



Clubs Australia

**Submission for the
Productivity
Commission's
inquiry into Caring
for Older
Australians**



July 2010

This submission contains 42 pages

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1 Introduction

ClubsAustralia, the RSL & Services Clubs Association and the Richmond Club Limited, are pleased to submit this submission for the Productivity Commission's Inquiry into Caring for Older Australians.

The submission outlines how community Clubs contribute to the health and social wellbeing of older Australians through everyday hospitality and recreational activities and the provision of quality aged care services.

Clubs are well placed to offer aged care services to their members and communities and sit somewhere between the not-for-profit and business sector models of aged care funding. Clubs are not-for-profit businesses that are not dependent on support from Government. Larger Clubs typically have diverse revenue streams and all Clubs have a community interest in providing world class services to their members and the wider community.

While not core Club business, aged care services are aligned with the types of services Clubs already offer their older members. Clubs are already providing a great amount of funding to the aged care sector, through both in kind support and funding grants.

This submission presents the reasons why Clubs are providing aged care facilities, the ways in which Government support can reduce the red tape and other disincentives for Clubs and how Clubs can be better utilised and incentivised to deliver high quality aged care accommodation and other community aged care support services throughout Australia.

Regional Australia in particular does not offer facilities of sufficient quality or quantity to meet the needs of our ageing population. It is not acceptable that elderly people, who require purpose built facilities and personalised best practice care, would be forced to spend their late age in accommodation far from their families and social supports because Governments could not provide sufficient incentives to ensure facilities are available where they are needed most.

If that situation could be reversed, Clubs would be well placed to provide and maintain aged care accommodation – a natural extension of the hospitality, social and recreational supports that Clubs already provide to many of its older members.

Clubs' interest in aged care has been stymied by complex regulatory requirements administered by Government and high start-up costs. Clubs choosing to invest in aged care services or retirement living are doing so to meet community needs and local demand for quality aged care.

Clubs can be found in towns of all sizes throughout Australia. They commonly own undeveloped land in central locations, near public transport, community facilities and shops. They typically have a sizeable proportion of elderly members and provide a range of services and facilities for those members. Such services include low-impact sport such as bowls, golf, swimming pools and gymnasiums, bus transportation to and from the home, opportunities for social interaction and hospitality including affordable meals, drinks and entertainment.

Academic research has shown that Clubs allow older people to maintain social interaction and facilitate independence. Clubs are community meeting places for people of all ages and are viewed as safe, familiar places by older Club members. This in turn leads to enhanced 'well-being' of the population and therefore reduced health services costs.

In addition, Clubs in regional areas are often the biggest employers and the best resourced non-government organisations with the ability to act independently or combine with Government in joint venture partnerships.

Most importantly, as Clubs do not need to pay dividends or declare profits, they are able to provide better aged care services at a lower cost base to residents than private sector operators

Presently, there has been limited direct involvement by Clubs in the aged care sector. Some notable exceptions are Dubbo RSL Aged Care Services. Some Clubs have invested in low care accommodation for the aged; however, of these clubs, one Club in particular is effectively and efficiently managing a residential aged care facility, retirement village and affordable housing model of services at present. This Club is the Richmond Club Limited and will act as a case study in this submission to demonstrate the benefits of Clubs in the provision of quality aged care along the continuum of need to the communities in which they are located.

To improve the attractiveness and viability of the aged care sector, ClubsAustralia, the RSL & Services Clubs Association and the Richmond Club propose three key areas of focus for consideration by the Productivity Commission to support the viability of registered clubs in wishing to consider becoming an aged care provider of choice.

- **New approaches to funding;**
- **New approaches to regulation;** and
- **Workforce investment and development.**

The areas are described in further detail in the following chapters and are summarised in chapter 9 – Recommendations.

2 About the Clubs industry

Key messages

- Clubs are not-for-profit community based organisations whose central activity is to provide infrastructure and services for the community.
- ClubsAustralia estimates that the Club Movement makes a direct national social contribution of over \$1.2 billion annually. This is in addition to the more than \$7 billion dollars in revenue generated by Clubs annually nationwide
- Clubs are becoming increasingly sophisticated in the way they identify the needs of their community, consult with stakeholders, and plan and execute decisions about facilities and infrastructure. Clubs consult with members and the community and utilise benchmarking information before investing in new infrastructure or providing a new service.
- Although gaming is considered part of Clubs' core business and forms a large proportion of revenue, Clubs are diversifying their operations for a number of reasons, often driven by member demand.
- Clubs have always provided services to meet the needs of communities through each stage of life from childcare and children's entertainment to specialised senior's activities like seniors Heartmove classes.

2.1 About Clubs

Clubs are not-for-profit community based organisations whose central activity is to provide infrastructure and services for the community. Clubs contribute to their local communities, through employment and training, direct cash and in-kind social contributions and through the formation of social capital by mobilising volunteers and providing a diverse and affordable range of services, facilities and goods.

Clubs have been an important part of the life and development of Australia since before Federation. The first formal Clubs were formed in the 1800s and have continued to be established throughout the 20th century and into the 21st. The reasons for establishing Clubs were many and varied. Most were created to provide a community with a social meeting place or to provide sporting facilities. Others were established to support migrant communities or to preserve national culture and interests.

Club membership is notable in terms of its size and diversity, both demographically and geographically. In New South Wales there were 5.5 million Club memberships held in 2007, which translates to an average of one membership for every adult person in NSW.¹ In Victoria, Clubs account for 2.7 million memberships – covering approximately 50 per cent of the population.² Australian Capital Territory Clubs have a total 510,000 memberships, with 80 per cent of residents being a Club member of at least one Club and an average of 1.9 memberships per resident.³ There are approximately 400,000 Club memberships in Western Australia⁴ and 3.2 million memberships in Queensland.⁵

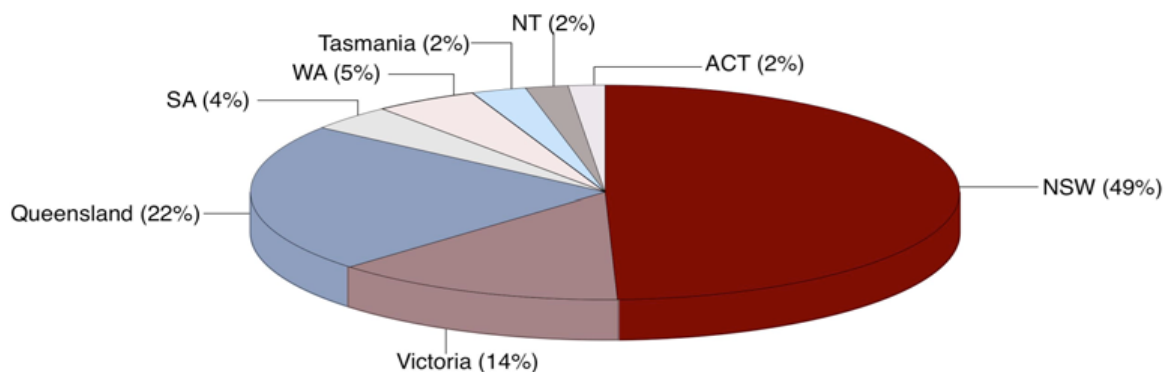
¹ The Allen Consulting Group, Socio-Economic Impact Study of Clubs In New South Wales (2007), February 2008, p.44

² ClubsVIC, Hear Our Voices: Celebrating Clubs As Communities Serving Communities, March 2008.

³ The Allen Consulting Group, Socio-Economic Impact Study of Clubs in the Australian Capital Territory, March 2008, p.vi

There are over 4,000 Clubs in Australia. As indicated in the figure below, New South Wales, Victoria and Queensland account for around 85 per cent of registered and licensed Clubs.

Figure 1: Percentage of registered/licensed Clubs by State and Territory⁶



ClubsAustralia estimates that the Club Movement makes a direct national social contribution of over \$1.2 billion annually. This is in addition to the more than \$7 billion dollars in revenue generated by Clubs annually nationwide. This does not incorporate the indirect social contributions made by Clubs that are difficult to quantify.

Clubs' economic contribution (measured by revenue, according to the Australian Bureau of Statistics in 2005) totals over \$7.3 billion per annum or 0.5 per cent of national Gross Domestic Product. Clubs provide 80,000 full-time, part-time, casual and apprentice/trainee jobs paying around \$2.5 billion in wages annually. There are over 65,000 volunteers in Clubs, who are estimated to work around 7 million hours per year as Club directors, assisting in trading activities, and organising sport and community events.

In 2008, the NSW Independent Pricing and Regulatory Tribunal (IPART) report into the New South Wales Club industry estimated that, based on the direct cash and in-kind contributions, the value of Clubs' contributions to social infrastructure in NSW was \$ 811 million. Extrapolated nationally, that figure would be at least \$1.2 billion per year. This did not include the indirect or "intangible social capital" contributions made by Clubs, which IPART said was difficult to quantify consistently and reliably, but is nevertheless likely to be significant.

Clubs traditionally provide social and recreational services to their members such as sporting facilities, live entertainment, gambling facilities and food and alcohol service. Over 90 per cent of Australian Clubs provide sports facilities to members – including 1,621 bowling greens, 338 golf courses, 102 gyms and 325 sporting fields in New South Wales alone.

Clubs have built upon their established community role by responding to growing community demand for essential services in non-hospitality related services such as childcare and aged care. Clubs provide services to meet the needs of communities through each stage of life from childcare and children's entertainment to specialised senior's activities like seniors social inclusion programs such as bus tours, luncheons and IT training.

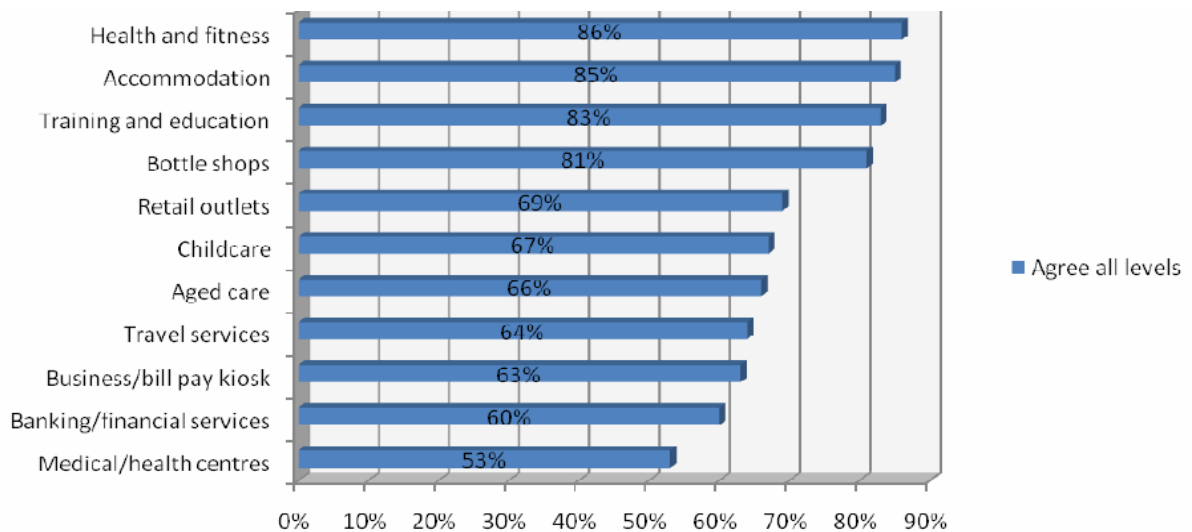
Although gaming is considered part of Clubs' core business and forms a large proportion of revenue, Clubs are diversifying their operations for a number of reasons, often driven by member demand. The broader community recognise that Clubs have a role to play in delivering community and member services. A 2007 survey of Club patrons found that 66 per cent of Club-goers considered aged care to be a preferred investment option for Clubs.

