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LASA Sets Record Straight on Funding Facts

Leading Age Services Australia (LASA) Chief Executive Officer Sean Rooney says that 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's comments come amid a *political debate over funding for aged care in the Federal Parliament and an ABC fact check publication.*

"The fact is that the residential aged care industry has had around \$3 billion less in funding over the past five years than it would have had under previous funding arrangements. Yet it has also had to meet the care needs of not only an increasing number of older Australians, but older Australians coming into care with more complex needs.

"This funding shortfall has been further compounded by rising operating costs, and annual funding indexation much lower than CPI – this year just 1.4 per cent 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 what older Australians need and deserve is at serious risk," Mr Rooney said.

"This situation is even more dire in rural and regional areas where access to staff and higher operating costs are further compounding financial stress.

"An independent report this week by industry analyst Stewart Brown, shows that more than 63 per cent of facilities in these locations are operating at a loss.

"The report also said that regulatory changes and funding pressures had led to a disturbing statistic of more than 45 per cent of residential facilities reporting a before tax operating deficit for the 2017-18 financial year, and more than 21 per cent reporting a cash loss from operations.

"These figures clearly show that the current funding model is inadequate, and that the industry requires significant investment and a need for all stakeholders to explore sustainable and robust solutions to the funding and operational business models.

"The Tune Review completed in September last year supports this view saying that 'meeting projected future demand will need additional investment by government beyond that currently planned, with a key issue being how increased demand will be financed and the costs shared.'

"We must get on with funding reform as a matter of priority while the Royal Commission proceeds.

“LASA stands ready to work with all sides of politics to address key funding and workforce issues to make the system better right now,” Mr Rooney said.

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