

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
Social Services Portfolio
2014-15 Budget Estimates Hearings

Outcome Number: 3

Question No: 454

Topic: Residential and Flexible Care - Pension indexation changes

Hansard Page: Written

Senator Polley asked:

Given that aged care revenue is worked out at 85 per cent of the aged pension, what modelling was undertaken prior to the Budget to determine the impact on residential aged care income?

- a. If the answer is none, what modelling has been undertaken since the Budget?
- b. If the answer to a. is none, what modelling is planned to be done?

Answer:

The maximum rate of basic daily fee for most residents is calculated at 85 per cent of the basic Age Pension. This fee is intended to cover costs such as cleaning, maintenance and laundry. This is just one part of a residential aged care provider's revenue and, on average, accounts for around 20 per cent of total provider revenue.

From July 2017, the rate of Age Pension will be indexed by the Consumer Price Index only. As the Age Pension will continue to be indexed, the basic daily fee will also continue to increase. Departmental modelling indicates that, on average, increases in the basic daily fee account for less than 1 per cent of total provider revenue in a year.