

**SUBMISSION TO THE DRAFT REPORT OF THE PRODUCTIVITY COMMISSION
ON CARING FOR OLDER AUSTRALIANS
By Light Residents & Ratepayers Progress Assoc. Inc.**

We appreciate the opportunity to have input into this Draft Report.

Several of our Members were fortunate to be at the table during a COTA review of the Draft Report on Caring for Older Australians. Having reflected on it, we wish to make more general observations and present them as dot points below:

- It seems apparent that the Australian Government are seeking to move to a USER PAYS system, with the intention that in the future, the assets/homes of individuals will sustain them and only when their funds run out, will Government step in.
- The concept of “bundling services” and giving more flexibility/choice is a good one and there are many positive aspects that deserve support.
- However when both Government and the Industry Sector are in agreement and see benefits for themselves, it does not necessarily mean “we consumers” will be better off – what will it mean for us?
- In setting up yet another Bureaucracy to administer this, where will funds come from to sustain it? The organisation that provides the money calls the tune – and seldom are these systems adequately funded.
- Much of what is proposed seems more like a “dream” outcome or wish list, rather than a realistic one which addresses minimum standards and facilities required. Unless goals are clearly set and can be measured, they are unlikely to succeed or be achieved.
- Will there have to be an “Act” of parliament to oversee administration and provide due process, complaint mechanisms etc.?

- Our first concern is the **choice of the Productivity Commission** to review this issue:
 - In discussion with others, we believe the Commission was chosen because of their ability to look at the issue in wider, more broad-ranging terms.
 - However it should be pointed out their focus is on the ECONOMICS of the issue, rather than the Care, Service Delivery or Accommodation of our Aged. These aspects are not their forte.
 - Unless a profit is to be made, private enterprise cannot be attracted to the sector. Much of what is being suggested seems to be, to enable this to occur. To us it seems that Government would prefer to withdraw. Indeed if 0.008% of GDP is now spent and only 1.00% of GDP is planned by 2050, there is no shouldering of responsibility for care of the Aged by future Governments.

- What we’ve read contributes **not one** placement, respite care or service to the Aged:
 - There is no undertaking by Government to build infrastructure, however as the supplier of last resort this will obviously be required.
 - Neither does it create any respite care placements for family caregivers, with the focus becoming “remaining in one’s own home as long as possible”, the burden will fall heavily on them.

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- It completely fails to address, what the Governments both National and State are aware of, the future increase in various forms of dementia, that is predicted by their own modelling.
- ***“Makes support and care available as an entitlement, not rationed – you get assessed, then you get an **approved level of resources** to buy the services you need.”*** But who will actually provide the resources and the wherewithal to obtain them? This is certainly not clear in what is being proposed.

If the Government is not going to provide the Services and Accommodation it is apparent that “Private Enterprise” is to fill the void.

- However where is the pool of services and housing from which Government intend we draw?
- If this process is reliant on regular tendering or any private group fails, where will the aged be moved to? May they be moved away from family, friends and support groups?
- ***The proposal seem to be - split the Aged Care Sector into THREE – namely***
 1. ***“care - personal and health, (which the Govt will be involved in/legislate on)***
 2. ***every day living expenses (mostly self funded- Private Enterprise)***
 3. ***and accommodation”.*** (mostly self funded – Private Enterprise)

Proposals seem more like a move away from a holistic approach to an adhoc one.

- **There is a hint that one’s children may have to foot some of the bill!**
 - **“provide incentives to ensure the efficient use of resources devoted to caring for older Australians **and broadly equitable contributions between generations.**”**
We don’t believe that children who fail to support their aged parents should receive an inheritance after the State has been forced to support their parents. But it may assume that they can afford to do so at a time of high education costs and in an era of lost jobs and huge mortgages of their own. Or is this a hint at another LEVY or forced savings plan for aged care?
 - Those of us with assets including the family home, Private Pensions - will need to draw down or sell them - probably reverse mortgage them (with attendant bank charges and fees), to access accommodation and our every- day living expenses. Once again, those who have been thrifty or provided for themselves will be expected to continue to do so, while those with nothing, regardless of the reason, be it health, gambling, smoking, fire, flood, a refugee or of aboriginal decent etc. will receive the Government assistance they require!
 - Reverse Mortgages are based on the age of applicants and if one is in their 80’s, it might be possible to access the equivalent of 30% value, of their owner occupied dwelling. We suggest this will be putting them into debt while not providing sufficient funds for long term care.
 - Where will spouse or adult children with disabilities who have always lived at home go? If the sale uses up all resources on one person, what will be left for their partner when it is their turn? Is this equitable? Where will the adult child go? What if the

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home is in one name only? There are a vast number of personal variations that will need to be addressed.

- While the concept of a special account that will not be deemed and where we can deposit the proceeds of the sale of our “assets” to pay for our keep is great, the inclusion of Centrelink in the equation is not! The deposits will be eaten away by both drawdown and inflation until there is a common denominator – reliance on the Aged Pension.

- **Centrelink have no flexibility to deal with situations and we provide an example:**

Four years ago a friend helped her mother with dementia, sell her home in SA and move in with her, south of Sydney. Mother deposited funds from sale of her home into a reputable group, part of the Commonwealth Bank, who provided a return which was deemed by Centrelink, while she paid rent to her daughter. This money was intended to purchase her entry into care at the point it was required. In 2010 the fund was frozen and failed to make a return of interest, with principle being released in 3-monthly regular instalments, over years. This happened at a time the mother needed to enter care and the shortfall of the entry fee was to be charged at 8% pa till paid in full to the “homes”.

Centrelink deemed she was receiving interest from her investment, though she was not and reduced her pension adding to her and her daughter’s woes. They completely lacked flexibility or compassion and I would hate to place myself or others into their processes. Those who have not had previous dealings with Centrelink will not find them an easy organisation to deal with at this vulnerable point of their lives.

- **The lowering of the Industry Standard, from single person accommodation to 2/bed share would be a nightmare.** We presume this is what is meant by 2 bed accommodation?
 - If the person you had to share your room/ensuite with suffered from snoring, insomnia, early dementia, smokers cough etc. etc. you would be stuck with it!
It would be more profitable for the provider! Is that what it’s supposed to be about?
 - Who are the volunteers it is intended to train? Volunteers might not be forthcoming, or perhaps they will be the children of those in care who cannot pay towards it? The police checks, insurance, professional qualifications required and numbers of volunteers are diminishing – it is likely to be very off putting and more likely people will have to be paid.

A Member of our Association is a person who will likely have to provide care for their spouse and as a woman – (will generally live longer), has looked at how this will likely affect their future. At some point they are sure to require support and are fearful they will not have the funds to maintain their home and pay for what is required.

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Proposed Government changes will not advantage them, but likely impoverish. – We see no commitment by our Social Service providers to provide care or a place for them to live if required. Also, adult children often live interstate and may move overseas for jobs in the future, as I am sure is the case for many. It could well be, that people will decide they would be better off to sell everything and have a huge overseas holiday then rely on the Pension. They might see that as a way to obtain the care and accommodation given to others. But then Government will probably legislate to prevent them, by denying access to the system if they divest themselves of assets? Indeed current retirees are busy “spending their kids inheritance” and may shortly learn that was the money they needed to provide for their own care in old age!

While these comments seek to contribute to the discussion we realise they focus on the negative, but as both Government and the Aged Care Industry focus on the report is mostly positive, we want to be sure that all aspects are being addressed. Our Committee lacks the expertise to adequately address all the points raised in response to the Draft Report, but hope that a commonsense perspective will add to the debate and a more positive outcome.

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Committee Member on behalf of

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