

The Reform Agenda

The Integration of Retirement Living and Aged Residential Care

29 August 2011

Presentation Overview

1. Exploring changing trends and consumer expectations
2. Current regulatory restrictions in Australian aged care and retirement living sectors
3. Capital funding arrangements
4. Possible alternatives for the future

1. Trends in Residential Care and Retirement Living – GT/RVA Survey 2011

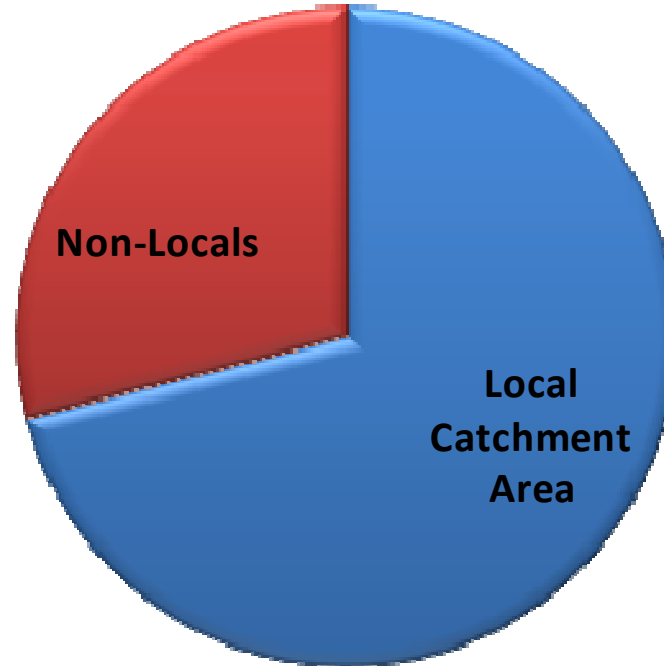
Survey Findings – Consumer Profiles and Priorities

Push Factors for Retirement Village Living

1. Health Issues or need for assistance
2. Death of spouse
3. Downsizing family home
4. Change of lifestyle
5. Closer to family and friends

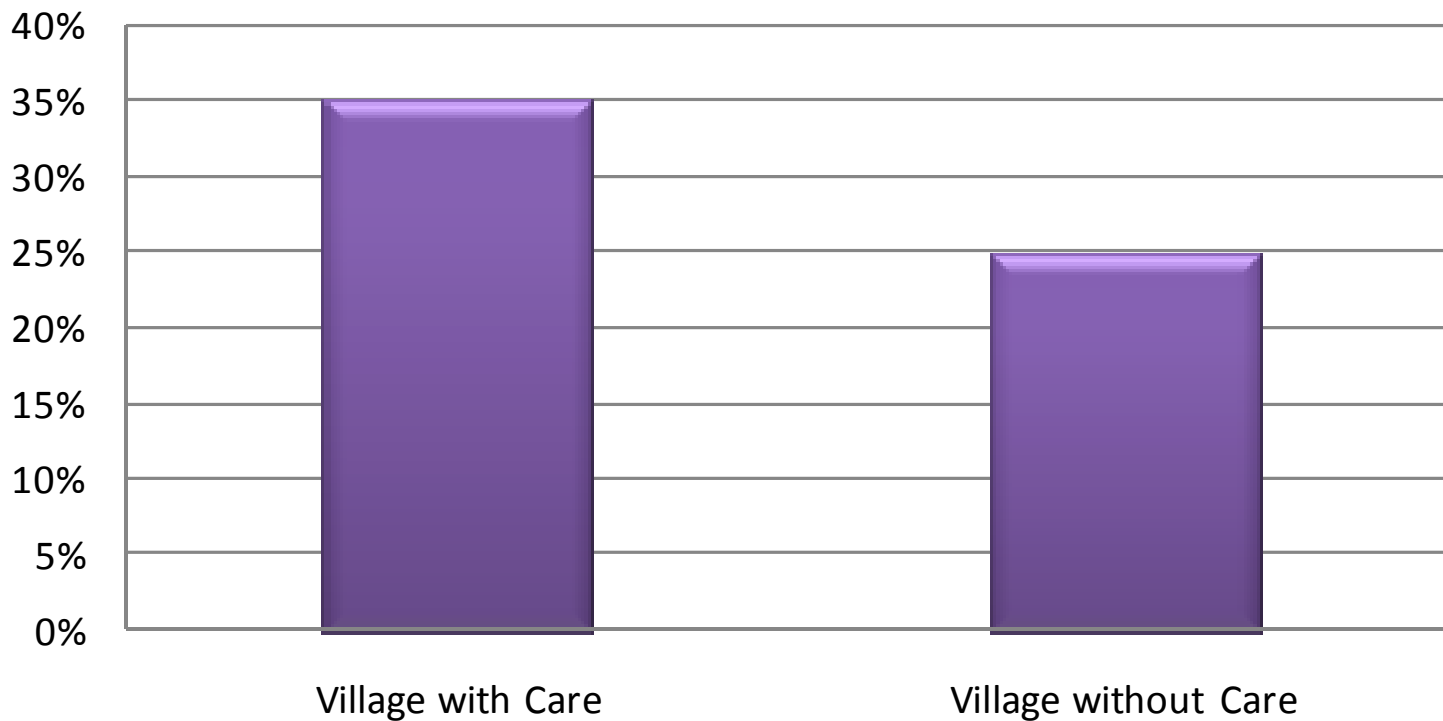
Survey Findings – Consumer Profiles and Priorities

