

Media Release

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Tax reforms bad news for aged care: ACSA

Reports that Dr Ken Henry's tax review recommends an end to the charitable status of not for profit and faith based aged care providers is alarming, Aged and Community Services Australia (ACSA) said today.

ACSA Acting CEO Pat Sparrow said such a significant threat to an already struggling sector was unacceptable. "ACSA represents aged and community care providers who will be directly affected by this proposal," Ms Sparrow said.

"We understand the comprehensive 1,000 page report encompasses the entire tax system and that difficult decisions will need to be made to support dramatic increases in our ageing population.

"However, we cannot support removing this tax benefit for an industry that is in urgent need of more funding, and potentially replacing it with a series of grants."

ACSA President and CEO of one of Australia's larger charitable aged care providers Eldercare Incorporated, Klaus Zimmermann, said if the initiative was adopted the entire industry would be placed in financial turmoil.

"Significant numbers of facilities are operating in deficit," he said. "Removing the tax benefit in addition to increased costs associated with the modern awards, will ensure even more facilities are operating at a loss.

"Employees would also stand to lose up to \$100 a week. For our entire workforce across Australia, that amounts to \$20million in lost wages every week. The industry is currently fighting to attract and retain staff including nurses and this move would only exacerbate the situation."

Ms Sparrow and Mr Zimmermann said the Prime Minister's very public acknowledgement of the dramatic challenges of an ageing population, is a source of hope that the Government will do nothing to undermine aged care services now, or in the future.

"We provide a valuable and critical community service which is already marginalized in terms of funding," they said.

ACSA applauds the Government's commitment to tax reform and welcomes other initiatives including incentives for older people to remain in the workforce, but not at the expense of aged care employees and older Australians.

Media contact: Chris Hornsey 0419 513 432