

**A•S•U**  
Australian Services Union  
Victorian Authorities and Services Branch  
**'The Local Government Union'**

**Response to the**

**Productivity Commission Report  
Inquiring into Caring for Older  
Australians**

**March 2011**

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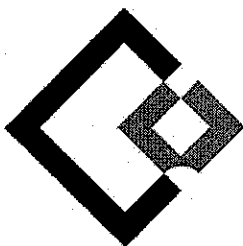
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The Productivity Commission

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## 2. Introduction

On 21 April 2010, The Hon. Nick Sherry, Assistant Treasurer referred aged care to the Productivity Commission for inquiry and report by April 2011. The immediate cause for the inquiry was the conclusion reached by the National Health and Hospitals Reform Commission that significant reform was needed to the aged care system, including its relationship to the rest of the health system. Therefore the scope of the Productivity Commission's inquiry was broad. It was to include all aspects of the aged care system in Australia.

Of particular interest to the Australian Services Union (ASU), Victorian Authorities and Services branch, was the Commission's inquiries and investigations in relation to the Victorian Home and Community Care (HACC) programme. Under the Victorian HACC system, local government plays a significant role in the funding and delivery of HACC services, while the ASU, as the primary union with coverage over local government, includes thousands of members involved on a daily basis in the delivery of HACC services.

Over several years, the federal government has sought to reform the health system, and will no doubt attempt to do the same with aged care upon the conclusion of the current Productivity Commission inquiry. In previous attempts at reform, HACC has come up for discussion. Generally the Commonwealth's proposals for the reform of HACC will result in a radical change to the way HACC is delivered in Victoria, which in the ASU's view will benefit neither HACC clients, workers or providers.

The ASU welcomes this opportunity to provide its views on and make recommendations to the Commission's draft report, with a focus on the Victorian HACC system, its effectiveness and the importance of its retention.

### 3. Key Recommendations

Recommendation 1: The ASU recommends that the Commission maintain and enhance the Victorian HACC model in relation to the role of Local Government as the primary access/entry point for in-take, assessment, referral, and service provision for HACC services.

Recommendation 2: Local Government HACC could be enhanced by rolling Veterans Home Care, EACH and CACP packages back into HACC. This would provide administration cost savings that could be used to increase service hours to clients and improve workers wages and conditions.

Recommendation 3: The Commission should consider the role local government can play as an aged care 'gateway'. Local government is well situated to fulfil such a role as it is the level of government closest to the community; understands the strengths and weaknesses of local aged care service providers; and is best suited to respond to local needs as they arise.

#### **4. About the ASU – Victorian Authorities and Services Branch**

The Australian Services Union is one of Australia's largest unions. It was formed in 1993 following the amalgamation of the Federated Clerks Union (FCU), the Federated Municipal and Shire Council Employees Union (MEU) and the Australian Municipal, Transport, Energy, Water, Ports, Community and Information Services Union (ASU).

The membership of the ASU – Victorian Authorities and Services Branch, includes workers employed in:

- Local government
- Social and Community Services
- Energy
- Information technology
- Water
- Transport
- Shipping and travel

Our branch has a membership of 21,000 Victorian workers. The ASU is the local government union and represents thousands of workers in the sector and has been doing so for over 100 years.

## **5. The Role of Victorian Local Government in Home and Community Care**

### *5.1 Local Government Plays a Major Role in the Victorian HACC System*

The Victorian HACC system is unique. Unlike much of Australia, in Victoria local government plays a significant role in the funding and delivery of HACC services. And with due respect, the ASU believes the Commission's draft report does not sufficiently convey the strengths and benefits of the Victorian system and in particular, the role of local government therein.

This is especially the case in rural areas. It is a well known fact that many rural areas lack the level of services provided in metropolitan areas. A key contributing factor is the absence of non-government service providers, whether of a 'for profit' or 'not for profit' character. This arises for one of many reasons: whether a particular location is beyond the business operating area of any particular service provider; the absence of qualified workers; or where enterprise has failed to respond to local demand and therefore doesn't provide a desired service. In such scenarios it is typically left to local government to fill the void. Put simply, without local government involvement, various parts of Victoria, especially rural regions, would have no access to HACC. Removing local government involvement from these areas would leave local communities at a disadvantage, as no viable alternative exists to replace the services provided through local government.

