

# **Productivity Commission Draft Report**

## **Caring for Older Australians**

**A Joint Submission from the Municipalities of:**

**Boroondara  
Knox  
Manningham  
Maroondah  
Monash  
Whitehorse and  
Yarra Ranges**

21 March 2011

## 1. Background

The Human Services Directors from the municipalities of Boroondara, Knox, Manningham, Maroondah, Monash, Whitehorse and Yarra Ranges meet regularly to cooperatively plan, coordinate and share information across the breadth of community services responsibilities of their municipalities. In general terms this submission is based on the shared views of the 7 municipalities that:

In reviewing the draft “Caring for Older Australians, there is agreement that:

- i) the draft “Caring for Older Australians” Report contains many sound proposals for reform of the aged care system in Australia,
- ii) there are several proposals in the report which if implemented, are likely to have detrimental effects on local government capacity to plan and deliver services to older persons and,
- iii) as local government is a major provider of community based aged care services in Victoria, and has legislated responsibility under Section 3E of the Local Government Act 1989, Sub-Section B for planning and providing services aged care and related services and facilities for the local community, there should be a clear and robust process for the provision of local government input to the detailed planning for and oversight of the implementation of the final recommendations on the future policy framework for aged care services in Australia.

## 2. Responses to Specific Proposals in the draft Report

### 2.1 A framework for assessing aged care and assessment of the current system. (Chapters 4 & 5)

The municipalities strongly support the development of a well being framework for assessing options for a new aged care policy, the need for government to ensure equity of access to care, the emphasis on improving wellbeing of the community overall and the aims of future policy as stated in the draft report.

The proposed service model contains no reference to the direction as outlined in the Active Service Model (ASM) toward the provision of restorative approaches to assessment, care planning and service delivery. It is suggested that any new policy framework for aged care services should be based on the ASM philosophy. Such an approach will assist in the achievement of the policy objectives set out in the draft report.

Also it is understood that under the proposed model, a competitive approach to service delivery will be adopted. Competitive models can result in greater fragmentation of the service system where a choice of numerous providers will exist. The competitive model also makes it

difficult to build a workforce, as the size of the workforce is ever-changing. It is simply driven by the fluctuating demand.

**Question:** How do numerous providers work in a collaborative way to enhance service provision as the current model promotes? Additionally, how does a client have the tools to make a decision as to which provider to access?

While acknowledging the need for reform, the analysis of the current arrangements does not accurately reflect the strengths of the current system in Victoria. In particular the well developed local community aged care service planning and coordination processes led by local government and involving key stakeholders and the capacity to connect this planning to the related areas of health, disability and transport are not recognized. Of equal concern is the issue that the proposed new policy framework may see local government involvement in the planning and provision of services significantly reduced (as explained below) with reduced integrated local service planning capacity as a result.

This loss of integrated service planning capacity may be exacerbated if the establishment of the “Gateways”, as the single point of assessment and entry into the new system, leads to a centralization of data collection and the loss of access to that data for local and regional service planning and review functions. Also the definition or boundaries of the Regions that the gateways will service is unclear. This creates uncertainty from a range of perspectives. If the “Regions” do not align with other planning boundaries then this may result in duplication of resources, or a lack of participation in general. For example, current PCP boundaries or new Medicare Local boundaries. Additionally, if “Regions” become too large, then the ability to be aware of local services become reduced.

**Question:** How will the Commission ensure: firstly that the implementation of the Gateways improves access by local government and other providers to accurate and timely data on service needs and trends, and secondly that the catchment boundaries of the gateways align with the boundaries of other related service systems?

The report’s emphasis on wellness and focus on restorative services and the importance of connectedness is welcomed. However, it is noted that there are no recommendations as to how the new service system will actually facilitate these outcomes. The ongoing involvement of local government, perhaps with a strengthened local planning role in partnership with the Gateways, would assist in ensuring these broad objectives are achieved.

## 2.2 Paying for aged care Chapter 6

The municipalities support the introduction of a more equitable system for paying for the provision of aged care services. However, concerns are held that the costs of aged care which the new funding arrangements are designed to meet, do not include the costs of providing the local and regional level integrated planning and community strengthening services necessary to ensure efficient service delivery and to effectively respond to the policy objectives of promoting independence and wellness.

