

## COMMENTS ON PRODUCTIVITY COMMISSION'S DRAFT RECOMMENDATIONS

### GENERAL

A A significant omission is a tabular comparison of fees and components under the Present and Proposed systems. These should be available for principal categories of residents, full, part and non-pensioners, whether owners of homes sold or rented out on entry, and with assets, incomes, subsidies, caps, supplements, extra services and all other fees and payments, averaged or indicated for typical residents in each category, and overall. This is basic information to judge the outcome of the proposals and ensure there is equitable balance between categories of residents.

B Because Bonds and Retentions are unique extortions of key money unrelated to accommodation costs, charged to usually desperate, uninformed, chronically ill aged persons unable to fairly "negotiate" with providers, these practices should be prohibited and funds returned, being replaced by accom. charges based on the depreciated cost of actual space occupied or shared by residents .

C Because the proposals would add to the complexity of the system, it is the proposed Gateway Agency which should have the onus of providing intending residents with their options, given their financial circumstances, rather than to create a special category of professionals to interpret the rules and supply this service for a fee (refer Rec.8.1).

D Establishing Gateway as a Division of the Dept rather than a separate agency would avoid a second level of communication, and enable specialists to be economized.

E Add to P/C's " A Framework for Assessing Aged Care" the following":

"Ensure that the aged care system is free from discriminatory financial and other practices impacting unfairly upon categories of or individual older persons, especially those suffering from mental or other chronic illnesses, particularly practices which unduly impact upon their personal capacity, independence, privacy and relationships with their families and friends.

### NO COMMENT

Rec.8.2 on.

### ACCEPT

R1.2 The third principle in the PC's "framework" implies a welcome abolition of Accommodation Bonds.

R1.4 Abolish & return Retention funds as these are unwarranted.

R1.5 Accept first sentence but delete remainder on grounds that the matters should be left to admin. decisions according to changing circumstances.

R1.11 Accept except for items under REJECT R1.4.

## REJECT

R1.3 Continue the distinction between High and Low care because needs and cost distinctions are realistic and required in order to justify fee differences.  
Also delete first sentence because there is continuing need for regulatory restrictions and licences for the foreseeable future, and no point to compromise situations 5+ years ahead.

R1.4 Accom. charges including replacements for Bonds, should be re-named Rent, and levied on estimated Cost of depreciated value of actual space occupied and shared including shared community space, without cap, and calculated on a daily basis like every other fee. A lump sum is an unnecessary option like "periodical payment" and both should be deleted as unnecessary complications .

R1.6 Aust Pensioners Bond scheme is not favoured for a variety of reasons  
: Uncertainty about eligibility of part-pensioners, of DVA recipients of pensions or allowances, war widows and if terms are favourable, whether non-pensioners should be fairly excluded, doubts about the earning rates , terms and realiseability, why the "real value" of the housing needs to be maintained in the circumstances, why the CPI is to be chosen as the indicator of housing prices when it never has been an accurate indicator.

A decision that proceeds of a pensioner's sale of home should be effectively excluded from the pension means test ( but not income from rent unless paying interest on a bond) ought to be made on national policy grounds within a Budget framework. Otherwise there could be a tendency, for undue financial reasons rather than of health reasons alone, entering into decisions to enter residential subsidised aged care.

R1.7 Accom. charges, ie Rent should be assessed at cost on entry calculated as per R1.4 above, and reviewed annually , eg by comparison with State CPI rent component.

R1.9 Universal Means-testing for non-pensioner residents should not be made compulsory unless in an initial period of the first three months (say) after entry, the Govt. subsidy exceeds a reasonable threshold.

R1.10 The lifetime stop-loss limit (on the unspecified fees) should be rejected on principle because the costs are properly incurred and therefore payable and could include in some cases, excessive extra/additional services. However, there could be less or no objection if there was a Discount from the Govt subsidy of say 10/20% after say 10 years residence (to lessen the problem of cumulative year-by-year accounting, (and bearing in mind the increasing expectancy of life).

R7.1 Equity Releases are available from banks and other financial institutions and a separate Govt. scheme seems unnecessary.

R8.1 Reject reference to Case Mgt. (see C under General above). Remove compulsion for all non-pensioner residents to be means-tested (see R1.9 above).

## MODIFY OR ADJUST

R1.1 Minimise policy settings. Don't complicate by aiming instead for separate ones.

R1.3 Extra Services to continue subject to closer definitions and regular audit..

R1.9 Clarify who means-tests non pensioners.

John Travers

8.3.2011

Beecroft NSW 2119