



Torbay

Retirement Villages Limited

(ABN 33 010 200 567 ACN 010 200 567)

43 Exeter Street, Torquay
P.O. Box 492
Hervey Bay, Qld, 4655
Phone: 07 4125 0800
Fax: 07 4125 0813
Email: admin@torbay.org.au

RESPONSE TO THE DRAFT REPORT ON THE CARING FOR OLDER AUSTRALIANS

Introduction

The Commission's Draft Report recognises that the current aged care system is not sustainable and that major reforms are necessary.

The Draft Report sets out major structural changes for the care of older Australians. The Report recommends the replacing of a centrally planned and controlled system with one that is person centred. The theory is that it will be more responsive to consumer needs and desires. The Report proposes that the changes be introduced over a 5 year period.

We generally support the proposed directions of the Draft Report.

TRANSITIONAL ARRANGEMENT

There appears to be insufficient attention paid to the transitional arrangements in the Report.

The Report recognises that the industry is already in a dire state with wage levels impacting on the industry's ability to attract workers. The industry can expect to see an outflow of long serving experienced staff not prepared to make the changes proposed in the Report. This is a normal occurrence with major changes in any industry. This industry does not have the capacity to attract new workers at the current wage levels to replace those leaving.

BEFORE the industry can be burdened with these proposed major structural changes it will need to be assisted financially to be viable. This will require an injection of funds from the Commonwealth Government. The Minister is required to report annually to Parliament on "the adequacy of the Commonwealth subsidies provided to meet the care needs of residents" under section 63-2 (2)(b). From any assessment of the comments contained within this report it is obvious that the subsidies are inadequate and the Commonwealth Government has failed in its responsibility.

The increased burden on an already overworked and underpaid workforce as they try to cope with these changes will be a recipe for disaster should the industry not be placed in a position where it can cope with the changes before any changes are made.

FIVE YEAR IMPLEMENTATION PERIOD

We generally support the implementation time period as being reasonable but this will depend on the changes finally decided by Government.

The de-regulation of community care approved places should be done sooner rather than later to provide relief to the many people waiting for community or residential care. This proposal could be done over a 12 month period rather than the proposed 5 year period.

PAYING FOR AGED CARE

We support the change to split accommodation and care. Accommodation and everyday living expenses should be the responsibility of individuals as it has been their whole life.

Accommodation

Currently all residents pay the same daily fee for their accommodation. The move to a market based fee structure for accommodation is supported.

Differing Room Rates

One of the consequences will be that some facilities will have different accommodation rates for different rooms. For instance, in our case we have 13M² rooms without air-conditioning for low care residents. We also have 23M² rooms with air-conditioning and large ensuite for high care residents. These rooms will obviously attract quite different room rates. We are unable to provide high care in the smaller rooms as we cannot get lifters and other equipment into the smaller rooms with safety for residents and staff. The problem will arise when a low care resident needs to relocate to a high care place. They will have to pay a higher accommodation fee or face moving to another facility. There will be reluctance on the part of the resident (or their family) to move from the cheaper room to the dearer room but we will need to move them because we will be unable to care for them safely in the smaller room.

This situation will also occur in community care as residents resist the move to residential care despite the need for it because of the cost difference.

We would like to see the recommendations include an incentive for residents in this situation to move to the appropriate level of care.

Accommodation Bonds

The intent of the system recommended is for the Government not to regulate accommodation so the size of the bonds and any retention should be left to the market to decide what is best. Some residents will prefer to pay a higher bond and negotiate a reduction of the room rate or care costs. Some residents will prefer to pay retentions and pay a lower bond which will allow them to retain more capital. The choice for residents should not be limited. Regulations could be introduced at a later stage to control any problem areas rather than rule everything out from the start.

Pension Asset Test

We are concerned about the removal of the exemption for accommodation bonds from the pension asset test. We are also concerned that payments to the government's Pensioner Bond Scheme will be exempt from the pension asset test. There will be no incentive to pay bonds to Providers and, in fact, there is a definite disincentive because the Government scheme is exempt. Both accommodation bonds and payments to the Pensioner's Bond Scheme should be treated the same and, preferably, both should be exempt.

It is also not clear whether pensioners will be able to deposit assets, other than the proceeds of the sale of their residence, into the fund. If so, this will further reduce the incentive to pay bonds to residential aged care providers.

Without Bonds the ability of Providers to build much needed places will be severely reduced.

Supported Residents Assistance Level

We are greatly concerned about the Commonwealth Government creating class divisions within aged care. If the recommendation that the Commonwealth Government pays for supported residents based on a two bed ward and shared ensuite is adopted then this will create second class citizens. If Providers are forced to take supported residents at lower room rates then other residents will be charged a higher room rate to subsidise the supported residents. Alternatively Providers will provide two bed wards with shared ensuites for supported residents and this will create second class citizens within facilities.

