



## **Response to the Productivity Commission Draft Report “Caring for Older Australians”**

### **VISION**

SCC (Vic) welcomes the significant reforms proposed by the Draft Report of the Productivity Commission to improve support for older Australians. It is crucial that these reforms are embraced by all political parties.

Our vision is that these reforms should focus on the older person, with services being tailored to the individual, rather than older people needing to fit in to an existing “menu” of services. It is important for older people to have choice, although deregulation on its own is not enough to achieve this. Older people need information and assistance to make informed choices, and the proposed Australian Seniors Gateway Agency is a positive step in this direction.

SCC (Vic) is concerned at some of the terminology in the report that does not convey respect for older people. For example, the “option to make the requirement for supported residents a ‘tradeable’ obligation between providers”. There is a sense that the focus is on older people being a “burden” on society (particularly if they are financially disadvantaged) rather than an asset and a valued part of our society deserving of respect. We would also be concerned if the changes are only about restructuring the existing system with the intent of providing a more robust “market” and do not actually provide better lives for older people. For example, the support for promoting wellness and independence is expressed in the report, but there is little detail on how this would be operationalised.

While the report has proposed separate policy settings for accommodation and care (p 154), the remainder of the report seems to propose continuing with the existing paradigm of large congregate residential care facilities. In every other field of human service (disability, mental health, child welfare) this model of institutionalised services is seen as unacceptable. There needs to be further incentives to consider alternative models that enable older people to remain more embedded in their local communities. SCC (Vic) supports the statement on page 259:

*“Where possible, access to care services should be neutral with regard to the type of accommodation in order not to distort the accommodation choices of older Australians and the efficient delivery of care.”*

## **PAYMENT FOR CARE**

SCC (Vic) supports Recommendation 6.10 (p199) which proposes an upper limit on what one person needs to pay for care. We would wish to ensure that the current safeguards in relation to security of tenure guarantees that a person is not required to move accommodation if they exhaust their financial assets (as occurs in the USA).

### **Accommodation costs**

SCC (Vic) supports the overall intention of the Commission to improve consumer choice and flexibility in the payment of accommodation charges (Recommendation 7.1). We consider the Government backed equity release scheme outlined on page 211 is a positive initiative.

Although there is still a significant amount of detail to be determined in how the proposed scheme may work, we are concerned about the linking of accommodation charges to the cost of supply as indicated on page 172, especially in an environment where licences are de-regulated.

The linkage of accommodation charges to the cost of supply is an inappropriate measure that will not overcome the problems that are currently creating a downturn in new residential care development. Unless providers are given an appropriate balance of risk and reward in accommodation pricing, consumers will only experience a marginal increase in choice from the proposed reforms.

In our view, accommodation charges should be linked to an appropriate return on investment for the provider that is commensurate with the risks undertaken to supply the service. These risks are not only related to the normal operating risks that providers have experienced in the past, but should now include additional risks associated with:

- Declining occupancy levels with increased consumer choice through the de-regulation of licences;
- Resources for new client introductions;
- Increased working capital requirements and debtor exposure;
- Increased funding requirements and longer term exposure for financiers as lump sum bonds fall in favour of periodic payments.

In assessing increased funding costs, we believe it is critical for a weighted average cost of capital to be used rather than a simple borrowing rate. Most providers will need to source greater equity in the future, a task made harder by the increased risks associated with moving from a Government funded to a consumer funded accommodation model. The cost of equity, which forms a major part of the cost of capital, should reflect these increased risks associated with structural changes to the aged care sector.

### **Community Care**

The impact of deregulation on the long term viability of community care also needs to be considered (Recommendation 6.3 p 177). Packaged care subsidies have not kept pace with rising costs, and there are currently too many providers, which does not lead to the efficient use of resources within

a region. While in the long term de-regulation may reduce the number of providers, we need to ensure that older people are protected from the discontinuities that may arise from the process of the market “working itself out” and the potential for predatory pricing by providers keen to get into the market. There is also the potential for a reduction in service quality during this time, if providers are not making a profit. Currently Quality Reporting processes only occur every three years, so much can change in the intervening period.

SCC (Vic) supports an Independent Pricing Authority to ensure that subsidies keep pace with costs. In Community Care it is also vital that subsidies are more tailored to the care needs of the older person, which do not readily fit into the current three levels of packaged care.

