

## UNITING CARE NETWORK SUBMISSION



Contact:

Lin Hatfield Dodds  
National Director  
UnitingCare Australia

## Overview

UnitingCare Australia would like to commend the Productivity Commission for the consultative and forward looking work they have done so far. UnitingCare supports the broad architecture and directions for reform that are being suggested by the Productivity Commission and particularly appreciate that the work provides a platform for the sector and the government to work together to implement a staged reform process.

UnitingCare Australia has collated material from the providers of aged care who work under the auspices of the Uniting Church in Australia. These services provide 12 per cent of residential aged care places in Australia and community-based care in every state and territory in urban, rural and remote locations.

These providers have come to a consensus view on the critical factors that will need to be taken into account by the Productivity Commission in finalising its recommendations to the Australian Government. We have also considered the critical factors that will need to be taken into account by the Government as they consider whether and how to operationalise the recommendations made by the Productivity Commission.

### Ageing and Systems of Support

Throughout this document we refer to individuals, families and communities. Our consensus view on priorities for reform is based on the following understanding of ageing and systems that support people as they age:

- An individual approach to ageing is essential if we are to respect the human rights of all older people
- Older people age in the context of their families and communities, whose strengths and vulnerabilities will have a material impact on the health and wellbeing of the older people living in and with them
- Healthy ageing is supported by access to friendships, reciprocity in relationships and community engagement
- Many older people live in families and with other social supports. The care and support provided by these “informal carers” underpins the additional supports that are provided through services and via government funding. The service system could not meet the needs of these people without the support of families and other supports.
- Some older people have access to a deeper community support structure beyond their immediate family or supports. This community support includes financial support (eg remote Indigenous communities using their royalty payments to fund gaps in aged care services), capability support not available via the service system (eg language communities providing translating and interpreting services for older people who do not speak English) and emotional and spiritual support that address quality of life needs (eg faith-based communities providing pastoral care services). Government funding alone does not meet these needs.
- Some older Australians have very limited or no access to support from families or other sources. These people are at high risk of very poor health outcomes and very poor access to support to age with dignity. These Australians are disadvantaged by the impacts of service systems not meeting their needs over a lifetime of exclusion and their reliance on an inadequate aged care service system that assumes many

aspects of older people's lives will be attended to outside of government funded programs, by family or communities.

- The people who work in aged care services are highly valued by the people they care for, by families and communities of older people and by UnitingCare employers. Their dedication to providing quality care in the face of significant challenges is the foundation of the esteem in which they are held.
- Ensuring access to services should take precedence over ensuring the competitive neutrality of the "market" for services.

### Internal Reform

The UnitingCare network has been reforming its own services in line with what older people want and the changes needed in the face of growing demand, changing expectations and increasing complexity of need. This has included:

- Implementing more consumer directed approaches to service design and provision;
- Improving horizontal and vertical integration of services, to reduce gaps and improve transitions across the care continuum;
- Applying the learnings from research and evaluation to ensure models of care and methodologies are evidence-based and effective;
- Building internal capacity and partnerships that support healthy ageing, community engagement, restorative care/rehabilitation and early intervention and prevention of illnesses and disabilities as a result of ageing and restorative care/rehabilitation;
- Increasing the diversity and affordability of options for housing as people age; and
- Utilising community-development approaches to ensure services for older people are provided in a context that supports inclusion and dignity as people age.

### Current Constraints

But internal reform is not enough. Current policy, regulatory and funding arrangements constrain the capacity of services to:

- Operate in ways that ensure timely and universal access, meaningful choice and long-term sustainability of supply of services;
- Meet the regulatory compliance burden without diverting resources from direct care;
- Offer flexible payment options for people with the capacity to contribute to the costs of their accommodation and care; and
- Deliver comprehensive services at an intensity and for a duration to both address immediate needs and reduce longer-term demand for services.

### Proposed Reforms

UnitingCare Australia supports the proposed "building block approach" to care and support outlined in the draft report. This approach recognises that Australia needs a comprehensive and co-ordinated reform process that increases funding of support and services for older people and delivers improved access to, responsiveness, quality and effectiveness of those supports and services. In the more detailed commentary on draft recommendations we have made some suggestions regarding the details of what should be included in the different domains of care and support.

UnitingCare Australia believes the Productivity Commission has provided a potentially transformative framework for the funding and administration of support and care for older people in Australia. Along with other organisations that work and advocate with older people and their families, we support the proposals made in the draft report to:

- Enshrine an entitlement to aged care in the fundamental architecture of policy and funding arrangements;
- Improve access to care and support services, and reduce the complexity people face when entering and navigating the service system;
- Allow people and services to operate in a more flexible environment that enables them to choose what, where and how they receive support as they age;
- Reorienting regulatory arrangements to simplify regulation and duplication, and improve the independence and consistency of regulatory processes;
- Address the gap between the cost of services and the funding provided by better aligning the cost of accommodation and care with the funding provided by government for those services, and by increasing the expectation that people who are able to contribute to the cost of accommodation and care should do so;
- Recognise the fundamental importance of a number of non-aged care policy settings that need to change to ensure a decent life is possible for all older Australians:
  - Retirement incomes and income support for older people and for their carers need to be sufficient to allow people to live a decent life, and to access the opportunities and resources that enable them to contribute, participate and belong;
  - The housing market has failed to provide for the needs of all Australians, including a significant number of older people who are unable to find affordable, stable, appropriate housing. Housing costs, especially for older people in the private rental market, mean many people are not meeting their nutritional needs, do not buy medications and can't afford to travel to participate in community life.

UnitingCare Australia would like to see further consideration in the final report of the option of using a social insurance-based approach to generating funding for aged care, for example, through an increase in the Medicare levy.

UnitingCare Australia supports the mechanism for recommending prices to government that is recommended in the draft report – an independent authority will improve the transparency and independence of pricing recommendations. The key issue from our perspective is whether the accuracy of pricing assumptions will be improved. Recommended prices need to include full recovery of the costs of care, non-care inputs, workforce, administration and compliance. In the detailed commentary below we have addressed these issues.

#### Vulnerable Groups: Risks of a more Market-Based Approach

A significant concern of the UnitingCare network is that the shift to a more market oriented and driven service system will leave three significant groups of older people without the capacity to have their needs fully identified and/or met. The three most at risk groups are:

- Older people who have lived with disadvantages or have faced exclusion from mainstream social and economic life throughout their lives. These older people:

- Are ageing in the context of one or more significant disadvantages – including unstable and/or inappropriate housing, and inadequate income (to meet the costs of food, utilities, housing, medications, health-care visits, and transport);
  - Have a higher likelihood of ill-health prior to old age – such as disability, chronic disease, mental health problems, and substance abuse issues;
  - Are at risk of poorer health as they age – they experience earlier onset of illnesses of ageing, less access to primary care and low health literacy, and are less able to advocate for their health care needs;
  - May have less readily accessible family and community supports, or these families and communities are already stretched coping with their own disadvantages and vulnerabilities;
  - Are not able to be provided with the intensity and duration of care and support they need within the usual service frameworks or funding arrangements.
- Older people who are not eligible for concessional status but have insufficient wealth or income to compete in the market to access accommodation (including residential aged care) and/or care (primary care, early intervention and prevention services, restorative care, community-based services) in a more market driven system.
    - These people have less capacity to pay for prevention and early intervention services, so may be discouraged from using these if there are even small co-contributions required
    - These older people will be further disadvantaged if they do not have access to family and community supports
  - Older people living in rural and remote locations where the:
    - Cost of service provision is substantially higher
    - Workforce is more scarce
    - Choices are limited by distance and dis-economies of scale so the incentives for services to move to these areas are weak
    - These older people will be further disadvantaged if they do not have access to family and community supports

UnitingCare Australia would like to see more analysis in the final report of whether and how the reforms proposed will improve access to services, choice of services, quality and sustainability of the specialist services that meet the needs of disadvantaged and vulnerable older people, how these vulnerabilities intersect and of older people who have very little “consumer/market power”.

While significant consultation and analysis has been undertaken by the Productivity Commission to develop the draft report, UnitingCare Australia feels that further modelling is required prior to the release of the final report to establish and manage possible impacts on different groups.

UnitingCare Australia believes that all older people will be able to get their needs met if the baseline for the cost and scope of care is set at a level at which every older person – rich or poor or in the middle – has the incentive and the opportunity to maintain their health and participation in their community. On top of this, funding should be available – either via by co-contributions from people with the capacity to pay, or by government – to assist people

who have individual or locational disadvantages that compromise healthy ageing. The other key factor in ensuring an adequate baseline for both quality and quantity of care is flexibility of service design. Only when sufficiency of funding is combined with flexibility of design can we ensure services are both accessible and effective for all older Australians.

From this baseline, older people who have lived a lifetime of disadvantage would be able to access care, and accommodation if needed, at a level that would reduce further disparities in their health and wellbeing outcomes as they aged. This would provide benefits to them as individuals and to the community more broadly as their need for high and complex care would be minimised. In UnitingCare network services working with deeply disadvantaged and vulnerable people, we have seen both these outcomes realised.

The recommendation from the draft report to bring responsibility for aged care under federal government responsibility should not be seen as a green light for other levels of government to reduce their investment in the infrastructure that supports healthy ageing, such as community amenities (local government) and health and housing services (state and territory governments). Australia needs ongoing and growing attention to the needs of older people, which have been invisible or ignored or cost-shifted for too long.

There is both a moral and a demographic imperative for Australia to transform our system of aged care promptly and substantially. However, there is one suite of draft recommendations that could be adopted that would improve services right now, even whilst the broader reforms are finalised and implemented. The regulatory reform recommendations outlined in both the earlier Productivity Commission Report on the *Burden of Regulations in Social Services* (2009) and the draft report on *Caring for Older Australians* would reduce the cost of compliance to services providers, improve risk management practices in the sector and enable staff in aged care services to focus on care instead of attending to inappropriately high levels of administrative compliance.

