



**Australian  
Aged Care  
Collaboration**

## **MEDIA RELEASE**

**Monday 12 April 2021**

### **Aged care – the way forward**

AUSTRALIA's aged care industry today urged the Federal Government to adopt its 15-point plan to ensure older Australians get the most benefit in the quickest time from an improved aged care system.

The Australian Aged Care Collaboration, representing more than 1,000 providers, today released its formal response to the Royal Commission into Aged Care Quality and Safety.

Called the *"Aged care – the way forward"* report, it recommends the Australian Government should immediately focus on the priority areas of:

1. Human rights, access and choice
2. Workforce
3. Transparency
4. Sustainability.

AACC representative Sean Rooney said the looming 11 May Federal Budget provided the ideal opportunity to adequately fund the aged care system, as part of the Government's formal response to the Royal Commission by 31 May.

"Our report suggests which Royal Commission recommendations should be prioritised to ensure older Australians get the most benefit, in the quickest time," Mr Rooney said.

"We have identified 15 priority areas in four broad groupings that we believe the Australian Government should action immediately to ensure older Australians are given the respect and support the community expects.

The 2,500-page Royal Commission final report was publicly released on 1 March and documented confronting personal stories of under-resourcing, neglect, abuse, and staff shortages in Australia's residential aged care homes.

AACC representative Patricia Sparrow said a total overhaul of aged care was urgently required, not more fiddling at the edges.

“If we are to set up our aged care system to guarantee all older Australians the respect and dignity they deserve we need a total overhaul of the funding model and workforce strategy, not more fiddling at the edges.

“The Royal Commission made it clear we need to put older people, their needs and a rights-based system first. To make that possible, big picture reform of the entire system is necessary. As part of this big picture reform we must see the critical aged care workforce grow and be well supported through better pay, conditions and training.

“The inescapable reality is that Australia currently spends less than half of what comparable countries do on aged care (1.2% vs 2.5% of GDP), which means older Australians are denied the care they deserve.”

Ms Sparrow said the industry was committed to better overall transparency.

“Providers are committed to improved transparency and accountability provisions, including a wider range of clinical indicators, a star rating performance system, reporting of care staff hours, reporting of service level financial data to the independent pricing authority and stronger prudential regulations,” she said.

Mr Rooney said that while short-term solutions were critical, the Government also needed to include a clear roadmap for longer term reform.

“Older Australians and our sector need a clear statement from Government on longer term reform intent and an indicative implementation timetable which will provide clarity and certainty for the community, older people, aged care workers and service providers about the future policy settings and program design for Australia’s future aged care system,” Mr Rooney said

“Part of this plan must include how we fund the system, knowing that this cannot be completely solved by government. This means we need to start a national conversation about how the aged care system can be sustainably funded, and whether that means individuals contribute more to their own care.”

**Table 1: AACC four priority reform areas**

The AACC believes that of the 148 recommendations made by the Royal Commission, the following 52 should be prioritised to ensure older Australians get maximum benefit in the quickest possible time: 1, 2, 3, 12, 17, 18, 20, 22, 24, 25, 28, 29, 32-39, 41, 56, 58-64, 75, 77, 78, 80, 84, 86, 106, 110 -116, 119, 120, 122, 124, 130-133, 147.

Broadly speaking, the following 15 areas should receive immediate support from the Federal Government:

| Human rights, access and choice   |
|---|
| 1. Commit to legislating a new rights-based Aged Care Act by July 2023.   |
| 2. Provide funding for removing the home care package waiting list by December 2022, and thereafter offering services based on assessed need within one month of assessment.  |
| 3. Commit to the development and implementation by July 2024 of a new uncapped and better integrated aged care program comprising respite, social supports, assistive technology and home modifications, and care at home, with funding based on a mix of block and activity-based funding and personal budgets, and maximum funding amounts for care at home linked to care funding in residential care. |

4. Announce a timetable for removing the Aged Care Approvals Round.

5. Introduce regulation that requires that physical and chemical restraint can only be used as a last resort and as part of plan approved by a behaviour expert registered by the quality regulator, or in an emergency where there is a risk of physical harm.

6. Fund the establishment of a regional network of 'care finders' and scalable assessment services, and increased support for independent advocacy.

7. Appoint an Inspector-General of Aged Care, introduce independent standards setting arrangements, and establish an independent taskforce to direct and implement the reforms.

### Workforce

8. Announce a joint Australian Government, employer and union application to the Fair Work Commission in 2021-22 to increase minimum award wages which includes provision for funding award increases.

9. Fund a workforce program to support training, clinical placements, scholarships and other initiatives to respond to workforce challenges in a targeted manner (including dementia and end of life care), and commit the development of a 10-year workforce strategy to ensure a sufficient supply and distribution of health and aged care workers for the aged care sector and to inform future targeted workforce initiatives.

