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21st century Australia is experiencing a steady and significant change in its demography. Ageing is being re-defined as Australians can expect to live longer, healthier and more active lives. Australians born today can expect to live a third of a life longer than those born 100 years ago, and may continue in the workplace, and as active members of the community, well beyond their 70s. By 2040–45, there will be around 7 million people over the age of 65, or more than one in four Australians. This compares with one in 25 around the turn of the 20th century, and one in eight today. Over the same period, real per capita incomes are projected to almost double those of 2003–04*.

We — individuals, families, communities, business, each level of government — face fundamental questions and challenges in order to prepare for this change. How will older people choose to live that extra third of their lives and how can we help to meet their expectations? How can we ensure that we not only live extra years of life, but that those years are disability free? If people need care, how will we meet their demand for greater choices in how, when and where they receive it? And how will it be funded?

The Australian Government has long recognised this approaching demographic shift. We have been putting in place policies and programs now to embrace it. Nine years of disciplined management have given us a strong and vibrant economy. We have introduced more flexible retirement initiatives and a mature age workforce strategy, to give people who choose to work more opportunity to do so. We have invested significant funding into our world class health and aged care services to meet the individual needs and choices of people who need care.

We know that most people want to live independently in their own homes for as long as possible, and we are already helping them to do so through increased community care places, support for carers, and our significant proposals to make it easier for people to access the care they need, as articulated in The Way Forward, our blueprint to streamline community care.

The 2005-06 Federal Budget delivers on our election commitments to help people remain at home as they age, with significant increases in respite services to provide a break for those who care for older Australians.

It also delivers on our election commitments to make dementia an Australian Government National Health Priority — a commitment which has been backed up by a $320.6 million package to increase dementia research, education, treatment options and support for people with dementia, their families and carers, including 2,000 dedicated places to provide high level care for people with dementia in their own home.

This Budget also includes the next phase of the 2004 aged care reforms delivered in the $2.2 billion *Investing in Australia’s Aged Care: More Places, Better Care* package, the largest single investment in aged care by any Australian government.

The 2004 Budget package responded to the immediate and most of the medium-term issues raised by the independent *Review of Pricing Arrangements in Residential Aged Care* (the Hogan Review). The review looked at the current and future needs of the sector to ensure it remains viable and sustainable in the long term.

In just one year the Australian Government has implemented the vast majority of our 31 responses to the recommendations, and the remainder are well under way, through the work of the Ministerial Implementation Taskforce.

Following last year's unprecedented investment we will in this year:

- Provide a 3.5 per cent increase in subsidies for providers to continue providing high quality aged care, including paying competitive wages for staff;
- Allocate a further 11,400 aged care places, as part of over 24,600 aged care places to be allocated over the next three years;
- Deliver undergraduate aged care nursing places at universities, and more opportunities for enrolled nurses and other workers to upgrade their skills;
- Introduce new initiatives to streamline administration to enable aged care providers to invest more time and funding into providing care, and less on paperwork.

The Review also proposed a number of options for the government and community to consider beyond 2008, to give older people requiring care greater choice, increased quality, and encourage greater flexibility and innovation in the provision of the aged care services of the future. In its 2004 response the Australian Government indicated it would consult with the community and aged care sector regarding these longer-term options.
Measures in this Budget deliver on that commitment. There will be an extensive consultation process which will include examining aged care issues, taking into account the changing demography of the population and the long term options as outlined in the report. The consultation process will also focus on the significant taxpayer funding given to aged care providers to enable them to continue to provide the high quality care that older Australians need and deserve.

I will be releasing further details of the consultation process shortly and I encourage all Australians with an interest in aged care to contribute to this significant discussion.

By continuing to reform the aged care sector, the Australian Government is realising its vision for a world class system of aged care that provides high quality, affordable and accessible services to meet the individual needs and choices of older Australians.

The Hon Julie Bishop MP
Minister for Ageing
A snapshot — quality residential care

Since the Australian Government came to office, it has delivered about a 140 per cent increase in funding for aged care, from around $3 billion in 1995-96 to a projected $7.3 billion in 2005-06. This increase has enabled aged care providers to raise the quality and availability of aged care for older Australians.

Since 1996, the Government has allocated more than 68,600 new taxpayer-subsidised aged care places in residential and community care settings so that people needing care have more choice in how, when and where they receive it.

In 2005–06 we will allocate a further 11,400 new aged care places, as part of an estimated 24,600 new aged care places to be allocated over the next three years. We are on track to meet our target of 200,000 operational aged care places available by June 2006 to care for older Australians.