#### Further Issues that need to be addressed

People and organisations across the aged care sector have a unanimous view on the key issues with which we disagree in the draft report:

- The minimum standard of accommodation is a two bed room with shared bathroom
- The interface between Psycho-geriatric care and the mental health system is not addressed
- The introduction of competitive tendering of concessional places following removal of quotas
- The absence of a clearly articulated mechanism for delivery of fair and competitive wages
- Support staff (eg drivers, gardeners, kitchen staff, and cleaning staff) are not identified as part of the aged care service system

UnitingCare Australia believes these issues can be addressed without compromising the fundamental framework for reform suggested in the draft report.

#### Transition Arrangements

UnitingCare Australia will be working with the Campaign for the Care of Older Australians to provide detailed commentary on transition priorities, sequencing and planning, so this has not been covered in detail in this paper. That said, we do want to note that prompt

establishment of the capacity of the Australian Aged Care Regulatory Commission (AACRC) to monitor and assess costs and transparently recommend a scheduled set of prices, subsidies and a rate of indexation for subsidised aged care services is critical to addressing immediate gaps in funding.

UnitingCare Australia, representing one of the largest network of social services in Australia, looks forward to working with the Productivity Commission and the Government to develop and implement the essential and urgent reforms in aged care and other policies that will ensure every older Australian has the opportunity and resources to live a decent life. This collaboration could be facilitated through an implementation working group that includes sector representatives working alongside internal government stakeholders to work through sequencing, monitoring and recalibrating reform throughout the implementation process.

As part of his ongoing reiterative process, we believe there is need for ongoing monitoring of the impact of the reforms on supply, changes in demand, and shifting preferences of consumers (overall as well as regionally and for specific groups). There then needs to be a capacity to change the methodology for sequencing and implementation based on what is learnt.

UnitingCare Australia endorses the key objectives from the CCOA paper *Reform Transition Arrangements*, namely, that the implementation plan should comprehend the following inter-related objectives:

- Ensure the continuity of quality services for consumers and their families while at the same time responding as soon as possible to community expectations for greater consumer choice and increased service flexibility.
- Allow service providers the time and flexibility to adjust their operations and business models, and provide the incentives and certainty to invest in the sector.
- Address the underlying distortions in the current system which are threatening the sustainability of the sector as soon as possible.
- Avoid the emergence of opportunities for price exploitation of consumers.
- Manage the potential for market failure.
- Ensure continuity of access for special needs groups.
- Manage the Government's fiscal risk.
- Recognize the inter-dependencies in the reform measures and the lead times required for their implementation.
- Ensure community support for reform is not eroded by implementation stumbles and mistakes.

## UnitingCare Australia detailed commentary on the draft recommendations

Outlined below are the more detailed comments UnitingCare Australia would like to make about the draft recommendations in the report. Our more detailed comments and suggestions follow the major headings in the recommendations chapter of the draft report.

### A framework for assessing aged care

#### *Draft Recommendation 4.1*

The draft framework for aged care in Australia captures well the reasonable expectations of Australians for an aged care system that is entitlement-based and responsive to individual needs. UnitingCare Australia has suggested some amendments and additions to the framework as outlined below (changes in italics and underlined).

To guide future policy change, the aged care system should aim to:

- Promote independence and wellness of older Australians and their continuing contribution to society
- Ensure that all older Australians needing care and support have access to person directed services that can change as their needs change
- Be person centred, allowing older Australians to have choice and control over their lives
- Treat older Australians receiving care and support with dignity and respect
- Be easy to navigate — Australians need to know what care and support is available and how to access those services
- Assist informal carers to perform their caring role by actively recognising the crucial role of carers and families and community supports and strengthening the support that is provided to people and communities so they can maintain these roles and contributions
- Be affordable for those requiring care and for society more generally
- Provide incentives to ensure the efficient use of resources devoted to caring for older Australians and broadly equitable contributions between generations.
- Provide sufficient resources to the service system to ensure older people and their families and other supports can access appropriate services in a timely fashion
- Embed a concept of entitlement that includes access to resources that prevent poor health and disability, and maximise early intervention and restoration of function

## Paying for aged care

### *Draft Recommendation 1.1*

*The Australian Government should adopt separate policy settings (including for subsidies and co-contributions), for the major cost components of aged care, namely care (personal and health), everyday living expenses and accommodation.*

### **UnitingCare Australia supports this recommendation**

### *Draft Recommendation 1.2*

*The Australian Government should adopt the following principles to guide the funding of aged care:*

- *accommodation and everyday living expenses should be the responsibility of individuals, with a safety net for those of limited means*
- *health services should attract a universal subsidy, consistent with Australia's public health care funding policies*
- *individuals should contribute to the cost of their personal care according to their capacity to pay, but should not be exposed to catastrophic costs of care.*

### **UnitingCare Australia supports this recommendation**

### *Draft Recommendation 1.3*

*The Australian Government should remove regulatory restrictions on the number of community care packages and residential bed licences over a five-year period. It should also remove the distinction between residential high care and low care places.*

### **UnitingCare Australia supports this recommendation in principle, but would like to see more evidence and detailed analysis in the final report**

Our earlier submission sought the removal of the regulatory restrictions on the number of packages and places, and this draft recommendation has received wide support, subject to appropriate transition measures. A key transition issue is the sequencing of changes that will impact on supply.

While supporting in principle the move to make the market more responsive to demand, and removing supply restrictions, UnitingCare Australia is concerned that there is limited evidence that a liberalised market for aged care services can, on its own, ensure that appropriate and quality care is available, even when people have the resources to buy such services. We hold significant concerns regarding both demand and supply.

There is significant research describing market failure relating to demand, with key areas of failure including: information asymmetries, unfair trade practices, unfair standard contract terms, high search and switching costs, and imperfect decision-making processes. We are most concerned with the latter two areas, given consumers of aged care services have limited capacity to 'shop' for services (frailty and urgency of needs are key factors) and adopt market practices. Such characteristics include difficulty in responding to changes, a tendency not to make change, frailty and limited cognitive and decision making capacity, limited income, hospital discharge pressures and crisis driven decision making being a norm.

UnitingCare Australia is concerned that removing supply constraints without surety of funding increases will lead to a distorted growth in the market, with disadvantaged groups and locations not able to attract investment. We would like to see the final report

demonstrate that a liberalised market has, in other circumstances, ensured the provision of essential services such as aged care. We would like to see the detailed analysis of the structures and regulations that would be required to ensure the supply of these essential services to the ageing population, especially vulnerable and disadvantaged groups.

UnitingCare Australia believes lifting restrictions on community care packages is a relatively simple exercise with minimal risks to continuity or reliability of supply, when compared with the risks in deregulating supply of residential care. We would support lifting restrictions of supply in community packages as an early reform.

UnitingCare Australia suggests transparent monitoring of the shifting patterns of supply during this initial transition to provide a basis for a second stage of lifting restrictions on supply in the residential care sector.

One key aspect of this reform that is not clear is how the Government will continue to control expenditure on subsidies. In the current system, this control is exercised through the number of bed licences and the number of community packages. Without this mechanism, the Draft Report suggests that control will be effected through the:

- criteria used to assess eligibility for approved care;
- level of resourcing of care; and
- co-contributions required from recipients of care.

UnitingCare Australia believes the best way to control expenditure on subsidies is to provide ready access to preventative and early intervention services, and health promoting and restorative care, for older people and their carers. We need a significant re-orientation of the service system away from current practices of providing access only to low levels of care until significant disability or health issues have arisen – and subsequently higher than necessary use of higher care subsidies. Without this, there is a very real risk that demand will be managed by limiting access and shrinking entitlements. Both of these measures would be counter-productive (reduce individual and population-wide health and well-being) and would compromise community support for reforms. The Department of Health and Ageing's work on targeting in community care highlights the effectiveness of providing small amounts of support early<sup>1</sup>.

We would like to see more detailed information in the final report about how these levers to control expenditure will work. We would also like to see more advice from the Commission on the means and methods for collecting, analysing and publishing data about the changes in demand, access, supply and outcomes.

The report also does not address how market forces may be influenced through the regulation of Approved Providers. It would seem that this is the only mechanism remaining for the Government to control markets, particularly in remote areas. It is not clear whether the Commission believes that the criteria for approval should be altered to ensure the stability of supply of services by the aged care sector.

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<sup>1</sup> Howe, A., Doyle, C., & Wells, Y. (December 2005). *Targeting in community care*. Australian Department of Health and Ageing. <http://www.health.gov.au/internet/main/publishing.nsf/Content/ageing-twf-targeting-report.htm>

The Report recommends that there will no longer be a distinction between low and high care, and people requiring support will be entitled to receive the level of care they require at the time. The Aged Care Act 1997 (the Act) contains substantial legislation regarding the provision of care for low and high care residents respectively, depending on classification. Hence, removal of the distinction would require consideration of the implications of this on the provisions of the Act regarding care. We understand that one of the main drivers for this change is to increase transparency and fairness in charges to clients (currently accommodation charges to high care clients and accommodation bonds to low-care and extra service clients) and enable providers to charge all clients accommodation charges that reflect full costs. While changes could be made to the Act in the medium term, it is our view that careful consideration of all the implications will prevent effective implementation of the changes in the short term.

UnitingCare Australia notes that recommendation 1.4 supports all people in residential care being eligible to contribute to the capital costs of accommodation, including through a bond if this suits their circumstances. However, the legislative changes required to enable this under the Act will unlikely be in place for several years. We would like to see more commentary in the report regarding how increased access to capital co-contributions from all residents in aged care will be possible in the short term.

