

22nd April 2013

Submission by Havilah Hostel Incorporated to the Senate Inquiry:

Aged Care (Living Longer Living Better) Bill 2013; Australian Aged Care Quality Agency Bill 2013; Australian Aged Care Quality Agency (Transitional Provisions) Bill 2013; Aged Care (Bond Security) Amendment Bill 2013; Aged Care (Bond Security) Levy Amendment Bill 2013.

1. Havilah requests that the Committee recommend a delay in consideration of these bills until such time that detail of the subordinate legislation is available to both the Parliament and the public.

Havilah is concerned that the Bills are simply broad framework documents containing little detail with the operation of this legislation to be largely controlled through related principles which are yet to be released. Whilst the industry has had briefings on the general contents, we are unsure of the impact of this legislation as the actual wording of the subordinate legislation at this stage is unknown.

It would appear to be a very poor process where legislation could pass through parliament without all related details being known.

The following point made by the Senate Committee giving consideration to the National Disability Insurance Scheme (NDIS) legislation is very relevant to these bills which will also rely on extensive subordinate legislation

"1.11 The committee considers that, as a matter of good public policy, when a bill seeking to institute significant national reforms is going to rely on extensive subordinate legislation, a draft of that ancillary material should be released as close as possible to the introduction of the bill itself, to enable both Parliament and the public to fully consider the issue before it."

Havilah is genuinely concerned about the possibility of lasting damage to residential aged care, particularly in rural areas, as a result of the Living Better Living Longer legislation. We are concerned that the legislation creates class distinction in residential aged care facilities in relation to accommodation and services. We are concerned that to access the workforce compact care hours would need to be removed from residents so that the facility contribution could be afforded. We are concerned that the removal of the retention amounts from bonds will place in jeopardy our ability to meet loan repayments for recent capital works.

Havilah believes that any legislation surrounding the Living Better Living Longer package should be deferred until providers fully understand the detail and complexities and have the knowledge to calculate the effects on forward operating budgets and financing of capital works.

2. Any new legislation around Accommodation Payments should be delayed until significant modeling has been carried out on the effects to rural and regional providers.

There has been insufficient education and discussion with the industry prior to the formulation of the Bills around Accommodation Payments. There is major concern in rural and regional areas on the affect that the changes to the way in which Accommodation Bonds will be calculated under the new rules. At the most recent LASA Victoria Regional Meeting for the Loddon Mallee Region which covers the very large area between Mildura and Macedon grave concern was expressed in relation to future capital raising and in fact maintaining the current level of bonds in recently developed facilities. We are also concerned that the Minister, after recommendations were made by the Productivity Commission and also by the special Committee appointed by the Minister for this purpose, chose to ignore the recommendations in relation to the amounts of the various allowable levels of accommodation payments and also the information required to be published by providers in relation to accommodation payments.

3. Any new legislation around removal of bond retentions should be delayed until significant modeling has been carried out on the effects to rural and regional providers.

The cost of constructing and improving residential aged care facilities is costly in rural and regional areas due to distance and lack of local trades. In these areas where property values are low the ability to increase bonds to compensate for the loss of the retention amount is just not there. A system where customers could choose to pay a higher bond and nil or less retention is fairer but this could happen now without any change to the legislation.

As the current system of retentions is a charge levied at the end of the accommodation period it is very well accepted by the customer, who prefer, if they have the resources to pay an additional bond amount to reduce their daily fee.

We are very concerned at the loss of this Capital Revenue without the possibility of recouping from an increased accommodation payment.

4. The Workforce Compact - Any legislation around the Workforce Compact should be delayed until there is agreement between the industry and the Minister on how this work.

It must be stated that there has been an appalling lack of respect for the industry in the "consultation" process. \$'s were ripped from 2012-2013 residential aged care subsidies to pay for this initiative. This was thrust upon the industry without care less than a week before the end of the financial year. Additionally when the industry could not agree with the Minister and the Unions in relation to pre conditions for accessing the \$'s the pre conditions have been set without any regard to industry concerns.

The Minister after failing to obtain the support of the industry for the Workforce Compact has now proceeded to make his own rules in relation to these additional \$'s for aged care workers which have no regard to whether the industry will be able to meet the requirements. The funding for this initiative was removed from residential aged care by withholding ACFI indexation in 2012-2013 and it now appears likely that the industry will be unable to afford to meet the pre conditions to access this "additional" funding from 1 July 2013.

Havilah appreciates the opportunity to make a submission to this enquiry. There are many issues that could be mentioned but the major one which is all encompassing is that the industry has not had the education required on the Living Longer Living Better package to truly understand the consequences. The various parts of the package have been released separately and it is difficult under these circumstances to bring together how aged services might look at the end. Additionally the detail of the subordinate legislation has not been released which adds to the confusion.

Our organization and others in our region are extremely concerned that residential aged care will not be sustainable into the future.

I hope that you will give this submission your earnest consideration.

**Barbara Duffin
Chief Executive
22nd April 2013**