

THE AUSTRALIAN

Aged-care operators urge tax relief

SID MAHER, NATIONAL AFFAIRS EDITOR, CANBERRA APRIL 21, 2015 12:00AM



[Sid Maher](#)
National Affairs Editor
Canberra



 Follow @sidmaher

Aged-care operators have asked state governments for \$653 million in payroll tax exemptions as they seek to cover the effects of cuts from last year's federal budget.

The move comes amid fears in the industry that investment returns are not big enough to back the 76,000 extra aged-care beds needed by 2025 as an ageing population is expected to deliver a surge in the numbers of people needing care.

Leading Age Services Australia chief executive Patrick Reid said states were being asked for concessions as they framed their budgets because the federal government had cut the payroll tax offsets last year.

They had been granted in the past to put the for-profit sector on a level playing field with the not-for-profit sector which is not required to pay payroll tax.

But the federal government ended the payment from December 31, arguing payroll tax was in the realm of the states and the supplement to aged-care operators had effectively been subsidising the states.

The move threatens to catch the aged-care industry in another tax battle between the states and the federal government as premiers push Tony Abbott to restore hospitals and education funding.

Mr Reid said the industry needed to attract \$31 billion in extra investment over a decade to meet the bed target.

"We are not going to reach that investment level," Mr Reid said.

His concerns are backed by Philippa Lewis, chief executive of Simavita, which provides technology platforms to the aged-care industry.

She said while more programs were being put in place to keep ageing people in their homes, the number of beds in aged-care facilities would also need to rise dramatically. "What people fail to understand about this whole issue of ageing is at the end of the day when you are very elderly, you will have to often spend that last period of your life in a facility so you can't stay home."

"The extra beds in the system would not cover the demand," she said.

Research prepared for LASA by the Centre for International Economics consultancy said the tax change had opened up an investment gap in the for-profit sector.

In NSW alone the number of people aged 80 to 84 is forecast to grow by 3.8 per cent a year and the number above 85 will grow by 3.1 per cent to 2030.

The CIE report warns that the cost to NSW public hospitals of aged people being diverted to a hospital bed rather than a residential aged-care facility would be between \$10m and \$30m a year.

Assistant Minister for Social Services Mitch Fifield said the payroll tax supplement had effectively been an uncapped, indirect transfer of revenue from the Australian government to the states and territories.

“Put differently, it was the equivalent of the Australian government providing an exemption to state and territory taxes.

“The level of government that has responsibility for a particular tax base should have responsibility not only for its application, but any exemptions, including those relating to issues of competitive neutrality.”

The government was also moving to boost funding to encourage new facilities.

He said from July 1 last year, newly built and significantly refurbished residential aged-care services attracted a higher level of accommodation supplement paid for residents with low means.

Since the supplement became available on July 1 last year just over 200 services had applied and been approved for the higher -accommodation supplement

Article sourced from the following link: <http://www.theaustralian.com.au/national-affairs/treasury/aged-care-operators-urge-tax-relief/story-fn59nsif-1227312594421>

This article also featured in print, on page two of The Australian on 21 April 2015

See print clipping on following page:



2

THE AUSTRALIAN,
TUESDAY, APRIL 21, 2015
theaustralian.com.au



YOUR NEWSPAPER EDITOR'S PICKS

SPACEY TAKES A BOW
Londoners paid up to \$3800 to honour Kevin Spacey as he stepped down after 11 years at the Old Vic. (WORLD: P10)

ASTON PLUGS IN CHINA TECH



Aston Martin is turning to China to soup up its supercars. (THE WALL STREET JOURNAL: P24)

RHYTHM OF FLIGHT

Paris-based tech firm Parrot has raised the bar for drones with the release of the Bebop. (TECHNOLOGY: P28)



INDEX

LIFE P12
INQUIRER P13
COMMENTARY P14-15

ARTS P16
TELEVISION P17
WEATHER P18

BUSINESS P19-33
TECHNOLOGY P28-29
SPORT P34-36

YOUR STATE

THE NATION

Push for aged-care tax relief

EXCLUSIVE

SID MAHER
NATIONAL AFFAIRS EDITOR

Aged-care operators have asked state governments for \$653 million in payroll tax exemptions as they seek to cover the effects of cuts from last year's federal budget.

The move comes amid fears in the industry that investment returns are not big enough to back needed by 2026 as an ageing population is expected to deliver a surge in the numbers of people needing care.

Leading Age Services Australia chief executive Patrick Reid said states were being asked for concessions as they framed their budgets because the federal government had cut the payroll tax offsets last year.

They had been granted in the past to put the for-profit sector on a level playing field with the not-for-profit sector which is not required to pay payroll tax.

But the federal government ended the payment from December 31, arguing payroll tax was in the realm of the states and the supplement to aged-care operators had effectively been subsidising the states.

The move threatens to catch

the aged-care industry in another tax battle between the states and the federal government, as premiers push Tony Abbott to restore hospitals and education funding.

Mr Reid said the industry needed to attract \$3 billion in extra investment over a decade to meet the bed target.

"We are not going to reach that investment level," Mr Reid said.

His concerns are backed by Philippa Lewis, chief executive of Simavita, which provides technology platforms to the aged-care industry.

She said while more programs were being put in place to keep ageing people in their homes, the number of beds in aged-care facilities

would also need to rise dramatically. "What people fail to understand about this whole issue when you are very elderly, you will have to often spend that last period of your life in a facility so you can't stay home."

"The extra beds in the system would not cover the demand," she said.

Research prepared for LASA Economics consultancy said the vestment gap in the for-profit sector.

In NSW alone the number of people aged 80 to 84 is forecast to grow by 3.8 per cent a year and the

number above 85 will grow by 3.1 per cent to 2030.

The CIB report warns that the cost to NSW public hospitals of aged people being diverted to a residential bed rather than a residential aged-care facility would be between \$10m and \$30m a year.

Assistant Minister for Social Services Mitch Fifield said the payroll tax supplement had effectively been an uncapped, indirect transfer of revenue from the Australian government to the states and territories.

"Put differently, it was the equivalent of the Australian government providing an exemption to state and territory taxes.

"The level of government that

has responsibility for a particular tax base should have responsibility not only for its application, but any exemptions, including those relating to issues of competitive neutrality."

The government was also moving to boost funding to encourage new facilities.

He said from July 1 last year, newly built and significantly refurbished residential aged-care services attracted a higher level of accommodation supplement paid for residents with low means.

Since the supplement became available on July 1 last year just over 200 services had applied and been approved for the higher accommodation supplement.

Afghan women's networks fear aid 'refocus'

EXCLUSIVE

AMANDA HODGE
SOUTH ASIA
CORRESPONDENT

Barnett