*Draft Recommendation 1.4*

*The Australian Government should remove regulatory restrictions on accommodation payments, including the cap on accommodation charges in high care. It should also abolish the charging of retention amounts on accommodation bonds. The Government should require that those entering residential care have the option of paying for their accommodation costs either as:*

- *a periodic payment for the duration of their stay*
- *a lump sum (an accommodation bond held for the duration of their stay).*
- *or some combination of the above.*

**UnitingCare Australia supports this recommendation with some provisos**

*To ensure that accommodation payments reflect the cost of supply, and are equally attractive to care recipients and providers, the Australian Government should require that providers offer an accommodation bond that is equivalent to, but no more than, the relevant periodic accommodation charge.*

**Unitingcare Australia does not fully support this recommendation for the reasons outlined in the following commentary.**

*Accommodation charges and their bond equivalents should be published by the residential aged care facility.*

**UnitingCare Australia supports this recommendation with some provisos.**

UnitingCare supports measures to ensure that bonds and charges relate to the fair market value of accommodation, and that providers set and disclose accommodation charges and bonds.

Uniting Care wholly supports measures to protect consumers from price gouging where a provider may have unfair bargaining power. In communities where there is an absence of competition the regulatory commission should have the power to intervene and require residential aged care facilities to set accommodation charges and bonds consistent with competitive markets.

#### Establishing and regulating 'Cost of Supply'

UnitingCare Australia believes that draft recommendation 1.4 should be amended to remove reference to a regulated "cost of supply". The price paid by consumers should reflect the value of accommodation provided, particularly in the context of the market based system without bed licences as proposed in the draft report. The draft report contains a number of measures which will protect consumers from excessive pricing, namely:

1. the removal of restrictions on supply of residential aged care beds (recommendation 1.3) will over time provide consumers with more supply options
2. the publishing of accommodation charges and bond equivalents (recommendation 1.4) will place more comparative information before consumers and improve their bargaining position in an open market,
3. establishing the Australian Pensioners Bond scheme (recommendation 1.6) will encourage older Australians to compartmentalise some of their wealth for their own care and accommodation needs and yet retain the pension. This will have a strong dampening effect on bond levels.

To protect consumers where there is an absence of competition and where there is also evidence of exorbitant pricing, UnitingCare Australia suggests the Commission should amend draft recommendation 1.4 to provide that the Australian Aged Care Regulation Commission has the power to intervene and require residential aged care facilities to set accommodation charges and bonds consistent with a competitive market.

If the recommendation to set a "cost of supply" is maintained, being set by the new Regulation and Pricing Commission, we would like to make the following comments:

- The capital component of cost of supply should be based on depreciated optimised replacement cost (DORC) of buildings and plant plus the market value of an apportioned land component.
- Linking accommodation payments (or bond equivalents) to the historic cost of supply would fail to recognise the depreciated replacement cost of buildings and the market value of land, which could be potentially cripple incentive for future investment and therefore supply..
- In a commercial rental situation, the market establishes rents which recognise the depreciated replacement cost of buildings, the market value of land, and capital sustaining expenditure. Outgoings such as rates are to the account of the tenant. It is not specified in the recommendation whether the cost of supply include the market value of land and buildings, replacement and refurbishment costs and property outgoings. Further, market forces subject rents to regular revision.

### Accommodation charges and their bond equivalents

Over many years, residential aged care providers have sourced a proportion of capital through accommodation bonds.

Typically, an inflow of bonds is used to enable repayment of bank debt used to fund the capital cost of a new facility. Bonds are often applied by a residential aged care provider to retire bank debt and enable a provider incurring debt to avoid commercial interest rates. Traditionally, bonds have been favoured by residents as the actual cost of capital for the resident is typically low (the deprived interest rate - a retail bank deposit rate).

Aged care service providers presently offer periodic accommodation payments to residents in lieu of bonds. The implied interest rate on periodic payments is generally several percentage points above the interest rate that would be forgone on the payment of a bond. Hence residents frequently prefer bonds.

UnitingCare Australia is concerned with the recommendation that accommodation payments and bond equivalents should be 'equally attractive to care recipients and providers' and that 'the Australian Government should require that providers offer an accommodation bond that is equivalent to, but no more than, the relevant periodic accommodation charge' for the following reasons:

- There should be no need to regulate the relationship between bonds and accommodation payments, if people have the choice between the two and both are published.
- Many providers rely on bank debt for the funding of new residential aged care facilities. Banks in turn advance funding on the basis that significant debt can be immediately retired through bond receipts. If care recipients are indifferent to the payment of a bond or a periodic charge this may lead to a significant diminution in the relative quantum of bonds paid to providers and constrain supply. This is contrary to consumer needs in the face of a present shortage of quality built stock and projections of a long term shortage.
- It may be difficult, if not impossible, to structure payments that are equally attractive to both care recipients and providers:
  - When actual costs of capital, and perceived costs of capital, are different. For residents, the cost of capital may be a bank deposit rate or an Australian Pensioners Bond rate. For providers, the relevant cost of capital may be the required rate of return for investment in a specialised use property with a long term tenant (residential aged care facility). In addition, current proposals to liberalise the market for residential services will increase the risk associated with investment in this sector, putting upward pressure on the required rate of return from such investment.
  - A provider's point of indifference between a bond and a periodic payment will be influenced by the provider's particular financial structuring arrangements. These may not align with optimal capital structuring which might be the implicit assumption upon which the proposed Regulation Commission might assess equivalence.

- Regulation of a requirement that providers offer an accommodation bond that is equivalent to, but no more than, the relevant periodic accommodation charge: would represent an artificial price constraint which is inconsistent with a largely open market.
- The proposed fixed relationship between the accommodation bond and the periodic accommodation charge will be inflexible and administratively burdensome to manage. This measure will remove any capacity for a provider to actively manage its loan debt profile (ratio of interest free debt compared to debt with interest).

The Productivity Commission needs to publish its modelling of this cash flow risk and indicate how the finance industry is expected to respond.

In view of the above, UnitingCare Australia believes that the Commission should remove the requirements within draft recommendation 6.4 that accommodation payments and bond equivalents be 'equally attractive to care recipients and providers' and 'the Australian Government should require that providers offer an accommodation bond that is equivalent to, but no more than, the relevant periodic accommodation charge'.

Further, UnitingCare Australia suggests recommendation 1.4 should be amended so that:

- Providers be allowed to set bond and accommodation payments
- Providers be required to calculate and publish the interest rate implied in an accommodation payment offered as an alternative to an accommodation bond<sup>2</sup>, to ensure consumers have sufficient information for informed decision making and to enable the flow of bond capital to the residential aged care sector,
- The AACRC has the power to intervene and require residential aged care facilities to set accommodation charges and bonds consistent with a competitive market, to prevent price gouging,.
- Providers not be allowed to seek through negotiation or offer bond amounts or periodic payments in excess of their published prices or implied interest rates (ie the 'flag fall price')<sup>3</sup>, to prevent price gouging but may be allowed to negotiate different bond amounts or periodic payments should that be the desire of the resident.

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<sup>2</sup> If a provider preferred bonds for funding purposes, the implied interest rate could be set by a provider at a relatively high level that is designed to discourage periodic payment and encourage a bond. Competition could be expected to constrain the implied interest rate.

<sup>3</sup> UnitingCare services envisage that like the wider accommodation industry, providers will have a schedule of bond prices for different rooms depending on features.

**In summary, UnitingCare Australia believes that draft recommendation 1.4 should be amended:**

- Remove reference to a regulated “cost of supply”;
- Remove the requirements that accommodation payments and bond equivalents be ‘equally attractive to care recipients and providers’ and ‘the Australian Government should require that providers offer an accommodation bond that is equivalent to, but no more than, the relevant periodic accommodation charge’;
- Include the condition that providers be allowed to set bond and accommodation payments;
- Include the condition that providers be required to calculate and publish the interest rate implied in an accommodation payment offered as an alternative to an accommodation bond<sup>4</sup>, to ensure consumers have sufficient information for informed decision making and to enable the flow of bond capital to the residential aged care sector;
- Include the provision that the AACRC has the power to intervene and require residential aged care facilities to set accommodation charges and bonds consistent with a competitive market, to prevent price gouging;
- Include the condition that providers not be allowed to seek through negotiation or offer bond amounts or periodic payments in excess of their published prices or implied interest rates (ie the ‘flag fall price’) , to prevent price gouging. but may be allowed to negotiate different bond amounts or periodic payments should that be the desire of the resident.

***Draft recommendation 1.5***

*To ensure sufficient provision of the approved basic standard of residential aged care accommodation for those with limited financial means, providers should continue to be obliged to make available a proportion of their accommodation to supported residents. The Australian Government should set the level of the obligation on a regional basis. This would not apply to existing providers who are currently not obliged to make accommodation available to supported residents.*

**Supported by UnitingCare Australia, with the following comments:**

UnitingCare Australia supports retention of quotas for providing accommodation to supported residents. We would also support a 10 year sunset clause on existing extra services providers not being required to be allocated concessional places.

Competitive tendering is one mechanism for determining the cost of and capacity to supply services to supported residents, and in particular locations or with special needs groups. Genuine competition to provide concessional places needs to be based on flexibility in price. Policy settings need to recognise that for a number of people and locations the market for supply of aged care has failed, so competitive tendering is not necessarily an appropriate response.

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<sup>4</sup> If a provider preferred bonds for funding purposes, the implied interest rate could be set by a provider at a relatively high level that is designed to discourage periodic payment and encourage a bond. Competition could be expected to constrain the implied interest rate.

The key issue to address in ensuring supply of services in these circumstances is whether the price that is offered for funding services to supported residents is sufficient to provide good care and appropriate housing in a sustainable service system. Aged Care is an essential social service that not everyone can access through open market provision. Government needs to ensure provision of concessional accommodation is attractive by ensuring the cost of both accommodation and care are adequately funded.

UnitingCare Australia suggests incentives would need to be established to ensure that supply meets demand in regional areas. Such incentives may progressively build to the published accommodation charge, particularly in areas where competition between providers is non-existent or minimal.

