



**Submission to the**  
**Senate**  
**Inquiry into Aged Care**

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## **A SHORT HISTORY OF** **THE MARY OGILVY HOMES SOCIETY**

The Mary Ogilvy Homes Society is a not for profit organisation with a volunteer board dedicated to providing the highest quality care to the frail elderly.

The idea for The Mary Ogilvy Homes Society was conceived over sixty years ago to care for frail aged ladies who did not have a family network capable of providing that caring. Initially there were 16 residents.

The Mary Ogilvy Homes Society now offers care to 80 residents including one respite. These include a number of extra service places in both high and low care. Recently Independent Living Units have been built adjacent to the home and they offer the option of a private lifestyle with the opportunity to be involved in the Mary Ogilvy House Community.

The organisation also manages 24 transitional care beds.

It is the aim of the society to remain a boutique facility, providing the best and most personal of care.

### **Mission Statement:**

“The Mary Ogilvy House community is committed to providing quality aged care in a safe, homely and secure environment, maintaining each resident’s individuality and independence.”

## **AWARDS**

### **2008 Awards**

IT in Aged Care Implementation for  
Under 150 beds

### **2006 Awards**

The Aged Care Standards & Accreditation Agency – Better Practice  
in Aged Care

### **2005 Awards**

ACSA Awards for Excellence – Volunteer Award 2005  
ACSA Awards for Excellence – Newsletter Award 2005

### **2004 Awards**

ANHECA National Renovated Building Award  
DPS Publishing Aged & Community Care Photographic Competition  
2004 – Best Tasmanian Image

### **2003 Awards**

Aged Care Standards Accreditation Agency – Higher Ratings Award  
Minister for Aged Care Awards for Excellence – Leadership and  
Management Category – Awarded to

Ms J Hardy CEO/DON

Gold Workplace Safe Award – Best Induction Program Category

Finalist ACSA Award – Best Training program Category

Tasmanian Finalist – Australia Day Awards – Australian of the Year  
Category – Awarded to

Mrs. Doone Kennedy (Board Member)

### **2000-2002 Awards**

The Margaret Allwright Award for Excellence

HESTA Better Health and Safety Award

Aged and Community Services Australia Recognition for Therapy  
Programs Award

Minister for Aged care Awards for Excellence – Finalist with  
Commendation – Staff Development Category

**This submission will address the major financial issues confronting the aged care sector, namely, funding levels, indexation, conditional adjustment payment and bonds for high care.**

A leading national Aged Care Performance Survey has said that only 29 of 94 high care facilities surveyed achieved an operating profit.<sup>1</sup>

This survey further found, "the majority of high care facilities in the survey are using capital income sources to cover day to day operating costs".<sup>2</sup>

The recent financial performance of this organisation's residential aged care arm confirms these findings.

The Mary Ogilvy Homes have constructed contemporary single room accommodation with ensuites for an additional 30 residents in stages over the past 5 years in order to achieve economies of scale and remain financially viable.

This has had to be partly funded by bank loans at commercial interest rates. This has been particularly tough in an environment of spiralling costs, particularly labour costs.

As outlined in the introduction the organisation is a stand alone, not for profit organisation with no religious affiliation or backing.

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<sup>1</sup> Stewart, Brown & Co./Executive Summary Aged Care Financial Performance Survey Year ended 30 June 2008, p. 1

<sup>2</sup> Op.cit.

The operating profits have dwindled over the past few years. The erosion of real funding coupled with inadequate indexation, means this organisation is now at risk.

Currently the organisations other activities, Independent Living Units and Transitional Care beds are subsidising the residential aged care arm of the organisation for both capital and operational requirements.

There is definitely “a lack of correlation between the cost of delivering care and the funding provided for that care”<sup>3</sup>

The COPO indexation increases are always less than costs and these have been eroded 23.5% down over the last eight years. The funding stream needs to be linked as a minimum, to the Consumer Price Index increases.

The unions in our sector are now pushing for a substantial increase in wages in the immediate future, as nurses currently earn approximately 10% more in the acute sector. This additional cost will force us to change our workforce model possibly leading to the deprofessionalisation of aged care nursing.

The anomaly of increasing residents fees using CPI but only increasing government funding per resident by COPO is grossly unjust and must eventually lead to a reduction in quality services to Australia’s frail elderly.

In Tasmania from July 09 most aged care facilities will be required to enter the contestable electricity market. At this stage we are informed this will result in a 40% increase in electricity costs.

We will also have our already narrow profit margin eroded by any emissions trading scheme.

While the Conditional Adjustment Payment over the last 4 years has alleviated cost pressures in the sector and has gone some way to reduce the effect of COPO as an indexation measure it is essential this payment continues.

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<sup>3</sup> Grant Thornton Aged Care Survey 2008,p.8

A freeze on the existing 8.75% CAP funding increases will mean a funding drop of \$750 per resident per year.

Without the continuation of the conditional adjustment payment, this organisation could not continue to offer the community our excellent services.

It is iniquitous to continue a system creating two tiers of residents – one tier who pay bonds (Low Care) and one tier who don't (High Care).

This organisation recently completed a ten bed wing construction and the cost to construct per room was around \$200,000: consistent with national data.

Given the increasing costs of construction the introduction of bonds for high care residents would provide a guaranteed capital stream for aged care developments into the future; without cost to the government.

“The regulatory and pricing framework now threatens the viability of the aged care sector by suppressing incentives to invest in modern aged care infrastructure”<sup>4</sup>

Representatives from Mary Ogilvy regularly attend National and International Conferences and we know how Australian's aged care system is regarded as first rate the world over.

In all, this organisation has been accepted to present at over 25 state, national and international conferences in the past few years alone. We are always enthusiastic ambassadors for the Australian aged care system.

The Mary Ogilvy Homes Society has an enviable reputation and has been the recipient of numerous national awards in a variety of areas of expertise. We have always prided ourselves on our determination to offer highly innovative programs to enhance the quality of life for the frail aged. All this is now at risk, due to an uncertain financial future.

In the straightened financial circumstances created by the inadequacy of both funding and indexation the hard work and high reputation of this and many other aged care facilities will be jeopardised.

More importantly; the quality of care will inevitably be diminished, as too, will this sectors ability to attract high quality personnel and to maintain Australia's aged care sector as the envy of the world.

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<sup>4</sup> Grant Thornton Aged Care Survey 2008,p.3

