

NATIONAL AGED CARE ADVISORY COUNCIL

AGENDA

Date: Thursday 22 February 2024, 9:00am – 4:35pm AEDT

Venue: Department of Health and Aged Care, Sirius Building, Canberra

Room: 6.C.102 & 6.C.103

Item	Details	Paper/ Verbal	Lead
1	9:00am (50 mins) Welcome, opening and introductions a) Apologies b) Member introductions	Verbal	Andrea Coote, Chair
2	9:50am (10 mins) Council Business a) Conflicts of Interest b) Record of Meeting 16 November 2023 c) Action Item Summary	Paper	Andrea Coote, Chair
3	10:00 am (15 mins) Reform priorities and progress	Verbal	Greg Pugh, A/g First Assistant Secretary, Reform Implementation Division
4	10:15am (45 mins) New Aged Care Act	Verbal	Mel Metz, Assistant Secretary, Legislative Reform Branch s22, Director, Legislative Reform Branch
5	11:00am (10 mins) Council of Elders Update	Verbal	Anne Burgess, Chair, Council of Elders (NACAC member)
11:10am Morning Tea break - 10 mins			
6	11:20am (20 mins) Aged Care Taskforce Response a) Aged Care Taskforce Terms of Reference b) Aged Care Taskforce Communiques	Paper	Nick Hartland, First Assistant Secretary, Ageing and Aged Care Group
7	11:40am (45 mins) Support at Home	Verbal	Thea Connolly, First Assistant Secretary, Home and Residential Division
8	12:25pm (30 mins) Quality Indicators a) Expansion of the National Aged Care Mandatory Quality Indicator Program Consultation Paper	Paper	Ingrid Leonard, Assistant Secretary, Choice and Transparency Branch
12:55pm Council photograph (see attachment for details) followed by lunch break – 45 mins			
9	1:40pm (10 mins) Aged Care Quality and Safety Advisory Council Update	Verbal	Maree McCabe, Chair, ACQSAC (NACAC Member)
*	1:50pm (20 mins) Member-only discussion about NACAC engagement with Acting Inspector-General of Aged Care	Verbal	Andrea Coote, Chair and members

Item		Details	Paper/ Verbal	Lead
*	2:10pm (110 mins)	Acting Inspector-General of Aged Care <i>Any papers will be sent directly to members by the Office of the Inspector-General of Aged Care</i>		Ian Yates, Interim Inspector-General of Aged Care
4:00pm Afternoon Tea break - 10 mins				
10	4:10pm (20 mins)	Other Business <ul style="list-style-type: none"> - Advice to Minister - Communiqué - Additional papers included for noting <ul style="list-style-type: none"> o Council Induction - workforce and market o Member profiles 	Verbal	Collette O'Neill, Assistant Secretary, Governance Branch
11	4:30pm (5 mins)	Meeting close	Verbal	Andrea Coote, Chair

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National Aged Care Advisory Council

22 February 2024

Agenda Item No: 1

Welcome and Introductions

This will be a verbal update.

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NATIONAL AGED CARE ADVISORY COUNCIL

Record of Meeting – 16 November 2023

Attendees	
Andrea Coote	Chair
Rachel Argaman OAM	Member
Jennene Buckley	Member
Anne Burgess AM	Member
Andrew Condon	Member
Jody Currie	Member
Craig Gear OAM	Member
Emma Hossack	Member
Sandra Iuliano	Member
Claerwen Little	Member
Libby Lyons	Member
Maree McCabe AM	Member
Gail Mulcair	Member
Michael Murray AM	Member
Mary Patetsos AM	Member
Graeme Prior	Member
Department of Health and Aged Care Representatives	
Michael Lye	Deputy Secretary, Ageing and Aged Care Group
Thea Connolly	A/g First Assistant Secretary, Home and Residential Division
Nick Hartland	First Assistant Secretary, Home and Residential Division
Amy Laffan	First Assistant Secretary, Quality and Assurance Division
Greg Pugh	A/g First Assistant Secretary, Reform Implementation Division
Eliza Strapp	First Assistant Secretary, Market Workforce Division
Mel Metz	Assistant Secretary, Legislative Reform Branch
s22	Director, Legislative Reform Branch, Quality and Assurance Division
Mark Richardson	Assistant Secretary, Residential Care Funding Reform Branch
s22	A/g Assistant Secretary, Funding Operations & Analysis Branch
Eleanor Browne	Assistant Secretary, Structural Adjustment Strategy Branch
s22	Director, Structural Adjustment Strategy Branch
Katie Holm	Assistant Secretary, Strengthening Providers Branch
s22	Director, Strengthening Providers Branch
s22	Assistant Director, Strengthening Providers Branch
Secretariat	
Collette O'Neill	Assistant Secretary, Governance Branch
s22	Director, Governance Branch
s22	Assistant Director, Governance Branch
s22	Secretariat Officer, Governance Branch
s22	Secretariat Officer, Governance Branch
s22	Graduate Observer
s22	Graduate Observer
Apologies	
Mike Baird AO	Member
External Guests	
Samantha Byng	Attorney-General's Department

s22	Attorney-General's Department
Ian Yates AM	Acting Inspector-General of Aged Care
Paula Pearsall	Acting Assistant Secretary, Office of Interim Inspector-General of Aged Care
s22	Director, Office of Interim Inspector-General of Aged Care

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1. Meeting Opening, Welcome and Committee Business

The Chair opened the meeting and acknowledged the traditional owners of the land.

a) Apologies

Mike Baird was noted as an apology.

b) Conflicts of Interest

There were no identified conflicts of interest.

c) Record of Meeting (ROM) – 14 August 2023 and 4 October 2023

Council reviewed the 14 August 2023 ROM, specifically changes made to wording regarding the location of the First Nations Aged Care Commissioner. Changes were endorsed.

Council endorsed the 4 October 2023 ROM without changes.

d) Action Item Summary

Council noted and agreed Action Item Log recommendations.

2. New Aged Care Act consultation plan and materials

The Department provided an update on the upcoming consultation on exposure draft of the new Act. Consultation is planned to open on 8 December 2023 and close on 16 February 2024. Final workshop dates and locations are still to be confirmed.

Consultation is an opportunity to broadly test the Act and its pathway to commencement with industry, sector, older people, academics and human rights experts.

The Department acknowledged the role of Council in promoting its networks to participate in upcoming consultation. The Department sought Council's views on how to optimise engagement opportunities.

Council encouraged early communication to the sector and industry to advise of the consultation timelines. This will allow the sector to consider resourcing across the holiday period to support participation in the consultation. Council encouraged the Department to consider pausing other consultation activity over this time to allow the sector to prioritise participation.

Council noted the timing of consultation risks inadvertent media attention as this is typically a quiet period in the news cycle. This risks distress for the sector and may detract from the smooth passage of the Act. Council noted there is a risk that consultation on the Act and the final report of the Taskforce, which is also scheduled for release in late 2023, will be conflated by the media. Council noted its availability to support reactive communications if required.

Council noted the importance of strong briefing of cross and back-benchers.

Item #	Description	By Whom	Due date
20231116:1	Department to present summary of consultation feedback to Council	Department	Feb 2024

3. Allied Health use in residential Aged Care

Council welcomed the Department's paper on allied health trends. In presenting the paper, the Department specifically sought advice from Council on how to better promote legislated quality requirements to residents, their families and providers.

In addition to issues discussed in the paper, the Department is considering expanded access for its short-term restorative pathway. This includes prescribing assisted technology and modifications to reduce current bottlenecks in access to allied health.

Council noted that the paper shows a decline in provision of allied health services. Council suggested the data showed a need for greater clarity and transparency in service entitlements.

Council offered a range of reflections from its networks, including:

- Reported decline in provision of allied health services. Members noted that while the timing aligns with the introduction AN-ACC, it is unclear if this is the driver or whether there are factors driving the decline.
- Loss of allied health positions and reduction in allied health hours.
- Changes in structure of clinical teams whereby qualified allied health professionals are substituted with allied health assistants.
- Confusion in the sector about what allied health services are covered under service entitlements.

Council discussed the importance of models of care, use of multidisciplinary assessment tools, and use of output and outcome measurement tools. The Department noted the output and outcome measurements links to work on quality indicators, proposed to come to Council in February 2024.

Council noted the importance of allied health services for people with dementia (e.g. physio for pain management, speech pathology for swallowing assessment). Council noted that OPAL Aged Care and TLC Aged Care may offer models of care for provision of allied health services.

Council suggested future data collection and reporting look at reactive versus preventative use of allied health services.

Item #	Description	By Whom	Due date
20231116:2	Members to advise if they wish to take part in the quality indicator consultation process	Members	December 2023

4. Reform Priorities and Progress

On 17 October 2023, the Department published an updated version of the aged care reform roadmap. Some of the changes include a range of digital health initiatives and commencement of new requirements for governing body membership and provider advisory bodies from 1 December 2023. The Department plans to release new versions around every three months.

The Data and Digital Strategy has been released for public consultation. It now includes an initiative focussed on digital and health literacy for older people, reflecting Council's feedback. The Department appreciates the previous engagement Council provided on this.

The Department is progressing the appointment of an interim First Nations Aged Care Commissioner (Commissioner), a key recommendation of the Royal Commission. It is anticipated the Commissioner will be appointed in late 2023.

In October 2023, the Government published the Progress Report: Implementation of the Recommendations of the Royal Commission into Aged Care Quality and Safety, delivered by the Acting Inspector-General of Aged Care. The report provides an independent assessment on progress of implementation of the Royal Commission's recommendations. In general, the report is positive and acknowledges significant progress made. The report suggests some priorities for Government moving forward.

Council sought reflections from the Department on its progress against Royal Commission recommendations. The Department acknowledged that breadth and scope of reform to date is well progressed, but noted the next six months is a time of significant change with consultation on the new Act, announcements on support at home, and potential output of the Aged Care Taskforce. The Department values the advice of Council on the sector's views on the speed of transition beyond this year.

Council sought an update on appointment of the Inspector General of Aged Care. The Department will provide the advertisement to Members.

The Department noted the recent increase of COVID cases in the community and residential aged care. Further communications about the importance of antivirals and vaccinations will flow to the sector in coming days.

Item #	Description	By Whom	Due date
20231116:3	Secretariat to share advertisement for the Inspector General of Aged Care	Secretariat	December 2023

5. Aged Care Taskforce

Council members who are members of the Aged Care Taskforce provided an update on Taskforce progress.

6. Council Of Elders (COE) Update

The Chair of the COE provided an update on the virtual meeting of 20 October 2023. Key discussions included:

- COE looked at the design competition for residential aged care.
- COE discussed the release of exposure draft of the new Act and timing of the consultation. Council is happy to promote participation in consultation. Council also considered hard-to-reach communities, including residential aged care participants and regional/remote communities. COE met again last week on 10 November 2023 to look at the consultation plan for the Act. COE emphasised the need for simple communications, supported by visual materials.
- COE discussed workforce and safety issues from recent conferences and events. Council has heard experiences of unsafe practices, including people coming into homes of older people and working beyond scope of practice (e.g. wound management).
- COE is considering how they can encourage older people to re-enter the workforce.
- COE is awaiting advice on outcomes of the EOI to appoint new members in the refresh of the existing Council.

COE meets next on 23 and 24 November 2023.

NACAC members noted some barriers to re-entering the workforce, including training refresher, recognition of prior learning, and supervision requirements. Members noted OPAL Aged Care has developed a course that trains unqualified people while they commence in the role. NACAC noted it has developed prior advice on barriers and opportunities for older people re-entering the workforce.

7. Provider finances and operations: new information on My Aged Care

The Department provided update on plans to publish more financial and operational information at provider-and-facility-level on My Aged Care website from February 2024.

The Department will give providers the opportunity to preview their data through GPMS portal from mid-January before it is published in mid-February 2024.

In earlier engagement with Council, the Department heard that information needed to be:

- Standardised: Information on expenditure, income and profit/loss is presented in 'per resident per day' terms for residential facilities to allow more direct comparisons.
- Benchmarked: Financial information for providers/facilities is compared to sector median.
- Meaningful: Restricting information to data that older people find more valuable, with use of non-technical language (where possible) to aid comprehension.

The Department is now seeking Council's views on the impact of publishing this information and how to prepare for publication. Feedback from Council included:

- Council noted costs of food and catering is not indicative, particularly for regional facilities (e.g. transport costs) and outsourced catering (profit margin). The Department agreed this is not a sole measure of food quality. Council noted there is no agreed benchmark.
- Council queried whether administrative costs might be better understood if labelled under a compliance category.
- Council noted the importance of communications to the sector and older people. Members are happy to assist in reviewing communication materials.
- Council queried if innovative technology use will be captured. At this stage, it is not captured as it does not lend itself to this format and benchmarking.

8. First Term Achievements and 2024 Work Plan

The Department reflected that Council considered its first term achievements and forward work plan at its 4 October 2023 meeting. Council requested that achievements include information about how the Department used Council's advice. Council also requested inclusion of a greater span of issues that have been considered. Based on Council's feedback, the Department has drafted a dedicated Communique on Council's first term achievements for consideration. In consultation with the Chair, NACAC, the Department may make small changes to strengthen content around impact.

Council approved the Communique, noting requested changes in the Action Item Log below.

Council also considered a draft work plan at its October 2023 meeting. The revised plan more clearly linked the work plan to the Terms of Reference and made it clearer how priorities link to the proposed deep dive topics. The revised work plan includes a proposed sequencing for deep dives and Departmental-led items.

The work plan remains dynamic, giving Council flexibility to respond to changing priorities or timelines.

