



Inquiry into Caring for Older Australians
Productivity Commission
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Canberra City ACT 2601
Via - agedcare@pc.gov.au

The Australian Local Government Association (ALGA) is supportive of the aims and principles of the report 'Caring for Older Australians'. The report presents a comprehensive analysis of the aged care system and presents a cogent case for the need for reform. ALGA has consulted with its state and territory local government association members in the preparation of this response. ALGA's submission reflects a national policy perspective and should be read in conjunction with submissions lodged by individual state associations and councils.

ALGA believes that there are three key issues that this report has highlighted that are of the highest priority for planning across the sector.

- The funding models, including government support for individuals, across the sector are insufficient for the task and inefficient in delivering necessary outcomes.
- The number of Australians over the age of 85 will have increased by more than 400% by 2050 (constituting more than 5% of the predicted population). Therefore the number of people in need of care will be growing at a considerable rate over the next 40 years.
- The aged care workforce will suffer from reduced staff numbers in the future. This is especially problematic considering the increase in the numbers of older Australians.

While ALGA supports the strong focus on the state and federal governments in this report, the role of local government in the aged care sector is not adequately acknowledged. ALGA stresses the importance of further liaison with state and territory local government associations prior to implementation of any proposed reforms.

Local government is strategically based to make linkages between the myriad of programs and initiatives at local level, based on first-hand experience. Including local government in the development of the age care delivery framework will ensure that local government's regional and local knowledge base can inform holistic aged care reforms. Feedback from the NSW and Victorian local government associations indicates a concern about a potential diminution of current services if local government knowledge of local needs is not taken into account, as well as the difficulties associated with meeting local needs from a centrally managed system.

Overall, in pursuing sustainable aged care reforms, ALGA supports the following policy goals.

- The cost of aged-care needs to be appropriately regulated to avoid onerous and excessive expenses. This should also extend to the means test for Commonwealth financial support, which is discriminatory towards older people with higher household equity, but still without the liquidity to pay care fees.
- Most older people would prefer to stay in their home. A key issue is the lack of availability of support for those who wish to remain at home, with Commonwealth support directed primarily at high-care facility patients. Increasing the number of people who are able to remain in their own home will postpone or avoid them entering higher cost residential care, reducing the overall cost of the provision of aged care.
- For those older people at home, the role of the carers is crucial. The Commonwealth has directed some additional funding towards carer support. This funding, like much across the sector, is largely insufficient for the task, nor does it recognise the costs involved in being a carer, either part or full-time. There needs to be a greater degree of support for respite, education and training and counseling.
- There needs to be greater strategic planning for recruitment and retention of well-trained staff in the sector.

Local government's place in providing aged care services has come about often in the wake of federal or state funding being withdrawn, or when the means-testing for government services has changed, while at the same time the need for support has not.

ALGA's submission to successive Federal Budgets, have called for an increase in Commonwealth funding to local government. This request is based on evidence contained in numerous studies into the financial sustainability of local government, including a PricewaterhouseCoopers study (2006) into the National Financial Sustainability of Local Government which demonstrates that around 30% of Australian councils face financial sustainability challenges. The Commonwealth Grants Commission inquiry into the Financial Assistance Grants Act (1996) identified a significant increase in local government expenditure on human services (including aged care) at the expense of traditional services such as roads and transport.

ALGA makes the following comments on specific areas of the report which relate to the role of local government.

The report refers to the Home and Community Care (HACC) packages not being flexible enough to meet individual needs and resulting in gaps in service provision. ALGA fully supports a model which is focused on the needs of the individual. The Productivity Commission model is based on the assumption that a market-based approach will strengthen the system and fill the gaps. However, in a market where there is often a reduced ability to pay, relying primarily on the market may not result in the best service model. The Municipal Association of Victoria warns that relying on the market may lead to inadequate services in rural and remote communities. It is important that the benefits and strengths of the HACC system in each state jurisdiction are not lost in the aged care

reforms. Anomalies in what is funded and included in HACC (eg. transport and home modifications) have been an area of concern in the past. As part of the goal to remove silos from the provision of aged care, resolution of some of these anomalies should form part of the aged care reform consultation process. Also, the definition of what constitutes an aged care service under HACC could be broadened to include social support (to assist social inclusion and social connectedness), not only care services.

Feedback from our state association in NSW is that while welcoming the concept of a Gateway system for aged care services, it is important that any gateway system for assessing aged care should be truly local in nature. Local government should be a partner in such a gateway system.

ALGA welcomes the inclusion of discussion on age friendly environments and the role local councils have played in developing positive ageing strategies. Many of these strategies have been developed in partnership with state governments and other organisations. Councils are keenly aware of the need to plan for an ageing population, not only in the design and infrastructure available to meet the needs of an older population, but also in promoting social inclusion, social cohesion, and active lifestyle opportunities thereby contributing to preventative health outcomes. Programs which encourage an age-friendly built environment, have long term health and cost benefits for the communities. The PC report suggests that there may be merit in assigning responsibility for overseeing progress in this area as there appears to be no national focus to bring together best practice. ALGA would welcome national leadership to assist in the planning and implementation of age friendly environments. The Healthy Spaces and Places initiative provides a model for integrating the built environment with social benefits and outcomes.

ALGA encourages the adoption of voluntary universal housing principles as recommended in the report, which support the goal of ageing in place and minimise the need to retro-fit, and have benefits not only for an ageing population, but for young families and for people with disabilities. ALGA supports the Liveable Housing Design Guidelines as the target for all new homes by 2020 announced by the Federal Government in July 2010.

ALGA also supports the inclusion of discussion regarding the provision of affordable housing options for older people, to ensure they can exercise real choice. Improving the supply and affordability of housing for older people is important in meeting the increased needs of older people with affordable housing options. ALGA supports the Productivity Commission's proposal for a national assessment of how well the housing needs of older people are met and notes the current work by COAG on housing.

On a related issue, ALGA is in discussion with the Department of Health and Ageing's Residential Program Management Branch regarding the potential for local governments to accelerate the planning approval processes for aged care places. ALGA is supportive of measures to streamline the release of aged care places, providing the necessary planning processes and community consultation occur.

On occasions, local government has been criticised for its role in the planning process, creating a perception of inefficiencies and delays. It is important to note that local government approval processes interact with other state and federal directives, and that local government is one part of a larger planning picture.