



NAZARETH CARE
AUSTRALASIA

22 April 2013

Senate Community Affairs Inquiry

Living Longer, Living Better

As the Chief Executive of Nazareth Care Australasia, I write to you to express my concerns regarding the "Living Longer, Living Better" Bill currently before the Federal Parliament.

Overall, at this point in time, this Bill is vague, ambiguous and lacks detail, therefore making a comprehensive evaluation and business impact analysis difficult. The speed with which these changes have been considered and the lack of functional detail devalues the considerable work undertaken by the Productivity Commission leading up to the proposed reforms.

However, we would like to pass the following comments on to the Inquiry.

1. Changes to accommodation payments,

The proposal that the Daily Accommodation Payment (DAP) will be used as the basis to calculate the Refundable Accommodation Deposit (RAD) poses some issues for Providers.

The proposed three tiered accommodation payment system raises the following challenges:

- New Residents entering care will have 28 days after admission to decide on their preferred method of payment e.g. lump sum or periodic payment. This will reduce Nazareth Care's confidence in being able to budget and carry out Resident care with surety.
- The Bill provides little detail on how Nazareth Care is expected to assess the quality of the beds available and then align these with the maximum DAP available. This again makes any meaningful impact analysis difficult.
- It is proposed that the price for a bed / room be openly published based on the basis of self assessment and quality of the bed on offer. This adds additional bureaucracy and limits the ability of the Provider to provide individualised care, as may be required on a needs basis. The complaints process proposed for potential Residents challenging pricing is likely to add complexity and another party in negotiations.

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- We are concerned about the potential impact of the accommodation supplements being reduced when Providers do not meet the 40% loading for Financially Disadvantaged Persons (FDP). We believe that Providers who have facilities located in more affluent areas may be unduly penalised based on location while having less ability to attract FDP Residents.

2. Threat to capital-raising should bond retentions be disallowed

If the bond retention component is lost to Providers, we believe this will limit the ability of Providers to invest appropriately in capital and infrastructure projects. This in turn may impact upon access and care for certain Resident groups. That said, there may also be a need for Providers to seek additional co-funding from Residents, and this will most likely be determined on a case by case basis

3. The Workforce Compact

It is very difficult to assess the full impact of the workforce compact, as, in its entirety, it lacks fundamental details. This ambiguity with respect to wages is affecting the progress of EBA discussions as all parties are unclear of impacts. It is however anticipated that that wage increases will be funded by redirecting ACFI Revenue Indexations, while Providers will be placed in the untenable position of bearing on-costs. In this event, significant workforce reform is a likely outcome, and anxiety and unease are clearly evident in the workplace. Furthermore, workforce reform may also impact on Residents through service design, level and continuity.

Enterprise Bargaining Agreements and workforce development plans have been delayed until more detailed information is available.

4. Specified Care and Services

Currently, Nazareth Care provides a range of specific care and services for Residents, at no additional cost to the resident, as required by legislation.. The type of care and services provided varies depending on each Resident's individual care needs e.g. low-level care or high-level care. Furthermore, we also provide additional care and services to high-level care Residents, including basic medical supplies, therapy services, movement aids and continence aids. Under the proposed changes, it remains ambiguous with respect to the level of care and service access/required and the cost of care, if the distinction between high and low care is removed. We believe this area requires further clarification and analysis to provide confidence to Providers in the industry.

Providers are faced with increasing un-sustainability (both from a financial and quality perspective) of aged care service provision in an environment where population demand and frailty is Increasing, revenue is flat lining or declining, and cost pressures such as wages continue to escalate. Overall, without clarity and certainty, the proposed legislation places Providers in a difficult position with respect to effective Service, Business and Care planning. We therefore recommend that further detail and clarity is provided to all stakeholders, providing information and a consultation period that will lead to a Bill that ensures that sustainable, safe and high quality aged care services can be provided to those Australians who require them.

Yours Sincerely

Kath Fox
Chief Executive
Nazareth Care