The Department heard Council's feedback that it would help Council give better advice to see how the Department is using advice to inform its work. The secretariat will work with Departmental colleagues to provide this in agenda papers in 2024.

Council noted workforce should be considered as a key priority for Council considerations in 2024.

Council noted the value of its ability to take a helicopter view of cross-sector issues. Council is keen to keep this on the work plan and ensure evaluation pieces of large reforms are on the forward agenda.

Council is keen that throughout 2024, it continues to bring a research, evidence and translation lens to its considerations.

A visual illustration of the various external committees in this space would assist Council in distilling its work plan for 2024.

Item #	Description	By Whom	Due date
20231116:4	Secretariat to add allied health to the achievements report prior to publication	Secretariat	ASAP
20231116:5	Secretariat to update references to interim and acting Inspector-General	Secretariat	ASAP
20231116:6	Secretariat to add 2024 achievements and 2025 planning to October 2024 meeting	Secretariat	ASAP
20231116:7	Secretariat to consider how to bring workforce into priorities and deep dives	Secretariat	ASAP
20231116:8	Secretariat to include care minutes on forward program	Secretariat	ASAP
20231116:9	Secretariat to present updated work plan to Council at its next meeting	Secretariat	February 2024

9. The second National Plan to Respond to Abuse of Older Australians

The Attorney-General's Department (AGD) presented an update on work to develop the second National Plan.

The Commonwealth AGD is leading development of the second National Plan, in partnership with the Department of Health and Aged Care (Health), and states and territories.

Council heard outcomes of recent national sector and community consultations including consultations with diversity groups.

Consultations have emphasised a greater focus on prevention activities, and the plan being underpinned by a human rights approach that promotes autonomy and dignity of older Australians. The importance of an intersectional lens has also been raised.

Feedback from Council included:

- Adequacy of safeguards in guardianship arrangements for First Nations older people. Council encourages transparency of data by states and territories.
- Risk to older people in context of various state-based supported decision-making frameworks.
- Need for specific strategies to respond to the risk of sexual assault and sexual harm specifically in the context of aged care.
- If possible, Council welcomed the sharing of evaluation of the impact of the first Plan.
- Council noted the plan should speak to the role of the Age Discrimination Commissioner.
- Council noted that public campaigns addressing ageism might be a priority for consideration in the action plan.
- Council noted increased risk for older people from diverse backgrounds.
- Council noted systemic risk arising from ageism in other sectors (i.e. banking sector decisions for older people).
- Council noted a need to address misunderstandings in the community that people with dementia do not have long-term impacts from abuse.
- Opportunities to align and leverage off work in adjacent sectors to work towards common goals.

- Harmonisation of state and territory frameworks is critical. In addition to guardianship and powers of attorney, health, lifestyle and personal powers require clarification and standardisation - and aged care providers require clear guidance as to their application.
- Consider developing a substitute decision-making provider handbook. This would serve as both a training and reference resource, and help ensure providers are acting in accordance with the new laws.
- Given the wide spectrum of decision-making capacity and vast range of decisions that might need to be made, a framework that accommodates varying levels of support and assistance is crucial.

For the remainder of 2023, the focus will be working with a range of peak bodies, advisory groups and Commonwealth, State and Territory agencies to draft the second National Plan. Subject to SCAG endorsement, AGD is working to have the draft National Plan released for public consultation in the first part of 2024. Supporting action plans are expected to follow later.

Item #	Description	By Whom	Due date
20231116:10	Attorney-General's Department to share evaluation summary with Council	Attorney-General's Department	When finalised
20231116:11	Attorney-General's Department to present draft plan to Council for feedback	Attorney-General's Department	ASAP

10. Other Business

Council provided an update from the recent meeting of the Aged Care Quality and Safety Commission (ACQSC) Advisory Council. There have been twice as many site visits in 2023 than in 2022. The ACQSC Conference will be held on 23 and 24 April 2024 in Adelaide. ACQSC Advisory Council received an update on the market strategy and noted the sector is experiencing difficulty raising capital from investment markets.

NACAC Chair noted that Jenny Dodd from Tafe Directors Australia (TDA) has asked to bring to Council's attention an issue about placements for enrolled nurses (EN) in aged care, specifically that some aged care providers are no longer offering EN student placements, which TDA attributes to the impact of care minutes. Council agreed for the Secretariat to send the correspondence to the relevant area in the Department.

The Chair noted that Briony Dow, Director of National Ageing Research Institute (NARI), has advised that NARI is developing a clearinghouse on aged care research. Council will invite Briony to a future meeting to discuss.

11. Meeting Close

Decisions on proposed meeting dates for 2024 were subject to release of the parliamentary sitting calendar and senate estimates hearing schedules.

With these now released, some meetings will need to shift, including the next meeting, which was scheduled for face-to-face on Wednesday 14 February 2024. The Chair is working with the Secretariat on new dates and will be in touch shortly.

The Chair thanked members for their valuable insights and feedback today, and throughout the year.

National Aged Care Advisory Council

Action Item Log as at 9 February 2024

Action Item Log – Open Items

Item #	Description	By Who	Due Date	Status Update
20230220:5	Development of new quality indicators for allied health and lifestyle support	Department	16/11/2023	Recommend closing Quality indicators scheduled for 22 February 2024.
20230814:3	Discuss outcomes of ACQSC Capability Review at future meeting	Secretariat	16/11/2023	In Progress To be scheduled for early 2024
20230814:7	Invite ACQSC to future NACAC meeting to discuss compliance monitoring	Secretariat	16/11/2023	In Progress To be scheduled for early 2024
20230814:8	Council will be updated on outcomes of market-based work at future meeting	Department	16/11/2023	In Progress To be scheduled for early 2024
20231004:3	Evaluation Plan for care minutes to be provided to Council, when available	Department	14/2/2024	In Progress To be scheduled in 2024
20231004:5	Present Consultation Plan for Data and Digital Strategy for Council feedback	Department	16/11/2023	Recommend closing Secretariat circulated consultation details to members in November. Consultation concluded late 2023.

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COMMITTEE-IN-CONFIDENCE**National Aged Care Advisory Council****22 February 2024****Agenda Item No: 3****Reform Priorities and Progress**

This will be a verbal update.

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COMMITTEE-IN-CONFIDENCE**National Aged Care Advisory Council****22 February 2024****Agenda Item No: 4****New Aged Care Act**

This will be a verbal update.

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National Aged Care Advisory Council

22 February 2024

Agenda Item No: 5

Council of Elders Update

This will be a verbal update.

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COMMITTEE-IN-CONFIDENCE
National Aged Care Advisory Council

22 February 2024

Agenda Item No: 6

Aged Care Taskforce Response

Questions for Council Consideration

- Not relevant – this paper is an update

Purpose of the paper

Provide an update to Council on the Aged Care Taskforce (Taskforce) and its final report, being an Aged Care Reform initiative.

Dr Nick Hartland, First Assistant Secretary, Aged Care Taskforce Response Unit, will provide the update.

Recommendations

That Council:

1. **Notes** the update on the final report.

Summary of issues for discussion

- The Taskforce was established as a time-limited body to provide Government with advice on funding arrangements for aged care to ensure the aged care system is fair and equitable for all.
- The Taskforce consisted of 16 members with broad experience and expertise across health and aged care, banking and finance, economics and public policy, including representatives of providers, current and future aged care participants, younger people, and diverse cohorts. It was chaired by the Minister for Aged Care. Four members of NACAC were on the Taskforce.
- The Taskforce held its first meeting in June 2023 and met once a month until December 2023. During this time, the Taskforce focussed on:
 - contribution arrangements that will support a sustainable system
 - equity for older people needing aged care now and into the future, and for all Australians
 - making innovation the sector default
 - enhancing the elements of the system that Australians value, including putting people using aged care at the centre of the funding arrangements.
- The Government did not release the interim advice as it was not the concluded views of the Taskforce.
- The Taskforce gave its final report to Government in December 2023. The final report includes feedback from the public consultations and targeted roundtables, and the Taskforce's deliberations over the past 6 months.

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- The Taskforce is not a decision making or funding body. The final report is a report to Government for consideration, and none of the recommendations are Government policy until considered and accepted by government.
- The Government is currently carefully considering the Taskforce's recommendations.
- The timing of the public release of the final report a matter for Government.
- The Taskforce Terms of Reference and its meeting communiques are at **Attachments A and B**.

Consultations

- Taskforce members consulted widely to support their deliberations. This included receiving 180 written submissions and 1,944 survey responses and holding 12 forums with 98 online attendees and 312 in-person attendees, and 11 targeted roundtables with 105 attendees.
- Members also consulted independently with their networks to support their understanding and develop views.

Attachments

- **Attachment A** – Aged Care Taskforce Terms of Reference
- **Attachment B** – Aged Care Taskforce Communiques

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Attachment A: Aged Care Taskforce Terms of Reference and membership

The Aged Care Taskforce (Taskforce) provides expert advice to Government through the Minister for Aged Care.

Purpose

The Aged Care Taskforce (Taskforce) is established as a time-limited body to provide expert advice to Government through the Minister for Aged Care. It is not a decision making or funding body.

Objectives of the Taskforce

The Taskforce will provide Government with advice on funding arrangements for aged care to ensure that the aged care system is fair and equitable for all Australians. The advice should support:

- a stable policy path for the sector that encourages continuous improvement
- high quality care and an innovative and vibrant aged care sector that is driven to respond to the needs of older Australians, and
- a sustainable sector that can deliver consistent, high-quality care for generations of Australians.

The Taskforce will provide Government with options for consideration and a recommended package of reforms that ensure that:

- aged care providers are sustainably funded and benefit from introducing innovative care delivery approaches that meet older Australian's preferences,
- aged care funding is affordable for the Commonwealth with arrangements that balance equity and fairness between older and working-aged Australians,
- older Australians can see the value of their contributions relative to other funding sources,
- there is a robust safety net that properly recognises financial capacity at different levels of income and/or life circumstances, and
- contribution arrangements are efficient, simple to implement, and easily understood by all Australians, particularly older people.

Specifically, the Taskforce will provide advice on:

- funding and contribution approaches to support innovation in the delivery of care,
- a fair and equitable approach to assessing the means of older people accessing residential and in-home aged care, including the scope of income and assets included in the assessment of means,
- issues and trade-offs for including and excluding different service types in the new in-home aged care program (the service list),
- consumer contributions for in-home aged care, and reforms that support a future transition to a single in-home aged care system, and
- reforms to arrangements for pricing and funding hotel and accommodation costs in residential aged care, including the phasing out of refundable accommodation deposits.

The Taskforce may be asked to consider other related issues in the course of their work.

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The Taskforce will provide Government with options for consideration and a recommended package in December 2023. It will also provide interim advice in October 2023. Recommendations made by the Taskforce will be considered by Government.

Context

The Government has committed to delivering aged care reform that restores dignity to aged care and ensures that older Australians are treated with the respect that they deserve. This includes reforming the in-home aged care system so that it better responds to the changing needs of older people and is simpler to understand and navigate.

The Royal Commission into Aged Care Quality and Safety and the government's response has established foundational reforms that will deliver higher quality, stronger regulation, more transparency and greater choice. While the Royal Commission made a number of recommendations on funding and contribution approaches for aged care, including means testing and the possibility of a levy, the Commissioners had differing views. The Taskforce will consider the Royal Commission's views in its deliberations.

The Taskforce provides an opportunity for targeted and thorough consideration of system funding arrangements to ensure that they are equitable, embed innovation, and include a future focus that adjusts to the changing pattern of demographics, needs and circumstances of older Australians, including consideration of women, indigenous and culturally and linguistically diverse people. There have been increasing calls from the sector, from both aged care providers and consumer organisations, for older Australians in aged care to contribute more towards their care where they have capacity to do so in order to improve the sustainability of the sector.

Membership

The Taskforce will be chaired by the Minister for Aged Care. The Chair may appoint a proxy to Chair all or part of a meeting at their sole discretion.

Taskforce Members are appointed as experts and policy leaders with the ability to provide representative advice for their respective sector. However, while they may represent the views of their organisation or affiliations, they agree to come together in the best interests of older people and Australia's aged care system. Proxies will not be accepted except under exceptional circumstances and at the sole discretion of the Chair. A list of members is at Attachment A.

Taskforce members are eligible for remuneration. The Taskforce will be a Departmental non-statutory committee, managed according to the Department's External Committee Framework.

Non-government members may seek reimbursement for their travel and other incidental expenses equivalent to the Department of Health and Aged Care Senior Executive Service-level policies.

The Chair may approve ad hoc, participation of additional experts or observers in meetings as required.

Confidentiality and Conflict of Interest

Members will be required to sign a confidentiality agreement and declare any real or perceived conflicts of interest before the first meeting. Members will advise of any changes in their real or potential conflicts of interest at the commencement of each meeting. A member who has declared a real or potential conflict of interest may participate in the discussion on that matter, subject to the approval of the Chair.

COMMITTEE-IN-CONFIDENCE

All discussions undertaken by the Taskforce are in strict confidence and without prejudice, to ensure members can genuinely engage on the merits of proposals. Discussions should not be considered as agreement or commitment by Government.

All documents prepared by or presented to the Taskforce are assumed to be confidential unless identified otherwise by the Chair. Taskforce members shall not report or attribute comments of individuals nor their affiliations outside of meetings.

Meeting Administration

The Chair will lead meetings and guide the work of the Taskforce.

It is expected that meetings will be held monthly for a duration of 3-5 hours. A forward schedule of meetings will be developed, noting that flexibility may be required to accommodate unavoidable rescheduling. Quorum is at the discretion of the Chair.

