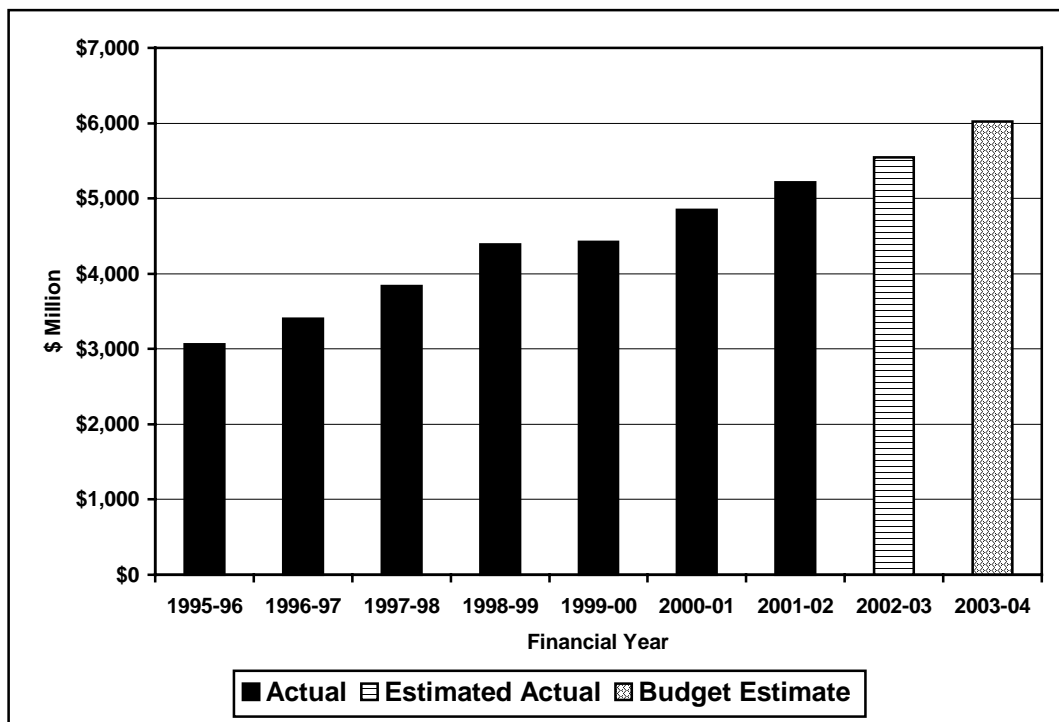




GROWTH IN COMMONWEALTH FUNDING FOR AGED CARE

Total Commonwealth Government funding for aged and community care has grown from some **\$3.0 billion** in 1995-96 to a projected **\$6.0 billion** next year (2003-04) – an increase of around 100 per cent. The 2003-04 Budget represents an increase of \$330 million over the 2002-03 Budget outlay of \$5.7 billion (Figure 1).

Figure 1. Total Outcome 3 Funding 1995-96 to 2003-04



Note: The \$6 billion in budgeted funding for aged and community care for 2003-04 includes some \$5.3 billion in the Health and Ageing Portfolio Budget Statements, and a \$683 million contribution to the residential care of veterans which appears in the Veterans' Affairs Portfolio Budget Statements.



Figure 2. Commonwealth Expenditure on Aged Residential and Community Care, 1995-96 to 2003-04

