



SUBMISSION ON PRODUCTIVITY COMMISSION DRAFT REPORT CARING FOR OLDER AUSTRALIANS

Introduction

Alkira is a 41 bed community owned not for profit aged care home situated in Gunnedah NSW that has a population of approximately 10,000 people. The community has chosen for the residential care homes in Gunnedah to be community owned not for profit organisations. To date the community has supported the organisations to continue to achieve this with the main purpose of Gunnedah & District residents having access to residential aged care based in their community, supported by their community and that allows the process of ageing to bring about the most satisfactory outcomes, particularly in relation to support by relatives and friends. There is a significant factor and voice that comes from the community in relation to spousal support.

We recognise and acknowledge that a 41 bed facility will be difficult to sustain even with the recommendations by the Productivity Commission. To that end Alkira is in the process of partnership/amalgamation proposals with the other residential aged care facility in Gunnedah (Gunnedah Aged Care Services Ltd 88 beds). It is seen that a combined effort would be a greater advantage to maintain the community requirement and the sustainability in meeting that requirement.

Our Perspective

From Alkira's perspective there are three main areas that we would want to add comment to. Firstly the area of choice, secondly the area of competition and thirdly the area of consumer payment.

From a Gunnedah perspective the aspect of **choice** is as already been stated, the choice for quality residential aged care accommodation that meets the needs of the community. We readily recognise the provision within the draft report that gives opportunity to choose the type of service that older residents can participate in. Alternately the choice is to have a community owned organisation providing the right mix of accommodation and care for the community.

While we see that there are benefits in **competition** however in a community this size direct competition as far as provision of residential care facilities is concerned would be counterproductive. We submit that the organisation being owned by the community would ensure the standard necessary to meet the requirements of the community within the choice framework that the community of Gunnedah already require.

We agree that **consumer payment** needs to be part of the reform agenda and while acknowledging that will be a significant challenge in communication and education it is important so that the standards can be maintained.

Gunnedah Community - Rural

Gunnedah is a diverse community and seeks to meet the diverse needs of the community; however the size of the community means there is a delicate balance to be maintained in the provision for that diversity while meeting the expectations of the community. Gunnedah has been successful in many areas of endeavour to maintain direct community involvement in many of its endeavours. It has not only been the establishment of these endeavours but also the maintaining of these endeavours while achieving an excellence in service. It is to that end that our submission is made that one community based organisation would best meet not only the residential aged care components but also most of the aged care provision.

We were disappointed that there wasn't any recommendation made in relation to rural funding. We full well recognise that there is always a difficulty in defining what is rural, what is regional, what is regional cities, what is small towns, what is medium, what is large and how they all inter react. It is appreciated that in an Australian wide system it is difficult to make provision for such areas. However it is important that just because of the difficulty it should not be overlooked as past experience from our point of view means that if it is overlooked and not addressed nothing will be done about it despite the recognition of the need to do something about it.

We would submit that it is rightly important that some funding be directed to support one community organisation. There should be some tradeoffs to ensure that the full range of service is available and that service can be sustainable and continuing. We would further submit that this is more achievable by the one provider being able to service the full range of aged care services rather than a number of providers which becomes fragmented and application of funding available spread in too many different areas to bring about the best result for the community.

Allocation of places and everyday living expenses

Again we support the Commission's proposals in relation to the phasing out of;

- the allocation rounds,
- removal of distinction of low and high care places and packaged care,
- removal of extra service places,

Noting

- care levels to be assessed by the 'gateway'
- the consumer to have a choice of receiving specific level of care in their home, retirement village or residential aged care facility and that the proposal would open up a market to more competition and allow providers to determine the types of care they provide depending on the needs and demographics of their area.

We would submit that Gunnedah has already taken a strong stance to ensure that the whole range and type of care should be provided for the community of Gunnedah and District. Furthermore it is evident that the community would like one provider who is accountable to the community to provide the services. This rationale is based on what the consumer wants and needs as far as their aged care needs are concerned. They simply want it done within the community to the best that is offered. In a community this size to provide that diversity is a challenge but that is the challenge that one board of qualified people from the community is willing to undertake.

The residential aged care service and retirement village do come under the auspices of local providers. Unfortunately the present system has mitigated against these providers

being able to obtain the packages. A number of external providers provide the package mostly directly and with a new initiative indirectly. A fragmented approach means that funding is competed for at different levels and consequently the service is less than what can be expected because of the fragmentation. Brokering is a factor in the current system, which reduces available funds for Direct Care. The inefficiencies and fragmentation currently inhibit better outcomes for residents of Gunnedah. The removal of allocation, as long as a provision and support for rural communities such as ours, would allow the one provider to successfully manage the local market.

