

# John Barker & Associates

Government Affairs Consultants  
Development & Projects Strategists  
Lobbyists

27 May 2011

Mike Woods  
Deputy Chairman  
Productivity Commission  
GPO Box 1428  
Canberra City ACT 2601

Dear Mike

My clients, St Anns Homes Inc welcomes the recommendations in the Commission's Draft Report "Caring for Older Australians".

In particular the recognition of the changing needs of older Australians including their greater desire for independent living, enabling increased choice and control over their lives, and a focus on well being.

With precisely these objectives in mind and development of new facilities well advanced my clients applied to the Department of Health and Ageing to convert 70 underutilised aged care places to 70 Community Aged Care Packages (CACPs).

My clients had joined other aged care providers and independent facilities who wished to participate in provision of CACPs.

Unfortunately the Department refused the application on the basis that there was insufficient evidence of need, basing its conclusion on outdated last census data (5 years old). Copies of the Department's letter and my client's response are attached.

My clients had also earlier advised the Minister of annual cost savings that could be achieved by the conversion.

Given the Department's response my clients are taking action to further prove the need / demand for CACPs and I will advise you in due course.

My clients and I thought it appropriate that we highlight this example of Departmental inflexibility.

Yours sincerely

John Barker

Monday, 23 May 2011

**Samantha Robertson**  
**Assistant Secretary**  
**Residential Program Management Branch**  
**GPO Box 9848**  
**Canberra ACT 2601**

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Dear Ms Robertson

**Re: Decision – Allocation of Places – Section 14-8**

St Ann's Homes Inc.

I refer to your letter of 2 May 2011, regarding your decision not to approve St Anns Homes Inc application to exchange 70 residential aged care places for 70 Community Aged Care Packages (CACP's).

You will appreciate St Anns and the other aged care providers and facilities that were keen to provide CACP support are extremely disappointed and I must say frustrated by your decision.

Again aged care providers at the work face are experiencing day to day demands that have been denied. We must take issue with your primary reason of rejection that "the proposal did not demonstrate the need for allocation outside the usual care planning process".

David Street

The fact that the underlying basis for your decision is a benchmark established on 5 year old data, collected at the last Census, from which the Department extrapolates to current demand, is flawed, outdated and provides little opportunity for committed and progressive aged care providers. It also takes no account of change since the Census was undertaken.

Corruption Officers

The application was submitted with the knowledge that demand for 70 CACP's exists and we thought that was clearly enunciated.

The inflexibility of the current allocation process, the increasing community demand for home based care, age demographics and the need for the Government to provide a much more open system of aged care are highlighted within the recent draft Productivity Commission Report.

Outreach

St Anns' and those associated with the application calls for the speedy adoption of the final Productivity Commission Report recommendations due to be presented in late June 2011.

In the interim St Ann's will gather even more market data to substantiate the need for CACP's and then will communicate again with you.

Yours sincerely

**Susan Parr**  
**Chief Executive Officer**

**Rod Hunt**  
**Deputy Chief Executive Officer**

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**Australian Government**  
**Department of Health and Ageing**

Susan Parr  
St Ann's Homes Inc  
PO Box 255  
Sandy Bay TAS 7006

Dear Ms Parr

Thank you for your correspondence of 11 March 2011 to the Minister for Mental Health and Ageing, the Hon Mark Butler MP, regarding St Ann's Homes Inc's application to exchange 70 residential low care places for 70 Community Aged Care Packages in the Southern Aged Care Planning Region of Tasmania. The Minister has asked me to reply on his behalf.

Please find enclosed a copy of the letter notifying you of the Department's decision of 2 May 2011 regarding St Ann's Homes Inc's application to exchange care type.

Yours sincerely

Erica Dawes  
Director  
Post Allocation Management Section  
Residential Program Management Branch  
3 May 2011



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**Australian Government**  
**Department of Health and Ageing**

Ms Susan Parr  
Chief Executive Officer  
St Ann's Homes Inc  
PO Box 255  
SANDY BAY TAS 7005

**NOTICE OF DECISION REGARDING THE ALLOCATION OF PLACES**  
**Section 14-8, Aged Care Act 1997**

Dear Ms Parr

I am writing to you as delegate under sections 14-1 and 14-8 of the *Aged Care Act 1997*.

I refer to your application lodged by St Ann's Homes Inc, dated 23 November 2010, seeking to exchange 30 residential aged care places at Windermere Hostel and 40 residential aged care places at St Ann's Homes Compton Downs for 70 Community Aged Care Packages (CACPs).

As you are aware, the method by which an exchange can be approved by the Secretary of the Department of Health and Ageing, or her delegate, is by the relinquishment of the places sought to be exchanged in accordance with Division 18 of the Act, and the allocation of the requested type of place in accordance with Division 14 of the Act. You were advised on 3 December 2010 that given the places proposed for exchange were not occupied, the proposal for the relinquishment of the places was satisfactory.

As delegate under Division 14 of the Act, I wish to advise that I have not approved the allocation of 70 CACPs.

According to section 14-1 of the Act, the Secretary may allocate places in respect of a particular type of subsidy. The allocation must be one that the Secretary is satisfied would best meet the needs of the community in the region using the criteria under section 14-2 of the *Aged Care Act 1997* and the matters set out in the associated *Allocation Principles 1997*.

One of those matters is an assessment of the benefit to current and future care recipients. In doing so, I have considered the objectives of the overall aged care planning framework and the current and anticipated future provision of aged care places.