⁴ Data provided by ClubsWA to ClubsAustralia, March 2009.

⁵ ClubsQueensland, Social and Economic Impact Study of Community Clubs in Queensland – 2009 Report.

⁶ Australian Bureau of Statistics, 2005.

Figure 2: Club-goers preferred investment options for Clubs⁷



The provision of new member services, like health Clubs and childcare centres, has seen Club reliance on gaming reduce over time. In New South Wales, the 2007 Allen’s Consulting Group’s *Socio-Economic Impact Study of NSW Clubs* report indicated that Clubs’ dependence on gaming revenue as an overall percentage of revenue has decreased since 2003 from 68.4 per cent to 63.2 per cent. The figure below compares NSW Clubs’ sources of revenue from 2003 to 2007.

Figure 3: Sources of Revenue- Comparison 2003 to 2007

	PERCENTAGE OF TOTAL REVENUE		
	2003	2007	CHANGE SINCE 2003 (% POINT CHANGE)
Membership	1.4%	3.2%	1.8%
Food	7.0%	7.0%	No change
Bar	14.8%	16.6%	1.8%
Facilities & venue rental	0.8%	1.1%	0.3%
Gaming machines	68.4%	63.2%	-5.2%
Other gaming	1.9%	2.2%	0.3%
Sports	1.3%	2.0%	0.7%
Ancillary business	1.4%	1.8%	0.4%
Other ^(a)	3.1%	2.9%	-0.2%
Total	100.0%	100%	

Note: May not add precisely to 100 per cent due to rounding.
 (a) Other includes donations, cash grants, abnormal & extraordinary and other revenue.
 Source: Allen Consulting Group, 2007 Survey of Clubs in NSW

2.2 The role and branding of Clubs in serving communities

The effectiveness of any community organisation is based largely upon the level of affinity, or sense of belonging and shared values, of members of the community. This level of affinity can

⁷ Club Goers Perception Survey. Clubs Consulting, March 2007 p. 11. sub197.docx

be thought of as the collective “equity” of the community that gives the community a sense of purpose and allows the community to achieve outcomes that individual members alone could not achieve. Communities with high affinity and equity will generally have high loyalty from community members, loyalty which serves to advance the core mission and purpose of the community, expand the size of the community, and protect members of the community.

While, in general, very few communities exhibit strong equity and loyalty, an exception is undoubtedly the variety of Club-based communities serving different sectors of Australian society. RSL & Services Clubs, in particular, with their origins in serving veterans and their dependants from wars of the 20th century, demonstrate the essential elements of a dynamic, effective, “equity” based community.

2.2.1 Club principles and values

RSL and Services Clubs, because of their history, offer a unique contribution to the fabric of the club industry. They are steeped in the traditions of the Anzac Spirit which are central to Australian society, the values of which are continually referred to and used by people from all walks of life – from politicians to sporting teams.

There has been a resurgence in these traditions in recent years, particularly among our younger generations, evidenced by the increase in numbers attending not only our national Anzac Day celebrations, but visiting Gallipoli. It is on Anzac Day when RSL and Services Clubs become the focal point of people from every walk of life. It is a time when people’s differences and life’s problems are forgotten and when the Australian public joins in a single-minded objective to remember our fallen in every city and town across the nation.

RSL and Services Clubs essentially grew from the inception 94 years ago of the Returned & Services Leagues (commonly known as the RSL), the national welfare organisation dedicated to the well-being, care, compensation and commemoration of serving and ex-service Defence Force members and their dependants. There are more than 1,300 Sub-Branche Australia wide with some 400 in New South Wales.

RSL and Services Clubs represent the origins of the club industry being some of the first to emerge following WWII – many are now 50 to 60 years old. Some of the biggest and some of the smallest clubs have the letters "RSL" in their title. Some RSL clubs include RSL Sub-Branche in their structures and some do not. Some RSL clubs are direct supporters of the League and some are not.

The origin of RSL and Services Clubs is unique with the majority formed as or from Sub-Branche as part of the RSL, or alternatively from groups of returned veterans to provide hospitality, comradeship and support for war veterans. Licensed RSL and Services Clubs, by their nature, are first and foremost a social meeting place for many people and community groups. In fact many of our club members, including seniors, enjoy and rely on discounts on food and beverage and entertainment being provided in contemporary surroundings.

While many of the clubs have now become separate identities to the sub-branch, the vast majority still provide a venue for local RSL Sub-Branche to meet and are supportive of RSL ideals and aspirations, particularly on commemorative days such as Anzac Day and Remembrance Day. Many of these clubs are still governed by a majority of ex-servicemen and women on their Boards.

These clubs maintain that unique place in Australian society and culture and offer a range of sophisticated amenities for members including food and beverage, entertainment, social sporting clubs, snooker facilities, ten pin bowling, fitness centres, swimming pools, golf courses, bowling greens and aged care, in addition to gaming. In many cases it can be said that clubs provide what Government's don't or cannot afford to provide either in provision of their core facilities or their more diversified activities such as gymnasiums or aged/veteran care. RSL and services clubs in particular are therefore well positioned to provide aged care facilities for their local community should they determine there is a need.

Whatever the case, their work is held in high esteem by politicians and heads of state. In a presentation to the National Conference of RSL and Services Clubs at Twin Towns Services Club in Coolangatta in July 2008, the then Deputy Prime Minister, the Hon Julia Gillard had the following to say about RSL and services clubs:

"It's always terrific to be associated with Australia's services clubs. They provide great enjoyment and entertainment for millions of Australians and jobs for many thousands. Not only is every Australian welcome to join, all Australians can afford to join. And of course, they're run by and for their members to the benefit of past and present servicemen and women and their dependents – and the whole community.

This makes services clubs democratic places in every sense of the word – and an important part of Australia's culture and social fabric."

Similarly, the Governor General, Her Excellency, Ms Quentin Bryce, AC, at the RSL & Services Club's 8th annual conference in Melbourne in October 2010, had this to say:

"The RSL & Services Clubs are founded on a long-standing and cherished tradition that honours the sacrifice and memory of Australian servicemen and women. In your clubhouses, you nurture camaraderie and mateship among our Diggers, and among our young people who may never know war. You support the efforts and values of the League. Every day you provide enjoyment and entertainment to thousands of Australians. And in all of this, you have shown a sensitivity and responsiveness to the changing needs of your followers, and the growing demands of the environment in which you operate."

In addition to catering for much wider community participation, RSL and Services Clubs continue to foster those original ideals of a venue for ex-diggers to meet up with their mates and provide welfare assistance through the local RSL sub-branch.

This "care" principle derives from the RSL's founding vision to care for the diggers of the First World War (WWI) and all those who fought in subsequent wars; and reflects the notion of "caring for your mates", providing welfare for those who are down on their luck, and providing for welfare in the broader sense to their families and to their dependents.

The "responsibility" principle reflects the broader notion of "community exchange" and suggests that in return for the special position the Clubs have been afforded (both legislatively and through community acceptance), they need to assume at least partial responsibility for the welfare of their communities, especially those sectors that are under-privileged, overlooked, or under-served by private and public sector agencies, such as aged care.

In addition, the responsibility principle infers a role for RSL & Services Clubs to develop leadership capabilities within the community so that communities can ultimately assume greater personal influence and control over their own welfare. Numerous examples can be cited of Clubs

proactively fulfilling this responsibility, especially in the areas of leadership development, caring for the aged, and the development of healthy communities, some of which will be described in this submission.

2.2.2 Broad community reach

With about 520 licensed clubs, RSL and services clubs represent one of the most widely distributed community outreach organisation in the nation, with unrivalled name recognition, far-reaching physical infrastructure, and established long-term community relationships and goodwill. There is an RSL or kindred club in almost every major town throughout Victoria (70), New South Wales (270), Queensland (150) and Tasmania (33), with most starting from meagre beginnings, and many on land granted by the government of the day.

To attempt to duplicate such an effective community outreach infrastructure from the ground up today would require substantial, if not unviable, investment in physical infrastructure, community engagement, relationship building, and “brand” development.

The RSL and services clubs broad reach and established infrastructure represent a non-replicable asset which can and should be leveraged for the tasks of community engagement, service design, and service delivery to support an ageing Australian population.

2.2.3 Club programs and activities

A key requirement for sustaining the credibility of an organisation that represents a community, and for retention of community members, is alignment of the day-to-day activities and programs of the Clubs around the core principles and values of the community. In addition to the original ideal of a venue for war veterans to interact with their peers, the RSL & Services Clubs today offer programs and activities that cater to a much wider community and set of community needs.

It is a generally accepted principle by Government and many members of the community that Registered Clubs play a vital role in providing sporting, social and recreational services, amenities and activities which are often considered unviable or non-sustainable if they were to be provided for on a true economic basis of return-on-investment.

It is also well documented that Clubs assist and contribute to community standards of living by allowing often free-of-charge or heavily subsidised use of their facilities for purposes of fund raising, community assistance and health and welfare organisations and education services (across all demographics). At times of national emergencies and natural disasters, Clubs become a safe haven for residents and a focal point for community interaction.

In line with its broader corporate social responsibility objectives, the RSL & Services Clubs Association through its member clubs has embarked on a variety of major projects which provide significant ‘intangible welfare’ benefits to their local communities. Examples include the following.

- **The Kokoda Youth Leadership Challenge (KYLC):** The Association, through the KYLC Benevolent Fund, oversees the Kokoda Youth Leadership Challenge designed as a major community project to develop disadvantaged or wayward youth into the leaders of tomorrow. The program, launched in 2005, is aimed primarily at young people at school and disadvantaged or unemployed young people in the community who are having difficulty in finding their way in society. It is also used to further encourage young people with natural leadership skills and is used by some clubs as a leadership incentive program for younger staff.

Retracing the steps of WWI Armed forces along the Kokoda Trail in New Guinea, the program has instilled leadership and team-building spirit and capabilities in more than 110 young people with a further 30 to undertake the program this year. The project provides a major contribution to community welfare by reducing youth crime rates, creating a source of young community leaders, and encouraging participants to work with local community leaders on a range of projects. Sponsored by individual member Clubs, the program represents a combined investment in youth leadership of more than \$500,000.

- **Operation CARE:** In mid-2006, the Association, the Returned & Services League of Australia and the Department of Defence joined forces to establish Operation CARE. The Scheme provides up to one week's 'Rest and Recuperation' at sites throughout the country for selected Defence personnel and their immediate family, where the Defence member has been repatriated to Australia as a consequence of wounds received in overseas combat operations, namely in Iraq and Afghanistan. The aim of Operation CARE is to assist wounded Defence personnel and their immediate family to recover from both the physical scars incurred from combat, by providing them some quality time together in a relaxing and stress-free environment. Initiated by member clubs of the RSL & Services Clubs Association which, along with the RSL provide funding for the scheme in keeping with their objectives to support their ANZAC heritage, the program has received accolades from Defence officials and Armed Forces families alike.

