FREEMASONS' HOMES
of Southern Tasmania Inc
7 Ballawinne Road, Lindisfarne, TAS. 7015

ABN 15 922 801 869

28 November 2008

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

Dear Sir

RE: INQUIRY INTO RESIDENTIAL AND COMMUNITY AGED CARE IN AUSTRALIA

Thank you for the opportunity to present this submission to your inquiry.

Reference:
Are current funding levels sufficient to meet expected quality service provision outcomes.

In a word – NO

Real funding is being eroded as wages, supplier and building costs outstrip government subsidies.

Nurses wages in particular are, in general, 10% less than what is paid in the public sector making it extremely difficult to attract and retain professional clinical staff.

This places enormous pressure on all care staff and limits quality time staff spent with residents and families.

T Ballawinne: (03) 6243 8600
F Ballawinne: (03) 6243 6667
E fmhomes@fmhtas.com.au
T Bowditch: (03) 6243 5944
F Bowditch: (03) 6243 5936
E fmhomes@fmhtas.com.au

The industry must be able to offer competitive wages and conditions to staff to enable quality service provision to be maintained.

The new funding system introduced on 20th March 2008 – The Aged Care Funding Instrument – (ACFI) promised to deliver a simplified and more equitable funding system.

Our experience to date indicates this is not the case. We have experienced a noticeable reduction in government subsidies payable for residents with a low care classification and mobile residents diagnosed with dementia. This latter category of resident consumes a considerable amount of staff time to manage episodes of wandering and provision of quality activity programs.

It is suggested that the removal of the $10, $20, $30 cap in place until 2011 on the maximum ACFI subsidy for high care residents would go some way to addressing the funding shortfall.

Reference:

> ***How appropriate the current indexation formula is in recognising the actual cost of pricing aged care services to meet the expected level and quality of services.***

The current C.O.P.O. system has provided, on average, subsidy increases of around 2.10% over the past eight years.

Clearly, this has not kept pace with the increasing cost of care and is consistently below the annual C.P.I. figure.

The Conditional Adjustment Payment (C.A.P.) of 1.75% per annum introduced in 2004/05 must be maintained or "wrapped" into normal subsidy payments to keep pace with the increased costs of care and services.

The industry cannot be expected to absorb more costs and continue to provide quality care and services.

A long term simplified system of aged care indexation that recognises all associated costs must be developed and implemented to support the sector.

Reference:

Measures to be taken to meet variations in service delivery costs and construction.

Our experience is that 70% of residents entering our residential aged care facilities are high care residents.

The current limitation of not allowing Aged Care providers to charge accommodation bonds for high care residents presents a huge barrier to providers when trying to raise capital to meet the growing demand for services.

The separation of costs for the provision of care and services from the cost of providing accommodation should be considered as an option that could allow providers the opportunity to apply the accommodation bond option to all residents.

Reference:

Whether there is an inequity in user payments between different groups of aged care consumers and, if so, how the inequity can be addressed.

The "user pays" principle based on the assets of the particular resident with the minimum daily care fee appears reasonable.

However, that principle of a minimum daily care fee should also apply to the subsidies provided by the Federal Government.

The ACFI system should have a minimum daily subsidy that matches the basic daily care fee for pensioners. At present, providers can find themselves in a situation when a low care resident receives no or very limited daily subsidies under the ACFI system.

Reference:

Whether the current planning ratio between community, high and low care places is inappropriate; and the impact on current future residential places allocation and funding on the number and provision of community care plans.

The current ratios should be used as a guide. The key driver for the allocation of places/licences should be consumer demand. The disclosure and sharing of all relevant data at the L.G.A. level will assist providers to plan future expansion.

No matter what planning ratio is used, providers will not take up additional licences if funding levels do not keep pace with costs (this was the case with the most recent ACAR round in Tasmania – undersubscribed) and access to capital remains limited.

For the past seven years, the level of capital funding available through the ACAR round has remained at around $41 million Australia wide. As raised earlier, flexibility with accommodation bonds and the separation of the costs of care services from accommodation should be considered as an option to freeing up of the availability to capital.

In closing can I again thank you for the opportunity to present this submission and urge the committee to deliver recommendations that will secure the future of residential and community aged care services for our frail aged.

Yours sincerely

Greg Burgess
Chief Executive Officer