



Association of Independent Retirees (A.I.R.) Limited

ACN 102 164 385

.... *Working for Australians in retirement*

19 April 2013

Mr Ian Holland
Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
CANBERRA ACT 2600
Email: community.affairs.sen@aph.gov.au

Dear Mr Holland

Thank you for the opportunity to provide a written submission addressing issues arising from the five bills association with the Government's *Living Longer Living Better* aged care reform package.

The members of the Association of Independent Retirees (A.I.R.) Limited have a concern regarding the Aged Care (Living Longer Living Better) Bill 2013 that is being reviewed by the Senate Standing Committees on Community Affairs.

The concepts of the annual care fee caps and lifetime caps are supported for both Home Care and Residential Aged Care fees. However our concern is in regard to the assumed overall ability of many elderly Australians to pay the total fees including a means test co-contribution care fee when they need to enter residential aged care after 1 July 2014 and the prospective increase in the cost to do this.

We contend that the average Australian would not fully appreciate the impact of the current versus existing total fees to be paid on entering into aged care and receiving home care after 1 July 2014.

The total fees one must pay in residential aged care include:

1. a basic daily care fee: (all residents pay this fee which is capped at 85% of the full age pension payment for a single person);
2. an income tested co-contribution care fee;
3. an accommodation fee;
4. an extra Services fee.

A.I.R.'s concern is about the totality of these fees and fees regime as detailed in legislation paperwork and we wish to challenge the financial assessment modeling that the Government must have undertaken in determining these proposed consumer fees.

We believe that this entire area needs to be carefully reassessed in terms of the total fees and charges any one person may pay. Before any fee and charges are set in concrete we do request that a thorough assessment of the impact of the proposed income thresholds and quantum of co-contributions for home care and residential care packages be undertaken. Many now have a concern about the income thresholds being set too low.

Moreover, some elderly Australians have been assessed to be in need of Government financial assistance and, for example, receive a part age pension or a Commonwealth Seniors Health Card with its Government supplementary payments. Based on the proposed Legislation, however, we believe that many of these benefit recipients will now be paying means tested care fees for both residential and home care, and with residential care the total of all of the above charges. In addition, they will be expected to pay a substantial amount for the accommodation fee and for many, they will need to pay the full amount of this accommodation fee.

This is inequitable and a contradiction of the principles of the existing financial support that is provided by imposing means test fees on these same people.

We understand that the means tested fees section of the Legislation will be part of the Delegated Principles and Determinations to be considered at a later date. We recommend, however, that Aged Care (Living Longer Living Better) Bill 2013 should be deferred until after a full reassessment, remodeling and re-examination is undertaken in regard to providing more equitable and affordable aged care fee structure for consumers that will also support the long term sustainability of the residential aged care industry.

It should be noted that some 50% of Australian retirees aged 65 or older who currently either partly or fully self fund their retirement, will be the major sector of the community impacted by these means test care fees and accommodation charges.

If the members of the Senate Standing Committee on Community Affairs require any clarification or would like to meet with us, please contact Robert Curley our Board member responsible for Policy Development and Advocacy

Robert is experienced in this area being A.I.R's representative on the National Aged Care Alliance (NACA) and a member of the Ageing Expert Advisory Group (AEAG) that was set up to provide independent advice on behalf of the industry stakeholders to the Aged Care Reform Implementation Council (ACRIC).

Yours sincerely

Max Barton
National President