

Submission to the Productivity Commission – Draft Report: Reforms to Human Services

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Combined Pensioners & Superannuants Association of NSW Inc (CPSA)

Address: Level 9, 28 Foveaux Street, Surry Hills NSW 2010 **ABN:** 11 244 559 772

Phone: (02) 9281 3588 **Country Callers:** 1800 451 488 **Facsimile:** (02) 9281 9716

Email: cpsa@cpsa.org.au **Website:** www.cpsa.org.au **Donations:** 1800 451 488

CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA has 107 branches and affiliated organisations with a combined membership of over 24,000 people living throughout NSW. CPSA's aim is to improve the standard of living and well-being of its members and constituents.

CPSA welcomes the opportunity to provide comment in response to the Productivity Commission's 'Introducing Competition and Informed User Choice into Human Services – Draft Report'. As an organisation representing pensioners of all ages and low income retirees, CPSA has a keen interest in the organisation and delivery of human services that meet the needs of vulnerable and disadvantaged people. This submission provides specific feedback regarding three of the areas identified for reform – palliative care, social housing and public dental services – as well as a general comment regarding the accessibility of online information.

Palliative Care

CPSA's comments regarding palliative care are limited to the discussion of palliative and end of life care within residential aged care facilities. CPSA agrees with the Productivity Commission's assertion that there is a lack of information regarding the quality palliative care services within residential aged care facilities. It is critical that any information offered to clients about the quality of palliative care services is specifically tailored to clients. Presently, the information available to clients through the audit reports of the Australian Aged Care Quality Agency does not provide much insight into the way palliative care is actually delivered and what clients can expect. CPSA notes that the NSW Aged Care Round Table has developed a series of leaflets¹ to support clients and their families when considering residential aged care options. The leaflets provide a series of questions to ask that will help the client to determine the quality and suitability of the services on offer. CPSA highlights the '10 Questions to Ask About Palliative Care in Residential Aged Care'² leaflet as an example of a resource that has been developed specifically with clients in mind and alerts clients to the specific issues they need to be aware of.

CPSA supports the Productivity Commission's calls for adequate funding for palliative care services within the residential aged care sector and the removal of time limits on the delivery of palliative care. CPSA notes that the Department of Health, in conjunction with researchers at the University of Wollongong have proposed an overhaul of the way residential aged care is funded and have developed a number of alternative funding

¹ 10 Questions to Ask About Residential Aged Care: <http://www.10questions.org.au/leaflets.html> [Accessed 11 July 2017]

² 10 Questions to Ask About Palliative Care in Residential Aged Care (2017) <http://www.10questions.org.au/PDF/10Questions-palliativecare-0717FINAL.pdf> [Accessed 11 July 2017]

models³. While no decisions have been made, it seems likely that the current Aged Care Funding Instrument (ACFI) will be replaced with an activity-based funding model over the coming years. As part of the introduction of an activity-based funding model, the Department of Health will need to undertake a full costing study, to determine the actual costs of delivering aged care services. This is likely to result in a level of funding for palliative care that more accurately reflects the cost of delivering that care.

CPSA also notes that the Department of Health is planning to introduce a Single Quality Framework⁴ for aged care, which would replace the current accreditation system and possibly require an overhaul of the Quality of Care Principles 2014. CPSA notes that the proposed single quality framework shifts the focus from processes and inputs to client outcomes. However this means that there is no explicit mention of palliative care within the framework. The Productivity Commission should consider how the quality of palliative care services and end of life care can be guaranteed under the proposed framework. CPSA is concerned that in the absence of any specific mention of palliative care in combination with the absence of any minimum nursing requirement or staff-to-resident ratios, aged care providers may not be incentivised to deliver the required level of care. Given the importance of clinical oversight from either a Nurse Practitioner or Registered Nurse in the delivery of palliative care, CPSA strongly supports Recommendation 8 of the recent Senate Inquiry into the Future of Australia's Aged Care Workforce, which recommends the introduction of a minimum nursing requirement for residential aged care facilities⁵.

Social Housing

CPSA supports the Productivity Commission's recommendation to increase the rate of Commonwealth Rent Assistance (CRA) and to tie future indexation of the payment to changes in median rental prices. This measure is absolutely critical to restore the value

³ McNamee J, Poulos C, Seraji H et al. (2017) Alternative Aged Care Assessment, Classification System and Funding Models Final Report. Centre for Health Service Development, Australian Health Services Research Institute, University of Wollongong.

