



Jane Thompson
Committee Secretary
Senate Standing Committee on Finance and Public Administration
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Ms Thompson

Re: Senate Finance and Public Administration Committee Inquiry into Residential and Community Aged Care in Australia

On 14 October 2008, the Senate referred to the Finance and Public Administration Committee (the Committee) several issues concerning the funding, planning, allocation, capital and equity of residential and community aged care in Australia.

The Public Advocate-Queensland was invited to make a submission to the Committee. The Public Advocate submitted a submission to the Committee on 21 January 2009.

Subsequently, the Public Advocate was invited to appear before the Senate Committee Hearing in Brisbane on 7 April 2009. At the Hearing, the Committee asked the Public Advocate to clarify the contents of a paragraph made in the Public Advocate's submission to the Committee, that:

... it is estimated that under the Aged Care Funding Instrument (ACFI), introduced on 20 March 2008 as the primary Commonwealth residential aged care funding mechanism, the Commonwealth subsidy received for Queensland Health's residential aged care services will decrease from \$55 million in 2008-2009 to between \$45 and \$50 million when the full effects of the new funding mechanism take effect.

The assertion made in this paragraph was based on information in Queensland Health's submission to the Committee. I apologise that this was not disclosed on the face of the OPA submission, through oversight.

The point being made is that in 2008, the *Aged Care Act 1997* was amended to enhance the funding instrument that determines the subsidies paid to all residential aged care facilities (both government and non-government services) from the Residential Classification Scale (RCS) to the Aged Care Funding Instrument (ACFI). The amendments allowed for a staged introduction of the ACFI so that, for example, only new residents entering a service after the implementation date were assessed and funded under the ACFI.

The ACFI and the RCS are very different funding instruments and are not readily comparable. However, the only way to make some judgments about the future funding is to apply the funding instrument to a sample of existing residents and extrapolate the results.

The Public Advocate is an independent statutory appointment.

Due to the grand-parenting provisions, service providers, including Queensland Health, will not know the real effects of the instrument change until a significant proportion of its residents are funded under the ACFI. At the time that statement quoted above was made, the ACFI had only been in place for eight months, and the estimate of the decrease in funding was based on an extrapolation of calculations in relation to a sample of existing residents. A more accurate assessment of the actual impact of the change in funding instrument will emerge after the end of this financial year.

Hopefully, this discussion clarifies the contents of the paragraph in question.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michelle Howard', written over a horizontal line.

Michelle Howard
Public Advocate-Queensland

21 APR 2009