

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

19 April 2013

Dear Sir

LASA will be submitting a comprehensive report to the Senate Community Affairs Inquiry into the *Living Longer. Living Better* Bills that are currently before Parliament and need to be passed by 27 June if they are to be enacted before the federal election.

As a service provider it is important that we too provide a submission.

We share LASA's main concern that the Bills contain little detail, they are simply broad 'framework' documents. The operation of this legislation will largely come through related principles. These principles are yet to be released. Essentially the government is asking that this legislation pass without seeing the principles. Whilst the industry has had briefings on the general contents, the actual wording, and its impact is unknown.

We therefore wish to state **that legislation cannot pass parliament without all related details being known.**

This is very poor process and the same committee made this point when it recently scrutinised the National Disability Insurance Scheme (NDIS) legislation. The Committee stated:

1.11 *The committee considers that, as a matter of good public policy, when a bill seeking to institute significant national reforms is going to rely on extensive subordinate legislation, a draft of that ancillary material should be released as close as possible to the introduction of the bill itself, to enable both Parliament and the public to fully consider the issue before it.*

Following this, as a provider we are at the 'operational coalface' and as such our residents/clients and our operation will be affected, under these broad headings, by:

- **Changes to accommodation payments**, particularly the proposal requiring the Daily Accommodation Payment (DAP) be used to calculate the Refundable Accommodation Deposit (RAD). The Accommodation Supplement - we cannot follow as we have near new fantastic and well maintained aged care facilities with significant funds spent to keep up this standard. However we will only receive the \$32.88 supplement not the \$52.84 as there is no way we even need to attend to such a refurbishment. We have already spent the funds to build a great facility but now we are financially worse off for doing so.
- Attaching Bonds to **Accommodation Payments** and the MPIR does not seem to make sense to us as if we are receiving \$50/day Accommodation Payment and the MPIR is 6.95% the maximum bond level is \$262,589. When MPIR goes to 8% this Bond level reduces to \$228,125. As stated earlier we build fantastic aged care facilities that are a significant cost. Our current bond levels are more like \$500,000 which residents are happy to pay for what they receive in return.
- Should the **28 day cooling off period** come into force we have no way of assessing our financial future. We need to this knowledge of financial future to meet our Bank covenants and to maintain our business' cash flow modelling. Residents have ample time to assess this prior to moving in but to have the ability to change at any time 28 days after entry leaves us in an unknown situation.
- The threat to remove **Bond Retentions** is just removing more income from our operations at no benefit to the Government. This after a decrease in funding 1/7/12 (NO FUNDING INCREASE) is crippling our cash flow.
- The **Workforce Compact**, this will have significant negative affect our operation, particularly residents and the impact of this funding being removed from care budgets given it was funded from withholding ACFI revenue indexation is preposterous.

It appears to us to be as follows:

- The residential aged care industry lost \$1.6 billion across Australia.
- The government is offering to put back \$1.2 billion, but residential care is sharing it with home and community care.
- The employers who sign up to the workforce supplement can access 1% per annum of the relevant funding tool but must pay the on costs themselves.
- Home and Community providers must also meet the required percentages above modern award rates.
- The employers must offer pay increases of no less than 2.75% per annum, that is unless the Fair Work Commission decide to grant a higher annual pay increase, whereby the

employers who signed up for less will still have to apply the FWC increase no matter how much higher than 2.75% it is.

- At the end of the supplement period what happens? Do we have “before and after the supplement” wage rates in the EBA. This means we pay less to the staff after it stops ?

How it can be claimed that this arrangement will enable employers who participate to be considered an employer of choice, be seen as a model aged care employer who can deliver improved quality of care through reduced turnover and the attraction of more qualified staff and attract and keep good workers, deliver better work practices, boost productivity and allow for workforce planning is hard to comprehend. 1% per annum from the government will not fix the grass roots issues.

- **Specified Care and Services.** How can legislation be determined without knowing the care requirements contained in the schedule? We are unable to understand what is basic care and what is additional care. Until this is known we are unable to attend to any financial or staffing modelling to assess the impact of this change.

Yours faithfully

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