



EMBARGOED UNTIL

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MEDIA RELEASE

DEFER AGED CARE REFORM AT YOUR PERIL

The Prime Minister and the Government have been warned that without urgent reform to Commonwealth legislation and a boost to funding, the aged care industry is in serious jeopardy. A comprehensive report released today and provided to the Prime Minister and to Government by Aged Care Association Australia (**ACAA**), identifies the urgent and specific action necessary for aged care reform in Australia.

The Prime Minister last week confirmed a commitment to making aged care reform a priority for her government if Labor wins the election. The report, entitled "*Health Reform: the Aged Care Chapter*", confirms the industry view that reform must happen now. "So far, the Government has simply committed to considering recommendations from the Productivity Commission's aged care inquiry; but these reforms could take up to seven years to be implemented," said Rod Young, Chief Executive Officer, ACAA.

"On the Government's own analysis the aged care sector must double in size by 2030. This will require a capital spend of \$51B. Under the current funding scheme, aged care providers are going backwards. They can not access sufficient capital to go anywhere near meeting demand. If Government does not act now, quite simply there will not be sufficient aged care beds to meet demand and we will see people being cared for in hospital or children having to stop work to provide the care at home. Health and aged care in Australia is a critical issue for the future of our nation – indeed, the absence of urgent reform places our elderly at risk. We are asking Julia Gillard to give the aged care industry the attention it deserves. This report has the answers she needs."

The report, prepared on behalf of ACAA by Hynes Lawyers and PKF Chartered Accountants, identifies a series of pragmatic reforms to the critically unsustainable aged care industry. The report is supported by overwhelming industry consensus, with 91 per cent of industry survey respondents supporting urgent reform.

Julie McStay, partner and head of the aged care and retirement living section at Hynes Lawyers, said, "The Prime Minister has said she is committed to aged care reform. At the very least, aged care providers need reform to the funding scheme now. Even if the Government were only to implement the capital funding reforms contained in the report, it would provide immediate, urgently needed relief to aged care providers and it would do so at no cost to Government."

Julie Hough, Partner and Seniors Living spokesperson at PKF, said, "Access to capital funding is inadequate under the current scheme because accommodation bonds are not available for all residential places and the accommodation charge is too low. The most

immediate and sustainable way to address the capital funding crisis is to require all residents who can afford to pay a bond or equivalent payment, do so.”

Urgent reform is required now and this report shows the Government how to do it.

The report has been delivered to The Prime Minister, The Hon. Julia Gillard, The Hon. Justine Elliot, Federal Minister for Ageing and Senator Concetta Fierravanti-Wells, Shadow Minister for Ageing. The report will be released to the public on 29 July 2010.

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