



Australian Government
Department of Social Services



Financial Implications of Reforms – Update from DSS

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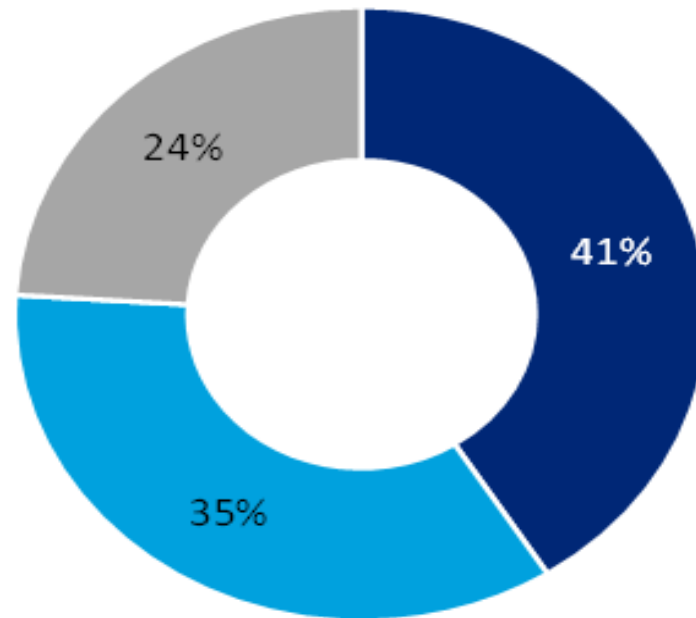
Overview

- Choice of Accommodation Payments
- Price Publishing
- Trends in entry to care and occupancy
- Means Testing
- Higher Accommodation Supplement
- Investment activity and sentiment
- Update on Financial Reporting

The Key Changes

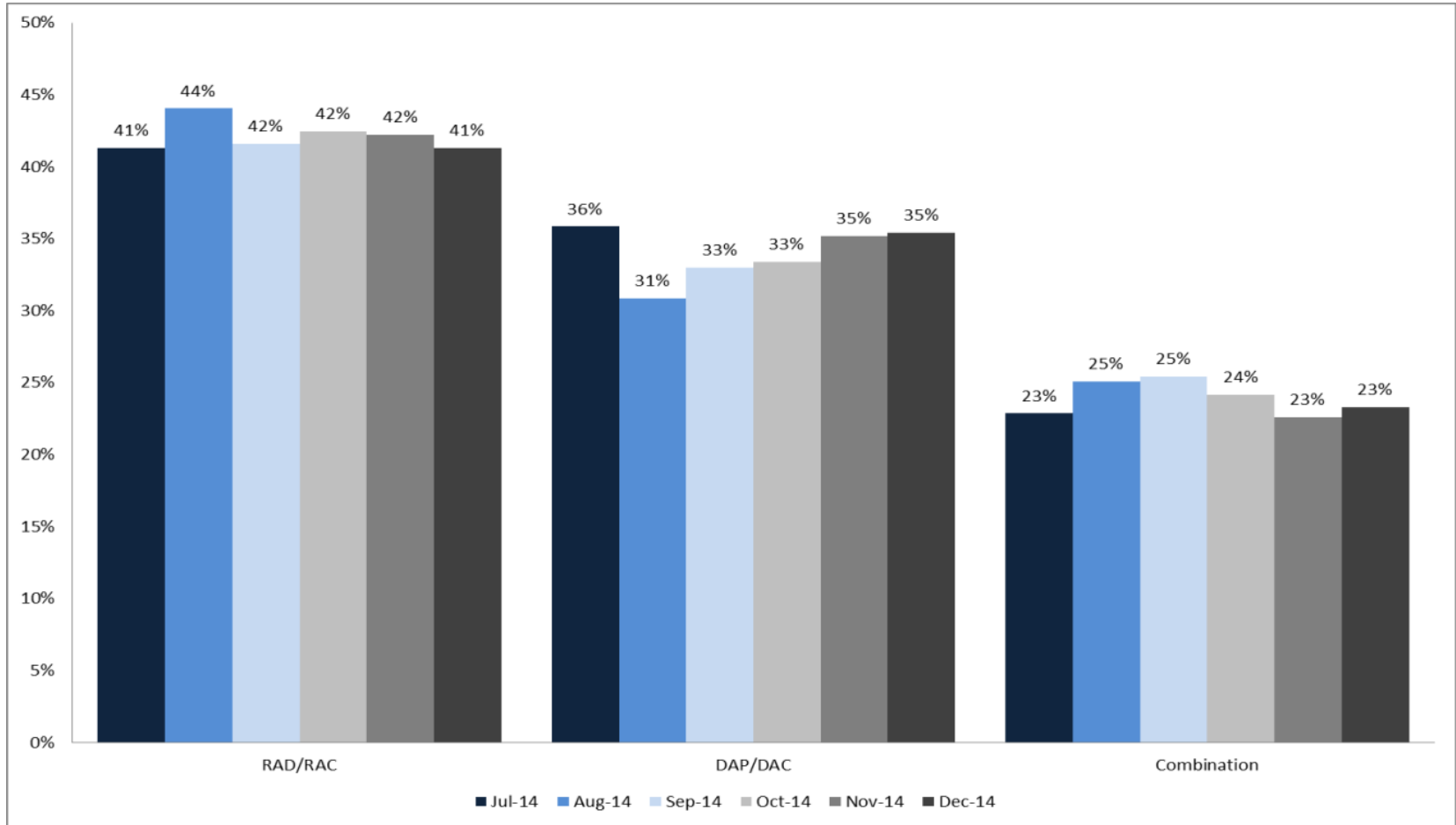
- From highly regulated accommodation pricing, with high care daily charges capped and lump sums prohibited in non extra service, to market based system.
- Consumer driven choice of payment method – lump sum, periodic or combination.
- Price transparency with all prices published
- More comprehensive means testing of consumer contributions
- Higher accommodation supplement for residents with lower means in significantly refurbished or new facilities
- Additional ‘opt in opt out’ service offerings

Accommodation Payments – what have we seen in payment type?

