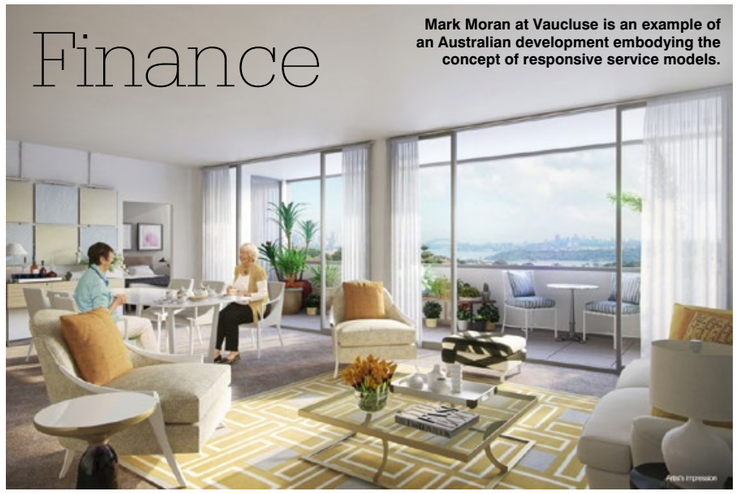
Finance



Mark Moran at Vaucluse is an example of an Australian development embodying the concept of responsive service models.

Looking across the ditch for inspiration

Given Australia's aged care funding system is moving towards the New Zealand model, we should be looking at that country's most successful built environments as inspiration for our own capital developments, writes **David Cox**.

A capital development project will be a major decision for any organisation, and getting it right will not only impact resident satisfaction and occupancy, but can influence short and long-term project feasibility.

David Cox

In the emerging user-pays environment resulting from the Living Longer, Living Better reforms, residential care providers are increasingly looking to learn from international examples that provide direction around service model development and the design of the built environment.

The decision to look abroad for service model inspiration may, at times, be misdirected if there is a mismatch between the cultural and/or aged care funding systems between Australia and the country in question.

The Organisation for Economic Cooperation and Development (OECD) classifies aged care funding models into three types: single universal, mixed, and safety-net systems. Each model is characterised by their inherent risk and responsibility-sharing arrangements.

A single universal system includes tax-financed and social insurance aged care schemes that are predominantly funded by the state. Care is provided universally to citizens, regardless of wealth or assets.

In the tax-financed systems common to Scandinavian countries, care models predominantly focus on the delivery of care to small communities, resulting in homes that are smaller and integrated with the local community. As there is a stable funding pool, design tends to focus more on optimum community models and less on scale, efficiency or aesthetics designed to attract the consumer.

Countries with social insurance systems, like Germany and Japan, have homes typically managed under a medical model and are often large and institutional in design. The design of these homes generally focuses towards the provision of clinical care in the most efficient manner possible. There are often limited communal amenities and less effort made on aesthetics or consumer appeal.

At the other extreme, safety-net systems, like the United States and the United Kingdom, only provide financial support for consumers with very low assets and/or income. Homes in these markets are aimed at attracting a paying consumer and contemporary care design focuses on luxury and lifestyle.

Like homes built in countries with a social insurance model, these homes are large and aimed to achieve economies of scale. Unlike homes in countries with social insurance funding, providers must attract their clients in a competitive environment. The most successful homes offer a higher standard of accommodation, increased amenities and a focus towards lifestyle, even when residents may not have the cognitive or physical capacity to fully utilise these lifestyle options.

CHANGES IN AUSTRALIA

Australia is classified as having a mixed funding system, where those with higher wealth are required to contribute to their accommodation and, often, also their care services. Our system is, however, undergoing major change and care recipients are increasingly relied upon to bear the cost of care and accommodation. This will have a significant impact on the needs and preferences of our consumers and will therefore guide our built environments and models of care.

To gain an understanding of the impacts of legislative reform we look to other countries with similar models for funding and care to ensure that our built environments will be both sustainable and meet the needs of our consumers. As the Australian funding model is very different to both the single universal and safety-net models, it may be unrealistic to look to homes that are funded by these systems when seeking to undertake capital expansion. Countries like France, Austria and New Zealand, all who have a mixed system of funding, may provide a more accurate reflection of the future of our built environments.

LOOKING TO NZ

Based on Ansell Strategic's extensive work in New Zealand, we believe that Australia's aged care funding system is moving towards the New Zealand model. Therefore, we should be looking to New Zealand's most successful built environments as inspiration for our own capital developments.

