



## MEDIA RELEASE

### Aged Care Review Step in Right Direction

Aged Care Association Australia (ACAA) has welcomed the announcement by Minister for Ageing, Justine Elliot and Assistant Treasurer, Senator, Nick Sherry of the long awaited Terms of Reference for the Productivity Commission to commence a comprehensive review of long term structural reform in aged care.

To ensure a future system achieves service choice for future consumers it is essential that any future aged care system is strong robust and sustainable as access and choice cannot be guaranteed in a future system if providers of services are unable to make investment decisions due to unacceptable risks. Provider certainty is needed to ensure service choices can be provided at the desired level of care and quality for our future consumers, said Rod Young ACAA, CEO.

ACAA is pleased therefore, that the Terms of Reference released by the Government are sufficiently wide enough to allow the Productivity Commission to undertake a broad review of the options that Government can consider if the needs of older Australians are going to be met in the future, said Mr. Young.

It is worth noting that the Commonwealth Government currently funds 220,000 aged care places in residential and community care. That by 2025 the total number of places to meet the growing numbers of ageing Australians will need to expand to 400,000 places that is an increase of 80%. Residential care will need to spend an estimated \$24B over this period on new and replacement buildings, if this projected growth in demand is to be met, said Rod Young.

It is therefore essential the government recognizes that a number of short term solutions will be essential to ensure the industry remains viable during a transition process to a re-structured system. Otherwise this level of investment is unlikely to occur with the consequence that older Australians will not be able to access the type of service of their choosing in an acceptable timeframe. A further consequence will be that older Australians will be forced to obtain services from more expensive parts of the health system such as acute hospitals, said Mr. Young.

Short term actions that are required are:

- An annual index that reflects the real cost of care;
- A capital creation system that allows clients who have the means to be able to choose how they contribute towards their accommodation costs.

ACAA looks forward to working with the Productivity Commission on the review process as it will be important for Government to consider the recommendations of the review and make decisions in the timeframe of the 2011 budget, Mr. Young said.

For further contact:

Rod Young  
ACAA CEO  
Mobile 0419 624 178  
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#### State Offices

##### NSW

PO Box 7  
Strawberry Hills NSW 2012  
T: 02-9212 6922  
F: 02-9212 3488  
E: admin@acaansw.com.au  
W: www.acaansw.com.au

##### QLD

PO Box 995  
Indooroopilly QLD 4068  
T: 07-3725 5555  
F: 07-3715 8166  
E: acqi@acqi.org.au  
W: www.acqi.org.au

##### SA

Unit 5, 259 Glen Osmond Road  
Frewville SA 5063  
T: 08-8338 6500  
F: 08-8338 6511  
E: executive@acaasa.com.au  
W: www.acaasa.com.au

##### TAS

PO Box 208  
Claremont TAS 7011  
T: 03-6249 7090  
F: 03-6249 7092  
E: smithgardens@bigpond.com

##### VIC

Level 7, 71 Queens Road  
Melbourne VIC 3004  
T: 03-9805 9400  
F: 03-9805 9455  
E: info@accv.com.au  
W: www.accv.com.au

##### WA

Suite 6, 11 Richardson Street  
South Perth WA 6151  
T: 08-9474 9200  
F: 08-9474 9300  
E: amarcher@acaawa.com.au  
W: www.acaawa.com.au