



**THE HON SUSSAN LEY MP
MINISTER FOR HEALTH
MINISTER FOR AGED CARE
MINISTER FOR SPORT**



The Turnbull Government is committed to delivering a plan to create a consumer-driven market approach to aged care, one which can also protect special needs groups and work in geographic areas where it is not always practical for providers to be ‘on the ground’.

Through our integrated approach to reform, we are also committed to supporting a diverse range of providers to be responsive to the care needs of older Australians.

The 2016-17 Budget continues to support this commitment, with an overall investment of more than \$17 billion in aged care – an increase of \$1 billion on last year and up about 25 per cent since the Labor Government left office.

We are providing an additional \$102.3 million over five years to improve aged care services in the bush.

As a Member of Parliament representing some of Australia’s most remote communities, I am passionate about ensuring our elderly can remain in these towns for the rest of their lives, in comfort and with the support they need.

You and I know a key part of ensuring older Australians live a happy life into their later years, is allowing them to remain in the community they’ve known for much of their lives, close to family, friends and facilities.

Our Government will also increase the viability supplement rate paid to remote residential services and some special needs services. The most recent Census data will now be used to classify providers' remoteness to determine their funding, rather than the outdated system based on old data.

Around 250 mainstream, 100 multi-purpose services and 7000 home care packages will benefit.

We are also allocating \$137 million for the My Aged Care contact centre, to keep up with the huge volume of calls and correspondence now coming in, from people looking to be more informed about their aged care options.

I also want to ensure, as providers, you have a funding system that provides the certainty you need to run your operations with confidence. I want to emphasise that the overwhelming majority of operators do a great job and are doing the right thing.

However I am concerned the current Aged Care Funding Instrument (ACFI) model is too complex and not always clear about what can be claimed.

With 2015-16 already on track to see one in eight ACFI claims judged as inaccurate, there is a clear need to restructure the way ACFI is assessed.

Without action, this will see the ACFI budget blow out by an additional \$3.8 billion over the next four years, despite there being no correlating increase in frailty to justify the increase.

We know how concerned the sector is about reform in this area, so we will consult with you and seek advice on ways to strengthen how care funding is determined.

This will include looking at separating assessment from providers and having it done by a third, independent and impartial party.

Importantly, the highest levels of funding will go to those with the highest needs.

These important reforms will also see the Turnbull Government's investment in residential aged care increase at a fair, sensible and sustainable 5.1 per cent per year over the next four years.

We are committed to working with you to get this right and to transition smoothly and cautiously to the best model possible.

We are entering a new era in aged care in this country. The Aged Care Sector Committee Roadmap for Reform will guide the way.

I look forward to continuing to work together to deliver the best outcomes for older Australians, no matter where they live.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Simon Bay', is written in a cursive style.