It is concerning that if these costs are excluded from the care price (as they seem to be) then the only sources of revenue is from the providers themselves. With a potentially very significantly reduced service delivery role, local government in Victoria is likely to be reluctant to continue to resource these important functions to the extent that it already does.

**Question:**

How does the Commission propose that the functions associated with promoting wellness and community connectedness be funded?

A further area of concern is how the care cost will be calculated. While it is proposed that these costs be set and annually reviewed by the Australian Aged Care Regulation Commission (AACRC), the municipalities note that the costs of providing care do vary between providers. In the case of local government, the funding currently received from government is not sufficient to meet the full cost of service delivery in any program. It is therefore essential that the AACRC undertake a comprehensive analysis of the actual cost of service provision in various organizational settings prior to establishing the care cost of any service component. Data gathered by local government could assist in this analysis.

It will be important that account is taken of the difficulty of agreeing on what costs are to be included in the unit cost of any service, the weighting given to the various components and the need to take account of the differences in the cost of provision related to differences in area, distance and the availability of related support service. It is essential that local government and other providers be fully involved in the process to determine the care cost of each service. It is also essential that the AACRC publish its rationale for each care cost component.

While generally acknowledging the need for clients to contribute to the cost of services provided (as many currently do) the proposed co-contribution scheme may expose local government (and other providers) to significant risks. In particular while the proposal includes the provision for the client to “assign” the government contribution to the provider it is unclear how the individual’s co-contribution is to be paid. The arrangements to be used when a client is unable and/or unwilling to pay

their co-contribution are also not clear. A further concern based on the experience of the municipalities, is that the discussion of fees with a client can reduce the willingness to engage and put the client at further risk. In these circumstances the fee discussion is better pursued a little later. The current proposal contains no process for this at times necessary, phased approach to the collection of co-contributions.

**Question:**

How does the Commission propose that the client co-contribution be collected and what provisions will there be for delaying or deferring the collection of these fees?

Of particular concern is the impact of the Commission's proposal to remove the regulatory restrictions on the number of community aged care packages (Recommendation 6.3). When combined with the setting of a care price, including the co-contribution by the client, it is understood that the new aged care system will be market based and providers will have to actively compete for clients if they wish to remain involved and viable. The municipalities are concerned that if the care price does not reflect the full cost of service that any "subsidy" to the service from council revenue could be in breach of the Trade Practices Act. The key requirement of full cost reflective pricing is that Councils need to recover the full costs of their business activity. Full cost reflective pricing takes into account all of the costs that can be attributed to the provision of services and the cost advantages and disadvantages of ownership to enable these services to be competitive to that available in the market. Since the fees will be regulated by a separate body, should the recommendations of the Productivity Commission be implemented, local governments in Victoria that wish to compete for clients would need to potentially seek exemption from National Competition Policy principles and application.

**Question:** In view of local governments key role in planning and delivering community aged care services will the Commonwealth Government provide in principal support to a request for exemption by local government?

If this is the case many municipalities will be forced to withdraw from service delivery thereby putting significant pressure on other providers and weakening local level planning and coordination processes as described elsewhere in this response. Local level planning and service coordination is also likely to be weakened as the introduction of competition for clients will decrease certainty about the level of future revenue. In this context local government will be less likely to invest in broader local planning and service coordination processes.

## 2.3 Care and support (Chapter 8)

It is noted that the Commission acknowledges the strong links between aged care services and services to people with a disability and the current review being undertaken of those services. In view of the already high level of fragmentation between these two service areas, the municipalities seek an assurance from the Commission that there will be a strong degree of consistency between the final recommendations in the two reports.

The municipalities believe that, in the context of their well developed aged care service planning and coordination processes at local and regional level, older people and their families are reasonably able to navigate the current community age care service system in the eastern region of Melbourne. In view of this strength, it is concerning that a “one size fits all” approach to the establishment of the Seniors Gateway may lead to a less accessible and responsive information and assessment process. It is therefore proposed that where an effective information and assessment system is in place, the Gateway for that region be developed in partnership with local government and other providers.

The municipalities are concerned that the implementation of the Seniors Gateway will result in a transfer of responsibility for information and advice and assessment services from local government to the Gateway. There are two major concerns about this transfer of responsibility.

Firstly, the loss of these key service components will significantly reduce access to information about current and emerging needs in the community. This loss of information will decrease the capacity to plan for and deliver coordinated services responses at the local level.

