

**NARROGIN COTTAGE HOMES INC.  
FELSPAR STREET, NARROGIN**



**AGED CARE (Living Longer Living Better) Bill 2013**

**Facility submission to the  
SENATE STANDING COMMITTEE  
ON COMMUNITY AFFAIRS**

**OUR MISSION.**

To provide affordable, appropriate housing and residential aged care services to the seniors in our community

**OUR VISION.**

To be the premier rural residential aged care facility and alternate community housing provider for seniors in WA

**OUR VALUES.**

We believe in, and respect:

- The individual worth and dignity of all people;
- The right of all people to live in comfort and security;

## Background

Narrogin Cottage Homes is a not-for-profit charitable organisation administered by a voluntary committee comprised of community members, service groups, business people and representatives from Town of Narrogin and Shire of Narrogin.

The development of Narrogin Cottage Homes commenced in the early 1960's when local service organisations joined together to address the need to provide affordable housing for aged members of their local community. Development has taken place in stages over the years with the original wing of "Karinya", our residential care facility, being constructed in 1979.

Continual improvements have seen the facility expand to where today the village is comprised of "Karinya" (a 35 bed ageing-in-place facility) and 70 self-contained units of various ages and styles and 42 staff are employed to provide care and services within the complex.

Narrogin is located 189 km south east of Perth. The town is a pleasant substantial settlement which is much bigger than the average wheatbelt town. The population is just over 4,000. Its size has been largely determined by its location at an important road and rail junction and one of the central hubs for the lower Wheatbelt farming community.



## The changing face of residential care in the bush

At the time of this submission "Karinya" has almost completed its transition from a low care to an ageing in place facility. This transition is a direct recognition by Management and the Board that LOW CARE services will, over time, be substantially reduced in residential facilities and will be provided through community care services while residential care facilities will focus on providing quality high care and respite. Note: Although there will always be exceptions to this rule when care is required and no other services are available in isolated areas eg homeless aged men, alcohol/ drug abuse seniors, mental health seniors, disability respite services etc.

We also have a 14 bed dementia secure facility grant application with Regional Development Australia. Should this application be successful these 14 beds will be the first of their kind in the lower Wheatbelt. A development that will support the exponential growth in dementia needs across the region.

## The impact of the ACFI changes in 2012

### Overview

Our initial concern is the overall lack of detail in the bills. They are broad framework documents that will require housekeeping to be presented through a revision of related principles. However we are asked to be supportive of legislation that, without investigation, will in all likelihood have substantial impact on our industry. Closing our eyes and being supportive in 2012 saw the Aged Care Industry Funding Instrument (ACFI) cut and no annual CPI growth funding applied. In our case closing our eyes resulted in an income to expenditure reduction of 7.1%.

The failure to scrutinise the existing reforms and their impact on the industry when such a small selection of recommendations were removed from the Productivity Commission Report (PC) concerns us greatly. WA has continually stood as a lone voice for the catastrophic changes these selected reforms would make to our state and our unique challenges, and more importantly for sustainable aged care in RRR.

#### Accommodation Bonds & Capital Investment

Narrogin is located in an area in moderate socioeconomic impact. The juxtaposition that Accommodation Bonds and the interest generated off them provides another income stream for aged care providers either capital or operational in flawed.

When 8/ 35 residents are eligible to pay an Accommodation Bond and this Bond being limited to \$150,000 our facility therefore relies primarily on the Aged Care Funding Instrument (ACFI) for income. The presumption that there will be sufficient Bond paying residents to finance the construction and continuing maintenance of an aged care facility is not a one size fits all and in a rural environment this blanket presumption is a critical miscalculation in ensuring sustainability.

