

# **Media Release**

**Monday, 26 February 2007**

**For immediate release**



## **AGED CARE FUNDING PACKAGE REQUIRES MODIFICATION**

Changes are required to the Australian Government's package of aged care funding measures, announced by the Prime Minister on 11th February, if they are to achieve their stated objectives without unforeseen consequences.

Responding to remarks made by federal Minister for Ageing Santo Santoro to delegates at a major aged care conference in Albury on Sunday, Greg Mundy CEO of Aged and Community Services Australia (ACSA) stated:

"This part of the Government's *'Securing the future of aged care...'* package needs to be refined. While there are many good things in the overall package, one of its central aims, to resolve the longstanding problem of capital raising for new facilities, will not be achieved without significant changes and more money."

"We were initially very pleased with the package but as more detail became available on the various offsets and trade offs contained within it, it became clear that the gains were modest and that there were significant negative impacts. We have raised our concerns with Government over the past two weeks, and will continue to work with them to find solutions."

"Minister Santoro's comments on Sunday effectively acknowledged the need for the package to be modified."

"Funding for high care (nursing homes) in particular has been tight for many years as costs have risen faster than Government subsidies and fixed resident fees. The only way high care homes can be built today is through a cross subsidy from other services. This means that some residents are effectively subsidising others. The funding package aimed to fix this but was premised on unrealistically low building costs. Our members around Australia experience costs of construction 17 to 40% higher than those assumed in the funding package"

"Worse than this, many low care homes may actually be worse off under the proposed measures."

"Because a number of existing subsidies, such as the pensioner supplement paid in respect of low income residents, and some additional fees paid by residents with higher asset levels are proposed to be rolled up into a new charging regime or abolished, some services could actually lose money. While we don't think this was the intent of the package, it certainly must not be allowed to occur."

"Some may be able to recoup this by raising the value of Bonds they charge to incoming residents, others, including those in rural Australia or less affluent parts of urban areas will just go backwards."

ACSA represents over 1,200 church, charitable and community-based organisations providing housing, supported accommodation and community care services to around 750,000 older Australians, people with a disability and their carers.

**For Further Information**

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