



Margaret May MP

Federal Member for McPherson
Shadow Minister for Ageing

MEDIA RELEASE

MASS EXODUS FROM AGED CARE INDUSTRY

Shadow Minister for Ageing Margaret May has condemned the Rudd Government's continued neglect of the aged care portfolio and has called on the Rudd Government to urgently address the issues concerning the aged care industry across Australia.

"The Rudd Government is failing to adequately fund the aged care sector, which has resulted in aged care providers refusing to apply for bed licences in this year's round of licence allocations" Mrs May said.

"A number of providers have advised the Rudd Government that they would not be applying for further bed licences, nor would they be building any further high care facilities until the Government considered undertaking funding reforms for the aged care sector.

"There are clearly problems within the industry when providers will not apply for licences and in fact are handing back licences, going into liquidation and refusing to invest in infrastructure for aged care and yet the Rudd Government has its head in the sand over this important issue".

Mrs May is calling on the Minister for Ageing the Hon Justine Elliot MP, to meet with aged care providers to hear their concerns regarding the future of aged care funding.

The aged care industry is in crisis with 40% of all aged care providers in Australia reporting a loss in the operation of their businesses.

"With so many industry players running at a loss, it is a deterrent to future investment in the aged care industry and less investment means less aged care places" Mrs May said.

Grant Thornton recently undertook an analysis of the operations of aged care providers in Australia and found:

- Net profit of providers fell by 30% in the past three years;
- The average rate of return on a high care bed is 1.1%;
- The economic decline in returns is being felt by both for-profit and non-for profit providers; and
- Non-urban facilities are suffering greater losses than their urban counterparts.

“The provision of quality aged care should be a priority of the Rudd Government as the population continues to age. However, what we have encountered is a continued decline in the provision of aged care services across Australia.

“Just this week, a planned high aged care facility has been rejected by the Committee responsible for building the facility on the basis that the Rudd Government is failing to address issues concerning capital investment in aged care.

“We are hearing the same story over and over again. Providers are closing their doors and walking away from the industry in droves.

“The decision not to proceed with the high care aged care facility in Queensland, the Prime Minister’s backyard, demonstrates that the Government is not committed to providing quality aged care to thousands of Australians” Mrs May said.

“With a society that has an increasing number of aged persons, the Government should be encouraging investment in the aged care industry to meet future demands. However, a 1.1% return on investment for a high care bed is hardly a worthwhile investment.

“Serious funding reforms are required to secure the future of the aged care industry.

“The Minister for Ageing must start taking responsibility for her portfolio and I am calling on the Minister to undertake a fundamental review of the funding problems facing the aged care industry” Mrs May said.

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