



The Chamber of Commerce and Industry of Western Australia (CCI) is the leading business association in Western Australia. It is the second largest organisation of its kind in Australia, with membership of over 5,800 organisations across all sectors including manufacturing, resources, agriculture, communications, retailing, hospitality, health and community services, building and construction and finance. Most members are private businesses but CCI also represents organisations in the not-for-profit and government sectors. About 80 per cent of members are small businesses and members are located in all geographical regions on WA. Aged care providers in both the for-profit and not-for-profit sectors are members of CCI.

CCI makes the following observations and comments on some of the key recommendations in relation to funding, workforce and regulation, issues of interest to business, in the Report:

***Funding aged care*** – the Report proposes a single national co-contribution scheme with individuals contributing to their personal care according to their capacity to pay (including both income and assets), paid directly to providers. This is supported by CCI as it increases individual choice and injects competition into the system. This is also as recommended in the Henry Tax Review, namely, the separation of the provision of assistance from the funding of services. Such ‘unbundling’ of services and responsibilities means assistance for aged care can be targeted more effectively.

If there is an expectation that individuals pay for their care, then this represents a cost-shifting exercise and a potential trigger for higher level services for those wealthy people who can pay. While the Report does mention a safety net for those who cannot afford to pay, some consideration should be given to what should be within the boundaries of that net – universal access to basic health and allied health care needs only or basic health and personal care needs? In addition, the safety net needs to ensure balance between care and possible family constraints.

***Funding accommodation*** – the Report proposes the establishment of an Australian Pensioners’ Bond for investment of proceeds from sale of home which could be drawn down as needed. Providers offer a periodic accommodation charge or an accommodation bond of equal value.



This proposal removes the current perversity associated with high bonds used for low care, namely their attraction to providers as a zero interest offset to debt and to compensate for insufficient accommodation charges in high care and to pensioners who can protect their pensions and reduce their care-contributions. Removal of incentives to pay a high bond will lead to the assessment of capacity to pay co-contributions incorporating the value of any accommodation bond. From a business perspective, this would add some stability to financing arrangements and enable offering a greater range of accommodation.

With the removal of the low and high care distinction, bonds would be able to cover all types of care and accommodation, again leading to increased choice for the individual as supported by CCI. We also agree that accommodation charges should reflect the cost of providing the residential facilities rather than the individual's capacity to pay, again with the proviso that a basic level of accommodation represents the safety net funded by Government. CCI does not agree however that providers be mandated to offer a proportion of their accommodation to those with limited means – there needs to be genuine competition and not some partial regulation.

***Financing the costs of aged care*** – the Report proposes the introduction of a compulsory insurance scheme.

This is still being explored in the report but could be viewed as an additional tax or levy and may not be an improvement over the current PAYG tax financed system with co-contributions. CCI does not support a tax or levy and recommends reprioritising Government spending instead.

***Workforce*** – an increase in demand for services and trained workforce is recommended in the Report.

There is a need to attract and retain workers. The CCI 2009 Discussion Paper on the aged care workforce made the following recommendations which focus on economic conditions in Western Australia and still resonate in 2011 with the new resources expansion:<sup>1</sup>

- Governments (Commonwealth, state and local) must understand the serious consequences of inaction particularly in the context of the economic conditions in WA

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<sup>1</sup> CCI (2009) *Aged and Community Care Workforce: Grave concerns for the future*.



and labour shortfalls which, if ignored, will lead to deterioration in the current infrastructure and hamper development and redevelopment of appropriate facilities.

- Governments must provide growth in the levels of financial assistance to support and care for the increasing population of older Western Australians to keep them in their homes and communities.
- Clarification must be obtained on the costs of and expenditure on the various types of care and the operation of the various levels of government and the public, private and not-for-profit sectors.
- There is an urgent need to develop residential facilities in suitable locations for older Western Australians to be accommodated in and cared for when too frail to remain in their own homes.
- There must be enormous investment in education and training for formal and informal aged care workers, and the development of flexible career paths.

In addition, CCI will:

- work with peak bodies like Aged and Community Services Western Australia (ACSWA) to attract, recruit and retain a workforce to meet the needs of the elderly population and to reflect their preferred options for care and support;
- assist to improve the image of aged care through continual highlighting of positive benefits of working in the sector and promoting work in the sector; and
- assist to build capacity in the sector through providing support to organisations and agencies in their endeavours to be listened to by governments and funding sources.

A copy of the Discussion Paper forms an attachment to this submission.

### ***Reform of regulatory framework***

This is a much needed proposal to separate policy functions (undertaken by the DHA) from regulatory functions to be undertaken by a statutory independent commission (Australian Aged Care Regulation Commission). While the separation of the functions is welcomed, the establishment of new bodies to oversee the sector has the potential for the development, over time, of separately funded agencies, the efficiency of which becomes constrained as the bureaucracy expands and regulatory functions become restrictive and require compliance.