Resident Origins



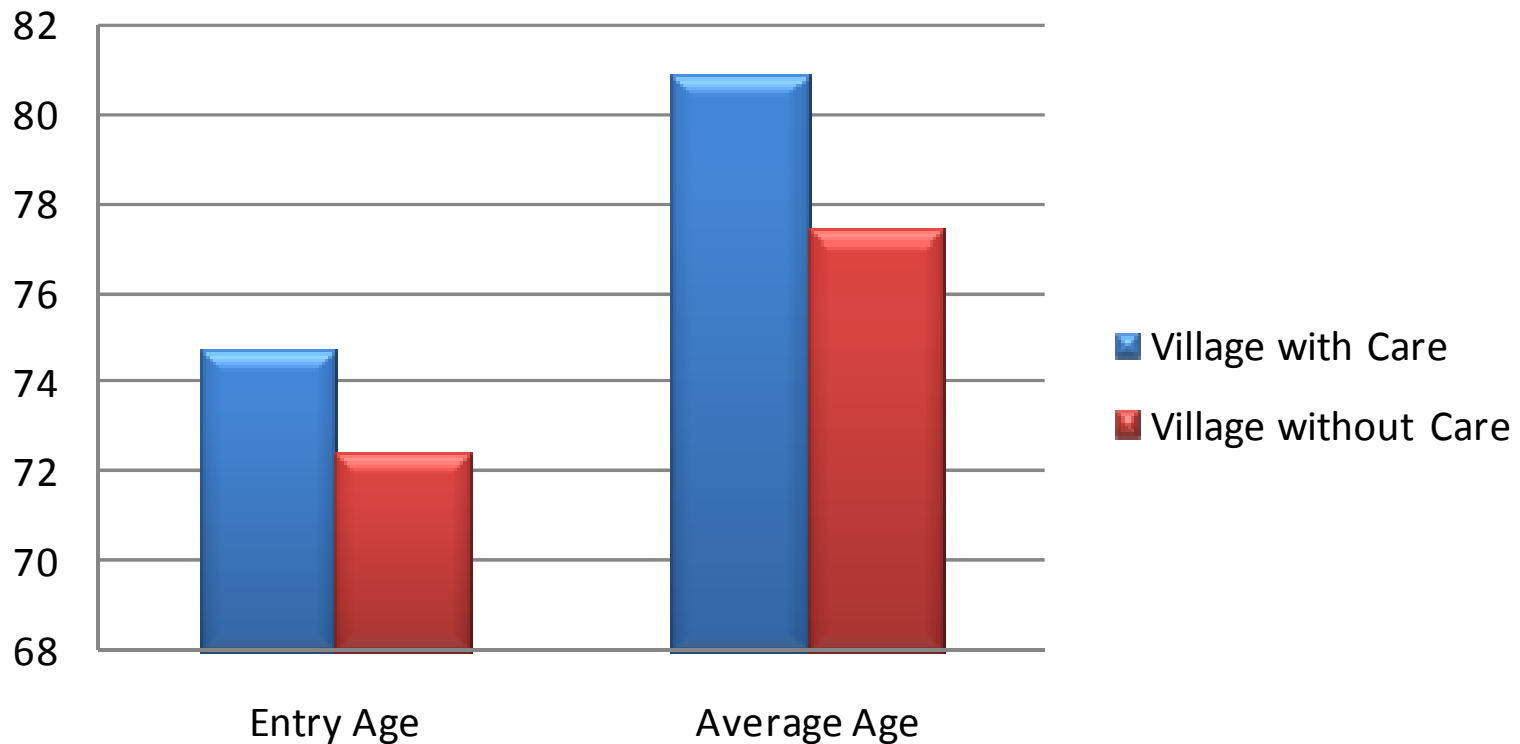
Aged Care – Village Implications