### Safety net

The Productivity Commission's draft report does not identify what will happen to those older persons whose assets make them ineligible to be a supported resident, but who cannot afford to pay for accommodation charges (whether as a bond or periodic payment) if set at market level. Some facilities that UnitingCare services operate (in metropolitan and regional areas) contain low levels of bond-paying residents (less than 25%), and these residents on average pay under \$90,000 which is significantly lower than the average industry-wide bond (\$223,000 in 2009-10).<sup>5</sup> Residential care supply is only sustainable under the current arrangements because services cross subsidise the accommodation costs across a portfolio of services.

UnitingCare Australia would like to see more commentary in the final report about what would happen to these older persons if accommodation charges reflecting the cost of accommodation price these consumers out of the market for residential aged care, and they remain ineligible for concessional places.

### ***UnitingCare Australia believes that draft recommendation 1.5 should be amended:***

- To include a 10 year sunset clause on existing extra services providers not being required to be allocated concessional places

In the 2010 Productivity Commission report on the Contribution of the Not-For-Profit Sector the following recommendations were made regarding service funding when a market-based approach is not feasible or appropriate:

#### *Recommendation 12.1*

*Where a market-based approach is not feasible or appropriate, governments should use other models of engagement. This may involve governments entering into either extended life or short-term joint ventures.*

*Extended life joint ventures should adopt an iterative process that will:*

- *involve all parties in the design of the program*
- *embed and fund an agreed evaluation process, informing program design and modification*

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<sup>5</sup> The asset cut off for eligibility for concessional and supported status was \$98,237 as at February 2011. The people at risk in the proposed system are those with asset levels between \$98,000 and the cost of build identified by the provider, which for most locations was in excess of \$250,000 per place in 2010.

- *regularly review and revise the service delivery approaches in light of findings from evaluation, changing demands or environmental conditions*
- *provide long-term or rolling funding with capacity to adjust funding in light of the modifications.*

*Recommendation 12.2*

*Australian governments should ensure that whatever model of engagement is used to underpin the delivery of services it is consistent with the overarching principle of obtaining the best value for money for the community. In determining value for money, governments should explicitly recognise any indirect or wider benefits that providers may be able to generate. An evidence based approach should be used to assess the nature, extent and relevance of these types of benefits on a case-by-case basis.*

UnitingCare Australia believes these recommendations should be adopted as part of the development of the aged care service system, particularly in regions or with groups for whom market-based approaches do not ensure supply.

*Over the first five years, the obligation would be tradable between providers in the same region. After five years, the Australian Government should consider the introduction of a competitive tendering arrangement to cover the ongoing provision of accommodation to supported residents.*

**UnitingCare Australia does not support tradability of supported resident obligations or competitive tendering for the provision of supported accommodation for the following reasons:**

- Tradability of supported resident obligations and, after 5 years, competitive tendering for the provision of accommodation for supported residents can be expected to lead to sector segmentation in the form of specialist residential aged care facilities for disadvantaged and vulnerable Australians. This practice of concentrating disadvantaged residents in one location has proved unhealthy for individuals and socially marginalising from the wider community in other policy contexts (eg in provision of public housing). It also reflects what was happening in the aged care sector in the 1960s and 1970s, and the misalignment of this outcome with community expectations prompted the previous round of reforms of residential aged care.
- Segmentation will lead to the participation of asset owners, such as property trusts, that invest in minimal amenity supported accommodation in exchange for the 'government rent' while a separate operator delivers the care. If the sector develops in this way, it is likely that:
  - Less well-off older Australians will no longer enjoy the amenity and service offerings of the present standard of modern aged care facilities
  - The inevitable class discrimination that will result will not support the dignity of older Australians.

It is unclear what the overall benefit is of allowing trading of the "obligation" of making accommodation available to supported residents. Currently, Approved Providers are able to increase their percentage of supported residents above the threshold required by the

Australian Government. Therefore, the only purpose it would serve would be to allow some Approved Providers to reduce their percentage of supported residents to below the threshold, potentially to zero. It would not be in the best interests of an Approved Provider who is willing to admit a high number of supported residents to become locked into a higher ratio, as it would permanently limit its flexible service delivery capacity. UnitingCare Australia would like to see more detailed commentary in the final report on the risks and benefits of this policy change.

*Draft Recommendation 1.6*

*The Australian Government should establish an Australian Pensioners Bond scheme to allow age pensioners to purchase a bond from the Government on the sale of their primary residence.*

- *The bond would be exempt from the age pension assets test and income tests and would be indexed by the consumer price index to maintain its real value. All bonds would be free of entry, exit and management fees.*
- *Age pensioners could flexibly draw upon their bond to fund living expenses and aged care costs.*

**UnitingCare Australia supports this recommendation in principle but would like to be reassured that middle to low asset households who do not qualify for subsidised access to care (but have limited alternative housing options) will not be significantly disadvantaged.**

In relation to operationalising this Pension Bond Scheme and the Equity Release Scheme for Co-Contribution and Pension eligibility:

- We recommend that the accommodation bond system is given the same exemption value of the equity release scheme and co contribution scheme, and note the discussion on page 189 of the report and the three options considered by the Commission – in this regard we favour the third option with equal threshold exemption applied to the value of an accommodation bond as applied to the exempt value of a person's home.
- The Pension Bond Scheme and income derived from the scheme should be used for Aged Care purposes not other government purposes
- The Scheme needs to be promoted to older people early on in their care planning journey so as far as possible, the decision to use this Scheme is not made during times of crisis.

*Draft Recommendation 1.7*

*The Australian Government's contribution for the approved basic standard of residential care accommodation for supported residents should reflect the average cost of providing such accommodation and should be set:*

- *on the basis of a two-bed room with shared bathroom*
- *on a regional basis where there are significant regional cost variations.*

**UnitingCare Australia does not support this recommendation for minimum standard of accommodation but does support regional cost variations. We have provided further comments below.**

### Two-Bed Room

The draft recommendation related to basic standards of accommodation indicates high care residential care settings are being compared with hospital care settings. The level of care required by older people living in residential care may be comparable to the acuity of sub-acute hospital care or hospice care. However, residential care settings are not like a hospital where people usually stay for short periods of time for a specific treatment intervention. Residential care settings are a person's home.

The basic standard of accommodation available to supported residents should reflect both community standards and entitlements to housing support in other times of life. The community standard is that no-one shares a bedroom with a stranger or with someone not of their choosing. In social housing, single people are not required to share their home with another person not of their choosing. In the disability sector, there is a growing recognition that "forced co-tenancies" are unacceptable because they infringe individual rights, reduce privacy, compromise care and lifestyle support and reduce quality of life outcomes.

Community standards do support people choosing shared housing and shared communal space, but only when this is requested by individuals. There is little evidence from UnitingCare service experience that shared rooms are preferred by a significant number of people.

On purely financial grounds, shared rooms offer an insignificant opportunity for construction cost savings and operational economies because they are wanted by only a small proportion of consumers.

On this basis a two bed room as the basic standard of accommodation that will be funded by government is not supported. UnitingCare Australia would support funding arrangements that provide 1 bed rooms as the basic standard of accommodation with flexibility to respond to consumer preference for shared space.

### Shared Bathroom

Community standards should equally apply in this context - in other stages of their lives Australians are not expected to share a bathroom in their home with a stranger or a person not of their choosing. The experience of UnitingCare services is that most people choose to have access to a private *en suite*. Access to bathroom facilities needs to be based on a commitment to avoiding an institutional style and loss of privacy and dignity within the setting.

### Other building requirements associated with meeting government care standards and community expectations for residential age care facilities

In order to meet the array of regulatory requirements (Commonwealth, State, Local government and other statutory authorities) Approved Providers are required to provide a variety of other spaces and specialist functions and or facilities within a residential age care setting. UnitingCare Australia would recommend that these costs are factored into establishing a benchmark for a basic standard of accommodation in addition to the cost of a single resident room with a single ensuite bathroom.

### Regional Cost Variations

UnitingCare Australia supports differential pricing of government subsidies for accommodation on the basis of regional differences in capital and operational costs (power, water, food, transport) and market conditions (housing, employment).

In rural and remote locations, the asset base of people seeking residential aged care is generally lower than in other locations. Housing costs can be low in regions in economic decline, but the cost of building residential care facilities is comparable to and sometimes more expensive than in other locations. In these circumstances there would be a misalignment of costs of capital investment (relatively high) and prices able to be paid by residents (relatively low).

Regional costs are also high as a result of relatively higher impact of fluctuating client numbers which impact occupancy levels in services operating on a smaller scale than their urban equivalents and lack of flexibility related to resident/client mix.

UnitingCare Australia recommends the proposed regulatory body should be allowed to set different prices based on the established cost of care in the location where the care is provided, and the client group for which the services are being provided to ensure that special needs groups are not disadvantaged.

*Draft Recommendation 1.8*

*The Australian Government should remove the regulatory restrictions on supplying additional services in all residential aged care facilities, discontinue the issuing of extra service bed licences and remove the distinction between ordinary and extra service bed licences.*

**UnitingCare Australia supports this recommendation, assuming other supply and funding recommendations are in place.**

*Draft recommendation 1.9*

*The Australian Government should:*

- *prescribe the scale of care recipients' co-contributions for approved care services which would be applied through the proposed Australian Seniors Gateway Agency (draft recommendation 8.1)*
- *set a comprehensive means test for care recipients' co-contributions for approved care services. This test should apply the age pension income test and the non-home owner asset test (including any housing assets, such as the primary residence, accommodation bonds and the proposed Australian Pensioners Bond). The comprehensive aged care means test would apply where the approved care services have a combined value of around \$100 or more on average per week (the 'comprehensive aged care means test threshold') and all home modification services*
- *adopt for approved care services below the comprehensive aged care means test threshold, a test for determining car recipients' co-contributions for such services which relies simply on pensioner status.*

**UnitingCare Australia supports this recommendation with the following suggestions for implementation:**

- Part 1 (Hotel Services) of the Schedule of Specified Care and Services for residential services (or a new equivalent) needs to remain in the *Quality of Care Principles 1997* Cth and cover the minimum everyday living requirements of older people. UnitingCare Australia suggests that this is annually reviewed by the new regulatory body to ensure it adequately covers everyday living costs.
- Personal care and health care are sometimes delivered by the same staff, yet will be funded differently. The means for differentiating between the two will require clear definition.