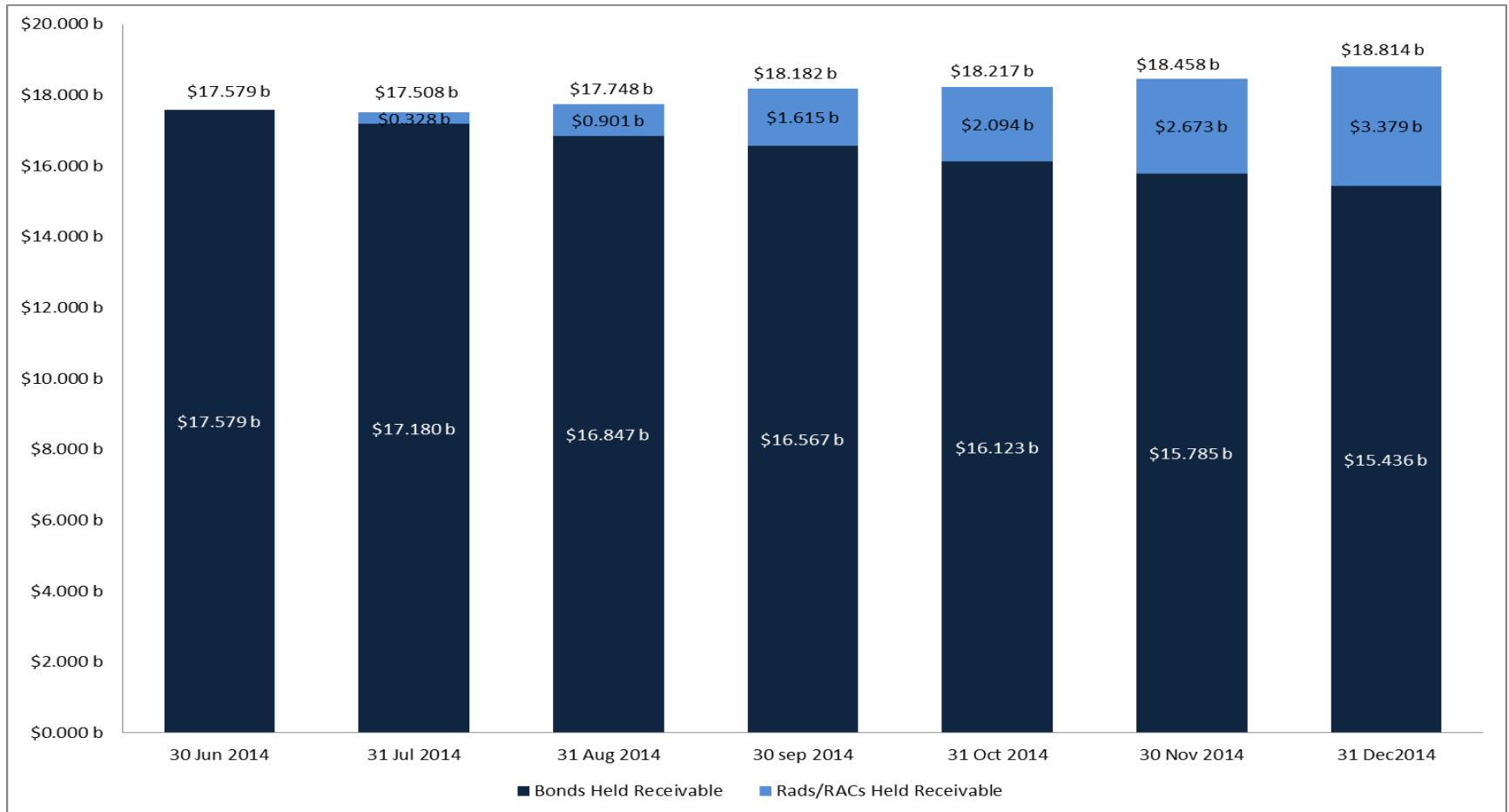


■ RADs ■ DAPs ■ Combo

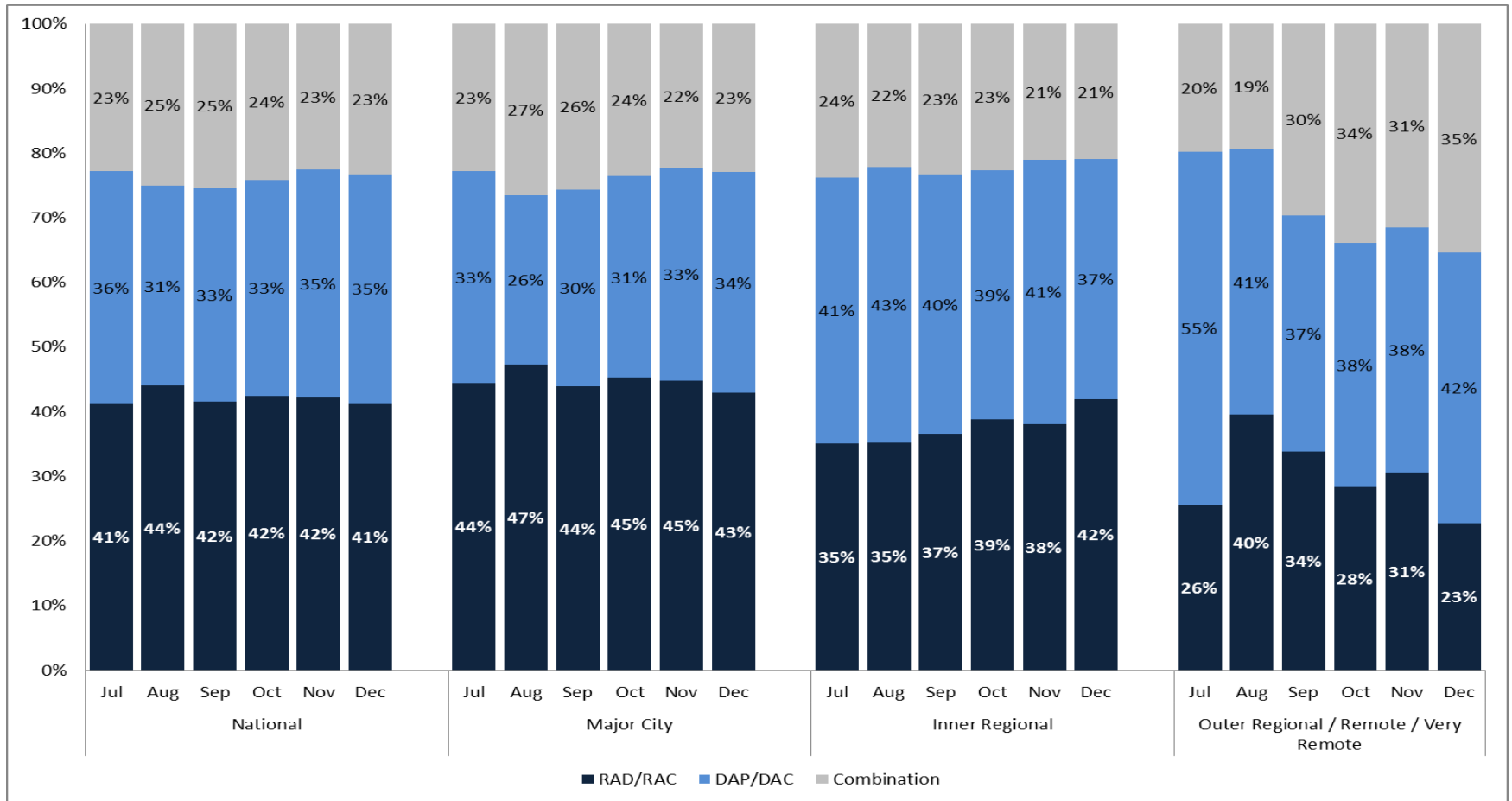
Accommodation Payments – what have we seen in payment type?