We would submit that the Commission recognise the need for local rural communities to take this decision to act upon it in a professional and sustainable way addressing all the needs as far as board direction and skill operators are concerned but keeping that direction within the community. We are convinced that this seeks to support the idea that aged care should be resident focused and not just programmed focused. We believe that it would work within the overall framework and there should be some provision made to ensure that there is preference given to providers of this like.

Presently the everyday living expenses are a set amount simply based on 84% of the aged pension. It is not based on what real costs are and it is not based on anything else except the single aged pension and not what people have a capacity to pay. A significant number of residents do pay an income tested fee however perception is that the residential aged care facility gets direct benefit for that in the provision of their services. Our job is to inform them of what the reality is as it is very different to the perception. In essence there is a great deal of difficulty in containing the costs of everyday living expenses within the \$39.50 per day that is allocated. That system is not sustainable and therefore the recommendations to proceed to paying for additional services is appropriate but certainly needs to be looked at in the light of real costs. The flexibility in achieving this seems to be provided for however we would further submit that this should form part of the rural funding proposal to be considered.

The board already sees that it is imperative that appropriate education be involved so residents are aware of what is expected. This no doubt would need to form part of an ongoing process of providing information and education.

Rural Funding

As stated earlier in our submission we are disappointed at the lack of draft recommendation in this regard. We do acknowledge **draft recommendation 9.3**; it seems to have some ambiguity but certainly from our perspective does not address the issues.

Many of the issues are identified in 9.7 of the draft report '*older Australians living in rural and remote locations*' however it seems to balk at making relative recommendations that assist rural facilities. It can be appreciated, as indicated, that the definition for such a small percentage of the population is difficult because size, remoteness and accessibility are variable, depending on the situation of the facility.

Our concern is, as with many previous proposals, that there is acknowledgement that there is a real need however from a practical point of view it is put in the 'too hard' basket and rural and remote areas need to fiddle around at the edges with some of the extra funding areas they may be able to obtain.

This certainly adds more to the problem than indeed solving it as has previously stated. It then fragments the services and duplicates effort and cost by small groups participating while genuinely concerned, only producing limited outcomes, particularly for aged care services.

We believe that in our submission we have indicated that the other recommendations do allow the possibility of positive outcomes for rural communities like Gunnedah. From our reading and our interpretation we believe that the models give us considerable hope. We trust that you understand that our submission is not just to rely on a hope but to hopefully legitimise the type of service that is envisaged and presented with this submission.

We are suggesting that the one provider in Gunnedah offer a comprehensive range of service options and this would mean that there would be less need for external entry mechanism across the board in both residential and community care. We believe that it is important to empower an organisation in Gunnedah to offer that full range of care services to be the entry point and this should be considered in the first phase of this significant reform and then beyond.

We believe that we don't necessarily need to be part of a large not for profit organisation to successfully implement and sustain aged care services in this community. We do believe that it needs to be under one banner, it does need to have that community accountability and it does need to be oversighted by a qualified board of directors and suitability qualified management who are able to bring into play the various levels of staff to meet the needs of older Australians living in Gunnedah and District. We further believe that our track record proves that we can deliver quality, even exceptional care services to residents in quality residential aged care situations and that expertise can be delivered to the range of options of people living within their own setting or other options that have and can be developed specifically for the aged of Gunnedah. We acknowledge the challenge is to move from a service provision industry structured along program and service typed lines to one built around the needs of consumers. We also believe that we have had that always as intentional focus in our activities. While the present structure has limited our application to that end we do see through from this draft report that it may be possible to extend that even further.

Charitable Status

We have been asked to comment in relation to the role of charities particularly within the aged care industries. We note that there are calls that the concessions such as FBT be gradually phased out. Our view which we believe has been supported in the Henry tax review is that those concessions should not be tampered with. We would not argue with an accountability function in relation to those however we would submit that we are adamantly opposed to any withdrawal phasing out of those and similar concessions.

As a not for profit AHC does not support removing any taxation concessions from the industry. The aged care industry is not an equal playing field and the removal of such concessions is philosophically naïveté at best. We have already indicated some of the difficulties with funding in rural areas removal of concessions would only add to the problem.

Reducing the extent of regulation – mandatory reporting.

In terms of elder abuse compulsory reporting we support the stance ‘modification or removal of requirements for compulsory reporting of assaults and missing residents in residential aged care’, as they seem to be of little benefit to older people and are burdensome on providers ‘is fully supported’.

We would draw your attention to the report prepared by Paul Sadler CEO of Presbyterian Aged Care NSW and ACT September 2009 entitled Elder Abuse: One report too many? The conclusion indicates elder abuse is real and needs to be taken seriously. Sadly, it appears the compulsory reporting system was an overreaction due to media – fuelled moral panic. As one respondent said “usual sledge hammer to crack a nut!” The compulsory reporting legislation must be repealed or significantly amended. Continuing the current system would fail our obligation to protect older people affectively and maintain yet one more unproductive – over regulation of aged care providers.