*To facilitate greater consistency in co-contributions across community and residential care, comprehensive aged care means testing to determine care recipient contributions to care costs in both settings should be undertaken through the proposed Australian Seniors Gateway Agency (draft recommendation 8.1) by Centrelink.*

**UnitingCare Australia supports this recommendation in principle, pending our analysis of more detailed advice from the Commission on their modelling of people's capacity to pay, geographically, demographically and through the ageing process.**

*Care recipients' co-contributions should be regularly reviewed by the Australian Government based on transparent recommendations from the proposed Australian Aged Care Regulation Commission (draft recommendation 12.1).*

**UnitingCare Australia supports this recommendation**

*Draft Recommendation 1.10*

*The Australian Government should set a lifetime stop-loss limit comprising the care recipients' co-contributions towards the cost of government-subsidised aged care services (excluding accommodation and everyday living expenses). Once the limit has been reached, no further care recipients' co-contributions would be required for those services.*

**UnitingCare Australia supports this recommendation**

*With a stop-loss limit in place, the Australian Government should exclude aged care costs from the net medical expenses tax offset.*

**UnitingCare Australia supports this recommendation**

*Draft Recommendation 1.11*

*The proposed Australian Aged Care Regulation Commission (draft recommendation 12.1) should make transparent recommendations to the Australian Government on the scheduled set of prices for care services and the required level of indexation, the lifetime stop-loss limit, and the price for the approved basic standard of residential care accommodation. The Commission should monitor and report on the cost of care, basic accommodation and the stop-loss limit.*

**UnitingCare Australia supports this recommendation with comments.**

It is important to incorporate into the pricing mechanism that the residential care services market operates effectively at less than 100 per cent occupancy – this is desirable because it ensures timely responsiveness to need and diversity of choice. Prices need to be set at a level that reflects an appropriate occupancy level to support responsiveness, which could be different depending on location, service type and patterns of demand.

## Options for broadening the funding base

### *Draft Recommendation 7.1*

*The Australian Government should establish a government-backed Aged Care Equity Release scheme which would enable individuals to draw down on the equity in their home to contribute to the costs of their aged care and support.*

**UnitingCare Australia supports this recommendation.**

## Care and support

### *Draft Recommendation 8.1*

*The Australian Government should establish an Australian Seniors Gateway Agency to provide information, assessment, care coordination and carer referral services. The Gateway would deliver services via a regional structure.*

- *A platform within the Gateway would provide information on healthy ageing, social inclusion and participation, age-friendly accommodation, and also information on the availability, quality and costs of care services from approved providers, and how to access those services.*
- *Assessments of the needs of older people would be undertaken for their potential entitlement to approved care services, with the level of assessment resourcing varying according to anticipated need.*
- *An aged care needs assessment instrument would be used to conduct assessments and an individual's entitlement to basic support, personal care and specialised care, and carer support. Assessments of financial capacity to make care co-contributions toward the cost of the services would also be arranged.*
- *Initial care coordination services would be provided, where appropriate, as part of the Gateway. If required, case management would be provided in the community or in residential aged care facilities by an individual's provider of choice.*

*The Gateway would be established as a separate agency under the Financial Management and Accountability Act 1997.*

**UnitingCare Australia supports establishment of a comprehensive, timely and integrated approach to providing information, advice, advocacy, assessment of needs and entitlements, assessment of eligibility for subsidies and capacity to co-contribute to costs, supported referrals and co-ordination of access to services. We offer the following comments and suggestions.**

There is a need to incorporate recognition of a clinical and/or care need for particular amenities in the care environment (eg environmental factors that complement behavioural support needs) into the assessment process to ensure people access the most appropriate care environment, even if they are not able to make a co-contribution to the cost of their accommodation.

The Gateway agency needs to be supported by a single client record that can be built on as a person progresses through the service system, remains safe even if they exit the system due to recovery (to ensure that they do not have to recommence the entire process upon re-entry) and can be re-enacted and reviewed swiftly and efficiently. Integrated data collection

and electronic systems for information transfer from and to the Gateway from providers and other services will be critical to the success of a Gateway.

In our opinion, the Gateway should:

- Provide leadership in communities to ensure systems and services support healthy ageing and universal access to optimal support and care for every Australian regardless of their needs, where they live or their financial status. The focus of the Gateway should be on improving information, eligibility and referral pathways. Service providers should maintain their role around service planning for people once they have connected into services. This will avoid another layer of complexity and cost between people and services
- Provide leadership in community and government understanding of risk and protective factors for unhealthy ageing and poor outcomes, and monitor the capacity of a community to reduce risks and build protective factors
- Build on existing infrastructure and systems, where proven effective, to facilitate referrals and service co-ordination. This recognises that it is impossible for a centrally designed and managed structure to work well in all locations and with all communities. This will avoid overly complicated, expensive and problematic overhauls of existing systems.
- Make an effort to link to and assist in further linking of existing systems of referral.
- Operate on the basis that there is “no wrong door” for entry to services that can provide support and care to address the impacts of ageing (provided that sufficient quality of service can be provided at each “door”). The Gateway should not be a strict “funnel” through which all older people who seek support and services must be processed.
- Establish consistency of process and universality of access regardless of needs, location, or financial status.
- Apply a population-based approach to identifying and responding to the needs of communities. For example the Gateway could capture and analyse waiting list information, regional population targeting and protocols with service providers and work with existing service planning mechanisms to significantly improve the effectiveness of the sector and increase service responsiveness.
- Improve responses in a given community to the needs of individuals, families and communities across service sectors – at least involving health (primary, sub-acute, acute, rehabilitation/restorative), community, welfare, housing, local government and ageing services.
- Be established with sufficient capacity (including knowledge, staffing and referral options) to cope with a high volume of engagements.
  - This could be addressed by ensuring multiple entry points are able to fulfil the function of the Gateway via use of virtual information and assessment processes.
- Ensure timely responses to older people, their families and communities, and how to deal with delays as a result of lack of capacity in service systems.
  - This could be addressed by ensuring the Gateway has a mandate to work in local communities to identify gaps in capacity, make these gaps visible to funding bodies and advocate for system development.

- People already accessing services should be able to seek re-assessment of needs and entitlements via service providers (as happens in the health system via GPs operating within the Medicare system).
- The Gateway needs to allow for people who may seek services directly from providers and ensure that people who choose this route are not disadvantaged by any added administration or waiting time.
- The ability to connect with the Gateway at the point of service delivery (ie an on-line assessment at a day therapy centre) would be desirable.
- Initial care co-ordination by the Gateway should be restricted to supported referral, connection and transfer to organisations and agencies who will then develop a care plan with the older person and carer and commence service provision. Emphasis should be on enabling the organisations and agencies who will have the longer term relationship with older people to develop relationships and person centred approaches and plans
- Ensure access to advocacy, care co-ordination and case management services should be enabled both in the Gateway service and through funding availability in services themselves.
- Reduce current complexities (for example the current ACFI has 64 price settings)
- Be sufficiently “local”
  - current health regions are too large to allow for ease of access for consumers and would be inefficient for travel, particularly in the rural and remote areas.
  - How will the Gateway recognise and be designed with reference to local diversity in existing informal and referral systems, to address gaps, reduce duplication etc?
- Ensure early assessment of support needs not currently well attended to in assessment and funded service provision (eg emotional or psychological support, chronic health condition early intervention and management) so these services can be initiated early on to promote wellbeing.
  - It is essential the Gateway agencies have an outreach function, with information/assessment officers visiting acute hospitals in the area and interacting with discharge planners, and HARP teams (in Victoria) to identify and meet with older people who will require support on discharge so that the most appropriate arrangements for the older person can be identified and initiated.
  - The Commission notes the need for community education focusing on responding and adapting to changing personal capacity; adjusting lifestyle, restoring functionality (p 229). However, this does not appear to translate into firm strategies for early intervention, health promotion and chronic disease management at early stages in assessment or in care options.
  - With removal of capping on bed licences there should be more options for recuperative support in short-term accommodation. For example, providers will be better placed to offer transition care (the expansion of which, coupled with direct to payment to the care provider, not the hospital, would be welcomed).

- Unfunded forms of ‘transition care’ could also be available to people with the means to pay for this, but with no other options for care other than residential aged care.
- Have a community development role and promote their function in the communities in which they operate so that, ideally, an older person’s first awareness of the gateway agency is not when they have a health crisis.
- Have a mechanism to evaluate and improve the accuracy of assessments and responded to inaccuracies.
  - The removal of the initial ACFI Assessment undertaken by Approved Providers when a resident is admitted to residential aged care is not supported by UnitingCare Australia. Many assessments prior to admission to services in the UnitingCare network have been found to be incorrect once a person has commenced receiving services. This leads to inadequate funding, which diverts staff from caring roles to pursue a reassessment and remedy the funding shortfall.
  - UnitingCare Australia supports ongoing use of the ACFI tool for re-assessment by the Approved Provider when warranted to ensure optimal care is adequately funded
- Have a mechanism for maintaining/updating assessments over time

There is a need to build a shared understanding and agreement on the meaning of key terms used in defining the role of the Gateway <sup>6</sup>:

*Draft Recommendation 8.2*

*The Australian Government should replace the current system of discrete care packages with a single integrated, and flexible, system of care provision. This would deliver care services currently provided under Home and Community Care, Commonwealth funded care packages and the care component of residential aged care services.*

**UnitingCare supports this recommendation with the following comments**

Community packages play an important role in assisting those with limited means to remain in their own home (be that privately owned, rented, or public housing) if that is their preference. Improving access to several levels of care services will reduce demand by improving prevention and early intervention in the event of loss of skills, capacity or health status.

