



**Australian  
Aged Care  
Collaboration**

## **MEDIA RELEASE**

**Tuesday 11 May 2021**

### **Federal Budget delivers historic aged care reform**

THE aged care sector today welcomed the Australian Government's formal response to the Royal Commission into Aged Care Quality and Safety, which includes a record funding increase of \$17.7 billion over the next four years.

The Australian Aged Care Collaboration (AACC), which represents more than 1,000 providers, congratulated the Australian Government on agreeing to implement most of the Royal Commission's 148 recommendations.

AACC representative Patricia Sparrow said that after 20 government reviews in 20 years, this Budget, and the government's response to the Royal Commission's recommendations, finally addressed many of the challenges facing aged care.

"This Budget gives real hope to more than 1.3 million Australians currently accessing aged care services, to the 360,000 care staff who provide critical services around the country every day, and to the tens of thousands of Australian workers our sector will need to employ over the coming years to meet the demands of our ageing population," Ms Sparrow said.

"Australia now spends half of what comparable countries do on aged care, and while this investment won't close that funding gap entirely, it will provide structural relief in many critical areas."

AACC representative Sean Rooney said the government had committed to a demanding timetable of reform, and industry looked forward to working with them to deliver it.

"Eighty thousand new home care packages, relief for aged care homes under financial pressure, and workforce support including more care minutes per day and greater training and career development are significant steps forward," Mr Rooney said.

"It also deals with major reform including a new Aged Care Inspector General, the creation of a new independent pricing mechanism and revised quality standards through an expanded Australian commission on Safety, Quality and Health Care.

"What this means is we are on the pathway to realising a transformed aged care system, that is resourced and enabled to meet the needs of a growing number of older Australians."

The AACC last month put forward a 15-point plan to ensure older Australians received the most benefit in the

quickest time from an improved aged care system.

Called "[\*Aged care – the way forward\*](#)", the plan recommended the Australian Government immediately focus on priority areas in four broad groupings including Human rights, access and choice; Workforce; Transparency and Sustainability.

## **Additional information**

### **The need for reform**

- Genuine reform must start now because Australia's population is ageing.
- More than 4.1 million Australians, or almost 16% of the population, are currently aged over 65. By 2057, that will rise to 8.8 million, or 22% of the population, and by 2097 it will reach 12.8 million people, or one in four Australians.
- Close to 100,000 people are waiting for home support at their approved level - with those in need of the highest-level packages typically waiting at least 12 months.

### **Types of government-subsidised aged care**

- Broadly speaking, Australians access government-subsidised aged care services in three different settings:
  1. Own home - for people with low care needs (Commonwealth Home Support Program CHSP) – 840,000 people.
  2. Own home - for people with greater care needs (Home Care Package Program) – 174,000 people.
  3. Communal care homes - where residents generally receive nursing and personal care 24 hours per day, either on a permanent basis or as short-term respite stays (Residential Aged Care Homes) – 244,000 people.

### **Spending on aged care**

- Total expenditure on aged care in Australia in 2019-20 reached about \$26 billion.
- The Australian Government spent \$21 billion, with most of the remainder paid directly by consumers.
- Australia's financing of aged care is highly skewed towards residential aged care, with 6.4% of over 65s in Australia living in these communal homes, compared with an OECD average of 3.6%.
- Approximately 63% of all government aged care funding, or \$13.5 billion, is spent on communal residential aged care.
- A further 88,000 places will be required in communal Residential Aged Care over the next 10 years, at a cost of \$55 billion.

### **Workforce**

- 78,000 extra workers are needed in the next 10 years to deal with the country's ageing population.
- These figures may explain why the Royal Commission into Aged Care Quality and Safety found that Australians strongly support increased funding to ensure access to high-quality care in the future.

**About the Australian Aged Care Collaboration (AACC)**

The AACC is a group of six aged care peak bodies: Aged & Community Services Australia (ACSA), Anglicare Australia, Baptist Care Australia, Catholic Health Australia, Leading Age Services Australia (LASA) and UnitingCare Australia.

Together we represent more than 1,000 organisations that are responsible for about 70 per cent of the services delivered to the 1.3 million Australians receiving aged care – either at home or in communal residential settings.

Our members include not-for-profit providers, primarily church and other charity organisations, but also a number of private operators.

Sean Rooney is the CEO of Leading Aged Services Australia (LASA) and Patricia Sparrow is the CEO of Aged & Community Services Australia (ACSA).

For more information, visit [CareAboutAgedCare.org.au](http://CareAboutAgedCare.org.au).

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