2.2.4 Loyalty and trans-generational membership

The RSL and Services Clubs operate as voluntary membership organisations. Like all other memberships organisations, the practical test of the equity of the community to which these members belong is their level of loyalty to community. Loyalty is not only the willingness to remain a member of the community (or the organisation that represents the community) over time, but also the willingness to become a proactive supporter of the community, through active participation in programs and activities of the community, through offering public support for the community, and through bringing new members into the community.

Based upon membership levels, the RSL and Services Clubs appear to have a highly loyal membership base. In New South Wales, membership of the 130 member clubs of the RSL & Services Clubs Association exceeds 1.4 million individuals. Patronage of clubs by these members is regular and frequent, with a high proportion of members visiting the club daily or weekly.

As with other organisations, this loyalty is driven by the ability of the clubs to offer services that are perceived as highly relevant and unique to the membership. Based upon prior research, the key motivations espoused by members for frequenting clubs include safety, the feeling of being cared for, and the ability to obtain support that they would otherwise not be able to obtain. These espoused benefits, and the sustained high patronage levels, together provide clear evidence that the RSL & Services Clubs are fulfilling a critical community support role that is not met by other providers.

In addition, this membership has survived multiple generations or community cohorts. RSL and Services Clubs have been in existence for more than 60 years, during which time multiple generations of Australians have chosen to join and support the clubs. As alluded to in the section above, this trans-generational support is clear evidence that clubs continue to be seen as a relevant and unique vehicle for community engagement and support across Australia.

2.3 Clubs partnering with community

Clubs are also becoming increasingly sophisticated in the way they identify the needs of their community, consult with stakeholders, and plan and execute decisions about facilities and infrastructure. Clubs consult with members and the community before investing in new infrastructure or providing a new service. For example:

- Dubbo RSL Club has met an identified community need through the provision of a town centre car park, at the cost of \$3 million. The car park provides free entry for the entire Dubbo community, and is used by many people who commute into town for work.
- Mingara Recreation Club, on the NSW Central Coast, has also responded to the increasing suicide rate in its area through assisting with the establishment of the Central Coast Suicide Prevention Network. Mingara's Sports and Community Manager was actually a founding member of the network. The network works with a variety of other community representatives to address the suicide issue on the Central Coast. Thanks to Mingara's support, Wesley Mission now runs a new, similar program in Port Macquarie.⁸

Through interaction with members and local communities Clubs often fulfil roles and needs that are unmet by Government. One Club manager from a regional area described this situation:

“Government... does not know we exist out there. We know that our local hospital needs support for the bus which takes people from the retirement home around. We know what they want, because they're asking us, they're telling us. If they were to ask the government, because they are such a little organisation, they would miss out completely and that's my greatest concern in country areas in particular that they would be the ones that miss out. And we could provide that for them.”⁹

Forty per cent of New South Wales Clubs are located in regional areas and Clubs are often the focal point for entire towns and their surrounds.¹⁰ Comments made by Club directors and managers clearly show the importance of Clubs in regional towns:

“There are hundreds and hundreds of Clubs in regional New South Wales who have become the focus of a town of 100, 200, [who] will never be required under the law to make any formal contribution to CDSE, but they do huge amounts of work for their local community...anyone who lives in that little town knows that they can go to their local bowling Club because that's where the mothers' group meet and the bingo players go and the knitting circle...40 per cent of the Clubs in New South Wales are in regional areas...Deniliquin, Dubbo, Mudgee, all those areas where you're talking to people out there...All around up the coast and in the bush they are the centre of their community.”¹¹

“If you're in the country, quite often the Club in the country is the heart of the town...everyone is a member of the Club and everyone uses that Club. It's a real hub for that town. Social and business network. It's used for everything.”¹²

Clubs also play an important role in regional economic stability through their support for local business as major purchasers within a town. For example, the Mildura Working Man's Club purchases goods and services from 150 local businesses. The Club pays approximately \$400,000 per quarter to suppliers, a majority of which are within the local community.

⁸ Hawker Britton NSW Clubs in their local communities A Case Study July 2007 p.18

⁹ Ucomm, Directors Focus Group Report, commissioned by ClubsNSW, July 2007, p.8

¹⁰ IPART Review of the Registered Clubs Industry in NSW - Final Report, June 2008 p.29

¹¹ Ucomm, Directors Focus Group Report, commissioned by ClubsNSW, July 2007 p.34

¹² UMR Research Pty Ltd. NSW Clubs in their Local Communities – A Case Study. Commissioned by ClubsNSW February 2009, p. 12

Likewise, Dubbo RSL Club participates in Dubbo City Development Corporation (DCDC), a community-based organisation whose purpose is to promote and expand Dubbo as a business destination. In the past, the Club has provided financial support to the corporation. The Club's involvement in this group ensures the Club is up to speed with initiatives designed to promote Dubbo city, allowing the Club to identify areas where it can contribute to the city's economic development. The Club also promotes the town's economic development with a program providing a discount for in-Club purchases to members who purchase products from local businesses.¹³

¹³ Ibid.

3 Clubs and older Australians

Key messages

- A large proportion of people aged 55 and over are Club members – for example, in New South Wales approximately 70 per cent of people aged over the age of 55 are a Club member.
- Clubs are important to older Australians, and have a significant role in their social participation and networks. Most Club support for older Australians is provided through daily social activities and hospitality events.
- Academic research shows that older people value community connections formed at Clubs and Clubs facilitate independence among older Club-goers.
- Many Clubs have close links with seniors groups in their local area and Clubs serve as meeting places for these groups. Clubs also hold events specifically catering to the needs of older members such as adult day care groups, art and craft groups, seniors' yoga/stretching and Heart Moves and Pilates classes. There is an increasing trend for Clubs with fitness centres to host classes specifically targeted to meet the physical needs of seniors.
- In response to the increasing needs of their older members for care and support, Clubs are increasingly becoming interested and involved in aged care, and the number of older Australians being supported by Clubs in the community and in residential aged care facilities owned or managed by Clubs is increasing. This is in part due to the trust many senior citizens have in their clubs.
- The Richmond Club's investment in Hawkesbury Living is a prime example of how Clubs can invest in residential aged care, retirement village options and in the provision of social housing for seniors. Clubs provide real benefits for the community and for older people needing low or high-level care.

3.1 Club membership among older Australians

The Club movement is committed to helping local communities and this commitment has resulted in Clubs offering a range of services to benefit all people across the lifespan, including older Australians.

There are currently just over four million Australians aged 55-plus (or about 21 per cent of the population). This is projected to increase to more than double to around 9.2 million – or around 36 per cent of the total population – by 2042.¹⁴ Approximately 13 per cent of the population – some 2.8 million people – is aged 65 years or older. This is expected to rise to 18 per cent by 2021 and to 26 per cent (around 7 million people) in 2051.¹⁵

A large proportion of people aged 55 and over are Club members. For example, in New South Wales approximately 70 per cent of people aged over the age of 55 are a Club member,¹⁶ and nearly 40 per cent of bowling Club members in Western Australia are over the age of 65.¹⁷

¹⁴ Commonwealth of Australia, Intergenerational Report, Budget Paper 5, May 2002

¹⁵ Commonwealth Minister for Ageing, Media release "Australian Government's Positive and Active Ageing Plan", 23 June 2008. Available from: <<http://www.health.gov.au/Internet/ministers/publishing.nsf/Content/mr-yr08-jeje099.html>>, accessed July 2010.

¹⁶ Q2 Strategic Market Research Report prepared for ClubsNSW. February 2004, p.62

¹⁷ Allen Consulting Group. Social and Economic Contributions of Licensed Clubs in Western Australia. August 2009, p.16

Further, 41 per cent of active participation hours (that is, hours spent in leisure or recreation activities) in Queensland Clubs and 54 per cent of active hours at bowling Clubs are spent by people aged 65 and over.¹⁸

Clubs are member based organisations and the driving force behind everything they do is the needs of their members. The high proportion of older Club members and patrons has motivated many Clubs to offer activities and events that specifically target the needs of older members.

3.2 Building community and social connections

Clubs provide real yet intangible benefits to older Australians and are a vital part of Australia's social fabric.

Most Club support for older Australians is provided through daily social activities and hospitality events. Many of these events are "all ages" and not focused on a particular age group, such as bingo, trivia nights and holiday functions like Melbourne cup events and Christmas dinners. Some examples of Club social activities that senior Club members participate in include bingo, bowls (lawn and indoor), raffles, trivia competitions, snooker and billiards, live music performance, choirs, card Clubs, fishing Clubs, darts Clubs and competitions, exercise classes, toastmasters, line dancing, golf and day bus outings.

Research undertaken by Dr Virginia Simpson-Young of Macquarie University shows that older people value community connections formed at Clubs and Clubs facilitate independence among older Club-goers. Dr Simpson-Young's research has found that:

*"Club use is a major contributor to maintaining social connectedness and a sense of self as self-reliant, autonomous and capable. In the context of an ageing population, Australia's registered Clubs feature in the mosaic of resources available to older people, and their communities, for the creation of social capital."*¹⁹

Further academic research on the health and wellbeing of older Australians has found a correlation between increased social participation and better health outcomes. The Adelaide Health Development and Social Capital Project found that:

*"Social participation has a strong link with health and that becoming involved in the social life of the local community, therefore, does improve health and it appears to act as a buffer to poorer health as age increases and socio-economic status declines."*²⁰

The Project's analysis also demonstrates that social participation declines with age or economic means, emphasising the crucial role of Clubs where membership is biased towards older people and lower income workers. This has important implications for public policy-makers, particularly in relation to an ageing population and economically disadvantaged areas where levels of social capital may be low and/or declining. The Adelaide researchers concluded:

*"...the challenge is to build the social capital of communities in a way that encourages the social participation of men and women as they get older and of people in lower socio-economic groups."*²¹

¹⁸ Dickson-Wohlsen Strategies. The Social and Economic Profile of Community Clubs in Queensland. June 2009, p.21

¹⁹ Simpson-Young, V. (2008) Meat-Trays, Marginalisation and the Mechanisms of Social Capital Creation. University of Sydney. p.xiii

²⁰ Baum, F. Parker, C. Modra, C. Murray, C. and Bush, R. Families, Social Capital and Health" in Social Capital and Public Policy in Australia, 2000, p.257

²¹ Ibid

As part of her research Dr Simpson-Young asked older Club goers about their experience at the Club and asked why they visited the Club. Some of the reasons respondents gave for attending the Club were “*spending time with friends and talking and meeting friends; company or companionship; the nice, friendly and helpful staff at the Club; to have a few beers (with or without others); the Club is pleasant; there are nice people and the Club is family-like and home-like*”.²²

That some respondents felt that the Club was “home-like” indicates the strong social connection between some older Australians and their social circle at their local Club. Dr Simpson-Young also found that Clubs contributed to physical and cognitive competence and this competence helped to facilitate the independence and self-reliance of older Club members. In addition to assisting in maintaining everyday competence, Club participation was also viewed to assist in the management of limited financial resources, food acquisition and embed the person in their local community.²³

3.3 Meeting specific needs of senior members

Many Clubs have close links with seniors groups in their local area and Clubs serve as meeting places for these groups. The most common seniors or retiree groups that meet in Clubs are Probuss, National Seniors, Rotary, War Widows and local branches of Legacy. Club-sub branches also meet at the premises of their affiliated registered Club. Some other groups that meet at Clubs include deaf senior citizens’ groups, ANZAC committees, View Clubs, Lions Clubs, Men’s Sheds and Inner Wheel. Clubs also hold events specifically catering to the needs of older members such as adult day care groups, art and craft groups, seniors yoga/stretching and Pilates, seniors bingo, seniors belly dancing, line dancing and salsa dancing to name a few.