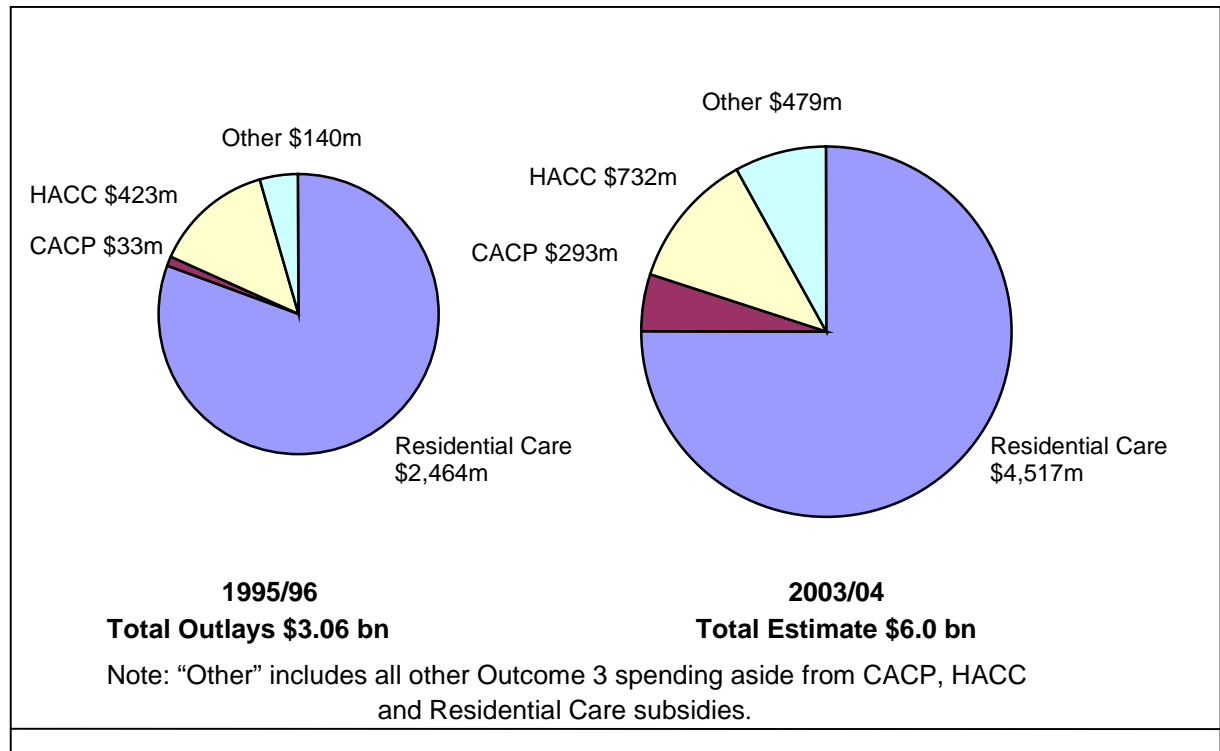


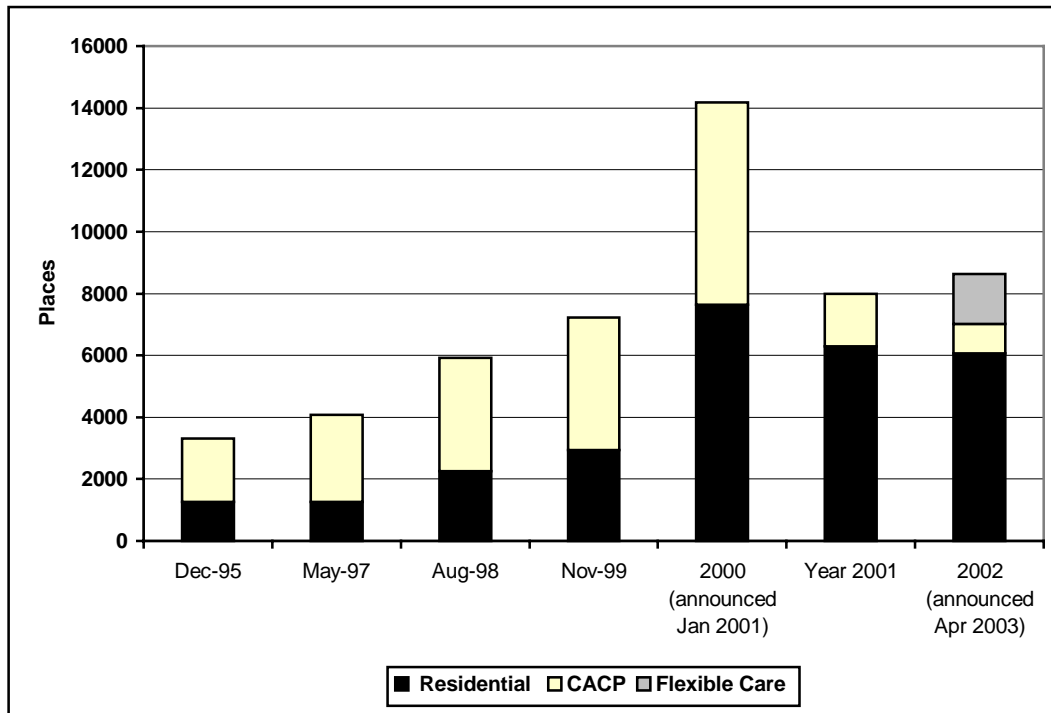
Figure 2 shows the changing composition within this total growth in funding.

