

## **Submission to Productivity Commission Inquiry Caring for Older Australians**

### **BACKGROUND**

Ningana Retirement Village operates as a 40 bed low care facility situated within the town of Dalby, Southern Queensland. It is run by a not for profit organisation developed with community support, assistance from local service clubs, and the local town council. It is managed by a management committee consisting of community members elected annually in accordance with the Association rules.

Demand for the services Ningana provides remains strong with 100% occupancy and a waiting list representing between 15-20% of the available rooms. Ningana operates with ageing in place and as such sees high care residents representing up to 20% of total residents. Being located in a regional area the majority of residents are single pensioners with limited or no other income. Around 50% of residents have paid a bond with the average bond \$200,000.

The steep increase in operating costs in recent years, particularly staff costs, has necessitated Ningana undertaking a major review of operating practices in an effort to control costs and remain viable. Our hostel facilities now operate at a loss before investment income from historical surpluses intended to further develop the facilities.

With these issues in mind we wish to make the following submission to the Productivity Commission.

### **RESIDENTIAL CARE COST BASE AND INDEXATION**

The trend by older Australians to remain in their own home longer reflects heavily on the care needs of residents when they do make the transition to residential care. This trend requires low care facilities to increase staff hours to support these higher care needs even though the resident may still be assessed as low care. Independent extrapolations of future Aged Care requirements in Australia all indicate that the Aged Care industry will have to provide care to an increasing number of frail clients with complex and demanding needs. This will have implications for the delivery of aged care services including additional staffing requirements and costs.

There is an urgent need to establish a realistic cost base for the provision of aged services by region. Once this base is established, the revenue streams to cover these costs must be matched to it, be they from client fees, accommodation bonds and charges and government care subsidies.

The inadequate indexation system over many years has resulted in major deficiencies between the Aged Care services costs of provision and government subsidies. The current indexation formula in no way reflects the cost escalation of the industry. No where is this more starkly illustrated than the current year example. The Minister recently announced that care subsidies will increase by an average of 1.7% in July 2010 with the CPI increase running at approximately 2.9% p.a. and a few days later Fair Work Australia hands down an increase in wages over 4.5% p.a.

There must be a fair and realistic escalation of subsidies. If Health funds have a mechanism for applying for annual increases then surely an adaption of this system could apply to the aged care sector ?

Such quick fixes as the Conditional Adjustment Payment must be rolled to the care subsidies and indexed under the revised formula.

### **RESIDENT CHOICE AND CARE ACCESS**

With over 200,000 residents in aged care facilities and with this number growing with the ageing population it is time to address the inadequacies of our current system. It is paramount that our older generation have genuine choice in this period of their lives either home based care or residential based care.

Previously the Government increased the number of home based packages CACPS,HACC, etc to allow our aged population to have a choice on whether to stay at home and receive services into their home or to access Aged Care Facilities. However due to a change in the planning process, the individual CACP's packages actually dropped in hours the clients were entitled to receive from 7 hours per week to 4.5-5 hours per week. As a result in our region the CACPs packages are not being taken up by the aged living in their own homes as realistically 4.5 hours is not able to provide them with sufficient home care in an average week ie to cover activities such as meal preparation, shopping transport.

Availability to aged care placement in a timely manner when this is required is a major issue. Currently residents and their families are confronted with long waiting lists often when their need is greatest. This is particularly apparent when our elderly have episodes at home requiring acute care in our hospitals and when they are no longer acute their families are told they have to find placement ASAP. At this time it is extremely stressful for the relatives as they are faced with lack of placement options often within their own geographical areas. And this can often mean having to place their beloved relatives in areas far away from the extended family when they need the support the most.

Low care facilities still play an important role in providing a level of choice for older Australians to access these facilities and services.

Inadequate operational funding is limiting the incentive for new development and redevelopment by for profit and not for profit organisations alike. Neither type of organisation can take the risk of adverse financial outcomes on the business. Simply the financial risks are higher than the potential reward.

### **CARE STAFFING**

It is vital for facilities to be able to offer a wage that is in line with the public sector, however this is impossible to achieve due to the fact that a significant number of the aged care facilities are currently operating at a loss or in financial decline. When facilities can not match wage rates the end result is lack of continuity of care due to poor retention of staff and escalating recruitment and training cost from ongoing staff losses to the public sector. We talk about access to care options for our elderly population however this is not achievable if you do not have the staff to provide that care either community or facility based due to pay rates that will not attract trained and competent staff.

A proper and fair subsidy with a realistic indexation formula can address this.

### **REGULATION**

The issue of bonds from high care residents has been extensively canvassed over many years. Resident choice should dictate that high care residents with the ability to pay should be able to contribute to their care in a similar manner to low care residents where a resident has the choice of upfront bonds or periodic payments. Regulation and adequate planning must be in place to ensure those requiring care services can assess them irrespective of ability to pay.

Any limitations on the use of income derived from accommodation bonds should be removed.

Carol McDowell  
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