

Productivity Commission
Inquiry into Aged Care

Dear Sir/Madam

I am sure that many others will address those well known and well documented issues in aged care, such as the indexation of subsidies, workforce shortages and the inappropriate nature of capital funding streams, particularly in high care.

I however would like to focus on one of the problems associated with delivering aged care services in small rural communities. This issue revolves around the relationships that aged care providers have with each other and with other health care providers in their region.

The bed allocation model used by the Commonwealth is very simplistic and appears not to any great extend factor in the interdependency or viability of other providers as part of the assessment process. Areas which are close together but are in different planning areas can then become very easily over bedded.

The model also ignores the ability of the elderly to cross borders or planning regions in pursuit of the service that meets their needs. Basing allocations on age distributions in a planning region appears not to factor in this possibility.

In some areas of rural Australia this has lead to a proliferation of small 15-25 bed hostels that will in all likelihood never be viable

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under the current funding model and who may have used significant amounts of resident's bond monies during their construction.

This should be of some concern to the Commonwealth, as in my opinion bonds should never be used where the operating profit of an organization is such that it is unable to repay bond capital.

Accordingly I suggest that the Productivity Commission should as part of its review give consideration to the creation of an exit strategy for small providers, particularly where multiple services of the same type are located within 20 to 30 kilometers of one another.

In the light of diminishing resources, notably the lack of skilled staff it is likely that cooperative relationships will need to be created between aged care facilities and other health care providers, such as local hospitals.

The major issue associated with this will be the lack of capital for smaller aged care providers to recreate themselves and the difficulties of working at both a State and Federal level.

On one hand the sharing of resources will require this, but on the other the marked differences in legislation and notably enterprise bargaining agreements will make this very difficult.

If aged care services are to be provided in rural areas of Australia then it very important that future aged care legislation addresses these structural issues

Yours Faithfully

Philip Davis
CEO