



# **INQUIRY INTO THE CARE OF OLDER AUSTRALIANS**

**Submission to the Australian  
Government Productivity Commission**

**July 2010**

## INTRODUCTION

### About ACCV - who we represent

Aged & Community Care Victoria (ACCV) is the single and united voice within Victoria for providers and other organisations associated with aged and community care. This includes residential care, community care, retirement or independent living and bush nursing delivered by private business, churches, charitable, community organisations and the public sector. ACCV represents more than 90% of the aged and community care industry in Victoria.

### Framing our submission

As a result of an extensive consultation process which we undertook in 2008-09 with our membership and stakeholder organisations, ACCV launched Vision 2019 at our 2009 Annual General Meeting.

The key message of Vision 2019 is that:

“As we age, all Victorians will have the best possible quality of life supported by an aged care system that meets our lifestyle and care needs.”

Vision 2019 contains five key goals which are used below to provide the headings for our recommendations in this submission.

As an industry association ACCV has consolidated the views of its members from across Victoria through our regional and metropolitan member meeting structure as well as our various committees and taskforces. In addition we have conducted thirteen specific forums across the state regarding this Productivity Commission Inquiry.

This places ACCV in a unique position to speak on behalf of the entire aged and community care industry in Victoria.

## MEETING COMMUNITY NEEDS IN AN AGEING AUSTRALIA

Commencing now, and for the next four decades, our nation requires a sustainable aged care system so that our social and economic life adapts successfully to our ageing population.

### Acknowledgement of a real crisis in industry confidence

As a result of rigid policy settings, financial constraints and overwhelming red tape there is now a crisis in the confidence of the industry about its capacity to meet the demands of an ageing population. In regard to residential care, there is fundamental concern about the industry's capacity to construct the required number of aged care homes in the future to meet community demand, need and expectations. In regard to community care there is the added pressure of program boundaries which limits the industry's ability to provide a continuum of support and care for people who remain in their own homes. Together these situations threaten to place both families and carers in the invidious position of not being able to find the right care in the right place when they need it in years ahead.

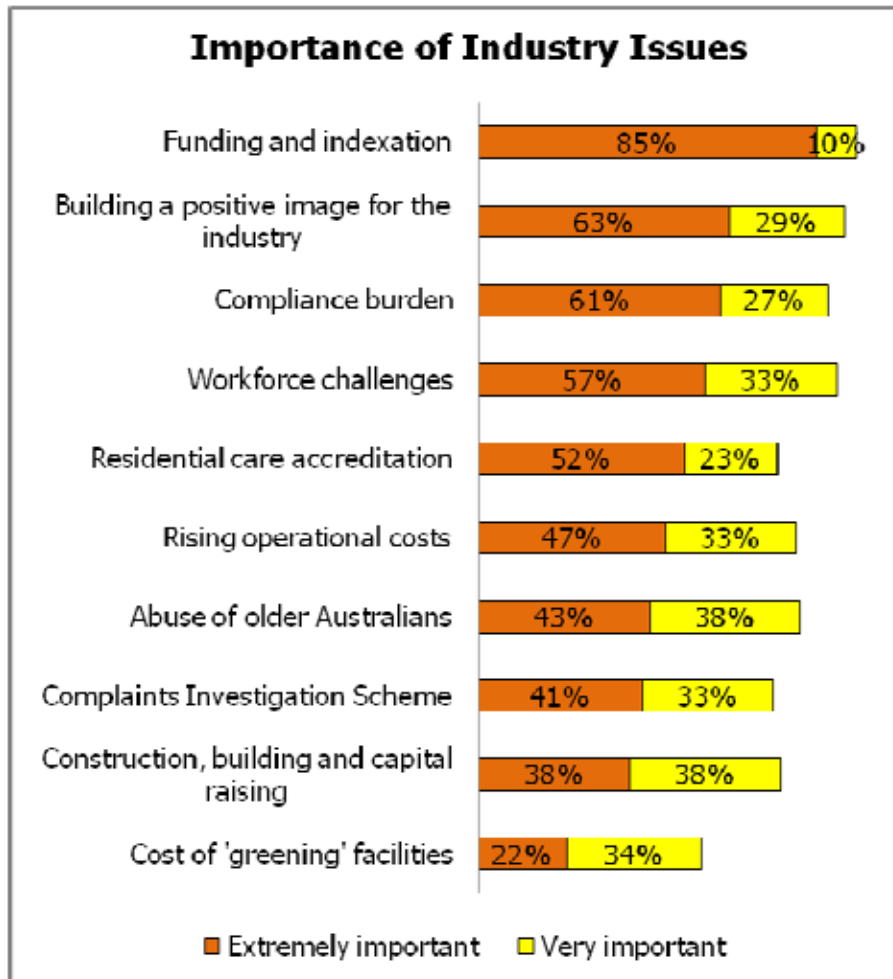
### Industry viability

In order to be sustainable, the industry needs acceptance within the community that aged and community care providers must obtain a reasonable return on their investment. This applies universally irrespective of the legal or organizational structure of individual providers. Just as the community accepts it is the right of key health providers like GPs and pharmacists to make a reasonable financial return from government sponsored programs, aged and community care providers are no different.