The Australian Government plans the annual allocation and distribution of new residential, community and flexible aged care places in each State and Territory. The broad objectives of the planning process are to provide an open and clear planning mechanism; identify community needs, including those of people living with special needs; and to allocate places in a way that best meets the identified needs of the community.

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In order to achieve an equitable balance of aged care in each aged care planning region, the Government has set a national planning benchmark of 113 aged care places for every 1,000 persons of the population aged 70 and over. These 113 places should ultimately comprise 88 residential aged care places and 25 community care places (including CACPs, EACH packages and Extended Aged Care at Home – Dementia packages).

I have considered information on the need for both residential, community and flexible aged care in Tasmania in general and the Southern aged care planning region, in which you are proposing to exchange the places, in particular. I have also considered the type and number of aged care places that were recently allocated through the 2009-10 Aged Care Approvals Round.

The first reason I was not able to approve the allocation of 70 CACPs is that the proposal did not demonstrate the need for the allocation outside the usual aged care planning process. Exchange of care type is designed to be a marginal activity to facilitate provision of care where there would otherwise be none or to address unanticipated changes in care need between planning periods, and is highly dependent on the aged care needs of the planning region, including the number of places made available in the current financial year. Importantly, decisions regarding exchange of care type must also be consistent with section 2-1 of the Act, particularly in relation to the effective planning for the delivery of aged care services to promote the targeting of services to areas of the greatest need.

The *Regional Distribution of Aged Care Places*, made available as part of each Aged Care Approvals Round, is the guide to where the Department wishes to target places to facilitate equitable access to care. The needs assessment underlying the *Regional Distribution of Aged Care Places* for the 2009-10 Aged Care Approvals Round demonstrated that up to 28 new CACPs were made available to all aged care planning regions of Tasmania. In order to minimise the impact of the shortfall in residential place allocations as part of the 2009-10 Aged Care Approvals Round, an additional eight CACPs were allocated in the state.

Upon reviewing the application submitted by St Ann's Homes Inc, I did not feel that there was sufficient evidence to substantiate a need for additional community care places in the Southern aged care planning region outside the competitive Aged Care Approvals Round process as the region is currently over the operational planning ratio for community care (27.2). In addition, the exchange of 70 residential aged care places for 70 CACPs is not considered to be marginal activity and may significantly impact current and/or future planning processes.

Secondly, the application proposed the loss of 70 residential aged care places in the Southern aged care planning region. There is a need for the provision of residential aged care places within this region, as demonstrated by the release of 98 residential aged care places which were made available for allocation in the 2009-10 Aged Care Approvals Round. Any approved loss of places in the region at this time would not be in accordance with the Department's planning priorities and therefore would not meet the criteria in the legislation.

I note that should the application for exchange not be successful, the notice to relinquish places is taken to be withdrawn. You are therefore not required to take any further action.

The Department's expectation is that approved providers will explore all other available options to bring off-line or unused places into effect prior to seeking an exchange of aged

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care places. Please note that these other available options include the variation to the conditions of allocation or the transfer of aged care places to another approved provider.

Although in this instance your application was unsuccessful, it does not preclude you from submitting an *Application to Exchange Care Type* in the future should there be any material changes to your proposal. The document, *Exchange of Care Type – Guidelines for Approved Providers* outlines the legislation and Departmental policy regarding exchange of care type and can be found on the Department's website at:

<http://www.health.gov.au/internet/main/publishing.nsf/Content/ageing-exchange-care.htm>

If you have any questions in relation to this matter, please contact Ms Vicki Colville in the Department's Tasmanian State Office on (03) 6221 1539.

Yours sincerely

Samantha Robertson  
Assistant Secretary  
Residential Program Management Branch  
2 May 2011

Wednesday, 20 April 2011

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**Hon. Mark Butler**  
**Minister for Health and Ageing**  
**PO Box 6022**  
**Parliament House**  
**Canberra ACT 2600**

Dear Minister

We refer to our letter to you dated 11 March which referred to St Ann's Homes Inc. application to convert 70 presently under utilised but budgeted Residential Aged Care places to 70 Community Aged Care Packages (CACPs).

While we are eagerly awaiting a positive outcome from the Department it is important, in the context of the current budget difficulties, that we inform you of the potential annual cost savings delivered by conversion to CACPs.

- The average Federal subsidy of \$133.69 per person per day for a Residential Aged Care bed, multiplied by 70 beds, equates to an annual cost to Government of \$3.416 million.
- Compare this with the average Federal subsidy of \$36.05 per person per day for CACPs, multiplied by 70 places, equates to an annual cost to the Government is \$921,000.
- The total annual cost saving is \$2.495 Million.
- The maximum Federal subsidy of \$224.94 per person per day for a Residential Aged Care bed, multiplied by 70 beds equates to an annual cost of \$5.747 million
- The maximum Federal subsidy for CACPs is also \$36.05 per person per day, thus the annual cost to Government is \$921,000.
- The total annual cost saving in this case is \$4.826 million.

Thus the annual cost saving to Government is in the order of \$2.495 million to \$4.826 million.

St Anns Homes contends that this substantial saving coupled with the community benefits delivered by CACPs warrants approval of the application.

We look forward to your response.

Yours sincerely

**Susan Parr**  
**Chief Executive Officer**

**Rod Hunt**  
**Deputy Chief Executive Officer**