Non-Local Admissions



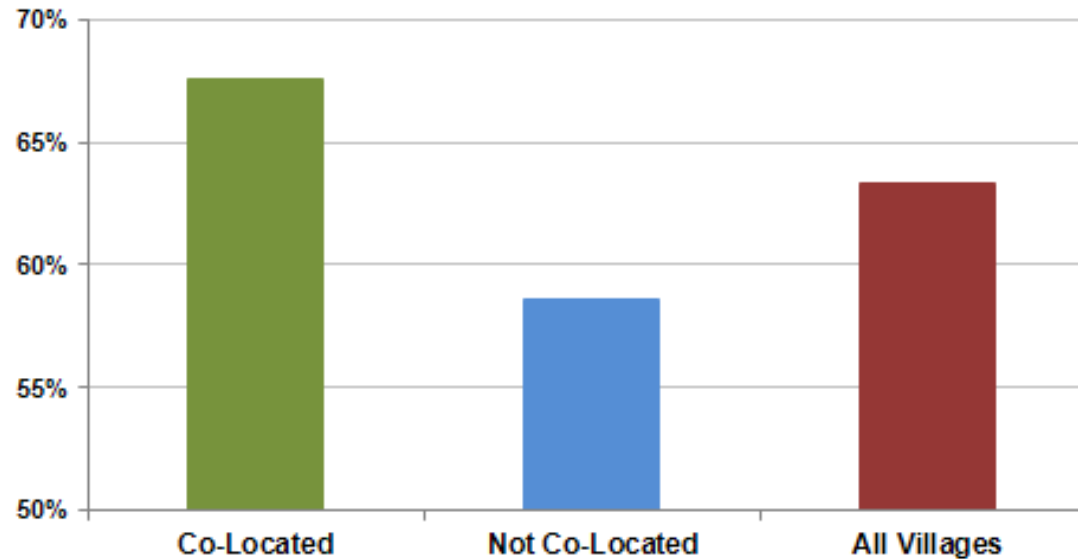
Survey Findings – Consumer Profiles and Priorities