An agenda and papers will be distributed at least 5 days prior to meetings. Papers may be developed by a Member or the Department of Health and Aged Care, at the request of the Chair. Papers will follow an agreed format according to the guidance supplied by the Secretariat.

Members are expected to attend meetings in person. Videoconferencing will be available for those with unavoidable commitments, such as isolation requirements or overseas travel.

A summary of key discussion points and action items will be distributed to representatives within five days following meetings. A communiqué will be prepared following each meeting for members and the Department of Health and Aged Care to disseminate to other interested parties. Detailed minutes will not be produced.

The Taskforce will aim to reach consensus on the final recommendations to Government. A final report or communiqué will be developed. Dissenting views will be noted by the Chair.

Departmental officials may attend the meeting at the request of the Chair.

The Taskforce will operate from June 2023 until 31 December 2023, unless stated by the Chair.

Attachment A – membership

- The Hon Anika Wells (Chair)
- Nigel Ray PSM (Deputy Chair)
- The Hon Mike Baird AO
- Professor Tom Calma AO
- Grant Corderoy
- Rosemary Huxtable AO PSM
- Professor John McCallum
- Mary Patetsos AM
- Julianne Samara
- Pat Garcia
- Patricia Sparrow
- Tom Symondson
- Janine Walker AM
- Thomas Walker
- Margaret Walsh OAM
- Lloyd Williams

COMMITTEE-IN-CONFIDENCE

Attachment B: Aged Care Taskforce Meeting Communiques

16 June 2023 (video conference)

The Taskforce agreed the need for its work to be guided by a sound set of principles that will be discussed at the next meeting.

The Taskforce also discussed the need to take a wide approach to its work, including consideration of:

- A comprehensive view of the scale of the challenge including trends in demography, income and wealth, and a clear assessment of short- and long-term provider viability issues
- The full range of mechanisms to develop a more equitable, sustainable and viable aged care sector, including existing financial products that are currently underutilized in aged care, and
- The practical steps needed to create and embed a system with much better clarity/transparency over what taxpayers and consumers pay, and which is more equitable system where contributions match the capacity to pay.
- Improving the way people access and navigate the system.

Taskforce members are determined to take a data led approach, and to have thorough engagement with the community and aged care thought leaders.

Taskforce members agreed to provide an interim report in October and the final report in December 2023.

25 July 2023 (Adelaide)

The meeting included a discussion on draft principles for the funding of aged care, and on the scope of the Taskforce's work and community engagement.

The Taskforce discussed and agreed a set of draft principles for the funding of aged care. The draft principles are intended to act as a base for ongoing discussions within the taskforce and with the community and will be revised accordingly following those discussions. They will also guide the development of the Taskforce's advice to government.

The Taskforce noted that significant community engagement and data analysis and research will be required to inform its deliberations and advice to government. In addition to targeted consultation, the Taskforce agreed it the public submission process, through the Aged Care Engagement Hub).

22 August 2023 (Brisbane)

Members considered the scale of the aged care funding challenge including the needs of older people, the financial performance of the sector, and the increasing costs and demand for aged care services expected over the coming decades.

The Taskforce also discussed a range of home care issues including complexities associated with the current system, and how best to support independence and safety in the home.

Members had an initial discussion about the policy options available to address these issues, with a view to creating a fair and equitable funding system for aged care. The Taskforce agreed to further explore these policy options alongside the outcomes of its public consultation process at the next meeting in September.

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15 September 2023 (Brisbane) –The Taskforce reflected on the feedback from the public consultation process to date. While the draft principles were broadly aligned with the public's views, the Taskforce noted that some minor adjustments may need to be made.

Taskforce members discussed potential solutions to address the scale of the aged care funding challenge.

Members also had an initial discussion regarding transparency, innovation, thin markets and financial products to assist people to access their wealth to contribute to their care. Members noted the aim is to support our aged care system to be sustainable, simple and assist all Australians no matter their background or whether they live in a metropolitan or rural community.

Taskforce members acknowledged that Pat Garcia has been appointed to the Aged Care Taskforce in place of John Watkins.

12 October 2023 (Melbourne)

The Aged Care Taskforce held its fifth meeting on 12 October 2023 in Melbourne. The Taskforce considered feedback from roundtable consultations held over September and October with residential aged care and home care providers, including those operating in thin markets, banks and superannuation funds, and First Nations and workforce representatives. Key themes from the roundtables included:

- the need to ensure funding arrangements are linked to care outcomes and facilitate participant's care needs;
- the need to consider provider reporting requirements and greater flexibility in mainstream funding arrangements to support the ability to provide quality care; and
- the need for funding arrangements to support innovation, thin markets and workforce shortages.

The Taskforce also reviewed the feedback received via the public submission process held throughout August. The vast majority of respondents recognised the need to adjust the aged care system to modernise it and make it fair, sustainable and innovative. Most felt those with capacity to contribute should make a fair contribution to their aged care costs, while stakeholders also agreed there is a need to simplify the fee system and make it easier for older people to navigate. Most individuals who participated in the consultation indicated a strong preference to age at home. Further details on the feedback will be made available on the Department of Health and Aged Care's Engagement Hub shortly.

The Taskforce is focused on ensuring Australia's aged care system can meet current and future funding challenges. The Taskforce reflected on the revenue and capital gap in the residential aged care sector, particularly in geographically thin markets. This constrains the sector's ability to deliver the required growth in facilities and services required to meet the expected growth in demand for aged care services over the next 1-2 decades. While currently viable, the sustainability of the home care sector is expected to come under pressure in coming decades as demand increases.

The Taskforce is closely considering system funding arrangements, noting the wealth of aged care participants is increasing while the proportion of working age people is shrinking. Consideration is also being given to how funding arrangements can embed innovation, promote high quality services and ensure aged care services meet the needs, preferences and circumstances of older Australians.

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Taskforce members commenced consideration of potential policy options to address these challenges, for further refinement and consideration as part of the final report. Members noted the need to ensure options for the final report are considered as a combined package that is robust, fair and equitable for all Australians. Members also considered options relating to transparency, innovation, thin markets and financial products to assist people to access their wealth.

22 November 2023 (Sydney)

The Aged Care Taskforce held its sixth meeting on 22 November 2023 in Sydney. The Taskforce considered feedback from additional consultation sessions with Chief Financial Officers from residential aged care providers and banking and superannuation sector representatives.

Taskforce members considered a package of reforms to provide a system that is simpler and more flexible and transparent for older people, while enabling the aged care sector to meet current and future funding challenges and support service quality and innovation.

As part of these deliberations, members noted research conducted by Kantar Public on public understanding and perception of co-contributions in aged care. The key themes raised through the research are:

- people mistakenly believe they need to pay for 49 per cent of their aged care costs, which they feel is too much
- government actually pays 95 per cent of home care costs and 75 per cent of residential aged care costs
- when people know the full cost of aged care services, they are willing to pay between 30 and 40 per cent of the cost of the service
- people are willing to pay more for home care services that are essential and increase quality of life and dignity
- people are willing to pay higher co-contributions for services where the costs of services is transparent and they understand what they receive for their co-contribution
- 75 per cent of people prefer a 'user pays' model where they provide a co-contribution for services received
- people have limited understanding of how the aged care system works and how changes to the system will impact them.

15 December 2023 (Melbourne)

The Aged Care Taskforce held its seventh and final meeting on 15 December 2023 in Melbourne.

Taskforce members endorsed the final proposed recommendations of reforms to be included in the final report. The final package reflects feedback from the public consultations and targeted roundtables, and the Taskforce's deliberations over the past 6 months.

Members noted the proposed recommendations would create an aged care system that is simpler, more flexible and transparent for older people. It would also enable the aged care sector to meet current and future funding challenges and support service quality and innovation.

COMMITTEE-IN-CONFIDENCE**National Aged Care Advisory Council****22 February 2024****Agenda Item No: 7****Support at Home**

This will be a verbal update.

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COMMITTEE-IN-CONFIDENCE**National Aged Care Advisory Council**

22 February 2024

Agenda Item No: 8

Expansion of the National Aged Care Mandatory Quality Indicator Program

Questions for Council Consideration

1. What are members' views on the three additional staffing quality indicators?
2. What are members' views on the questions outlined in the consultation paper?
3. Do members wish to be involved in the upcoming consultations for expansion of the National Aged Care Mandatory Quality Indicator Program (QI Program) to services providing care at home?

Purpose of the paper

The purpose of this paper is to provide members with an update on expansion of the QI Program and seek their views on an additional three staffing indicators: enrolled nursing, allied health and lifestyle services, as raised in the consultation paper.

The paper will also advise members of further work on expansion of the QI Program to services providing care at home, and seek their interest in being involved in consultation.

Recommendations

That the Advisory Council:

1. **Discuss** the potential additional staffing indicators in residential aged care.
2. **Provide advice on** the questions regarding the potential staffing indicators in residential aged care, as posed in the consultation paper.
3. **Provide advice on** whether members wish to be involved in development of the new quality indicators in services providing care at home.

Summary of issues for discussion***New staffing quality indicators***

- The Department has engaged HealthConsult in a consortium with the University of Queensland and South Australian Health and Medical Research Institute (the consortium) to develop additional quality indicators under the existing QI Program. These include a new staffing domain and three associated quality indicators (enrolled nursing, allied health and lifestyle services).
- The priority to explore staffing indicators responds to feedback on the potential reduction of enrolled nurses, allied health and lifestyle services following the introduction of 24/7 nursing requirements.
- The Department is working with HealthConsult on a suite of consultation activities for the expansion of the QI Program. In addition to clinical expert groups, HealthConsult will engage with aged care providers, peak and professional bodies, consumer representatives and unions in the development of the indicators.
- A Consultation paper with questions for the Council to consider has been provided at Attachment A.
- Lisa Fodero from HealthConsult will talk through the consultation paper and questions for discussion.

COMMITTEE-IN-CONFIDENCE***Expansion of the QI Program to services providing care at home***

- Additionally, the Department has engaged HealthConsult Pty Ltd in a consortium with the University of Queensland and South Australian Health and Medical Research Institute (the consortium) to undertake preparatory work to expand the QI Program to services providing care at home.
- This change is an exciting next step for the QI Program. It will enable providers to capture and monitor the quality of care they give to older people living independently in their own homes.
- Consultation on this work will commence in the coming months, and the Department would be keen to have members participate should they be interested.

Consultations

- To support expansion of the QI Program, the consortium is working with the Department on a suite of communications activities for development of the staffing indicators.
- Consultation on the new staffing indicators is now open until 5 March 2024. The paper is available at <https://www.health.gov.au/resources/publications/expansion-QI-program-consultation-paper> and you can email any feedback to QI@healthconsult.com.au.
- Consultation feedback will be used to fine-tune QIs for a pilot scheduled to start in March 2024, with an aim to recruit about 130 diverse providers (approx. 5% of the sector) to test the indicators.
- If you would be interested in learning more about the pilot, you can register for the webinar at <https://forms.office.com/r/gkky5jE9ke>.
- You can also express your interest in participating in the pilot by contacting HealthConsult at QI@healthconsult.com.au or completing the expression of interest form at <https://forms.office.com/r/sn9ejj1SQ3>.

Attachments

Attachment A: Expansion of the National Aged Care Mandatory Quality Indicator Program Consultation Paper



Expansion of the National Aged Care Mandatory Quality Indicator Program

Draft consultation paper

December 2023

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Consultation overview

The Australian Government's Department of Health and Aged Care (the Department), in collaboration with HealthConsult, the University of Queensland's Centre for Health Services Research, and the Registry of Senior Australians has begun a project to develop new quality indicators for residential aged care.

This project will guide the expansion of the National Aged Care Mandatory Quality Indicator Program (QI Program) by identifying, assessing, developing and piloting new evidence-based quality indicators.

Responding to sector feedback on 24/7 registered nursing requirements and the Australian National Aged Care Classification (AN-ACC) funding model, the Department is seeking to develop and test three new staffing quality indicators. These new quality indicators are planned for implementation by July 2025 and will focus on:

- enrolled nursing (ENs): nurses who have completed a 2-year Diploma of Nursing through a vocational education provider, to meet the EN standards for practice. ENs work under the supervision of a registered nurse and cannot act alone.
- allied health professionals: health professionals that are not part of the medical, dental or nursing professions. They are university qualified practitioners with specialised expertise in preventing, diagnosing and treating a range of conditions and illnesses.
- lifestyle services: lifestyle officers/assistants typically assist in the provision of activities to enhance the psychological, spiritual, social and physical well-being of residents in aged care settings.

A review of national and international evidence has been undertaken to inform this consultation paper in the expansion of the QI Program to include new staffing indicators.

Purpose of consultation

HealthConsult is conducting a consultation process to prepare for a pilot planned for March 2024. **The purpose of this consultation is to gather feedback on proposed indicators to be piloted.**

Through this consultation process we are seeking to understand the efficacy, relevance, and potential impact of these indicators. This feedback will be used to refine and improve the indicators before the pilot commences, ensuring that the pilot is well-informed and based on a comprehensive understanding of the indicators' strengths and limitations according to key stakeholders.

There are four parts to the consultation process, which are expected to be undertaken early in 2024:

1. Interviews with the groups and professional bodies representing aged care workers
2. Publication of an online discussion paper on the Department's [consultation hub](#) and [aged care engagement hub](#)
3. Interviews with aged care peak bodies, and

4. Focus group sessions with providers of residential aged care services across Australia.

Note: The timing of this consultation process has been designed to limit the burden on providers during the busy holiday period.

