

29 May 2009

Not for Profit Sector  
Productivity Commission  
GPO Box 1428  
Canberra City            ACT 2601

Dear Commission,

### **Contribution of the Not-for-Profit Sector**

Aged and Community Services Australia (ACSA) is pleased to make these brief comments in relation to your current study. ACSA is the national peak body for nearly 1,100 church, charitable and community based providers of residential and community care for older people, people with a disability and their carers. Our members are also significant providers of housing for older people in retirement villages and independent living units.

Our members provide care for over 700,000 people annually and turnover in the region of \$7 billion annually. Our revenue derives from Australian (and some State/Territory) Government subsidies, user charges and from various forms of fundraising and volunteer input.

ACSA's members are thus at the core of the Commission's focus as set out on p12 of the *Issues Paper*.

Not-for-profit organisations deliver 60% of Australian Government funded residential aged care and a slightly larger proportion of community care. The balance of services in residential care is mainly provided by the for-profit sector (30%) and in community care by state and local government bodies<sup>1</sup>.

The *Aged Care Act*, which is the principle regulatory instrument governing Australian Government funded aged care, does not distinguish between for-profit and not-for-profit organisations nor therefore does it recognise the distinctive contribution made by the not-for-profit sector. This is likely to have obscured some of the distinctive contribution made by the not-for-profit sector and to have resulted in a failure to capitalise fully on its strengths.

Areas where the not-for-profit organisations providing aged and community care services have made and continue to make a distinctive contribution and a dividend return on the charitable tax concessions that we enjoy<sup>2</sup> include:

- Service provision to the most socially marginalised older people in Australia including indigenous people and those at risk of homelessness.
- Service provision in rural and remote towns and communities where, if it were not for the social capital provided by those communities, no service would be provided.

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<sup>1</sup> These figures are derived from the annual *Report on Government Service Provision*

<sup>2</sup> Virtually all of ACSA's members are Public Benevolent Institutions.

- Housing for low income older people in for example rental Independent Living Units including potential participation in the Government's National Rental Affordability Scheme (NRAS) and social housing under the \$6.4 billion nation Building and Jobs package.
- Aged care services for Australia's many diverse cultural communities are similarly mainly provided by not-for-profit NGOs.

Not-for-profit aged and community care providers have also been the pioneers of innovation in aged care:

- The increasingly popular Community Aged Care Packages were developed by charitable providers prior to their adoption as a model by government and to this day only 5% of service provision in this program is by commercial providers.
- The testing and development of the higher level Extended Aged Care at Home (EACH) was similarly the exclusive province of charitable providers.
- A similar pattern is evident in the case of other service innovations such as Transition Care, Consumer Directed Care (a current example) and innovative models of respite care.
- A number of aged care services such as the Benevolent Society in Sydney, and there are others, are developing innovative models of housing and care that hold the promise of being new generation models for the care of older people.

Historically and up to the present not-for-profit aged care providers have been prepared to be social entrepreneurs and take a risk with new and better ways of meeting older people's needs. They can do this because it is consistent with the mission of their owners, the churches, community groups and other secular charities - to provide care rather than to generate a return on capital – notwithstanding that all must break even to survive in the short to medium term.

ACSA's members use cross-subsidisation to maintain otherwise unviable services and charitable donations to underpin service provision to vulnerable clients.

ACSA uses its network of not-for-profit members to assist in the development of new policy approached in aged and community care and housing for older people.

Each of the above contributions is, in principle, capable of measurement though the effort involved in doing this would not be trivial.

The *Issues Paper* (p13) refers to the complementary goals of not-for-profit and government sectors as leading to an exploration of collaborative arrangements. This has not yet occurred in aged care to any significant extent and in fact relationships between not-for-profit aged and community care providers were more collaborative before the passage of the current *Aged Care Act*. While there is an appreciation by individual government officials of the sector's contribution, this is not reflected in the (very detailed) legislation and regulation surrounding aged care – which, reflecting its genesis in the mid 1990s, treats all providers the same.

Charitable aged care providers make extensive use of volunteers in part to make up for shortfalls in Government funding to provide activities for older people in residential care, in part because some services – such as meals on wheels were charitable first and only subsidised by government later. Recently introduced requirements to subject volunteers to

police record checks are anticipated to inhibit their recruitment, not because they have anything to hide, but because of the time and inconvenience of having to complete such checks.

ACSA and its members have been following the emergence of the Government's Social Inclusion agenda with interest. The idea of reforming relations between Government and the not-for-profit sector is in principle appealing and proper recognition of our distinctive contribution overdue.

Aged and Community Services Australia trusts that these brief comments will be of assistance and would be pleased to assist the Commission further with this current study if you so wish.

A handwritten signature in black ink, appearing to read 'Greg Mundy', with a long horizontal stroke extending to the left and a vertical stroke extending downwards from the end of the signature.

**Greg Mundy**  
Chief Executive Officer  
Aged and Community Services Australia