### *5.2 Local Knowledge puts Local Government in a Better Position to Respond to Local Needs*

Victorian local government is a major provider of HACC services. Of 79 councils, 76 provide some form of HACC service.<sup>1</sup> Local government is also the largest single provider of HACC, serving approximately 100,000 of the 230,000 HACC recipients in 2005-06.<sup>2</sup> This situation is unique in Australia as local government in other states is only a minor provider of the programme. With the ageing of the population and the desire on the part of many older Australians to see out their days at home, the rate of demand for HACC is only set to increase.

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<sup>1</sup> *Who Gets HACC? A Statistical Overview of the Home and Community Care Programme in Victoria 2004-06*, Victorian Department of Health, June 2010, p. 1.

<sup>2</sup> See graph in *ibid*, p. 38.

Local government is well positioned to provide HACC. Most residents are familiar with the services provided by their council, and indeed utilise council services (i.e. waste collection) on a weekly basis. Thus residents feel comfortable in knowing that council is providing services, and this extends to HACC.

The locally based nature of local government provides an advantage in tailoring HACC services to meet local needs. Councils understand the demographics of their communities better than any other organisations, whether these are government or non-government, and are well placed to respond to the needs of their communities. This is particularly the case in providing HACC to diverse groups, such as CALD or NESB communities. The ASU believes that planning at the local level, undertaken by local government, is a more effective way of meeting local demand for services than a centralised system operating out of Canberra.

### *5.3 Victorian Local Government a Major Funding Source*

According to the Victorian government's HACC information website, the Victorian HACC system receives \$563 million in funding from federal and state governments. In addition to this figure, local government contributed a substantial amount.<sup>3</sup> Previous estimates have placed the local government contribution at \$100 million.<sup>4</sup> This amounts to just over 17% of total HACC funding. In total Victorian HACC receives over \$650 million in funding through government contributions.

By any standard local government makes a significant contribution to HACC funding. However, there appears to be a marked silence throughout the recent COAG process on the National Health Reform, and indeed the Commission's draft report, regarding who will replace the money contributed by local government should Victoria agree to join the proposed national HACC framework. The ASU notes that the federal government is currently operating under tight fiscal circumstances due to its insistence upon returning the budget to surplus by 2013. The ASU believes it unlikely the Commonwealth will favour having to contribute yet more money to the Victorian HACC system in order to replace that currently paid by local government. This has the potential to leave a funding 'black hole' in the Victorian HACC system, causing disruption to and decline in levels of service, quality of services,

<sup>3</sup> See [http://www.health.vic.gov.au/hacc/hacc\\_victoria/funding.htm](http://www.health.vic.gov.au/hacc/hacc_victoria/funding.htm), accessed 16 February 2011.

<sup>4</sup> HACC Fact Sheet 2008-09, Department of Human Service Victoria



retrenchments, reduced pay and conditions for the HACC workforce and unnecessary hardship to HACC clients.

#### *5.4 Local Government Services are Easy to Navigate and Accessible*

HACC clients receive a good service from their council. Local government's involvement in HACC is seen as a natural extension of the broad range of services councils provide. There is no basis to suggest that HACC clients are overwhelmed in a proverbial maze of services offered by council. Under current arrangements, local government acts akin to a 'one stop shop' to the extent that the service sought by a client is provided. Councils' conduct their own holistic assessments of client needs and respond to those needs as far as available resources (and range of services) allow, or refer clients to providers where needs exceed the expertise of council. Assessments are undertaken face to face and in the clients' home. This ensures that all aspects including, health, safety, mobility, cognitive abilities, CALD issues, nutrition, financial situation etc are identified. Occupational Health and Safety issues are also identified. Client-worker matching is also an important part of the assessment process. All of these measures provide better outcomes for service recipients and workers. This leads to fewer hospital admissions for clients and lessens the likelihood of injuries for workers.

Indeed with more funding, local government will be able to provide more HACC services. Overall it is reasonable to assert that clients are very satisfied with the HACC service they receive from local government. This contributes to the confidence many Victorians have in their local council as a reliable and accountable destination for service advice and delivery.

