



Aged & Community Services  
SA & NT Inc

## Media Release

15 October 2008

### Funding Concerns Confirmed

The release today of the Grant Thornton 2008 Aged Care Survey confirmed the aged care sector's worst fears. Many aged care operators are incurring unsustainable operating losses.

"The real concern now is that unless dramatic action is taken many more operators are inevitably going to fail" Alan Graham, CEO, Aged and Community Services SA&NT (ACS) commented. "The February 2007 survey advised us that over 40% of providers reported a loss and now we are advised that average earnings for providers had fallen by a further 10% in just over a year"

"We have already seen evidence elsewhere in Australia with aged care providers having to close doors and the sector in South Australia is very concerned about developing new facilities and modernising any existing premises until there is greater clarity around the long term funding regime" Mr Graham added.

ACS strongly supports the key conclusions contained within the report that significant investment is needed to re-shape the sector for the ageing population and that the current funding model is discouraging the construction of modern nursing homes.

The report highlights two specific issues that must be addressed:

- ❖ Privacy is now central to consumer demand; put simply the community expects one bedroom accommodation and yet the funding model does not provide compensation for providers to meet the expectation.
- ❖ A significant percentage of existing facilities are themselves ageing (over half of the facilities surveyed were over 20 years old) yet the current system does little to provide incentives for operators to refurbish or build new facilities.

"It seems to me a sad indictment of the system when, as the survey suggests, providers can barely keep their existing premises running let alone think about what is required to meet future demand"

Aged care is about to enter its brave new world – the baby boomers are about to arrive at the doors of the aged care facilities. If we are to meet their expectations it is imperative that the system be reviewed and that a framework that offers sustainable, equitable and efficient facilities is established.

**Media comment: Alan Graham, CEO, Aged & Community Services SA&NT Inc  
8338 7111 or mobile 0408 231 047**