Note: 1995–96 to 2003–04 figures are actual expenditures. The 2004–05 figure is the estimated actual expenditure and the 2005–06 figure is the Budget Estimate.
The annual place allocation rounds are regularly oversubscribed by aged care providers seeking more aged care places, often four or five times. This demonstration of confidence in the positive future of the aged care sector under this Government’s policies, is matched by the significant investment in building new aged care services. A recent survey revealed more than $2 billion of building and upgrading work was completed or in progress in the 12 months to June 2004, in addition to the more than $820 million in works completed in the 12 months to June 2003.

Not only is there more funding than ever before, but given the Government reforms to ensure more efficient administration and greater accountability, both taxpayer funds and private investment are now better targeted to meeting the needs of older Australians.
Figure 3. Residential Care Funding 1995-96 to 2005-06

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<tr>
<td>2005-06</td>
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Note: 1995–96 to 2003–04 figures are actual expenditures. The 2004–05 figure is the estimated actual expenditure and the 2005–06 figure is the Budget Estimate.

The Australian Government’s introduction of accreditation, certification, and the Complaints Resolution Scheme, through a comprehensive, national, legislated quality framework for residential aged care, has given our community greater confidence in the quality of care and services, standard of accommodation, and the protection of the rights of older Australians.

- Accreditation requires aged care homes to meet minimum national standards of care and accommodation to qualify to receive Australian Government funding. An independent body, the Aged Care Standards and Accreditation Agency, manages this process. All aged care homes are monitored with more than 4,150 visits, including unannounced spot checks, conducted by the Agency in 2004. Since 2000 the Agency and the Department of Health and Ageing together have conducted in excess of 18,000 visits to monitor quality in aged care homes.
Certification has significantly improved the quality of aged care accommodation and raised standards of safety and comfort for older Australians receiving care. Since 1997, the Government has allocated more than $219 million in capital grants to help build new homes or upgrade existing ones, on top of around $200 million per year in concessional resident supplements from the Government to support capital works. In addition, all homes operational in June 2004 received a one-off payment to improve safety and building standards — with an overall cost to Government of around $519 million.

To ensure standards are maintained, individuals, families, and interested parties can register complaints with the independent Complaints Resolution Scheme.

The Australian Government has invested almost $150 million to help improve the qualifications and skill levels of the aged care workforce, including providing up to 1,700 more undergraduate university places with a focus on aged care nursing, offering 1,000 aged care nursing scholarships for further education, and helping more than 21,000 aged care workers to upgrade their qualifications. Employers can now offer workers more competitive wages through the additional $877.8 million in residential care subsidies the Australian Government is providing over the next four years.

Culturally and linguistically diverse communities with significant aged care needs benefit from funding of $11.6 million over four years for the Community Partners Program to develop better and more sustainable access to aged care services. In addition, the Partners in Culturally Appropriate Care (PICAC) initiative helps ensure aged care providers deliver culturally appropriate care suited to the needs of individuals.

In the 2004–05 Budget, new funding of $33 million over four years was provided to implement a new electronic payments system to reduce the paperwork associated with subsidy claims, and ensure providers receive the right payments without delays. The first stage of implementation is under way.
A snapshot — better community care

While it is critical to provide high quality residential care for people who need it, most people choose to remain at home and in their community as they age. Our increasing health standards and greater levels of community support also mean that more people are now better able to remain independent in their own homes.

Building on the Prime Minister’s highly successful Staying at Home initiatives in 1998, the Australian Government has introduced further innovations to give more people the option to remain at home.

The Government assists older people at home through Community Aged Care Packages (which provide the equivalent of low level residential care delivered in a person’s own home), innovative Extended Aged Care at Home packages (which provide the equivalent of high level residential care delivered in a person’s own home) and Home and Community Care services, and a National Respite for Carers Program.

Figure 4. Community Aged Care Packages Funding 1995-96 to 2005-06

Note: 1995–96 to 2003–04 figures are actual expenditures. The 2004–05 figure is the estimated actual expenditure and the 2005–06 figure is the Budget Estimate.
Today, Community Aged Care Packages provide around 34,000 Australians with personal care, domestic help and similar services at home.

Extended Aged Care at Home Packages provide a far higher level of care with around 900 older Australians now cared for at home who would otherwise have had to enter residential care.

The Australian Government provides around 60 per cent of funding (around $800 million in 2004–05) to the Home and Community Care program. Home and Community Care services are managed by the States and Territories to provide vital community services, including Meals on Wheels, respite care, and social support with around 31 million hours of services provided to older Australians and younger people with disabilities each year.