There is an increasing trend for Clubs with fitness centres to host classes specifically targeted to meet the physical needs of seniors. Dubbo RSL and Castle Hill RSL both offer seniors fitness classes at their Club gyms. The Castle Hill RSL Club classes, “Live Long Stay Strong” are low impact and are suitable for people who have had hip or knee replacements, undergone heart surgery or suffer from arthritis.²⁴

Clubs are able to provide a social environment that helps older people participate in social activities. Club courtesy buses and subsidised taxis are direct ways that Clubs help older people get to the Club. Many Clubs are located in town centres or main shopping precincts and are close to public transport links. Older people may use the Club courtesy bus to travel into town to use other amenities. One of Dr Simpson-Young’s interview respondents commented that the Club, in comparison to other social places, was very accessible, “*I couldn’t go down - same as some of them do, and go and look round all the shops and that, I can’t walk.*”²⁵

In a focus group of Club managers, one manager made the following comment:

“I had a little old lady, when we were talking about the pokie tax, come in and say, ‘Please don’t cut out that free bus because I come here three days a week. That’s my three days I go out and I go shopping too in between times.’ So she takes her shopping home on our free bus, but that gets her out of her four walls. So how do you measure the health and the

²² Simpson-Young, V. (2008) Meat-Trays, Marginalisation and the Mechanisms of Social Capital Creation. University of Sydney. p.131

²³ Ibid. p.196

²⁴ C2K Fitness Centre Class Timetable. Available from: <<http://www.c2kfitnesscentre.com.au/timetable/class-guide/>>, accessed June 2010.

²⁵ Simpson-Young, Virginia (2008) Meat-Trays, Marginalisation and the Mechanisms of Social Capital Creation Virginia Simpson-Young, University of Sydney. P.199

well-being of your community? And council said to us as well if the Club stops giving your meeting room, they can't build more venues. They can't build more. How do you then measure that in dollar value?"²⁶

Club courtesy buses are a vital community service in regional and remote towns with little public transport. Bombala RSL Club in New South Wales provides the only bus service in the community. The bus is used as a courtesy bus on Thursday, Friday and Saturday nights and the bus is also used by aged care groups on other days of the week as needed. The delivery of transport services can also be critical in metropolitan areas such as the Hawkesbury where transport infrastructure has not been developed in line with growth.

Clubs give older people options for involvement in social activities of interest and provide a safe place to meet friends and family for an inexpensive meal. Many Clubs subsidise lunches as a way of helping the aged in their community. Meals provided by Clubs are reasonably priced and older Club members are valued patrons. Many Clubs offer discounts and benefits to seniors such as Crescent Head Country Club on the NSW North Coast who offers seniors a three-course meal for only \$5.

Clubs in New South Wales are heavily involved in promoting "Seniors Week" activities and many Clubs hold activities during Seniors Week as well. Bowling days, golf days, guest speakers and information sessions, entertainment, free lunches are all examples of Seniors' Week activities held at Clubs.²⁷ Clubs NSW recognises Clubs involvement with seniors' week activities through its annual sponsorship of Seniors Week.

Clubs are also involved in promoting innovative seniors activities. Caringbah RSL Club launched a Broadband for Seniors Project in June 2010, where Club employees provided lessons on how to use the internet targeting the Club's older members. The Club provided this service to help build community participation and support.²⁸

3.4 Clubs and aged care

Clubs are community hubs and play an important role in the lives of older Club members. Clubs are interested in, and willing to, invest in aged care services to ensure that their members receive appropriate care and support as they age.

As well as providing important social, recreation, health and wellness opportunities and activities for older members and in response to the increasing needs of their older members for care and support, Clubs are increasingly becoming interested and involved in aged care.

Clubs are playing an increasingly important role in aged care, making a significant funding contribution to, and investment in, aged care services and working extensively with community partner organisations to support and deliver services to older people. As a result, the number of older Australians being supported by Clubs in the community and in residential aged care facilities owned or managed by Clubs is increasing.

The greatest benefit of Clubs providing aged care services is the community and social links already in place around Clubs and Club members. By building aged care around an existing social network, people are able to remain close to family, friends and community, and stay in a familiar area with a trusted organisation.

²⁶ Ucomm, Managers Focus Group Report, commissioned by ClubsNSW, July 2007, p.9

²⁷ Hawkesbury Gazette (March 10 2010) "Our seniors live it up", p.14

²⁸ The Tradies "Tradies Teaches Seniors to Get Tech- Savvy." Press Release dated 22 June 2010.

3.4.1 Clubs investment in aged care

Only one club (The Richmond Club) invests extensively in residential aged care and retirement living, providing capital for the development of aged care facilities and retirement living as well as land on which aged care facilities and retirement villages can be developed, and operating these facilities and retirement living.

But the potential for other Clubs also to contribute to community-based care for older people, providing much-needed support to community organisations supporting older people to remain in their own home longer – including support for meals-on-wheels services, neighbourhood aid centres, community care services, stroke and cancer support groups and other organisations formed to assist the aged.

There are also a range of other example of Clubs' investment in, and support for, aged care, some of which are outlined in the box overleaf.

Case studies in Clubs' investment in, and contribution to and support for aged care

Bankstown City Aged Care: Bankstown City Aged Care was formed in 1972 by a group of registered Clubs in conjunction with local hospitals, Bankstown Council, the NSW Government and local Lions and Rotary Clubs. The Clubs involved in founding Bankstown Aged Care were Bankstown Sports Clubs, Bankstown Trotting Recreation Club, Revesby Workers Club, Bankstown RSL, Bass Hill RSL, Chester Hill RSL, Panania Diggers and Revesby Ex-Servicemen's Club.²⁹ Bankstown Aged Care employs 250 people and cares for 350 elderly clients in low care, high care and dementia specific care, 200 clients at home through Community Aged Care packages and Veterans Home Care and 50 clients through dementia day care centre.³⁰

Since 2008, Bankstown Sports Club has given more than \$430,000 towards the completion of the Yallambee Village in Revesby; this figure represents almost half of the contribution towards the project. The Yallambee Village was previously a 52 bed, low care centre and now offers an extra 60 low and high care beds.³¹ The building of Bankstown Aged Care's dementia wing extension was paid for entirely by registered Clubs and community fundraising with no support from local, state or federal government.

Dubbo Aged Care Association: Another example of a licensed Club joining with community partners is found in Dubbo. The Dubbo RSL Club and the Dubbo RSL Sub-Branch, invested \$2 million (\$1 million each) to establish the Dubbo Aged Care Association (DAC) in 1990. Initially formed to improve the quality of life for ageing returned service men and women, DAC is now open to all aged persons. DAC has grown from a 40-bed hostel facility to a 187 bed hostel facility with an additional 148 self care units and a total of 250 staff. Care ranges from that for independent, self-catering residents to those persons who require 24 hour care and service. DAC has been run as a not for profit-making business unit and has successfully grown over the past decade, such that in 1997, the Club relinquished day to day control and DAC became incorporated as a separate company. Dubbo RSL continues to support the DAC through annual donations and sponsorships. The Club's Secretary Manager has a position on the DAC Board and the Club President is also the Chairman of the DAC Board.

Aged and Community Services Award Industry Supporter Award: In 2009, Raymond Terrace Bowling Club in New South Wales won the Aged and Community Services Award Industry Supporter Award for the support given to Port Stephens Community Care. On 3 January 2009, an act of vandalism damaged the Port Stephens Community Care kitchen and an alternative kitchen needed to be found. Raymond Terrace Bowling Club offered Port Stephens Community Care the use of the Club kitchen to prepare the meals they deliver to the elderly in the community. "Without the timely intervention of Sue Conroy, the General Manager of the Raymond Terrace Bowling Club, in the aftermath of the explosion, many clients of Port Stephens Community Care could have been severely disadvantaged. Because of the prompt and generous action of the Raymond Terrace Bowling Club, the meals on wheels service to the aged people of Port Stephens was able to proceed almost seamlessly and without disruption to the community care clients."³²

3.4.2 Clubs and retirement living options

As well as investment in aged care, Clubs are increasingly becoming interested in building over 55s retirement living accommodation for their members to:

²⁹ Bankstown Aged Care submission to Productivity Commission Inquiry on Gambling 2010

³⁰ Bankstown Aged Care submission to Productivity Commission Inquiry on Gambling 2010

²Bankstown Sports Club press release "Bankstown Sports Club Allows Elderly to Rest Easily" March 2010

³² Press release Port Stephens Community Care date.

- provide their older members with the housing and support they need to live in comfort in retirement
- assist members remain in the community; and
- maintain and develop their social connections within the community as they age.

As an example, Dee Why RSL Club have commenced building work on the Oceangrove retirement village apartment complex located close to the Club on Sydney's Northern Beaches. The project stemmed from a recognised need in the Club's local area. There is a shortage of centrally located seniors' accommodation and this need for local seniors living has been acknowledged by Warringah Council and the New South Wales State Government. The most important driver of the Club's consideration of the project was the response from their membership, and in particular the considerable feedback from older members that they have a strong preference to remain in the Dee Why area and not moved to retirement villages in other areas.

The retirement village is currently under construction with 76 independent living apartments being built in total, including a range of one, two, and three bedroom apartments. The village is being built adjacent to the Club. It is on a main arterial route with bus stops within metres of the front door and is close to the beach, shops, medical facilities and the Dee Why library.

4 A new approach to aged care – the Clubs option

Key messages

- Clubs provide a range of hospitality, social and recreational activities for older members and assist with providing community connectiveness and belonging.
- Clubs are well placed to leverage existing assets for the provision of aged care services along the continuum of need. These assets include existing infrastructure and facilities; shared service functions; qualified staff; strong reputation and brand across the market place; and robust community networks and relationships.
- Clubs could offer a ‘one stop shop’ approach to aged care service delivery that encourages and supports ageing in place.
- Clubs are experts in hospitality and community service needs and therefore a natural fit for the delivery of further aged care services to the community.

Clubs offer a viable alternative model in the provision of aged care services along the continuum of need. The following section outlines the Clubs’ approach and potential.

4.1 An extension of existing Club activities

As illustrated in previous sections, Clubs are often centres of social activity in their local communities and promote a sense of belonging - especially for the elderly. As social and recreational venues, Clubs are currently limited in their ability to offer a full range of supports to its older members. However, provision of community based supports and aged care builds on the valuable social networks formed through Clubs and the hospitality functions of Clubs. Clubs providing community aged care services and/or operating aged care facilities help elderly people stay connected to their networks of friends and family by allowing people to remain within their communities.

