



Productivity Commission

Nursing Home Subsidies Inquiry

This paper is not designed to provide quantitative data, a task that the industry bodies are undertaking, but an accurate picture of the concerns that are expressed frequently within Frontier Services network of remote and rural services.

The process of coalescence will have serious long-term effects on the provision of services to remote and rural facilities in the Northern Territory. At the present time the smaller facilities are incurring deficits and this is reflected in the inability to provide truly culturally appropriate care to older Aboriginals. The current funding structure does not recognise the cost implications of meeting cultural needs nor the higher costs associated with training, recruitment and retention of staff.

prepared by

Sharon Davis
Manager Care Services (NT)
Frontier Services

Background of Frontier Services in Residential Aged Care.

Frontier Services is an agency of the Uniting Church in Australia and provides a range of community services and patrol padres across Australia. Old Timers Village was established in Alice Springs in 1949 and was the only provider of residential aged care in the Northern Territory for many years.

This commitment has continued and extended with residential services in all major urban centres in the NT, followed by the Fred McKay Day Therapy Centre and more recently the establishment of other community services such as Carer Respite Services and Veterans' Community Advisory Services.

Current Residential Aged Care Facilities;

ALICE SPRINGS (NT)

Old Timers - approved for 56 high care places. Old Timers provides permanent and respite care to a diverse client group, including Aboriginal clients.

Flynn Lodge - approved for 20 low care places. Flynn Lodge provides permanent and respite care including a ten place unit specifically for clients with dementia.

TENNANT CREEK (NT)

Pulka-pulka Kari - approved for 15 high care and 2 low care places. Pulka-pulka Kari provides the only residential care service for people of the Tennant Barkly region and is located 500 klms north of Alice Springs and 600 klms south of Katherine.

KATHERINE (NT)

Rocky Ridge - approved for 20 high care and 4 low care places. Rocky Ridge provides the only high care places in Katherine and is located 600 klms north of Tennant Creek and 300 klms south of Darwin.

PALMERSTON (NT)

Chan Park - approved for 40 high care places and an Approval In Principle for 22 low care places specifically for clients with Challenging Behaviours. Palmerston provides the only residential care places outside Darwin central region and is located close to the rural area for future needs.

WYNDHAM(WA)

Marlgu Village - approved for 9 low care places. Marlgu Village provides the only low care places in the Kimberley and is located 500 klms west of Katherine (NT) and 400 klms north of Halls Creek (WA).

Frontier Services is in a unique position in the Northern Territory as the range in size and classification of the residential services they manage gives an understanding of the issues that arise from service provision in remote and rural regions.

Current difficulties:

Increasing deficits in smaller facilities;

Rocky Ridge Pulkapulkka Kari Flynn Lodge

Frontier Services is experiencing an increase in the deficits in the smaller aged care facilities, high care facilities with less than forty places. This is anticipated to result in an overall deficit of \$100,000 in the current financial year. As a not for profit organisation Frontier Services relies on public donations to meet this deficit and along with many other community organisations is finding it increasingly difficult to attract new donors.

Territory Health Services provides additional operational funding to Frontier Services that reduces the overall deficit. In the 1998-99 this funding will be \$120,000. Therefore the full projected deficit is **\$220,000**.

Factors influencing the increasing deficits include;

1. small numbers of residents.

- The income derived from small numbers is insufficient to provide basic services and cover wages for qualified staff.

2. high proportion of concessional residents.

- The remote and rural sector in the NT and WA has a high proportion of concessional residents. Frequently these residents also require a higher level of emotional and financial support due to the lack of accessible family support. Guardianship is an option, however the service provider is still expected to manage day to day funds, shop for personal needs and assist residents in most social activities.

3. minimum staff requirements and staff/resident ratios

- A minimum of two staff per shift are required to ensure compliance with Occupational Health and Safety requirements and the high dependency levels of residents.
- To meet the needs of those residents with high medical needs one of these two staff members needs to be a Registered Nurse.
- The extremes of temperature and climate impacts on the productivity of staff and this frequently results in the need for higher resident/staff ratios.
- There are several issues relating to ageing in place and low care services caring for high level residents that are compromising the standards of care for this group.

4. cost of services

- Services in remote and rural areas attract a higher cost than those in major centres on the eastern seaboard. Very few suppliers will provide "Wee into store" contracts, the cost of freight is a huge impact on our budgeting. A recent example is the purchase of beds for Rocky Ridge at a cost of \$1200 per bed plus \$400 per bed freight.
- Food also is more expensive in these areas, especially fresh fruit and vegetables.
- Basic services such as power and water are expensive in the NT.
- The large number of telephone calls that attract an STD charge.