Paying for Aged Care – Accommodation Costs

Alkira does support the majority of the draft enquiry report’s recommendations. We support the overall reform goals that has been outlined by the commission. These including the proposals to separate the costs components of aged care, to reduce over regulation of aged care providers, strengthening housing and accommodation options for older people as well as improving the integration of the aged care with the help of the disability services systems.

We however would make comment on some of the draft recommendations and the impact on a community like Gunnedah and how the recommendation should be able to make provision for a rural area needs. **Draft recommendation 6.3** we concur with the removal of regulatory restrictions on the number of community care packages and residential bed licences over a five year period and also the removal of the distinction between residential high care and residential low care places. The Government has been even with the introduction of ACFI signalling the removal of the distinction between high care and low care. In essence with ACFI and the funding it is forcing places like Alkira that was strictly low care and regarded as hostel into being what used to be termed a nursing home. With ageing in place and the signalling of Government intention we plan for that to occur. In that sense it is not a problem. However our expertise was caring for ‘low care residents’ which we had geared for. Now we don’t have those residents because our residents need much higher care and to gain funding we can only allow that to happen. To maintain the staffing level and right staffing mix to meet the requirements of the residents now means that we cannot afford to have people for which we do not receive a subsidy.

While it has always been possible to apply for community packages the practical outcome has been that our applications were not really received as credible simply because we were not in it at the start and we were not regarded as big enough to be able to handle those things. So in essence we were taken out of that market, the very market that we would excel and have expertise in and have a staff that could deliver excellent care.

The suggestion of removing the regulatory restrictions certainly would allow Alkira to apply for community care packages and align them with their ordinary activities as a residential aged care facility. However because other providers have been allowed into the market and the impact of Commonwealth funding for aged care packages that previously belonged to the state has bought in considerable competition. Our argument

is that while competition is good in situations in rural community such as ours it brings about not the best service but a least service because of the lack of staff available and or the staff working for more than one organisation and the loyalty issues that go with that. The fight for staff very rarely brings about adequate training for a position for continuous improvement.

We would submit that within the frameworks of the recommendations that there should be some acknowledgement for rural towns such as Gunnedah to allow the main provider of residential aged care service to also be the predominant provider for all of aged care within Gunnedah and District. The competition would still exist more on a regional basis but allow the best outcome for the community by having that provider in essence answerable to the community.

We would submit in relation to **draft Recommendation 6.4** Alkira recommends that the accommodation payment should be as recommended either a periodic payment for the duration of their stay, a lump sum (an accommodation bond held for the duration of their stay) or some combination of those two. We would understand that this would mean that 'nursing homes' would be able to charge a bond.

In rural NSW often the value of properties are very different to that which relate to even rural cities, metropolitan areas and major cities themselves. While we can see that the Commission sees that the charging of million dollar bonds often occurs in areas, which would only be a dream as far as rural NSW is concerned. Indeed the opposite has been true in that in the past with the value of some of the houses of residents it has often been that a bond that is less than \$100,000 has been charged. While we appreciate experts put tables together and they quote 8.5% as a return, that is not realistic to us and a better bench mark in those times would be 6% return. Alkira is then faced with the dilemma that often a concessional resident when we obtain the subsidy is greater than the return that we get on the bond. This doesn't make it easy to move ahead. Gunnedah is indeed fortunate that there is major mining proposals that are taking place which has increased the value of house and land and is bringing about a turnaround so that a \$200,000 to \$250,000 bond is a realistic target for a percentage of the prospective residents that come in. We would submit this provides a reasonable and fair return that can be attributed directly to capital. It does not mean that we will make money out of that but it will help us to at least break even.

Our submission is that bonds can be charged and there should be the opportunities of the various ways of payment for that and while a cap perhaps is desirable to overcome the extremely high amounts of bonds it should not be restricted that much that there is little scope to average out a return that can be realistically put in towards capital. While the retention amount didn't seem like much that would need to be replaced because yes you do need to maintain a facility. We would have no difficulty in publishing and informing the community of our rates and how they would be approached. We would still need to be able to balance the books from those residents who while not being supported residents can only provide a bond between \$100,00 and \$150,000 dollars. This is particular to a rural sector like Gunnedah.

One particular problem that we have in Gunnedah and other rural places have indicated the same is the resistance by the market to even pay any bond when it is expected and the lengths some people will go to try and avoid paying that bond. It is however a reality and that is part of our approach to educate the community in relation to the need for a bond and to be prepared to pay a fair share for accommodation.