#### *5.5 Changes to the Victorian HACC System will affect Jobs*

Changes to the Victorian HACC system will have repercussions on the HACC workforce. Generally, local government employees receive relatively good wages and conditions, with attractive career pathways and training opportunities among other benefits. Through offering attractive pay and conditions, councils have largely been able to attract and retain staff. Notwithstanding this, the ASU agrees with the Commission's observations on the imperative to offer better training and more attractive wages and conditions to the aged care workforce so as to enable workforce retention and to attract individuals to the industry, in particular from CALD

communities where demand for aged care services is projected to rise significantly in the near future.

However, a nationally harmonised system, as recommended by the Commission, will endanger the attractiveness of work in community care in Victoria. The ASU's specific concern is that if local government involvement in HACC were to cease, anywhere between 6,000 and 12,000 workers could lose their jobs. The ASU understands that a conservative estimate of redundancy costs for 6,000 employees will exceed \$60 million. Furthermore, staff choosing to remain involved in the industry will face reduced wages and conditions as non-government HACC providers (as the Commission's draft report makes clear) do not provide salaries and conditions as attractive as those found in local government. This has obvious implications in relation to staff attraction and retention. An outcome of this nature contradicts the Commission's commendable draft recommendations seeking more competitive pay rates and conditions for the aged care workforce.

#### *5.6 Victorian HACC System National Best Practice*

The ASU believes the Victorian HACC system is national best practice and should be extended. It provides a good and reliable service, is easy to access and navigate and is responsive to local needs. Victorian local government is able to attract and retain staff because of its ability to provide competitive wages and conditions. In the event of the Victorian system facing changes instigated by the Commonwealth, any changes should aim to build on the Victorian system and should seek to reinforce and expand local government's role as a service delivery vehicle. **The ASU recommends that the Commission maintain and enhance the Victorian HACC model in relation to the role of Local Government as the primary access/entry point for in-take, assessment, referral, and service provision for HACC services.**

#### *5.7 Victorian HACC and other Community Care Packages*

Under current community care arrangements in Victoria, there are several instances of overlap. Improvements to community care could be made by eliminating duplication of in-take, assessment and service provision. For example, we suggest that Veterans Home Care could be returned to HACC thereby reducing administration costs. Similarly the EACH and CACP should also be returned to

HACC. Local Government in Victoria would be well placed to accommodate this change, and industrial laws do provide for workers to transfer from one employer to another ensuring continuity of care for clients. Cost savings could be used to deliver additional service hours to clients, and improve wages and conditions for HACC workers.

**The ASU recommends the Commission enhance Local Government HACC by rolling Veterans Home Care, EACH and CACP packages back into HACC. This would provide administration cost savings that could be used to increase service hours to clients and improve workers wages and conditions.**

## **6. Australian Services Union Comments on Specific Points in Commission's Draft Report**

### *6.1 Gateways and Assessments*

One of the Commission's key proposals is for a single 'gateway' be responsible for providing information, assessments and care coordination for aged care recipients. The ASU believes that, with additional funding from the Commonwealth, local government is well placed to fulfil such a role. Councils already possess the expertise in performing assessments as many Victorian local governments already perform assessments in relation to HACC. Additionally Councils' service delivery is locally focussed, ensuring they are in a position to respond to local needs. Councils are also familiar with local aged care service providers, understanding the strengths and weaknesses of different providers. Thus councils are uniquely positioned to act as a referral agency (where care needs exceed those provided by council) in a similar manner to that envisaged by the Commission in its proposal for an Australian Seniors Gateway Agency.

**The Commission should consider the role local government can play as an aged care 'gateway'. Local government is well situated to fulfil such a role as it is the level of government closest to the community; understands the strengths and weaknesses of local aged care service providers; and is best suited to respond to local needs as they arise**

### *6.2 Home Maintenance and Management Services*

The Commission proposes that federal, 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.' The Commission may be aware that Victorian local government, through its involvement in the HACC programme, is a key provider of HMM services. Accordingly any process to establish a national approach should take into account the role of Victorian local government, as it is a key stakeholder through its involvement as a provider and funder of HMM services.

The ASU is open minded about a nationally consistent approach to HMM benchmarks, levels of services to be provided, terms and eligibility etc, provided a genuine consultation process is undertaken where the role of local government in the *provision* of HMM services is continued. As mentioned in point 1.1 this is especially important for rural areas because local government plays an almost exclusive role in providing HACC related services due to the absence of alternative providers.