5. lack of skilled tradespersons/suppliers

- Due to the lack of skilled tradespersons it is difficult to maintain equipment. As a direct result it frequently results in the need to replace equipment more often than could be expected with a regular maintenance program.
- Another impact is the pressure to buy locally as it is often difficult to access repairs and maintenance on equipment not purchased locally. This results in a higher outlay for the original purchase.

6. environmental impact on fixtures and fittings

- Due to the harsh environment with extremes of temperature, high mineral content of water supply etc the life of furnishings, fixtures and fittings is often significantly shortened.
- This also impacts on the repairs and maintenance costs of buildings and grounds. To provide a variety of landscape designs to meet the cultural needs of residents is a constant drain on resources.

Decreased funding.

The facilities in the Northern Territory are already experiencing a negative impact from the aged care reforms introduced from October 1997. The phasing out of Small Home funding and Registered Nurse Top Up funding and the introduction of Viability funding will result in an overall increase in our deficits over the next four years. The introduction of the Resident Classification Scale has caused a loss in the high care funding area as residents with high medical needs are those that benefit most from qualified staff yet it becomes more difficult to attract the higher subsidy rates. This is especially difficult for small facilities that cannot designate staff to concentrate on documentation as many larger organisations do. Poor documentation -less funding.

Staffing.

There are many factors impacting on the recruitment and retention of qualified staff to remote and rural aged care facilities. In our facilities we are experiencing an acute shortage of Registered Nurses and this results in a continual struggle to maintain quality care services for these residents.

Until funding bodies acknowledge the expertise required to provide quality care by professionals the ageism within society is perpetuated. The professional status of Gerontology is recognised by the post graduate courses now available, this further highlights the need to employ qualified professionals to ensure the very specific needs of frail aged residents are met. The significant differences in wages between the public sector nurses and the aged care sector reinforces the implicit inference that gerontic nursing is devalued by the funding bodies and leads to the increasing use of unskilled workers in aged care. Under the current funding stream the private sector cannot afford to match the wages and conditions of employment offered by the public sector in the Northern Territory.

From a social justice perspective the devaluation of our elderly continues rapidly as the "system" gives mixed messages of where our aged community fits within society and restricts their access to quality professional care.

This is further evidenced by the catch cry of "ageing in place" that is encouraging facilities originally approved as low care providers to continue caring for residents with high needs and whilst collecting the higher subsidies they are frequently not providing the professional care provided in high care facilities.

The remote and rural facilities also experience the added costs imposed on them for the use of agency staff, this includes return airfares, accommodation and the agency fees. An example is the Pulkapulkka Kari facility in Tennant Creek that relies heavily on agency staff to fill Registered Nurse positions. An accommodation cost of \$250 per week per staff member, minimum of \$600 return airfare and a staff turnover approximately every three months.

Culturally appropriate care is an issue that we constantly struggle with and have never been able to completely address. The social implications as well as environmental factors that need to be considered when providing care for older Aboriginals from a variety of language groups and skin colours need to be factored into funding levels. The inability to financially compensate language and cultural interpreters, the need to consider gender issues for care providers and the difficulty in recruiting appropriate members of the Aboriginal community all impact on the quality of care in our services. There is the need to further investigate the development of unique roles for Aboriginal Liaison Officers for aged care.

Training poses special challenges, if training is available there is often insufficient staff to relieve staff to attend. The cost of bringing training to the site is high at a minimum of \$500 per day plus travel and accommodation, this effectively means that one training session per year wipes out the entire training budget for the small facilities. To maintain standards of care and documentation without ongoing training is becoming increasingly difficult, if not impossible. Accreditation demands that there are training plans in place for staff. "no funds = no training = unskilled staff = decreased standards of care = poor documentation = less funding" and thus we have a cycle of unrelenting pressure and the residents are the ultimate victims. Be assured we attempt to utilise every resource available to give staff local training but it can often be difficult to find trainers with the specific aged care knowledge required, another job for the Director of Nursing.

Another major impact on small facilities is the limited financial resources that effectively limit the Director of Nursing management hours. As a combined management and clinical role it becomes a constant struggle to meet the community expectations that the Director of Nursing be available and still maintain effective clinical care for residents. With the shortage of qualified staff it is often left to the Director of Nursing to carry the full responsibility for meeting standards of care and the documentation necessary to maximise the income stream under the RCS funding. Director of Nursing also carries the burden of being the human resources manager and counsellor for staff, clients and families.

