



13 November 2008

The Secretary  
Senate Finance and Public Administration Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Sir

### **SENATE INQUIRY INTO RESIDENTIAL AND COMMUNITY AGED CARE IN AUSTRALIA**

The inquiry is not only timely, but urgent. Aged care providers in WA are in crisis and future services to vulnerable older people in this State are under serious threat.

I confine my comments to residential care because this area is of greatest concern. However, Amana Living supports the submission made by Aged and Community Services Australia (ACSA) in its entirety and relies on its input in relation to community care.

I attach two recent letters of mine that have been published in the "West Australian" newspaper.

These letters speak to the following facts:

- Residential aged care in WA is unviable.
- The dire workforce shortages in WA have imposed a massive cost burden on operators
- True inflation for the basket of goods relevant to aged care is running at 8 – 9%, but funding increases amount to 4% for residential care and 2% for community care
- The capital cost for a new, single plus ensuite residential care bed is \$250,000 in the WA metro area
- WA has 2000 less beds actually in service than the ratios dictate
- The current ACAR will not only be grossly undersubscribed, but more licences will be handed back in the coming year in WA than will be taken up

The circumstances above add up to a residential aged care crisis in WA. The loss of viability for residential aged care providers has been confirmed by independent recent research by the reputable entities of Grant Thornton and Stewart Brown.

While the Commonwealth funds residential aged care to the tune of \$114 per day (Minister Elliott's own data), an acute care bed costs \$1,000 per day. The future lack of adequate residential care provision will impact very seriously on the already overstretched acute health system with serious ramifications for older people and for the overall cost of providing care.

Solutions to these issues require:

- Acceptance by the Government that there is a current and worsening crisis as opposed to current responses that range from denial to "shooting the messenger"
- A complete overhaul of funding arrangements so that the irrelevant COPO formula as the basis of indexation is scrapped
- Development of a funding system that is sensitive to differential cost structures experienced around the country from time to time
- Freeing up of price controls and excessive regulation
- Overhaul of Commonwealth-State relations in respect of health and aged care

I would be happy to provide further information on any issues covered in this submission and can be contacted via [ceo@amanaliving.com.au](mailto:ceo@amanaliving.com.au) or on mobile, 0419 923 045.

Yours sincerely



**RAY GLICKMAN**  
Chief Executive Officer



15 October 2008

Mr Paul Armstrong  
Editor  
West Australian  
PO Box D162  
Perth WA 6001

Dear Mr Armstrong

It comes as no surprise to read in your newspaper (*Outdated aged care fails to meet needs of elderly, 15/10*) that leading independent accounting firm Grant Thornton has confirmed in their recent survey that residential aged care has become unviable. This authoritative research justifies what providers in WA have been saying for some time.

Let us take at face value the assertion by Justine Elliott, Federal Minister for Ageing, that residential aged care is funded at a level up to \$41,500 per year per resident. This equates to up to \$114 per day. This sum has to cover three meals a day, 24 hour nursing care, personal care (showering, toileting, dressing and feeding), physiotherapy, occupational therapy, domestic services (linen, cleaning), outings/entertainment, compliance and utilities let alone the cost of construction, repairs and maintenance.

What sort of hotel could one expect to find in Perth for \$114 a night, without even expecting care, services or support to be provided?

The public needs to realise that it costs some \$1,000 per day to keep someone in a hospital bed and yet the Federal government provides \$114 per day to care for the vulnerable aged. The residential aged care system in WA is unsustainable and the prospects for our acute health system that picks up the slack are no better.

Providers of aged care will be leaving the system in droves in the coming years. The losers will be our parents and grandparents who will have no residential care available to them and who will be confined to lengthy and often final stays in hospital.

The Federal government recently delayed its allocation of new bed licences by 6 months without warning. One wonders how this could happen in a situation where residential aged care is under-provided in WA by some 2,000 beds. Could it be that the Federal Government knows there will be few, if any, takers for additional bed licences that are unviable?

The Federal Government needs to urgently increase the daily allocation of \$114 per day to residential aged care rather than quote this grossly inadequate sum as some kind of defence.

Yours sincerely

A handwritten signature in black ink, appearing to read "Ray Glickman", with a stylized flourish at the end.

**RAY GLICKMAN**  
Chief Executive Officer



16 September 2008

Mr Paul Armstrong  
Editor  
West Australian  
PO Box D162  
Perth WA 6001

Dear Mr Armstrong

As CEO of one of WA's largest aged and community care providers, I congratulate the *West Australian* on highlighting the plight of the elderly in this State.

Sometimes it seems that Canberra is a world away rather just on the other side of our continent. The impacts here on the elderly of the resources boom and associated rampant inflation go unrecognised or are just ignored by the Federal Government.

Your newspaper has shone a light on the immediate hardships being suffered by elderly pensioners, but if anything, the long-term prospects for these same people in terms of care and services are even more alarming.

Despite their best efforts, aged care providers in this State can no longer afford to develop new care beds or even keep open all the ones they currently have. While the true inflation rate for aged care services is running at 8-9%, Federal funding increases at 4% at best. This means that aged care cannot compete for staff in our overheated labour market and therefore cannot provide care to the standards of the past. Construction costs for new beds are now running at more than double the income that is provided by Government to pay for them. This situation is clearly now of crisis proportions.

WA is currently 2,000 care beds short of Government targets, with this number set to increase rapidly in the face of aged population growth coupled with the unviability of residential care provision. Not-for-profit aged care organisations like my own, along with the tirelessly dedicated staff who work for us, mirror the elderly people we serve in that we get on with the job and do not complain. Things are too serious now in WA for us to remain silent.

Kind regards

A handwritten signature in black ink, appearing to read 'Ray Glickman', with a stylized flourish at the end.

**RAY GLICKMAN**  
Chief Executive Officer