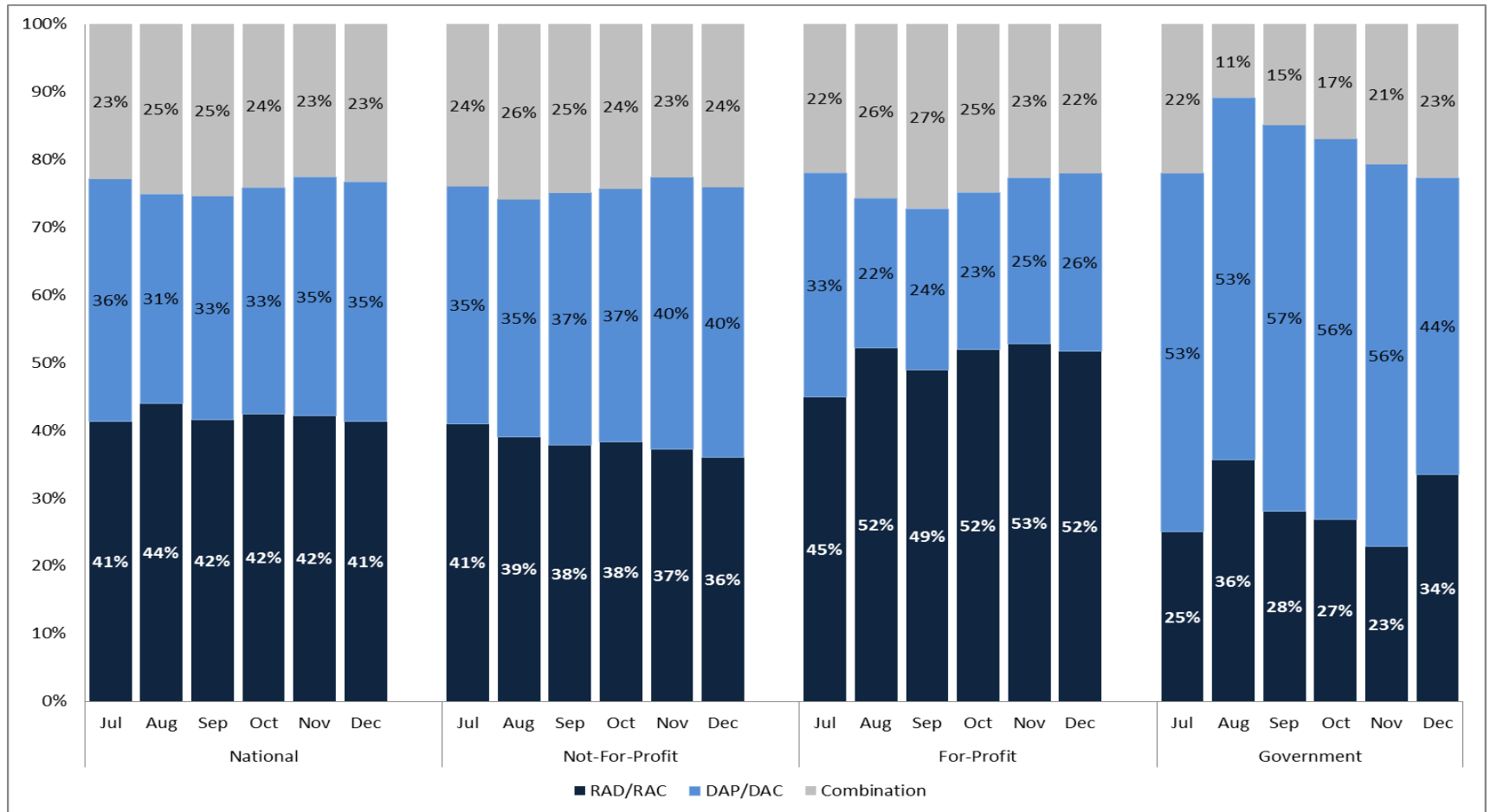
Accommodation Payments – what has happened to the lump sum pool?



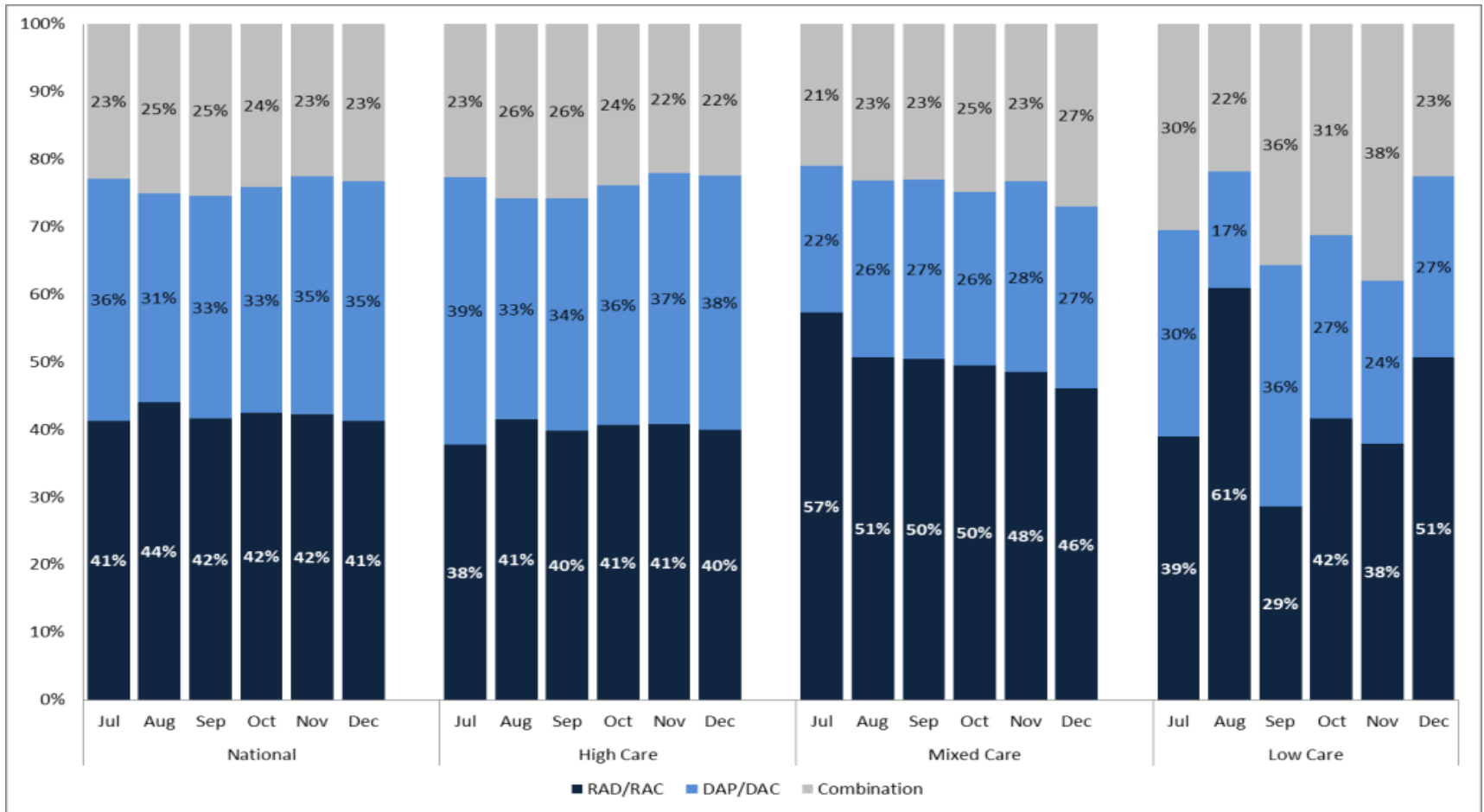
Accommodation Payments – what have we seen in different locations?



