



AGED CARE INDUSTRY COUNCIL

Peak Council of Australia's Aged Care Providers



MEDIA RELEASE

'\$210M budget cut for aged care'

"The Federal Government's failure to extend a key capital payment to the aged care sector and their failure to approve the continuation of the 1.75% CAP additional index beyond the current financial year will be a heavy burden for aged care providers to absorb," said Aged Care Industry Council representative, Greg Mundy.

"The combined effect of these reductions will mean job losses which for an industry already running on very thin margins, can only lead to more pressure on existing staff and an almost impossible task to meet the standards the industry wishes to maintain," said Rod Young, Aged Care Industry Council joint spokesperson.

"The Government's own external analysis of the industry's financial position clearly indicates 40% of providers are operating in the red," said Mr Mundy.

"ACIC analysis of industry operations in the 2007/08 financial year indicate that this serious financial position has deteriorated further and many providers are considering walking away as Government continually wants more from the industry whilst paying less to achieve higher outcomes," Mr Young said.

Mr Mundy said that "unless the Government listens to the industry and accepts serious structural reform is essential, it is likely that as many as 10% of providers will be forced out during the next financial year, at least 4000 staff will be trimmed from staffing levels already cut to the quick due to funding inadequacy, aged care pay rates will move into disparity with the acute hospital sector above 15% on average and aged care providers will simply stop building and or replacing existing infrastructure as the current system is not sustainable."

"This is a system in crisis and Government must recognise this," said Rod Young

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