



Aged Care **Plus**

**THE SALVATION ARMY AGED CARE
CARING FOR OLDER AUSTRALIANS, DRAFT INQUIRY REPORT
SUBMISSION TO THE PRODUCTIVITY COMMISSION
MARCH 2011**

The Salvation Army Aged Care Plus is one of the largest faith based aged care providers in Australia, operating 17 residential centres with 1484 residential licenses, 416 independent living units and 55 community care packages complemented by some HACC funded programs across New South Wales, Queensland and the Australian Capital Territory. The Salvation Army Aged Care Plus annual operating income is just over \$88m, including \$58m in government funding and interest income from \$61m of bonds. The Salvation Army Aged Care Plus has over 1060 employees and hundreds of volunteers to support its mission in caring for the older Australians. This service is complemented by other social programs conducted by The Salvation Army targeting marginalised older Australians who are ineligible for Commonwealth funded programs such as homeless people, those living in squalor, drug rehabilitation and those isolated through dislocation from their family.

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Executive Summary

We are pleased to provide this submission to The Productivity Commission in response to the 'Draft Inquiry Report' on 'Caring for Older Australians'.

We welcome this comprehensive review of the aged care sector. Changes are needed to ensure the long-term viability of the sector and for the care and protection of older people. We particularly support increased transparency, building in financial sustainability and making the aged care system easier to navigate for consumers.

Whilst we generally support the proposed reforms we have offered specific feedback on individual recommendations. The Salvation Aged Care Plus believes that some of the recommendations do not go far enough, and on others we hold divergent views to those posed in the report.

The Salvation Army Aged Care Plus is mindful of the Governments' need to introduce the changes outlined in the 'Draft Inquiry Report' and support the need for reform. We advocate for a balanced approach where providers are given clear processes and realistic timeframes for implementation of proposed reforms. Government should be mindful that reforms do not impact on the provision of existing flexible, innovative, responsive and high quality services that meet the vast and varied needs of our ageing population. Any changes should build upon the strengths of our current system.

The Salvation Army Aged Care Plus (TSAACP) commends the Commission on the comprehensive 'Draft Inquiry Report' and associated recommendations which, if adopted by Government, will support and enhance the delivery of aged care services to older Australians and ensure that the industry remains viable and able to respond to the needs of a growing ageing demographic. We are pleased to offer our submission for your consideration.

Our response to the 'Draft Inquiry Report' is constructed around the Draft Recommendations as shown on pages XLV through to LVII of the report. Our submission follows the main and sub headings on each of these pages.

1. A framework for assessing aged care

1.1. Draft Recommendation 4.1

TSAACP generally supports the policy changes outlined in this section. In addition, we recommend that a principle be added on the sustainability of aged care services and the need for partnership between industry and the government.

2. Paying for Aged Care

2.1. Draft Recommendation 6.1

TSAACP fundamentally agrees with the principle that those individuals that are able to cover their own personal and health care costs should do so and therefore lessen the call on public expenditure than is currently the case.

2.2. Draft Recommendation 6.2

“accommodation and everyday living expenses should be the responsibility of individuals, with a safety net for those of limited means”

It is acknowledged that it is the responsibility of Australians at various stages of their life to meet the costs of accommodation and everyday living expenses. Therefore, the view that these costs should remain the responsibility of the aged when they are in receipt of aged care services is shared by TSAACP with the following qualification:

- Government support must be provided to the marginalised sector of the community who cannot afford to pay for these costs.

“health services should attract a universal subsidy, consistent with Australia’s public health care funding policies”

The current method of funding is complicated and administratively very costly. TSAACP is of the view that a universal subsidy would be easier to administer.

“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”

TSAACP fundamentally agrees with the principle that those individuals that are able to cover their own care costs should do so and therefore lessen the call on public expenditure. TSAACP also believe that there should be safety net provisions to

protect individuals from catastrophic costs of care, the recommended safety net appears appropriate but would need to be tested.

2.3. Draft Recommendation 6.3

TSAACP support this recommendation with suggestion that restrictions on community care supply could be released earlier in the timeline.

2.4. Draft Recommendation 6.4

TSAACP agrees with the principle findings that assert that the price charged for accommodation in residential facilities should better reflect the true cost of supplying care. Current regulatory provisions, for high care in particular, give no due consideration to the relative quality of the room / service offered from within and between like services. A removal of these regulatory restrictions is supported.

TSAACP support consumer choice across the residential aged care spectrum and the three accommodation cost options as presented in draft recommendation. The very nature of an up-front bond payment remains an attractive feature in contributing to a provider's capital requirements. The costs of maintaining debt could be potentially crippling to the industry without careful thought – the accommodation charge would have to be carefully assessed to ensure the cost of servicing capital was adequately met. In addition, it should be clear on the implications of proposed changes on existing bonds held.

