

25 July 2016

Human Services Inquiry
Productivity Commission
Locked Bag 2, Collins Street East
Melbourne Vic 8003

Via online portal

Re: Human Services: Identifying Sectors for Reform Issues Paper

Dear Commissioner

Thank you for the opportunity to comment on the *Human Services: Identifying Sectors for Reform Issues Paper*.

Leading Age Services Australia (LASA) is the national peak body representing all age service providers. LASA is the only industry peak body acting on behalf of private sector and not-for-profit providers delivering retirement living, home care and residential aged care services. On behalf of its members, LASA works with government, health and community services and other stakeholders to improve standards, equality and efficiency within age services. LASAs state and national offices work together to ensure Australia's age services industry is economically viable, sustainable and able to meet the growing demand – today and in to the future.

In response to the Productivity Commission's Caring for Older Australians in 2011, the Commonwealth Government introduced the Living Longer Living Better package in 2012. The three-year implementation review for this ten-year reform package is scheduled to occur over the next twelve months. The introduction of these reforms has resulted in significant change to the aged care industry, and whilst they are still occurring, they may still provide learnings for other human services industry in an Australian context.

One area of consideration is the need for a robust communication strategy when introducing change/s for the consumer and their support network, the industry workforce, as well as material for other sectors that may require the information (in the case of aged care, this may include the broader health sector). Two examples that highlight the importance of communication in the aged care industry are the introduction of Consumer Directed Care in Home Care Packages and the increased functionality of the 'gateway' to age services, *My Aged Care*. Changes to both of these areas has resulted in significant confusion, frustration and potentially delayed access for consumers to needed services due to people being uninformed.

LASA suggests that any changes that are proposed are not introduced until a robust trial and evaluation has been undertaken with significant consultation with stakeholders, rather than introducing new policies in a reactionary manner. LASA also advocates that, if significant reforms are to be considered, thorough discussions with the relevant stakeholders should be undertaken before any relevant changes are introduced. An example of this in the aged care sector is with the introduction of a consumer-led and demand-driven aged care system. At this stage, the number of age service places remain capped. Much more discussion is required before this goal is achieved and accepted by consumers and policy makers.

To date, support for innovation in aged care has been mostly limited to individual trail blazers who are seeking to improve the consumer and/or workforce experience of the industry. LASA would welcome a discussion with Government and other stakeholders on how the industry can support innovation, including how it could be funded. As previously stated by LASA, to embrace innovation, it may be necessary to consider the barriers of the existing system and assess whether they are achieving their original goals or whether they are acting to stifle initiatives. However, innovation is also synonymous with risk, and in the context of industries that seek to avoid risk as much as possible, this inevitably can create tension between the two.

Therefore, how does health and aged care embrace innovation whilst still maintaining high levels of safety and quality? To further complicate the situation, both health and aged care are heavily regulated industries. Whilst these regulations have been put into place to protect vulnerable people, they can have the unintended consequence of stifling innovation due to the rigidity that they can create. Careful consideration needs to be given to the impacts of regulation and how it may be possible to incorporate innovation into an existing system or whether it is necessary to look at evolving the system to support changes in services and products. Furthermore, consideration must also be given to providers that deliver care and services outside of the regulated system and appropriate safe guards should be in place to ensure that people have access to safe, high quality services.

In seeking to identify sectors for reform, consideration should be given to the establishment and or additional support of the effective and efficient movement between inter-related sectors (e.g. health, disability and ageing). LASA continues to receive feedback that often people have to work out these interactions for themselves as no formal options may exist to assist them.

Existing systems have the ability to impact reforms and policy changes due to their inability to perform in an expected manner, this may result in systems influencing policy. An example of this in aged care is the existing payment system that is administered through the Department of Human Services, which only allows one provider to be paid per consumer. As the changes to Home Care are introduced and the funds start to follow the consumer, and thus give the consumer the ability to engage different providers for different services, this

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will start to present problems. At this stage, this issue has been flagged with the industry that to address this system constraint, one provider will be paid and then that provider will have to distribute the funds to other providers as necessary. This inefficiency creates limitations to the industry and will result in considerable, and unnecessary, administration and red tape.

Thank you again for the opportunity to provide feedback on the *Human Services: Identifying Sectors for Reform Issues Paper*. Should you have any questions regarding this submission, please do not hesitate to contact Ms Rebecca Storen, LASA Policy Officer [REDACTED]

Yours sincerely

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Leading Age Services Australia