Questions

If you have any questions about this project or taking part in this consultation, please contact the project team at QI@healthconsult.com.au.

Evidence Review

A scoping evidence review was conducted to identify, synthesise and evaluate national and international staffing and workforce quality indicators (QIs), measures or standards for enrolled nurses, allied health professionals and lifestyle officers that are used to monitor and assess quality of care delivered to individuals in residential aged care.

Under the QI Program, approved providers of residential care services are currently required to collect and report on workforce data. Specifically, this indicator is a measure of staff turnover and considers staff who were employed/ceased working during each quarter as service managers, nurse practitioners or registered nurses, enrolled nurses or personal care staff/assistants in nursing.

The priority to explore staffing indicators responds to feedback on the potential reduction of enrolled nurses, allied health and lifestyle services following the introduction of 24/7 nursing requirements, and complements the publication of Care Minutes data on My Aged Care from 9 October 2023.

Key findings

- Internationally, there are few staffing workforce QIs that focus on ENs, allied health professionals and lifestyle officers in the residential aged care setting.
- Four workforce QIs from the United States of America (USA) were identified. Three of the QIs focused on ENs, one on allied health professionals, and none on lifestyle officers:
 1. The [USA's Nursing Home Five-Star Quality Rating System](#) includes QIs for **case-mix adjusted** total nursing hours per resident per day, and turnover of nursing staff. These QIs include licensed practical nurses (USA's equivalent to ENs).
 2. Licensed practical nurse hours per resident per day are reported separately to registered nurse (RN) hours on the USA's public reporting online site for nursing homes.
 3. Physical therapist staff hours per resident per day are reported on the USA's public reporting online site for nursing homes.
- Countries including the USA, Canada, New Zealand, South Korea, and Finland have standards for nursing staff in residential aged care and, although most are focused on

RNs, standards for ENs are provided in 10 US states and 2 Canadian provinces. The standards varied from **0.42 to 0.94 EN hours per resident per day**.

- Two Canadian provinces have standards of **0.36 to 0.40 allied health professional hours per resident per day** and one Canadian province has a standard of **0.08 rehabilitation hours per resident per day** in long-term care settings.
- The review found no countries with QIs, standards or measures specific to lifestyle officers, although recreational therapy or activity workers may be included in allied health professional hours in Canadian provinces.
- While ENs, allied health professionals and lifestyle officers are important members of the workforce in residential aged care in Australia, international evidence of QIs, standards, and measures in use for evaluating these roles within the residential aged care setting was limited.

What could this mean for the further expansion of the National Aged Care Mandatory Quality Indicator Program?

Areas for consultation

As we seek to broaden and enhance the QI Program, the findings from the evidence review highlight a range of challenges and opportunities. To help guide and focus the discussion, we have included specific consultation questions.

These questions are designed to concentrate attention on key areas that require consideration and input. It is important to note that these questions are not meant to be restrictive or to limit the scope of feedback. Instead, they are a starting point for a broader conversation on how best to enhance the QI Program, ensuring it is responsive to the needs and complexities of the residential aged care sector in Australia.

A workforce QI for multiple professions

The lack of QIs focusing on ENs, allied health professionals, and lifestyle officers in the international context highlights an opportunity for Australia to lead in this area. Developing QIs for these professions could ensure a more holistic approach to assessing quality care and recognising the importance of a diverse range of staff roles in aged care.

If we were to develop workforce QIs for these three professions based on the total case-mix adjusted hours per resident per day:

How do the varying levels of resident needs and care complexities in different residential aged care settings influence the staffing hours per resident per day provided by ENs, allied health professionals and lifestyle officers?

If we were to develop a single workforce QI for these three professions:

How might it impact a provider's current staffing profile?

Are there other professions that would need to be considered to ensure a comprehensive assessment of care quality in residential aged care settings?

Learning from international examples

The use of QIs in the USA, such as the Nursing Home Five-Star Quality Rating System, provides a model that could be adapted for Australia. This includes QIs for total nursing hours, staff turnover, and specific measures for different nursing roles, like ENs and physical therapists.

Australia already has mandatory care minutes targets for total direct care delivered by registered nurses, enrolled nurses and personal care workers/assistants in nursing (and a specific registered nursing target) and a QI for staff turnover, how might QIs for ENs, allied health professionals and lifestyle officers influence the availability and/or volume of service provided by these professions?

As part of the Quarterly Financial Report (QFR), providers are required to report on care minutes by allied health professionals, allied health assistants and diversional/lifestyle/ recreation/ activities officers. Are the QFR definitions for these professions suitable for use in the QI program?

Setting standards for staffing

The standards found in countries like the USA, Canada and New Zealand can inform the development of similar standards in Australia, especially for ENs and allied health professionals. Adapting these standards to the Australian context could help in setting optimal staffing ratios that ensure quality care.

Should individual QIs (e.g. hours of care per resident per day) be established to monitor the volume of service provided by ENs, allied health professionals and lifestyle officers?

What alternative QIs should be considered to monitor the availability of ENs, allied health professionals and lifestyle officers? *Examples include number of full-time equivalent staff and number of current allied health assessments.*

What are the potential challenges providers might face in adopting minimum standards for ENs, allied health professionals and lifestyle officers?

What factors would need to be considered in establishing minimum standards for ENs, allied health professionals and lifestyle officers?

Addressing gaps in QIs for lifestyle officers

The absence of evidence-based QIs for lifestyle officers, despite their significant role in aged care, provides an opportunity for Australia to pioneer such indicators, acknowledging the contribution of lifestyle officers to residents' quality of life.

How might we acknowledge and measure the significant contribution of lifestyle officers to residents' quality of life?

What types of roles should be included in the category of lifestyle officer?

Quality indicators in residential aged care

QIs are used in Australia and internationally to measure, evaluate, and monitor care quality and safety in health care and aged care. There are three main types of QIs:

1. **Structure indicators** to show provider capacity and systems,
2. **Process indicators** to show provider practices in line with clinical guidelines or evidence-based recommendations, and
3. **Outcome indicators** which examine the impact of care on specific outcomes experienced by individuals.

From 1 July 2019, QI reporting for residential aged care services became mandatory under the National Aged Care Mandatory Quality Indicator Program (QI Program).

The original QI Program monitored three domains: pressure injuries, unplanned weight loss, and use of physical restraints. In 2021, the program was expanded to include the domains of medication management and falls and major injury. In 2023, the QI Program was again expanded and to date the program encompasses 11 quality indicators.

All approved providers of Australian Government-subsidised residential aged care services are now required to submit data every 3 months against the 11 quality indicators.

Current workforce quality indicators

The current QI Program includes one workforce QI, **percentage of staff turnover**, which was developed to support the evaluation and monitoring of continuity of care, a critical element for care recipient wellbeing in residential care.

This QI encompasses any staff who are considered employed by a residential aged care service (in the specified roles of service managers, nurse practitioners or RNs, ENs, and personal care staff or assistants in nursing), irrespective of the type of employment (e.g. permanent, casual, agency).

Approved providers must report on staff (in the outlined roles) who meet the definition of employed and who stopped working in each service and staff who worked any hours during the previous quarter.

Reporting of care minutes

Residential aged care services began reporting to Government against targets for total and RN care minutes per resident per day from 1 October 2022. Mandatory RN coverage of 24 hours per day, seven days per week commenced on 1 July 2023, and meeting service-specific care minutes targets became mandatory on 1 October 2023. Care minutes targets were introduced in response to recommendations from the Royal Commission and aim to ensure safe and high-quality care is provided to residents.

Care minutes refers to the care time that residents in government-funded residential aged care receive from RNs, ENs and personal care workers. The current (1 October 2023) sector average care minute requirement is an average of 200 minutes of care per resident per day, including 40 minutes from an RN. This will be increased to 215 minutes, including 44 minutes from an RN, from 1 October 2024.

Each residential aged care service has case-mix adjusted target. Case-mix adjusted targets are based on the needs of residents (including respite residents) in the service, i.e. services whose residents have lower care needs will have lower average care minutes targets, and services whose residents have higher care needs will have higher average care minutes targets. Current allied health professionals and lifestyle officers cannot be counted towards a service meeting their mandatory care minutes, and there are no specific minimum care time requirements attached to these professions. Care time of RNs, ENs, PCWs/AINs are reported as part of the Quarterly Financial Report (QFR) and not under the QI Program. While allied health and lifestyle worker time does not contribute to care minutes, care time from these professions are also captured as part of the QFR.

Next steps

Before additional QIs are incorporated into the QI Program, it is important to understand both the technical feasibility of collecting and reporting data used to calculate the indicator, and the usefulness and impact of adding the QI to the existing suite of quality indicators and workforce measures.

To this end, we plan to recruit approximately 130 providers (5% of the sector) of varying size, ownership model and location (both in terms of urban and regional location, and states and territories) to participate in a pilot of the potential indicators.

Feedback from this consultation process will be used to identify and refine the indicators that will be tested in a pilot which is expected to commence in March 2024.

We will be inviting Expressions of Interest from providers to participate in the pilot in the first quarter of 2024.

Questions

If you have any questions about this project or taking part in this consultation or the pilot, please contact the project team at QI@healthconsult.com.au.

National Aged Care Advisory Council

22 February 2024

Agenda Item No: 9

Aged Care Quality and Safety Advisory Council Update

This will be a verbal update.

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National Aged Care Advisory Council

22 February 2024

Agenda Item No: 10

Other Business

Purpose of the agenda item

The Chair will invite Members to discuss other business.

Members will consider the draft Advice to the Minister. The Assistant Secretary of Reform Governance Branch, Collette O'Neill, will present the draft 'Advice to Minister' on the screen for Member consideration and feedback.

Attachments

Nil

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National Aged Care Advisory Council Induction Materials

21 February 2024

Provided to Council for Noting

Reform Priority: Aged Care Workforce

Purpose of the paper

Provide essential information to new Council members on the aged care workforce, specifically noting the work of the *Aged Care Workforce Committee*.

Summary of issues for discussion

- The Royal Commission into Aged Care Quality and Safety (Royal Commission) identified a number of challenges that impact workers' ability to deliver safe and high-quality care to older people and noted that a highly skilled, well rewarded and valued aged care workforce was vital to the success of any future aged care system.
- Since this time, the Government has put in place a number of initiatives to build, train and support the aged care workforce, including:
 - investing in more career pathways and options with Fee-Free TAFE, additional university places, and free online learning modules;
 - funding the Workforce Advisory Service, which provides free and confidential advice to support providers to develop and apply best practice workforce planning approaches;
 - ensuring that nurses are enabled to progress their careers through student clinical placements, and transition to practice programs; and
 - establishment of the new Aged Care Industry Labour Agreement to support aged care providers in recruiting qualified direct care workers from overseas.
- The Government is also investing \$11.3 billion to fund the Fair Work Commission's interim decision for a 15% pay increase for many aged care workers. The wage increase is expected to benefit around 250,000 registered nurses, enrolled nurses, assistants in nursing, personal care workers, head chefs and cooks, recreational activities officers (lifestyle workers) and home care workers.
- Departmental modelling shows that the gap between demand for workforce and supply of workforce is reducing, and Quarterly Financial Reporting data shows minutes of care provided is increasing. The wage increase is expected to support the attraction and retention of more people to the aged care workforce, with 13,000 additional people expected to join the aged care workforce in 2023-24 as a result of the wage increase.
- Further information on Government initiatives can be found in the Background section of this paper (Attachment A).
- The Department of Health and Aged Care has recently established the *Aged Care Workforce Committee* as a key source of industry expertise at the national level on aged care workforce issues.
- The Committee is providing advice to the department on short, medium and long-term actions to build, train and support the aged care workforce. The Committee also provides advice on existing aged care workforce policies and programs.
- Membership includes senior executives and experts on aged care workforce drawn from aged care providers, unions, older person peaks, First Nations aged care bodies, culturally and linguistically diverse bodies, consumer representatives and academics. (Aged Care Workforce Committee Membership list at Attachment B).

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- NACAC and the Aged Care Workforce Committee have a shared focus on the issue of growth, retention and skilling of the aged care workforce.
- There is a small cross over in membership which will support the opportunity for strategic engagement. In 2024, they will have a shared role in keeping each committee informed of progress and priorities.
- Since its establishment in mid-2023, the Committee has considered a number of issues, including the training and skills elements of a National Registration Scheme for the Personal Care Workforce (Recommendation 77 of the Royal Commission), building the data and evidence base about the aged care workforce, and issues of attraction and retention for the aged care workforce – including issues of insecure work and direct employment.
- Potential areas for future consideration where engagement with NACAC would be valuable include:
 - Consideration of current workforce challenges, including those in regional, rural and remote areas;
 - Further options for building the nursing workforce and supporting career pathways in aged care;
 - Building the home care workforce; and
 - How technology and innovation support can support the aged care workforce, fostering high-quality outcomes for older people.
- A workplan to support the work of the Committee has been developed and is reviewed regularly to account for evolving issues.
- The Committee will engage with NACAC on a strategic basis in areas of common interest on aged care workforce, where they exist or may arise in future.