4.2 A continuum of aged care

The majority of aged care in Australia is predominantly community-based with older Australians receiving aged care services in their own home or in accommodation for the retired or aged (including retirement villages). Broadly, the continuum of aged care encompasses the intensity of support need and the intensity of support services required to meet those support needs for older people. The continuum of care and support depends on the needs of an older person – whether they live in their own home within their community with no need for formal support services through to increasing levels of support required as their needs change over time. Support services include:

- **community care services** that assist an older person to live at home longer (ageing in place), such as Home and Community Care (HACC) which may provide domestic care, social support, ‘meals on wheels’ for example, and Veterans’ Home Care (VHC).
- **community care packages** such as Community Aged Care Packages (CACPs), Extended Aged Care at Home (EACH) and Extended Aged Care at Home Dementia (EACH-D) which are designed for older people who are eligible for residential care but prefer to remain in their own home and community and are capable of doing so with the support of family, carers and others.

- **residential aged care** which covers both low level (personal care services to assist with the activities of daily living) and high level (personal care services and nursing services and equipment).

4.3 The Richmond Club case study

The Richmond Club (“the Club”), located in outer western Sydney, provides a suitable case study to demonstrate what Clubs potentially have to offer along the continuum of care and the value they provide to their members and communities in which they are situated.

4.3.1 The Richmond Club and community development

A variety of Clubs have extended their community outreach in the form of programs that extend beyond the core veterans stakeholder constituency to address pressing issues facing the broader community. The Richmond Club’s broad reach and established infrastructure represents an asset which can be leveraged for the tasks of community engagement as well as aged care service design and delivery to support older members of the Hawkesbury community.

The Richmond Club is proactively engaged in the following programs.

- **Aged care facilities:** the Club maintains a licensed 100-bed acute care nursing home, affordable housing, and is currently building a 10 bed Memory Care Facility in close proximity to its Club premises in Richmond. The successful financial performance of this facility and the continuing growth in demand for its services is testament to a Club-sponsored model for the delivery of a comprehensive range of quality aged care services to the community. The Club is in the process of decommissioning a 1970s retirement village in preparation for another extension. In the duration it is utilising the old stock for rental purposes specifically for disadvantaged older people.
- **Nurse development program:** it is widely acknowledged that no matter what mix of aged care models finally evolves, Australia will need a significant increase in the number of qualified health care professionals to meet the care needs of the aged. Partly in response to a failure of both private and public sector agencies to seriously address this gap, the Richmond Club has created an innovative partnership with the University of Western Sydney and private sector corporations to wholly fund (through corporate donations) the training and qualification of new nurses. Called “Intocare”, the program appears to be one of the first of its kind to proactively improve the broader ecosystem required to sustain an aging population. Underpinning this concept is a heightened recognition of the role that businesses have in achieving a better society. A new generation of business leaders are taking an active personal and professional interest in community development.
- **Healthy living communities:** through a major new community development project in Box Hill, the Richmond Club is leading the nation in the shaping and realisation of the “healthy community” concept. Comprising a mix of commercial and residential options that allow people to live and work in the same community the development encompasses a range of healthy living arrangements and services for individuals from all demographics.

Apart from traditional residential dwelling units, the development includes: a commercial centre, a world class hotel, a retirement village, a residential aged care facility, a day/respite centre, a medical services, a preventive health centre, a seniors education centre, childcare facilities, and a traditional RSL community Club with attendant sports facilities. As a carefully conceived master plan in development, the master plan is the first of its kind in Australia to demonstrate the potential future role of Clubs in supporting healthy communities

through all stages of the lifecycle and all levels of mobility incorporating intergenerational parks and buildings

- **Social inclusion activities:** the Club offers a range of social activities and services for the local community such as bus tours, community transport, lawn bowls, table tennis, community awareness raising events and welfare cars. In addition, the Club financially supports a number of community initiatives such as Hawkesbury Community Kitchen, Turning Point, Secret Garden, and the local Hawkesbury Skills Women's Cottage (for family and domestic violence initiatives) and so on.

Collectively, these programs demonstrate the consistency and sustainability of the reputation and value of Clubs. These programs continually reinforce the principles and values that have defined the purpose of Clubs since inception, yet demonstrate the ability of Clubs to find new programs and activities that sustain the relevance of the Clubs in an ever-changing community environment.

4.3.2 The history of the Richmond Club and aged care in the community

The Hawkesbury Community and RSL Homes Limited ("the Nursing Home") has operated in the Hawkesbury community for in excess of 40 years. As a community operated facility the Nursing Home relied upon the generosity of the local community to assist in raising funds. The funds donated by the community then were used to build both facilities and at times upgrade the facility in terms of new medical and other equipment as well as to improve the comfort and aesthetics of the facility for its residents.

The RSL Richmond Sub-Branch has provided financial support and donations to the Nursing Home dating back to 1957. The involvement of the Club with the Nursing Home increased significantly in 2000, with the then Assistant General Manager of the Club being elected to the Board of the Nursing Home.

The Club has a strong ethos of social commitment and responsibility within its community and has made a significant social contribution within the Hawkesbury community for many years by assisting in the development and support of local community facilities including 88 acres of sporting fields for the development of much needed sporting facilities for the greater Hawkesbury region, in addition to a hospital and aged care facility. The Club became the leading organisation within the Hawkesbury Community in providing financial support to the Nursing Home.

The support provided to the Nursing Home by the Club includes the following:

- significant cash donations and organisation of fund raising events to support various fund raising activities, goals and milestones;
- loans to enable the building and upgrade of facilities;
- use of Club assets, such as utilisation of the Clubs courtesy bus; and
- provision of senior management expertise and time with Club representation on the Board and utilisation of Club administration facilities and skills.

From the late 1990's, the Nursing Home found it increasingly difficult to control costs and maintain a break even trading position, resulting in increasing trading losses from the 2001 to 2004 financial years. The poor trading performance was primarily due to the limits on the quantum of fees received on behalf of residents from the Commonwealth Government and the increase in both staffing costs and medical expenses over the period from the mid 1990's until around 2003 to 2004. There were also major concerns in relation to Workers' Compensation

claims and inability to upgrade essential equipment such as electric beds, linen, IT and laundry facilities.

The increased costs of operating a high care nursing home facility placed considerable pressure upon the Board of Directors and Management of the Nursing Home. Additionally, the age of the facility and the increased need for specialist aged care services within the Hawkesbury community, including the increased need for dementia care, required the facility to be redeveloped and expanded, over the coming years, if the facility was to continue to provide a high standard of care and continue to develop in accordance with the needs of the local community. This was not going to be possible without considerable community support and funding.

In 2004, as a result of considerable and long term financial pressures, and the loss of accreditation, the Board of Directors and Members of the Nursing Home and the Board of Directors of the Club commenced discussions on a possible merger of the two entities, given the synergies that existed between the two organisations, and to ensure survival of the Nursing Home. The decision was made for the Club to acquire the asset with a clear mantra of gaining accreditation first followed by a commitment to redevelop the facility for the local community.

The merger enabled the Nursing Home to take advantage of the considerable management and administrative expertise of the Club and have the financial base to be able to secure funding from the Club's lending authority to redevelop the facility while providing the Nursing Home with the benefits of economies of scale from its joining with the Club. Additionally, the hospitality and customer service focus of both organisations provided for a mutually understood philosophy which assisted in a relatively smooth merger of the organisations.

In October 2005, the Board of the Directors of the Club and the Board of Directors and Members of the Nursing Home entered into a Deed of Agreement. Under the Deed, principally the assets, liabilities and business of the Nursing Home rolled into a new corporate structure, representing a 100 per cent owned subsidiary of the Club, in exchange for a pledge by the Club to assist in the management of the facility and to undertake redevelopment and improvement of the facilities of the Nursing Home for the benefit of the Hawkesbury community.

The new corporate structure is known as Hawkesbury Living Pty Limited, to reflect the philosophy of the group and its strength and belief in the Hawkesbury community and the benefits of living in the Hawkesbury. With the merger, a number of legal and statutory requirements had to be achieved to ensure that the Nursing Home could continue to operate with Federal Government funding and provide for a financially viable and successful merger between the two entities.

“The partnership between the Richmond Club and the Hawkesbury Living is, to say the least, rather unique. For the first time we have a NSW Club which acknowledges the need for aged care services in the Hawkesbury and the community generally. The Richmond Club recognises that action has to be taken to address the increasing demand for such facilities in our aging community.” (Interview, Representative for Londonderry)

The following milestones were achieved by the Club:

- approval by the Department of Health and Ageing and fulfilment of the requirements of the *Aged Care Act 1997*, including the transfer of the approved provider status and bed allocations and licences;
- application and approval for a top-up of 6 additional bed licenses due to an identified need and a grant for 30 additional bed licenses for the facility to be able to extend its services.

- endorsement from the Australian Taxation Office of the tax-exempt charity status and deductible gift recipient status of the new corporate entity; and
- a stamp duty exemption for the transfer of dutiable property from the Nursing Home to the new Richmond Club/Nursing Home structure.

Upon successful completion of the merger, the Club employed an aged care specific General Manager to lead the management team at the Nursing Home. This provided the facility with a dedicated senior resource that could focus on improving the financial performance of the facility, and allowing the care providers to continue to provide the highest levels of care to the residents.

Additionally, the strong management structure at the Club provided for a shared services environment between the two entities such that the marketing, human resources and facilities management structures at the Club, could be utilised by the Nursing Home, thus providing some management and administrative services that previously was not available to the facility (for example, human resources, IT and marketing services).

Since the merger with the Club, the Nursing Home has produced strong financial improvements resulting in increased profitability, strong cashflow and strong industry key performance indicators which has enabled significant reinvestment and improvement in the facility and enhanced the level of care to the residents.

4.3.3 The Richmond Club and aged care

“The Richmond Club have been providing services for the elderly through their aged care facilities that quite simply would not have been available if left up to government. They have filled this void on behalf of our aging population and our elderly residents have been the beneficiaries of their care and vision.” (Interview, MP)

Previously, the facility consisted of a 65 bed high care nursing home with the status of non-accreditation when acquired by the parent company. The Club also acquired 14 self-care units (“Norman Court site”). Currently, the facility now has 100 high care bed licences and a dementia facility, providing a premium level of care to those residents suffering from dementia.

Since the merger, the Club has completed a master planning process for the expansion and redevelopment of the Nursing Home site, which considers the needs of the community as determined by the ongoing communication and feedback from the residents and their families, as well as the Club’s members.

The Master planning process allows for an expansion of the facility in three to four stages and provides for the development of double and single room accommodation, expanded activities areas and lounge areas for the residents to come together as a community in addition to treatment and service rooms to provide key services to the residents such as hairdressing and beauty, physiotherapy, massage etc. The first stage was completed in 2009 at a cost of \$1.8 million and the second stage is to due to commence in early August at a cost of over \$2 million.

The overarching philosophy was to transform the facility into the resident’s homes, providing a place of comfort, familiarity and security and not a hospital or institution as was the old style nursing home facility. This new redevelopment of the Nursing Home will bring the total investment by the Club in aged care within its local community to over \$4 million.

The Club’s involvement with aged care in the Hawkesbury community has not been limited to the Nursing Home. The Club has invested considerable management time and funds in identifying and investigating new potential projects to expand the offer for aged and disability community care services within the Hawkesbury Community.