Clarification is required on determining what is permitted “in the cost of accommodation” (needs to include land costs and recognition of the need for return on investment) and formula for equivalency of lump sum and periodic payment, transition and de-incentives paying bonds.

2.5. Draft Recommendation 6.5

TSAACP supports the recommendation that mandatory requirements be imposed on the industry to provide accommodation to supported residents. This could continue on a regional basis taking into account the demographics and uniqueness of a particular area.

2.6. Draft Recommendation 6.6

TSAACP support this recommendation.

2.7. Draft Recommendation 6.7

The “2 bed share bathroom” model is not realistic and is an increasingly small proportion of the market. In order to ensure financial viability for providers a single room with ensuite model should be used. This model would reflect the average cost of providing accommodation on the basis of building configuration and bedroom options.

The Report suggests decreasing the subsidy based on age of the building but costs actually increase as the building ages. Therefore, the report's view is not supported by TSAACP.

2.8. Draft Recommendation 6.8

TSAACP supports a less regulated market in order that providers are better positioned to respond to the individual preferences of all. That is, all care recipients are given the choice to purchase additional services as required and within the internal policies / capacity of the provider. The amount charged must be at the discretion of the service provider

2.9. Draft Recommendation 6.9

TSAACP share the widespread view of the industry that an independent regulatory commission such as the Australian Aged Care Regulation Commission should transparently determine costs of delivering care and co-contributions.

2.10. Draft Recommendation 6.10

TSAACP supports the principle that care recipients should not be faced with having to pay for very high or catastrophic costs of care but that these costs should be "risk pooled". Therefore, a lifetime stop-loss mechanism is supported whereby the tax payer would pay for all remaining costs for an individual (excluding accommodation and everyday living expenses) who has reached the amount determined as the stop-loss limit.

2.11. Draft Recommendation 6.11

TSAACP supports this recommendation, especially given the associated potential transparency.

3. Options for broadening the funding base

3.1. Draft recommendation 7.1

TSAACP endorse this recommendation.

4. Care and support

4.1. Draft Recommendation 8.1

The TSAACP agrees in general with this recommendation. However we believe there needs to be additional detail provided on how this will work.

Specific areas for clarification on the proposed Gateway include:

- What mechanisms will be put in place for when a client requires a change in the level and type of care?
- How will the system ensure that the assessment process is not slow and unresponsive? (as is sometimes the case)

- How will the specialist assessments work in practice, given that ACAT's currently have access to geriatricians and other allied health professionals for assessments.

4.2. Draft Recommendation 8.2

TSAACP agree with this recommendation.

4.3. Draft Recommendation 8.3

TSAACP agrees but also recommend that the associated reforms need to extend to subacute/restorative and transition care.

4.4. Draft Recommendation 8.4

TSAACP support this recommendation.

4.5. Draft Recommendation 8.5

TSAACP supports this recommendation but would like further information regarding how Government would promote expanded use of in reach service.

5. Catering for diversity — caring for special needs groups

5.1. Draft recommendation 9.1.

5.2. Draft recommendation 9.2

5.3. Draft recommendation 9.3

TSAACP would like further detail in regard to these recommendations, given its concern regarding:

- CALD provision appears to be reduced to language skills rather than cultural competence
- Viability supplements and capital: it is not clear if there are variations in cost of care and therefore need to be taken into account
- Rural and remote populations, the socially disadvantaged those with behavioural manifestations, all need to be given further consideration.

6. Age-friendly housing and retirement villages

6.1. Draft Recommendation 10.1

TSAACP agrees with this recommendation.

6.2. Draft Recommendation 10.2

TSAACP supports the notion of abolishing stamp duty, especially given the potential barriers at present in selling ones home that may not be the most suitable and appropriate type of accommodation.

6.3. Draft Recommendation 10.3

TSAACP supports the measures set out under this section. The current system has a multiplicity of schemes running and the affordability gap at times is an issue.

6.4. Draft Recommendation 10.4

TSAACP supports the measures set out under this section.

6.5. Draft Recommendation 10.5

TSAACP supports the measures set out under this section.

In relation to Draft Recommendations 10.1 to 10.5 TSAACP supports the notion of 'Liveable Housing Design Guidelines' and would encourage these performance levels to move beyond 'voluntary' status.

We also suggest that there is a need to acknowledge the contribution and support offered by National Rental Affordability Scheme and the ongoing problems in the social housing space.