Accreditation places a new financial drain on extremely limited budgets. The cost factor of implementing the Accreditation procedures and the time spent in training staff are extra to the actual cost of applying for accreditation and auditing, a new charge for aged care facilities. The previous standards monitoring process did not incur a cost directly related to the monitoring process.

Future access to capital funds.

Frontier Services has relied on the commonwealth for capital funds to build and upgrade the aged care facilities. With an annual deficit it is not possible to access lines of credit and repay monies, our experience indicates a minimal number of entry contributions are able to be collected therefore we have no way of funding future buildings and upgrades. The Old Timers Village has a high care facility that is in need of an upgrade as soon as possible, however it cannot be planned as there is insufficient access to funding. Frontier Services also has approval in principle for much needed challenging behaviour beds in the Darwin region, but again there is no capital to proceed with this project. The recent implementation of certification has highlighted the inappropriateness of national standards being rigidly imposed in remote areas. It is not practicable to attempt to utilise modern technology without the ability to service and maintain the technology.

Community expectations.

It is to be acknowledged that the majority of older Australians are not completely averse to a "user pays" system. However there remains the fact that in the Northern Territory in 1998/99 there would be little opportunity to develop sufficient resources from the user group to enable aged care services to continue providing quality services.

Because of the isolation factor and the cultural expectations of many of our client group services in smaller remote and rural communities have added demands on service providers. These include transport to and from community events such as funerals and sorry business, traditional ceremonies, football. It is also left to the service provider to provide escorts and transport for all personal medical appointments and social outings. These are not services for which any funding is attracted nor provided, however staff continue to spend many hours of personal time to ensure our client group are not disadvantaged.

In conclusion it should be noted that operators in remote and rural regions of the Northern Territory are already incurring large deficits that cannot be maintained indefinitely. Any decrease in the current funding will have long term repercussions for Frontier Services in the Northern Territory.

| AGED CARE BUDGET 1998-99 | | | AgedC | |
|--------------------------|-------------------------------------|----------------|----------------|----------------|
| | | PPKNH | RRNH | Flynn Ldg |
| CC | | 6042 | 6053 | 6025 |
| a/c | INCOME | | | |
| 1011 | Commonwealth Gvt. Grants | 100,830 | 87,500 | 7,300 |
| 1015 | Commonwealth Funding Aged Care | 516,708 | 665,758 | 282,613 |
| 1016 | Commonwealth Funding Enteral Fe | 4,000 | | |
| 1021 | State Govt. Grants | 53,833 | 25,000 | 30,000 |
| 1031 | Capital/Asset Grants | | | |
| 1100 | Bequests/Legacies | | | |
| 1120 | Commission Received | | | |
| 1182 | Donations – General | | | |
| 1201 | Fees – Compensable | | | |
| 1202 | Fees – Resident Aged Care | 135,845 | 191,782 | 154,578 |
| 1304 | Interest – Bank Accounts | | | |
| 1590 | Craft Sales | | | |
| 1650 | Rental Income | | | |
| 1700 | Sundry Income | | | 2,600 |
| 1960 | Amortisation of FAGF | | | 22,500 |
| 1970 | Profit on Sale of Assets | | | |
| | Total Income | 811,216 | 970,138 | 479,591 |
| | Expenditure | | | |
| 2001 | Salaries – Administration/less Tran | | | 1,327 |
| 2002 | Salaries – Caterers | | | |
| 2003 | Salaries – SAM | 134,923 | 134,184 | |
| 2004 | Salaries – Drivers | | | |
| 2005 | Salaries – N&PC | 491,982 | 569,839 | 291,582 |
| 2006 | Salaries – Laundrys | | | |
| 2007 | Salaries - Maintenance | | | 3,232 |
| 2089 | Workers Compensation Recouped | | | |
| 2099 | Wages Agency Staff | | | |
| | TOTAL WAGES | 626,904 | 704,023 | 296,142 |
| 2101 | Accrued Annual Leave | | | |
| 2102 | Accrued Long Service Leave | 2,460 | 4,560 | |
| 2103 | Accrued Sick Leave | | | |
| 2121 | Superannuation | 42,630 | 47,874 | 20,138 |
| 2141 | Workers Compensation | 21,942 | 22,951 | 11,629 |
| 2151 | Training | 5,000 | 5,000 | 5,000 |
| 2161 | Staff Recruitment Costs | 500 | 500 | |
| 2200 | Advertising | | | |
| 2220 | Agents Brokerage | | | |
| 2260 | Audit Fee | 1,200 | 1,200 | 500 |
| 2300 | Bank Charges/FID | 430 | 430 | 300 |
| 2341 | Government Funded Upgrades | | | |
| 2345 | Catering | | | |
| 2355 | Cleaning Materials/Contracts | 4,200 | 4,200 | 5,500 |
| 2361 | Computer Software & Licence Fee | | | |
| 2365 | Conferences/Seminars | | | |
| 2368 | Consultants Fee | | | |
| 2372 | Contract Laundry | | | |
| 2404 | Cost of Craft Items | | 700 | |
| 2450 | Drugs | | 500 | |
| 2480 | Enteral feeding | 4,000 | | |
| 2500 | Food/Groceries | 27,290 | 36,530 | 31,500 |
| 2560 | Hospitality | | | |
| 2600 | Incontinence Products | 850 | 500 | |
| 2612 | Insurance – Building | 2,624 | 5,433 | 3,693 |
| 2613 | Insurance – Furn & Fit | 228 | 479 | 304 |
| 2710 | Laundry Disposables | 3,000 | 39,000 | |

