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URGENT BUDGET SUPPORT NEEDED FOR RESIDENTIAL AGED CARE

- **New independent financial data shows services at serious risk**
- **41% of residential aged care providers are making a loss**
- **56% of outer regional/rural/remote facilities are expected to report financial losses in 2017/18**
- **Urgent funding injection required so frail older Australians can get the care they need**

New data released today by independent industry analyst StewartBrown shows that 41% of residential aged care providers were making a loss at December 2017¹ compared with 31% in 2015-16² - and the situation is predicted to get even worse.

Aged care peak bodies, Aged & Community Services Australia (ACSA), The Aged Care Guild (The Guild) and Leading Age Services Australia (LASA), believe this situation is caused in part by government changes to aged care funding arrangements. Since that time a number of reviews of the Aged Care Funding Instrument (ACFI) have been commissioned and are still being considered by Government.³

“Over 40% of aged care providers are now making a loss and many more are struggling to remain financially viable, particularly those in remote and rural areas and providers looking after the most disadvantaged including homeless people,” ACSA CEO Pat Sparrow said.

“The sector now needs an urgent funding injection, such as an ‘adjustment payment’, while the longer term work on new funding arrangements is being undertaken.”

“We have been advising Government for the past year of the impact on residential care providers of the combination of rising costs and reducing revenues,” LASA CEO Sean Rooney said. “Recent changes to government funding arrangements have cut deeper than anticipated and the ability of our members to deliver accessible, affordable, quality care and services to older Australians is now at serious risk.

“Consumers and providers need assurance and confidence in the aged care system and ensuring financial viability is fundamental to this.”

“Estimates highlight that Australia will need another 83,500 beds over the next 10 years to meet the rising demand. This growth, and the future needs and expectations of older Australians, is far from being met,” Aged Care Guild CEO Lee Hill said.

“Given the observations in the Legislated Review of Aged Care⁴ about long-term sustainability of the sector, this needs to include broader discussions on sector sustainability across the full spectrum of revenue levers such as private, public and insurance products.”

The aged care peak industry bodies recognise that the maintenance of an appropriate safety net for consumers without the means to fund an increased proportion of their care needs is required, as is a strict avoidance of a ‘two-tiered’ system.

The aged care industry peak bodies have been consistent and clear in their advocacy, informed by modelling and the Independent Legislated Review of Aged Care, that both an immediate injection and long term sustainable funding strategy are required. It’s now time for these calls to be heeded.

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¹ <http://www.stewartbrown.com.au/news-articles/26-aged-care/150-december-2017-aged-care-benchmark-sector-reports-released>

² Aged Care Financing Authority Report 2015/2016: <https://agedcare.health.gov.au/aged-care-reform/aged-care-financing-authority>

³ <https://agedcare.health.gov.au/reform/residential-aged-care-reform>

⁴ <https://agedcare.health.gov.au/legislated-review-of-aged-care-2017-report>