All public housing is now built to same standard as other housing in the surrounding area. This recommendation is a disgrace. It treats the financially disadvantaged aged as second class citizens.

Accommodation Safety Net

We support the proposal that accommodation and everyday living costs are the responsibility of the individual. With more support for individuals to remain in their own home longer the likelihood is that when they need to move to residential care they will have exhausted their funds and will need Government support for their accommodation.

The level of the safety net payment will be a driver for the quality of accommodation provided in many aged care facilities.

Reference is made to an accommodation safety net. Can further details of this be included in the final report.

Care

The current income tested fee, from the point of view of most residents, is a financial cost and not related to care. The only ones who would be aware that it relates to care subsidies are the wealthy who have their fee limited to the level of their care subsidy. This financial cost is accepted by residents.

The recommendation is to have the fee more closely associated with their care costs and the stop loss limit highlights this. We do not think the current generation or future generations will see this as fair or reasonable.

We are concerned that people will defer accessing care if they have to pay for it. Studies have shown that deferring intervention to a later stage results in greater use of acute services and overall higher costs to the Australian community in the long run.

The Australian government should meet its responsibilities and provide universal aged care to all citizens regardless of their financial position. Financial position should only determine the quality of accommodation that the resident can afford or choose to access. The Australian Government is happy to highlight the care provided by the Netherlands and Sweden as examples of what Providers should aspire to. These countries spend over 3.5% of GDP on their aged care and Australia spends only 0.8%. The Australian Government needs to meet its responsibility and fully fund the aged care needs of its citizens.

Supported Residents

We support the recommendation that supported residents should be provided for on a regional basis. We have concerns that, if the supported residents payments are based on a two bed ward and shared ensuite, it will lead to this type of accommodation being provided for supported residents. They will be seen and treated as second class citizens.

CARE AND SUPPORT

Assessments by ASGA

The Report recommends the establishment of the Australian Seniors Gateway Agency. The ASGA has responsibility for the assessment of the needs of older people for their entitlement to approved care services. It is assumed that this Agency will continue to assess residents even when they are in community or residential care.

We have grave concerns about assessment of resident needs by the ASGA. This is the current ACAT system which has been shown to be flawed. It is not possible to review an individual's care needs with a one hour interview. Under the proposed system this will now severely impact on the resident rather than the Provider as is now the case.

Under the proposed system the resident will only be able to purchase the care level assessed. If this is too low then they will not receive the services that they need or are entitled to. With current

waiting times of up to 3 months this will be an unacceptable penalty on the resident. It cannot be expected that the Provider will provide the correct level of care and be paid at the lower assessed level unless there is some guarantee of payment for the service provided.

Without input from the Provider the correct assessment of the resident will not be possible. The funding arrangements will need to provide for an appropriate payment to the Provider to gather and record this information.

Staffing

The Report recommends that the Australian Seniors Gateway Agency be responsible for the assessment of the needs of older people for their entitlement to approved care services. This will require a huge number of Registered Nurses to be employed by the Agency across the country. The Agency will not be restricted, as we are, in the levels of wages that it will be able to offer. We are concerned that, especially in regional areas, this will result in a further drain of experienced Registered Nurses out of the pool available to Providers.

Disputed Assessments and Re-assessments

Further consideration will be required for the arrangements where the resident disagrees with the ASGA assessment. Special arrangements will be required for people with dementia to appeal their assessment. Under the current system it is the Provider who is disadvantaged but under this system it is the resident. The resident or their family will have to make the appeal and not the Provider. This will prove very difficult for residents and their families. There are likely to be increased disputes between Providers and residents and their families over inadequate care resulting from incorrect or out of date assessments of the resident's care level.

Further consideration and details are required about the timing and conditions regarding the re-assessment of the resident as they continue to decline or have health events. The timing of the reviews will be critical to the resident so they can access higher care in a timely manner. If it is expected that Providers will provide this higher level of care until a new assessment can be arranged then the funding arrangements will need to reflect this.

AGED FRIENDLY HOUSING AND RETIREMENT VILLAGES

The recommendation relating to the establishment of a government backed Aged Care Equity Release Scheme will need to consider residents of retirement villages living with a Licence to Occupy rather than title in their accommodation unit.

Many people move to retirement villages that have ongoing care. These people will need to be able to access the capital they have provided for their accommodation unit even though they do not have title to their unit.

Failure to incorporate retirement villages with Licence to Occupy will have a detrimental affect on these villages and their ability to attract new residents.

DELIVERING CARE TO THE AGED – WORKFORCE ISSUES

As stated in the Transitional Arrangements above, the need to address the wage rates of staff before any implementation of change is critical to the success of the changes and the ongoing viability of the industry. The Government has no option but to meet its responsibility to properly fund the industry by increasing subsidy payment immediately,

Yours Faithfully,

**Philip Parry,
Chief Executive Officer.**