Consultations

- N/A

Attachments

Attachment A – Background

Attachment B – Committee Membership List

Attachment C – Terms of Reference

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Attachment A**Background**Age care workforce programs:

- The Government has implemented a range of measures to build the aged care workforce, including investing \$11.3 billion to fund the Fair Work Commission's interim decision for a 15% pay increase for many aged care workers.
 - Feedback from workers and providers indicates the impact of the wage increase has been largely positive, with staff attraction and retention rates increasing. The Department has updated its workforce supply modelling which suggests approximately 13,000 workers will join the aged care workforce in the 2023-24 financial year due to the impact of the interim wage increase.
 - The Aged Care Work Value case is continuing, with Stage three considering further wage increases for direct aged care workers (nurses and personal care workers) and wage increases for indirect aged care workers (e.g. cleaners, administration staff), as well as classifications and allowances.
 - The FWC has indicated it could provide a preliminary decision on Stage three in 'mid-February' 2024. The Department expects that this will provide an indication of the quantum of the wage increases and which occupations increases will apply to.
- The Government has also invested in programs to provide improved career pathways for workers and assist providers to attract and retain the workforce they need:
 - the Aged Care Registered Nurses' Payment of up to \$6,000 per nurse to attract and retain registered nurses through reward payments for clinical skills and leadership, the first round of this program provided payments of \$136 million to around 34,000 nurses;
 - the Aged Care Transition to Practice Program supports new aged care nurses with training and professional development opportunities. As at 1 November 2023, 1363 nurses have commenced this program;
 - the Aged Care Nursing Clinical Placements Program commenced in 2023 and it is expected to support up to 5,250 placements for Bachelor of Nursing students in aged care, as at 20 December 2023, 475 placements have been supported across Western Australia, South Australia, Victoria and New South Wales as a result of this program.
 - Funding of this program also included the development of the Aged Care Knowledge Hub which has had 5,139 views of its free resources and tools for student nurses and workers across Australia.
 - the Workforce Advisory Service, which provides free and confidential advice to support providers to develop and apply best practice workforce planning approaches will launch this month; and
 - the Home Care Workforce Support Program, which is seeking to attract, train and retain 13,000 personal care workers to the aged care sector, as at 31 December 2023, 8,108 personal care workers have been employed under the program.
- While recruiting workers living in Australia is the priority, the Government acknowledges that migration plays a role in relieving workforce pressures in the aged care sector. Two key programs to allow providers to access workforce from overseas are:
 - The Aged Care Industry Labour Agreement (ACILAs) which streamlines the recruitment of qualified direct care workers to work in the aged care sector and has

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been designed to allow aged care providers to use temporary and permanent sponsored skilled visas to fill vacancies in direct care occupations. The Agreement also provides protections and support for migrant workers and will ensure that providers continue to support existing local workers and actively recruit from the domestic workforce pool.

- As at 15 December 2023, there were forty ACILAs in effect, which provides for more than 16,000 direct care workers over five years and represents 234 aged care facilities out of 2,625 (8.9% of facilities).
- The Pacific Australia Labour Mobility (PALM) Scheme allows aged care providers to sponsor workers in low and semi-skilled positions across rural and regional Australia for up to four years.
 - As at 31 December 2023, there are 33 PALM scheme employers approved to place workers in the Health Care and Social Assistance sector. Of these, 19 employ 896 Pacific and Timor-Leste workers across Australia in residential care services/other social assistance services including aged care and disability support.
 - In addition, as part of the Government's Aged Care Expansion to the PALM scheme, a further 517 workers have been supported to undertake their Certificate III in Individual Support and commence a career in Australia's aged care sector. As at 22 January 2024, 247 workers have been employed across five states (NSW, NT, QLD, Victoria and WA).
- More information about what the Government is doing to build, train and support the aged care workforce can be found at: <https://www.health.gov.au/topics/aged-care/aged-care-initiatives-and-programs>

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Attachment B**Aged Care Workforce Committee Members**

Committee Members	Position / Organisation
Chair - Michael Lye	Deputy Secretary, Ageing and Aged Care Group, Department of Health and Aged Care
Lloyd Williams	National Secretary, Health Services Union
Annie Butler	Federal Secretary, Australian Nursing and Midwifery Federation
Carolyn Smith	Executive Director Aged Care, United Workers Union
Joanne McEvoy	Aged Care Organiser, Australian Services Union
Samantha Edmonds	Director, Policy and Systemic Advocacy, Older Persons Advocacy Network (OPAN)
Patricia Sparrow	Chief Executive Officer, Council on the Ageing Australia
Mary Ann Geronimo	Chief Executive Officer, Federation of Ethnic Communities' Councils of Australia
Lisa Orcher	Chief Executive Officer, National Aboriginal and Torres Strait Islander Ageing and Aged Care Council
Susan McGrath	Senior Policy Advisor, National Seniors Australia
Belinda Allen	General Manager Services and Sector Capacity, Aged & Community Care Providers Association
Laura Haylen	Director Aged Care Policy, Catholic Health Australia
Prue Bowden	Group Executive & CEO, Home Health, Australian Unity
Geraldine Lannon	Chief Executive Officer, Baptcare
Peter Antal	Regional Manager of People and Culture, Australian Regional & Remote Community Services
Professor Sue Gordon	Research Director, Aged Care Research & Industry Innovation Australia
Emma King	Chief Executive Officer, HumanAbility
Tim Johnson	A/g Head of Taskforce, Care and Support Economy Taskforce, Department of Prime Minister and Cabinet
Karin Maier	Assistant Secretary, Skilled Visas Branch, Immigration Programs Division, Department of Home Affairs
Eliza Strapp	First Assistant Secretary, Market and Workforce Division Department of Health & Ageing
Natasha Platts	A/g Assistant Secretary, Industry Skills Education and Engagement Branch, Industry Engagement and Quality Division, Department of Employment & Workplace Relations
Damian Coburn	Assistant Secretary of the Funding, Integrity and Students Branch, Department of Education

COMMITTEE-IN-CONFIDENCE

Attachment C

**Aged Care Workforce Committee
Terms of Reference**

Purpose

The *Aged Care Workforce Committee* will be responsible for providing advice to the Department on actions that can be undertaken by Government and stakeholders to build, train and support the aged care workforce and to achieve the desired future state of the aged care workforce. The work of the Committee will build on the solutions and actions identified at the 17 August and 5-6 December 2022 Aged Care Workforce Roundtables.

Role

Scope The *Aged Care Workforce Committee* will be responsible for providing advice to the Department on:

- existing aged care workforce policies and programs;
- short, medium and long-term actions that could be undertaken by Government and other stakeholders (e.g. aged care providers) to build, train and support the aged care workforce; actions that can be undertaken to create secure and rewarding jobs in aged care, including consideration of regulatory mechanisms needed to improve the wages and conditions of the aged care workforce;
- ways to strengthen the evidence base through data collection and analysis to inform advice to government on the development of the aged care workforce; and
- effective approaches to communicating to stakeholders on:
 - aged care reforms and changes to wages and conditions; and
 - workforce supports available to improve access and uptake.

The Committee may also provide advice on aged care workforce issues:

- in development of broader Government policies and strategies impacting the aged care workforce;
- in development and implementation of broader aged care reforms; and
- to the National Aged Care Advisory Council and the Council of Elders.

Secretariat The *Aged Care Workforce Committee* will be supported by a Secretariat in the Commonwealth Department of Health and Aged Care.

Membership

Chair Michael Lye, Deputy Secretary, Aged Care Group, Department of Health and Aged Care

Members Representatives from the following organisations have been appointed by the Department of Health and Aged Care:

- Health Services Union
- Australian Nursing and Midwifery Federation
- United Workers Union
- Australian Services Union

COMMITTEE-IN-CONFIDENCE

- Older Persons Advocacy Network
- Council on the Ageing Australia
- Federation of Ethnic Communities' Councils of Australia
- National Aboriginal and Torres Strait Islander Ageing and Aged Care Council
- National Seniors Australia
- Aged and Community Care Providers Association
- Catholic Health Australia
- Australian Unity
- Baptcare
- Australian Regional & Remote Community Services
- Aged Care Research & Industry Innovation Australia
- Care and Support Economy Taskforce, Department or Prime Minister and Cabinet
- Department of Home Affairs
- Department of Employment and Workplace Relations
- Department of Education
- Department of Health and Aged Care

Subject matter experts The Chair may invite representatives or subject matter experts to participate in specific meetings or discussions, as appropriate.

Operation

Agenda The Committee Chair in consultation with members sets the agenda for meetings. The Chair will not deny reasonable requests for items to be included on the agenda.




Meeting frequency The Committee will meet on a quarterly basis.


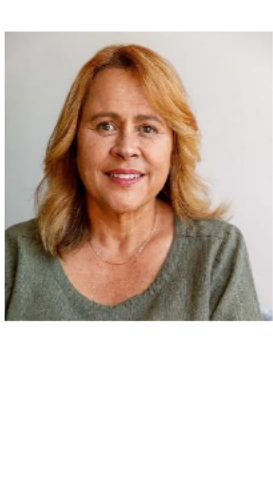

Quorum At least half the number of members, or their delegates, plus one is the minimum number of members of a meeting who must be in attendance for the meeting to begin and for any decisions to be made.


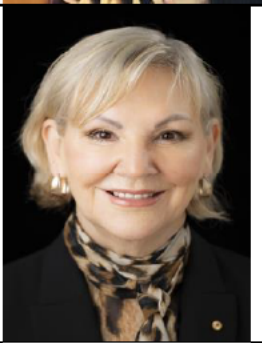

Proxies If unable to attend a meeting members can nominate a delegate to represent them on the Committee on a case by case basis. Members must advise the secretariat prior to the meeting if a delegate will attend on their behalf.




Communications Draft minutes and actions arising will be circulated within ten business days following a meeting.

NACAC Member Biographies

Name	Organisation / Position Title	Biography
Ms Andrea Coote Chair VIC		<p>Andrea brings a wealth of knowledge and experience in the aged care and community services sectors, stakeholder engagement and government policy to her role as Chair of NACAC. Andrea was previously Chair of both the Aged Care Quality and Safety Agency and Aged Care Quality and Safety Advisory Council. In addition, she was on the AHPPC Aged Care Advisory Group from 2020 - 2022, and recently on the AEC Advisory Group to establish accessibility for Senior Australians. From 1999 to 2015, Andrea was a Victorian Member of Parliament. During this time, she served as Parliamentary Secretary for Families and Community Services, Shadow Minister for Ageing and Carers, and was a member of the Victorian Parliament's Inquiry into Child Abuse.</p>
Ms Anne Burgess AM SA		<p>Anne is very passionate about aged care and has more than 40 years' experience leading areas of government focussed on social justice, with particular interest in community engagement. As Chair, Anne brings extensive experience from her career as a senior public servant in SA. This included roles as Director of Office for Women and Director of Mental Health and culminated in a two-year term as Acting Commissioner for Equal Opportunity SA. Anne is currently Deputy Chair of COTA SA and Chair of their policy council, Deputy Chair of Older Persons Advocacy Network (OPAN) and Chair of Aged Rights Advocacy Service.</p>
Ms Rachel Argaman NSW		<p>Rachel brings strong leadership and implementation capability, reinforced by a range of health sector experience and expertise. In her current role as CEO of Opal HealthCare, Rachel and her team have implemented scalable systems across a complex environment to support resident experience, uplift the workforce, and generate data and insights to inform care and strategy. She has led her team through an expansion of their development pipeline and care community design as well as wellness centre pilots (which are now being rolled out across the organisation). Prior to this, Rachel was CEO at TFE Hotels for 11 years, and held various other positions across the tourism, hospitality and property sectors. Rachel holds a Bachelor of Arts (Hons) and MBA in Services Industries Management from University of Witwatersrand.</p>

Mr Mike Baird AO NSW		Chief Executive Officer of HammondCare	<p>Mike is CEO of HammondCare, an independent Christian charity providing health, palliative care, dementia, and aged care services. Mike has over 30 years' experience in banking and financial services, was former NSW Treasurer and served as the 44th Premier of NSW. Mike is passionate about family, sport and looking after community's most vulnerable. Mike is Chair, Cricket Australia and sits on the Board of Future Generation. He is an ambassador for Bear Cottage and Southern Youth Family Services. Mike holds a Bachelor of Arts (Economics) from University of Sydney and a DipCS Regent College Vancouver, Canada. He has also completed executive management courses at Harvard and Duke University.</p>
Professor Jody Currie QLD		Professor of Practice at Queensland University of Technology in the Health Faculty	<p>Jody is a Yugambeh person with traditional ties to the country between the Logan and Tweed Rivers. Jody is currently a Professor of Practice at the Queensland University of Technology in the Health Faculty. Jody is a Senior Executive with over 20 years' experience in health, housing and human service delivery, with a particular focus on vulnerable families and Aged Care, working in several senior positions in both the community and government sector. Jody was most recently Chief Executive Officer of the Aboriginal and Torres Strait Islander Community Health Service (ATSICHS) Brisbane. She established ATSICHS Brisbane as a Nationally Registered Early Childhood Education provider, a Nationally Registered Housing Provider, and a Registered National Disability Insurance Scheme Provider. ATSICHS Brisbane also operated the Jimbelunga Residential Aged Care Service. Jody was a founding member of the National Aboriginal and Torres Strait Islander Aging and Aged Care Council. Jody is currently a Non-Executive Director on Cape York Partnership, Brisbane North Primary Health Care Network, Hearing Australia, TAFE QLD and has expertise in workforce strategy, government and stakeholder engagement.</p>
Mr Craig Gear OAM NSW		Chief Executive Officer of Older Persons Advocacy Network (OPAN)	<p>Craig was appointed CEO of the Older Persons Advocacy Network in 2018. Craig has a Masters of Nursing (in Critical Care) and over 20 years of clinical and senior management experience within the health and human services sectors, previously serving as Board Chair at Seniors Rights Service. Craig is passionate about connecting and improving the health system for all Australians. He also has an insider's perspective of the challenges involved and has been using that experience to drive better outcomes for at-risk communities for more than 20 years.</p>