Figure 5. Australian Government Home and Community Care Funding 1995-96 to 2005-06

Note: 1995–96 to 2003–04 figures are actual expenditures. The 2004–05 figure is the estimated actual expenditure and the 2005–06 figure is the Budget Estimate.
• Carers, a major focus of the 2004 and 2005 Budgets, provide care to enable their loved ones to remain at home. Since 1996 the Australian Government has delivered a fivefold increase in funding for the National Respite for Carers Program, to give carers a well-earned break from their caring role. Government commitments for carers also include financial support through the carer’s allowances and respite services, as well as information and counselling.

• National Respite for Carers Program has grown from $19 million in 1996–97 to around $105 million in 2004–05. The 2005 Budget allocates an extra $207.6 million over four years.
Budget 2005–06 — continuing the journey

"An ageing population is fundamentally a reflection of this country’s success."

The landmark 2002 *Intergenerational Report* highlighted Australia’s changing demographics, and their profound impact on the Commonwealth’s economic position over the next four decades. Recent Australian Government initiatives, including the 2004 discussion paper, *Australia’s Demographic Trends*, and the Productivity Commission’s 2005 report, *Economic Implications of an Ageing Australia*, have served to further emphasise the economic impact of ageing on the whole community, including the Australian, State and Territory governments.

The significant message of each report has been that our population is not, nor should it be seen as, a ‘crisis’. However, in the absence of policy initiatives and changes to take into account population ageing, demographic change will result in a gap between Government revenue, and spending, particularly in health and aged care.

Fortunately, the Australian Government has long recognised the significance of population ageing, and has already implemented measures to ensure our nation is well placed to embrace the challenges, take advantage of the opportunities, and live up to our commitment for an Australian ‘society for all ages’.

Our initiatives include measures to increase workforce participation and productivity by people of all ages, reforms to retirement incomes and superannuation, and the $2.2 billion record 2004–05 Budget aged care package, *Investing in Aged Care: More Places, Better Care*. This package has already achieved gains in addressing the immediate financial and aged care service delivery issues identified through the independent *Review of Pricing Arrangements in Residential Aged Care*.

In the 2005–06 Budget, the Australian Government has reaffirmed its commitment to sustain that longer term road to reform and announced a consultation process to involve the community and the sector in helping to determine the best ageing and aged care system for the future.
Community and sector views will help the Government consider the best options for ongoing reform to further improve the quality of care and increase aged care choices for older Australians, as well as greater competition and reforms to ensure that the aged care sector is sustainable in the long term in the face of an ageing population.

Australia should aim to be a ‘society for all ages’, ensuring that Australians of all ages, including older Australians, can choose to live their lives as active participants of families and communities.

The Australian Government is committed to providing older Australians who need care with greater options to choose how, when and where they receive services. The Government has already significantly increased funding for community care places and initiatives to streamline community care services to make it easier for people to access the care they need to enable them to remain at home and in their community.
Community care — *The Way Forward*

The delivery of care to people in the community is high on the Australian Government’s agenda, with the Government taking steps to improve the system, resulting in a less complex but much strengthened service, capable of responding to the demands of an increasing ageing population.

The Australian Government is pursuing a reform agenda that aims to achieve a more simplified and responsive system for people who rely on these services. The reforms will involve adopting a common approach across all community care programs in a range of key areas such as entry into the community care system, common assessment practices, accountability and quality assurance.

*A New Strategy for Community Care — The Way Forward*, released in August 2004, outlines five broad areas of action and initiatives the Government will progress from 2004-05, including exploring options for reducing duplication and overlap and better aligning a number of services. *The Way Forward* has been supported broadly by the states and territories, the aged care sector and the general community.

As part of this reform process, and acting in partnership with the providers of community care, the Australian Government is keen to offer community care providers the opportunity to outline new, innovative and responsive models of service in the provision of aged, community care and carer information and respite services. This process will give providers the opportunity to rethink how services are currently delivered, to propose collaborative models and demonstrate a greater understanding of regional requirements in these service areas. The announcement of the services will be made in June 2005. To ensure continuity of service provision there will be a three month transition period.
Dementia — an Australian Government National Health Priority

As part of its commitment to expanding community care options, the Australian Government introduced the innovative Extended Aged Care at Home program, to provide high level care at home and to prevent people from unnecessarily entering residential care.

The 2005-06 Budget builds on this landmark program by providing 2,000 new Extended Aged Care at Home places dedicated to helping people with dementia remain at home and in their community.

