PHCS
PERTH HOME CARE SERVICES
ABN 21 515 661 040

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

Re: Inquiry into residential and community aged care in Australia

Perth Home Care Services provides community care in metropolitan Perth and through regional Home Care Services to the Wheatbelt and Midwest regions. Our Commonwealth Funded programs include CACP, EACH, National Respite for Carers Program. Other community care services are funded through HACC, Disability Services Commission and State and Commonwealth Mental Health.

We provide services to over 2,000 people per year but estimate that our services have an impact on three or four times as many people who are the primary carers of or otherwise involved in the lives of our clients.

There has been a great deal of research and analysis of the financial aspects of providing residential care of late, most recently the Grant Thornton survey, which indicates that large proportions of residential care providers are operating at a loss.

While there is not the same easy access to such reports and analysis for Community Care, there is evidence to suggest that the service purchasing capacity of CACP subsidies has diminished considerably since 1995. Our own experience is that since in 2000 a CACP package was able to provide and average of seven hours per week with the capacity to increase to 10 hours per week for short periods of increased need. In 2008 this has reduced to five hours per week with limited capacity to increase hours to seven per week for increased need. This means that it is not possible to offer a seven day per week service that is often what is required.
Costs, especially wages and their on-costs, have risen at a faster rate than increases to care subsidies and care recipients' fees.

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The Commonwealth's Own Purposes Outlay (COPO) index which is used by Government to determine increases in subsidies is one quarter based on the CPI increases and three quarters based on safety net wage adjustments.

While wages in the sector are artificially low due to income constraints, the overall upskilling of aged care workers has put them above the safety net level of wages, so if every percentage point increase in wages was matched against a similar percentage increase in subsidies, income would still be dropping compared with costs.

Labour shortages have resulted from the inability of the sector to pay competitive wages and hence a failure to attract workers in sufficient number. This has been exacerbated in WA by the mining boom and the capacity of the resources sector to pay higher wages to attract the available workers.

All this has happened over a period of escalating regulatory oversight and introduction of quality systems without any attendant increase in funding.

Clients are the losers in this, as the only measure that can be used by service providers to make ends meet is to reduce the number of hours of actual service provided per client.

In addition, many approved places cannot be filled due to staffing shortages, and many providers are also not applying for new places in the Aged Care approvals rounds, so the ongoing growth in demand due to demographics of the population is not being met by a growth in services. The twenty EACH packages that we were awarded in the last ACAR round have taken 12 months to fill due to the difficulty recruiting staff and there have been significantly increased recruiting and program administration costs. As a result the agency will be very circumspect in the next round. The same issues has resulted in only limited growth being applied for in the 2008 HACC Growth round

However, our staff are also losers. Many remain in the sector because caring is their vocation as much as a job, but as well as the lower wages, staff at management and direct care levels all have to endure the stress associated with high demand for service and high staff turnover. The level of pay is in no way commensurate with the level of responsibility involved in supporting people in their own homes without direct supervision and working in insolation. The most recent data from Perth Home Care Services shows staff turnover for direct care staff at 30% per annum. While this is lower than many of our colleague agencies this still translates to a large cost in terms of recruitment and induction.

Community Care is often perceived as the 'cheap option' in relation to residential care because there are minimal capital costs compared with the cost of building residential care facilities.
However, many Australians choose to continue living on their own homes and with the introduction of Extended Aged Care at Home (EACH) and EACH-D (Dementia) packages the care needs and complexity that are supported in the community are now far greater than when Community Aged Care Packages were first introduced.

This trend is accelerating as the introduction of the ACFI has resulted in those with scores in the previous 5 and 6 RCS now being not economically viable for residential services and therefore requiring the support of the community care sector. All these factors have changed since the ratios were established and it is now urgent that the evidence of need for different service types for the future is reviewed and the population ratios updated. As noted in The Weekend Australian in the article by Stephen Lunn "What would make more sense is for the government to start off by liberalising the planning system to make significantly more places available". The same article notes that the consumer has very little input into the supply or demand of age care services. Our organization is highly supportive of the proposal for the introduction of consumer directed funding into the aged care sector.

The community sector must be strong and well resourced to be able to manage the challenges presented by an ageing population and to provide viable and adequate home care into the future.

Yours sincerely,

Marita Walker

Marita Walker
CEO
Perth Home Care Services

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