

JUST BETTER CARE™
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Inquiry into Caring for Older Australians
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

30 July 2010

Dear Commissioner,

RE: Submission for Inquiry into *Caring for Older Australians*

We welcome the opportunity to offer our input into the Productivity Commission's public inquiry into *Caring for Older Australians*. We believe the issues identified in the *Issues Paper* for this inquiry are significant and needs to be address with urgency.

Just Better Care Brisbane South is a private commercial community care and nursing company. We work in partnership with the Brisbane South community and other service providers to provide in-home aged care, disability and mental health support choices for people in their own homes. Our operations include a mixture of direct client-pay services, and government-funded services (for example, we hold Queensland Disability Services packages). We have also provided funded aged care services through brokerage agency services to organisations holding HACC, CACPS and EACH funding.

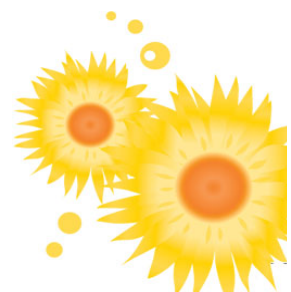
Just Better Care Brisbane South belongs to the Australian national franchised group Just Better Care, a network of ISO9001 accredited companies providing the community care and nursing services to different regions in Australia. The

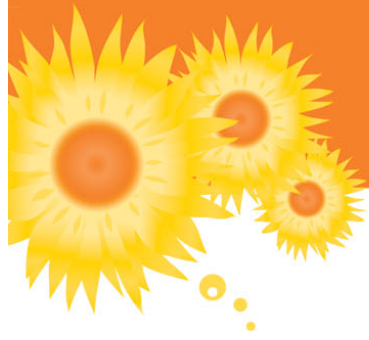
Our company's primary mission is to provide choices to our clients, and to empower them to be the best that they can be. It is in this context that we provide the following submission.

Areas of Priority

We support reforms to address the following critical areas:

- The move to consumer-directed funding, so that older Australians may have control over their choices for services.
- The breaking down of program barriers to enable service users to seamlessly access programs, and transition between programs.
- Support for expansion of aged care workforce education and training sector, to keep in line with the service growth.





The arguments for the above have been highlighted in previous reviews and reports as outlined in the *Issues Paper*. Many other submissions in this current inquiry have also advocated the same. We will not re-iterate the same arguments here. However, we want to take the opportunity to highlight two other issues relevant to this inquiry that have received much less attention.

1. A Vibrant Market to Enable Choice

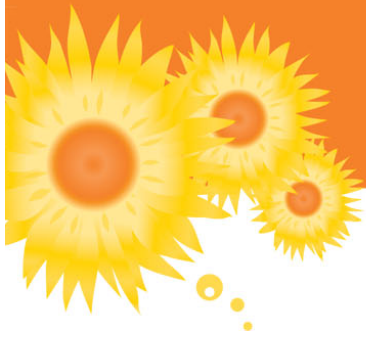
There is a lack of variety in the products and services to enable choice for older Australians. To cater for the diversity in needs and preferences so that older Australians can have quality of life, we require much more innovations and variety in the types of accommodation and care services available, as well as the way those services are provided. There also a need for relevant products and services in complementary industries (such as financial planning, insurance, home building renovations, and transportation) to enable core aged care services to function adequately.

At present, this market of products and services is stifled, and is not developing as it should. There are many factors contributing to this. Some major ones include:

1. The commonly-held assumption that ALL aspects of aged care is the responsibility of the government.
2. The market is distorted by the current policy and funding framework.
3. Consumers are not sufficiently aware of and understand their care issues to give the market direct demand signals; and
4. Providers and suppliers are unclear regarding the roles, responsibilities, risks and rewards of various products due to the complexity of the current system.

Compounding our problems in developing choice is the current unhealthy post-global-financial-crisis reaction against corporate involvement. There is a tendency to bundle into single arguments the following separate issues: 1) reasons for service start-up and closure, 2) impact of profitability/unprofitability, 3) financial remuneration to individuals, and 4) safeguards against exploitation of service users. This bundling of issues is unhelpful for proper debate regarding services. A wiser approach is to unbundle and understand each issue carefully. All four can be satisfactorily dealt with independently and objectively. All four areas are also relevant to all organisations including non-profits, small and medium-size businesses and not just large corporations.

Safeguards against exploitation are essential in any market system. We understand that in most markets there is unequal access to information among service providers and consumers. In aged care, it is critical that there are safeguards have to be put in place to ensure vulnerable older



Australians are not exploited. However, the need for these safeguards does not negate the necessity for the development of a vibrant market.