The increasing prevalence of dementia, one of the most tragic and debilitating neurological conditions, is one of the challenges associated with increased longevity and the ageing population. The Australian Government currently invests more than $2.6 billion per year in care for people with dementia, including support services and research.

The Budget delivers on the government’s commitment to make dementia an Australian Government National Health Priority, and to provide funding for additional research, improved care, training and early intervention programs for people with dementia, their carers, and the health and community professionals who help them.

In February this year the Australian Government announced $52.2 million over four years for dementia research, new dementia management services, improved training of health professionals and new tools and guidelines to help GPs diagnose and treat dementia, as well as prevention and early intervention initiatives.

The Budget provides additional funding for these initiatives and extends funding to 2008-09, bringing the total to $70.5 million over five years.

The 2005-06 Budget will also provide $225.1 million over four years to create 2,000 new dementia-specific Extended Aged Care at Home (EACH) places.

Currently around one third of existing EACH clients have dementia. These new places will enable many more Australians with dementia to remain in familiar surroundings at home with their families.
This further demonstrates the Australian Government’s commitment to work with the aged care sector to provide more flexible and innovative care choices to meet the individual needs of people who want to remain in their community.

In addition $25 million over four years will be dedicated to dementia-specific training for up to 9,000 aged care workers. A major innovation is that this training will also be extended to 7,000 people in the community, including police, emergency services and transport workers, who may come into contact with people with dementia at critical times.

This condition can be unpredictable and complex, and caring for people with dementia can sometimes be disturbing and distressing for carers and family members.

The Australian Government is continuing to provide $11.9 million for the Dementia Education and Support Program, including Dementia Specific Assessment, for health professionals and people caring for relatives with dementia at home. The program provides a 24 hour dementia 1800 helpline, support groups, counselling, and social activities, information materials, referrals and education services to assist carers.

It also enables rural Aged Care Assessment Teams to access training and advice to assist them when assessing people with dementia, and to help people with dementia and their families choose the right care that meets their individual needs.
The Australian Government recognises that those who choose to remain at home as they age rely not only on the services they receive from formal aged care workers, but they also depend on the significant and often-unheralded support, care and love provided by carers.

Whether it is caring for a relative with dementia or any other chronic condition, the road for a carer is challenging and demanding, yet rewarding. Without their support, many people would not be able to remain at home, and would otherwise need to enter some form of residential care.

We recognise that carers also need care, and sometimes need to take a break from their caring role through respite. Since 1996 the Australian Government has delivered a fivefold increase in funding for the National Respite for Carers Program, providing more than $105 million for respite services through the program in 2004–05.

Figure 6. Australian Government Support for National Respite for Carers Program 1995-96 to 2005-06

Note: 1995-96 to 2003-04 figures are actual expenditures. The 2004–05 figure is the estimated actual expenditure and the 2005-06 figure is the Budget Estimate.
The 2005-06 Federal Budget will build on this by providing a further $207.6 million over four years to provide Australia’s estimated 475,000 primary carers with better access and choice in respite. This initiative will result in up to 1.3 million extra days of respite to an estimated 50,000 carers. The individual measures include:

- $95.5 million over four years to Commonwealth Carer Respite Centres, to arrange increased respite services to ease the burden on carers in paid employment or those re-entering the workforce, for example for respite services before and after work hours. This will enable up to 5,000 employed carers each to access 480 extra hours of respite in a full working year;

- Residential respite for people with high care needs will be boosted by $41.8 million over four years. This will provide an extra one million high care respite days in aged care homes to enable an estimated 47,000 carers to take a break from their demanding carer role, with the peace of mind that comes with knowing their loved one is receiving high quality care;

- $61 million will go to Commonwealth Carer Respite Centres to purchase extra overnight respite in community respite houses providing up to 55,284 nights of care in the community for 2,000 carers;

- Rural and regional respite services will be increased under a $9.3 million boost which will provide up to 122,250 days of respite care through Multipurpose Services; and

- Funding of $10.2 million will be used to continue the Carer Information and Support Program. Information kits are kept up to date with materials, relevant contact details, new services and measures and the information is translated into 13 languages and also tailored for Indigenous communities.

This support for carers is a vital part of the Australian Government’s commitment to ensure that older Australians have more choice and opportunity to receive the care they need, when and where they need it, particularly at home.