Dr Sandra Iuliano VIC		Senior Research Fellow at Melbourne University	Sandra has been a Senior Research Fellow at University of Melbourne since 2001. Widely published, Sandra's academic work focuses on benefits of improved nutrition on falls and fracture risk in the elderly, particularly those in aged care. Sandra is currently a Working Group Member of the Department of Health's Aged Care Food and Nutrition Quarterly. Sandra was also a Working Group Member on the Department of Health's National Food Congress – Aged Care from 2020-2021.
Ms Maree McCabe AM VIC		Chief Executive Officer of Dementia Australia	Maree has been CEO of Dementia Australia since 2017. Prior to this, Maree was CEO and Interim CEO of Alzheimer's Australia from 2010-2017. Maree's background includes experience ranging from psychiatric nursing to business administration and leadership. Maree is currently a member of multiple boards focused on Alzheimer's, dementia and research into ageing. Maree was appointed a Member of the Order of Australia in 2021 for significant service to people living with Alzheimer's and Dementia, and to aged care sector, and included in COVID-19 Honour Roll for contribution in support of Australia's response to COVID-19 pandemic. Maree was recently appointed Chair of Aged Care Quality and Safety Advisory Council, prior to which she was a member.
Assoc Prof Michael Murray AM VIC		Associate Professor at Austin Health (Director of Geriatric Medicine)	Michael is President of the Board of National Ageing Research Institute (NARI), and has a broad range of management, clinical and clinical teaching experience in aged care. Michael is medical director of Continuing Care and Director of Geriatric Medicine at Austin Health, Associate Professor at Melbourne University and Adjunct Associate Professor Australian Centre for Evidence Based Aged Care, La Trobe University, and formerly University of Notre Dame. He holds a number of board and committee positions with a variety of government, health and educational institutions. As a geriatrician, Michael was a Lead at Victorian Aged Care Response Centre, which brought together federal and state agencies to tackle COVID-19 crisis in Victorian residential aged care homes. Michael was appointed a Member of the Order of Australia in 2021 for Significant Service to Medicine.

Ms Annie Butler VIC		Federal Secretary of Australian Nursing and Midwifery Association (ANMF)	Annie is Federal Secretary of the Australian Nursing and Midwifery Federation. Annie was formally appointed to the role in June 2018, having served as Assistant Federal Secretary since March 2014, following years of experience in the clinical, professional and industrial areas of nursing. Annie is a registered nurse with more than a decade's experience working in public hospitals, the community and on health education projects, and a further decade working in research and education. She worked for the New South Wales Nurses and Midwives' Association for a further decade, as a professional officer, organiser and lead organiser, prior to moving to the national position of Assistant Federal Secretary and now holding the position of Federal Secretary. Annie believes we must fight to maintain the professions of nursing and midwifery in Australia and ensure their advancement. She is passionate about improving Australia's system of health and aged care and the critical role nurses and midwives have to play in the future of our health system. Annie is particularly keen to see nurses drive change for improvements in Australia's aged care sector. Annie has a degree in Health Science, with an Honour's degree in Nursing.
Mr Carlo Carli VIC		Chair of Federation of Ethnic Communities' Council of Australia (FECCA)	Carlo is the Chair of FECCA, the peak body for multicultural Australia, having been elected to the role in June 2022. Carlo and other elected officers join Chairs of each State and Territory representatives to form the FECCA board. Carlo took on the leadership role after years as a member of Victorian Parliament. He has been an advocate of multiculturalism, access and equity, human rights, and has considerable skills in management, governance, and community development. Carlo is fluent in Italian, Spanish and English, and is conversationally competent in French. "Australia is moving toward an era of complexity and intersectionality it has never seen before, where multiculturalism and diversity are mainstreaming," said Mr Carli. "I am fortunate to be in a leadership position to help effect positive social change."
Ms Jenny Dodd ACT		CEO of TAFE Directors Australia	Jenny has been a TAFE Executive for over ten years, including CEO of TasTAFE in Tasmania, Chief Academic Officer and General Manager Gold Coast for TAFE Queensland, and Deputy CEO (Education) and Director Marketing and National Positioning for Canberra Institute of Technology.

Mr Simon Miller NSW		CEO of Anglicare	<p>Simon has been CEO at Anglicare Sydney since early 2022. Anglicare Sydney is over 165 years old and is a large provider of residential care, home care and retirement living. Prior to joining Anglicare, Simon was Managing Director and Senior Partner at Boston Consulting Group. In previous roles, he was First Assistant Secretary at Department of Prime Minister and Cabinet, Deputy Director-General at Department of Water and Energy, Policy Director to Premier of NSW, and Chief of Staff to Treasurer of NSW. Simon holds a Master of Business Administration from Australian Graduate School of Management (AGSM), and a Master of Public Affairs and Bachelor of Arts from University of Sydney.</p>
Ms Carolyn Smith WA		Aged Care Director of United Workers Union (UWU)	<p>Carolyn is currently Aged Care Director with United Workers Union (formed in 2019 through a merger of United Voice and the National union of Workers) and has been responsible for the national “Time For Change” aged care campaign. Prior to this role, Carolyn was WA Secretary of the predecessor Union, United Voice, and led campaigns in a range of industries, including public hospitals and schools. She was President of WA Labor from June 2017 to 2021. She was a member of the Aged Care Workforce Industry Council since 2022 and is a current member of the recently established Aged Care Workforce Committee.</p>
Ms Patricia Sparrow VIC		Chief Executive of COTA (Council on the Ageing) Australia	<p>Patricia leads the peak body for older Australians, taking a constructive approach to building an inclusive and bright future for older people. Her goal is to eliminate ageism, which should be as socially unacceptable as sexism and racism. Studying ageism as part of her BA in Social Sciences, she was inspired to volunteer in home care, and do meal runs. Committed to building a more inclusive Australia that appreciates and welcomes contribution of older people, Patricia’s career spans community, disability, and aged care, health, and advocacy roles. She has experience from perspective of not-for-profit, public service, advocacy, Ministerial office, and most importantly, as a support to her own ageing family members. She has worked consistently to improve choice and control older people have in their lives, working to reform aged care to fund the individual’s care, rather than the provider, and following through to make sure the system works. She sees housing, full recognition of First Nations peoples, and workplace ageism as the next big challenges.</p>

Mr Tom Symondson VIC		CEO of Aged & Community Care Providers Association (ACCPA)	<p>Tom is a respected voice for aged care as the inaugural CEO of the Aged & Community Care Providers Association (ACCPA), which represents over 1,100 aged care organisations providing care and housing for older Australians. A leader in the \$23.6 billion aged care sector representing residential aged care, home and community care, and retirement living, Tom joined ACCPA in 2022 to help shape a high performing, trusted and sustainable aged care sector. In June 2023, he was appointed to represent ACCPA and its members on the Aged Care Taskforce, tasked by the Federal Government with examining the sustainability of Australia's aged care system. At the fore of policy reform in health and aged care for two decades, Tom previously led the Victorian Healthcare Association as CEO, and prior to that held senior policy positions in one of the largest councils in the United Kingdom.</p>
Ms Cathy Thomas QLD		Group Executive of Aged Care & Community Services for BlueCare Group	<p>Cathy joined Uniting Care Queensland (UCQ) Executive Leadership Team in 2016, after four years as Director of Services South East, BlueCare. Cathy has worked across many Queensland Health clinical areas and has vast experience at BlueCare by working in clinical, human resources, key management and leadership roles. Cathy has a Master of Business Administration, Graduate Diploma of Business Management, Bachelor of Health Science (Nursing) and also completed a Leadership Program at Harvard University. Cathy is also Executive Director of Australian Regional and Remote Community Services (ARRCS).</p>
Mr Lloyd Williams VIC		National Secretary of Health Services Union (HSU)	<p>Lloyd is National Secretary of the Health Services Union (HSU) which represents over 100,000 members working in health, aged care, and disability services. Lloyd has over 30 years' experience in national and state union leadership roles and has extensive experience as an industrial and policy advocate, leading industry employment standards through bargaining and national award reform. Lloyd works on high-level policy advocacy on industry service delivery and workforce reform in aged care, health, disability support, and the community services sectors. Lloyd is currently a Director of the HumanAbility Jobs and Skills Council and has held many governance/board roles throughout his career, including ten years as Trustee Director and Board Deputy Chair at HESTA - the industry superannuation fund for workers in health and community services. Other board and advisory experience include: the Aged Care Taskforce; Aged Care Workforce Industry Council; Member IFM Investors Advisory Board; Future Social Services Institute Board; Community Services Health Industry Training Board- Victoria. Prior to working in the Union movement, Lloyd worked in the management of workplace health and safety in Victoria's mental health services.</p>

COMMITTEE-IN-CONFIDENCE**National Aged Care Advisory Council****22 February 2024****Agenda Item No: 11****Meeting Close**

Purpose of the agenda item

The Chair will bring the meeting to a close.

Attachments

Nil

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NATIONAL AGED CARE ADVISORY COUNCIL

AGENDA

Date: Monday, 25 March 2024 | 9:15am to 3:15pm AEDT

Venue: Parliament House, Canberra

Room: 2R2

Item	Details	Paper/ Verbal	Lead
<p>8:00am Meet at Burbury Foyer for transport to Parliament House</p> <p>8:15am depart for Parliament House</p> <p>8.30am Arrival Parliament House, progress through Security and move to room for meeting.</p>			
<p>Visitor access</p> <p>All visitors to private areas of the building must show photographic identification upon entry to be issued with a Visitor Pass. This pass must be worn so it is clearly visible, and the visitor must always be accompanied by a pass holder.</p>			
1	9:15am (10 mins)	Welcome, Opening and Council Business a) Apologies b) Conflicts of Interest c) Record of Meeting 16 November 2023 d) Record of Meeting 22 February 2024 e) Action Item Summary	Verbal Andrea Coote, Chair
2	9:25am (20 mins)	Reform priorities and progress	Verbal Michael Lye, Deputy Secretary, Ageing and Aged Care Group Greg Pugh, A/g First Assistant Secretary, Reform Implementation Division
3	9:45am (15 mins)	Council of Elders Update	Verbal Anne Burgess, Chair, Council of Elders (NACAC Member)
4	10:00am (45 mins)	Aged Care Taskforce Response a) Final report of the Aged Care Taskforce	Paper Nick Hartland, First Assistant Secretary, Ageing and Aged Care Group
10:45am Morning Tea break - 25 mins			
5	11:10am (10 mins)	Aged Care Quality and Safety Advisory Council Update	Verbal Maree McCabe, Chair, ACQSAC (NACAC Member)
6	11:20am (40 mins)	Council Preparation Time to discuss engagement with Minister	Verbal Andrea Coote, Chair
7	12:00pm (30 mins)	Aged Care Priorities 2024	Verbal The Hon Anika Wells MP Minister for Aged Care
8	12:30pm (20 mins)	Council Reflection Time to reflect on discussion with Minister and discuss next steps	Verbal Andrea Coote, Chair

Item		Details	Paper/ Verbal	Lead
12:50pm lunch break – 30 mins				
9	1:20pm (30 mins)	Aged Care Workforce a) Aged Care Workforce Committee Membership list b) Aged Care Workforce Committee Terms of Reference c) Aged Care Workforce Committee Narrative d) Aged Care Workforce Committee Workplan	Paper	Eliza Strapp, First Assistant Secretary, Market & Workforce Division
10	1:50pm (45 mins)	Support at Home	Paper	Thea Connolly, First Assistant Secretary, Home and Residential Division
11	2:35pm (15 mins)	New Aged Care Act	Verbal	Amy Laffan, First Assistant Secretary, Quality and Assurance Division Mel Metz, Assistant Secretary, Legislative Reform Branch
12	2:50pm (20 mins)	Other Business a) Advice to Minister b) Communiqué c) Correspondence	Verbal	Alice Creelman, Assistant Secretary, Governance Branch
13	3:10pm (5 mins)	Meeting Close	Verbal	Andrea Coote, Chair

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National Aged Care Advisory Council

25 March 2024

Agenda Item No: 1

Welcome and Introductions

This will be a verbal update.