**Question:**

How will the Commission ensure that the data collected at the Seniors Gateway which is necessary for local service planning, development and coordination, will be accessible to local government and other providers?

In view of the disconnection of information and advice and assessment services from service delivery it is possible that some municipalities will not seek to offer services under the new arrangements. In areas where this occurs, significant pressure will be put on other providers to rapidly expand their service capacity.

**Question:**

What transition arrangements will be put in place to ensure that the withdrawal of any large service provider does not result in a reduction of service to any client?

Second, the proposed use of telephone and/or internet based assessments is of concern. It is understood that the use of these assessments would be based on “anticipated low level need.” Experience of service provision over many years has demonstrated municipalities that in many cases where the initial referral indicated a low level of need, the face to face in home assessment identified higher levels of need and importantly, other issues related to but not directly age related. These in home assessments allowed a better targeted, holistic service response. Also the use of telephone based assessments presents a risk to the occupational health and safety of staff. Under the current arrangement for conducting assessments of clients, local government ensures the safety of the direct care staff through robust risk assessments. With the introduction of a phone based assessment model, the ability to ensure the safety of staff as well as clients will be significantly reduced.

**Question:**

What provisions will the Commission include in the assessment process and care price to ensure that services can be appropriately adapted to respond to needs identified after a phone/internet assessment and other non-aged care services are engaged where appropriate?

The Commission proposes that the Seniors Gateway will undertake “initial care coordination” and case management where required. Given the existing arrangements that have been in place for many years in Victoria, these functions may overlap with those arrangements and result in unnecessary confusion for clients and an inefficient use of resources by providers.

**Question:**

What provisions will be put in place to ensure any existing case coordination and case management arrangements are identified and respected by the Gateway and for a collaborative process with providers to establish them where necessary?

## 2.4 Age friendly housing and retirement villages (Chapter 10)

The Commission’s findings that: “Age friendly housing and neighborhoods have a significant effect on the health and quality of life of older Australians (-P301) are endorsed.

The municipalities believe that local government in Victoria, is best able to plan for and coordinate actions to achieve more age friendly housing and neighborhoods.

While supporting the Commission's call for better articulated policies for providing home maintenance and modification services and its noting of the attention being given to the development of age friendly communities, the municipalities are concerned that the most significant recommendations in the report all mitigate against the ongoing and further involvement of local government in the community aged care system.

**Question:**

How will the Commission ensure the continued and further involvement of local government in the development of age friendly housing and neighborhoods?

## **2.5 Delivering Care to the aged-workforce issues (Chapter 11)**

The Commission's findings that informal carers should be better supported and that the capacity of carers to provide ongoing support should be assessed at the same time as the need for care are strongly supported. However it is not clear how any approved entitlements to services arising from the carer assessment are to be funded or how the provision of such services are to be coordinated with other services provided to the older person.

The municipalities also support 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..." (Recommendation 11.2.) As noted above some municipalities may be reluctant to continuing as a provider of aged care services to the community. Should there be an extensive withdrawal of local government from service delivery, there would possibly be a reduction in conditions of employment for staff employed in these areas, which may in turn cause a reduction of quality currently being delivered to older residents.

It is proposed that the AACRC undertake a comprehensive assessment of the full cost of service provision (including components related to community building for age friendly neighborhoods) across the full range of providers upon which the care price should be based. The AACRC should also publish its rationale for each care price setting.



## 2.6 Implementation (Chapter 14)

In view of local governments' key role in the planning for and provision and coordination of community aged care services, the municipalities are concerned that the proposed Aged Care Implementation Task Force does not include local government (or other provider or consumer) representation.

**Question:**

How does the Commission propose that the experience and expertise of local government in the planning and provision of community aged care services be available to inform the implementation process and to assist in the refinement of the proposed new model?

## 3. Conclusion

Local government is a major provider of community based aged care services, and has legislated responsibility for municipal wide planning for services for older people including those with a disability. As such we believe that there should be a clear and robust process for the provision of local government input into the detailed planning for and oversight of the implementation of the final recommendations on the future policy and program framework for aged care services in Australia. To date, there has been little or no input from local governments who currently play a critical role in the provision of aged care in the State of Victoria.

We seek to highlight through our submission some aspects which may require further consideration and review. Our response, as attached, poses a number of critical questions for the Productivity Commission to consider. We are willing to contribute and provide any information that may assist the Commission in its deliberations and look forward to your response.