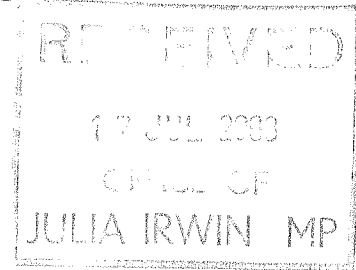




received 21. 7. 08

**THE HON JUSTINE ELLIOT MP
MINISTER FOR AGEING**



Mrs Julia Irwin MP
Chair
Standing Committee on Petitions
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mrs *Julia* Irwin

Thank you for your letter of 27 May 2008 to the Minister for Health and Ageing, the Hon Nicola Roxon MP, enclosing a petition about the shortage of residential aged care beds and Community Aged Care Packages (CACPs) in the Hunter and Central Coast aged care planning regions of New South Wales. Your letter has been referred to me as the Minister for Ageing.

The Australian Government is delivering a number of election commitments directed at improving the provision of aged care services, particularly in areas of high need.

The New Directions for Older Australians: Improving the transition between hospital and aged care package committed to provide up to \$300 million in zero real interest loans to residential aged care providers to build or expand residential aged care and respite facilities in areas of high need. The aim of the commitment is to find new ways to get proven providers through low cost finance to establish aged care services in which they were previously unlikely to invest.

On 22 March 2008, I released details of the plan to give effect to the commitment and the areas of high need. These high need areas include the Central Coast aged care planning region. Applications for the 2008 Loans Round closed on 6 June 2008 and the results of the Round are expected to be announced in August 2008.

The aged care planning region of Hunter was not identified as an area of high need for the 2008 Loans Round because this region is already highly contested during the course of the annual Aged Care Approvals Rounds. In the 2007 Aged Care Approvals Round, all 165 residential aged care places that were available for allocation in the Hunter aged care planning region were allocated, together with 100 CACPs. Some 420 residential aged care places and 110 community aged care places are estimated to be released to the Hunter region over the next two years.

The petition also raises the issue of the sufficiency of capital and recurrent funding. The Government has demonstrated its commitment to the long-term viability of the aged care sector by increasing the level of the Conditional Adjustment Payment (CAP) by 1.75 per cent from 7.0 per cent to 8.75 per cent of the basic aged care subsidy, meaning an additional \$407.6 million over four years for the aged care sector and bringing total CAP payments over the next four years to \$2 billion. Over the next four years, funding for aged and community care will reach a record level of more than \$40 billion; with total Commonwealth investment in residential aged care subsidies up to \$28.6 billion. This includes the \$1.13 billion (over four years) in additional funding flowing from the reforms to the residential aged care system introduced on 20 March 2008.

Under these changes, aged care homes that provide high care will receive more money in accommodation payments from the Government, some residents, or from a combination of both. Homes use this money to provide buildings and amenities for high care and other residents. The introduction on 20 March 2008 of the new Aged Care Funding Instrument, which replaces the Resident Classification Scale, will also streamline the ongoing assessment of residents, thereby allowing the delivery of better care and significantly reduce red tape.

The petition also raises the issue of wages within the aged care sector. The Government is not responsible for determining wages and conditions for staff in the aged care sector. In general these are agreed between employers and employees under a variety of industrial instruments. This means that the pay rates of aged care nurses and other staff can vary from employer to employer in aged care homes.

In addition, the base pay levels for nurses in aged care homes can vary between States and Territories. These variations across different States and Territories are not due to differences in Australian Government funding for aged care, as aged care payments do not vary according to State or Territory.

I trust that the above information is of use in responding to the petition.

Yours sincerely

JUSTINE ELLIOT

3/7/08