



01 December 2008

Committee Secretary
Community Affairs Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Please consider the following issues in your deliberations on the Aged Care Industry:

Current Funding Levels and the current indexation

Current funding levels are inadequate. A proportion of residents formerly categorised as 6 or 7 when translated into the ACFI model attract no funding. In rural and remote sites there is rarely the opportunity to select residents who are likely to attract the greater revenue or even the greater bond. We admit those who need care. Rural facilities often need to admit as much for the sake of filling the bed as they do to meet a local imperative to offer local care to local community members.

Nurses in the not for profit centre are paid less than those in the public. Seldom do nurses in this facility complain about the rates of pay; they do however complain about staffing levels that they consider inadequate to deliver good care above the basics. Current indexation and funding make it impossible for most providers to field nurses in the numbers they consider ideal to meet care requirements

The freezing of the CAP increments together with COPO principles will see real funding fall per resident over the next 4 years. These effective reductions in revenue make it impossible to employ staffing to a level where we can comfortably guarantee all the needs of our residents are met. And to be frank just meeting an individual's needs falls well short of the mark most nurses like to aim for when delivering care.

Accredited with The Australian Council of Healthcare Standards Accredited with The Aged Care Standards Agency.

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It is well recognised that health cost inflation outstrips standard inflation. This is born out by the Commonwealth regular assent to Private Health Insurers ramping up premiums; it is further reinforced by the \$64.4 billion the Commonwealth proposes to hand over to the states for acute health care over the next few years. With the rising number of Aged Care Residents with complex health care needs many of our costs are escalating in line with acute health inflation. COPO funding fails to recognise this.

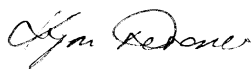
Regional Variations – Cost of Services delivery and the construction of Aged Care facilities

Costs of services in rural services are generally higher than in the Metropolitan areas. Fuel costs although dampened down of late have seen rises in all of our courier costs as most of our requirements are sourced from out of area.

Construction costs are problematic on two fronts. The first is that recent research indicates the return on the investment is marginal at best and will not enable an organisation to either rebuild or expand once. Without bonds applying to high care more and more agencies will not be able to rebuild or expand at all. The Government runs the risk of seeing providers offering only the minimum of what is required to meet the Accommodation Standards thus disadvantaging the consumer. As unprofitable in cash terms as they are single room accommodation with en-suite facilities greatly enhances the safety of nursing work as well as improving the quality of life of the residents.

With Ageing in place representing the dominant paradigm and with many facilities offering similar if not precisely the same accommodation to a resident regardless of their being high or low care the distinction that allows a proprietor to seek a bond becomes meaningless. Apart from a few variations enshrined in the Act, Aged Care High or Low is one in the same. Bonds need to apply in both areas if the Government expects the Industry to be able to offer appropriate standards of accommodation.

The second issue relating to construction centres around the cost per bed. At an average of \$200,00 per bed serious questions need to be asked about the value for money providers are getting for what is essentially a motel like construction with industry specific features.



Kym Durance
CEO