## **CARE AND SUPPORT**

### **Australian Seniors Gateway Agency**

SCC (Vic) supports the value of a central point of access to services in Recommendation 8.1 (p242). This will only work if it does actually replace the elements listed on p241, i.e. HACC assessments, ACATs, Commonwealth Respite and Carelink Centres and other information points, rather than being another addition to the system.

However, we have a number of questions in relation to the Gateway:

- Is it just another layer of bureaucracy and how will it be paid for?
- Will it be equitable and independent?
- Will the Regional Gateway Centres be put out to tender? Can existing service providers apply?
- Is there a conflict of interest between being a gateway and a gate-keeper who in a deregulated market will essentially have fiscal control through being able to approve levels of support?

Appendix B of the report outlines some of the lessons learned from the current Federal Government Access Points pilots. The Wisconsin Ageing and Disability Resource Centres have now been operating for over 10 years and there may also be a lot to learn from their experience.

<http://www.dhs.wisconsin.gov/lcicare/adrc/>

Older people need to have more choice but also need information and support to make informed choices. This depends on the skills and experience of staff in the Gateway Agency. On page 99 of Appendix B, it is recommended that minimum qualification levels of assessors are achieved through a competency based training (CBT) program. However, we would propose that assessment is a high level skill requiring professionals with relevant tertiary training. Additional CBT training may be required to ensure national consistency in the approach to assessment.

Consideration needs to be given to older people with cognitive impairments and where families may have a conflict of interest in relation to their needs versus the older person’s needs. We support the Commission’s statement:

*“The Commission acknowledges the importance of care advocacy functions in a system with greater choice, particularly in relation to vulnerable consumers.”(p254)*

and believe that this is an area that requires considerable attention in the new system. Vulnerable people need to be protected both through the support of a skilled Case Manager acting in their interests, and also through the availability of independent advocacy.

SCC (Vic) supports the proposal for two tiers of initial assessment and care co-ordination, and the opportunity for Case Management through a provider of choice for those requiring ongoing support. Case Management is a valuable service for vulnerable older people and needs to be adequately funded for those who require it. Case Management can ensure that older people can remain living in their community for longer and delay or negate the requirement for Residential Care. Care planning is a dynamic process that must be able to adapt to changing needs, and older people should be able to access this type of support as required.

### **Role of Residential Care**

We believe the question needs to be asked within the reformed system as to whose responsibility is it to achieve better lives for older people. Residential services are seen as being responsible to do everything for a person. With the move to separate accommodation and care, what will be the role of the residential provider? Current models of congregate living do not encourage community/neighbourhood involvement in supporting residents. Providers need the opportunity to generate new service models that better meet older people's needs. While de-regulation may provide this opportunity, there may also need to be deliberate fostering of innovation through constructive partnerships between aged care providers and Government.

Whilst the idea of a single national co-contribution for support and care services has merit, if as suggested the co-contribution level is varied for different service types – with the highest subsidy for health care – then resident / client choice is minimised and quality of life options discounted in favour of personal care / health options alone. This does not support the person centred approach referred to in the objectives. Specifically, in relation to policy, the report states that the focus for older people should be on physical and emotional needs, connectedness to others, and ability to exert influence over their own environment.

### **Systems Integration**

There is a need to strengthen the integration of the system. Further consideration should be given to individual budgets as a way to achieve this. The discussion of individual budgets as a means of increasing consumer control is quite limited in the report. The option of cash entitlements is ruled out, while the notion of offering older people a choice of individual budgets, as has occurred in many other western countries, is not seriously considered. This is despite the evidence of improved outcomes for older people (p250). Future generations will have an even greater desire to be in control of their own support arrangements.

In terms of the interface between acute, sub-acute, rehabilitation, aged care and palliative care, there needs to be recognition of the distinction between an episode of care and the ongoing support which someone requires in their daily life. We support the proposal for in-reach services and to fund Palliative Care through case mix funding. We believe there should be more emphasis on restorative care, and more resources allocated to residential care for transition care, to minimise disruption for the older person.

We support the need to integrate support for carers and to ensure that their needs are assessed in their own right (Recommendation 11.1 p 421).

## **DIVERSITY**

### **Minimum standards for supported accommodation**

At page 125, the Commission indicates that the approved basic standard accommodation for a supported resident should be a two bed ward with a shared en-suite. We understand this proposal has now been withdrawn. SCC (Vic) believes the initially proposed standard was inappropriate because:

- It would highlight the gap between high wealth and low wealth individuals;
- It does not meet contemporary standards expected by the community for privacy and dignity - no one should be expected to share a bedroom with a stranger;
- It is unsafe and unsettling for two residents to share a bedroom if they are suffering from dementia, especially those with behavioural problems; and
- Requiring supported residents to share a room with strangers may impede their willingness to enter aged care and live in a more suitable environment to their care needs.

