COMBINED PENSIONERS AND SUPERANNUANTS ASSOCIATION OF NEW SOUTH WALES INC.

Serving the community since 1931.

Consumer Protection Awards – 2002, 2003, 2004, 2005

Submission to the Senate Community Affairs Committee

Aged Care Amendment (2008 Measures No.2) Bill 2008

07 November 2008

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Recommendations

- That the health, wellbeing and dignity of care recipients underpins all actions carried out by key personnel, and is the central determinant when awarding approved provider status;
- Key personnel, particularly those without previous experience in the aged care sector are closely monitored following acquisition of approved provider status;
- Pensioners without any additional financial assets pay a reduced amount of their pension for low level residential care;
- Bonds in low care be removed
- Allowable assets be increased for residents in low care to at least $50,000;
- High level care remains exempt from accommodation bonds;
- Mandatory staff/resident ratios are imposed in all aged care facilities along with an adequate staff skill mix at all times; and
- Aged care staff wages are lifted to be on par with their counterparts in the public hospital system.

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Combined Pensioners and Superannuants Association of NSW Inc (CPSA) was founded in 1931 in response to pension cuts. CPSA is a non-profit, non-party-political membership association serving the interests of pensioners of all ages, superannuants and low-income retirees. CPSA has approximately 130 branches and affiliated organisations with a combined membership of over 15,000 throughout NSW. CPSA serves the interests of its membership and broader constituency at the local, state and federal levels.

Aged care is an essential service, and therefore should first and foremost serve the best interests of the aged care recipient and their families. The dignity, health and wellbeing of aged care recipients should underpin aged care services in Australia, both public and private residential and home care.

Measures to provide greater transparency within the aged care industry are very welcome. CPSA urges the Australian Government to ensure that these measures transpire to greater regulation of the private aged care sector.

Expansion of the term 'Key Personnel'

CPSA welcomes measures to extend the definition of 'key personnel'. CPSA believes that a commitment to care recipients' health, wellbeing and dignity must underpin assessments of key personnel by the Secretary of the Department of Health and Ageing (the Secretary).

While improvements have been made under the Aged Care Act (1997) and by the introduction of standards, there remain considerable opportunities for improvement across the sector. The double-edged sword that hangs over the industry is the apparent necessity to keep private enterprise interested in investing in aged care: opportunities for achieving profits on the one hand and achieving quality care on the other. Consequently, corners are cut within some private facilities. Inadequate staffing levels, outdated equipment and medication and failure to pay staff sufficiently are just some examples highlighted by the Australian Government's recent unannounced visits.

The ABC Learning Centres' running makes stark problems that can arise when community services are run privately with the intention to make (large) profits. Service standards drop and staff entitlements are often foregone. CPSA proposes that there be greater involvement by the Australian Government where community services are being provided. If the Australian Government owned the premises and contracted out the required services, it would have greater leverage to ensure service quality and security.

CPSA is concerned about assessments of applicants who have no prior experience in aged care or similar industries. CPSA understands that other key personnel's records will be considered in this instance. However, if an applicant without prior experience in the aged care industry receives approval, their subsequent actions

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must be scrutinised by the Australian Government to ensure that residents and staff are the providers' first priority.

Staff

The proposals with respect to the Aged Care Assessment Teams (ACATs) will hopefully result in greater efficiency and availability of teams to carry out assessments. CPSA welcomes the proposal, providing that ACATs are available if needed to carry out future assessments on already assessed residents in lieu of there not being as annual assessment.

The aged care sector has been, and continues to be, dogged by staff shortages. There are also inadequacies in staff skill mix and training. These factors not only jeopardise the health and wellbeing of care recipients, it also creates an unfavourable working environment for staff and volunteers and a disincentive for graduate nurses to enter the sector.

CPSA has long campaigned for wage parity for staff in the aged care sector. Wage parity is seen as an essential measure to attract qualified staff to work in aged care. Until aged care staff are paid the same rates as their counterparts in the public hospital system, aged care in Australia will always be inadequately staffed.

