



Lutheran Community Care

# **Submission to the Senate Community Affairs Legislation Committee inquiry into the Living Longer, Living Better legislative package**

**Lutheran Community Care Queensland**

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## Lutheran Community Care

Lutheran Community Care Queensland (LCCQ) encourages the Parliament to pass the *Living longer, Living better* package of legislation before the scheduled Federal election in September 2013.

LCCQ has been involved in delivering residential aged care since 1935 and currently has nine services with more than 900 residential places. These services cover both metropolitan and rural areas. Many of these services are co-located with retirement villages. We also provide home care in the Sunshine Coast region. In addition, we provide support to people with disabilities, and families and young people in crisis or at risk of harm.

We consider that the current aged care legislation represents a worthwhile improvement on the arrangements contained in the amended Aged Care Act 1997. Despite coming to this conclusion, we do hold some reservations about the overall *Living longer, Living better* reform agenda and in particular:

- we would have preferred that the legislative reforms more closely mirror the vision document from the National Aged Care Alliance (*Leading the Way: Our Vision for Support and Care of Older Australians*) and the recommendations of the Productivity Commission
- we have specific concerns about some issues that will be managed through subordinate legislation including the Principles.

Having established our basic position, we do not intend to present a comprehensive submission but rather, to comment on issues that we consider are of particular importance.

Firstly, we wish to commend the government and the Department of Health and Ageing for engaging with industry and consumer representatives in developing the detail of the *Living longer, Living better* implementation arrangements. This is a significant departure from past practice where consultation has often been limited or non-existent. We anticipate that the process of engagement will lead to better designed policies and procedures, and assist the process of their acceptance by industry and consumers.

LCCQ welcomes the government's decision to abandon its plan to require providers to purchase insurance for the accommodation bonds or refundable accommodation deposits they hold. This would have been expensive and would have added unnecessarily to the cost of accommodation for consumers. A further improvement to the current arrangements would be to include a time limit on the period in which a Minister could require remaining providers to meet the costs of the failure to return bonds by an insolvent provider. The current uncapped timing may require an indefinite contingent liability to be held on balance sheets.



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We encourage the government to continue the process of development of the aged care gateway concept. The gateway as this is currently under development falls short of the original vision. The aged care system remains confusing for many older people and their families which is exacerbated by the reality that many people seek admission to residential care at a time of crisis.

We have significant apprehension about the Workforce Supplement. We welcome the return of some of the funds clawed back through changes to Aged Care Funding Instrument (ACFI) payments and the cancellation of the COPO increase in 2012/13 by way of higher wage payments to employees. Unfortunately the mechanism chosen, the Workforce Supplement, is a more intrusive, complex and uncertain way of achieving this objective than is necessary. It is our view that it would have been reasonable for employers to be able to use the funds to meet superannuation guarantee obligations as well as cash salary increases with employers taking responsibility for other on-costs. The requirement for representation leave to be provided by employers is seen as particularly inappropriate. The impact of this approach will be that fewer employees will receive the payment than would otherwise have been the case. It is noteworthy that government support for salary increases for employees covered by the gender equity decision was delivered more simply and without unnecessary interference with normal industrial arrangements.

The current uncertainty about a number of matters such as the makeup of the schedule of Specified Care and Service is of concern. It would have been preferable for this to have been resolved before the legislation was considered by Parliament, but it is not a sufficient reason to delay passage or see the bills rejected in our view. As a protection, we would like to see an acknowledgement by government that it will meet additional net costs to providers of changes to the Specified Care and Services arrangements.

We strongly encourage the government to consider a cost of care study. The *Living longer, Living better* package does not effectively address the adequacy of resources for care. The supplements for dementia and veterans are welcomed but they do not deal with the fundamental issue that there is no mechanism to deliver an adequate and transparent payment for care. COPO is a manifestly inappropriate mechanism for delivering increases in base funding. There is a significant risk that, once the existing cross-subsidisation of care costs from bond interest and retentions is inevitably lost (as the cost of accommodation becomes subject to market forces through the advertising of rates), services will not have sufficient resources to operate effectively.

We would be pleased to expand on any of these points should the Committee consider this would be of assistance.