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Caring for Older Australians  
Productivity Commission Inquiry  
GPO Box 1428  
CANBERRA ACT 2601

Dear Sir/Madam

**RE: ANGLICAN CARE SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY**

Anglican Care is an Aged Care provider with a proud history of over 50 years, delivering Aged Care Services to the communities of the Hunter and Central Coast. Anglican Care has a total of 7 sites comprising of 528 beds, with the availability of 8 respite beds, operates an active Day Therapy centre and delivers a total of 181 CACP, EACH and EACHD Packages. Anglican Care also has 155 Independent Living Units which allows for the addition of another tier of service to the aged in the community. We employ a total of approximately 600 staff. In the areas that we service on the Central Coast and Hunter regions we have high need areas with Lake Macquarie having the largest population of older people in all of NSW 2006 Census. The ABS estimates that the Hunter Regions population will reach 710,000 in 2026. There will be approximately 200,000 people aged more than 70, 8% or 16,000 of whom will require residential care. It is estimated that more than 11,000 of that group will need nursing home care. According to the Australian Bureau of Statistics data, it is also a rapidly growing aged population area with the local Government areas proportion of population over 70 set to increase by almost 4300 people in the next 5 years. This is well above the average for NSW and will put significant pressure on existing services.

In accordance with the Terms of Reference of the Productivity Commission, Anglican Care would like to submit the following comments.

1. Anglican Care is no different to other Aged Care providers in that we are operating at a loss but surviving on investments and non-operating income which was originally earmarked for capital development. Trends in Aged Care indicate the likelihood of Australia's Aged Care system having to provide care to an increasing number of frail clients with more complex and demanding needs. This will have implications for the delivery of aged care services including additional staffing requirements and costs.
2. We are dealing with a Commonwealth Funding system that does not reflect or recognise the real cost of operations or capital required. We need an annual index that reflects this real cost of care. Until an appropriate index system is determined

the Conditional Adjustment Payment needs to be maintained. Although some costs to the business have remained stable, care and wages costs have continued to increase. To illustrate the issue regarding the real cost of operations the Minister for Health has recently announced that care subsidies will increase by an average of 1.7% in July 2010. The CPI increase is approximately 2.9% and coupled with increases in wages and other costs it is no wonder that aged care providers are operating at a loss. It should be considered to combine the Conditional Adjustment Payment and ACFI funding rather than being separate items for each resident.

3. According to the Stewart Brown Benchmarking data “If an aged care provider was to construct a new high care facility with a typical construction cost of around \$180,000 per place, the payback period would be somewhere between 29 and 57 years. This is not a good return by any known measurement. It is further evidenced that current funding arrangements are not likely to encourage the construction of high care places without the inclusion of extra service places”. Further to that, following the allocation of the bed licenses it could be 5 years before you build, taking into account the drawing up of plans, 2 years to obtain Council approval and then the time for construction. Failure to adequately fund the Aged Care Sector has resulted in aged care providers refusing to apply for bed licences in this year’s round of licence allocations. Aged care providers are choosing not to build any further high care facilities until funding reforms are considered.
4. This is further evidence that the recommendation in the Hogan review 2004 which recommended that Aged care providers be able to charge refundable accommodation bonds for High care should be adopted. Residents need to have a means to be able to choose how they contribute towards their accommodation costs. We need flexible high care accommodation payment arrangements. There will be further pressure on the Aged Care Sector with current and future generations having higher expectations of choice, flexibility and responsiveness in how they use and access aged care services. For the purposes of accommodation payment arrangements, the distinction between Low and High care should be eliminated.
5. To further strengthen the argument for bonds in high care and allow providers to continue to maintain and develop infrastructure to a high standard it should be noted that many not for profit faith/religious based organisations have significantly higher concessional ratios of residents within facilities that predominantly come from low socio-economic backgrounds. Anglican Care’s organisational concessional ratio currently stands at 39% which is far higher than the legislated thresholds for our areas that we operate in.
6. In relation to residents who enter residential care either on the same day or within a short timeframe of their partner or spouse; providers do not have the ability to charge these residents an accommodation bond when their only asset is the property that they were living in at the time of entry into residential care. This is due to the Centrelink/DVA assessments excluding the house at time of financial assessment. Providers should be provided with the opportunity to incorporate the property for the purposes of asset assessment if a couple has entered care

together. If the legislation was changed to reflect the property as part of the financial assessment for couples entering residential care the government would not be required to provide concessional funding to these residents.

7. A number of aged care providers have handed back licences, gone into liquidation or refused to invest in infrastructure in aged care for the reasons stated above. The Hunter area already has above average demand for limited nursing home accommodation.
8. Another frustration for aged care providers is the lengthy process and delay in the announcement of the ACAR Rounds. A significant amount of work and expense is incurred by providers in submitting applications. There would appear to be a simpler process of allocation where aged care providers are established, accredited, well respected and have been successful in previous ACAR Rounds and could be on a preferred provider list.
9. Community Care providers should be afforded greater flexibility on how they can provide services and therefore consumers could be afforded more choice. We also suggest that Care subsidies and fees in Community Care should be comparable to Residential Care for clients with similar care needs.
10. Anglican Care invests a significant sum of funding in Chaplaincy Services to ensure the spiritual and welfare needs of our residents are met. We would advocate that the cost of pastoral care should be recognised and funded in the cost of care.

The above comments are submitted to the Productivity Commission for information and we trust this will assist with your final report.

Yours faithfully

Greg Flint  
Chief Executive Officer