The Budget also provides $1.4 million over four years for continued provision of personal alert systems to help ensure older people continue to have the confidence to remain living at home, and for the managed wind down of the Safe At Home Pilot Program.
Ongoing commitment to quality and diversity in care

In addition to providing choice to remain at home, the Australian Government is committed to ensuring that those in residential aged care also have greater choice in the services they can receive.

That is why the Government introduced ‘Extra Service’ places in aged care. Extra Service provides older Australians with the choice of purchasing significantly higher levels of accommodation services, such as cable or satellite television connection in recreational areas or residents’ rooms, hair dressing salons and beauty treatments.

To enhance this choice for older Australians, the Government will make it simpler for aged care providers to offer Extra Service places, by removing the current requirement that providers reapply for Extra Service status every five years.

The 2005-06 Budget is also another step towards realising our vision for world class care, with a further $20.8 million over four years being continued for key programs which help ensure quality of care for people in residential care.

The Community Visitors Scheme plays a vital role in maintaining social contact for many older residents of aged care homes who may otherwise feel isolated. The program provides funding to enable around 6,600 volunteers to regularly visit people who live in aged care homes who have no family or family living far away.

Continuing funding will also ensure that the concerns residents and their families may have about aged care can be heard through the National Aged Care Advocacy Program. The Community Visitors Scheme and Advocacy Service will continue to receive $6.8 million over four years.

Around $4.4 million will support the ongoing work of the Complaints Resolution Scheme, which provides people in care and their families and representatives with a free, accessible and effective mechanism to air any concerns they have with aged care standards and services. The Complaints Resolution Scheme can be contacted on 1800 500 294.
In addition, $9.6 million will be provided over four years to further explore how information technology can enhance clinical care of residents, through the Clinical IT in Aged Care Program, and to monitor providers’ compliance with their obligations under the Aged Care Act 1997. By harnessing the latest information technology to improve the quality of life of residents in aged care, the Clinical IT in Aged Care Program further demonstrates how the aged care sector is preparing for the future needs of our ageing community, and ensuring it is a professional and significant sector in the Australia of the 21st century.
Healthy older age

Choice in aged care means enabling older Australians to choose how they wish to live their life, and ensuring they are not unnecessarily limited by illness or disease. Incontinence, which can affect Australians of all ages but particularly older Australians, can undermine confidence and limit people’s participation in everyday life. It is also a key reason why some people enter residential aged care.

The Continence Aids Assistance Scheme helps Australians maintain their independence by providing services and information to enhance their quality of life. Through the 2005-06 Budget the scheme will receive continued funding of $17.1 million over four years.

In a new initiative, over $500,000 will be given to the Macular Degeneration Foundation to assist in the fight against a condition which is a leading cause of blindness in Australia, particularly among older people.
Culturally diverse communities

Ensuring people receive the individual care they need demands that the aged care sector provide care that recognises the growing numbers of older Australians from culturally and linguistically diverse communities.

The Australian Government’s Partners in Culturally Appropriate Care Initiative (PICAC), works with aged care providers and organisations representing people from established culturally and linguistically diverse communities to ensure that older people from these communities can access the services that meet their cultural needs.

This includes ensuring aged care providers understand the needs of people from culturally diverse communities, and ensuring that people from these communities understand their rights when receiving aged care services. The Partners in Culturally Appropriate Care Initiative has already provided new training tools to help aged care staff deliver culturally sensitive care, as well as material and an education campaign to encourage people from culturally and linguistically diverse communities to feel comfortable and confident in choosing the care that meets their requirements.

The Budget provides $5.1 million to ensure the PICAC can continue its work in linking people from culturally and linguistically diverse communities with suitable care.
Conclusion

Since coming to office the Australian Government has made aged care a priority, delivering an increase of around 140 per cent in funding, more than 68,600 new aged care places to 2004, and providing older Australians and their families with greater choice in when, where and how they receive care.

The Government’s reforms to aged care in 1997 and 2004 have transformed the aged care sector and have now laid the foundations for quality aged care for all older Australians, including through rational and orderly expansion of aged care places, and improved qualifications and skills for the aged care workforce.

In 2005–06, the Australian Government will explore options for further reform of the aged care sector, to ensure Australia has a sustainable and high quality aged care system that meets the growing needs of the ageing population.

The Government’s comprehensive consultation process will hear the views of the wider community and the aged care sector to progress the next phase of reforms, which will help to improve the sector’s long term sustainability, increase care recipients’ choice in finding the services that best suit their individual needs, and further improve quality.

The 2005-06 Budget builds on our record in aged care, and will help us to realise our vision for a world class system of aged care that provides high quality, affordable and accessible services to meet the individual needs and choices of older Australians.