On Site Care Services

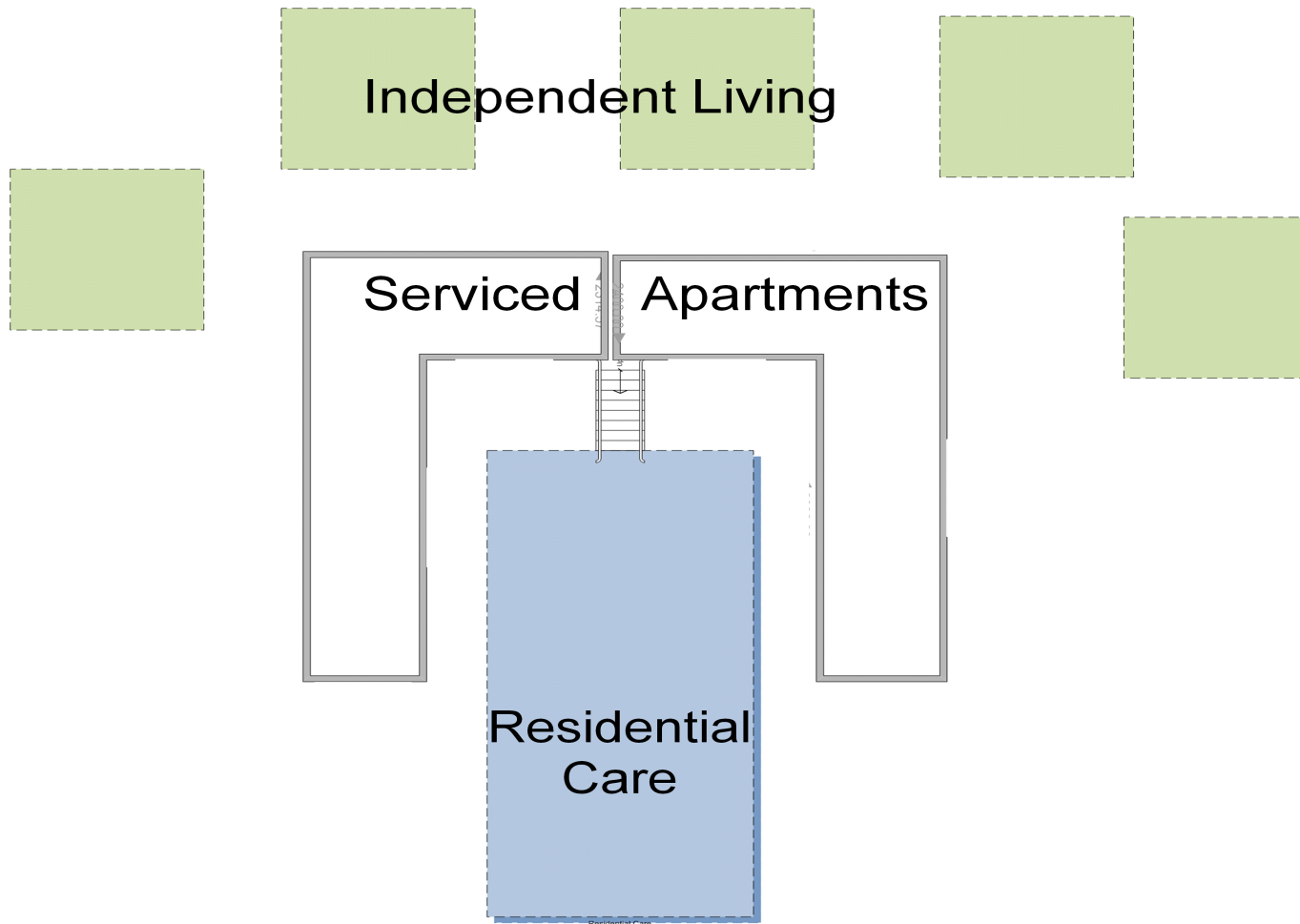


Survey Findings – Market Conditions