Higher levels of case management should be part of any future approach to ensure that the necessary supports (beyond that required by the rest of the population) can be provided to those on limited resources to assist them to remain at home. UnitingCare Australia supports strengthening of case management within community care and residential care. In any new service arrangements, service providers should be directly involved in case management.

Access to appropriate information is a critical gap to address in development of a more effective approach to delivering care services. Older people and their families do not know what is available, constrain their own demands because they perceive a stretched and

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<sup>6</sup>For example, *What Really Matters – A guide to person centred excellence, application for services for older adults*, CQL The Council on Quality and Leadership, Maryland 2010 contains relevant and clear definitions

inadequate service system, and the workforce is not universally skilled in supporting consumer choice.

In operationalising this reform, there will need to be some consumer protections in place to ensure when someone is assessed as being entitled to care, the service system fulfils its obligation to provide that care. The government will need to work with service providers and assessment services to identify gaps in service capacity to mitigate the risk of people having an entitlement to service but the local service system being unable to meet their needs.

One critical issue that UnitingCare Australia would like to see more considered in the final report and by governments is how this and other long term reforms can support improved demand management – not by restricting supply but by ensuring access to supply of preventative, early intervention and optimal aged care, broader social engagement, appropriate housing, and health services that intervene early and restore functioning.

Demand management across all elements of the sector needs further consideration to ensure they can respond to consumer needs and expectations, for equity in service provision in rural, remote and low socio-economic areas and for workforce planning. Analysis of patterns of supply and demand will need continual monitoring – not just during transition. The means and methods for collecting and analysing this data need to be further explored, as do the infrastructure and responsibilities for using this data to inform decisions as supply constraints are incrementally lifted.

UnitingCare Australia would support de-coupling funding for restorative services (eg therapy) from residential aged care funding programs. This would not stop residential care providers from being able to access funding for restorative services, but it would enable development and expansion of more community-based, preventative and early intervention models for provision of these services.

*The Australian Government should approve a range of care services to individuals on an entitlement basis, based on assessed need. Individuals should be given an option to choose an approved provider or providers.*

**UnitingCare Australia supports this recommendation in principle, though there will still be a need for some block funding. We have provided further comments below.**

An entitlements-based approach, coupled with the ability to choose providers, should facilitate more consumer directed care (CDC). A critical component of CDC is that funding is adequate to enable individuals to access the services and supports they need. Linking funding levels to an independently set cost of care should help to ensure funding adequacy.

Providing people with the funds will not ensure that the options that they want or need are available in the market. This may be because such demand has not been anticipated, or that the workforce is not skilled or attuned to meeting this particular need, or is entrenched in more traditional approaches.

Lessons need to be learned from sectors such as child care where funding has been provided and a private market has developed to meet demand. However, there are risks in this approach if the market fails in some way (eg collapse of a provider with substantial market share, or undersupply of services in rural and remote locations). If consumers have inadequate market power to ensure adequate supply (eg people with special needs and limited financial means) how will the gaps be made visible and dealt with?

Lessons also can be learned from the implementation of CDC in disability services, where individualised funding approaches are generally in a more mature stage of development than in the aged care sector.

Funding is not necessarily the solution to a good life in the community so there also needs to be the capacity for the facilitation of informal supports and community links. This facilitation requires skills and resources up front but can have long term benefits both for older people and their families, and in reduced demand for formal services.

Individuals and their families require good information in order to make choices about support options, and the opportunity to build their capacity to understand what might be possible and to build the kinds of supports that do not currently exist. Funding needs to be made available to build the capacity of services, including generic community resources, and to build the capacity of older people and their families, in order to generate new options that facilitate healthy ageing in the community.

Within the Consumer-Directed Care continuum it is important to respect that some people will choose not to direct their care or only direct in part as they feel able and are equipped and empowered to do so. Individuals may not have the desire or capacity to develop or manage their own support plans, and should be given choice about how active they are in the administrative aspects of the support they receive. Options need to be available for people to choose individual funding or to choose to use a financial intermediary, or have services managed by a service provider or other organisation. Appropriate care coordination and management should continue to be available in these circumstances. Similarly, education, training and information to assist participants and carers to feel comfortable with self-direction need to be built into any model of consumer choice.

Some block funding may be required to maintain small specialist services that require continuity of expertise (such as community language specific programs) where demand may vary over time.

*The Australian Government would set the scheduled price of each service. To support these revised arrangements, Australian governments should fund an expanded system of aged care consumer advocacy services.*

**UnitingCare Australia supports this recommendation and has the following comments**

We support the expansion of funded advocacy services, and suggest existing providers that include advocacy services should be recognised for this role, and where consumers choose to take advantage of this support, should be able to be funded to provide advocacy services.

Advocacy services need to be available to both older people and their carers, whose needs and interests may not always align.

*Draft Recommendation 8.3*

*The Australian Government should ensure that, through the Independent Hospital Pricing Authority, residential and community care providers receive appropriate case mix payments for delivering palliative and end-of-life care.*

**UnitingCare Australia supports this recommendation and suggests that aged care services should be eligible to receive case mix payments for other sources of health-related funding (eg transition care) on a similar basis.**

**Draft Recommendation 8.4**

*The Australian, state and territory governments should only continue to directly block fund programs where there is a demonstrated need to do so based on a detailed consideration of scale economies, generic service need and community involvement.*

**UnitingCare Australia supports this recommendation with the following comments.**

In operationalising this reform, we suggest:

- The government establish a structure through which non-government aged care sector organisations can contribute information and critically assess government analysis of the need for block funding
- There needs to be assurances and commitments that value-add functions of agencies such as advocacy, policy, community development and education are still able to be funded through direct block allocations of some form. Not to do so puts at risk agencies' capacity to provide these services, especially when in competition with providers who may have no commitment to broader sector and community development.
- Wellness and social inclusion activities should have the same standing as basic support, care and specialised services. It is essential that the level of funding these activities attract is sufficient to provide the services to all people who would benefit from them and to offer allied health and support workers competitive wages (as has been recommended for nursing and care workers).
- Funding also needs to take into account the capital costs of the buildings or means by which the programs are delivered; for example cleaning and maintenance of day therapy centres, and purchase of equipment for exercise groups

**Draft Recommendation 8.5**

*The Australian, state and territory governments should, subject to further evaluation, promote the expanded use of in-reach services to residential aged care facilities and the development of regionally or locally-based visiting multidisciplinary health care teams.*

**UnitingCare Australia supports this recommendation with the following provisos.**

While we support restorative and rehabilitative services being funded at the level of a health service, (thereby enabling us to achieve pay parity for allied health workers, better linking services across primary, secondary and tertiary health disciplines and making the sector more attractive to them) it is important that access to restorative services is made available to all older people who would benefit, to promote optimal functioning and wellness. There is a risk that these services may be directed toward people with more acute or acute-on-chronic needs, therefore limiting access to restorative services to people in the community.

Catering for diversity — caring for special needs groups

**Draft Recommendation 9.1**

*The proposed Australian Seniors Gateway Agency (draft recommendation 8.1) should cater for diversity by:*

- *ensuring all older people have access to information and assessment services*

- *providing interpreter services to convey information to older people and their carers, to enable them to make informed choices*
- *ensuring that diagnostic tools are culturally appropriate for the assessment of care needs.*

**Please see commentary in the section on the Gateway.**

*Draft Recommendation 9.2*

*The proposed Australian Aged Care Regulation Commission (draft recommendation 12.1), in transparently recommending the scheduled set of prices for care services, should take into account costs associated with catering for diversity, including:*

- *providing ongoing and comprehensive interpreter services (either within facilities or through telephone translators) for clients from non-English speaking backgrounds*
- *ensuring staff can undertake professional development activities which increase their cultural awareness.*

**UnitingCare Australia supports this recommendation and offers the following comments.**

UnitingCare Australia would extend the requirements on the AACRC price-recommendation considerations to include:

- Ensuring staff have demonstrated cultural competence in exercising their roles (which includes understanding differences in epidemiology, in presentation of needs and components of culturally competent care).
- Ensuring services have in place workforce development programs that build the diversity of their workforce

UnitingCare Australia would like to note that not-for-profit aged care organisations have made a significant contribution to providing services to:

- The most socially marginalised older people in Australia, including Indigenous and homeless people
- Rural and remote towns and communities where if it were not for the social capital provided by those communities, no service would be provided
- Housing for older people with low incomes, and
- Older persons from diverse cultural communities

UnitingCare Australia supports the position taken by ACSWA in their response to the draft report. In this response ACSWA said:

Current funding arrangements, and proposed market-based approaches to increasing funding and service options provide little incentive, or operational viability, to maintain this work.

Current tax arrangements support the capacity of not-for-profit aged care providers to provide care in circumstances where for-profit providers are unable to operate because of an inability to generate a return on capital. Not-for-profit organisations are able to obtain certain tax concessions in recognition of their service to the common good. For-profit organisations are also able to access concessions, such as the subsidy to offset the costs of payroll tax.

We do not support the position taken in the draft report on phasing out of tax concessions for not-for-profit organisations, including FBT, because they are critical to the capacity to fulfil the supply role the community expects. Our view is that the phasing out of FBT would have the following effects:

- Loss of salary packaging would have significant impacts as packaging is a major tool in recruitment and retention of staff, particularly within aged care –where pay rates are significantly lower than in the acute sector.
- Facilities would be required to increase the amount paid to staff, and therefore reduce services or compromise standards of care because of insufficient staff numbers.
- Removal would lead to upward pressure on labour costs resulting in decreased access to care for the more vulnerable in the community and increased demand on public funding.
- If changes made to FBT led to the requirement that employers compensate employees for the loss of benefit then this may induce serious viability issues for some aged care providers.
- Without salary packaging benefits it is likely that nurses would move to the public sector.
- Surpluses generated by not for profit providers are reinvested in the business rather than being paid to proprietors or shareholders. Any reduction in the viability of not-for-profits will reduce this reinvestment and lead to a net reduction in supply.

