

**Response to Questions on Notice – Senate Finance & Public Administration
Committee Inquiry into Aged Care**

1. ACFI Issues

Anglicare Australia has advised that one of the other aged care providers in the network operate specific care for older people with psycho-geriatric issues. We are informed that this organisation does not receive any State Government funding. Thus, it appears that such funding varies from State to State. Regardless, there is no doubt that the ACFI does not recognise this vulnerable group of older people with quite specific needs. ACFI funding levels for these people are, unfortunately, lower than under the former RCS funding mechanism. This, we believe, is an inadvertent yet nonetheless, highly inappropriate outcome of the ACFI that require addressing as a matter of priority.

2. Professionalism & Qualifications of Aged Care staff including recruitment and retention

Anglicare SA reports that its employment policy is not to employ any care staff without appropriate qualifications and experience. We do not employ, for example, personal care workers without the minimum Certificate III in Aged Care. Furthermore, all staff have undertaken this course in the extended version over at least 6 months.

We have also been active in increasing the skills of our staff through e.g. Enrolled Nurse Skills Program.

We employ Registered Nurses consistent with meeting the requirements of the relevant legislation.

A significant issue for all aged care providers is the necessity to both attract and retain such qualified staff. As has been well documented for several years and across different inquiries and representations the quantum of available registered nurses is insufficient to meet the demands of not only the aged care sector but the health sector in general. Simply put, more nurses are needed in Australia.

Initiatives that we have undertaken include (but are not limited to);

- Flexible hours/rostering that promote work/life balance
- Extensive training programs across various clinical, managerial and administrative areas
- Salary packaging
- Wellness programs
- Attentive and responsive management practices
- Employing overseas candidates and providing assistance with bridging courses

From the 2007 National Aged Care Workplace Census and Survey, in addition to qualified staffing of Registered & Enrolled Nurses, the aged care sector in Australia has around 70% of Care Workers trained in Certificate III and Certificate IV.

Naturally, we strongly encourage up skilling, continuous professional training updates and consider Government funding in this area as important.

The primary issue with staffing relates to funding. It is important to remember that staffing costs represent approximately 70% of total operating costs in residential aged care. Simply put, aged care funding is insufficient to keep pace with labour relativities of other relevant sectors. For example, the Aged Care Industry Associations have clearly defined evidence of the deficiency in the COPO funding mechanism and CAP with the Safety Net Adjustments and the Average Weekly Earnings. Differences to the acute sector have been previously well documented.

Most relevantly, the Productivity Commission Report of September 2008 stated that \$450M is required to be injected into the aged care sector across Australia straight away to close the gap in parity. Furthermore, the Report estimates an additional \$100M per annum is required to maintain parity thereafter.

Thus increased funding is urgently required for staffing.

3. High Care Capital Financing

The issue of the financing of high care is essential and as noted at this Inquiry, the matter requires attention as a matter of utmost priority.

A detailed report by Price Waterhouse Coopers in 2007 estimated a major shortfall in capital funding for aged care building of \$5.7 billion over the coming 12 years. This is highly significant.

The cost of building residential aged care is significant with average building costs in the range of at least \$176,000 per place according to the Grant Thornton 2008 Survey. This is broadly reflective of our experience.

The disparity between who can and cannot be charged accommodation bonds results in inefficient investment outcomes and a lack of construction.

As noted previously, Anglicare SA is not constructing any new facilities until sufficient capital financing arrangements are put in place.

We highlight that Anglicare SA believes that bonds in high care are an appropriate solution, subject to some essential parameters.

The protection of financially disadvantaged residents (which already occurs), needs to continue and there needs to be recognition that some residents at the high end of the ACFI scale for example, may reside in the residential aged care facility only for a relatively short period of time.

The introduction of the Aged Care Funding Instrument (ACFI) on 20th March, 2008 means that the majority of the “pay points” in residential aged care are for high care residents. There are few “pay points” for low care residents which is where accommodation bonds can be charged to incoming residents.

