

BOANDIK LODGE INCORPORATED

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27th November 2008

Committee Secretary
Senate Finance and Public
Administration Committee
Department of Senate
P O Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam,

Submission to Inquiry into Residential and Community Aged Care in Australia

Boandik Lodge is an aged care organisation based in Mount Gambier, South Australia. Mount Gambier is 450 kilometres from Adelaide so even though it is a large regional centre we are quite isolated from the capital city. Boandik Lodge provides residential aged care in Mount Gambier and the full range of community care services throughout the Limestone Coast region. We currently care for over 500 aged clients in the Limestone Coast area.

There are significant challenges for aged care providers which we would like to highlight to the inquiry:-

Indexation

The indexation method utilised for annual increases in residential and community aged care subsidies does not reflect the actual increases in costs for providers. Even with low inflation rates the indexation has been well below the cost increases that we have been experiencing. This has been compensated in residential care with the Conditional Adjustment Payment however there has been no recognition of the problems this is causing for community services.

The Conditional Adjustment Payment was introduced for a limited time period, this additional subsidy needs to be permanently included in subsidy rates and the indexation method reviewed to better reflect the actual cost of providing care. Prior to the Conditional Adjustment Payment our residential facilities were all operating in a deficit situation, our main cost is wage payments and although we were providing higher levels of care the subsidy increases were not meeting our increased costs. The only way to reduce costs was to reduce staff levels which

would have a significant impact on resident care. As a community based organisation we were reluctant to reduce staff levels and therefore continued with the deficit situation. This utilised accumulated funds which could have been allocated to development and upgrade of facilities.

In the community we have not had a Conditional Adjustment Payment and we are still operating in a deficit situation. Unfortunately we have not been able to sustain the deficit and have had to reduce the average hours of service to clients. Delivering services in a rural setting is also challenging as we have significant travel costs attached to the service delivery. This has been difficult to manage with the increased fuel costs and increased care needs of our clients.

Quality Outcomes

Boandik Lodge is committed to providing quality outcomes to all residents and clients. There are continual changes to legislation and quality requirements that impact on the operation of all aged care organisations. Some of these changes have had a significant financial impact, such as the introduction of police checks for all staff. Whilst we agree with the changes there needs to allowance made for the financial impact that such changes have on an organisation, especially when they are introduced after the budget for the year has been formulated.

Respite Services

In our region there is significant demand for residential respite services. This demand has resulted from the expansion of community care with people being care for at home and requiring respite on a regular basis. Boandik Lodge operates 3 residential low care respite beds which are constantly booked for up to 6 months in advance. This means that there is no access to emergency respite and people living in Mount Gambier are required to access respite services in regional towns up to 100 kilometres away. This proves to be very stressful for both the client and the family. I am sure that we are not the only area that is experiencing this increased demand, this needs to be a consideration in future allocations of places and respite services.

Community Care

Boandik Lodge provides the full range of community care services throughout the Limestone Coast Region. We are continually finding that there are insufficient Community Aged Care Packages for our region. We therefore tend to provide support to clients through other funding packages until a package becomes available. This often means that client is not receiving the services that they require and that there is pressure on other programs to be able to provide appropriate services within their charter. The effect of the current indexation has been discussed previously.

Capital Raising Ability

The change to the Aged Care Funding Instrument for residential subsidies will have a significant impact on the capital raising abilities of aged care providers. Aged Care Providers are dependent on accommodation bonds to provide capital for future developments and upgrades. At present in Mount Gambier we have a shortage of aged care beds and most of the people that we are admitting have been in a facility in another town. With the Aged Care Funding Instrument the majority of classifications are high care. If the resident has been classified as high care under ACFI then they are required to pay an accommodation charge rather than a bond. Often these residents are not requiring high care services but the funding instrument classifies them as high care. Under the previous system they would have been low care and would be paying an accommodation bond. This is already having a significant impact on our capital raising ability at Boandik Lodge.

There are many issues effecting aged care in both residential and community settings. We appreciate the opportunity of sharing some of our issues and concerns with you.

Yours sincerely,

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Gillian Mc Ginty
Chief Executive Officer