7. Delivering care to the aged – workforce issues

7.1. Draft Recommendation 11.1

TSAACP supports the recommendation that the proposed Australian Senior Gateway Agency, when assessing the needs of older people, should also access the capacity of informal carers to provide ongoing support such as education, training, planned and emergency respite, carer counselling, peer group support and advocacy services.

Clarification is required on what the relationship will be between the Gateway and existing referral points. Will the proposed system allow for diverse points of entry and retaining of skills and expertise of the NGOs who are currently providing these services

7.2. Draft Recommendation 11.2

TSAACP supports the recommendation that the proposed Australian Aged Care Regulation Commission, 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.

TSAACP recommends that further work is required to ensure recommended scheduled care prices include;

- The cost of increased complex care needs which will result in the increased cost of specialised need for nursing, medical and allied health services for the older person in both residential and community care settings. Aged Care providers will not be able to attract and retain appropriate professional workforce if this is not considered.

- The acuity of care in residential and community care is merging with hospital patient services such as end of life care, palliative care and use of higher tech equipment. The recommendations in the draft report could be further strengthened to ensure that aged care becomes a more attractive option for potential employees.

7.3. Draft Recommendation 11.3

TSAACP supports the recommendation 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, courses for nurses to become nurse practitioners and management courses for health and care workers entering management roles.

TSAACP supports an education and training incentive program. The implementation of the Australian Government's plan for the Incentives Program and Building Nursing Careers Program is a positive step towards attracting and retaining a highly skilled workforce.

TSAACP recommends that the programs/courses should include

- Mentorship programs and resources for graduate and undergraduate nurses to support a positive transition from university or TAFE into aged care. This approach will attract and retain appropriately skilled professionals into aged care.
- TSAACP acknowledges that employment of staff is the responsibility of the provider and there is a significant proportion of existing unlicensed care service employees that have inadequate written and spoken language skills. This can pose a risk to the safety and quality of care for residents as well as other employees. TSAACP recommends English Language Skills Courses are freely distributed and easily accessible to aged care workers who would benefit from this type of program.

7.4. Draft Recommendation 11.4

TSAACP commends the recommendation that the Australian Government, in conjunction with universities and providers should find the expansion of 'teaching aged care services' to promote the sector among medical, nursing and allied health students.

TSAACP is aware of several university-affiliated aged care facilities who have embraced this concept and who have had positive results that support the expansion of this program.

7.5. Draft Recommendation 11.5

TSAACP supports the recommendation that the proposed Australian Aged Care Regulation Commission in assessing and recommending scheduled care prices, should take into account the costs associated with volunteer administration, regulatory costs and training.

TSAACP recommends that reimbursement of out-of-pocket expenses be provided for all volunteers to ensure their ongoing participation. The intent of volunteering is to give back to the community and to suggest that volunteers who are at risk of not participating because of expenses are identified could have an adverse effect.

8. Regulation – the future direction

8.1. Draft Recommendation 12.1 – 12.9

TSAACP fully support these recommendations:

- Aged care requirements on reporting of assaults and missing persons are fundamentally challenging. The current requirements do not respect the rights of the person and their family and require reports to be made to agencies often against their wishes. Any move to address this is welcomed (12.8).
- In placing funding, quality, compliance and complaints within the same statutory office the Government should be confident that there is not an inherent conflict of interest, which is currently the case.
- Regulation should be mainstream wherever possible, rather than specific to aged care.
- Criminal penalties under the relevant Act should be utilised rather than additional aged care specific legislation.
- The provisions under Corporations Law provide sufficient coverage for many of the described issues, there is no need to develop aged care specific arrangements.

9. Aged care policy research and evaluation

9.1. Draft Recommendation 13.1

TSAACP is supportive of this recommendation.

10. Reform implementation

10.1. Draft recommendation 14.1

TSAACP are supportive of the broad structure of this section. However we also offer the following for consideration:

- Careful thought needs to be given to the length of time, sequencing and interdependencies of the implementation plan.
- Workforce issues should be brought forward into the first 2 years because of the time needed to deliver the outcomes.
- There is a potential aged care reputational risk in not being able to operate in a new environment from the beginning; this risk needs to be managed.
- Consumers need to be provided with clear, concise information on what will be different for them in this new system. This will ensure realistic expectations from consumers.
- Further implementation information for providers would be extremely useful. It would be helpful to have this in the form of a more detailed Gant Chart.

TSAACP welcome the opportunity to make this submission to the Productivity Commission. We support work towards a streamlined aged care system which reduces existing fragmentation and duplication, as well as strategies to address service gaps. Such a system will offer older Australians better access to the services they need. TSAACP looks forward to the opportunity to contribute to the implementation of the proposed reforms.