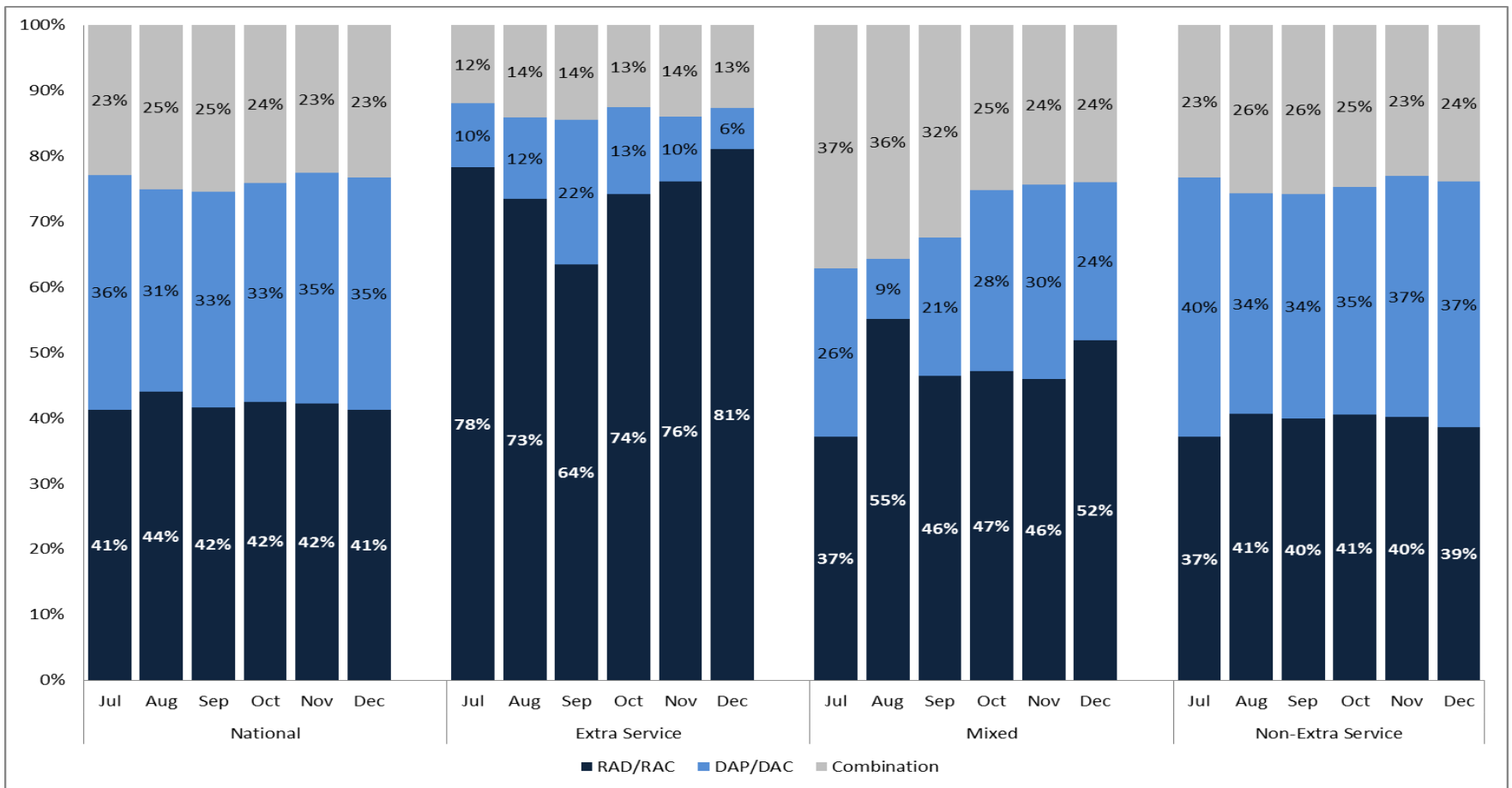
Accommodation Payments – what have we seen in different ownership types?



Accommodation Payments – what have we seen in different care types?



Accommodation Payments – what have we seen in extra service?

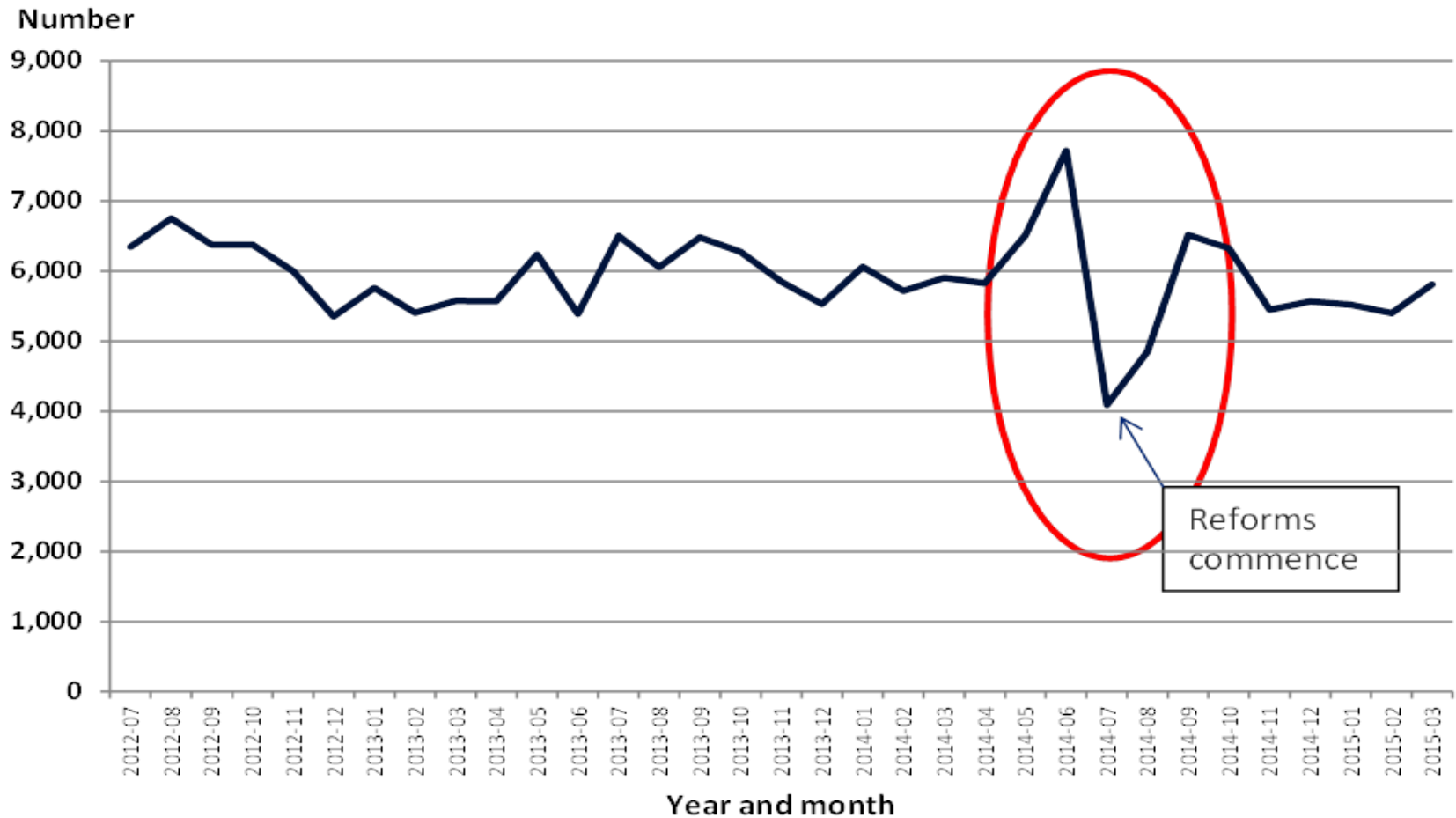


Accommodation Payments – what does the published price data show?

