

AGED CARE
WESTERN AUSTRALIA

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14 September 1998

Mr Mike Woods
Commissioner
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Dear W Woods

NURSING HOME FUNDING INQUIRY

Aged Care Western Australia is a peak body representing 121 not-for-profit (church and charitable) organisations that provide residential and community care to the frail aged and people with disabilities in Western Australia.

Although we have participated in costing studies with Aged Care Australia as part of their response to your Inquiry on Nursing Home Funding, I am not in a position at this point in time to provide you with a separate submission from Aged Care Western Australia. Instead, I am submitting this letter on behalf of our Board and membership, and ask that your inquiry take into account the following key issues that are raised for your consideration.

Overall, we see the Aged Care Reforms as causing a financial crisis in the residential care for Western Australia. Our main concern is that the new funding system has no capacity to take into account specific funding requirements for this State. For example, there is no capacity to provide the urgently required funds to encourage Registered Nurses to enter into or remain in our sector. Services are having to cope with a shortfall of RNs and an inability to pay the 15-20% gap of salaries between public sector registered nurses and nurses in aged care. This shortfall of RNs is not limited to nursing homes. Hostels providing high band care to residents also require RNs and many either have difficulty in engaging them or cannot afford to do so.

The additional costs associated with workers' compensation premiums, increased by changes in WA Government legislation, is also a major problem for Western Australian service providers. Since 1 July 1998, premiums have increased by 40% and in some cases 150%, causing financial strain on nursing home and hostel operations.

Fair Share for Aged Care

The new funding system does not offer service providers the capacity to cover the shortfall in capital works caused by previous and inadequate funding systems nor does it provide adequate funds for future refurbishment requirements or new building stock. This is seen as a serious flaw in the system and needs to be addressed.

Because of its size and demographic distribution, Western Australia has a large number of hostels servicing the needs of country, rural and remote regions - some only care for 6 residents. The inability of these small facilities to achieve economics of scale in service provision, plus gain access to skilled staff, provide training, management support and resources is overlooked by the current funding regime. Their viability is in serious jeopardy.

The current funding system simply does not present long-term viability opportunities for this section of the residential care industry. The previous hostel funding system worked reasonably well in providing operators with opportunities to replace capital and refurbish stock in addition to fund some of the additional funds required for staff development and suitable management systems. This ability has been lost under the new funding regime.

Whilst there are only just over 5,700 nursing home beds in Western Australia, our hostels represent an additional 6,000 beds. We therefore ask that the Productivity Commission not only takes into account the viability and quality of care needs for nursing homes but also considers hostels as they are a very important group in the residential care sector. It may be that the Commission considers undertaking additional costing studies of the hostel sector to review the funding shortfalls that threaten their continued viability and delivery of quality care.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Pamela Richardson', written in a cursive style.

Pamela Richardson
Executive Director