- The elimination of the Retention Fee from these limited Bond deposits will only result in another income stream reduction. A subsequent correlation between this loss and another replacement income stream, however minor, cannot be seen.
- Rural economics and property values are wildly variable based on climate and distance therefore a limit on the maximum bond will have no effect on our clientele already being on the lower scale of asset eligibility.
- The 28 day decision period for Accommodation Deposits/ Payments when they are limited in our particular circumstance is not of material concern.
- However the quarterly volatility of the MRIP could cause consumer distress and we would like to see further investigation on this matter by the ACFA
- The Ministers failure to listen to the Pricing Authority is also of concern. If changes can be made on a whim then why do we bother with evidence, research and industry liaison? The Pricing Commissioners role must also be decision making not simply advisory.

#### Workforce compact (now eliminated and called a Workforce supplement)

The fact that the workforce compact was returned to the Ministers office having not reached agreement with the major parties is a clear indication of this proposals poor understanding of the industry.

Subsequently we now have the Workforce Supplement. A Supplement requiring each facility to meet an eligibility checklist prior to access, and the main component of this eligibility being a substantial investment from the facility of between 70-80% of the whole wage increase. When many small, single, stand-alone specialty services are running in the 'red' where are these funds to be obtained? Reducing further (following the ACFI cuts and failure to apply any form of CPI in 2012) care and services to the needy, our residents?

The general assumption that a reduction in direct care funding can be made to support wage increases is abhorrent to any industry provider and to the staff.

Narrogin Cottage Homes cannot support a proposal that seeks to leave our facility exposed to unfunded workforce wages that will impact directly on the most vulnerable in our community. This will only compound the WA issues of access to a skilled workforce.

#### Dementia Supplement

Having worked hard within our region/community to design, and we hope soon to build, a dementia secure unit we strongly feel that an appropriate tool be supported and recognition of who shall be able to determine cognitive impairment when accessing this supplement. The supplement must be sufficient to cover the appropriate specialty needs of this group of residents.

### Means Testing

Access to assets assessment in RRR are often delayed and protracted. Small facilities should be allowed a clause to change maximum rates until assets assessments are received. At that point credits would be returned to the consumer.

### High and Low care

The industry and Narrogin Cottage Homes are supportive of the removal of the distinction between high and low care. However again, the lack of specifics will impact substantially on an organisation.

- If facilities are required to provide the range of personal care products (soaps/ powders/ lotions), wound dressings etc that currently apply to high care residents this could be a 1-2% increase in medical expenditure alone. Any changes in these costs must be offset of ACFI adjustments.

### Specified Care and Services

The lack of detail in this area is of serious concern for our rural facility.

We are a major employer and consumer of community goods and services in the region, the totally unacceptable and unknown ability of our community business to project long and short term outcome would not be accepted in any other area of quality business practice. Yet here we are at a time of the year when budgets should be finalised and facilities who have no known facts and figures are expected to project based on assumptions and very little confidence.

### Lifetime contribution

Although the average time a resident will reside in an aged care home has reduced substantially over the years as a reflection of “staying at home for as long as possible”, many RRR facilities due to a complex admission methodology involving distance, access to services, transport, housing etc appear to have longer residency stays. This data should be available from the Medicare data bank. As such, there is we feel a real need to extend this life span to \$80,000 or there is risk that the burden on the public purse will be greater than anticipated.

### Summary

The question that needs to be asked is not what is the norm but rather what is the Australian Government (and to a certain extent the community) prepared to support. Recognition that health, education, law and order, infrastructure and AGED CARE is more expensive to provide in RRR MUST be the base of any funding modelling applied. Without this sustainable recognition, defined by short and long term goals, aged care services will not survive for much longer in some area of RRR Australia.

#### CONSIDERATION

Block funding of RRR aged care services based on a minimum clinical care staffing model of 2:2:2. If cost of care study cannot be developed sufficiently to reflect RRR challenges then modelling to include some assumptions similar to viability supplement (however we do not support the existing viability modelling) - items such as size of facility/ number of beds, distance from major service centre, client profile (high/ low/dementia) etc

Thank you for allowing us this opportunity to provide submission to the enquiry

Julie Christensen  
CEO