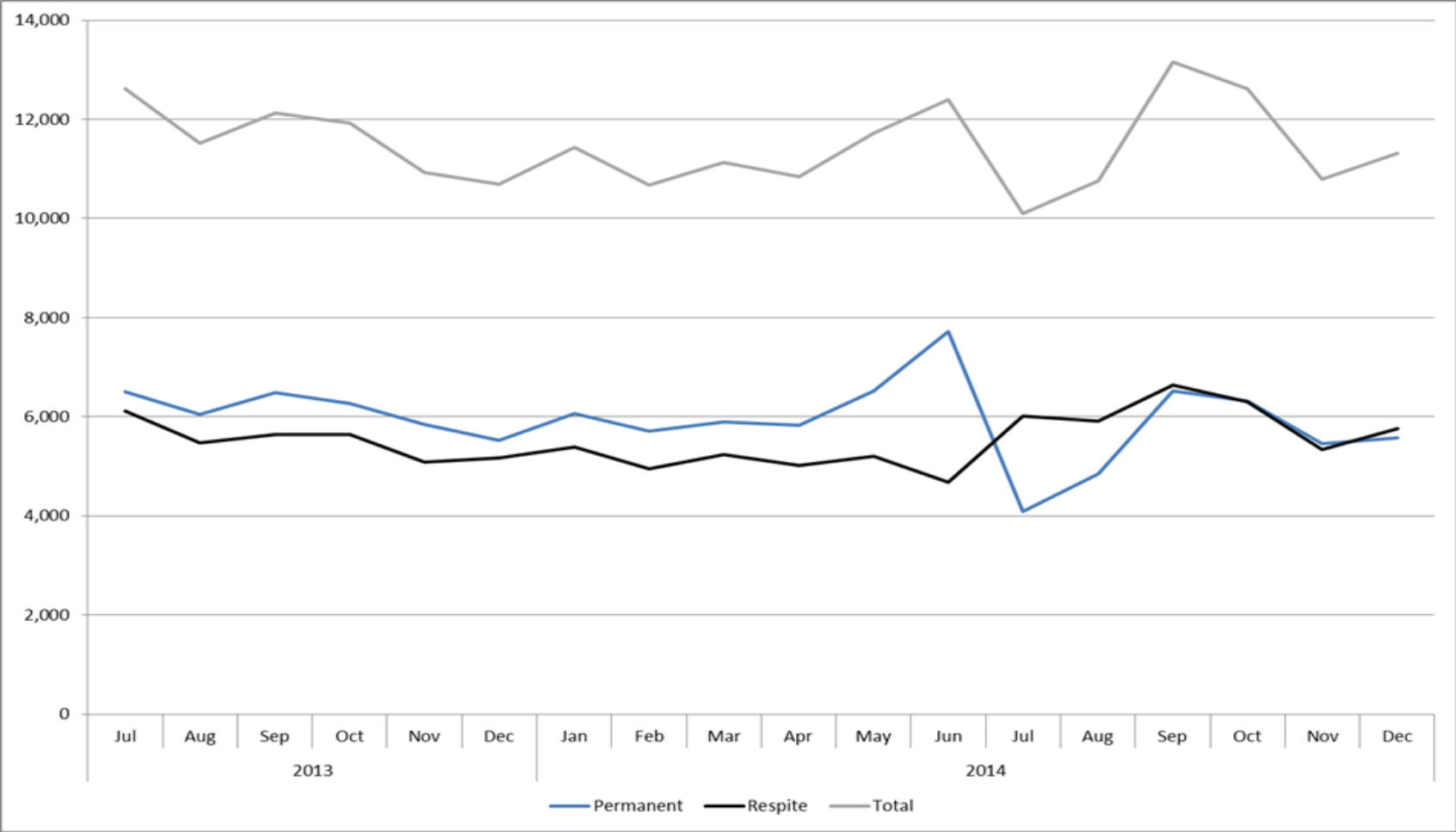
Category	Finding
Location	Overall average is \$368,000/\$64.12. Average prices published for homes in major cities (\$382,000/\$66.56) continue to be higher than those in regional areas (\$331,000/\$57.67) and remote areas (\$297,000/\$51.75);
Ownership type	For-profit homes continue to have a lower average RAD/DAP price (\$356,000/\$62.03) than Government homes (\$357,000/\$62.20) and not-for-profit homes (\$381,000/\$66.38).
Actual prices	Are lower with average around \$330,000/\$58.