Villages With Waiting Lists



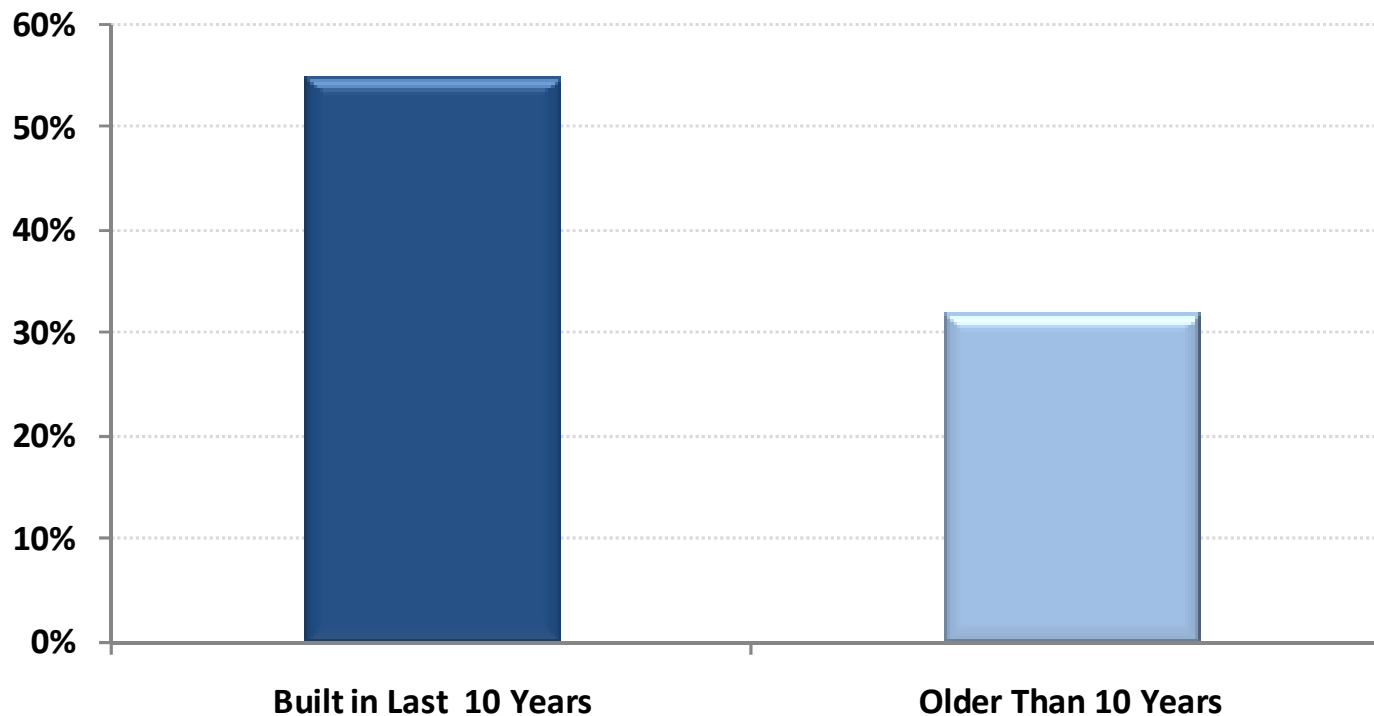
Impact of care services – Entitlement Models



