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CATHOLIC SECTOR WARNS GOVT FAILURE TO ACCEPT KEY ROYAL COMMISSION RECOMMENDATION WILL PUT AGED CARE HOMES UNDER GREATER PRESSURE

Catholic Health Australia is warning that many residential aged care homes will experience a continuation of the financial pressures of recent years following the Government's failure to adopt a key recommendation from the Royal Commission regarding the indexation of residential care funding.

The Royal Commission recommended changing the indexation formula by which care funding is calculated in the short term until independent price determination arrangements based on periodic costing studies commence from July 2023.

Using the current indexation formula, indexation for 2021-22 increased on July 1 by 1.1% which falls significantly short of this year's 2.5% increase in minimum wages for aged care workers and the 0.5% increase in compulsory superannuation contributions.

In its final report the Commission concluded that the cost of providing quality care has been consistently rising faster than current indexation.

"They're in effect being squeezed and must choose between financial viability and providing the level of care that's the minimum standard required to support their residents - an impossible situation," the report concluded.

The Royal Commission's recommended indexation formula would have resulted in care funding for residential aged care homes rising by 2.36% in 2021-22.

CHA CEO Pat Garcia said the Government's failure to adopt the Royal Commission's recommendations would inevitably lead to many homes continuing to operate at a loss, and possibly even close or sell up.

"Unfortunately, the rising cost of delivering quality care will largely offset the Government-funded \$10 supplement to the basic daily fee that was announced in the Budget. While the Budget also announced significant additional funding for reforms, such as mandatory minimum staffing levels, this funding is tied to providers achieving additional specific outcomes," Mr Garcia said.



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“They do not address the long-standing underlying financial pressures being experienced by the sector. Hence it’s one step forward and one step back for the sector.”

“Our fear is that if funding isn’t keeping pace with cost increases for the next two years, then more homes face a bleak future. Following the Commission’s report older Australians and their families are looking to government and the sector to provide certainty but unfortunately these funding arrangements fail to provide it.”

“Our workforce needs to be properly paid in order to deliver the best possible care, but the current funding formula doesn’t allow that.”

The latest StewartBrown survey of financial performance of aged care homes indicates that the average result for aged care homes is an annual deficit of \$2,225 per bed.