



# St Mary's Villa

HOSTEL AND NURSING HOME

12 November 2008

Committee Secretary  
Senate Finance and Public Administration Committee  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600

## SUBMISSION – ENQUIRY INTO RESIDENTIAL AND COMMUNITY AGED CARE IN AUSTRALIA

St Mary's Villa Concord is a small not-for-profit residential Aged Care facility operated by St Mary's Catholic Parish Concord in the inner-west region of Sydney. We currently are a 77 bed hostel and nursing home, operating as a "stand-alone" service. We are members of Catholic Health Australia, who represent our interests and views in policy matters<sup>1</sup>. I support the issues CHA have raised and I would like to reinforce those views and provide some feedback "from the coalface" as it were.

We are in the process of building a new facility on a nearby site and expanding to 97 beds. Our existing building, opened in 1985, has 4 bedded nursing home wards with shared bathrooms and hostel bedrooms that no longer suit the increasingly frail residents who occupy them. We also have numerous other amenity, space and OHS issues. Changing standards have demanded that we now upgrade to a new facility.

We are only able to undertake this building project because over many years we have set aside funds from a modest operating surplus that have built up our cash reserves. Without those reserves, the building project would not be possible.

As we look to the future we are particularly concerned about our long term viability. We expect to see a significant reduction in operating surpluses within the new facility with its single bedroom & ensuite environment. We are very concerned about the financial risks we face due to higher operating costs that are not matched by the funding we receive. As more of our residents become high care, the inability to charge bonds will have a major impact on our viability.

As stated above, our concerns have been well represented by Catholic Health Australia, so it is not necessary for me to respond to all the topics listed in your invitation for submissions. I do wish, however, to add some specific comments addressing points (c) and (d).

<sup>1</sup> Aged Care policy Blueprint for 2020. Catholic Health Australia, November 2008

**c. Measures that can be taken to address regional variations in the cost of service delivery and the construction of aged care facilities.**

- I have previously managed rural services and sympathize with the cost challenges they face because of distance from suppliers and services. However, my experience is that city services face some pressures that rural services do not. Land scarcity in Sydney not only pushes up land costs when building residential aged care but also increases construction costs. Limited space often means that services need to put kitchens, laundries, parking etc. underground, and build multi storey buildings.
- Staff costs can be lower in rural areas as there are less job opportunities for staff and housing costs are lower.
- Suggested solutions include removing the cap on accommodation charges thus allowing the accommodation payments to better reflect the land values in the area and/or introducing bonds for high care residents.

**d. Whether there is an inequity in user payments between different groups of aged care consumers and if so, how they can be addressed.**

- From a funding point of view, the greatest inequity is the distinction between low and high care residents in terms of accommodation bonds vs accommodation charges. A non pensioner in a nursing home contributes around \$10,000 pa (accommodation charge) towards their accommodation compared with a contribution of around \$28,000 or more (bond interest + retention) from a hostel resident.
- Due to the positive development of home care services, more residents at the "low end" who previously would have entered hostel care are now receiving care in the home. Thus those seeking residential care are becoming increasingly dependent (high care) and therefore cannot be charged an accommodation bond. The consequence may well be that residential facilities will be forced to offer fewer high care beds at a time when demand is increasing.
- A further consequence is the pressure placed on providers to offer only "extra services" high care beds in order to meet the funding shortfall. Some not-for-profit providers who provide care for disadvantaged residents suffer an even greater inequality because they aim to offer the same standard of care to all their residents without "extra services".
- A group requiring special consideration are those residents who are admitted in a palliative care phase. The emotional strain for these residents and their families is bad enough without adding the burden of selling the family home within a short space of time in order meet the additional charges required to secure a bed in an "extra services" facility.

▪ Possible solutions include:

- Remove the distinction between high care and low care altogether.
- Allow bonds to be charged for high care.
- Move the boundary between high and low care under the ACFI system to place more residents in the "low care" levels.
- Allow residents and providers to mutually choose between an uncapped accommodation charge or an accommodation bond.

Our overriding concern is our continuing capacity to provide holistic and compassionate care for all frail aged residents in our community who need it, regardless of their financial situation. This value has underpinned our service since it opened. We are aware that many non-profit and charitable aged care providers are no longer prepared to build high care/nursing home beds unless they are "extra service status", with bonds and higher fees. If government policy supports this trend, it may also force many charitable providers out of the industry, leaving the poor in the community without any option for residential aged care.

Yours faithfully,



Catherine Stofka  
General Manager

Cc: The Hon John Murphy MP, Lowe NSW  
Parliamentary Secretary to the Minister for Trade