The Commonwealth Government has emphasised non-residential care options for older Australians including Home and Community Care (HACC) and Community Aged Care Packages (CACP) as well as respite funding, dementia support, support for carers and other programs to support frail older people in the community.

The total growth in HACC plus CACPs over the seven years since 1995-96 is some **125 per cent.**



Figure 3. Number of new approvals of aged care places and community aged care packages, 1995 to 2002



New allocations of aged care places are a significant driver of increased expenditure on aged care. Residential places and Community Aged Care Packages are increased directly in line with growth in the population of older Australians aged 70 or older.

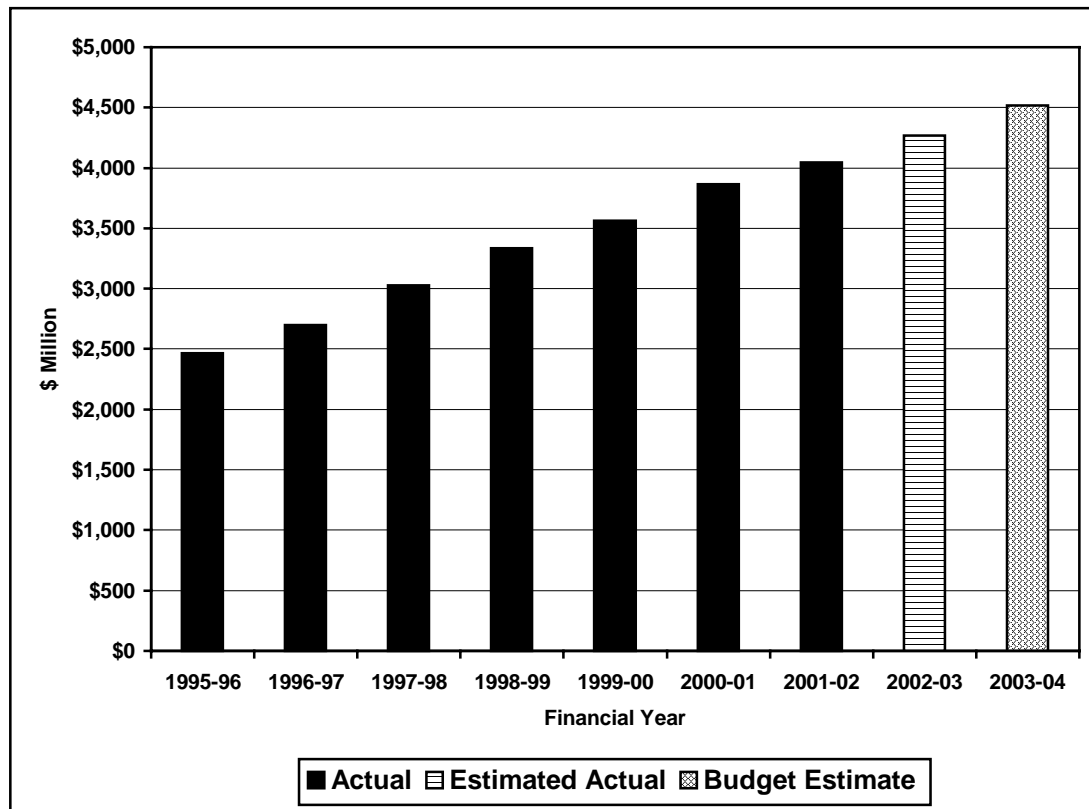
Figure 3 shows the release of new places since 1995. The Figure shows significant increases in allocations of places as the Commonwealth Government has met and exceeded the target ratio of 100 aged care places for every 1000 persons aged seventy or older.

There are currently 108 allocated aged care places for every 1000 older Australians.

