

Media Release

FOR IMMEDIATE RELEASE

Funding access concern for Aged Care Providers

23 February 2010: The lack of access to funding is a key concern for Australian Aged Care residential accommodation providers (Providers) according to a recent survey by Deloitte into the Australian Aged Care industry.

The report, “*Annual survey into the Australian Aged Care Industry 2010*”, surveyed members from the national peak industry body, the Aged Care Association Australia, to ascertain their views on debt financing, supply capacity and our growing ageing population.

The survey profiled providers in the for-profit and not-for-profit sectors, accounting for about 700 aged care facilities across Australia representing almost 25% of the number of facilities operating in the industry.

According to Mark Allan, Partner Deloitte Private, the funding dilemma has become increasingly apparent due to declining profitability of providers, increased infrastructure costs and the global economic downturn.

“Australia may have a shortage in supply of beds in five to seven years as a consequence of the current lack of access to funding to construct new facilities and due to the growing demand for these services from our ageing population. However until a more appropriate funding model is developed and agreed upon by key industry stakeholders, which takes into account the significant increase in high-care bed demand, providers will continue to have difficulties in accessing additional funding to grow their aged care operations,” said Mr Allan.

The recent Government’s 2010 Intergenerational Report highlighted that the proportion of elderly Australian aged over 65 as a percentage of the total population was likely to double over the next 30 years.

“The likelihood of insufficient construction of new facilities combined with an increasing need for more high-care beds, has made it an urgent priority to address the difficulties with accessing appropriate levels of funding for this industry and its providers.

The lower profitability levels and greater risks in financing operations are likely to result in providers lacking the required level of impetus and reward to continue to invest in and grow the supply capacity for aged care,” added Mr Allan.

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“Perhaps the Federal Government should be considering incentives for providers to invest further in the construction of new facilities, if it is to ease the burden of having to act as a key funding source for aged care accommodation needs,” said Mr Allan.

The survey also highlighted the major challenges, apart from funding, in the Aged Care industry including managing people, reducing government compliance and improving internal processes such as the operational effectiveness of Finance and IT departments.

NB: See our media releases and research at www.deloitte.com.au

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About the Aged Care Association Australia

The Aged Care Association Australia is a professional, national industry association for providers of quality residential and community aged care services. A federated peak body, ACAA is the only organisation that represents care providers from the private and voluntary sectors on a national basis. ACAA provides a truly representative voice for the residential care industry to the Commonwealth and State governments, all associated agencies and professional bodies, via a structure of autonomous state association, and a national presence in Canberra.