*Draft Recommendation 9.3*

*The Australian Government should ensure that remote and Indigenous aged care services be actively supported before remedial intervention is required. This support would include but not be limited to:*

- *the construction, replacement and maintenance of appropriate building stock*
- *meeting quality standards for service delivery*
- *clinical and managerial staff development, including locally delivered programs and enhanced use of technology assisted training*
- *funding models that are aimed at ensuring service sustainability and that recognise the need for the building of local capacity to staff and manage such services over time.*

**UnitingCare Australia supports this recommendation with the following comments.**

In operationalising these reforms, the government will need to invest resources in managerial mentoring, growing the local Indigenous workforce capacity, building cultural competence in the aged care sector more widely and streamlining and reducing the cost impact of the pre-employment Police checks.

### Age-friendly housing and retirement villages

#### *Draft recommendation 10.1*

*The Australian, state and territory governments should develop a coordinated and integrated national policy approach to the provision of home maintenance and modification services, with a nominated lead agency in each jurisdiction.*

#### **UnitingCare Australia supports this recommendation**

*To support this national approach, all governments should develop benchmarks for the levels of services to be provided, terms of eligibility and co-contributions, and the development of professional and technical expertise.*

#### **UnitingCare Australia supports this recommendation**

#### *Draft recommendation 10.2*

*For older people with functional limitations who want to adapt their housing, the Australian Government should develop building design standards for residential housing that meet their access needs. Those standards should be informed by an evidence base of the dimensions and capabilities of people aged 65 and older and of the dimensions and capabilities of contemporary disability aids.*

#### **UnitingCare Australia supports this recommendation.**

The Universal Standards for Building Design provide a suitable framework for Australian Government building design standards.

#### *Draft recommendation 10.3*

*The Council of Australian Governments should develop a strategic policy framework for ensuring that sufficient housing is available that would cost effectively meet the demands of an ageing population.*

#### **UnitingCare Australia supports this recommendation, and provides the following comments.**

UnitingCare services across Australia are currently involved in building affordable housing for low income older people. We would be very happy to provide the Productivity Commission and COAG with access to the evidence base we have used to develop this housing, and the lessons we have learned so far in Queensland, New South Wales, Tasmania, Victoria, South Australia and Western Australia.

This policy framework should incorporate consideration of urban planning, public transport and energy efficiency design measures that would complement affordable and age-friendly housing policies.

#### *Draft recommendation 10.4*

*The regulation of retirement villages and other retirement specific living options should remain the responsibility of state and territory governments, and should not be aligned with the regulation of aged care.*

#### **UnitingCare Australia supports this recommendation**

**Draft recommendation 10.5**

*State and territory governments should pursue nationally consistent retirement village legislation under the aegis of the Council of Australian Governments. Changes to state and territory government legislation under this process should:*

- *be informed by research jointly commissioned by the industry and government*
- *have regard to the industry's accreditation process.*

**UnitingCare Australia supports this recommendation**Delivering care to the aged — workforce issues**Draft recommendation 11.1**

*The proposed Australian Seniors Gateway Agency (draft recommendation 8.1), when assessing the care needs of older people, should also assess the capacity of informal carers to provide ongoing support. Where appropriate, this may lead to approving entitlements to services and/or assisted referral for:*

- *carer education and training*
- *planned and emergency respite*
- *carer counselling and peer group support*
- *advocacy services.*

**UnitingCare Australia supports this recommendation and offers the following comments.**

In operationalising this reform there needs to be a way to ensure carers have access and opportunity to engage with informal activities and networks that support their health and wellbeing. This could be achieved by including support for carers' social connectedness into the "Basic Support" component of the aged care and support building block.

*Carer Support Centres should be developed from the existing National Carelink and Respite Centres to provide a broad range of carer support services.*

**UnitingCare Australia supports this recommendation and offers the following comments.**

Family capacity and circumstances are critical and developing resilience and appropriate levels of support to families to undertake their caring role without having to carry the burden of replacing services is critical. Families need to be able to be in their typical family roles and have the additional supports needed to help with a person's ageing, rather than feel they must take on all of those roles and take up the slack that comes from the absence of appropriate services or other supports.

Carers need flexibility around what roles they take on and what financial support provided for them can be used for. For example, they may wish to get support for housework so they can be freed up to fulfil other caring roles such as activities of daily living support.

Carer Support Centres should operate in conjunction with the Gateway Agency, both to avoid duplicating infrastructure and to ensure care recipient and carer capacities and needs are being examined and supported hand in hand.

**Draft recommendation 11.2**

*The proposed Australian Aged Care Regulation Commission (draft recommendation 12.1), when assessing and recommending scheduled care prices, should take into account the need to pay competitive wages to nursing and other care staff delivering aged care services.*

**UnitingCare Australia supports this recommendation.**

Many UnitingCare services pay above award wages and staff above minimum requirements. With better and more sustainable funding, service providers will be able to provide more competitive pay for staff working in our services.

For health professionals, pay parity with the health sector should be the basis for workforce costing.

For care workers and for other support staff, parity with a comparable trade has been suggested. This is the approach that was used in the most recent child care sector pay case. Industrial advocates are currently exploring the feasibility of a tri-partite agreement between government, service providers and industrial organisations on an industry benchmark for remuneration of personal care workers and support staff. UnitingCare Australia would like to see further analysis and commentary on this mechanism for improving wages and ensuring sustainability of services in the final report.

UnitingCare Australia believes the recommendations made in the 2010 Productivity Commission report on The Contribution of the Not-For-Profit Sector should be adopted in reform of aged care funding arrangements. In particular, this report said:

*NFPs and others delivering community services face increasing workforce pressure and long-term planning is required to address future workforce needs.*

- *For NFPs, less than full cost funding of many services has resulted in substantial wage gaps for NFP staff. The challenges in retaining staff threaten the sustainability and quality of services. Greater clarity about funding commitment is an important step in addressing these issues.*
- *Volunteers play a critical role in delivering NFP services but rising costs are affecting the viability of their engagement. Streamlining of mandatory vetting requirements and investigation of portability between agencies and across jurisdictions would reduce one source of costs.*

And the report recommended:

*In order to ensure that not-for-profits can sustain their workforces, and as wages are a major factor in the successful recruitment and retention of staff, Australian governments purchasing community services need to base funding on relevant market wages for equivalent positions. Costings need to take into account the skill sets required to perform the purchased services and be indexed appropriately to market wage growth within that industry sector.*

**Draft recommendation 11.3**

*The Australian Government should promote skill development through an expansion of courses to provide aged care workers at all levels with the skills they need, including:*

- *advanced clinical courses for nurses to become nurse practitioners*
- *management courses for health and care workers entering management roles.*

**UnitingCare Australia supports this recommendation but would extend it.**

We suggest that the recommendations be amended to include:

- Support for the whole workforce to build knowledge and skills to better support independence and consumer directed care, carer engagement and support and advanced care planning
- Support for professional development for community-based and residential care Personal Care Workers
- Improving the capacity and opportunity for staff in aged care participate in research and evaluation and generate evidence to support their activities.

UnitingCare Australia supports the use of existing infrastructure (eg Health Workforce Australia) to build the aged care workforce and the competence of the general community and health sector workforce in working with older people. However, current inequities in resourcing and expectations of student experiences and outcomes in different placement settings and for different education types need to be addressed.

Increasing the intake and training of skilled aged care professionals needs to be expanded, and 'teaching aged care services' will prepare health professionals for their roles in aged care. However there needs to be a recognition that there is a limited pool of people to fill the carer roles within the current population, and that serious consideration be directed towards expanding the workforce pool of semi or unskilled workers through a range of measures including upskilling Australians who are under-represented in the current workforce (including Indigenous Australians, and older men) and migration programs. Programs to ensure migrant workers are appropriately trained, in both language and caring skills, would be needed to ensure they are competent to provide care for the elderly.

**Draft Recommendation 11.4**

*The Australian Government, in conjunction with universities and providers, should fund the expansion of 'teaching aged care services' to promote the sector among medical, nursing and allied health students.*

**UnitingCare Australia supports this recommendation.**

UnitingCare network services have several successful student placement programs and would be happy to share more detailed learning from these programs.

**Draft Recommendation 11.5**

The proposed Australian Aged Care Regulation Commission (draft recommendation 12.1), in assessing and recommending scheduled care prices, should take into account the costs associated with:

- volunteer administration and regulatory costs
- appropriate training and support for volunteers
- reimbursement of out-of-pocket expenses for those volunteers who are at risk of not participating because of these expenses.

**UnitingCare Australia supports this recommendation.**

**Regulation — the future direction****Draft Recommendation 12.1**

The Australian Government should establish a new regulatory agency — the Australian Aged Care Regulation Commission (AACRC) — under the Financial Management and Accountability Act 1997. This would involve:

- the Department of Health and Ageing ceasing its regulatory activities (except for regulation policy development — including quality standards — and advice)
- establishing the Aged Care Standards and Accreditation Agency as a statutory office within the AACRC
- establishing a statutory office for complaints handling and reviews within the AACRC.

**UnitingCare Australia supports this recommendation**

The AACRC would have three full time, statutorily appointed Commissioners:

- a Chairperson
- a Commissioner for Standards and Accreditation
- a Commissioner for Complaints and Reviews.

**UnitingCare Australia supports this recommendation**

The Chairperson would have responsibility for pricing and all other regulatory matters.

**UnitingCare Australia supports this recommendation**

Key functions of AACRC would include:

- responsibility for compliance checking and the enforcement of regulations covering the quality of community and residential aged care
- approving community and residential aged care providers for the provision of government subsidised aged care services
- administering prudential regulation and all other aged care regulation, such as quotas for supported residential care
- monitoring and assessing costs and transparently recommending a scheduled set of prices, subsidies and a rate of indexation for subsidised aged care services
- assisting and educating providers with compliance and continuous improvement
- handling consumer and provider complaints and reviews
- providing information to stakeholders, including disseminating and collecting data and information.

