



SUBMISSION TO THE SENATE STANDING COMMITTEE INQUIRY AGED CARE (LIVING LONGER, LIVING BETTER) LEGISLATION 2013

Vasey RSL Care is a not-for-profit organisation providing accommodation in both aged care and independent living in addition to home care services primarily offered to veterans, war widows and the general community.

Our organisation has a history of providing for the disadvantaged, currently at 35% within the concessional/supported resident category. The ability to receive accommodation bonds based on market value assists us to cross subsidise those not so fortunate.

Submissions will be put forward to the Senate Inquiry by providers on legislation as it affects their own circumstances however much of the proposed legislation offers uncertainty to providers as a whole when preparing a business model with confidence in the immediate years ahead.

There are three key points (amongst others) that the organisation has concerns with in relation to this legislation;

- Accommodation Pricing Limits
- Method of payment and the Cooling Off period
- The impact of an increase in Income Tested Fees

ACCOMMODATION PRICING LIMITS

Overall Vasey RSL Care supports the removal of both the low and high care accommodation definition which potentially avails providers for an increased capital injection to assist in future development. On the other hand however placing a limit on accommodation pricing particularly where many prospective residents are in a strong financial situation aligned with individual assets is a “recipe for disaster”.

Since the introduction of the Living Longer, Living Better model was proposed the theme from the Government has been a “user pays approach” however with a cap on accommodation pricing much of the mechanisms of a free market are removed. The current system of a no cap should remain however it should be a requirement of a provider to promote accommodation pricing on its own website and the Governments My Aged Care website. The introduction of pricing disclosure will create an environment where market forces will determine whether the provider has a realistic advertised value when it comes to accommodation at its facilities.

METHOD OF PAYMENT AND THE COOLING OFF PERIOD

The “cooling off” period provides the opportunity for residents to choose between a choice of daily accommodation payment, a lump sum accommodation payment or a mix of the two for accommodation purposes.

This decision is not required until 28 days after the resident has entered into the facility.

From a planning perspective for an organisation this creates an area of uncertainty for all providers and in particular those who currently have additional demands with external finance commitments.

While there is already in present legislation the ability for residents to make a choice between a lump sum or a periodical bond payment the additional step of a “cooling off” period should a resident elect to pay the daily accommodation payment and it becomes normal practice will place undue pressure in meeting accommodation bond outgoings. In addition many providers will experience financial stress and this will impact considerably their ability to fund any capital development in the future.

THE IMPACT OF AN INCREASE IN INCOME TESTED FEES

With a proposed limit on the accommodation payment thus closing the door on a market based approach this potentially will see a higher income tested fee payable by the resident. This assumption is more pronounced for providers where facilities are located in Metropolitan areas where residents have accumulated wealth via the appreciation of land values over the last decade.

Whilst we have seen the increase in income tested fees within the current system, further Government involvement with an accommodation payment cap is likely to see a further lift thus a reduction in monthly subsidies. On the surface for the provider nothing really changes what we collect will be deducted from our subsidy however with a rise in income tested fees there is the real possibility of increasing resident default on monthly charges. For providers who experience this dilemma within the current framework it can be time consuming and for many may realise a hidden cost such as hiring additional staff on top of its present administrative model.

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