

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO
2014-15 Additional Estimates Hearings

Outcome Number: 3.4 Residential and Flexible Care

Question No: SQ15-000224

Topic: Payroll Tax Supplement

Hansard page: Written

Senator Polley, Helen asked:

1. Can you provide data on how many private providers on the cusp of viability have been affected by the removal of the aged care payroll tax supplement, a supplement designed to create competitive neutrality across residential aged care?
2. What steps have you taken to mitigate loss and ensure facilities can still operate, especially in regional areas where the loss is likely to be greater?

Answer:

1&2. The Government provides significant funding to aged care with total sector funding of \$15.3 billion estimated in 2014-15. The impact of the cessation of payroll tax supplement needs be considered in the context of broader reforms:

- From 1 July 2014, a 20 per cent increase to the viability supplement was paid to improve the capacity of residential and home care providers in regional, rural and remote areas to provide quality aged care services. Approximately \$27.9 million will be paid to these providers through the increase to the viability supplement, over four years from 2014-15.
- The redirection of the former government's aged care workforce supplement will result in \$1.5 billion being redirected into the general pool of aged care funding over five years from 2013-14, an increase of 2.4% in general funding.
- The accommodation supplement has risen from \$34.20 a day to \$53.39 a day for facilities that are newly built or significantly refurbished
- Providers are also benefiting from the deregulation of accommodation pricing with lump sums allowed in high care and the removal of caps on daily charges.

The monitoring by the Aged Care Funding Authority on the impacts of the 1 July 2014 reforms show positive impacts on the sector in aggregate from the reforms, including regional providers.