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NATIONAL AGED CARE ADVISORY COUNCIL

Record of Meeting – 16 November 2023

Attendees	
Andrea Coote	Chair
Rachel Argaman OAM	Member
Jennene Buckley	Member
Anne Burgess AM	Member
Andrew Condon	Member
Jody Currie	Member
Craig Gear OAM	Member
Emma Hossack	Member
Sandra Iuliano	Member
Claerwen Little	Member
Libby Lyons	Member
Maree McCabe AM	Member
Gail Mulcair	Member
Michael Murray AM	Member
Mary Patetsos AM	Member
Graeme Prior	Member
Department of Health and Aged Care Representatives	
Michael Lye	Deputy Secretary, Ageing and Aged Care Group
Thea Connolly	First Assistant Secretary, Home and Residential Division
Nick Hartland	First Assistant Secretary, Home and Residential Division
Amy Laffan	First Assistant Secretary, Quality and Assurance Division
Greg Pugh	A/g First Assistant Secretary, Reform Implementation Division
Eliza Strapp	First Assistant Secretary, Market Workforce Division
Mel Metz	Assistant Secretary, Legislative Reform Branch
s22	Director, Legislative Reform Branch, Quality and Assurance Division
Mark Richardson	Assistant Secretary, Residential Care Funding Reform Branch
s22	A/g Assistant Secretary, Funding Operations & Analysis Branch
Eleanor Browne	Assistant Secretary, Structural Adjustment Strategy Branch
s22	Director, Structural Adjustment Strategy Branch
Katie Holm	Assistant Secretary, Strengthening Providers Branch
s22	Director, Strengthening Providers Branch
s22	Assistant Director, Strengthening Providers Branch
Secretariat	
Collette O'Neill	Assistant Secretary, Governance Branch
s22	Director, Governance Branch
s22	Assistant Director, Governance Branch
s22	Secretariat Officer, Governance Branch
s22	Secretariat Officer, Governance Branch
s22	Graduate Observer
s22	Graduate Observer
Apologies	
Mike Baird AO	Member
External Guests	
Samantha Byng	Attorney-General's Department

s22		Attorney-General's Department
Ian Yates AM		Acting Inspector-General of Aged Care
Paula Pearsall		Acting Assistant Secretary, Office of Interim Inspector-General of Aged Care
s22		Director, Office of Interim Inspector-General of Aged Care

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1. Meeting Opening, Welcome and Committee Business

The Chair opened the meeting and acknowledged the traditional owners of the land.

a) Apologies

Mike Baird was noted as an apology.

b) Conflicts of Interest

There were no identified conflicts of interest.

c) Record of Meeting (ROM) – 14 August 2023 and 4 October 2023

Council reviewed the 14 August 2023 ROM, specifically changes made to wording regarding the location of the First Nations Aged Care Commissioner. Changes were endorsed.

Council endorsed the 4 October 2023 ROM without changes.

d) Action Item Summary

Council noted and agreed Action Item Log recommendations.

2. New Aged Care Act consultation plan and materials

The Department provided an update on the upcoming consultation on exposure draft of the new Act. Consultation is planned to open on 8 December 2023 and close on 16 February 2024. Final workshop dates and locations are still to be confirmed.

Consultation is an opportunity to broadly test the Act and its pathway to commencement with industry, sector, older people, academics and human rights experts.

The Department acknowledged the role of Council in promoting its networks to participate in upcoming consultation. The Department sought Council's views on how to optimise engagement opportunities.

Council encouraged early communication to the sector and industry to advise of the consultation timelines. This will allow the sector to consider resourcing across the holiday period to support participation in the consultation. Council encouraged the Department to consider pausing other consultation activity over this time to allow the sector to prioritise participation.

Council noted the timing of consultation risks inadvertent media attention as this is typically a quiet period in the news cycle. This risks distress for the sector and may detract from the smooth passage of the Act. Council noted there is a risk that consultation on the Act and the final report of the Taskforce, which is also scheduled for release in late 2023, will be conflated by the media. Council noted its availability to support reactive communications if required.

Council noted the importance of strong briefing of cross and back-benchers.

Item #	Description	By Whom	Due date
20231116:1	Department to present summary of consultation feedback to Council	Department	Feb 2024

3. Allied Health use in residential Aged Care

Council welcomed the Department's paper on allied health trends. In presenting the paper, the Department specifically sought advice from Council on how to better promote legislated quality requirements to residents, their families and providers.

In addition to issues discussed in the paper, the Department is considering expanded access for its short-term restorative pathway. This includes prescribing assisted technology and modifications to reduce current bottlenecks in access to allied health.

Council noted that the paper shows a decline in provision of allied health services. Council suggested the data showed a need for greater clarity and transparency in service entitlements.

Council offered a range of reflections from its networks, including:

- Reported decline in provision of allied health services. Members noted that while the timing aligns with the introduction AN-ACC, it is unclear if this is the driver or whether there are factors driving the decline.
- Loss of allied health positions and reduction in allied health hours.
- Changes in structure of clinical teams whereby qualified allied health professionals are substituted with allied health assistants.
- Confusion in the sector about what allied health services are covered under service entitlements.

Council discussed the importance of models of care, use of multidisciplinary assessment tools, and use of output and outcome measurement tools. The Department noted the output and outcome measurements links to work on quality indicators, proposed to come to Council in February 2024.

Council noted the importance of allied health services for people with dementia (e.g. physio for pain management, speech pathology for swallowing assessment). Council noted that OPAL Aged Care and TLC Aged Care may offer models of care for provision of allied health services.

Council suggested future data collection and reporting look at reactive versus preventative use of allied health services.

Item #	Description	By Whom	Due date
20231116:2	Members to advise if they wish to take part in the quality indicator consultation process	Members	December 2023

4. Reform Priorities and Progress

On 17 October 2023, the Department published an updated version of the aged care reform roadmap. Some of the changes include a range of digital health initiatives and commencement of new requirements for governing body membership and provider advisory bodies from 1 December 2023. The Department plans to release new versions around every three months.

The Data and Digital Strategy has been released for public consultation. It now includes an initiative focussed on digital and health literacy for older people, reflecting Council's feedback. The Department appreciates the previous engagement Council provided on this.

The Department is progressing the appointment of an interim First Nations Aged Care Commissioner (Commissioner), a key recommendation of the Royal Commission. It is anticipated the Commissioner will be appointed in late 2023.

In October 2023, the Government published the Progress Report: Implementation of the Recommendations of the Royal Commission into Aged Care Quality and Safety, delivered by the Acting Inspector-General of Aged Care. The report provides an independent assessment on progress of implementation of the Royal Commission's recommendations. In general, the report is positive and acknowledges significant progress made. The report suggests some priorities for Government moving forward.

Council sought reflections from the Department on its progress against Royal Commission recommendations. The Department acknowledged that breadth and scope of reform to date is well progressed, but noted the next six months is a time of significant change with consultation on the new Act, announcements on support at home, and potential output of the Aged Care Taskforce. The Department values the advice of Council on the sector's views on the speed of transition beyond this year.

Council sought an update on appointment of the Inspector General of Aged Care. The Department will provide the advertisement to Members.

The Department noted the recent increase of COVID cases in the community and residential aged care. Further communications about the importance of antivirals and vaccinations will flow to the sector in coming days.

Item #	Description	By Whom	Due date
20231116:3	Secretariat to share advertisement for the Inspector General of Aged Care	Secretariat	December 2023

5. Aged Care Taskforce

Council members who are members of the Aged Care Taskforce provided an update on Taskforce progress.

6. Council Of Elders (COE) Update

The Chair of the COE provided an update on the virtual meeting of 20 October 2023. Key discussions included:

- COE looked at the design competition for residential aged care.
- COE discussed the release of exposure draft of the new Act and timing of the consultation. Council is happy to promote participation in consultation. Council also considered hard-to-reach communities, including residential aged care participants and regional/remote communities. COE met again last week on 10 November 2023 to look at the consultation plan for the Act. COE emphasised the need for simple communications, supported by visual materials.
- COE discussed workforce and safety issues from recent conferences and events. Council has heard experiences of unsafe practices, including people coming into homes of older people and working beyond scope of practice (e.g. wound management).
- COE is considering how they can encourage older people to re-enter the workforce.
- COE is awaiting advice on outcomes of the EOI to appoint new members in the refresh of the existing Council.

COE meets next on 23 and 24 November 2023.

NACAC members noted some barriers to re-entering the workforce, including training refresher, recognition of prior learning, and supervision requirements. Members noted OPAL Aged Care has developed a course that trains unqualified people while they commence in the role. NACAC noted it has developed prior advice on barriers and opportunities for older people re-entering the workforce.

7. Provider finances and operations: new information on My Aged Care

The Department provided update on plans to publish more financial and operational information at provider-and-facility-level on My Aged Care website from February 2024.

The Department will give providers the opportunity to preview their data through GPMS portal from mid-January before it is published in mid-February 2024.

In earlier engagement with Council, the Department heard that information needed to be:

- Standardised: Information on expenditure, income and profit/loss is presented in 'per resident per day' terms for residential facilities to allow more direct comparisons.
- Benchmarked: Financial information for providers/facilities is compared to sector median.
- Meaningful: Restricting information to data that older people find more valuable, with use of non-technical language (where possible) to aid comprehension.

The Department is now seeking Council's views on the impact of publishing this information and how to prepare for publication. Feedback from Council included:

- Council noted costs of food and catering is not indicative, particularly for regional facilities (e.g. transport costs) and outsourced catering (profit margin). The Department agreed this is not a sole measure of food quality. Council noted there is no agreed benchmark.
- Council queried whether administrative costs might be better understood if labelled under a compliance category.
- Council noted the importance of communications to the sector and older people. Members are happy to assist in reviewing communication materials.
- Council queried if innovative technology use will be captured. At this stage, it is not captured as it does not lend itself to this format and benchmarking.

Members additionally shared reflections on the recent work to develop and pilot Monthly Care Statements for residents of aged care homes. Members raised concerns that generating statements diverts time from direct client care and noted ongoing administrative challenges associated with producing monthly reports. Members discussed potential privacy risks, including possible risks associated with collating sensitive personal information in a printed document and distributing via post or email.

8. First Term Achievements and 2024 Work Plan

The Department reflected that Council considered its first term achievements and forward work plan at its 4 October 2023 meeting. Council requested that achievements include information about how the Department used Council's advice. Council also requested inclusion of a greater span of issues that have been considered. Based on Council's feedback, the Department has drafted a dedicated Communique on Council's first term achievements for consideration. In consultation with the Chair, NACAC, the Department may make small changes to strengthen content around impact.

Council approved the Communique, noting requested changes in the Action Item Log below.

Council also considered a draft work plan at its October 2023 meeting. The revised plan more clearly linked the work plan to the Terms of Reference and made it clearer how priorities link to the proposed deep dive topics. The revised work plan includes a proposed sequencing for deep dives and Departmental-led items.

The work plan remains dynamic, giving Council flexibility to respond to changing priorities or timelines.

The Department heard Council's feedback that it would help Council give better advice to see how the Department is using advice to inform its work. The secretariat will work with Departmental colleagues to provide this in agenda papers in 2024.

Council noted workforce should be considered as a key priority for Council considerations in 2024.

Council noted the value of its ability to take a helicopter view of cross-sector issues. Council is keen to keep this on the work plan and ensure evaluation pieces of large reforms are on the forward agenda.

Council is keen that throughout 2024, it continues to bring a research, evidence and translation lens to its considerations.

A visual illustration of the various external committees in this space would assist Council in distilling its work plan for 2024.

Item #	Description	By Whom	Due date
20231116:4	Secretariat to add allied health to the achievements report prior to publication	Secretariat	ASAP
20231116:5	Secretariat to update references to interim and acting Inspector-General	Secretariat	ASAP
20231116:6	Secretariat to add 2024 achievements and 2025 planning to October 2024 meeting	Secretariat	ASAP
20231116:7	Secretariat to consider how to bring workforce into priorities and deep dives	Secretariat	ASAP
20231116:8	Secretariat to include care minutes on forward program	Secretariat	ASAP
20231116:9	Secretariat to present updated work plan to Council at its next meeting	Secretariat	February 2024

9. The second National Plan to Respond to Abuse of Older Australians

The Attorney-General's Department (AGD) presented an update on work to develop the second National Plan.

The Commonwealth AGD is leading development of the second National Plan, in partnership with the Department of Health and Aged Care (Health), and states and territories.

Council heard outcomes of recent national sector and community consultations including consultations with diversity groups.

Consultations have emphasised a greater focus on prevention activities, and the plan being underpinned by a human rights approach that promotes autonomy and dignity of older Australians. The importance of an intersectional lens has also been raised.

Feedback from Council included:

- Adequacy of safeguards in guardianship arrangements for First Nations older people. Council encourages transparency of data by states and territories.
- Risk to older people in context of various state-based supported decision-making frameworks.
- Need for specific strategies to respond to the risk of sexual assault and sexual harm specifically in the context of aged care.
- If possible, Council welcomed the sharing of evaluation of the impact of the first Plan.
- Council noted the plan should speak to the role of the Age Discrimination Commissioner.
- Council noted that public campaigns addressing ageism might be a priority for consideration in the action plan.
- Council noted increased risk for older people from diverse backgrounds.
- Council noted systemic risk arising from ageism in other sectors (i.e. banking sector decisions for older people).

- Council noted a need to address misunderstandings in the community that people with dementia do not have long-term impacts from abuse.
- Opportunities to align and leverage off work in adjacent sectors to work towards common goals.
- Harmonisation of state and territory frameworks is critical. In addition to guardianship and powers of attorney, health, lifestyle and personal powers require clarification and standardisation - and aged care providers require clear guidance as to their application.
- Consider developing a substitute decision-making provider handbook. This would serve as both a training and reference resource, and help ensure providers are acting in accordance with the new laws.
- Given the wide spectrum of decision-making capacity and vast range of decisions that might need to be made, a framework that accommodates varying levels of support and assistance is crucial.

For the remainder of 2023, the focus will be working with a range of peak bodies, advisory groups and Commonwealth, State and Territory agencies to draft the second National Plan. Subject to SCAG endorsement, AGD is working to have the draft National Plan released for public consultation in the first part of 2024. Supporting action plans are expected to follow later.

Item #	Description	By Whom	Due date
20231116:10	Attorney-General's Department to share evaluation summary of the first National Plan with Council	Attorney-General's Department	When finalised
20231116:11	Attorney-General's Department to present draft second National Plan to Council for feedback	Attorney-General's Department	ASAP

10. Other Business

Council provided an update from the recent meeting of the Aged Care Quality and Safety Commission (ACQSC) Advisory Council. There have been twice as many site visits in 2023 than in 2022. The ACQSC Conference will be held on 23 and 24 April 2024 in Adelaide. ACQSC Advisory Council received an update on the market strategy and noted the sector is experiencing difficulty raising capital from investment markets.

