



17 November 1998

Mr Jim Roberts  
Inquiry Director  
Productivity Commission  
PO Box 80  
Belconnen ACT 2616

Dear Jim

Draft Sections C & D of the Position Paper on Nursing Home Subsidies

Thank you for the opportunity to provide feedback on Sections C & D of the Position Paper.

In general, these sections provide a good summary of the history and current arrangements. Outlined below in order of their presentation in the paper, are some comments regarding presentation and accuracy.

- Section C P12. *"For example, the increases in life expectancy that partly explain the projected ageing of Australia's population are likely to be accompanied by later onset of frailty. "* The jury is still out to some extent on whether increasing life expectancy will result in a compression of morbidity. A recent paper by Dr Mathers suggests that there is no evidence of expansion of morbidity at the more severe end of the spectrum and recent evidence from Europe and North America even suggests that the prevalence of disability among older people may be starting to decline. However, there is some evidence which suggests an expansion of morbidity at mild levels of disability. The extent to which this will impact on the ageing population will depend on how effective we are at addressing non-fatal diseases (e.g. osteoarthritis) which can lead to an increase in years with disability.
- Section D P 9 *"For 1998-99, the WC 19 was 1.014 and the TMUI was 1.015. "* This information conflicts with that provided on page 23 of the submission by the Department of Health and Family Services, which states: *"...the minimum \$10 pw wage rise gave an SNA of 1. 4%. The TMUI figure for the year ending March 1998 quarter was released on 19 April 1998 and was 1.5 per cent. "* It would also be useful if the Position Paper were to include the data on the COPO components used for the annual adjustments each year commencing in 1996.

- Section D, P 17 Transferred Places *"The DHFS said that in 1997 bed licences could be purchased on the open market for \$27, 000."* This one example has been referred to on numerous occasions to indicate the viability of the industry. However, one swallow does not make a summer! (This example may be very atypical and may have been due to a number of factors - such as: the need to augment the number of places allocated to a more efficient level; for strategic business purposes - such as to offset tax liability in other areas of operations; to balance other services and thereby provide a more marketable continuum of care). It is unusual for the Commission to rely on one example and this is even less appropriate as a means of instancing viability. We would ask that the Position paper provide more evidence in this regard.
- Section D, P 18, Non-Approved Places. While the paper notes that non-approved places are not subsidised by the Commonwealth, it should also be noted that the price which providers can charge for services provided to residents is regulated by the Government, if the person has been approved by an Aged Care Assessment Team as requiring residential aged care. This means for example, that a provider may only charge the standard resident contribution if the person is a pensioner. While the resident will receive rent assistance directly (instead of the pensioner supplement), the provider cannot ask the resident to pay the equivalent of the pensioner supplement. So there are significant controls by Government in relation to non-approved places.
- Section D, Page 21 The final paragraph refers to the opportunity for people to complain to the Department. The aged care restructure has put in place a new independent complaints resolution mechanism, a Complaints Resolution Committee. It would be appropriate to indicate that the operation of this complaints resolution mechanism is at "arms length" from the Department.

I hope these comments are helpful.

Yours sincerely



Odette Waanders  
Policy Officer