



MEDIA RELEASE

AN INDUSTRY IN DECLINE - WHO WILL CARE FOR OUR FRAIL ELDERLY?

The head of Australia's peak residential aged care industry association was stunned that the Federal Government's \$10 billion economic stimulus package ignored frail elderly on the very day the largest ever independent study confirmed the grim future facing the aged care industry.

What would it have cost for Government to fund a pay increase for the 200,000 people who work in aged care to give them a reasonable wage? The Productivity Commission in a recent report to the Government accepted that paying aged care staff the same as acute hospital staff would cost approximately \$450m.

Aged Care Association of Australia Chief Executive Officer Rod Young said by including aged care staff in the package the Government would in part at least, have addressed some of the alarming findings announced in the Report released yesterday by Grant Thornton which analyses the aged care industry's financial status for the previous financial year.

The Grant Thornton Report found aged care providers are now making 1.1% return on investment which means no aged care provider can afford to build new facilities in the future.

In fact, said Mr. Young, members are telling us that while they will complete any building work currently in the pipeline, our industry cannot commit to much needed building programs until financial reform makes it economically viable.

This is at a time when The Productivity Commission estimates that aged care capacity will need to expand by four times its current size over the next twenty five years if expected demand by 2030 has any chance of being satisfied said, Mr. Young.

"The data confirms what providers have been saying for some years – the industry is rapidly facing a financial crisis," Mr. Young said. "A combination of tight government regulation and increasing consumer expectations now fundamentally threaten industry sustainability. How many in our community understand that the federal Government controls all funding levels, allocates all places and sets all fees? Our aged care industry is not the master of its own destiny."

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There was now a simple question for both the Federal Government and the community, Mr. Young said. "What sort of an aged care industry do you want by 2020?"

Mr. Young said the sector is experiencing substantially declining returns, but also facing the very real threat of having its annual funding adjustment cut in half by next year.

"Our industry is in a perilous position due to rapidly rising building costs, increased community expectations for even greater quality accommodation and care, on top of a decade where funding has been in decline in real terms," Mr. Young said.

Solutions must be built around a reform package developed in consultation with the industry. It must contain an appropriate annual "Aged Care Index", refundable deposits for high care facilities, flexible funding which permits higher level returns when providers provide superior accommodation and a comprehensive aged care workforce industry recruitment and retention plan.

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15th October 2008