

**Aged & Community Services Australia  
National Conference**

# **MEDIA RELEASE**

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**ATTENTION: Business/finance/aged**

## **AGED CARE BENCHMARKING REPORTS SHOW RISING LOSSES IN PROVIDING QUALITY AGED CARE**

Two well-known commercial benchmarking services on the financial health of the aged care industry will deliver a disturbing picture of their most recent findings at the ACSA National Conference on the Gold Coast tomorrow ( 19 September).

The most recent report by Stewart Brown and Company, for the nine months ended 31 March 2006 shows that 53% of the services measured in not for profit aged care facilities were losing money on a daily basis for all care services provided, especially for residents receiving high care. Financial performances were trending down.

While the picture was better for the facilities benchmarked in the Bentley Underwood their National Residential Aged Care Survey, it was conducted nine months earlier (up to 30 June 2005) after the Government had lifted subsidies.

ACSA CEO Greg Mundy, said the trend shown in the two surveys was of great concern to the industry, and to the long term future of aged care in Australia.

“ The aged care industry is totally regulated and controlled by the Government in what it can charge for services and care – not just overall but for each resident. The system can only work if the fee rates and subsidies move in line with - and not below- actual costs of care,” he said.

“ Government funding has not met the rapidly increasing costs of care, especially in the wages area which makes up over 70% of costs. The benchmarking reports show that aged care is responding by gradually reducing the level of care provided because they cannot afford to meet the increasing costs of this care.”

“This has led to a hand to mouth existence for the residential aged care industry, Australia’s ninth largest employer.”

Greg Mundy said the not for profit sector represented by ACSA provided around two-thirds of aged care in Australia. “They can’t afford to operate at a loss despite having a commitment to provide aged care.

“For the sake of older people needing care in the future, everyone must hope they don’t sell up their valuable real estate and close nursing home beds.”

He urged the Government to index the prices it pays to reflect the actual costs of providing quality aged care; remove some of the restrictions on user-pays by those consumers who could afford to pay more , especially for their accommodation; and for both Federal and state governments to lighten regulations to reduce some of the costs of operating an aged care service.

“This will enable the aged care industry to ensure the viability of its services and begin to plan with confidence the expansion of the whole range of services – residential, community, short and long term - that our ageing population will require.”

**A summary of the reports and electronic copies of both are available.**

**For further comment contact Greg Mundy on 0416203065 or Megan Stoyles 0408147829 to arrange interviews with Max Hopkins ( Stewart Brown) or James Underwood.**