Presbyterian Aged Care

168 Chalmers Street, Surry Hills, NSW 2010• PO Box 2196 Strawberry Hills, NSW 2012
Telephone 61 2 9690 9333 • Facsimile 61 2 9310 2148 • Email: psadler@pcnsw.org.au • ABN: 70 282 579 844

1 December 2008

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

Dear Sir / Madam

NATIONAL PRESBYTERIAN AGED CARE NETWORK SUBMISSION TO INQUIRY INTO RESIDENTIAL AND COMMUNITY AGED CARE

I am pleased to make this submission to the Senate Finance and Public Administration Committee's Inquiry into Residential and Community Aged Care on behalf of the National Presbyterian Aged Care Network.

The Presbyterian Church of Australia, through its state-based aged care organisations, provides over 1,700 residential aged care beds, over 500 community care packages and related community care services and seniors housing. The National Presbyterian Aged Care Network includes:

Braemar Presbyterian Care (WA)
Dunbar Homes Inc (SA)
Kirkbrae Presbyterian Homes (Victoria)
Presbyterian Aged Care NSW & ACT
Presbyterian Care Tasmania Inc.
PresCare Queensland.

I have attached the Network's recent submission to the Conditional Adjustment Payment (CAP) Review, which covers off many of the relevant issues for the Inquiry's terms of reference (a) and (b). The additional comments we would make on these two terms of reference are as follows:

- *Indexation levels.* The Network notes that the Australian and State Governments reached agreement on 29 November 2008 for new health care and disability funding agreements. The indexation levels for these agreements range from 6% to 7.3% per annum over the next five years. The aged and community care system is experiencing costs increases of similar levels and it is imperative that future aged and community care indexation arrangements provide similar outcomes.
- *Efficiency.* Much has been achieved as outlined in our CAP submission, but we need to be careful not to cross the line of efficiency gains by taking unreasonable time away from residents/clients so that the service becomes very "cold" and impersonal. This is important to both residents/clients and staff (who generally

work in aged care because of motivation to care and compassion). It also imperative that the Department of Health & Ageing recognises how inappropriate is its micro-management of aged care providers' business arrangements, purportedly in the name of protecting residents. Its daily interference is counterproductive and distracts operators from effectively caring for our residents and clients.

- *Changing resident mix.* The nature of residential aged care, particularly since the introduction of the Aged Care Funding Instrument (ACFI), is changing with the admission of residents with advanced care needs and a consequent reduced time in care resulting in a much higher turnover of residents. This adds significantly to the costs of admission, orientation, settling in etc. The increased turnover with higher care residents has seen a big jump in vacancies, fluctuating returns from ACFI and difficulty in matching staffing levels with the variances arising from occupancy and funding. There is no recognition of this in the current funding model.
- *Supply of aged care places.* We are aware of a number of operators looking at handing back bed approvals due to the high cost of buildings and land, falling interest rates and reduced numbers of bond paying residents. When aged care providers raise their concerns publicly and indicate they are unlikely to apply for new residential care places, the Government responds by requesting the ACCC investigate them for collusion! With the impact of the global financial crisis seeing the collapse of major private corporations in aged care and related human service fields such as child care, it is imperative that the Australian Government concentrate on proactive policy and funding responses to a looming aged care crisis rather than appearing to shoot the messenger.

The National Presbyterian Aged Care Network makes the following comments on the Inquiry's other terms of reference:

(c) There are regional variations in the costs of service delivery and construction of aged care facilities. The shortage of workers (not only skills) in some cities and many rural and remote areas adds significantly to recurrent costs. This is a strong disincentive for the establishment and continuation of services. The Australian Government cannot assume all of Australia operates the same way. NSW has traditionally had the highest wages in the nation and some of the most expensive land. In the last couple of years, the mining boom has seen parts of WA and Queensland rival the NSW costs. Yet the recurrent funding system operates on a single national funding level, as does the capital funding stream (except for accommodation bonds). It would make more sense to recognise real cost variations in the recurrent and capital funding systems.

(d) The major inequity in user payments is between high and low care residents, with the latter paying up to three times as much for accommodation. This must be addressed by a major change to the capital funding regime.

(e) It is clear that the majority of the demand from older people is for community care, followed by residential high care. The current planning ratios do not recognise this. There is an opportunity for the Australian Government to more effectively plan for community care if it takes over the ageing part of the Home and Community Care (HACC) Program. Irrespective, these services must be brought into a consistent planning regime. However, changes to the planning ratios will fail if the underlying recurrent and capital funding problems are not addressed at the same time. For example, boosting the residential high care ratio will not work if no one can afford to build new nursing homes. We would also like to request that aged care providers are given better access to planning data held by the Department of Health & Ageing.

(f) See comments on point (e).

We would be happy to be contacted further regarding our submission. Please contact me on (02) 9690 9333.

Yours sincerely,

Paul Sadler

Paul Sadler
Chief Executive Officer
Presbyterian Aged Care NSW & ACT