Trends in entry to care

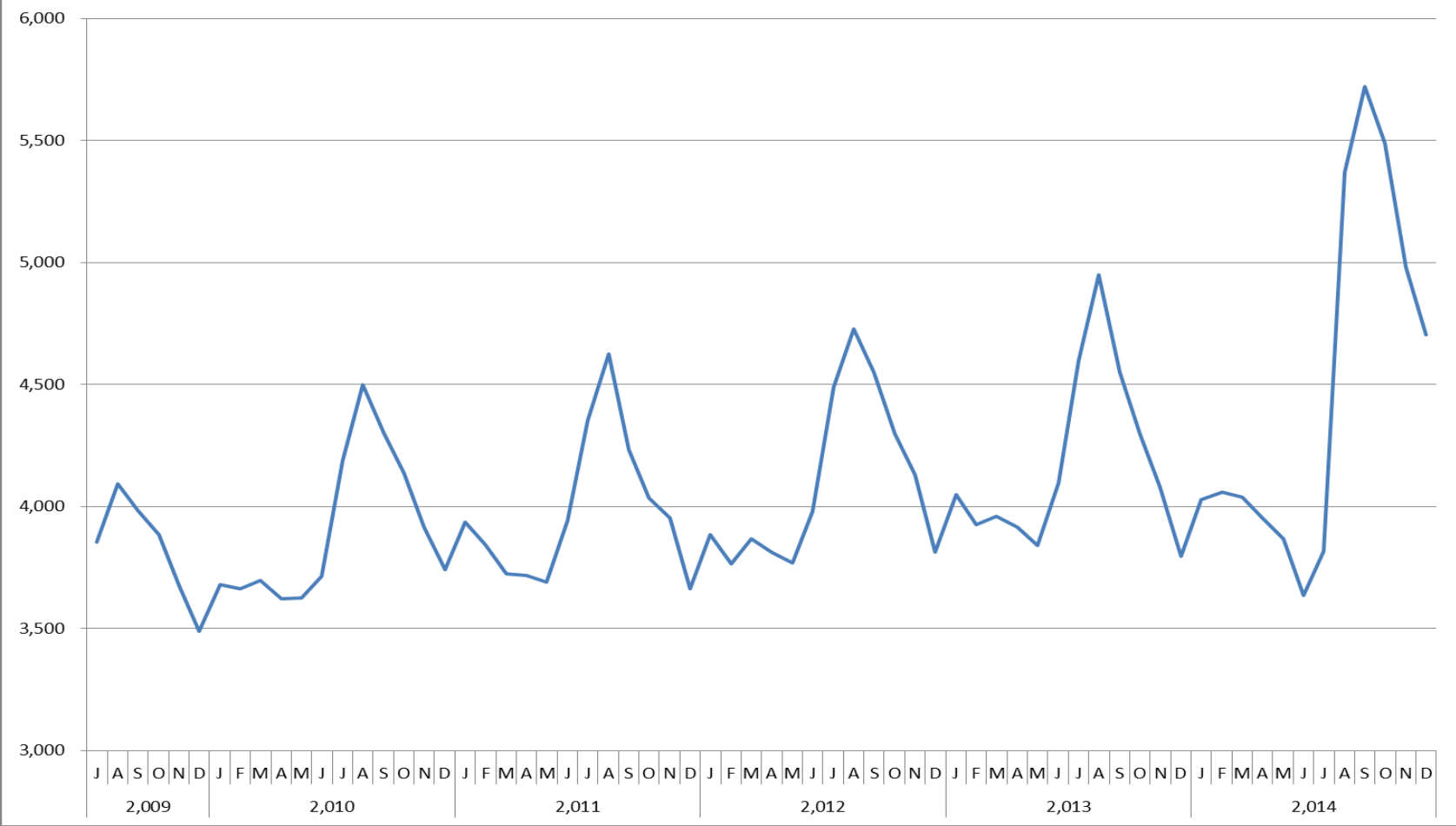
Permanent Residential Care



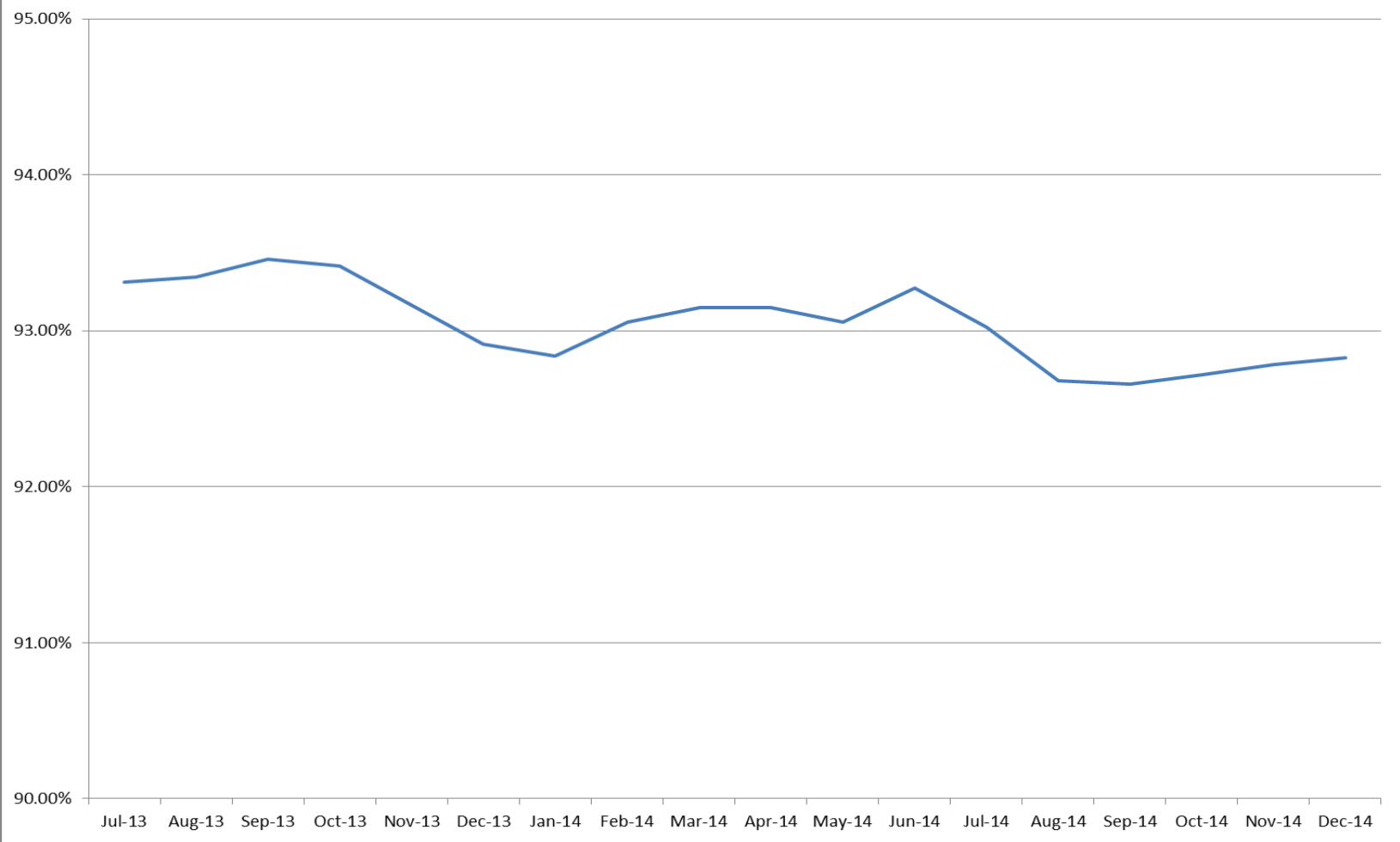
Permanent, Respite and Total



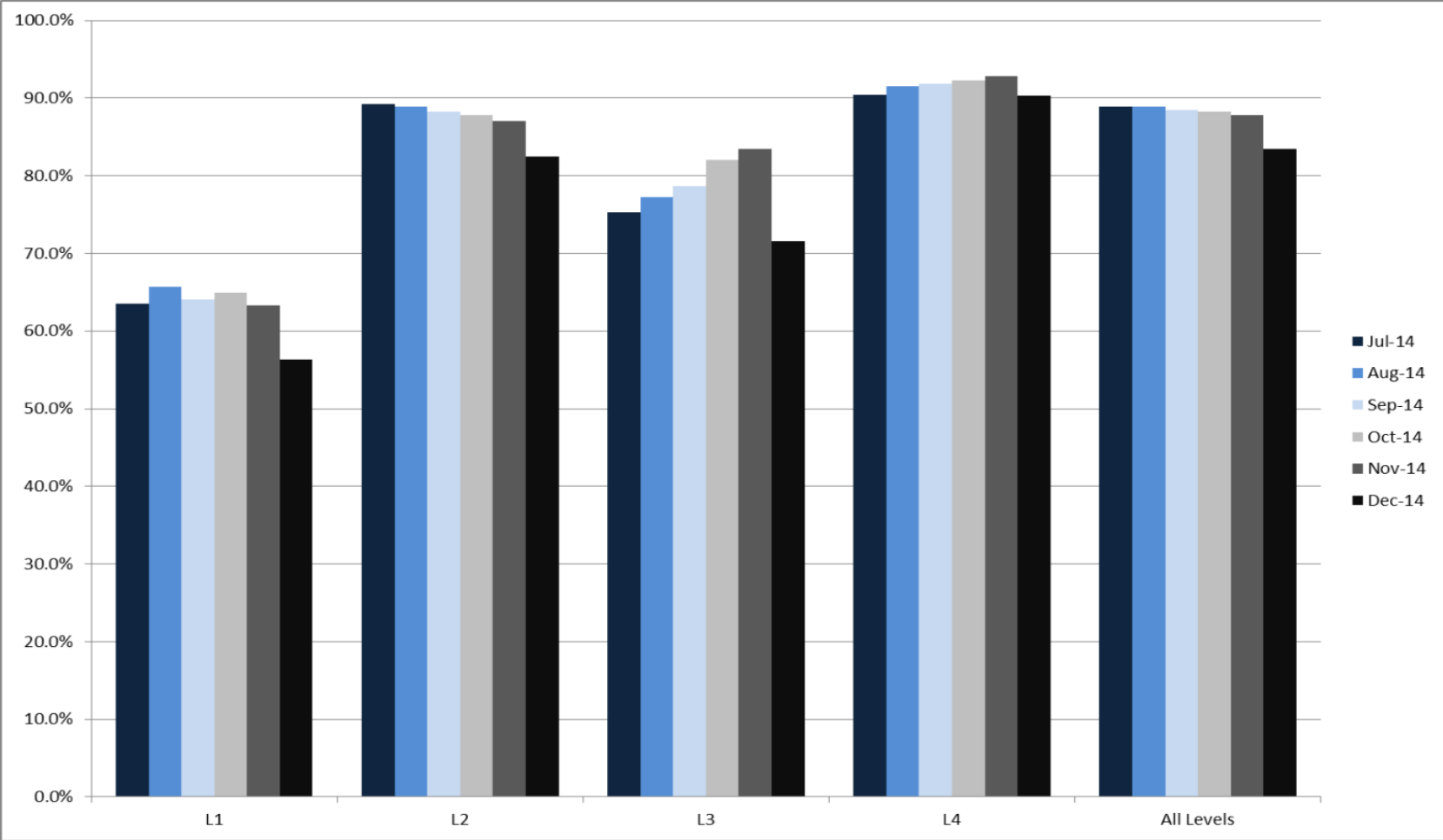
Respite



Residential Occupancy

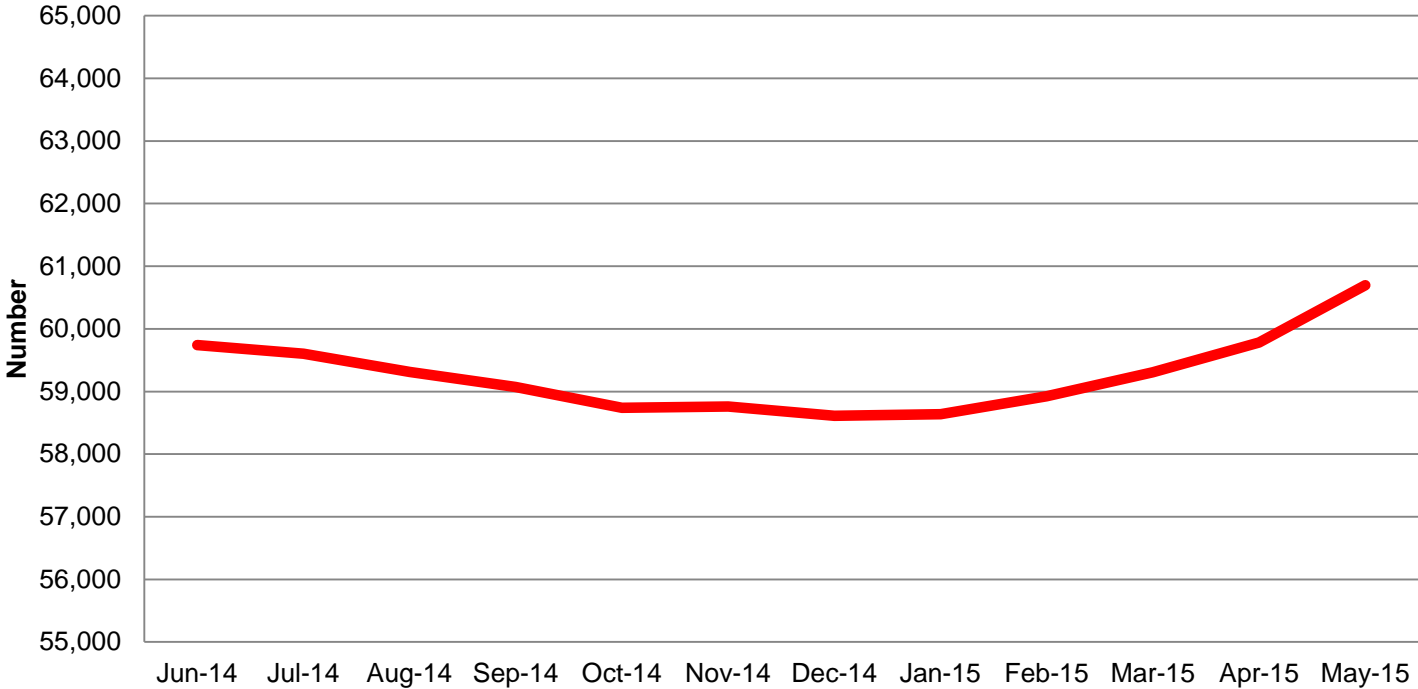


Home Care Occupancy



Home Care Occupancy

Number of home care clients



Means Testing impacts

- Still being assessed
- Key is distinguishing between any transitional and longer term systemic impacts
- As noted in earlier data on access to care there have been some transitional impacts
- Will continue to monitor and undertake further analysis

Higher Accommodation Supplement – Significant Refurbishment update

Higher Accommodation Supplement

Accommodation supplement:

- Payable on behalf of all eligible residents.
- The maximum level of the *higher* accommodation supplement is \$53.39 (March 2015 rate).
- For other services that are not newly built or significantly refurbished, the maximum level of accommodation supplement is \$34.79 (March 2015 rate).
- Reduced by 25% if, on a given day, the service does not meet the 'more than 40% rule'.

Higher Accommodation Supplement

Key statistics as at 31 December 2014:

- 361 services eligible to receive the supplement to 31 December 2014 comprising 281 significantly refurbished and 80 newly built services.
- Of the 281 refurbished services, 125 have increased the number of care recipient rooms.
- The estimated average completed refurbishment spend per service is \$4.2 million with a median of \$2.5 million.
- The total spend on refurbishments is estimated at \$1.1 billion.

Higher Accommodation Supplement

- 12,720 low means care recipients (16.8% of all low means care recipients) are accommodated in services eligible or potentially eligible for the higher accommodation supplement.
- An estimated additional number of care recipient rooms have been added including:
 - 2,764 care recipient rooms as part of completed refurbishments;
and
 - 4,150 care recipient rooms in newly built services.