10. Provide funding and a timetable for the progressive implementation of the Royal Commission's recommendations to improve access to the services of the wider health system by older people receiving aged care, including a new primary health care model, multidisciplinary outreach services, improvements to the Medical Benefits Schedule and a dental benefits scheme for age pensioners scheme and residents of aged care homes.

11. Fund the introduction by July 2024 of funding for approved providers to engage allied health professionals based on a blended funding model.

12. Announce funding for designing and implementing a national registration scheme for personal care workers.

### Transparency

13. Commit to progressive implementation of enhanced transparency and accountability provisions by December 2022, including a wider range of clinical indicators, star rating performance system, reporting of care staff hours, reporting of service level financial data to the independent pricing authority and strengthened prudential regulations.

### Sustainability

14. Funding commencing July 2021 for implementing amendments to indexation arrangements; extension of the 30% increase in the Viability Supplement; a \$10 increase per resident per day in funding for everyday living expenses; and a program to reimburse employer staff development costs pending an independent pricing authority.

15. Establish an independent aged care pricing authority by July 2022 to determine prices for aged care services based on a casemix classification and funding model and annual costing studies which have regard to, inter alia, minimum casemix adjusted staffing levels.

## **Additional information**

Genuine reform must start now because Australia's population is ageing.

Currently, 515,700 people, or 2.0% of the Australian population are aged over 85. This is expected to grow to more than 1.5 million people, or 3.7% of the population, by 2058<sup>1</sup>.

### **The problem:**

- 16,000 vulnerable Australians died in 2017-18 while waiting for a government-subsidised support package in their own home.
- An additional 100,000 people are waiting for home support at their approved level - with those in need of the highest-level packages typically waiting at least 12 months.
- Separately, a further 88,000 places will be required in communal Residential Aged Care over the next 10 years, at a cost of \$55 billion, to ensure older Australians are given the care they need.
- Under-resourced aged care homes were described as in an '*impossible situation*' by Counsel Assisting the Royal Commission, with 64 per cent of residential aged care homes operating at a loss, rising to 78 per cent in rural and regional areas.

### **The future**

- More than 4.1 million Australians, or almost 16% of the population, are currently aged over 65. By 2057, that will rise to 8.8 million, or 22% of the population, and by 2097 it will reach 12.8 million people, or one in four Australians.

### **Types of government-subsidised aged care**

- Broadly speaking, Australians access government-subsidised aged care services in three different settings:
  1. Own home - for people with low care needs (Commonwealth Home Support Program CHSP) – 840,000 people.
  2. Own home - for people with greater care needs (Home Care Package Program) – 174,000 people.
  3. Communal care homes - where residents generally receive nursing and personal care 24 hours per day, either on a permanent basis or as short-term respite stays (Residential Aged Care Homes) – 244,000 people.

### **Spending on aged care**

- Total expenditure on aged care in Australia in 2019-20 reached about \$26 billion.
- The Australian Government spent \$21 billion, with most of the remainder paid directly

<sup>1</sup> <https://agedcare.royalcommission.gov.au/sites/default/files/2021-03/final-report-executive-summary.pdf> page 61

byconsumers.

#### Own home

- About 16,000 Australians have died while waiting for a home care support package.
- An additional 100,000 people are waiting for home support at their approved level - with people in need of the highest-level packages typically waiting at least 12 months.

#### Communal residential aged care

- Australia's financing of aged care is highly skewed towards residential aged care, with 6.4% of over 65s in Australia living in these communal homes, compared with an OECD average of 3.6%.
- Approximately 63% of all government aged care funding, or \$13.5 billion, is spent on communal residential aged care.
- A further 88,000 places will be required in communal Residential Aged Care over the next 10 years, at a cost of \$55 billion.

#### Staffing

- 78,000 extra workers are needed in the next 10 years to deal with the country's ageing population.
- These figures may explain why the Royal Commission into Aged Care Quality and Safety found that Australians strongly support increased funding to ensure access to high-quality care in the future.

### **About the Australian Aged Care Collaboration (AACC)**

The AACC is a group of six aged care peak bodies: Aged & Community Services Australia (ACSA), Anglicare Australia, Baptist Care Australia, Catholic Health Australia, Leading Age Services Australia (LASA) and UnitingCare Australia.

Together we represent more than 1,000 organisations that are responsible for about 70 per cent of the services delivered to the 1.3 million Australians receiving aged care – either at home or in communal residential settings.

Our members include not-for-profit providers, primarily church and other charity organisations, but also a number of private operators.

Sean Rooney is the CEO of Leading Aged Services Australia (LASA) and Patricia Sparrow is the CEO of Aged & Community Services Australia (ACSA).

For more information, visit [CareAboutAgedCare.org.au](http://CareAboutAgedCare.org.au).

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