| AGED CARE BUDGET 1998-99 | | | AgedC | |
|---------------------------------|----------------------------------|-----------------|-----------------|------------------|
| | | PPKNH | RRNH | Flynn Ldg |
| <u>CC</u> | | <u>6042</u> | <u>6053</u> | <u>6025</u> |
| 2720 | Legal Fees | | | |
| 2750 | Management/Administration Cost | 22,686 | 28,858 | 19,283 |
| 2760 | Medical Supplies/Disposables | 6,000 | 6,800 | 1,000 |
| 2850 | Other General Expenses | 500 | 1,000 | 250 |
| 3005 | Pay Bureau | 4,250 | 5,500 | 3,553 |
| 3020 | Postage, Courier & Freight | 2,500 | 1,000 | 900 |
| 3040 | Printing/Photocopying | | 200 | 500 |
| 3102 | R&M Buildings | 4,000 | 5,000 | 4,000 |
| 3103 | R&M Computer | 500 | 500 | 500 |
| 3104 | R&M Equipment | 2,000 | 2,000 | 3,000 |
| 3105 | R&M Furniture | 3,000 | 1,500 | |
| 3106 | R&M General Provision | | | |
| 3107 | R&M Grounds | | | |
| 3135 | Recreational Activities/Supplies | 250 | 250 | |
| 3140 | Reference Material | 200 | 200 | |
| 3151 | Rent Office | | | |
| 3152 | Rent Staff Quarters | 8,500 | | |
| 3161 | Replacement Crockery etc. | 1,000 | 500 | 500 |
| 3162 | Replacement Linen/Bedding | 500 | 1,500 | 2,000 |
| 3200 | Security | | 2,000 | 9000 |
| 3215 | Service Costs | | | |
| 3245 | Stationery | 1,500 | 1,500 | 500 |
| 3270 | Subscriptions | 1,000 | 1,000 | 500 |
| 3300 | Telephone | 6,000 | 9,000 | 4,000 |
| 3330 | Therapist Supplies | 500 | 1,000 | 200 |
| 3340 | Toiletries - Residents | 500 | 973 | |
| 3401 | Travel - Australia | 3,600 | 3,600 | 200 |
| 3501 | Utilities - Electricity | 18,726 | 23,147 | 17,000 |
| 3502 | Utilities - Gas | 3,500 | 3,675 | 11,000 |
| 3503 | Utilities.- Heating Oil | | | |
| 3504 | Utilities.- Water | 1,750 | 1,525 | 5,700 |
| 3505 | Utilities.-Council Rates | 250 | 800 | 200 |
| 3561 | Vehicle - Fuel | 2,000 | | 350 |
| 3562 | Vehicle - Insurance & Rego | 745 | 745 | |
| 3563 | Vehicle Maintenance | 1,000 | 750 | |
| 3910 | Loss on Disposal of Assets | | | |
| 3950 | Depreciation Expense | 20,333 | 15,008 | 48,587 |
| | Amortisation of FAGF | | | |
| | | | | |
| | EXPENDITURE TOTAL | 860,547 | 993,410 | 507,428 |
| | Surplus (Deficit) | (49,331) | (23,272) | (27,837) |
| | | | | |