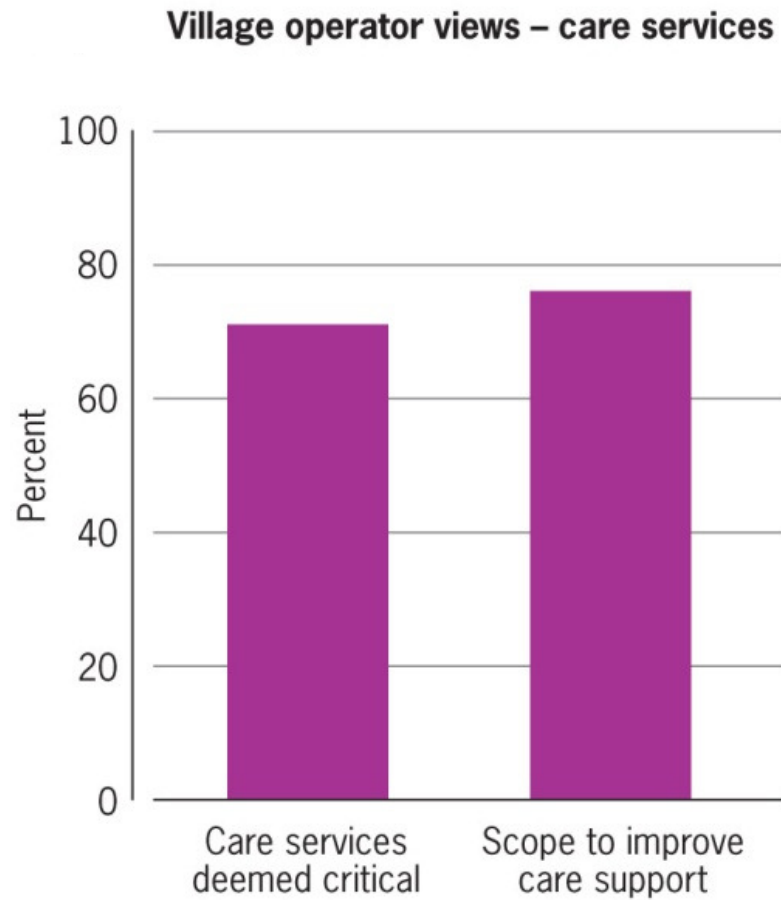
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Impact of care services – New Zealand

New Zealand Residential Aged Care Facilities Built With Apartments



Impact of care services - Australia



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Summary – Impact of Residential Care on Village

1. Consumer expectations - demand for village units
2. Higher unit sales values
3. Wider catchment area
4. Price stabilisation during property market fluctuations
5. Occupancy levels in Residential Care Facility?
6. Service expectations in the village?
 - **Ability to deliver integrated service**

Service integration



Service integration





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2. Current Regulatory Restrictions – NZ and Australia