Overall, given the change in the nature of incoming residents to residential aged care and the fact that approximately 70% of residents at a given point in time within residential aged care are high care, the applicability of such “labelling” needs to be questioned.

In the absence of applying accommodation bonds to an additional proportion of the high care “pay points” on the ACFI scale, the only realistic solutions are Commonwealth Government contributions and additional accommodation charges levied against residents, that is, an extension in amounts of the current high care accommodation charge.

With regard to increased accommodation charges, possible options are the uncapping of the accommodation charge for higher income older people and increases for those on medium level incomes.

The current accommodation payment of \$26.88 per day is clearly insufficient and various surveys have been conducted which determine the amount to provide for building costs in the range of at least \$43 per day.

In the absence of applying refundable deposit accommodation bonds, a short term measure would be to increase the accommodation charge of residents (means tested), to at least these levels as soon as possible (i.e. including concessional residents).

It is also relevant to highlight that there is an inequity in choice for incoming residents between low care and high care. For example, some older Australians may actively seek to choose to pay an up front refundable deposit (rather than an accommodation charge) when entering high care. This, unfortunately, is often underestimated in the discussion about high care capital funding.

4. Experience in dealing with the Department of Health & Ageing and the Minister of Aged Care

Our primary experience in dealing with the Department of Health & Ageing (the "Department") has occurred with the South Australian office.

We report that we have enjoyed an excellent working relationship with the Department. The State managers have been consultative, supportive, available and in our view actively endeavouring to advance the aged care sector. Indeed, we acknowledge the efforts of former State Manager Mr David Kemp and current Manager Mr Allan Quire in working with aged care providers.

We appreciate that the Department generally has a relatively difficult role given that the aged care sector is highly regulated by, at times, quite complex legislation.

It is the issue of "red tape" that we consider requires addressing. For example, from the time of appearing at the Senate Inquiry on 13 March 2009 to the time of completing this response on 1st April 2009 we are aware that two new survey forms have been developed by the Department of Health & Ageing for completion by all approved providers.

These pertain to heating/cooling and further information about police checks. Both of these matters are already carefully legislated. Indeed, the experience of aged care providers regarding excessive regulation was succinctly documented by The Productivity Commission in its September 2008 research paper titled "Trends in Aged Care Services Some Implications." In discussing numerous concerns about the provision of aged care services the Productivity Commission states "weaknesses in the current policy framework, including.....inefficiencies arising from excessive government regulation....."

Furthermore, for aged care providers, practically the excessive regulation is not only limited to the Commonwealth Government, but also various and numerous State and Local Government requirements.

The 2008 Productivity Commission Report supports the 2006 Regulation Taskforce Report which found the necessity for rationalising the regulatory burden on providers. However and unfortunately, there has been no reduction only additional requirements.

Regulation is costly and unfortunately takes much needed funds from essential resident care.

Issues such as mandatory reporting, compulsory police checks, the duplication of certification in addition to the Building Code of Australia, have added literally over \$100K to the costs of Anglicare SA.

We consider that it is essential that greater efficiency in information processes occurs. This will aid both providers and the Department.

With regard to accessibility of the Minister of Aged Care, Anglicare Australia reports that it has an open and accessible relationship with the Minister. Anglicare SA also considers that it has accessibility to the Minister and with appropriate follow ups with the Minister's staff. Indeed, before presenting at this Senate Inquiry, we had appropriate dialogue with the Minister which we trust will be ongoing.

We are well aware of the complexity of the portfolio and its relationship and interactions with various aspects of Government.

We have discussed with the Minister, for example, our vision for changes in the aged care sector including longer term structural changes as well as short to intermediate changes.

With regard to the longer term reform of aged care, the Minister has expressed interest in various ways in which we believe changes can occur to the benefit of older Australians as well as changes of how the aged care sector relates to health and other portfolios.

We look forward to actively working with the Minister in such changes and we are most pleased that the Minister has agreed to continue to explore appropriate changes and consult with us.

Lynn Arnold AO
CHIEF EXECUTIVE
2 April 2009