

## AGED CARE AMENDMENT (2008 MEASURES NO. 2) BILL 2008 – 25<sup>th</sup> November 2008

**Mrs VALE** (Hughes) (9:08 PM) —I welcome the opportunity of speaking on the [Aged Care Amendment \(2008 Measures No. 2\) Bill 2008](#). This bill is of concern to an increasing number of Australians, especially those older citizens in my electorate of Hughes. My electorate includes the western part of the Sutherland shire, which makes up about 70 per cent of my electorate and extends further west to include the Liverpool CBD and the Liverpool suburbs of Chipping Norton, Moorebank, Holsworthy, Hammondville, Wattle Grove, Pleasure Point and Voyager Point. Across the electorate several superior aged-care facilities provide for the needs of our senior residents in a variety of modern high-quality accommodation in which they receive high-quality professional care. I would like to acknowledge the excellent service provided at Hammondville Homes at Hammondville, Scallabrini Village at Chipping Norton, Thomas Mitchell Nursing Home at Illawong, John Paul Village at Heathcote, Thomas Holt Retirement Village at Kirrawee, Chesalon Nursing Home at Jannali, Warena Gardens at Bangor and Lark Ellen at Sutherland.

In striving to ensure that the provision of aged care is of the best quality and delivered to aged residents under the principles of the world's best practice, this bill seeks to amend the Aged Care Act 1997 and the Aged Care (Bond Security) Act 2006 to address inadequacies identified in the current legislation and to provide for the maintenance of effective regulatory safeguards to ensure the best quality care continues to be delivered to our older Australians.

The former government's reforms placed significant emphasis on delivering a high-quality, affordable and accessible aged-care system. The previous coalition government's reforms began in 1997, when the Aged Care Act 1997 and the Aged Care Principles introduced a unified residential care and payment system. The Aged Care Act 1997 is the main legislation that regulates the provision of aged care in Australia. Also introduced at the same time was a national quality assurance framework for residential aged care, combining accreditation, certification and the Aged Care Complaints Investigation Scheme.

Many Australians are already aware that we have a real challenge in the provision of aged-care services in the Australia of the future because of the expected increase in the number of ageing Australians. This is often referred to as the 'greying' of Australia as older Australians become the dominant cohort in our demography. Currently, there are over 2.8 million Australians over the age of 65, and approximately half of those require some level of assistance in their daily lives. This is expected to increase to seven million people by the year 2047 or 25 per cent of the population.

In my state of New South Wales, the population projections were released this week and those over the age of 65 are expected to increase by 111 per cent by 2036. So it is not necessary for me to add that this 'greying' demographic is presenting a massive challenge for all levels of government in Australia. This ageing cohort is going to have a significant impact on how aged-care services are delivered in the future—not only in terms of how governments will respond to the increased demand but also in terms of the growing diversity of care needs of older Australians and their individual preferences due to the differences in personal affluence.

These and related aged-care issues are discussed in recent papers that have been released to contribute to the discussion. I refer to two: the Productivity Commission research paper which looks at trends in aged-care services and the Grant Thornton aged-care survey. The Productivity Commission, in its research paper entitled *Trends in aged care services: some implications*, analysed major trends in both supply and demand for the next 40 years. The commission identified a number of challenges for the future, including increase in demand, the required care needs and the workforce that will be required to deliver services for an increasing number of ageing Australians. The commission identified that the significant increase in the demand for aged-care services in the future is a result of both a sizeable decline in fertility rates since the 1960s and an increase in life expectancy through advances in medical technology and public health initiatives. Those aged over 85 are the main users of aged-care services and their numbers are expected to increase at least fourfold by 2047, and that will present a massive challenge for all levels of government again.

Care needs are also expected to change. It is expected that the shifting pattern of disease and infirmity amongst the aged is going to increase the proportion of frail older people with more complex care needs. For example, the incidence of dementia and Alzheimer's is expected to increase amongst the aged population.

We are also seeing an increased preference for independent living apartments by senior citizens as they exercise a desire for greater autonomy and choice in their lives. Independent living, because of the government's policy of ageing in place, can be supported by community care packages as our seniors advance in years and become more frail and dependent on support.

These changes in care needs and demands for services, along with the challenges arising from a tightening of the labour market over the foreseeable future, will have serious implications for the aged-care workforce. The commission says that the evidence suggests that over the next 40 years there will be difficulties in securing an adequate supply of personnel with the necessary skills to support the delivery of aged-care services. This is going to be accentuated by competing demands from the acute care sector and other industries.

The Grant Thornton aged-care survey looks at the impact of changing demand on the aged-care industry. It received responses from 686 facilities, representing almost 25 per cent of all facilities in Australia. It looked at performance of the facilities, building costs of new facilities, demand for services, funding and service quality. The survey looked at earnings before interest, tax, depreciation and amortisation per bed. Unfortunately, the trend in provider performance is declining. It is stated that this is due to the costs escalating faster than the increases in subsidies.

