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Productivity Commission
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**Attention: Mr Mike Woods
 Presiding Commissioner**

Dear Sir,

Originally it was my intention to seek permission from the Productivity Commission to present this paper to the video hearing held in Perth on Friday the 20/11/1998. However, due to circumstances largely beyond my control my preparation was not at that time at a level which I considered appropriate for this Commission. The past two days have enabled me to provide more time for my submission.

I am a Director of a small family company specializing in the provision of care and accommodation for the frail aged. My wife, who is a trained nurse, and I commenced our service to the people approximately eighteen years ago with an empty building, with no residents, no staff, very little money and an impossible dream. Today we are Commonwealth approved providers of care, and we operate an eighty one bed facility in a suburb of Perth. Fifty one of those beds do not attract a subsidy of any type. nose beds are entirely resident funded.

We also have an approval to build a fifty eight bed Extra, Services facility in another inner Perth suburb. We have purchased 9700 square metres of land on which we propose to construct our facility, and our architectural drawings are almost complete. To date my company has spent one point three million dollars (\$1.300,000.00) on this project.

It is with considerable pride that I can state that we enjoy an excellent reputation within the industry, and that my wife and I consider ourselves to be very professional in all aspects of the provision of care for the frail aged.

I am also a member of the Board of A.N.H.E.C.A. (WA), and a member of the Aged Care Complaints Resolution Committee as appointed by the previous Federal Minister for the Dept. of Health and Family Services. My views and those of A.N.H.E.C.A. do not necessarily coincide at all times.

At the outset and prior to addressing my concerns related to sections of the Commissions position paper of October 1998, I would like to state that it is my considered view that those people who have an objection to the concept and the function of the Standards and Accreditation Agency Pty. Ltd. simply do not even begin to understand the changes that are happening within our industry. Changes which many others and I consider being long overdue. The establishment of this Agency has the potential to achieve an outcome which will benefit not only the consumer of our services, but will also benefit enormously the genuine professional, certified and accredited care providers. It is with great enthusiasm and anticipation that I embrace all aspects of the proposed function of this Agency.

Many interested parties have provided the Commission with their views on a range of topics and their concept of the difficulties facing care providers today. Much has been said about the outrageous workers compensation premiums we are forced to pay, the payroll tax problems, the inability of some facilities to attract suitably trained staff the iniquitous situation of private for profit facilities having to pay sales tax on many of the items used in the legitimate operation of their facilities and when the church and charitable operators purchase a similar item that item is sales tax exempt.

Some providers have over recent times recited almost to ad nauseum that the Government is not providing adequate funding for their facilities. It is my opinion that the more vocal of these care providers appear not to have a clear understanding of the word "efficient" or indeed a clear understanding of how it effects the viability of their operation when they pay the ridiculous sums of up to thirty thousand dollars for a bed license. (This is particularly evident in Queensland.) It never fails to amaze me that soon after paying these amounts some of these providers are at the forefront of the lobby to endeavour to force the Government to increase the daily subsidy so that they, the operator, can pay the interest on the money that they borrowed in the first instant to buy their ridiculously priced licenses.

There is no doubt in my mind that successive Governments have aided this phenomenon by maintaining a regime of bed licensing as we now know it and are now paying a very heavy price in the way of subsidy to some care providers who may be less than optimum in efficiency, and to others who may simply be speculating on increasing values of bed licenses.

Box 5.4 on page 69 of the Commissions position paper states that it would be possible to implement planning controls without a bed licensing system but that could have an adverse effect on residents in the event that a facility was forced to close. Indeed, it is my considered opinion that the licensing system which is in place currently is in fact having a very detrimental effect currently on residents in facilities throughout Australia because there is very little freedom of choice. It is largely a matter of take it or leave it for the consumer. Unfortunately for them, they have to take it.

Under the present system there is absolutely no real incentive for the efficient and dedicated operator to excel or to expand his services because of the prohibitive cost of bed licenses. There is and there never has been any doubt that open competition in any field, whether that field be commerce, industry, service (and we are after all a service industry first and foremost) or health care is good for the consumer of that service first and foremost and for the efficient operator also. It is my opinion the existing system encourages mediocrity and speculators.

The proposition that the Australian Catholic Health Care Association puts in relation to the lowering of standards is interesting in as much that it seems to ignore the function and the resolve of the Standards and Accreditation Agency in ensuring that a minimum standard of care will be provided by all accredited providers at all times. Also, their statement regarding the disruption to the residents, their families and staff is nonsense. Residents now move frequently from low care facilities to high facilities to acute hospitals and to other places and there can be no doubt that were a resident to move to a better facility their family would be delighted. Similarly stag move from one facility to another on a regular basis.

It is inevitable that residents will be required to transfer to other facilities if their existing facility fails the accreditation process or the provider decides to upgrade and/or relocate or amalgamate with other facilities.

To summarise:

- The bed licensing system, as we now know it should be abolished- This would allow the professional operators in our Industry who are now barely viable to build the necessary accommodation to improve their viability. It would also enable those providers who are totally dedicated to providing care for the frail aged the opportunity to build new facilities without incurring crippling debt by virtue of not needing to purchase their bed license and therefore reduce the requirement for that part of the daily subsidy which must go to reduce the debt incurred.
- Abolishing the existing bed licensing system would stop the "Warehousing" and speculation of bed licenses.
- It would also, and this is the most important factor, provide consumers with a much broader choice of their requirements.
- True competition between efficient, professional providers would in fact stabilise and maintain costs to an acceptable level.
- The Government could at all times maintain the control of the numbers of the frail and aged entering a facility by virtue of empowering the relevant Aged Care Assessment Teams to maintain certain numbers of eligible people in given areas (preferably by existing post code areas as distinct from the ridiculous system currently in place).

- There is not the slightest doubt in my mind that the Standards and Accreditation Agency will ensure that a high standard of care will be maintained in all aged care facilities at all times.
- Similarly there cannot be the slightest doubt in the mind of any person who has an interest in aged care that the industry is proceeding through enormous change at present Those responsible for establishing the parameters of this change have a substantial responsibility to achieve the best outcome possible for not only the Government and the frail aged but for all efficient professional operators as well.
- This submission is in no way embargoed and may be used in any forum for the purposes of open debate, and I may be contacted during office hours on 08 9279 7755 or at home on 08 9298 9691 to answer any queries that may arise.
- I am also prepared to travel to any other venue to advance and expand my views on this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P J Pusey', with a stylized flourish at the end.

P J PUSEY.