



## MEDIA RELEASE

### BUDGET MUST ADDRESS AGED CARE BLACK HOLE

Aged Care Association Australia (ACAA) today expressed grave concern that care funding worth a billion dollars over the next four years may be slashed as a result of the Rudd Government's failure to commit to fair annual increases in aged care funding.

Rod Young, ACAA, CEO, said "the aged care industry had been seeking commitments from the Rudd Government to a fair funding formula for the aged care Conditional Adjustment Payment (CAP) in the Federal Budget, to be handed down on 12 May. The payment is worth \$91M over four years to the industry."

"If the Government proceeds with the real threat to cut annual funding adjustments in half this will translate to 16,000 lost jobs across Australia over four years, the equivalent of five positions for every aged care facility," Mr Young said.

"Funding cuts of this magnitude would mean many marginal providers will no longer be able to operate."

"The release last week of a unanimous report from the Senate Inquiry into Residential and Community Aged Care, which concluded that there were "grave concerns" about the adequacy of annual funding increases for the aged care industry; sends the strongest possible message to the Government about the dire state of aged care funding and the likely impact if the 2009/10 budget does not address the industry's financial problems", said Mr Young.

"The current building program of some \$1.5B per annum is under severe threat as aged care providers know, based on their current funding, that servicing capital will impact on operational income and therefore affect their capacity to maintain quality services for their residents", said Mr Young.

"If the Government decided to ignore the industry's problems there is now little doubt that most building work will cease over the next year creating a severe shortage of aged care places in coming years as aged care places will need to double from 210,000 places today to 390,000 places by 2025", said Mr Young.

"That is a huge investment involving expenditure in today's dollars in excess of \$21B. Such a massive economic investment requires a solid financial base with reliable funding and consistent Government policy otherwise no one is going to take the financial risk that will ensure quality facilities are available to meet the needs of older Australians in ten or fifteen years time", said Rod Young.

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