Like Australia, New Zealand has a mixed funding model, reformed in 2009, where residents are required to pay for the majority of their accommodation but where care services are, in part, supported by the government. Wealthier people are required to contribute more. Although less regulated than the Australian retirement and aged care environment, New Zealand providers are required to undergo a registration process with a local authority, certify buildings and pass an accreditation process on a regular basis.

New Zealand also has a thriving retirement village industry and home care industry that actively competes with residential care operators for clientele.

Following the aged care reforms in New Zealand, residential aged care changed significantly.

Firstly, there was major consolidation. Smaller providers were progressively taken over by larger providers. The top five providers now control a large proportion of total beds.

Secondly, not-for-profit (NFP) providers were replaced by for-profit providers, with an 11 per cent reduction in the number of NFP providers from 2005 to 2010 alone.

Thirdly, there have been huge capital investments in integrated development with newer homes and serviced apartments replacing older stock. Older homes find it harder to attract residents and often struggle with low occupancy.

Further, there has been an emergence of extra-charge facilities, where homes charge additional fees for increased amenities and services.

Finally, there has been an increase in resident acuity and decreased length of stay resulting from delayed entry to care by those who prefer to stay at home and receive formal support or move to a retirement village where they are able to receive care services. In 2013-14, the length of stay in New Zealand homes was only 84 weeks compared to 149.5 weeks in Australia.

INTEGRATED SERVICES

New Zealanders are increasingly looking for built environments that provide a full continuum of care so they do not have to move when they become more dependent on others. They are also looking for a range of care options and lifestyle amenities that meet their specific needs.

Providers have responded to the preferences of their consumers to ensure occupancy and market share. New homes now typically have key features (see box).

Retirement living and residential care homes are frequently built to a lower specification and have smaller bedrooms than Australian homes. This appears a reflection of the nature of housing in New Zealand where houses are typically smaller than comparable houses in Australia. Importantly, New Zealand retirement living and residential care homes are more flexible and responsive to the market they serve.

Australian providers, including Australian Unity, Greengate and Mark Moran have already adopted such integrated service design models.

These developments are typically the result of extensive research into international markets and the application of international design philosophies aimed to meet the specific needs of the local community. ■

David Cox is the head of operational strategic at Ansell Strategic.

NEW ZEALAND HOMES: KEY FEATURES

- Significant product differentiation, with built environment and services designed to meet the needs of that specific market.
- Integrated retirement village, serviced apartments, rest-home care (low care) and hospital care (high care).
- Flexible service models where complex care services can be delivered in the resident's retirement village or serviced apartment.
- Residential care rooms with a bedroom and separate sitting or meals area.
- Increased focus on lifestyle amenities that are aimed at attracting a younger, healthier demographic.

Aged & Community Services NSW & ACT

Aged & Community Services NSW & ACT
is very excited to announce Stephen Lundin as Keynote Speaker and MC for our State Conference to be held *3–5 May 2016*

Stephen will also be running a pre-conference workshop with limited places as part of this event.

Stephen Lundin is the world-famous author of the FISH books, helping organisations turn ordinary into fun. The FISH! Philosophy is a set of practices introduced in the bestselling film FISH! and the seven million copy bestselling book: *FISH! A Proven Way to Boost Performance and Improve Morale.*

"We measure quality of care in order to evaluate aged care facilities and programs. We virtually never measure quality of life. Yet quality of life is the most important variable for customers of aged care services, their caregivers and their families."

Bringing us his experience of working with Blue Care Residential Aged Care in Queensland, Stephen will discuss what quality of life looks like in the real world of aged care and the practices that enable it:

1. **Choose your attitude –** There is always a choice about the way you do your work, even if there is no choice about the work itself. We can choose the attitude we bring to our work.
2. **Be present –** Focus on the customer in front of you and be tuned in to opportunities to be there for people. Be alert, and pay attention.
3. **Play!** You can be serious about your work without taking yourself too seriously.
4. **Make someone's day. Create great memories –** The playful way we do our work allows us to find creative ways to engage our customers. Find ways to respectfully include them in the fun.

Steven will release a new book entitled Transforming Aged Care One FISH! At a Time in the near future.

Don't miss this rare opportunity to hear Stephen in person!
Find out more about the conference at www.acs.asn.au