### Addressing all core issues

Figure 1 below contains a summary our member’s top 10 issues of concern which are consolidated through an annual membership survey. Any long term reform process must address each and every one of these core issues.

**Figure 1: ACCV Membership Survey – Ranked Top 10 Industry ACCV Member Survey 2009<sup>1</sup>**



<sup>1</sup> Percentages shown are the proportions of respondents who attributed the rating to the issue

## A fundamental change in relationships

Finally in implementing any change, the government needs to work in genuine collaboration and partnership with the Aged Care industry, consumers and the community.

## STEPS TO REFORM

Our ACCV Key Recommendations for Solutions provide succinct recommendations in detail.

These Steps to Reform scope the core principles and strategic steps that underpin reform. The steps consider the long-term actions for reform and the short term transitioning and remedial steps essential to stabilise a system, which is in crisis, until longer term reforms are achieved.

### Long term reforms

- Implement the recommendations from the Productivity Commission's *Annual Review of Regulatory Burdens on Business: Social and Economic Infrastructure Services* to improve the quality and diversity of services and reduce the burden of regulation and price controls in the Aged Care Industry.
- Adopt a holistic approach to a redesigned system focusing on:
  - Entitlement based on assessed need.
  - Demand driven, rather than supply driven, services.
  - Readily available access.
  - Consumer choice in services, (including health and disability support, housing, and community and residential aged care), and who delivers them.
  - Flexibility in price and payment methods.
  - Promoting independence and wellness.
- Prioritise the well being and independence of older people within the health system and adopt a universal entitlement to aged care services.

### Short-term action for transition and to stabilise the system

Transitioning the system will require:

- An independent cost of care study to determine pricing and indexation structures that work.
- The periodic review of care subsidies.
- The creation of a modern, learning and supported workforce. This will require the adopting the approach of the National Hospitals and Health Reform Commission (NHHRC) report which recognised the critical role of the workforce in a reformed health and aged care system.
- Linking government payments (the accommodation subsidy) for concessional residents to the real costs of providing accommodation.
- The creation of one community care program to provide a range of flexible funding levels to meet individual, and changing, client needs.
- A cost of care study and a continuing investment in workplace development to address recruitment and retention difficulties surrounding all types of staff, particularly nurses and care workers.

### **Immediate Remedies to stabilise the system**

- Restoring, extending and indexing the Conditional Adjustment Payment (CAP) or a similar mechanism both residential and community care until the long term reforms are finalised and implemented.
- “No cost to government” accommodation measures including:
  - Flexible payment options for accommodation, including refundable accommodation deposits for high care.
  - Removal of the distinction between high and low care.
  - An increase in the daily accommodation charge for people who can afford to pay to match the cost of housing.

## **ACCV’s KEY RECOMMENDATIONS FOR SOLUTIONS**

### **Positive Ageing within Our Communities**

*As Victorians age, they will be supported to maintain the best possible health as well as their interests, social and community connections.*

We want this to be achieved by:

- A policy shift to an Aged Support and Care System not just an aged care system which more completely reflects the breadth and depth of what older people want from our industry.
- Over the long term, unbundling care, accommodation and living/ lifestyle costs to permit greater choice in the way people are supported. This measure needs to be accompanied by funding and user pay approaches which ensures a financially viable industry to deliver these choices.
- A National Positive Ageing plan which recognises the reality that many older Australians will live healthier for longer.
- A safety net pension supplement towards the living and accommodation costs of older people who are homeless or experience financial disadvantage.
- A universally accessible program of Day Therapy Centres to improve older people’s wellness and independence.
- Promoting greater respect for older people’s rights.
- Adequate resourcing and support for older people’s access to palliative care in all settings and the right to drive dignity.

### **A Responsive Service System**

*A network of aged and community care services that are integrated with the broader health, housing and human service system.*

We want this to be achieved by:

- A whole of government approach to the support and care of older Australians including such areas as immigration, employment education, health, transport, housing, infrastructure and telecommunications to achieve.

