

Balmain NSW 2041

3.03.2011

SUBMISSION

re : Productivity Commission Draft report Caring for Older Australians

Sir,

I address my comments to the draft report of the Commission as it relates to accommodation charges and bonds. This supplements my comments made in submission 31.

Accommodation bonds have been an iniquitous charge on care recipients in nursing homes. The bonds have been used to construct the buildings to be used as a nursing home. Why on earth a resident should pay for the construction of such facilities, is beyond me. Particularly so as, in a large number of instances, that person will not survive long enough to use the new facilities.

The next failing of accommodation bonds is that once the effects of inflation, the variable investment returns the both the provider and recipient are taken into account, it is next to impossible to accurately determine the real cost of an accommodation bond - and therefore to relate it to the rental cost of the facility.

The above has allowed providers to charge vulnerable persons, in times of dire need, amounts greatly in excess of the rental cost of the facility.

I therefore applaud the Commission's proposal for the government to provide to those entering a nursing home, inflation-indexed, taxation-preferred bonds purchasable from the proceeds of the sale of their homes. When in place, I would see bonds losing much of their appeal to both providers and recipients. This may well lead to a shortage of new buildings needed to meet the anticipated future need for nursing home beds. But surely, there are other ways to overcome this.

I am not certain that the Commission's model adequately meets the accommodation needs of those persons with terminal dementia, by far the largest component of nursing home occupants.

Lastly, I note that the Commission has not addressed the abuse of bonds that those entering a retirement home encounter.

Yours Faithfully

Gordon McClatchie