The minimum standard should be a single room with en-suite.

SCC (Vic) does not support the “trading” of concessional residents within a region. This also highlights the gap between rich and poor and is an assault on the dignity of older people with limited incomes. The Government should adequately fund services for vulnerable older people.

### **Diverse groups**

While Chapter 9 of the report discusses the importance of catering for special needs, SCC (Vic) is not convinced that a de-regulated market will necessarily ensure that services will cater well for people from diverse cultural and linguistic backgrounds, or people in rural and remote areas.

## **WORKFORCE**

Page 367 of the report discussed the registration of care workers and concludes that this is not an appropriate option for the future. SCC (Vic)'s view is that each organisation is responsible for ensuring their care-workers have relevant qualifications and are provided with ongoing training and education. However, the quality of care-workers has diminished in recent years as demand has exceeded supply, resulting in care-workers in the sector lacking the required level of competency, or worse, have committed acts of misconduct. Currently there is no system of accountability for those care-workers who have had their employment terminated and who are then able to go from one organisation directly to another organisation, which in turn places the care and well-being of older people at risk. While there is a registration system for Nurses it is SCC (Vic)'s view that the system is not used effectively to eliminate incompetent nurses. So while SCC (Vic) supports the need for a system of accountability for care-workers, the development of such a scheme needs to be carefully

researched to ensure its effectiveness to avoid merely become another level of bureaucracy with additional costs to the workforce and employers.

SCC (Vic) supports Recommendation 11.2 (p371) that the prices for care should take into account the need to pay competitive wages to nursing and other care staff. We believe that current wage levels do not encourage quality staff to enter the aged care market. For care-workers the low wage coupled with the physical nature of the work, and the fact that many roles are only part time, does not provide an incentive for candidates to enter the aged care workforce. In many cases staff would be financially better off working as an unqualified shop assistant. Similarly, aged care is faced with the prospect of competing with the health system to retain many nurses, once they become qualified, given the wage disparity. A work value wage assessment is required to ensure that aged care workers are paid a fair wage rate for the level of work performed.

On page 371 of the report by the Commission there is a discussion of the desirability of increased migration to meet workforce requirements. However, there is already a significant proportion of staff from diverse cultural backgrounds; and support is needed to improve their proficiency in spoken English, literacy skills and computer literacy.

## **REGULATION**

SCC (Vic) supports the establishment of the Australian Aged Care Regulation Commission (Recommendation 12.1, p403) including a statutory office for complaints handling and reviews. We also support the changed mechanisms for handling complaints (Recommendation 12.2, p404).

## **TRANSITION ARRANGEMENTS**

### **Remove regulatory restrictions on the number of community packages and bed licences**

SCC (Vic) supports the general intention of licence de-regulation for greater consumer choice and efficiency but believes that the allotment of places to approved providers should still be subject to a screening process. The intention of this screening process should be to prevent:

- Predatory pricing that removes financially weaker competition;
- Creating excessive over-supply beyond what is reasonable for healthy competition, especially in more affluent socio-economic areas;
- Excessive risk taking by providers, especially if existing providers are required to meet the cost of failure of new entrants; and
- Ensuring that minimum standards of accommodation are maintained.

### **Culture change and capacity building**

To really create better lives for older people there needs to be a culture change within services and within the whole community. With this review comes the opportunity to begin to address general ageism in Australia and acknowledge the value of older people to our society. There also needs to be resourcing of capacity building strategies for the sector to be able to meet future needs and expectations. This was not fully addressed in the report.

## **RESEARCH AND EVALUATION**

SCC (Vic) supports the assertion by Alzheimer's Australia that there is a need for more resources to be invested in Dementia research (p438) as dementia will pose the biggest long term cost (financial and social) for older people and the aged care system.

## **CONCLUSION**

We look forward to the final report of the Productivity Commission on the Caring for Older Australians and subsequent Government action to reform the aged care system.

Such a significant change process across the aged care sector will be successful with clearly articulated actions, time frames and outcomes. The process will need to be supported by a clear communication strategy to allay any potential for inaccurate information and/or fear mongering amongst older people. It is important that older people know that their care and support needs will continue to be addressed as their need arises and that these changes will support the introduction of informed choice and more control in their life choices.