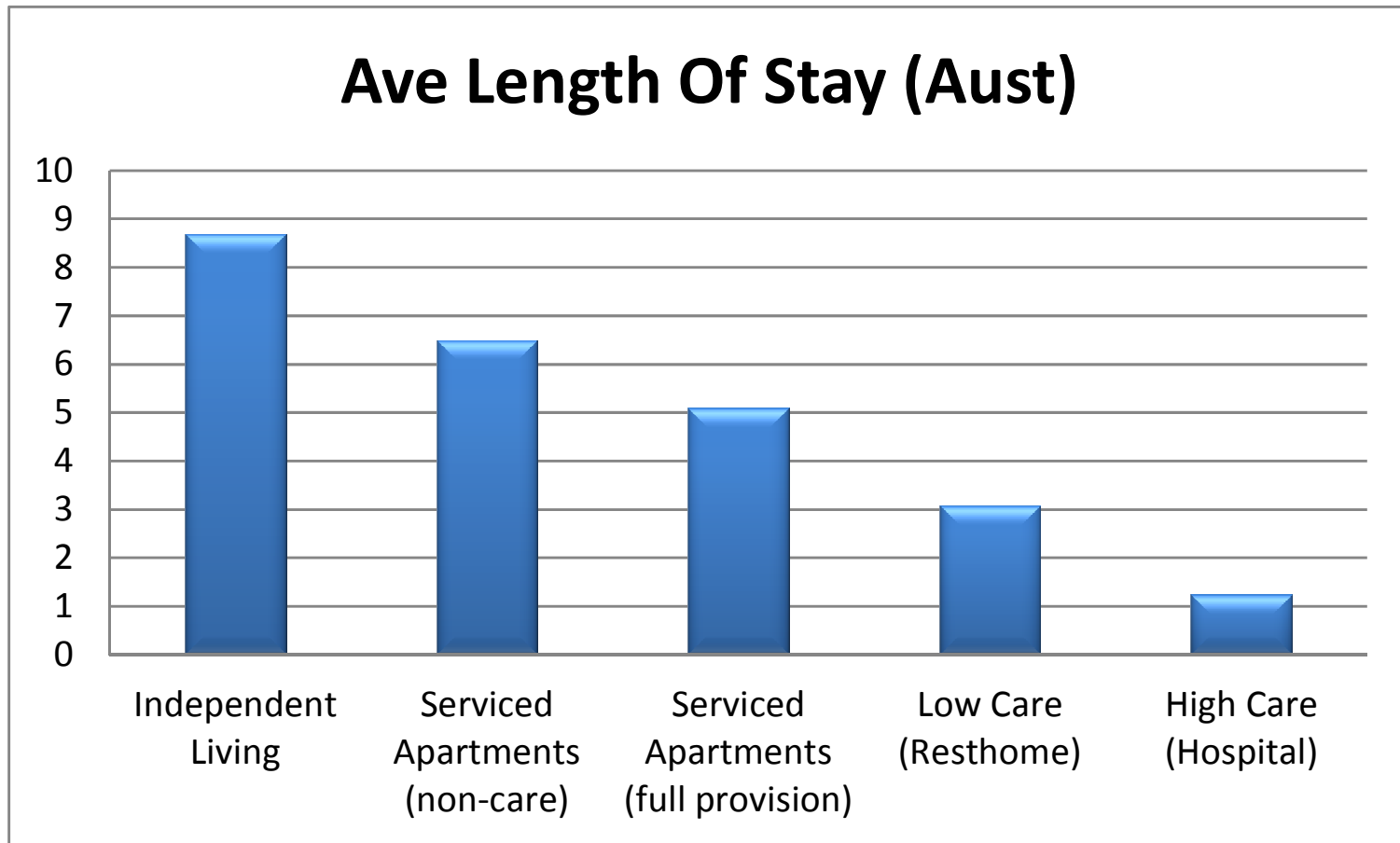
Regulatory Governance – Australia

- Little integration between retirement living (State based) and Residential Care (Federally based)
- Weak prudential oversight for retirement villages – ineffective for Residential Care
- Accommodation bonds available in residential aged care and represent a major source of capital funding
- Retirement Village legislation inconsistent between States/Territories
- Productivity Commission failed to address the issue of integration between residential care and retirement living

Regulatory Governance – New Zealand

- Some flexibility in care service delivery in serviced apartments but imperfect – Home Care restrictions
- Stronger prudential regulation in Retirement Living than Australia but room for improvement
- Expansion of retirement living contracts into aged residential care
- Retirement Village legislation national and consistent in DHB regions

Accommodation Utilisation / Occupancy



Guiding Principles and Key Issues – Aust & NZ

- There are limited resident capital funding options available for residential care – this limits the growth and rejuvenation of the sector
- Consumers becoming increasingly sophisticated and demanding of choice in service delivery and payment arrangements
- Currently, consumers (and providers) fit within legislation with perverse impacts on service delivery and funding models - some innovation but dancing around legislation and not completely accepted - risk to invest

Options for the future – Australia and NZ

- Facilitating legislation using Consumer Directed Care models to connect funding (and choice) of **care** with the consumer. Clear policy on service requirements, limitations, roles and responsibilities.
- Establish distinction between accommodation and care services and lose restrictions on funding options regardless of building type. Under entitlement models, the continuity of care is supported based on the preferences and means of the consumer.

Options for the future – Australia and NZ

- Contract models should be based on consumer preferences and providers' viable business models – ORA/LTO, strata/simple fee title, rentals and accommodation bonds or whatever works for both the consumer and the provider.
- Aged residential care services are a natural service hub to support the delivery of care services in the village or broader community.

Discussion