Available: https://agedcare.govcms.gov.au/sites/g/files/net1426/f/documents/04_2017/ahsri_acfi_final_report_accessible_vol_1.pdf

⁴ Australian Department of Health (2017) 'Single quality framework: focus on consumers' <https://agedcare.health.gov.au/quality/single-quality-framework-focus-on-consumers> [Accessed 11 July 2017]

⁵ Commonwealth of Australia (2017) Senate Community Affairs Reference Committee final report on Future of Australia's Aged Care Workforce. Available:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/AgedCareWorkforce45/Report/b01

of CRA, which has been eroded as a result of median rental prices increasing at a much quicker rate than Consumer Price Index.

CPSA is very concerned about the Productivity Commission's recommendation to abolish the distinction between the financial subsidies paid to social housing tenants and tenants renting through the private market. While CPSA acknowledges that the level of subsidy paid to tenants in the private rental market compared to tenants in the social housing system is not the same, this recommendation constitutes a decline in housing support for social housing tenants in order to achieve parity with private renters. The proposal to charge social housing tenants market rent, even with the possibility of a state-funded high-cost housing subsidy, reflects a fundamental misunderstanding of the financial hardship and vulnerability these households already face. CPSA urges the Productivity Commission to review the headline findings of the NSW Independent Pricing and Regulatory Tribunal's Draft Report on the Review of Social Housing Rent Models:

- An income-based tenant rent contribution is the best option to ensure affordability for tenants.
- The current rates for tenant rent contributions (25% - 30% of income) and thresholds at which they apply are appropriate. The threshold at which tenants are no longer eligible for a subsidy is appropriate⁶.

CPSA notes that the Commission has recommended the introduction of a state funded high-cost housing assistance payment, which would be paid on top of CRA to all tenants assessed as eligible. CPSA assumes that the eligibility for this payment would essentially be the current eligibility criteria for social housing. As the lack of social housing dwellings is the main reason for excessive waiting lists and the key driver of this proposed reform, the high-cost housing assistance payment would have to be paid immediately to all who are eligible if it is to achieve the intended outcome. Based on this assumption, it appears that those households currently on the social housing waiting list would automatically become eligible to receive this high-cost housing payment immediately. Given the length of the current social housing waiting lists, this will have a significant budgetary impact, which must be modelled before any decisions are taken.

CPSA has serious reservations about the financial risk associated with the recommendation to remove the distinction between financial subsidies for social housing

⁶Independent Pricing and Regulatory Tribunal NSW (2017) 'Review of rent models for social and affordable housing – draft report' Available: <https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/pricing-reviews-section-9-publications-review-of-social-and-affordable-housing-rent-models/draft-report-review-of-rent-models-for-social-and-affordable-housing-april-2017.pdf>

tenants and tenants renting in the private market. The private rental market in Australia, particularly around capital cities, has proven unable to deliver affordable rental properties not only for very low and low income earners, but increasingly for middle income, working households as well⁷. In addition to issues around affordability, people with particular accessibility requirements have a very hard time obtaining a suitable property through the private rental market. The inability of the private rental market to appropriate housing options to very low to middle income households stems, at least in part, from the favourable tax arrangements that make accumulating assets in the Australian housing market a highly attractive investment option. The Australian rental market is among the hottest in the developed world and Governments should take a very cautious approach to becoming further involved in this. CPSA is not convinced by the Productivity Commission's assertion that it 'is unaware of any research that has quantified the effect private rental assistance has on the Australian housing market' and urges the Commission to undertake this research itself given the significance of this proposal and level of risk involved.

CPSA is also concerned that the Productivity Commission has opted not to analyse the issue of tenant rights and security of tenure within the private rental market. Compared to social housing, the private rental market is highly insecure, which places vulnerable tenants in a particularly precarious state. Tenants in the private rental market must move much more regularly than those in social housing and this involves significant costs over and above the regular payment of rent. The costs of moving are exacerbated by the shortage of accessible dwellings, which means that tenants may need to pay for temporary short-term accommodation and storage costs while looking for a new dwelling. These tenants live on fixed low incomes and are accordingly unable to absorb these excess costs.

