



MEDIA RELEASE

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Aged care subsidy indexation figure inadequate

Aged care providers are seeking an urgent explanation from the federal government following today's extremely disappointing announcement that subsidies paid by government to providers to care for and support older Australians will increase by only 1.7 per cent during 2022-23.

Aged care funding and workforce shortages are in crisis – as identified by the Aged Care Royal Commission – a situation that has been exacerbated by the pandemic.

ACCPA Interim CEO Paul Sadler said the announcement is dire news for aged care providers who have been stretched beyond their financial and organisational limits as they have continued to provide care and support through a global pandemic over the past two years.

"This figure is patently inadequate particularly as we know that two thirds of aged care facilities are currently operating in deficit," Mr Sadler said.

"We have had positive engagement with the new Government on the problems facing the sector, and the Prime Minister has nominated fixing aged care as key priority, so we are perplexed by this news.

"We understand that the indexation figure was part of the Budget prepared by the previous Government so we are keen to hear the new Government's plan to fix this issue consistent with its commitment to implement the recommendations of the Royal Commission.

"The gap between indexation and cost increases is enormous – with inflation at 5.1 per cent, award wages for most employee classifications increasing by 4.6 per cent, plus a 0.5 increase in the superannuation guarantee.

"This year's gap adds to the gap from previous years, and is further compounded by Award changes due to take effect in home care from 1 July and the ongoing costs of COVID-19.

"The inadequacy of aged care indexation is further illustrated by the fact that NDIS subsidies have been increased by nine per cent with a further supplement to provider funding for COVID-19 costs.

"We are deeply concerned that the aged care crisis will continue to worsen without urgent action to adequately cover the costs of care and well-deserved pay increases for hard working staff."

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About Aged & Community Care Providers Association:

ACCPA is the national association for all providers of aged and community care in Australia from 1 July 2022. It unites the aged care sector's two largest organisations, Aged & Community Services Australia (ACSA) and Leading Age Services Australia (LASA), for a stronger voice for aged care providers.