

Media Release

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Federal Government must respond to aged care funding issue

Chief Executive Officer of Leading Age Services Australia (LASA) Sean Rooney said the latest (March, 2018) report by industry analyst Stewart Brown released this week shows the financial situation for residential aged care facilities is continuing to deteriorate putting the sustainability of the sector at serious risk.

“Funding cuts by successive governments to residential aged care services, combined with rising operating costs and growing acuity and complexity of residents’ needs, have hurt the industry,” Mr Rooney said.

“The Stewart Brown independent analysis shows in black and white that 43 per cent of residential aged care facilities are experiencing financial losses - up from 41 per cent in the December quarter, and up from 31 per cent in 2015-16.

“The situation is even more serious in rural and regional areas where access to staff and higher costs are further compounding financial stress.”

Mr Rooney said LASA has called for a 3 per cent funding indexation increase or about \$350 million across the sector prior to the latest wage increase.

“However, we believe it is now vital that the Government inject 4 per cent indexation estimated at around \$470 million per annum,” Mr Rooney said.

“This modest amount of funding would go some way towards short term sector stabilization, pending a comprehensive game plan for on-going aged care funding sustainability.”

Mr Rooney said the funding squeeze not only puts at risk the viability of age services but also reduces the capacity of many to refurbish and rebuild facilities.

“As a result of funding stress, investment in building new, and refurbishing existing facilities, is slowing at a time when estimates highlight that we will need another 83,500 beds over the next 10 years to meet rising demand,” Mr Rooney said.

“If we are to meet the needs of the growing numbers of older Australians we need to have adequate and stable funding.”

Mr Rooney said the Federal Government currently funds around three quarters of the overall aged care system, with consumers meeting about one quarter of the costs.

Read the Stewart Brown Report here, <http://www.stewartbrown.com.au/news-articles/26-aged-care/158-march-2018-aged-care-sector-reports-released>.

Contact: Ashley Oliver 0458 011 009 ashleyo@lasa.asn.au