

THE PRODUCTIVITY COMMISSION'S INQUIRY REPORT

CARING FOR OLDER AUSTRALIANS

SUMMARY



The Productivity Commission's (PC) final report *Caring for Older Australians*, was released on 8 August. Key messages in the report include that:

- Structural reform is required;
- The reforms proposed are a comprehensive and integrated package;
- The well being of an older person is central;
- A universal entitlement will exist to services based on individual assessed need; and
- Arrangements are more fiscally sustainable.

The report announced the establishment of an Expert Ageing Reference Group to support the formal Government Implementation Taskforce (to be chaired by the Department of Prime Minister and Cabinet).

Aged and Community Services Australia (ACSA) is a member of the Reference Group along with other key stakeholders including Aged Care Association of Australia (ACAA), COTA, Alzheimer's Australia, UnitingCare Australia, Catholic Health Australia, ANF, HSU and United Voice.

This summary highlights the key structural features of the new system proposed in the Report. More information on the Final Report can be found on the Productivity Commission page of ACSA's Website: www.agedcare.org.au

Access and Assessment

The proposed Australian Seniors Gateway Agency (ASGA) replaces a range of existing information and assessment services. Older people will continue to have direct access to a range of basic community support services (such as transport and meals) or via the Gateway if a more intensive range of aged care services is required.

A Gateway assessment would result in an entitlement for the person, where eligible, to receive services. It would include the assessment, care objectives, the service types and intensity required, the total value/cost and the period for which services are required.

Services and Funding

The report recommends removing the restrictions on supply of all aged care services - community and residential - using three key streams of funding based on the separation of accommodation, every day living expenses and care. The PC's model would replace the current arrangements for setting prices for care and accommodation for low-asset residents with an independent and transparent pricing agency that would recommend prices based on the regional cost of delivery.

1. Accommodation

In the case of residential aged care, the resident would pay for their accommodation where they are able and government would pay for those without means, based on the principle that accommodation is an individual responsibility.

To give people options as to how they pay for their accommodation costs the PC recommends the creation of the Australian Age Pensioners Savings Account. Where a person chose to do so, they could deposit some or all of the proceeds of the sale of their principal residence into the Savings Account. The funds would be exempt from the age pension income and assets test and could be used to make either a lump sum or periodical payment.

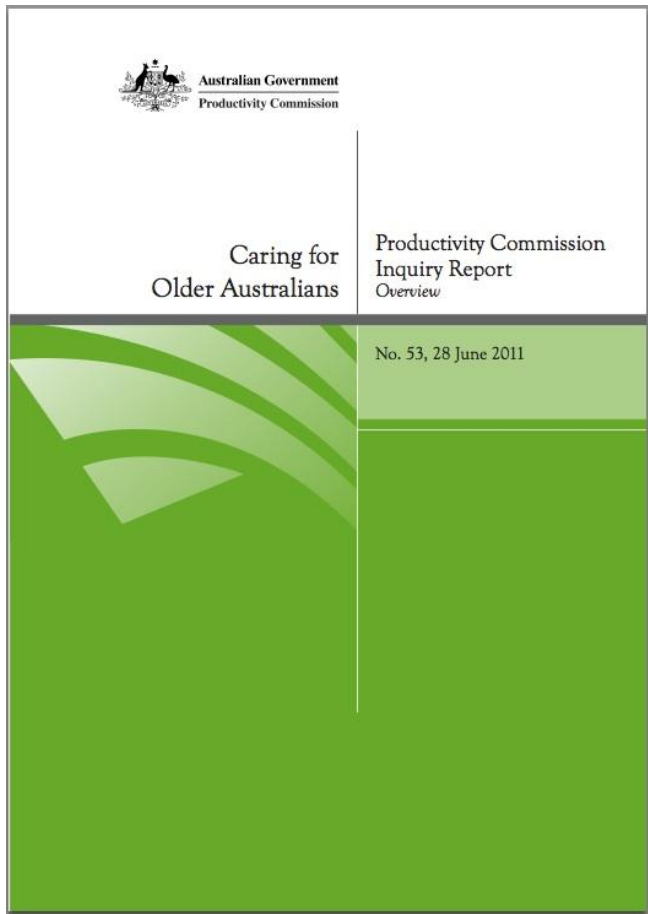
2. Every day living expenses

Expenses such as food, clothing and laundry remain a separate category for which people are individually responsible but with a safety net for those of limited means.

3. Care

Care costs (nursing and personal care) would be funded by both the older person and government. A "stop loss" mechanism would cap the total co-contribution an individual pays over their life.

The Report also recommends the establishment of an Australian Aged Care Home Credit Scheme as a government backed line of credit secured against the principal residence, or a person's share of that residence. A person with limited income but substantial asset wealth for example, could progressively draw down on that wealth (up to a specified limit) to fund their care and support costs.



Other funding discussions

There are a range of services in respect of which the PC has recommended block funding, including for homeless and indigenous services. The report acknowledges that markets don't work in rural and remote areas and recommends block funding, or in some cases, competitive tendering to ensure service availability and viability.

The report also recommends welcome changes to the provision and funding of palliative care and sub acute services in residential care.

Regulation

A new regulatory system would be based on transparency, proportionality and consistency. A risk based approach would be applied. Under the recommendations, a new organisation – the Australian Aged Care Commission – would be created to undertake a comprehensive range of regulatory functions in relation to service quality, pricing and funding.

Workforce

The main thrust of the recommendations is the need for pricing/funding arrangements to allow for the payment of fair and competitive wages.

Housing and retirement villages

The Report makes a number of recommendations around these service models. Importantly they have picked up ACSA and COTA's work on housing for older people and have endorsed our call for a strategic housing policy framework for an ageing population.

Special needs groups

The report discusses arrangements for ensuring the aged care system caters for special needs groups, including appropriate information and assessment.

In explaining the report, Commissioner Mike Woods pointed out that the recommended changes to the mainstream service system would benefit the various special needs groups in gaining access to ongoing, quality aged care, particularly with an emphasis on person-centred care and consumer choice and control.

Transition to the new system

Importantly, the PC has outlined a recommended five year timeline for transition to the new system. The creation of the Gateway and the new Regulatory Agency would happen very early in the transition plan, while the relaxation of limits on supply on residential care beds occurs later in the transition plan.

ABOUT AGED AND COMMUNITY SERVICES AUSTRALIA (ACSA)

Aged and Community Services Australia is the national peak body for aged and community care providers representing faith based, charitable and community-based organisations providing residential and community care services, housing and supported accommodation to almost 1 million older people, younger people with a disability and their carers. ACSA, the six State and Territory Associations, and over 1,100 organisations together make up the ACSA Federation.

Aged & Community Services Australia

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