The Richmond Club's model of aged care

Currently the Richmond Club through Hawkesbury Living provides a community nursing home (Richmond Community Nursing Home) and a retirement village (Norman Court Retirement Village), as described in the above sections and in figure 4 below. The Club has significant social/recreational links to draw on to deliver benefits for older people in the Hawkesbury community and in turn, leverage, for the provision of quality aged care.

Drivers for the development of the Richmond Club's move to the provision of aged care include the opportunities arising from the increase in demand for aged care services in their area; to add value to the lifestyles of existing and new Club members; to improve utilisation of existing capacity, skills and resources currently available to the Club; the need to reduce reliance on Commonwealth funding for provision of residential aged care; and to consider the implications of ageing and outdated infrastructure for alternative use.

The Club has the potential to complete continuum of care – from the health, wellness and social inclusion activities it already provides to its members and community, through to the provision of residential aged care. The unique assets that contribute to the development of the Club's model of aged care include: access to the Club's existing infrastructure and facilities; the Club's skilled workforce and the cross-utilisation of staff (both paid and volunteer); the Club's growing reputation and brand across the market place; the Club's existing community networks and relationships which could be leveraged for strategic alliances and partnerships; and the Club's strong financial position and access to working capital or borrowed funds if required.

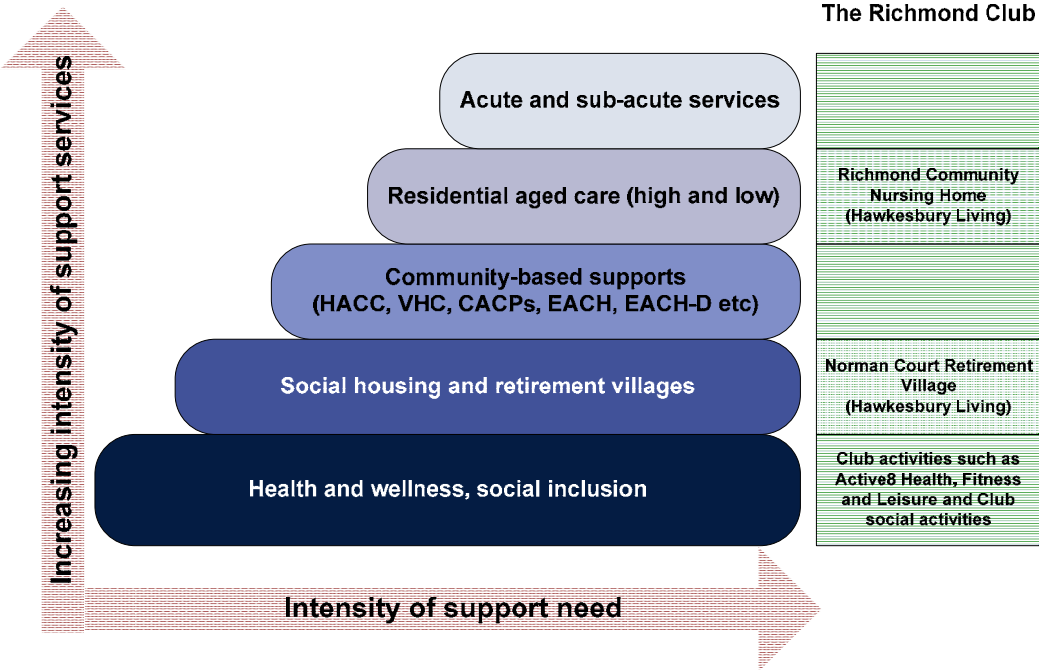
The Club can bridge the current gaps in its' service offerings (that is, community-based age care support services) by either working with community partner organisations (either not-for-profit or government agencies) to support and deliver these services to older people (such as Community Aged Care Packages, Extended Aged Care at Home, Extended Aged Care at Home Dementia and Transitional Care Packages) or developing that capacity themselves.

In addressing this gap, the Club would be in a stronger position to offer a full continuum of care to its members from social housing to retirement/lifestyle villages to aged care to nursing home supports, which in affect, would provide a **“one stop shop” for their accommodation and ageing support needs within their community.** This new approach to an **integrated inclusive model of aged care** not only provides a community focus, it also provides an alternative approach for older members to get access to the various forms of health care (including palliative care support) that they require in-situ without placing unnecessary demands on the acute health system.

This service approach offered by the Club is built on **current best practice principles in that it focuses on ‘ageing in place’, connecting older people within their communities, supports a focus on wellness** rather than illness and frailty and provides **alternative lifestyle choices** to the more traditional aged care models.

It is a model described by the Club's CEO and Board of Directors as *“communities being in control of their needs”* with minimum government support.

Figure 4: The continuum of care supports for aged care and current Richmond Club service offerings³³



The Richmond Club’s investment in Hawkesbury Living is a prime example of how Clubs can invest in the continuum of aged care and provide real benefits for the community and for older people needing low or high-level care.

To the extent Clubs are given a degree of certainty around the regulatory framework governing their own operations and appropriate incentives to operate in the aged care sector, Clubs have the capacity to provide a unique alternative in aged care by providing aged care services along the continuum of need from social housing to retirement and lifestyle villages to residential aged care and support. This ‘one stop shop’ approach strongly encourages ‘ageing in place’.

³³ Source: KPMG [unpublished]

5 New approaches to funding

Key messages

- The current funding model for aged care is characterised by restricted funding options and chronic underfunding, and this is impacting on the commercial viability of the industry and thus on the availability of quality care for older Australians.
- Many aged care providers running their operations at a loss or deficit, and/or subsidised by other forms of income or reserves. This is not sustainable.
- Adjustments to the funding approach need to be implemented which increases the profitability and commercial viability of the sector, which encourages investment in the sector, and which will lead to an improvement in the level and quality of care that can be provided.
- ClubsAustralia RSL & Services Association and the Richmond Club want a funding approach for aged care characterised by equity and a fair go, where older Australians are able to access the care that they need and are able to receive quality care. They also want a funding regime that encourages investment in the sector, where aged care is commercially viable and sustainable and able to meet the growing demands for aged care in future years.
- Suggested reforms include: examining the true costs of aged care, including a return on investment, and ensuring that aged care funding reflects these true costs; appropriate tax incentives to promote investment in the sector; removing restrictions on how aged care providers can use accommodation bonds; an indexation adjustment method which reflects aged care sector costs; and an examination of a social insurance option to finance aged care.
- Allowing residents to borrow against their accommodation bonds to fund entry into aged care facilities. Currently, residents are faced with the decision to sell their home to fund entry into facilities. This creates an emotional and financial hurdle. Currently the regulatory regime under the Aged Care Act provides government guarantees and high security for repayment of such bonds to permit financiers to have confidence in lending to residents against those bonds to fund their entry into such facilities.
- Clubs (such as the Richmond Club) providing aged care facilities that demonstrate savings to Government, should be granted the same tax exemption status as provided to sporting clubs. The examination of the tax exemption allowance for sporting clubs should be considered for clubs that can truly demonstrate to government savings and a model of longevity.

5.1 Issues with the current approach

In our view, the current funding model for aged care is characterised by restricted funding options and chronic underfunding, and this is impacting on the commercial viability of the industry and thus on the availability of quality care for older Australians.

In many respects, the aged care sector is struggling, with many aged care providers running their operations at a loss or deficit, and/or subsidised by other forms of income or reserves. This is not sustainable. Aged care needs to be seen as a ‘good’ investment with a commercial return, or at least viable and sustainable in its own right, to attract the level of investment to keep current providers in the sector, and to expand the availability of aged care to meet growing demand in the future.

From a Clubs perspective, and the experience and knowledge of the Richmond Club in particular, the following specific issues relating to the current funding approach need to be addressed:

- There has been a significant and continuing decline in industry profitability,³⁴ owing to underfunding and the cost of providing care increasing at a greater rate than aged care providers' income.³⁵
- The indexation adjustment formula applied to aged care subsidies is based on the National Wage Case and the Consumer Price Index. It does not take into account increases in wages for aged care workers, which have been higher than the National Wage Case, nor does it sufficiently take into account increases in non-labour costs of aged care. As a result, government funding for aged care has declines in real terms over time. As a consequence of this, aged care providers are either drawing on their reserves³⁶ or apply for 'extra services' approvals³⁷ through which they may receive accommodation bonds to continue providing quality care.
- Aged care providers' income is largely fixed (sourced from accommodation charges which are means-tested, subsidies determined by the Aged Care Funding Instrument (ACFI), and accommodation bonds for low level care or 'extra services' high care). There is little scope for aged care providers to secure additional income to finance the provision of care.
- Based on current funding arrangements, a high care bed operates at a loss of \$13 per day.³⁸ Many aged care providers have sought to overcome this by seeking extra services approvals. Recent increases in approvals appear not to be based upon an increasing market for 'opulent, high-market services,' but rather around existing high care services where aged care providers have identified a need for bonds which enable them to meet the costs of providing good levels of care.
- Providers are only able to utilise resident accommodation bonds for low care places. Providers are unable to utilise or benefit from accommodation bonds for high care places unless extra services are provided. However, given the focus on caring for people in their own homes as long as possible, people are entering residential aged care when they are more frail and often requiring a high care place (of the 47,338 residents that received an ACFI appraisal as at June 2008, over 75 per cent of recipients were classified as high care). This limits providers' ability to benefit from accommodation bonds, and earn an income from investment of accommodation bonds. This forces aged care providers to rely upon their cash flow for day-to-day operations.
- Because the sector is not seen as a 'good investment' and a potential drain on organisations' resources, many prospective aged care providers, such as registered clubs, are being deterred from entering the aged care market and current providers hesitant to invest further, particularly in stand-alone high care facilities. However, it is practically impossible for aged care providers to build new facilities when they are operating on a cash flow model, and indeed when they are making a loss. In addition, banks are often hesitant to lend to aged care providers due to exposure to financial risk. If the current funding model is not changed, it is suggested by operators in the industry that the viability of the industry may become untenable.

³⁴ Rod Young, CEO ACAA, 'A crucial part of health reform', Australian Ageing Agenda, May-June 2010, page 16.

³⁵ 'Facilities dip into savings', Australian Ageing Agenda, January-February 2010, page 7.

³⁶ Ibid.

³⁷ James Underwood, 'Extra Services Today', Aged Care Australia, Spring 2009, page 76.

³⁸ 'Rudd announces aged care reforms', Australian Ageing Agenda, May-June 2010, page 6.

This position is further exacerbated by the fact that financial viability issues also face a large number of Clubs in Australia as a result of adverse regulatory change governing Club operations (e.g. introduction on indoor non-smoking laws, gaming machine tax settings etc), and changing demographic and social trends. As a result, Clubs would not view investment in aged care as feasible if this would result in a further drain on already scarce resources.

5.2 Funding reforms and incentives

Clubs, like all other aged care providers, want to provide the best quality care and effective protection that they can for older Australians. In order to do so, adjustments to the funding approach need to be implemented which increases the profitability and commercial viability of both aged care providers and registered clubs alike, which will thereby encourage investment in the sector, and which will lead to an improvement in the level and quality of care that can be provided.

There are a number of strategies and reforms that should be considered to achieve this, and these are discussed below.

5.2.1 Examination of the true costs of aged care

In our view, current funding for an aged care provider is insufficient. This has a number of impacts, including impacts on the quality of care provided, as well as the commercial viability of a provider and their willingness to further invest in the industry.

