



Winner ACSA 2009 National Excellence in Care – Best Organisation
Winner ACAA 2008 National Employer of Choice Award
Winner ACSWA 2009 Excellence in Care – Best Organisation
Winner ACSWA 2009 Excellence in Care – Media Award

30th July 2010

The Commissioner
Caring for Older Australians
Productivity Commission
PO Box 1428
Canberra City ACT 2621

SUBMISSION TO INQUIRY INTO CARING FOR OLDER AUSTRALIANS

INTRODUCTION

Amana Living is one of Western Australia's largest broadly-based aged and community care providers and is the principal aged care agency of the Anglican Diocese of Perth.

Amana Living supports the submissions made by Aged and Community Services Australia (ACSA) and Aged and Community Services Western Australia (ACSWA).

The ACSWA submission in particular highlights the immense challenges facing aged and community care providers in Western Australia. The sector was on its knees during the WA resources boom of 2007/08, ravaged by alarming labour shortages and runaway cost inflation associated with staff, building and maintenance, food, medical supplies and utilities.

An even larger resources-led boom is imminent for Western Australia and Amana Living views this prospect with alarm. Low-paying sectors will struggle to attract and retain workers in the context of a severe labour shortage (predicted by CCIWA to be a 200,000 shortfall of workers) and all other costs will once again rise dramatically (in the 2007/08 boom, building costs were rising at a rate of 1.5% per month in WA). Amana Living therefore holds grave concerns for the interests of vulnerable older people in this State.

The Productivity Commission clearly has a strong grasp of the issues affecting the sustainability of the aged and community care sector and is appropriately therefore seeking comment on potential system improvements and solutions rather than on reiteration of the scope of the problems and challenges.

This submission therefore will be suitably brief and will provide our big picture perspective on how the sector can be made viable.

SUBMISSION

At a time when Australia along with other developed nations is facing the prospect of a rapid ageing of the population and growth in aged-related disabilities such as dementia, the sector is, in a nutshell, under-funded and over-regulated.

The impact of this for older people is that they have limited access to accommodation and support services, do not receive the standard and mode of care to best meet their needs and have little or no choice in the matter of what they receive.

Service providers are impacted such that they cannot generate either the cash or surpluses they need to meet staff costs in a labour-competitive environment or invest/re-invest capital to maintain and upgrade facilities. **The system is substantially propped up by the goodwill of the not-for-profit sector and the sacrifice of individual care workers and volunteers.**

Amana Living proposes the following reforms to generate a sustainable system:

- 1. Establish a funding system that reflects the true operating costs of service delivery as they change over time and from region to region within Australia.**

Comment

The current system based on COPO is not reflective of cost increases experienced by the sector and has failed to deliver appropriate indexation. As an example, the 2010 COPO indexation of 1.7% compares with WA CPI which was twice that, wage cost increases that were typically three times that and utility cost increases that were ten times that. Operating costs can vary dramatically across the country and therefore the funding system cannot be designed on a one size fits all basis.

- 2. Introduce a funding stream for aged and community care based on ongoing, lifelong contributions to be made by citizens via either the taxation system and/or a system of public or private insurance.**

Comment

Successive governments have buried their heads in the sand to avoid having to confront and address the massive long-term funding problems associated with the ageing of the population. The core support needs of older Australians in the future will have to be met to a significant extent by contributions from private wealth in addition to allowing those who can pay more for higher standards of accommodation or service to do so.

- 3. Disaggregate the accommodation component from the care aspects in residential care so that people can continue to make a choice in later life about the standard of accommodation they desire.**

Comment

The current arrangement is highly problematic in that it constrains income flows for capital development in high care and unnecessarily deprives people of the opportunity to make choices about their accommodation as they have continuously been making through their lives prior to entering residential care.

4. Re-orientate the system from one focused on risk avoidance to one committed to consumer satisfaction. This would be substantially achieved by the following measures:

- **Enhancing the opportunities for consumers to choose their preferred mode of care and support from a suite of options rather than the current approach of providing services based on eligibility for largely disconnected service streams (eg community care and residential care)**
- **Discontinue the residential care accreditation system and replace it with a quality assurance approach such that organisations can become “certified best practice providers” which would allow them the freedom to deliver their suite of services in a way they consider most appropriate to promote customer satisfaction as opposed to the current prescriptive approach whereby detailed elements of individual services and facilities are evaluated.**

Comment

Services are provided to consumers currently in a programmatic way such that they are discontinuous (e.g. the excessive gap between levels of service delivery via CACPs and EACH) and streamed such that you receive in-home care or residential care rather than a suite of home care, restorative and accommodation services dependent on your changing circumstances. Scope exists to develop realistic, sensible enhancements in consumer-directed care so that consumers will receive appropriate assistance to help them have a stronger say in what package of services they would like to receive to meet their needs and enhance their lifestyle.

While protection and minimisation of harm will always be to the forefront in a system of care for vulnerable people, the current accreditation and inspectorial arrangements are overkill in the extreme as the Productivity Commission recently identified in its “red tape” review of aged care. The current “tick a box” approach to compliance takes valuable resources out of the care arena to focus on compliance and leads to regimentation of service delivery such that modern nursing homes all look and feel every much the same to the detriment of choice for consumers.

5. Establish a system of workforce planning and concerted Commonwealth, State and Territory action for the aged and community care sector in its own right integrated with overall health system planning, but not treated as a sub-set of it

Comment

While WA will be at the forefront of labour shortages affecting the sector, there is a national structural problem that will lead to serious workforce challenges across the country. This is the greatest threat to the future sustainability of the sector. All governments around Australia need to collaborate with the sector to analyse future labour shortages and take concerted action to deliver the required stream of labour from within Australian and overseas.

SUMMARY AND CONCLUSION

In WA, the aged and community care system is in crisis and its prospects are distinctly gloomy in the face of the likely impacts of the impending resources boom.

The sector is under-funded and over-regulated. As such, it does not provide accommodation and services in such a way as to meet need and satisfy consumer choice.

A new approach needs to be taken to co-contributions towards accommodation and care to promote choice and sustainability.

Workforce challenges in the sector loom as severe threats to future viability and will need to be addressed on a co-operative, national basis in their own right and not as a subsidiary element of health system workforce planning.

Yours sincerely

RAY GLICKMAN
Chief Executive Officer