It is not possible for the taxpayer to fund all possible choices indefinitely into the future. The development of this market of products and services within the non-profit and for-profit sector is essential.

We recommend the following for the aged care system:

- Clarify the role the long-term role of government in funding aged care service. Identify the components of government responsibilities and components of personal responsibilities.
- Restructure subsidies such that public subsidised products and services and work in concert with unfunded products and services (from non-profit and for-profit organisations alike) without compromise to flexibility and continuity of care. Simplify co-payment procedures so that it is administratively viable.
- Develop community education and awareness program to help older Australians make choices in their care services.
- Provide incentives for providers and supplier to develop and trial new and innovative products and services.
- Develop adequate safeguards and protections to ensure vulnerable older Australians are not exploited with a market system.

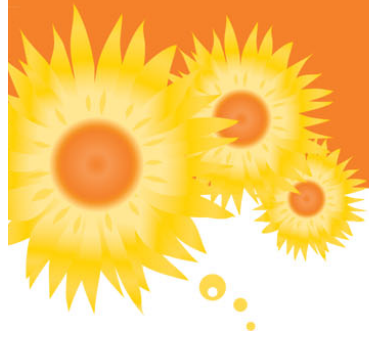
2. Empowering Participation

The trend in our current approach to our ageing population is leading us to two mutually-reinforcing negative outcomes: 1) the escalating costs of care services, and 2) the diminishing contributions of the ageing population. Although we are devoting a lot of attention to the first, we seem to be neglecting the second.

Our current aged care services are not structured to empower older Australians to fully participate in our economy. We need to change the way we provide services, from one of 'giving' services to one of 'empowering' individuals to unlock productivity potentials. It is what our ageing Australians demand, and it is also good for the country as a whole.

Older Australians make significant contributions to our economy and society. A National Seniors Productive Ageing Centre report¹ in 2009 estimates a contribution of \$59.6 billion per year by Australians over 65 years old working full-time, approximately \$8 billion per year of unpaid work

¹ National Seniors Productive Ageing Centre (2009), *The Chart of Accounts: A Framework for Measuring the Economic and Social Contributions by Older Australians*, May 2009



(volunteer, carer, childcare, civic and political activities). It also estimates a \$10.8 billion loss per year of due to unutilised time and skills.

We provide services to older Australians as their basic right. However, we miss a great opportunity to take the next step of identifying how these services can empower older Australians to continue to be a productive member of our society. We do this for most services in other industries. For example in Education, we recognise the basic right of every child to have an education. However at the same time we provide educational services in such a way that individuals are empowered to be a productive member of our society. The same goes for many other industries. However in aged care, we do not recognise, measure and value those productivity benefits of services.

As with all forms of empowerment, we will find that it will have the effect of reducing need for services. Empowered service users will be healthier, happier and more capable and willing to be independent, therefore having less need for services.

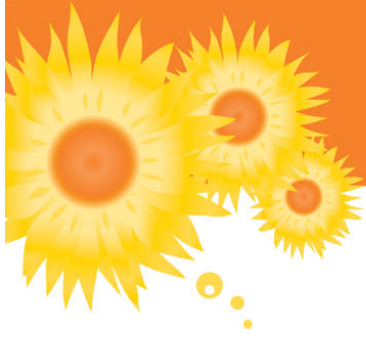
An example of a seniors group empowered to participate in productive activities is the University of the Third Age (U3A). Refer to *U3A Online's* submission to this inquiry for further information. Our age care system should be structured to support and enhance participation in such activities.

The Australian Treasury currently projects public expenditure on aged care services to those 65 years old and over to grow from the 0.8% of GDP in 2009-10 to 1.8% in 2049-50 The Intergenerational Report 2010 estimates labour force participation rate to fall from 65% today to less than 61% per cent by 2049-50. We cannot afford for the aged care system to ignore the untapped productivity potential of service users.

Many of the reforms necessary to deal with this issue comprehensively (such as countering ageism, supporting workplace flexibility, retirement taxation, etc) are outside of the terms of reference of this inquiry. However, some necessary reforms are relevant to the aged care system. We make our recommendations below.

We recommend the following for the aged care system:

- Recognise the right and benefit of older Australians in continuing to participate in the workforce and in the community.
- Support innovative services that enable workforce and community participation, for example work transport options, and online social support.
- Re-structuring training of workforce from emphasizing skills to provide for 'passive' service recipients to skills in empowering individuals.



Conclusion

Thank you for the opportunity to provide input into this inquiry. We are available to further elaborate on the points made in this submission where necessary. We look forward to the report from the Commission from this inquiry and the reforms to emanate from there.

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