In order to encourage further investment in the industry, aged care must provide a reasonable return and be commercially viable and sustainable. There needs to be an in-depth study of the costs of aged care, including identification of a reasonable return on investment in aged care, and for aged care subsidies to be adjusted to reflect these true costs. Only when funding levels reflect 'true costs' will current and prospective providers want to invest further in aged care, thus ensuring that sufficient capacity is available to meet growing demands from the ageing population.

Without additional government support, aged care providers will have to rely on additional revenues from residents (though the capacity to charge residents is also limited under the current regulatory regime). While this may be appropriate for those with sufficient assets to pay more, we do not want a funding approach where residents with few or no assets or income are disadvantaged or receive lower quality care. For the system to remain equitable, government should remain the primary funder of aged care.

5.2.2 Accommodation bonds for high care

There is a need for providers of both high care and low care to be able to utilise and benefit from accommodation bonds, and the current restrictions on charging an accommodation bond for high care should be removed.

Accommodation bonds for high care would provide aged care providers with greater access to capital and provide them with the ability to earn investment income from the bonds. This would alleviate some of the funding pressures that aged care providers currently face. One way this could be achieved would be to remove the distinction between high care and low care in the Aged Care Act.

Current protections for residents with few assets should remain.

5.2.3 More flexibility in the use of accommodation bonds

Aged care providers should also be provided with the ability to use accommodation bonds for uses other than those currently specified under the Act, that is, not just debt reduction. This would then allow investment by providers in ‘independent living’ facilities in which care services may be provided. In addition to this, if the regulated liquidity levels for aged care providers under the Act and Principles, currently sitting at 10 per cent of the value of accommodation bonds received, were to be reduced, to say 5 per cent, this would free up a significant amount of cash for aged care providers to allow for further development of infrastructure. The government guarantee should remain in place and continue to act as a safety net to the required liquidity levels in this regard.

5.2.4 Indexation adjustment methods

As noted above, the current indexation adjustment method does not keep pace with increasing labour and other costs faced by aged care providers, and funding is declining in real terms. In order for aged care to be sustainable and viable and to encourage investment, a fairer, more robust method for adjusting funding is necessary – based on *aged care* labour cost increases primarily. The adjustment method should also incorporate movements in prices of other goods and services used by aged care providers, and the applicability of the consumer price index, or another price index, should be examined.

5.2.5 Tax incentives – aged care and registered clubs

Not-for-profit organisations comprise a large part of the aged care industry. One mechanism through which not-for-profit organisations sustain their involvement in the industry is the benefits provided by tax concessions and additional funding contributed through donations received. The size of many not-for-profit organisations means that they have a large asset base, greater access to funds and the ability to cross subsidise their aged care operations.

Tax incentives, such as those provided to not-for-profits, could exist for all aged care providers, including registered club setting up entities for the provision of aged care. Incentives could be in the form of reductions in GST, income, land, capital gains, stamp duty and fringe benefits taxes, potentially achieved by expanding the definition of a Public Benevolent Institution to incorporate organisation established for the purposes of providing care to older people.

Unlike clubs which exist for the purpose of encouraging sport, community clubs such as RSLs do not presently have access to income (federal company tax) tax exemption. While the Richmond Club Limited and other non-sporting clubs can take advantage of the principle of mutuality to reduce their taxable income, the application of the community service exemption in the Income Tax Assessment Act (ITAA) at s50-10 (item 2.1) could exempt the club from income tax and encourage more clubs to develop aged care facilities so that they become tax exempt and better fulfil their community service purposes.

The ITAA allows a “society, association or club established for community service purposes” to be exempt from income tax. However ClubsAustralia is not aware of any clubs which are currently accessing this exemption and there is no agreement with the Australian Taxation Office (ATO) about what activities can legitimately be described as community service or to what extent they might need to be undertaken to become eligible for the exemption.

If aged care were specified as a legitimate community service purpose, up to one-third of the 4,000 clubs in Australia could gain income tax exemption through the provision of aged care facilities and/or financial support for aged care. The ATO has strict requirements for eligibility

for the sporting club tax exemption, which ensures that clubs must prove they fulfil their sporting purpose in each financial year and the sporting purpose must be the “main” purpose of the club. This would be the same for the community service exemption and require clubs to prove that aged care was their main purpose. The application of this recommendation would facilitate a significant funding boost to aged care nationally.

5.2.6 Capital grants

Another way that the Government could encourage further investment in the industry is to provide capital grants or funding – for example, an incentive program where the Government matches aged care provider capital infrastructure expenditure dollar-for-dollar. Financial institutions too, need to be encouraged and provided with an incentive to make funds available for aged care developments.

5.2.7 Alternative funding arrangements – private or social insurance options

In recognition of the issues which will be presented by an ageing population with little savings and extended life expectancies, calls for government funding will only increase. A broad reaching reform to introduce an aged care levy, perhaps similar to the Medicare levy, could be canvassed. This would enable a dedicated ‘fund’ to be available for aged care, and would separate the aged care budget from the health budget. Given the ageing of the population and the expected increasing cost of aged care on people of working age, this fund should be a ‘cumulative’ fund rather than a ‘pay as you go’ fund.

Links with the proposed National Disability Insurance Scheme, which is being examined by the Productivity Commission currently, should also be canvassed.

There are also private insurance products that could be developed and promoted as an alternative funding mechanism for aged care, perhaps linked to existing superannuation products or as an adjunct to private health insurance.

5.2.8 Alternative funding arrangements – lending on accommodation bonds

A funding option would be to amend the Act to specifically allow and recognise residents to borrow against their accommodation bonds to fund entry into aged care facilities. Currently, residents are faced with the decision to sell their home to fund entry into facilities. This creates an emotional and financial hurdle. Currently the regulatory regime under the *Aged Care Act 1997* provides government guarantees and high security for repayment of such bonds to permit financiers to have confidence in lending to residents against those bonds to fund their entry into such facilities.

6 Regulatory reform

Key messages

- The regulatory scheme that applies to the aged care industry is convoluted, extensive and for the uninitiated, daunting, and aged care providers currently face excessive regulation and associated compliance costs.
- There is a duplication of regulation with respect to the provision of care services and a lack of coordination across state and federal governments.
- If a more dynamic regulatory approach can be created to respond to the needs of the ageing population and the aged care industry, the future of the industry will be bright. This new regulatory approach should reduce the burden and cost of regulation for the industry, allowing more resources to be directed towards providing care.
- Consideration should be given to a review of the entire legislative framework, with the object being to bundle all requirements of an aged care provider into a single piece of legislation.
- Regulatory and compliance requirements should also be simplified – for example by reducing and streamlining accreditation, certification and reporting requirements and processes.
- There is a disjointed approach between the state and federal governments in relation to seniors living/retirement villages and federally regulated aged care.
- There should be consideration of introducing a mechanism by which retirement villages are recognised as proper facilities in which “low care” services may be provided by a village operator.
- A regulatory regime which identifies minimum standards of care for retirement village and other social housing providers should be put in place. Such a regime would allow operators of retirement villages or other forms of housing to be able to move from purely independent housing providers to ‘care providers’ over time.

6.1 High regulatory burden

The regulatory scheme that applies to the aged care industry is convoluted, extensive and for the uninitiated, daunting, and aged care providers currently face excessive regulation and associated compliance costs.

There is a duplication of regulation in respect to the provision of care services to the community and a lack of coordination across state and federal governments, as well as a lack of incentives for aged care providers to operate in what can be seen as a risky and expensive industry.

The aged care industry is principally regulated by *Aged Care Act 1997* (Cth) (the Act) and the accompanying 22 Aged Care Principles made under the Act (Principles). The Act is designed to provide a regulatory framework for the funding of residential and community based aged care services. The Act’s primary purpose is to regulate the funding of aged care services whereby an approved provider provides care to a care recipient occupying an allocated place and as a result, receives funding from the Commonwealth.

In addition to the Act, there are a myriad of other legislative instruments and regulatory agencies are involved in the regulation of aged care providers in the industry. For example, an aged care provider in New South Wales must be aware of, and compliant with, the following aged care

specific legislative instruments: *Aged Care Act 1997 (Cth)*; *Aged Care (Bond Security) Act 2006 (Cth)*; *Aged Care (Bond Security) Levy Act 2006 (Cth)*; *Aged Care (Consequential Provisions) Act 1997 (Cth)*; *Aged Care Amendment (Security and Protection) Bill 2007 (Cth)*; *Public Health Act 1991 (NSW)* and the *Private Health Facilities Act 2007 (NSW)*. In addition, there are a range of other non-aged care specific legislative instruments that relate to the financial and management operations of an aged care provider, such as the *Occupational Health and Safety Act 2000 (NSW)*; *Industrial Relations Act 1996 (NSW)*; *Anti-Privacy and Personal Information Protection Act 1998 (NSW)* and the *Health Records and Information Privacy Act 2002 (NSW)*.

In addition to satisfying its legal obligations, an aged care provider operating in New South Wales must liaise with, and report to, various agencies involved directly in the industry. These agencies include Department of Health and Ageing (Cth); Aged Care Complaints Commission (Cth); Standards and Accreditation Agency (Cth); Consumer, Trader and Tenancy Tribunal (NSW); Department of Human Services (Ageing, Disability & Homecare) (NSW); Department of Fair Trading (NSW) and New South Wales Health.

The legislative and regulatory burden is a clear and direct cause of the industry's increasing costs associated with compliance. Aged care providers want to provide the highest quality of care and ensure the safety and security of their care recipients. However, increasing regulation, accreditation, reporting and compliance costs have placed a very high burden on aged care providers in terms of both time and money. These increased obligations are impeding an aged care provider's ability to focus, and spend all necessary money, on their key priority to provide quality care-to-care recipients.

6.2 Regulatory reform

Aged care providers want to provide the best care and effective protection that they can for older Australians. If a more dynamic regulatory system can be created to respond to the needs of the ageing population and the aged care industry, the future of the industry will be bright.

A new regulatory approach for aged care is needed which reduce the burden and cost of regulation for the industry. This new approach should be simplified and streamlined, be coordinated between levels of government, and remove any duplication.

There are also specific regulatory reforms which should be considered for retirement villages and social housing for older people to bring regulation for these areas on equal footing with aged care.

6.2.1 Reducing the cost and burden of regulation

It is vital to untangle, consolidate, simplify and where possible, streamline the current mass of existing regulation and compliance obligations to direct the provision of care services to the best service providers. Consideration should be given to a review of the entire legislative framework, with the object being to bundle all objectives of an aged care provider into a single piece of legislation.

In addition, the overly restrictive regulatory sector and current Government policy at all levels has led to increasing financial pressure and risk levels being imposed upon aged care providers. The increasing pressure has resulted, in our view, in a shift in focus of attention of aged care providers from the provision of quality care on a continuum of care basis to a disjointed system where funding provided for caring for residents is being directed to administration and compliance. By simplifying regulatory and compliance requirements – for example by reducing

and streamlining accreditation, certification and reporting requirements and processes – more resources can be directed to providing direct care.

A more complete and integrated framework for the provision of care to older Australians, covering both aged care and retirement, is required. Accordingly, the coordination between state and federal government regulation particularly with regard to retirement villages, aged care and other forms of seniors living needs to be improved. The framework should be closely aligned with the continuum of care, rather than arbitrary distinctions between high and low care and retirement living.