Having said that we do note the comment in relation to 'double dipping'. From our perspective we see nothing wrong with people who are replacing their home with money as far as a bond is concerned and to retain the pension. In essence that is just the change in situation which providing residential aged care that's what it is. In rural areas we simply do not have many people who are trying to or have the ability to exploit the situation. That of course relates to values. Any efforts to try and 'catch' those who try and exploit the situation will only have negative impact upon the situation in Gunnedah.

The suggestion that were bonds capped (we have submitted the capping needs to be reasonable) and residents have access, we agree that should be paid into a *pensioner bond scheme* or *aged care equity release*. That would appear to benefit the community of Gunnedah greatly.

Also being a farming community there are the problems associated with determining assets and income for parents who have been on the land and their family continue to run the family property. Most of these situations are complex and require accountants making relevant provisions for each situation. By and large from our experience those who come to Alkira, who do not have a separate house in town, find that any asset that is attributable to them is really part of a business. It does not mean that people should not pay for their accommodation however, it would need to be determined what is a reasonable amount and with the flexibility of how to pay. The determination of people's income in this situation is not easy to ascertain and we would need to work a way that is fair to assess people's ability to meet the flexible charges that would be paid for the daily living expenses.

We would submit in relation to **draft recommendation 6.5** that while the tradable aspect between providers in the same region for supported accommodation may have its merits overall, it has a significant impact in places like Gunnedah. Because we have the range of residents and resident needs it is important to provide for those who are unable to afford it. While this may sound repetitious we do not have a *top end of the market* to tap into as any significant proportion of our residential potential. The average salary or even the high range of salary and income of people in Gunnedah is not very high compared to other areas particularly cities, regional centres and even rural cities. It is certainly not an area that we can specialise in as we need to cover the full range and that is the basis of our overall submission.

We have already alluded to the support for **draft recommendation 6.6** as this would seem to have merit particularly with the case of people within the Gunnedah and District area. The flexibility to meet and fund living expenses through such a process of an Australian pension's bond scheme is laudable.

The **draft recommendation 6.7** indicates the supported resident standard for cost of providing accommodation should be set on the basis of a 2 bed room accommodation with shared bathroom. From our perspective we have invested capital (mostly community money) into providing single room ensuite accommodation as a minimum for all residents. This is a community expectation. We would acknowledge readily the payment for services, as far as facility and care is concerned, is based at the minimum or the so called safety net level, yet our provision is significantly in excess of the minimum standard. That is the basis for our contention that those that can afford to pay should be paying for that service. Some in the community certainly have a view that they've paid their taxes so they should be entitled to what everyone else gets. Our

argument is not based on this as that is a different social issue altogether. Minimum standard expected in the future, we are convinced and have been led to believe, would be above the minimum standard. Anyhow the standard provided is a community expectation. The reform is about meeting future requirements. We would submit that the provision of subsidy for those that can least afford to pay should relate to a minimum standard based on a single room ensuite provision.

Work Force Issues

Draft recommendation 11.2 goes to the basis of the issue in that when scheduling care prices, competitive wages to nursing and other care staff should be taken into account. It is only too obvious that would give us the ability to pay the appropriate wage for the skills and service that has been delivered by aged care workers.

We also support the recommendations of **draft recommendation 11.3** in relation to training and availability of those areas.

We do note the number of suggestions that have been made and the recommendation from the Commission in relation to Workforce issues. We would want to support that, particularly from a rural based area. The registration of all workers would most definitely have a **negative** impact upon the ability to attract staff. As has been documented the ability to attract staff is impacted by the inability to pay competitive wages.

We would want to reinforce the perspective the service that is provided is a residential aged care service. The proposals to try and make it more a quasi health care service can't be sustained because of the inability to provided the qualified workforce necessary across a 24/7 period. That is particularly pertinent to rural areas where the lack of man power to fulfil those roles is glaring. It is the reason that we support the training and education and developing of skills of the existing workforce to provide care and the positive outcomes for residents who reside in our settings.

The role of volunteers cannot be underestimated in rural towns like Gunnedah as they provide support in bringing about a social inclusion, improved health and welfare outcomes and simple conversation. The entertainment and value of groups that meet with residents and indeed those that make provision for residents to be more part of the community is such an invaluable service to the wellbeing of residents. It is for that reason that the proposed Australian Aged Care Regulation Commission (draft recommendation 12.1) is supported in meeting that area.

Conclusion

We acknowledge that major reform in such a large industry, that appears fragmented, is of course a monumental task. Moving from a 'safe' mode to a more 'risk' mode, which has the potential to bring better outcomes, is certainly a challenge for all stakeholders. The present situation cannot remain, reform is necessary. We support that which has been presented and make our submission on behalf of a rural community that wants to be proactive in meeting this reform.