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Budgeting for aged care continues to be a challenge

Meeting the costs of care for growing numbers of older Australians, many with complex medical conditions, is a constant challenge, the peak body for mission-based aged care providers said today.

Acting Aged and Community Services Australia (ACSA) CEO Illana Halliday said Government funding concerns raised in today’s MYEFO again underlined the scale of support needed for an ageing population.

“Changing patterns in consumer confidence, fluctuations in mineral prices, economic booms and downturns are part of life and a country’s fortunes,” Ms Halliday said.

“But aged care is heading in only one direction. We have an ageing population and within that cohort more people with complex care needs. Meeting the costs of supporting these older members of our community is a challenge but not insurmountable.”

Ms Halliday said the fact that Budget estimates under the Aged Care Funding Instrument (ACFI) had again been exceeded pointed to problems within the system. The Government today announced a reduction in budgeted subsidies of $472 million over four years.

“Aged care providers like governments and ordinary householders understand the need to set budgets and work within them. But as happens with various levels of government and different households, budgets and expenses can vary for aged care facilities. Their location and the very individual nature of residents’ health issues including mobility and medication can have a dramatic impact on budgets.

“We need a formula to capture these diverse needs and allocate corresponding funding.”

"Ms Halliday acknowledged there is an overspend on ACFI, but noted the total aged care budget was actually within expected parameters. In that context, while ACSA understands the Government’s desire to prevent a longer-term budget blowout, but we need to look more closely at the whole aged care budget to understand where other opportunities may lie in addressing the ‘overspend’.”

She stressed that while this might involve some difficult choices, it must not jeopardise the care of older Australians or the sustainability of providers, particularly those serving isolated communities in rural and remote parts of the country.

“I am confident that we can work on long term solutions with the ACFI funding instrument with the Department to achieve a positive outcome.

“Further, it is essential that together with Government we address the fundamental problems of a system that is failing to properly identify the funding needed for aged care services and avoid situations such as this, which serve to destabilise providers, and therefore residents.

“Another area of concern is the merger of the Aged Care Workforce Development fund with the Health Workforce Fund. Aged care has significantly more acute issues in recruiting and retaining staff, particularly in remote and rural areas, and we would call on the Government to quarantine funds specifically for aged care specifically for aged care as a specialist area requiring intensive workforce development, innovation and a secure labour supply.”

Aged & Community Services Australia is the peak body for mission-based aged care providers.

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