As staff wages comprise the majority of an aged care facilities' expenditure, staff cut backs and reductions in staff hours are methods used to cut back expenditure. Mandatory staffing levels are still not required in aged care facilities, giving a green light to these types of actions being taken. CPSA often receives calls from families and staff about the inadequacy of staff numbers which leaves staff time poor and unable to take proper care of residents.

Insufficient staff numbers and inappropriate staff skill mix in residential care leads to mistakes, stress for staff and families, and most importantly, it puts at great risk the health, wellbeing and dignity of residents.

Aged care fees and charges

CPSA is pleased about the new measures proposed to protect residents' bonds and lump sum payments under the Guarantee Scheme. A guarantee of residents' bonds is vital in order to protect the consumer, and establish public confidence in the aged care sector. Nevertheless, CPSA believes that there is room for improvement regarding residential care bonds for low care residents.

Meeting the financial demands of aged care is an area of considerable distress for individuals and their families. For non-concessional residents in low care facilities there is no upper limit on the bond that can be required. Additionally, when calculating a bond, the maximum asset a person may be left with is $33,500. This amount does not cover costs of essential goods and services such as medication, dental care, clothing, and home maintenance. The loss of retirement savings to pay

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for the bond often leaves the remaining partner dependent on the Age Pension, presenting a significant decrease in income for the individual and a greater cost to the Australian Government through the social security system.

Accommodation and care charges are added to the bond for non–concessional residents. Those residents who are deemed ‘concessional’ are not required to pay a bond but do pay around 85% of their pension as their contribution to accommodation and care. Their maximum allowable assets are also $33,500. Those residents who have these assets are able to make contributions to other necessary expenses (such as those listed above) for a limited time. Where such savings are not available, concessional residents are dependent on family members (if they have any) for financial support, because the remaining amount of pension is insufficient.

CPSA calls on the Australian Government to remove accommodation bonds from low care residential care due to the financial hardships that it brings to residents and their partners where couples are concerned. The past 12 months has seen many retirees’ savings cut back significantly due to the financial downturn. This has obviously caused significant stress to retiree households, particularly those with modest savings. This has greatly diminished the ability of some retirees to afford the accommodation bond for low care, as the remaining partner would not be able to support themselves with the amount of assets left over. Their options for care are restricted. Couples often elect to remain in the home, where one partner cares for the other. This is a very demanding role for an individual who is often elderly, and has a limited income. There is a great lack of respite care for carers, leaving carers tired, stressed and isolated.

There are also inequities within the daily fee arrangements. A resident who receives the full rate Disability Support or Age Pension pays around 80-85 per cent of their income as a daily fee. This is opposed to a resident with an annual income over $83,890, who pays at most 25 per cent of their income as a daily fee ($21,225 per year). Although one could assume that a high income earner would pay a higher bond than someone receiving the Age Pension (if in low care), it is still difficult to justify the comparatively low daily fee for high income earners, and likewise the disproportionate Age Pensioner fee.

There is also a concern that there is a push by the industry for bonds in high care due to a lack of financial resources. CPSA opposes any such move because of the probable limits this would place on the availability of beds for low income people. Furthermore, bonds for high level care would place a greater demand on public hospitals, as people on low incomes cannot afford to pay the bond, yet cannot be looked after at home.

Greater transparency in the aged care sector will improve consumer confidence and hopefully prevent the acquisition of approved provider status to unsuitable applicants. The removal of unnecessary assessments undertaken by ACATs is a positive step forward to assist a workforce that struggles with staffing levels. However, CPSA urges the Australian Government to take steps forward to address

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staff and skill shortages across the sector, which requires rewarding staff who remain in the sector, as well as those who choose to enter it. CPSA endorses steps to provide greater protection to resident bonds. Yet, CPSA greatly opposes an introduction of bonds into high care due to the negative impact on low income earners' finances.

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