



1 December 2008

## **Senate Finance and Public Administration Committee**

### **Inquiry into Residential and Community Aged Care in Australia**

#### **Submission from Aged and Community Services Tasmania**

##### **Introduction**

Aged and Community Services Tasmania is the major peak body representing residential care, community care and retirement villages in Tasmania. Over 90 per cent of aged care providers in Tasmania are members of ACST including a growing number of community care organisations.

We would like to indicate our support and endorsement of submissions from ACSA, other State Associations and from all our members. There is generally clear agreement by providers of residential care and community care of the issues and challenges we face in delivering quality care and that we are once again be held back by Governments unwilling to take the difficult decisions and build a vision for sustainable and long term provision of care for older Australians.

##### **a. whether current funding levels are sufficient to meet the expected quality service provision outcomes;**

The simple answer is “no” and many submissions will show why and argue a strong and compelling case as we have for some time with successive Governments. ACST would however like to make some distinct points about the contradictions in the system and the need to be “fair dinkum” about the importance of this sector as a symbol of the sort of society Australia wants to be.

##### Quality, Accreditation & Compliance

The systems that have been put in place have resulted in a significant cost burden being placed on providers without additional funding. The provision of inadequate operational funding contradicts the Government’s demand for quality and accountability. The quite bizarre arrangement that underpins this is the Governments dual role as the “funding” body and the “regulator”. Clearly the Federal Government needs to fund aged care however the regulation of this sector needs to be separated to allow the Government to work in partnership with providers and be held responsible where inadequate funding affects quality care provision.

It should also be pointed out that this is a punitive system that is driving away our workforce and lowering the morale of those that stay. This has enormous implications for the provision of quality care.

### Workforce

There needs to be more recognition of the value of work in the care sectors. Sectors like aged care and child care have predominantly female workforces who are poorly paid. Governments need to recognise and resolve this inequity. This has to begin with adequate funding that allows providers to not only provide competitive wages but appropriate reward. In the context of the Government driven demands for quality, accreditation and compliance it seems ridiculous that the Government is limiting the ability of aged care providers to attract and retain staff through adequate and competitive remuneration.

Quality service provision in care sectors depends on strong and consistent investment in workforce development. The diversion of resources to accreditation and compliance has diminished provider's ability to invest in skills, career path development and educational infrastructure for its workforce. If we are to seriously prepare for the challenges of an aging population and the increased incidence of dementia we need to invest in the aged care team/workforce of the future. This should involve creating the infrastructure inside the sector to support clinical placements, undertake research, innovate and build a learning culture. This is a proactive approach to quality practice and provision unlike the present system. There needs to be an adequately funded workforce investment strategy other than just rolling out training places to a highly regulated sector that is unable to just employ anyone.

It is clear in Tasmanian organisations that the goodwill of staff and the commitment of volunteers contributes strongly to the ongoing operation and the delivery of quality care. For Governments that are constantly demanding efficiencies/productivity this surely can't be seen as a sustainable operating model.

#### **b. 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 such services;**

Tasmanian providers are facing significant location based cost increases. Our reliance on transport of goods into the state has left us vulnerable to rising fuel prices. We have also had to absorb sizeable increases in the costs of energy as Tasmanian moves into the retail contestible electricity market. From 1 January 2008 electricity prices were adjusted by 16 per cent and then by an average of 8 per cent on 1 July 2008. As larger providers move into the contestible market by 1 July 2009 experience shows they will face nominal increases of 25 to 30 per cent. Considering energy costs are in the top five expenditure items for residential care facilities this has significant implications for our sector in Tasmania.

Clearly from the above example to use an index (COPO) that results in a 07/08 adjustment of 2.3 per cent ultimately leads to aged care providers having to absorb the significant proportion of increased costs. When you add the Conditional Adjustment Payment (CAP) at 1.75 per cent this still leaves providers behind the general inflation rate let alone the higher inflation rate of around 7 per cent for health related services.

The use of a temporary indexation mechanism (CAP) over a four year period is both inappropriate and irresponsible. In Tasmania our providers are integral members of communities particularly in rural settings and these insecure financial arrangements only lead to the de-stabilisation of these organisations as critical social and economic infrastructure. In some of our communities the aged care providers are in the top three employers. Our community care providers have not even had access to the CAP index and have had to survive on COPO increases alone and subsequently this has impacted negatively on care provision.

Our workforce is our greatest asset and recruiting and retaining good staff is a key priority for Tasmanian providers. To successfully pursue this priority organisations have to be able to pay regular and appropriate wages increases. This inadequate indexation not only limits provider's ability to pay appropriate increases but then puts them in a "no win" situation where if they pay wages increases beyond the level of indexation this can then affect their organisation's sustainability and ultimately services to the community.

**c. measures that can be taken to address regional variations in the cost of service delivery and the construction of aged care facilities;**

Tasmania has a small sector spread across the state with small to medium size facilities and some larger organisations with multiple sites. Our smaller organisations struggle with the burden of compliance and bureaucracy. Small providers in Tasmania do not have the resources to be involved regularly in the Aged Care Approvals Round process because the level of work involved is beyond their capacity. In addition they do not have the average \$20,000 that is required to pay a consultant to undertake the work on their behalf (for a submission that may well be unsuccessful).

Organisations in Tasmania have adapted and attempt to share resources and network as much as possible. As the peak body we encourage and facilitate this as much as possible however we too are small and have capacity issues. We believe there is scope for the Department to play a stronger role in this area as a facilitator of co-operation and networks. This would be in contrast to the stated strategy of "consolidation" which we believe has inherent dangers for the Tasmanian Community. As mentioned previously our aged care providers are intimately linked to their communities in both a social and economic sense plus they are often the social inclusion agent for keeping our elderly connected with their communities and families. They also have a local identity and volunteer base. All this would be under threat with the imposition of a corporate consolidation model that may result in the closure of smaller facilities. Funding for effective networks of cooperation that offered efficiencies, sharing of resources and building sub region capacity we believe is a more positive solution for the Tasmanian sector than continuing down the "consolidation" path.

Currently volunteers, auxiliaries and local communities are fundraising to keep their aged care providers sustainable and in the community. It would be entirely appropriate for Government to support these efforts and provide the smaller Tasmanian Regional Community some additional support for our specific challenges.

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

We refer you to the ACSA Submission however we would highlight the difference in payments by high and low care residents as an area of immediate need. Low care residents are subsidising the provision of high care and paying up to three times as much for accommodation. This should be addressed through a major change to the capital funding arrangements.

**e. whether the current planning ratio between community, high and low-care places is appropriate; and**

It has been indicated by the current Government that a review is to occur however this needs to occur quickly. Any review should consider a more effective process that uses data from LGA's and an assessment of community needs at a more localised level. This process or the structure that undertakes this work should have the flexibility to respond to the community's needs as they shift, for example converting residential places to community places.

**f. the impact of current and future residential places allocation and funding on the number and provision of community care places**

The current ratios need amendment to reflect the growing demand for community care with flexibility built in to respond to localised/community needs. This flexibility is essential to satisfy different expectations, community cultures and the growing demand for choice.



*Darren Mathewson*  
**Chief Executive Officer**  
**Aged & Community Services Tasmania**

GPO Box 448, Hobart TAS 7001  
Phone: (03) 6234 4952  
Fax: (03) 6234 7566  
Mobile: 0447 376 519  
Email: [ceo@agedcaretas.org.au](mailto:ceo@agedcaretas.org.au)  
[www.agedcaretas.org.au](http://www.agedcaretas.org.au)