Higher Accommodation Supplement

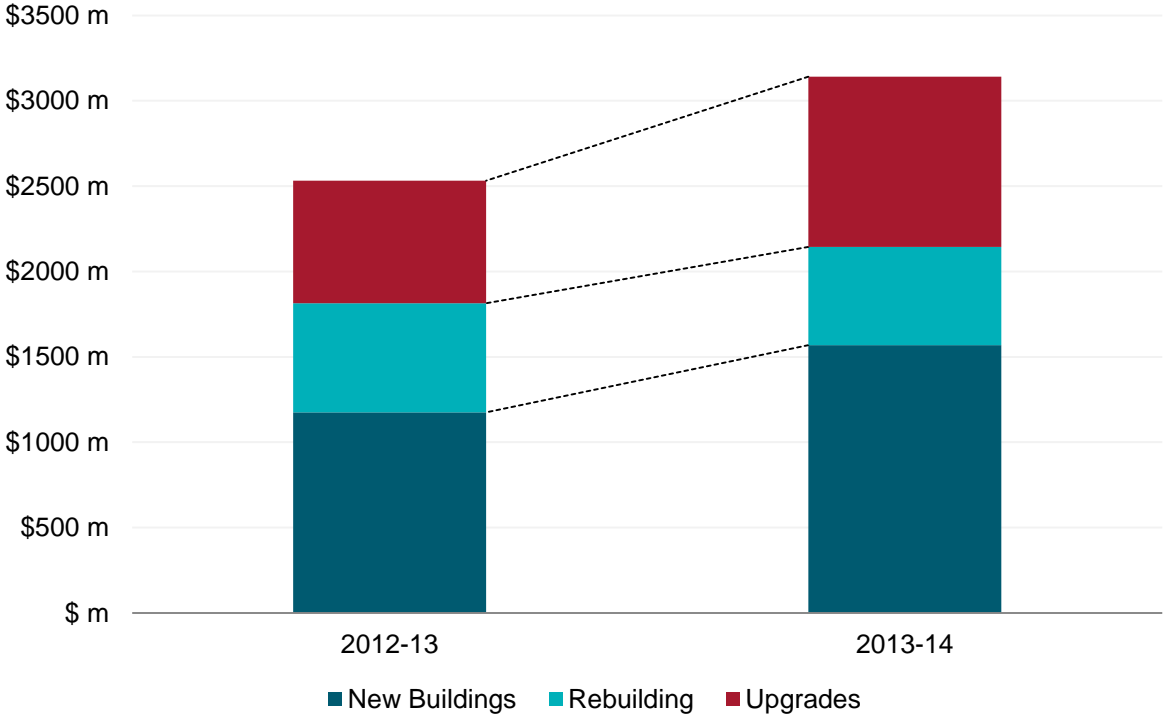
Next steps

- The Department is in the process of revising its communication products.
- Updates will be made to the guidelines and fact sheets to address some common issues and questions.

Investment activity and sentiment

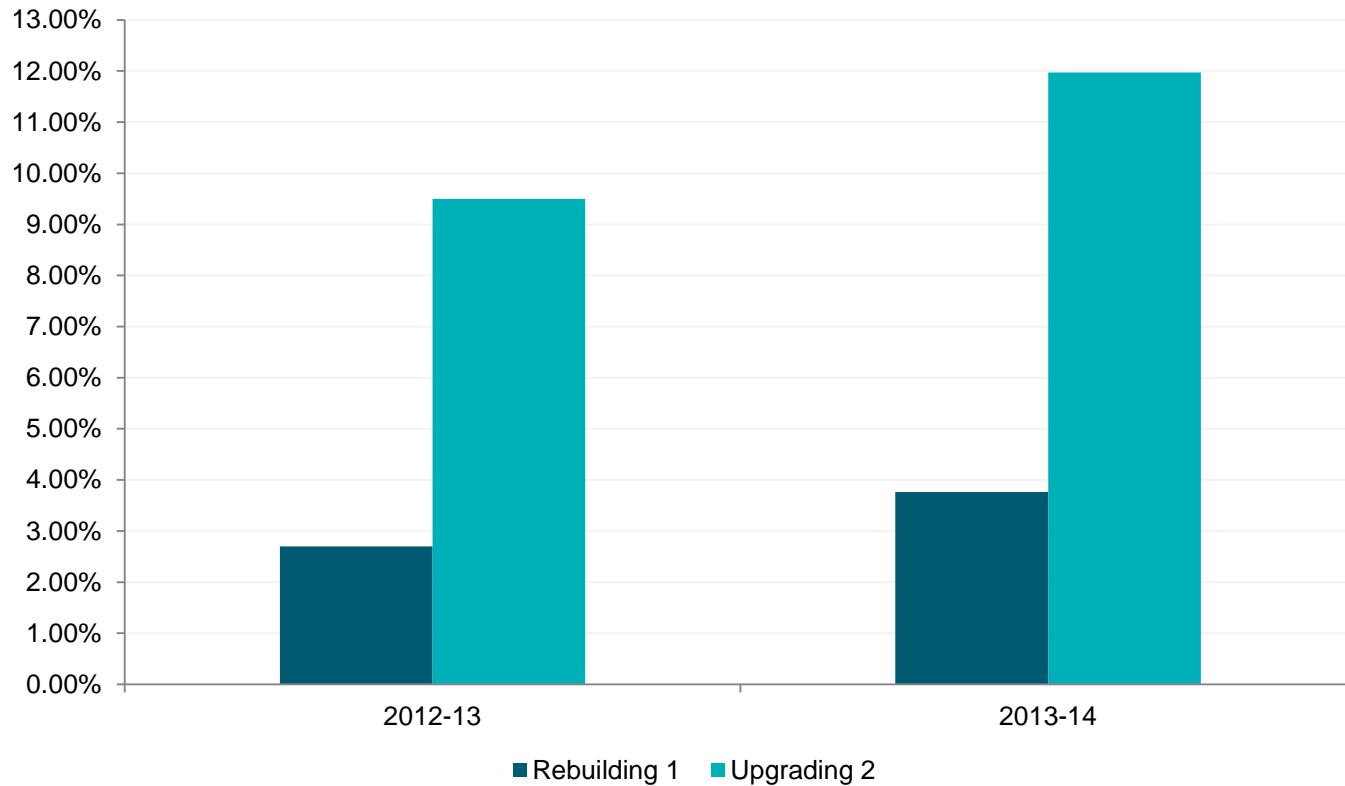
Investment activity and sentiment –

Residential Aged Care Building Activity over 2012-13 and 2013-14



Investment activity and sentiment

Proportion of Homes Planning to either Rebuild or Upgrade over 2012-13 and 2013-14



Investment activity and sentiment

Positive signs

- Increase in value of investment activity in 2012-13 and 2013-14 with new building and upgrading work both up significantly and indications that is continuing into 2014-15.
- Impact of Higher Accommodation Supplement and deregulation of accommodation pricing
- Listings on share-market
- Significant increase in bids in ACAR

Update on Progress on Financial Reporting Reforms

- ACFA proposed changes to financial reporting requirements to Government last year
- Government sought feedback from the sector on the proposals earlier this year.
- Department recently held a further discussion with the Design Implementation Group (made up of sector representatives) to further discuss options for taking this work forward
- Department is now in process of advising Government on feedback before next steps are finalised

Thank you

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