

10 December 1998

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Dear Mr Woods

Productivity Commission Inquiry into Nursing Home Funding
Response to Productivity Commission Position Paper

UCSA appreciates the very significant contribution the Commission has made to identifying the importance of the subsidy regime in promoting equality of access to a standard level of care; equal opportunity for service providers to deliver a standard level of care; and the long term viability of residential aged care facilities.

Uniting Community Services Australia appreciates the opportunity to respond to the Productivity Commission's Inquiry into Nursing Home Subsidies Position Paper. Whilst UCSA has not submitted a comprehensive response, it has been closely involved in the development of the response from Aged Care Australia (ACA). This letter strongly endorses the response to the position paper from ACA.

The Commission's paper correctly highlights the primary policy objective that residential care funding must be sufficient to provide a high standard level of quality care to all residents. We strongly support the notion that this must:

- ✦ occur despite location or resident ability to pay;
- ✦ be linked to the real costs of providing care;
- ✦ be sensitive to variations in costs across Australia;
- ✦ have the capacity for indexing that is responsive to this variation;
- ✦ involve a minimal administrative cost; and
- ✦ reward service providers that increase efficiency and quality of care.

UCSA also supports the notion of moving towards national uniform basic subsidy rates to provide a standard level of quality care to all residents. UCSA supports the need for such a movement to occur as part of a wider package of changes to address the current deficiencies in subsidy arrangements. In order to achieve this we support the need for an objective and transparent study of costs of providing the same national standard level of care regardless of jurisdiction. We are also acutely aware that the current inequity of funding for high care residents in Queensland and South Australia needs urgent attention. Analysis of cost data is fundamental to determining the most equitable subsidy regime that does not perpetuate the current inequities or create additional inequities. It is appreciated that the movement towards basic uniform subsidy rates must be determined

after consideration of the average costs of providing the same standard of quality care across Australia. The extent to which these costs vary must not be used to influence a reduction in current rates. As stated in the submission to the Commission from Uniting Church Nursing Homes in Victoria there must be no further reduction in subsidies in Victoria.

UCSA supports the need for adequate government funding to enable accreditation and certification processes to realise their intended outcomes. As identified by ACA, we do not support the view that there are sufficient funds in the system to meet the current subsidy requirements particularly for high care residents and people in rural and remote facilities.

It is appreciated the Commission acknowledges the link between wages in aged care and acute care. The variance that currently exists between these two wage levels, has a very real and significant impact on capacity of facilities to recruit and retain staff, and on overall costs. As a result there is genuine potential for this to impact on sector viability and quality of care. UCSA asks that the Commission address this issue of funding disparity between aged and acute care in the proposed new funding arrangements.

UCSA supports the work of the Commission in identifying some of the current problems with the funding arrangements. However we *urge* the Commission to identify proposals that will also provide for aged care in the longer term, and therefore to examine and question the applicability of current arrangements for the future provision of residential care.

USCA commends to your consideration the response to the position paper by the Aged Care Australia network of which the agencies of the Uniting Church are a significant part. We look forward to continuing to work collaboratively with the Commission and the sector to ensure the best outcome for all consumers.

Yours sincerely


Libby Davies
National Director