

Tandara Lodge Community Care Inc.

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

24th November 2008

Re: Senate Inquiry into Aged Care

Dear Sir's,

I am the CEO of a Residential Aged Care Provider located in Sheffield, a rural area of North West Tasmania. Tandara has 12 low care places and 29 high care places, we also provide community care through 7 community aged care packages.

There are a number of issues which are affecting our operations, these can be summarised broadly as follows:

1. Funding.
2. Staffing.

1. Funding:

GENERAL:

At present the incomes of aged care providers are effectively capped (particularly for high care providers). At the same time costs can generally not be contained especially where levels of care need to be maintained in order to provide adequate care and meet regulated standards. A large number of providers will not survive without an increase in income, this income will either need to come from Government funding and/or an increased reliance on user pays.

From our perspective it is difficult to see how we could become any more efficient, we have cut every possible cost and are continuously chasing the best possible prices on all purchases. Many of our costs are effectively out of our control such as electricity which has experienced significant increases in prices in recent times. At the same time we have a moral obligation to provide an appropriate level of care and are subject to numerous accreditation checks (another cost to us) to ensure that we comply with all standards.

ACFI:

The new Aged Care Funding Instrument was intended to reduce paper work and improve funding, our experience has been that neither of these aims has been achieved. Paper work needs to be completed in any event if not to validate funding then for accreditation purposes. Overall we have not seen an improvement in funding. Comparisons using the previous assessment method and ACFI have indicated a lower level of funding under the ACFI. A majority of our residents assessed using the ACFI have resulted in saved rates, this implies that they are not achieving increased funding.

CAP:

Budgets which we prepared prior to the last Federal Budget (without the Conditional Adjustment Payment) indicated that we would suffer financial hardship and our continued viability would have been questionable.

COPQ Index:

Increases in the level of funding for recent years has not kept pace with inflation. This situation is unrealistic and not sustainable. Given the need and requirement to continue to deliver quality services a mechanism needs to be established to match the rate of cost increases with funding increases.

Possible Solutions:**a) More appropriate indexation method:**

An indexation methodology needs to realistically approximate the actual increases in costs.

b) Bonds in high care:

As a means to supplement government funding, consideration needs to be given to extending bonds into high care and/or point b) below.

c) Increase scope for flexibility in charges:

Providers could be given more flexibility in the scope of charges which they can levy on residents. At present there are prescribed maximum charges which can be levied. As noted above our income is capped but our expenses are not. Allowing an increase in the charges which could be levied would help to meet shortfalls.

d) In relation to the mid, long to very long term funding of aged care the following could be considered (this assumes that providers would be able to charge the residents increased fees/bonds in order to increase their revenue):

Phase in a levy similar to the superannuation guarantee but as a "personal aged care fund". Superannuation being for the period of time between ending work and needing aged care, the "aged care fund" to meet the costs of any time spent by that person while in receipt of community or aged care. If a person did not need to use this fund or there was a balance remaining on death, any monies would go to their estate.

Experts have predicted that the current super guarantee rate of 9% is not sufficient to fully fund people's retirement. The new fund would go some way to meeting the gap.

2. Staffing: There exists a chronic and growing lack of skilled staff. The majority of our registered nurses are within 5 years of retirement. It is almost impossible to fill vacancies (agencies are also experiencing the same difficulties and often cannot supply staff when needed). We will soon reach the point where we do not have sufficient staff to continue to operate.

Even if sufficient staff existed, given our tightening financial position we are unable to compete in terms of the wages we can offer. Most of our staff already put in substantial unpaid hours.

If you require any further clarification or information in relation to the above please do not hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Paul Crantock', with a large, sweeping loop at the end.

Paul Crantock
CEO