Increased building costs of new aged-care facilities also compound the problem for governments as well as providers. This is due to both an increase in the cost of construction and the changing expectations of consumers of high-quality living accommodation standards. Consumers are demanding private modern bedrooms compared to the past, when the usual practice was to provide shared bedroom accommodation.

The survey found that single, private bedroom facilities have poorer returns than shared, high-care facilities. In fact, the survey estimates that the average return for single, private room facilities is only 1.1 per cent, which is not at all attractive for potential investors. The poorer return on single, private rooms reflects the greater investment required to operate large, modern facilities that need to meet consumer demands and government requirements. This has resulted in many operators deferring or abandoning plans to develop or redevelop their facilities. The survey also indicates that many of the new aged-care places allocated by the government remain unused or have been returned. It was even reported that there was an undersubscription for aged-care places in some states. While significant investment has been made in modern aged care, the survey shows that many of Australia's aged-care facilities remain dated.

While the previous government's reforms introduced a unified residential care and payment system as well as a national quality assurance framework for residential aged care, it also combined accreditation certification and the Aged Care Complaints Investigation Scheme to ensure aged-care clients and their families that we are serious about delivering the high-quality care that our senior citizens so rightly deserve. However, the Rudd government has ignored older Australians and has undermined the aged-care industry and all the hardworking professional staff who work in the industry.

In the past there has been strong competition for aged-care places across the country. But the present undersubscription for aged-care places shows just how seriously underfunded this sector is at the present time. I understand that some providers are handing back bed licences and the Rudd Labor government appears to be indifferent to the growing crisis in this sector.

I often have discussions with many of the local aged-care providers in my electorate and I understand the challenges they face in maintaining the provision of high-quality aged-care facilities and services. One of the leading aged-care providers in my electorate recently wrote to me regarding some of the issues that face those organisations trying to provide aged care of the highest quality for our older Australians. The letter reads:

- We have not received additional packages since our original allocation of 20 in 2002, yet we have continued to successfully utilise all 20 packages plus carry an additional, unfunded 5-18 packages—currently 10—for the past five years.
- If we are unsuccessful this year, it will severely limit our want to grow and provide services to those who are in need of them.
- Many of our existing unfunded packages and those we have researched and found to be needing community care will require permanent residential care, thus putting additional pressure on our hostels and nursing homes and it will also jeopardise our practice of ageing in place.

- We want to continue to deliver our quality service and we have the infrastructure and flexibility already to deliver to the extra packages. More packages will allow us to continue this now and into the future. We have the backing of an enthusiastic, specialised organisation including our advisory board, CEO, DON, coordinator, maintenance team and administration staff. Our plans to reach out to isolated areas will be severely restricted.
- We have the capacity and the enthusiasm to continue servicing the aged in our region and we will continue to do so, even if we receive less than the maximum number of packages sought. However, the extra packages will allow us to employ additional staff, especially those trained to care for the increasing number of care recipients we have suffering with dementia, including those referred to us from ACAT.
- We can also practice ageing in place more proficiently thus allowing care recipients to remain in their own homes longer, offer respite as required, relieve the pressure on residential care and, when the time comes, allow the transition into residential care to be less traumatic because care recipients have already experienced aged care, so it's not as strange or hard for them to accept care, and in most cases the decision to enter residential care becomes theirs and not someone else's.
- Receiving fewer packages will not impact on our current quality of care but will impact on the demand for this care because aged persons in our region would be unable to access it and will also limit the expansion of services to our existing clients, remembering that we are already servicing an extra 10 unfunded packages.
- The way our population is ageing we need money / packages now to save increased costs and care later on, as well as coping with the waiting list and extra clients that we have now, over and above the 20 packages we have managed with for over 5 years.
- Because we can offer Low Care and High Care (permanent & respite) at John Paul Village, we can 'extend' Ageing in Place to those care recipients we service in the general community as well as those we have in the village. Thus providing continuity of care if / when their needs change.
- One of the advantages of Community Care Packages within a retirement village environment is that clients can avail themselves of the services of the village, as well. For example; daily meals, hairdresser, the podiatrist, bus trips, social outings, transport and onsite activities conducted by our RAO's. This availability of existing services can also ease the burden / cost for the financially disadvantaged because we are able to offer most of these services at reduced cost.

Following these concerns expressed by my local aged-care providers, I strongly urge the government to consult and to listen to those organisations that are providing at the coalface the care and services of the aged-care sector. We all understand that the demand is going to increase significantly in the near future. It is better to refine the delivery processes and to get on with it right now. The overarching purpose of this bill is to provide certainty and safety for those currently receiving aged-care services and those who may need to access such services in the future, as well as assuring their families. I support any measure that secures the future of our older Australians and I support this bill.