

CEO article for ACAA Magazine Dec 09

AGED CARE FUNDING INADEQUACY CONFIRMED BY DoHA

In response to a question in the Senate earlier this year, the Minister recently provided a set of answers which set out the average cost of care in each state and territory. What was interesting about this information is that it actually detailed significant variations between the costs of care as calculated by government in each jurisdiction.

The comparative data and national average are set out in Table 1 below:

Table 1: COST OF CARE COMPARISON 2006 – 07

STATE	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	AUST
COST OF CARE (DEPT)	152.77	137.43	192.15	147.42	142.79	156.84	153.76	152.42	145.95

Estimate of Subsidy income

ACAA has then looked at the average subsidy income that is received across all jurisdictions and estimated the income received by providers including supplements and special subsidy items such as enteral feeding and oxygen.

Table 2 below sets out all of the analysis of subsidy income including CAP and special supplements

STATE	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	AUST
COST OF CARE (DEPT)	152.77	137.43	192.15	147.42	142.79	156.84	153.76	152.42	145.95
OPERATING INCOME	129.34	128.21	126.33	124.95	132.54	128.88	126.48	125.19	127.37
OTHER SUBSIDY INCOME	\$8.00	\$8.26	\$21.23	\$8.45	\$8.26	\$9.18	\$8.26	\$9.03	\$8.41
INCOME TOTAL	\$137.34	\$136.47	\$147.56	\$133.40	\$140.80	\$138.06	\$134.74	\$134.22	\$135.78
ADJUSTED OPERATING LOSS	-\$15.43	-\$0.96	-\$44.59	-\$14.02	-\$1.99	-\$18.78	-\$19.02	-\$18.20	-\$10.17

SOURCE: Bill Bourne, ACAA Business Services

What is interesting from this analysis is that if you look at the average Australian cost figures supplied by the Minister and then deduct the income the industry receives, you will find that there is a shortfall per resident per day of \$10.17 as a national average

The \$10.17 amounts to a total shortfall in subsidy income provided by Government to sustain quality care services of \$630M per annum.

The estimate of subsidy is in our opinion, a conservative estimate and as the information provided by the Minister to the Senate is the Government's own information, we consider that this assessment of shortfall is an accurate one.

ACAA therefore calls on Government to recognize the level of shortfall being suffered by the industry and the urgent need to address this significant funding shortfall and particularly, to recognize the enormous impact that this has on the capacity of aged care providers to provide the level and quality of service that we earnestly believe we should be able to do and which our elderly frail clients are entitled to.

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