



Australian Government

Department of Finance

The Treasury

PUBLIC RELEASE OF 2016 ELECTION COMMITMENT COSTING

Name of proposal costed: Better Dementia Care Across Australia	
Costing Identifier:	COA 027
Summary of costing:	This policy will establish specialist dementia care units (SDCUs) to provide temporary, transitional residential support to people with severe behavioural and psychological symptoms of dementia who are not able to be cared for in existing care settings (\$7.5 million). It will also provide \$3.9 million to help Australians better understand dementia through 'Dementia Friendly Communities'.
Person making the request:	Prime Minister
Date costing request received:	17/06/2016
Date of public release of policy:	16/06/2016
Date costing completed:	24/06/2016
Additional information requested (including date):	Not applicable.
Additional information received (including date):	Not applicable.

Financial implications (outturn prices)^{(a)(b)}

Impact on	2016-17	2017-18	2018-19	2019-20
Underlying Cash Balance (\$m)	0.0	0.0	0.0	0.0
Fiscal Balance (\$m)	0.0	0.0	0.0	0.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

(b) The cost of this proposal (\$88.8 million over the Forward Estimates) is fully offset.

Where relevant, state that the proposal has been costed as a defined or specified amount.

Defined amount.

Funding Profile	2016-17	2017-18	2018-19	2019-20
Cost (\$m)	-1.8	-18.1	-25.3	-43.6



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Where relevant, include separate identification of revenue and expense components.

Not applicable.

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

Qualifications to the costing (including reasons for the costing not being comprehensive).

Not applicable.

Where relevant, explain effects of departmental expenses.

As specified in the costing request, the proposal includes \$3.0 million in departmental expenses, which would be offset from within the Health and Ageing Portfolio.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

Not applicable.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Not applicable.

Background information

Costing methodology used:

- **Costing techniques.**
 - The rollout of places (cumulative) would be as follows: 2017-18: 84; 2018-19: 180; 2019-20: 276; 2020-21: 372.
 - It is assumed that residents would spend between 12 and 18 months in an SDCU, with an expected occupancy rate of 95 per cent.
 - It is assumed that the cost of a place in an SDCU would be \$519.74 per day in 2017-18, approximately three times the cost of the average aged care place due to the higher level of care needed.



- The SDCUs would have a gross cost of \$84.8 million over the forward estimates. \$77.3 million of this cost would be offset by rephasing and reducing the number of new aged care places that will be released over the forward estimates.
- The residual cost of \$7.5 million (including \$3.0 million in departmental expenses) will be offset from within the existing resources of the Health and Ageing Portfolio.
- The number of aged care places will not decline as a result of the offsetting savings, however, the number of new places released each year through the annual Aged Care Approvals Round would be adjusted as follows over the forward estimates:

2016-17	2017-18	2018-19	2019-20
-1,000	-2,613	432	928

- The Dementia Friendly Communities program, which is a capped grant program (\$3.9 million) would also be offset from within the Health and Ageing Portfolio.
- These programs would be capped.
- Capital funding may be required to support the establishment of these facilities – the costs of this have not been factored into this costing.
- **Policy parameters.**
 - It is assumed that when a resident moves out of a residential aged care facility into an SDCU, the original facility will fill the spot with another resident, pending the resident's return from SDCU.
 - This costing assumes that there will be no change to the management of the resident's accommodation bond.
 - Primary health networks would coordinate the SDCUs.
 - The programs would be ongoing, pending a review in 2019-20.

Behavioural assumptions used (as appropriate).

Not applicable.