An additional 8,624 new places worth an estimated \$186 million in 2003-04 were announced recently for allocation in the 2003 Aged Care Approvals Round, bringing the total number of places allocated over the last five years to **more than 52,700**. This forms part of the Commonwealth Government's election commitment to increase total places to 200,000 by June 2006.



Figure 4. Residential Care Funding 1995-96 to 2003-04



	2002-03 \$m	2003-04 \$m	Increase \$m	Increase %
Increase in Residential Aged Care spending	4,268	4,517	249	5.8

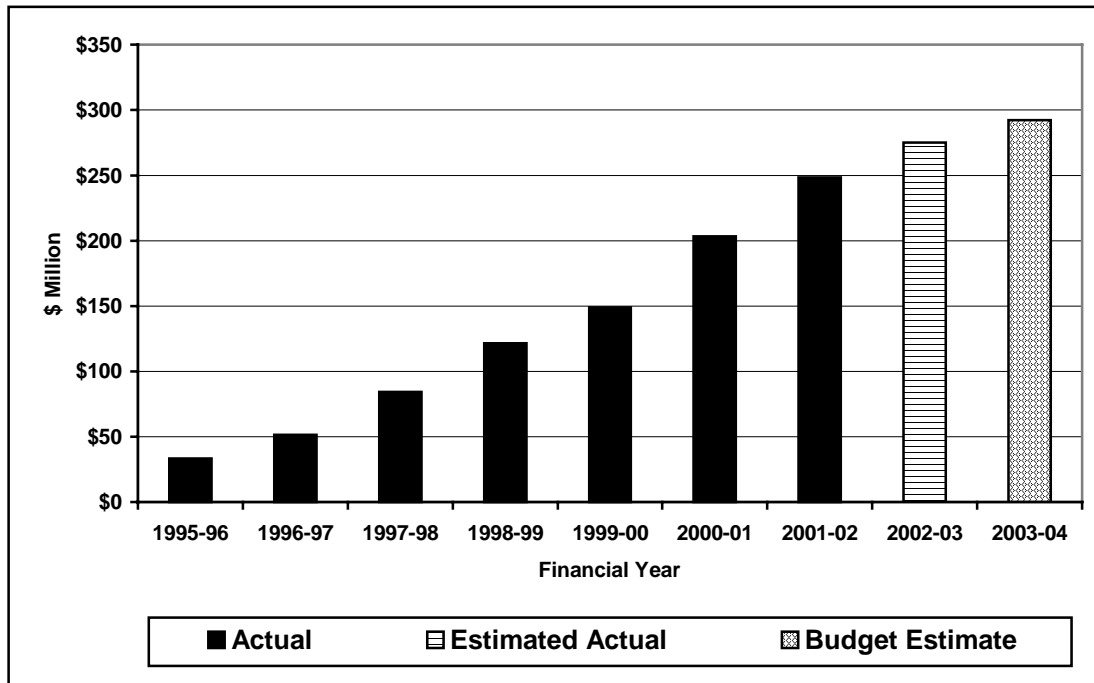
Residential care funding paid by the Commonwealth will rise from **\$2.5 billion** in 1995-96 to **\$4.5 billion** next financial year (2003-04), an increase of \$2 billion (Figure 5). This includes funding appropriated through the Health and Ageing portfolio (\$3.8 billion in 2003-04) as well as funding for veterans in residential care appropriated through the Veterans' Affairs portfolio (totalling \$683 million next year). These combined appropriations are paid as subsidies to aged care homes through the Health and Ageing payment system.

Total Residential Aged Care funding will increase by over \$249 million from 2002-03 to 2003-04.

This significant funding growth is not presented as a Budget measure each year because it is a special appropriation which is legislated for under the *Aged Care Act 1997*. This special appropriation provides for ongoing growth in the program. As such, annual funding increases are not separately announced as growth in budget funding. They are, however, real increases in Commonwealth Government funding for Residential Aged Care. This growth is presented in the Health and Ageing and Veterans' Affairs Portfolio Budget Statements respectively.



