

Media Release

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Federal Government oblivious to true cost of aged care

Chief Executive Officer of Leading Age Services Australia (LASA) Sean Rooney said today's release of the Government's *Aged Care Subsidies and Supplements Rates* for the coming financial year shows the Turnbull Government is oblivious to the true cost of providing care to older Australians.

"The majority of residential aged care facilities are experiencing significant and sustained financial stress due to funding cuts by successive governments, combined with rising operating costs and growing acuity and complexity of residents' needs," Mr Rooney said.

"The coming year's aged care subsidies with an indexation rise of just 1.4 per cent are totally inadequate. This rise does not even come close to the consumer price index for health, which has been estimated to be over 4 per cent and comes on top of successive minimum wage rises of 3 per cent and 3.5 per cent in July 2017 and July 2018.

"Our industry's ability to deliver accessible, affordable, quality care and services to older Australians is at serious risk. This situation is even more dire in rural and regional areas where access to staff and higher operating costs are further compounding financial stress."

Mr Rooney said this indexation rise is only a third of what is required for aged care providers to keep up with rising costs, let alone expand their services to meet rapidly growing demand.

"Despite ongoing data and evidence from industry experts and recent independent reviews finding that Australia's aged care system is under-funded, there is no plan to address this situation," Mr Rooney said.

"Recognising the true costs of delivering age services and providing realistic funding is the only way we can guarantee a sustainable age services industry that meets the needs of all older Australians."

Mr Rooney said LASA has been calling for an immediate 4 per cent funding indexation increase or about \$470 million across the sector.

"This modest amount of funding would go some way towards short term sector stabilization, pending a comprehensive plan for on-going aged care funding sustainability," Mr Rooney said.

"We have been advocating for a considerable period of time that the needs of growing numbers of older Australians, combined with a system experiencing significant change, cannot be ignored."

Recent Stewart Brown independent analysis shows 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.

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.

"The development and implementation of a sustainable funding strategy will ensure care and services are available for older Australians as their needs arise, while also providing certainty, stability and viability for our aged care system for the next decade, and not just the next year."

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

The voice of aged care
www.lasa.asn.au

Leading Age Services Australia
First floor, Andrew Arcade, 42 Giles St, Kingston ACT 2604