- Ensuring older Australians receive care in the most appropriate setting by expanding access to short-term and subacute care, such as transition care, palliative care, rehabilitation and step-down care in aged care homes.
- A range of affordable housing choices so that older people “age in place” in their local communities with good access to support and amenities.
- A seamless system of community care supported by much finer increments of care funding matched to people’s needs.
- Abolishing the outdated low and high care divide within aged residential care to provide greater choice about ageing in place.
- Implementing models of Consumer Directed Care in partnership with the aged care industry and consumer groups.
- A commitment to realistic funding of the additional costs of support and care driven by the special needs of people from CALD backgrounds, Care leavers, people from Aboriginal and Torres Strait Islander Background, Homelessness, Mental Health.

### **A Vibrant and Capable Workforce**

*A workforce that is inspired, skilled and valued so older Victorians experience quality care and a fulfilling life.*

We want this to be achieved by:

- Creation of a robust workforce strategy so the industry is capable of meeting the needs of older Australians. This includes the Aged and Community Care industry as a priority in skilled overseas migration programs.
- A National Care Workforce Framework given carriage, implemented and funded by HWA.
- Ensuring fully funded any wage outcomes in the aged and community care industry are fully funded.
- Research to redesign roles and teams for person centred models of support and care models for a range of settings. This research project also requires an economic modelling to inform funding approaches.
- Licensing of care workers including an employees working with vulnerable persons card to replace police certificates.
- Research about the traits and attributes that will enable aged care providers to recruit the right people to provide outstanding support and care to older people with diverse cultural backgrounds and life experiences.

### **A Financially Viable and Environmentally Sustainable Industry**

*A financially secure and green industry that meets the needs and expectations of our ageing population.*

We want this to be achieved by:

- A fair price for care, accommodation and lifestyle/ living costs and funding sources that enables the aged care industry to obtain a reasonable rate of return on their investment.

- A new approach to funding aged care that provides greater choice and long term viability by more fairly harnessing people's capacity to contribute to the cost of their accommodation, care and living costs.
- A proper and adequate system of funding indexation where cost increases to aged care providers are matched by increase in funding.
- Immediate restoration of the annual 1.75% Conditional Adjustment payment increment with its extension to community programs including CACP, EACH, HACC, NRCP and Day Therapy Centres. This is a transition step until long term reformed funding arrangements and mechanisms have been bedded down.
- Ensuring that any move towards deregulated (market) system of attaching places to people, not providers, will be balanced by appropriate incentives and compensatory mechanisms approaches for all aged care providers. However, special attention will be needed in areas such as rural communities, special needs groups such homeless, social disadvantaged and CALD, and where market mechanisms are unable to respond.
- An orderly and fair exit strategy for those organisations that choose to exit aged care to permit a compensated buy out or transfer of business. This is similar to approaches which have historically been used in other industries' reform or deregulation.
- A dedicated and scaled industry program of capital incentives for environmentally sustainable practices to be adopted in aged care.
- Urgently enhancing residential and community care rural viability funding supplements by addressing the price, eligibility criteria and formula. The population size of the town and the socio-economic status need to be added to use of the ARIA, facility size and special needs as equally weighted parts of the eligibility criteria and payment formula.
- An FBT supplement to be paid to Approved Providers of Aged Care Services that are registered to pay FBT as a part of any remuneration to employees to the limit of exemption for FBT exempt classes of employers.

### **An Accessible and Quality Aged Care System**

*All Victorians can access and depend on high quality aged and community care services.*

We want this to be achieved by:

- Addressing the conflict of interests inherent in the Commonwealth Department of Health and Ageing performing the roles of regulator, complaints body and funder of the aged care industry.
- A thorough revision of aged care standards and expected outcomes and the methods by which they are measured. This needs to closely examine where the standards and outcomes conflict with people's freedoms and the provision of flexible person-centred care.
- Retaining the current separate state based system of regulating accommodation such as retirement villages, independent living units, rental and affordable housing as there are already adequate consumer controls.

- Flexible funding mechanisms, regulatory and workforce approaches for small and remote rural aged care services which acknowledge the different conditions under which these services operate to address their communities aged care needs. In practice this will require the creation of new models of funding such as block funding models and robust, targeted viability supplements.
- An information strategy for consumers about their aged support and care choices that is rolled out in extensively in multiple languages represented across the Australian community and through mediums and channels which older people use.
- E-health policy and incentives to ensure aged support and care services are connected to the broad spectrum of E-Health initiatives.
- A whole of government approach to the support and care of CALD elders. This must include strengthening access to language and cultural support services through a CALD funding pool.
- Ensuring people with life-long or long-term disability gain access to the specialised housing, support and therapy they will continue to need as they enter the aged care system.