Figure 5. Community Aged Care Package Funding 1995-96 to 2003-04



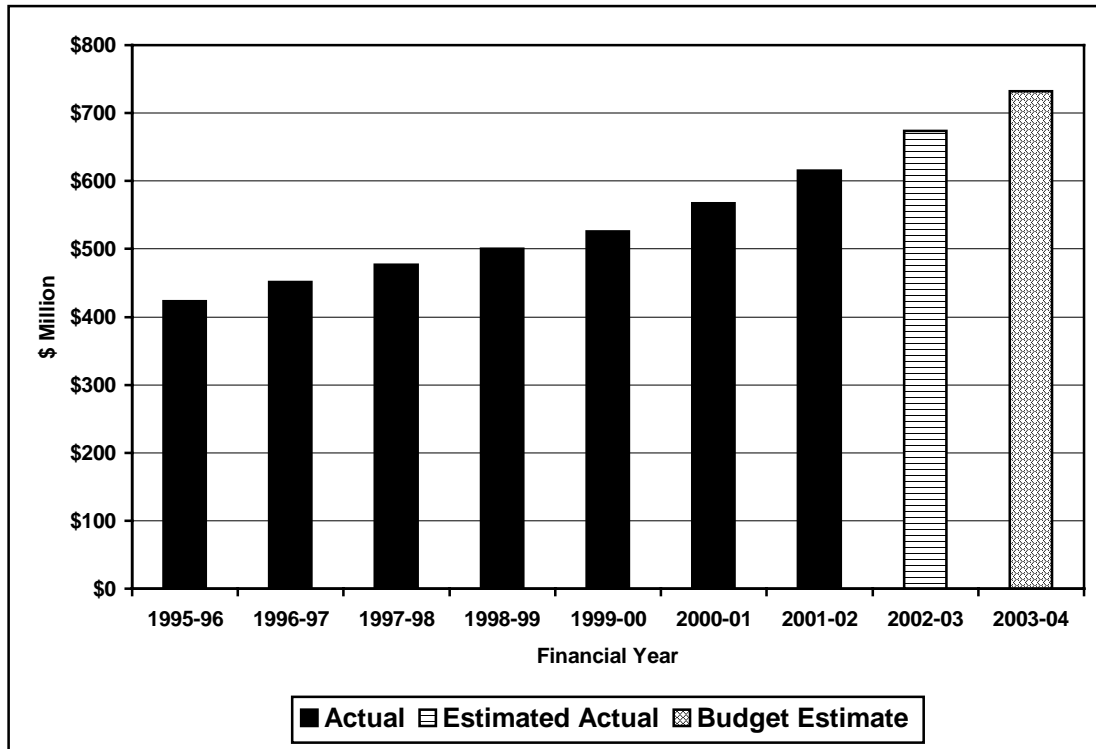
	2002-03 \$m	2003-04 \$m	Increase \$m	Increase %
Increase in Community Aged Care Packages	275.3	292.3	17.0	6.2

Figure 5 shows a more than eightfold increase in funding for Community Aged Care Packages (CACPs) injected by the Government since 1995-96 – an increase from **\$33.1 million** in 1995-96 to **\$292.3 million** next year (2003-04). As a result of the allocation of new places shown in Figure 3 above (inter alia) the expenditure on CACPs is continuing to rise strongly from a budgeted \$275.3 million in 2002-03 to \$292.3 million in 2003-04 – growth of \$17.0 million or 6.2 per cent in a year.

This reflects the Commonwealth Government’s emphasis on supporting frail older people at home in the community for as long as possible in line with the aspirations of older Australians (also see Figure 2).



Figure 6. Commonwealth Home and Community Care Funding 1995-96 to 2003-04



	2002-03 \$m	2003-04 \$m	Increase \$m	Increase %
Increase in Home and Community Care	674.1	732.4	58.3	8.6

Commonwealth funding for Home and Community Care (HACC) has also grown very significantly – from **\$423.2 million** in 1995-96 to **\$732.4 million** in 2003-04 – an increase of \$309.2 million or more than 70 per cent (see Figure 6).

HACC will continue to grow strongly in funding next year with an increase of \$58.3 million or 8.6 per cent in Commonwealth funding.

The Commonwealth provides some 60 per cent of all HACC funding with the balance contributed by States and Territories. If all the States and Territories provide their share of funding, the total funding for HACC will exceed \$1.2 billion next year (2003-04).

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