Further, coordination between the Government departments and associated agencies in the industry needs to be encouraged. A resource firmly focused on aged care, rather than disparate Government websites, needs to be created to draw together information from Department of Health and Ageing, Centrelink, Department of Fair Trading and other related agencies with input from industry bodies. This resource will act as a starting point to assist interested stakeholders to understand the aged care system (particularly financial and regulatory issues). This will lead to a more transparent, navigable and informed industry, both for aged care providers and care recipients.

There should also be a distinction in the Act in a regulatory sense between community care and residential care such that the hurdles and compliance obligations of a provider providing only community care should be different and probably less than the obligations of a provider of residential care.

6.2.2 Coordinating Retirement Villages and Aged Care

Retirement villages are housing communities populated by residents who are generally over 55 years of age or retired. The regulatory regime relating to retirement villages is State based legislation. Most states refer to this legislation as the ‘Retirement Villages Act’. The legislation is generally consumer focussed and does not provide any direct mechanism to interface with the *Aged Care Act*.

However, many retirement villages have residents who receive the benefit of Community Care Packages and Extended Aged Care at Home Packages under the Act. The provision of these packages in retirement villages must be undertaken by “an approved provider” under the *Aged Care Act*. This approved provider may not always be the same entity as the operator of the retirement village. Other services, such as domestic assistance and low-level personal care, may also be provided to residents, sometimes on a user-pays basis.

As a result, there is a disjointed approach between the state and federal Governments in relation to seniors living, that is, between state regulated retirement villages and federally regulated aged care. The extent of regulation that applies to state regulated retirement villages varies in substance across jurisdictions and even more so in their interaction with aged care regulation. For example, only Victorian and South Australian retirement village legislation even consider funding issues in the transition of residents from retirement villages into aged care facilities.

Further, it is not formally recognised that federally funded community care is being provided in state regulated retirement villages with retirement village operators acting as aged care providers. This structure becomes even more complex when the increasingly multi-use facility (that is complexes containing two or more of the following uses: aged care, retirement, community and childcare) is considered.

There should be consideration of introducing a mechanism by which retirement villages are recognised as proper facilities in which “low care” services may be provided by a village

operator. Such ‘approved’ village operators would then be entitled to receive subsidies but would not be obliged to undertake the extensive administrative hurdles required of an approved provider under the Act. This could be achieved through the current accreditation system of retirement villages established by the Retirement Villages Association of Australia or Aged Care Services Association of Australia that establishes 27 standards of operational excellence. These standards can be then relied upon to ensure the quality of services provided is maintained.

This would then provide a mechanism by which subsidies that would otherwise be paid to an approved provider could now be paid to an operator of a retirement villages to offset the costs of providing low physical care services to residence in a retirement village.

6.2.3 Social housing as a distinct class of development

The provision of care by third parties is something which ultimately will reduce the burden of public infrastructure. There is an argument that regulators should start to identify and differentiate ‘social housing’ or ‘care provider’ style institutions and providers from other forms of pure independent housing.

Operators of retirement villages could then identify themselves as being more in tune with care services or more linked to support services. The criteria would identify the level of services provided by an operator and provide the rigour attached to ensure the services are provided and maintained.

A regulatory regime which identifies minimum standards of care to constitute “care providers” that allow an operator to receive subsidies could be put in place. Such a regime would allow operators of retirement villages or other forms of housing to be able to move from purely independent housing providers to ‘care providers’ over time. Similarly, a category such as ‘care providers’ or ‘social housing’ providers could then be used as a basis upon which other regulatory controls such as taxation; planning controls; and GST issues, may be further regulated and made more beneficial.

Workforce requirements – now and for the future

Key messages

- There is a national shortage of suitably qualified and experienced staff in the aged care sector resulting in an under resourced and undervalued aged care industry.
- The allocation of \$132 million in the 2010 Budget for a workforce package goes some way in addressing the critical issues facing the aged care sector – however, more needs to be done such as focussing on skill mix ratios and pay equity for aged care workers to attract and retain quality staff in the industry.
- Consideration should be given in creating a program whereby free training and development is provided to aged care employees in relation to compliance and regulation requirements.
- Clubs have the potential and economies of scale to attract a wider workforce base for the industry by drawing upon their traditional employee base as a ‘feeder’ for the aged care workforce, offering the appropriate training and experience as required.

There is a shortage of suitably qualified and experienced (skilled) and non-skilled staff in the aged care sector. The increase in demand for care as a result of an ageing population and a limited aged care workforce has lead to a generally under resourced and undervalued aged care industry.

The allocation of \$132 million in the 2010 Budget for a workforce package to encourage further education for aged care employees, and to introduce a national licensing system for personal care workers employed in residential aged care facilities, is supported. In addition to the targeted activities outlined in this package, there is still a need to focus on skill mix ratios and pay equity for aged care workers to attract and retain quality staff in the industry.

The Commonwealth should consider creating a program whereby free training and development is provided to aged care employees in relation to compliance and regulation requirements. Uniform training will provide a much better informed and informative industry. Where compliance costs cannot be reduced, a specific industry fund could be created to cover compliance costs with a co-payment provided by Government or as a non-refundable portion of a resident’s entry contribution as a contribution to the fund.

Using the Richmond Club case study, the Club provides innovative examples of recruiting, retaining and leveraging of staff for the provision of quality aged care that include the following characteristics.

- **Strong linkages with the local community and community services** (high visibility) to attract and retain appropriately qualified and experienced paid staff and volunteers.
- **The use of a cross flow of staff between the Club and the residential aged care facility to leverage skills and knowledge.** The strong management structure at the Club provides for a shared services environment between the two entities such that human resources could be utilised by the Nursing Home.

For example, the Richmond Club’s use of their hospitality staff in training and upskilling aged care staff in the provision of quality aged care, in particular the assistance provided by the Club’s chef to the kitchen staff of the aged care facility when setting menus and monitoring dietary requirements, results in an increased quality of service provided to patrons to the aged care facility. In addition, the Club’s support of local school based traineeships and the offering of traineeships for the development of ‘home-grown’ residential aged care

managers, is essential for the aged care sector as well as to the Club's ongoing development of its model of aged care.

- **The increased size of the Club** (the addition of Richmond Community Nursing Home and Norman Court Retirement Village, collectively known as Hawkesbury Living) **provides greater appeal as an employment opportunity for potential candidates** enticing more experienced management personnel to the Club.
- **Reduced employee turnover for the Club with opportunities for staff to transfer between the Club and Hawkesbury Living** provides for improved staff morale and reduced recruitment and staff training costs for the Club.
- **Strategic partnerships and alliances** to develop interest and opportunities for young people entering the aged care sector.

For example, spearheading a nursing development program called Intocare in conjunction with the University of Western Sydney (described in section 4), which allows nursing and physiotherapy students at the university to undertake practical training at Hawkesbury Living as well as offering traineeships in residential aged care management. Partnerships like this may increase the attractiveness of entering the aged care sector by a younger (and non-traditional) workforce.

In summary, Clubs have the potential and economies of scale to attract a wider workforce base for the industry by drawing upon their traditional employee base as a 'feeder' for the aged care workforce, offering the appropriate training and experience as required.

8 Conclusion

Clubs and the Clubs industry provide tangible social value to communities in which they are located. RSL & Services Clubs Association and ClubsAustralia represent a range of constituent organisations that **have the capacity to provide quality, sustainable social housing and aged care** to members in their local community

In providing social housing and aged care services, the RSL & Services Clubs Association and ClubsAustralia members provide **a unique alternative and they have the capacity to be regarded as providers of choice** for a key segment of the aged care population - that is, RSL and Club members.

The provision of a continuum of care from social housing to retirement/lifestyle villages to aged care to nursing home support means that the RSL & Services Clubs Association and ClubsAustralia members have **access to a “one stop shop” for their accommodation and aged care support needs within their community.**

This new approach to **integrated inclusive model of aged care** not only provides a local and community focus, it also provides an alternative approach for older members to get access to the various forms of health care (including palliative care support) that they require in-situ without placing unnecessary demands on the acute health system.

This service approach offered by the RSL & Services Clubs Association and ClubsAustralia members is built on **current best practice principles in that it focus on ‘ageing in place’, connecting older people within their communities, supports a focus on wellness** rather than illness and frailty and provides **alternative lifestyle choices** to the more traditional aged care models.

In addition, this service approach has sufficient **flexibility that allows it to be readily adapted in metropolitan, regional and rural locations** to meet the needs of the local community. It also provides a mechanism that **allows investment to be channelled** into the local community as a consequence of other revenue raising activities undertaken by RSL and Club members.

Finally, the RSL & Services Clubs Association and ClubsAustralia members have the **potential and economies of scale to attract a wider workforce base** for the industry drawing on their traditional employee base as a ‘feeder’ (by providing ‘alternate’ career pathways) for the development of the aged care workforce.

9 Recommendations

ClubsAustralia, the RSL & Services Clubs Association and the Richmond Club propose the following recommendations for the Productivity Commission's Inquiry into Caring for Older Australians.

A new approach to funding

- Undertake an in-depth study into the true costs of providing aged care (including consideration of an appropriate return on investment), and adjusting aged care funding to reflect these true costs.
- Remove current regulatory restrictions on charging accommodation bonds for high care places.
- Remove current regulatory restrictions on how aged care providers can use accommodation bonds.
- Design an indexation adjustment method which reflects movement in aged care labour and other costs.
- Consider expanding tax incentives which not-for-profit entities currently benefit from (as a Public Benevolent Institutions) to all aged care providers, including entities set-up by Clubs.
- The introduction of measures that will make the provision of aged care more attractive to Clubs. Specifically, the Commission should recommend that aged care be an activity which the Australian Taxation Office accepts as a legitimate community service purpose for eligibility for tax exemption under s50-10 of the *Income Tax Assessment Act*.
- Consider establishing a capital grants fund or program, whereby the Government contributes to or matches dollar-for-dollar providers' capital development expenditure.
- Examine the applicability of a social insurance option to finance aged care.
- Consider amending the *Age Care Act 1997* to specifically allow and recognise residents to borrow against their accommodation bonds to fund entry into aged care facilities.

A new approach to regulation

- Give consideration to reviewing the entire legislative framework for aged care, with the object being to bundle all requirements of an aged care provider into a single piece of legislation.
- Develop a new regulatory approach to reduce the burden and cost of regulation for the industry, allowing more resources to be directed towards providing care.
- Simplify regulatory and compliance requirements for aged care providers – for example by reducing and streamlining accreditation, certification and reporting requirements and processes.
- Introduce a mechanism by which retirement villages are recognised as care providers in which “low care” services may be provided.
- Introduce minimum standards of care for retirement village and other social housing providers as well as minimum accreditation standards for building development in terms of access and mobility requirements as seen in international models.

Workforce improvements

- Consideration should be given in creating a program whereby free training and development is provided to aged care employees in relation to compliance and regulation requirements. Uniform training will provide a much better informed and informative industry. Where compliance costs cannot be reduced, a specific industry fund could be created to cover compliance costs with a co-payment provided by Government or as a non-refundable portion of a resident's entry contribution as a contribution to the fund.
- Recognition and support of innovative strategic partnerships and alliances with higher education institutions and aged care facilities as a means for the development and training of aged care workers as demonstrated by the Richmond Club case study.