



30<sup>th</sup> July, 2010.

Submission to the Productivity Commission

Inquiry Into Caring for Older Australians

The Peninsula Care Planning Group comprises representatives of service providers from across the Frankston/Mornington Peninsula area in Victoria. The group meets monthly to discuss issues and share information relating to service provision on the Peninsula, and acts as a forum to raise service issues with Governments or other relevant bodies.

We welcome the opportunity to contribute to aged care reform through the Productivity Commission Inquiry, Caring for Older Australians.

It was with great concern that we received recent advice from the Department of Health that the long awaited review of the Relative Resource Equity Formula (RREF), for Home and Community Care (HACC) funding, has not yet been finalised and the existing, flawed formula will be used to determine allocation within regions of 2010/11 HACC Growth Funds. Hence we take this opportunity to provide feedback on the potential impact of this continued delay.

With a significantly higher than average older population on the Mornington Peninsula and the knowledge that functional disability and subsequent need for HACC services increases with age, the network of HACC providers on the Peninsula face an enormous challenge to support older people and people with disabilities to remain living at home, safely and independently.

There has been significant and prolonged critique by the sector of the inadequacy of the Relative Resource Equity Formula (RREF) to allocate Home and Community Care (HACC) growth funds. An independent analysis of the formula by the Statistical Consulting Centre of Melbourne University confirmed that the formula was based on flawed data that significantly advantaged some Local Government Areas (LGAs) while disadvantaging others. In addition the findings concluded that the RREF formula created a 'constructed' population that bore no reality to the real HACC eligible population of LGAs.

The then Victorian Minister for Community Services, the Honourable Gavin Jennings announced that he would undertake a review of the formula in 2006. It is now four years later and while the review has commenced it has not been finalised. The consultants engaged by the Department of Health to undertake the review stated at an information session that they believe the RREF has a number of disadvantages when used to allocate growth funds. It could be argued that the level of inequity may be increasing rather than decreasing, creating significant disadvantage for residents in some municipalities.

The Department of Health recently advised that as the review has not been completed they would be using the RREF in its entirety to distribute HACC growth funds for the 2010/2011 year. They have advised that no consideration is being given to the 80+ population even though the Minister indicated in 2006 that this age cohort would be considered, given their increased need for assistance to remain at home. Evidence supports the 80+ population as being the most prolific users of HACC services, yet they are not being given adequate consideration in setting the formula for allocation of growth funding.

Consequently there are increasing demands for supplementary funds to be supplied by the ratepayers of some municipalities to avoid implementation of waiting lists for HACC services which are essential in supporting older people and people with disabilities to remain living at home safely and independently.

A related issue which has further contributed to the challenge faced by HACC providers to meet increased demand for services from an ageing population and the increasing cost of service delivery was the Commonwealth's reduction this year of their contribution to indexation, from 2.4% to 1.7%. This again leaves Council ratepayers and service providers to pick up the gap between the real cost of increases in service delivery and the inadequate indexation rates for HACC services.

Should you wish to discuss this matter further, I would invite any members of the Commission to attend any convenient meeting of the Peninsula Care Planning Group. We would be very happy to allocate any time required to discuss the issues.

Kind regards

Bryan Quinn  
Chair  
Peninsula Care Planning Group