With regard to the introduction of a choice-based letting system for social housing tenants, CPSA highlights a number of practical considerations for the Commission. CPSA notes that the current short fall in the supply of social housing limits the applicability of a choice-based letting system. CPSA is concerned given this supply constraint, the introduction of a choice-based letting system may in fact exacerbate the frustrations of tenants, who are likely to face a significant rejection rate if all eligible tenants are able to apply for any property. This could be mitigated by strictly limiting the

⁷ Anglicare Australia (2016) 'Anglicare Australia Rental Affordability Snapshot' Canberra. Available: <http://www.anglicare.asn.au/docs/default-source/default-document-library/rental-affordability-snapshot-2016.pdf?sfvrsn=7>

number of tenants who are shown an available social housing dwelling through the choice-based letting system. CPSA also notes that total anonymity is critical for a choice-based letting system to function as tenants may feel they have been pitted against each other to compete for a particular dwelling if identities are revealed. This is a particular consideration where tenants are being moved out of a social housing estate to make way for redevelopment.

The introduction of a choice-based letting system is a significant change in operations and would require a significant initial investment in addition to the ongoing costs of operating and administering the system. It is critical that the tenant benefits of a choice-based letting system clearly outweigh the costs of such a system.

CPSA is concerned about the accessibility of a choice-based letting system, particularly for tenants who are not tech-savvy and tenants of culturally and linguistically diverse (CALD) backgrounds. A choice-based letting system is likely to be primarily web-based. In order for tenants to use an online system, they will require access to the internet, the technical skills required to navigate the online system and proficient English literacy in order to read information and make express interest in dwellings. Given that internet access, technological skills and literacy levels tend to be lower overall among social housing tenants, these factors must be considered. A choice-based letting system will only generate benefits for tenants if it is accessible by all tenants.

CPSA notes that these considerations around the accessibility of online information are relevant to a number of the Productivity Commission's recommendations, which are intended to improve competition and consumer choice through the provision of better information. It is critical that information about human services is available to all prospective users of that service, including those who are not online.

Public Dental Services

Waiting lists for public dental services are lengthy, with a reduction in Commonwealth Government funding increasing the pressure on state dental systems. In NSW for example, there are an estimated 73,000 people who are currently waiting to receive dental treatment. As part of the NSW Budget 2017-18, the NSW Government allocated an additional \$10 million over four years on top of recurrent funding for dental services. However this investment will only allow for an additional 18,000 patients to be treated.

There is a shortage of resources within the NSW public dental system that means it cannot possibly provide treatment to all those who have been assessed as eligible to receive treatment. In order to ration these limited resources, those who are eligible for public dental services are allocated a priority code based on their clinical need for treatment. Essentially, only those with the top priority codes receive treatment and those who have been allocated lower priority codes generally have to wait for their condition to worsen and their priority code upgraded before they will receive treatment. This is clearly not an efficient use of resources in the long run, as it is significantly more expensive to provide treatment once a patient's dental condition has deteriorated than if it had been provided when the issue first arose.

CPSA supports the intention of incentivising a preventative model of dental care, implicit in the Commission's recommendation to shift to a consumer directed care model. However, CPSA is not convinced that this will be a viable approach, given the length of the current waiting lists and the treatment needs of those patients. A consumer directed care model will only work to improve dental outcomes and ensure a focus on preventative care if access is uncapped and determined purely on the basis of need. If there is a waiting list to access consumer directed dental care packages, then it is highly likely the patient's dental health will deteriorate further while they wait, thus requiring significant treatment before preventative care can become the focus. The introduction of consumer-directed public dental care will require a significant increase in funding for public dental care from both State and Commonwealth Governments if it is to achieve the goal of shifting to a preventative model of care.

The Productivity Commission has recommended patients enter into an agreement to receive treatment from one dentist for an 'enrolment period', in order to ensure that there is sufficient time to make the provision of preventative interventions financially viable. CPSA is however concerned that this essentially undermines the principal of consumer directed care, as consumers will not be able to choose a different dentist if they are unhappy with the level of service provided. Accordingly, CPSA questions whether the language of consumer-directed care is appropriate.