**UnitingCare Australia supports this recommendation**

**Draft Recommendation 12.2**

*The Australian Aged Care Regulation Commission's (AACRC) Commissioner for Complaints and Review should determine complaints by consumers and providers in the first instance. Complaints handling and reviews should be structured into the three areas: assessment, early resolution and conciliation; investigations and referral; and communication, stakeholder management and outreach. The Australian Government should abolish the Office of the Aged Care Commissioner.*

**UnitingCare Australia supports this recommendation**

*All appeals in respect of decisions of the AACRC and the Australian Seniors Gateway Agency (draft recommendation 8.1) should be heard by the Administrative Appeals Tribunal (AAT). Consideration should be given to the establishment of an Aged Care Division within the AAT.*

**UnitingCare Australia would not support this recommendation, without establishment of alternative dispute resolution options** (such as the AACRC) that are affordable and timely to access, prior to going to the AAT. The AAT is an expensive and time-consuming mechanism through which to have all issues of dispute heard.

**Draft Recommendation 12.3**

*The Council of Australian Governments should agree to publish the results of quality assessments using the Community Care Common Standards, consistent with the current publication of quality of care assessments of residential aged care.*

**UnitingCare Australia supports this recommendation****Draft Recommendation 12.4**

*The Australian Government should provide a broad range of enforcement tools to the Australian Aged Care Regulation Commission to ensure that penalties are proportional to the severity of non-compliance.*

**UnitingCare Australia supports this recommendation****Draft Recommendation 12.5**

*In the period prior to the implementation of the Commission's new integrated model of aged care, all governments should agree to reforms to aged care services delivered under the Home and Community Care (HACC) program that allows for the Australian Government to be the principal funder and regulator. However, in the event that they do not agree, the Victorian and Western Australian governments should agree to harmonise (from 1 July 2012) the range of enforcement tools in HACC delivered aged care services.*

**UnitingCare Australia supports this recommendation****Draft Recommendation 12.6**

*The Australian Government should introduce a streamlined reporting mechanism for all aged care service providers (across both community and residential aged care) based on the model used to develop Standard Business Reporting (SBR).*

**UnitingCare Australia supports this recommendation and provides the following comments.**

In operationalising this reform we would support a comprehensive reporting solution that allows for entry and submission of the equivalent of claims and activity data as well as business reporting (ie BAS).

*The Australian Aged Care Regulation Commission (AACRC) should explore the case for embracing technological advances in receiving and transmitting information from and to providers in line with SBR. This could be facilitated by imposing a requirement that all providers submit key reports electronically to AACRC.*

**UnitingCare Australia supports this recommendation**

*Draft Recommendation 12.7*

*The Australian Government should amend the residential aged care prudential standards to allow residential aged care providers to disclose (to care recipients or prospective care recipients) on request, rather than automatically:*

- *a statement about whether the provider complied with the prudential standards in the financial year*
- *an audit opinion on whether the provider has complied with the prudential standards in the relevant financial year*
- *the provider's most recent audited accounts.*

**UnitingCare Australia has no problem with increased transparency to consumers and supports this recommendation**

UnitingCare Australia notes with concern that the Dept. of Health and Ageing has issued a consultation paper concerning the proposed changes to the Prudential Requirements that is suggesting an implementation date for changes from 1 July 2011. The proposed changes have a significant impact on the future funding of services for older Australians as recommended in the Productivity Commission draft report. UnitingCare Australia is of the view that changes to the existing Prudential Requirements should not be made at the time when the Productivity Commission is considering its final report and prior to the Government's response to the Productivity Commission's report and recommendations. Any proposed changes to Prudential Requirements should be considered in the context of the response to the Productivity Commission Report by the Commonwealth Government"

*Draft Recommendation 12.8*

*The Australian Government should amend the missing resident reporting requirements in the Accountability Principles 1998 to allow a longer period for providers to report missing residents to the Department of Health and Ageing, while continuing to promptly report missing residents to police services.*

**UnitingCare Australia supports this recommendation**

*Draft Recommendation 12.9*

*The Council of Australian Governments should identify and remove, as far as possible, onerous duplicate and inconsistent regulations, including in relation to infectious disease outbreaks, occupational health and safety, food safety, nursing scope of practice, power of attorney, guardianship and advanced care plans.*

**UnitingCare Australia supports this recommendation and would like to see explicit linkages between the recommendations made in the final report regarding regulatory**

**reform and the relevant recommendations from the 2010 Productivity Commission report on Contribution of the Not-For-Profit Sector.**

The following recommendations are especially relevant:

*Recommendation 12.6*

*When entering into service agreements and contracts for the delivery of services, government agencies should develop an explicit risk management framework in consultation with providers and through the use of appropriately trained staff. This should include:*

- *allocating risk to the party best able to bear the risk*
- *establishing agreed protocols for managing risk over the life of the contract.*

*Recommendation 12.7*

*Australian governments should urgently review and streamline their tendering, contracting, reporting and acquittal requirements in the provision of services to reduce compliance costs. This should seek to ensure that the compliance burden associated with these requirements is proportionate to the funding provided and risk involved.*

*Further, to reduce the current need to verify the provider's corporate or financial health on multiple occasions, even within the same agency, reviews should include consideration of:*

- *development of Master Agreements that are fit-for-purpose, at least at a whole-of-agency level*
- *use of pre-qualifying panels of service providers.*

*Recommendation 12.8*

*The Department of Finance and Deregulation should develop a common set of core principles to underpin all government service agreements and contracts in the human services area. This should be done in consultation with relevant government departments and agencies and service providers.*

Aged care policy research and evaluation*Draft Recommendation 13.1*

*To encourage transparency and independence in aged care policy research and evaluation, the proposed Australian Aged Care Regulation Commission (draft recommendation 12.1) should perform the role of a national 'clearinghouse' for aged care data. This will involve:*

- *being the central repository for aged care data and coordinating its collection from various agencies and departments*
- *making these data sets publicly available in a timely manner for research, evaluation and analysis, subject to conditions that manage confidentiality risks and other concerns about potential data misuse.*

**UnitingCare Australia supports this recommendation and offers the following comments.**

The key issue from our perspective is there needs to be rigour with respect to what data is requested to avoid unreasonable and endless levels of data being collected. Also, data collected needs to be aggregated and made available to the sector in a time frame that allows it to be used to improve service delivery and care outcomes.

UnitingCare Australia would like to see further commentary in the final report on whether and how the following recommendations from the 2010 Productivity Commission report on The Contribution of the Not-For-Profit sector would be incorporated in reform of data collection and analysis in the aged care sector:

*Recommendation 5.3*

*To minimise compliance costs and maximise the value of data collected, Australian governments should agree to implement a reform agenda for reporting and evaluation requirements for organisations involved in the delivery of government funded services. This should:*

- commit to basing reporting and evaluation requirements in service delivery contracts on a common measurement framework (appropriately adapted to the specific circumstances of service delivery)*
- require expenditure (input) measures to be based on the Standard Chart of Accounts*
- develop data standards for the relevant non-expenditure items ensure that information generated through performance evaluations are returned to service providers to enable appropriate learning to take place and allow organisations to benchmark their performance employ, where practicable, the principle of 'report once, use often'.*

*To maximise the usefulness of aged care data sets, reform in the collection and reporting of data should be implemented through:*

- adopting common definitions, measures and collection protocols*
- linking databases and investing in de-identification of new data sets*
- developing, where practicable, outcomes based data standards as a better measure of service effectiveness.*

**UnitingCare Australia supports this recommendation.**

*Research findings on aged care and trial and pilot program evaluations, including those undertaken by the Department of Health and Ageing, should be made public and released in a timely manner.*

**UnitingCare Australia supports this recommendation.**

## Reform implementation

### *Draft Recommendation 14.1*

*In implementing reform, the Australian Government should:*

- *announce a timetable for changes and how they are expected to affect the sector*
- *consult with providers, consumers, carers and government agencies on issues expected to arise from the implementation of the new system*
- *embed feedback processes and enable fine-tuning of the new system*
- *grandfather current users of care services, including those in residential aged care facilities, and relevant financial arrangements of some of the providers of aged care services*
- *sequence reforms carefully to facilitate adjustment to the new system*
- *establish an Aged Care Implementation Taskforce to oversee the implementation of the reforms and to liaise with stakeholders.*

**UnitingCare Australia is working with other provider organisations through the Campaign for the Care of Older Australians (CCOA) to develop advice on transition priorities, sequencing and timelines. This advice will be provided to the Commission as a joint CCOA submission.**

A transition plan is needed to implement essential reforms and NGOs need to be active partners in deciding what reforms will be implemented, how to sequence this substantial reform agenda and how reforms will be rolled out.

UnitingCare Australia will be working with the Campaign for the Care of Older Australians to provide detailed commentary on transition priorities, sequencing and planning, so this has not been covered in detail in this paper. That said, we do want to note that prompt establishment of the capacity of the Australian Aged Care Regulatory Commission (AACRC) to monitor and assess costs and transparently recommend a scheduled set of prices, subsidies and a rate of indexation for subsidised aged care services is critical to addressing immediate gaps in both current funding and future development of supply.

UnitingCare Australia, representing one of the largest network of social services in Australia, looks forward to working with the Productivity Commission and the Government to develop and implement the essential and urgent reforms in aged care and other policies that will ensure every older Australian has the opportunity and resources to live a decent life. This collaboration could be facilitated through an implementation working group that includes sector representatives working alongside internal government stakeholders to work through sequencing, monitoring and recalibrating reform throughout the implementation process.

As part of this ongoing reiterative process, we believe there is need for ongoing monitoring of the impact of the reforms on supply, changes in demand, and shifting preferences of consumers (overall, as well as regionally and for specific groups). There then needs to be a capacity to change the methodology for sequencing and implementation based on what is learnt.