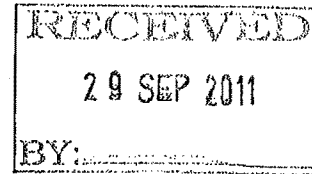




**THE HON MARK BUTLER MP
MINISTER FOR MENTAL HEALTH AND AGEING**

The Hon John Murphy MP
Chair
Standing Committee on Petitions
PO Box 6021
Parliament House
CANBERRA ACT 2600



Dear Mr Murphy

Thank you for your letter of 25 August 2011 to the Minister for Health and Ageing, the Hon Nicola Roxon MP, regarding the petition on the matter of the Productivity Commission's Final Report, *Caring for Older Australians*. Your letter has been referred to me as the Minister for Mental Health and Ageing.

I have enclosed a formal response to the subject of the petition for the consideration of the Standing Committee on Petitions.

I appreciate you bringing the contents of the petition to the Australian Government's attention and trust that the enclosed information assists the House in responding.

Yours sincerely

MARK BUTLER

22 SEP 2011

Encl

TO THE HONOURABLE THE SPEAKER AND MEMBERS OF THE HOUSE OF REPRESENTATIVES

This petition of concerned citizens of Australia draws to the attention of the House the extension of asset testing of the family home for aged care services. The Productivity Commission has recommended that the family home be used in wealth assessments to determine the level of care and accommodation fees applicable to the care recipient. The Productivity Commission has recommended that bonds be extended to high care places and that reverse mortgages be installed as a funding mechanism for residential aged care and home and community care.

We therefore ask the House to oppose these recommendations that will see older people selling or reverse mortgaging their home to access aged care services.

Response:

The Productivity Commission's Final Report, *Caring for Older Australians*, was released on 8 August 2011 and includes proposals for extensive reform of Australia's aged care system. A copy of the report is available on the Productivity Commission's website at www.pc.gov.au

The Australian Government recognises the need for fundamental reform of the aged care system in order to ensure that it continues to provide high quality care and can respond to the needs of Australia's ageing population in a way that is sustainable for the future. The Government is already implementing reforms to the aged care system through a range of initiatives under National Health Reform. Further reform is necessary, however, which is why the Government asked the Productivity Commission to undertake its inquiry into aged care. The Commission's report will be helpful in informing the way forward.

The Commission's report presents an integrated reform package and at this early stage it would be inappropriate to rule anything in or out. In formulating its response, the Government will be guided by four overarching principles.

Firstly, older Australians have earned the right to be able to access quality care and support that is appropriate to their needs, when they need it. Secondly, older Australians deserve greater choice and control over their care arrangements than the system currently gives them. Thirdly, funding arrangements for aged care must be sustainable and fair for both older Australians and for the broader community. Finally, older Australians deserve to receive quality care from an appropriately skilled workforce.

In developing its response to the Productivity Commission's report, the Government will be meeting with key stakeholders and has also started a national conversation with older Australians, their families and carers on the ageing reform agenda at forums across the country.

Over the coming few months, I will be visiting capital cities and regional towns across Australia to listen to the views of older Australians, their families and carers about the Commission's recommendations as well as ideas for positive and healthy ageing. Further information on the national conversation is available on my blog at <http://agedcareconversations.govspace.gov.au>