NACAC Chair noted that Jenny Dodd from Tafe Directors Australia (TDA) has asked to bring to Council's attention an issue about placements for enrolled nurses (EN) in aged care, specifically that some aged care providers are no longer offering EN student placements, which TDA attributes to the impact of care minutes. Council agreed for the Secretariat to send the correspondence to the relevant area in the Department.

The Chair noted that Briony Dow, Director of National Ageing Research Institute (NARI), has advised that NARI is developing a clearinghouse on aged care research. Council will invite Briony to a future meeting to discuss.

11. Meeting Close

Decisions on proposed meeting dates for 2024 were subject to release of the parliamentary sitting calendar and senate estimates hearing schedules.

With these now released, some meetings will need to shift, including the next meeting, which was scheduled for face-to-face on Wednesday 14 February 2024. The Chair is working with the Secretariat on new dates and will be in touch shortly.

The Chair thanked members for their valuable insights and feedback today, and throughout the year.

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NATIONAL AGED CARE ADVISORY COUNCIL

Record of Meeting – 22 February 2024 (Face-to-Face)

Attendees	
Andrea Coote	Chair
Rachel Argaman OAM	Member
Mike Baird AO	Member – Joined virtually
Anne Burgess AM	Member
Carlo Carli	Member
Jody Currie	Member – Joined virtually
Jenny Dodd	Member
Craig Gear OAM	Member
Sandra Iuliano	Member
Maree McCabe AM	Member – Joined virtually
Simon Miller	Member
Michael Murray AM	Member
Carolyn Smith	Member
Pat Sparrow	Member
Tom Symondson	Member
Cathy Thomas	Member
Lloyd Williams	Member
Department of Health and Aged Care Representatives	
Michael Lye	Deputy Secretary, Ageing and Aged Care Group
Greg Pugh	A/g First Assistant Secretary, Reform Implementation Division
Thea Connolly	First Assistant Secretary, Home and Residential Division
Nick Hartland	First Assistant Secretary, Home and Residential Division
Amy Laffan	First Assistant Secretary, Quality and Assurance Division
Eliza Strapp	First Assistant Secretary, Market Workforce Division
Mel Metz	Assistant Secretary, Legislative Reform Branch
Ingrid Leonard	Assistant Secretary, Choice and Transparency Branch
Nick Morgan	Assistant Secretary, Support at Home Reform Branch
Secretariat	
Collette O'Neill	Assistant Secretary, Governance Branch
s22	Director, Governance Branch
s22	Assistant Director, Governance Branch
s22	Secretariat Officer, Governance Branch
s22	Graduate Observer
s22	Graduate Observer
Apologies	
Annie Butler	NACAC Member
External Guests	
HealthConsult facilitator	Lisa Fodero
Ian Yates AM	Acting Inspector-General of Aged Care
Paula Pearsall	Agency Executive Director, Office of Inspector-General of Aged Care
s22	Director of Reporting and Strategic Policy, Office of Inspector-General of Aged Care

1. Welcome, Opening and Introductions

The Chair opened the meeting and acknowledged the traditional owners of the land.

a) Apologies

Annie Butler was noted as an apology.

b) Member Introductions

The Chair welcomed members to the first meeting of 2024, noting induction of new members on 21 February 2024.

2. Council Business

a) Conflicts of Interest

There were no identified conflicts of interest.

b) Record of Meeting (ROM) – 16 November 2023

Council requested that the 16 November 2023 ROM be amended and recirculated at the next meeting to reflect the discussion on care statements.

c) Action Item Summary

Council agreed Action Item Log recommendations, noting the following:

Item #	Description	By Who	Due Date	Status Update
20230220:5	Development of new quality indicators for allied health and lifestyle support	Department	16/11/2023	Noted and CLOSED
20230814:3	Discuss outcomes of ACQSC Capability Review at future meeting	Secretariat	16/11/2023	Remains OPEN Need to consider care plan issues such as: <ul style="list-style-type: none"> Time spent on administrative work, which takes away from care minutes; and Privacy of residents.
20230814:7	Invite ACQSC to future NACAC meeting to discuss compliance monitoring	Secretariat	16/11/2023	Noted and CLOSED
20230814:8	Council will be updated on outcomes of market-based work at future meeting	Department	16/11/2023	Noted and CLOSED Will be opened again at future meeting.
20231004:3	Evaluation Plan for care minutes to be provided to Council, when available	Department	14/2/2024	Noted and CLOSED Will be opened again at future meeting.
20231004:5	Present Consultation Plan for Data and Digital Strategy for Council feedback	Department	16/11/2023	Noted and CLOSED Is now a matter for Government. Will be opened again at future meeting.

3. Reform Priorities and Progress

Council held a wide-ranging discussion with Michael Lye, Deputy Secretary, Ageing and Aged Care Group, about immediate priorities for aged care reform, and future opportunities for reform of aged care and ageing policy. Council looks forward to continuing its respectful and productive working relationship with the Department. Council noted the Government has introduced significant aged care reform, and it is important it continues to drive reform to improve outcomes for older people and make the aged care system more financially sustainable over the long term.

Council agreed its focus will be on finalising the new Aged Care Act and planning for successful transition to new settings; finalising design of Support at Home; the Government's response to Aged Care Taskforce recommendations; and considering Government's response to the Fair Work Commission wages decision once received. More broadly, Council will consider further reforms that can improve quality of life for older people.

The Chair indicated that members have developed an initial list of areas Council could provide advice on and will work with the Minister's office to refine these. The refreshed Council considered the list could include First Nations access to aged care; increasing enrolled nurses (ENs) in aged care; improving multicultural care; optimising volunteerism by family members; and striking the balance between over-regulation and flexibility/freedom of expression in delivering (and receiving) aged care services. Council emphasised the critical role of ENs in First Nations aged care, including mental health and overall wellbeing. Council discussed feedback from the sector that the current downturn in EN career pathway (as unintended consequence of not including ENs in care minutes), and AIN role in Community Controlled Aged Care across the country, are having a detrimental effect on bringing First Nations people into aged care.

Item #	Description	By Whom	Due Date
20240222:1	Council members to submit additional ideas to the Chair, on areas of future/ongoing reform. The Chair will add these to the list and liaise with the Minister.	Members	25 March 2024

4. New Aged Care Act

The Department is currently consulting on exposure draft of the Bill for the new Act, which was released on 14 December 2023. Throughout the consultations, the Department heard people wanted more time to consider the draft and make submissions. In response, the consultation period was extended until 8 March 2024.

Council had an initial discussion about critical issues emerging from the consultations, and agreed to convene an extraordinary meeting in April to discuss outcomes of the consultations in greater depth.

Item #	Description	By Whom	Due Date
20240222:2	Council to be updated on issues raised during new Aged Care Act consultations, via discussion at 11 April 2024 virtual meeting.	Secretariat	11 April 2024

5. Council of Elders Update

The Chair of Council of Elders (COE) provided an update of the face-to-face meeting on 31 January and 1 February 2024. Star ratings were discussed, with specific concerns raised about associated misinformation and oversimplification of aged care quality indicators. COE believes a deep dive into palliative care and voluntary assisted dying would be valuable. Council suggested a combined deep dive with COE may optimise timing outcomes. COE noted that Aboriginal and Torres Strait Islander people in aged care are keenly awaiting release of the Taskforce Report.

The COE Chair reported on a recent out-of-session COE meeting to discuss the Support at Home service list.

6. Aged Care Taskforce Response

Council was updated about the impending public release of Taskforce Report, noting the timing of release is a matter for Government.

Council noted the importance of managing expectations and any unintended consequences when the report is published.

Council advised that the Department may need to consider how to de-couple financial viability from legislative decisions, if necessary.

7. Support at Home

Council considered an early, confidential draft of Support at Home service list and provided initial advice on listed items, with specific reference to the importance of continence and dementia medicines. A dedicated additional discussion is to be organised so Council members can continue to provide timely advice on the list to Government.

8. Quality Indicators

The Department has engaged HealthConsult to assist with design of three additional staffing quality indicators – allied health, enrolled nursing and lifestyle services:

- Broad formal consultation on the staffing indicators commenced with the release of a consultation paper on the Department's Consultation Hub on 23 January 2024, consultation closes on 5 March 2024.
- Consultation included meetings with aged care providers, consumer representatives, aged care peak bodies, unions, Departmental staff and the Aged Care Quality and Safety Commission.
- The consultation is followed by a six-week pilot with residential aged care providers.
- EOIs for the pilot close on 1 March 2024 and the six week pilot commences on 11 March 2024.

Members noted the importance of lifestyle services in both a one-on-one context, as well as group activities, and how they will be beneficial in assisting and managing mental health.

Council considered the importance of examining links between lifestyle interventions and improved clinical outcomes. Analysing interrelationships between indicators in the pilot evaluation will also add value (e.g. whether an intervention/use of allied health service has positive impact on quality of care, including reduced incidence of falls, other severe incidents, and inappropriate use of medication). The evaluation should assess the scale of an intervention's impact.

Council noted the pilot project includes providers in rural and remote areas. There was strong Council support for the project including people at end of life. Council encourages the pilot to use existing data sets where possible to minimise reporting burden. Noting that high quality clinical services are a necessary foundation, Council discussed the importance of implementing quality indicators that measure older people's clinical and lifestyle support needs. To improve quality of life for older people, Council expressed a need to shift the dial towards early health intervention and better lifestyle support.

Council advised on questions that should be considered, including identifying what data services are used, compared to what is needed; number of assessments performed; and whether activities are preventative or reactive. Lifestyle officers were discussed, including whether outcomes of support/engagement are critical to preventing depression and isolation. Inclusion of culturally safe/appropriate activities should be a priority. Council advised that consideration of data on 1:1 care and engagement is important (especially for those who are isolated or suffering from depression). Group activities are not the only promoter of good mental and social wellbeing. Consideration should be given to whether allied health practitioners need to be university qualified, and the types of allied health courses we may be favouring. Variation in enrolled nursing qualifications across jurisdictions should also be accounted for (i.e. TAFE courses vary from 18-24 months). If 24 months is used as the benchmark, 50% of enrolled nurses will be excluded.

Council advised there is little data on rehabilitative care and interventions associated with it. The value of care plans depends on how they are used and if they are realistic for the individual. Council noted the pilot is not collecting data to reach an outcome, but to assist with data collection to guide quality indicator design.

Item #	Description	By Whom	Due Date
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20240222:3	Council would like to see evidence that use of allied health services leads to a reduction in adverse clinical outcomes. Council member Rachel Argaman can provide data.	Secretariat to follow up with Rachel Argaman	15 March 2024
20240222:4	Council to be invited to participate in upcoming quality indicator consultation.	Secretariat	Completed – details circulated in paper for 22 February meeting

9. Aged Care Quality and Safety Advisory Council Update

As Chair of Aged Care Quality and Safety Council (ACQSAC), Maree McCabe provided an update on the recent ACQSAC meeting.

The ACQSAC Chair recently met with the Minister for Aged Care, the Hon Anika Wells MP. The capability review and new Aged Care Act were discussed, and expectations of ACQSAC were communicated to the Minister. The strength and quality of standards were emphasised, including a focus on dementia. The new regulatory framework that sits under the new Act will be important, and the scope and breadth of work the Department is undertaking was acknowledged. Release of documents for public consultation has resulted in good feedback, and the Minister noted the importance of independence.

Council agreed it could assist in broader communication, including at an Aged Care Conference in April 2024. The role of the Commission needs to be clearly communicated, including meaning of terminology used by the Commission. Council clarified that more positive communication has been noticed recently, which is an improvement from the past.

Council congratulated the Commission's work on governance, and its reach to rural and remote parts of Australia (including field visits and webinars). Council advised some increased communication of what the Commission does would be useful, including definitions of some terminology used by the Commission. Council was updated on the Commission's work in the education sector, which has improved transparency.

The ACQSAC Chair reiterated that Council should encourage people to lodge complaints, to maximise improvements.

Council was informed a forward plan of the Commission's work will be publicly released at a future time.

Item #	Description	By Whom	Due Date
20240222:5	Alert Council to forward plan of ACQSAC when it is published	ACQSAC Chair	Update at April 2024 meeting

10. Other Business

In line with regular practice, meeting proceedings were paused to allow Council to meet ('in camera') with the Acting Inspector-General of Aged Care to discuss the Inspector-General's work program.

11. Meeting Close

The Chair thanked members for their contributions and closed the meeting.

National Aged Care Advisory Council

Action Item Log as at 25 March 2024

Action Item Log – Open Items

Item #	Description	By Who	Due Date	Status Update
20240222:1	Council members to submit additional ideas to the Chair, on areas of future/ongoing reform. The Chair will add these to the list and liaise with the Minister.	Members	25 March 2024	Recommend Closing After Chair has asked members (at 25 March meeting) if they have additional ideas for future/ongoing reform
20240222:2	Council to be updated on issues raised during new Aged Care Act consultations, via discussion at 11 April 2024 virtual meeting	Secretariat	11 April 2024	In Progress
20240222:3	Council would like to see evidence that use of allied health services leads to reduction in adverse clinical outcomes	Member (Rachel Argaman) to provide data	11 April 2024	In Progress Initial data provided by Rachel, which will be collated with additional data and circulated to members
20240222:4	Council to be invited to participate in upcoming quality indicator consultation	Secretariat	22 Feb 2024	Recommend Closing Completed at 22 Feb meeting
20240222:5	Alert Council to forward plan of ACQSAC when it is published	ACQSAC Chair	Update at April 2024 meeting	In Progress
20231116:1	Department to present summary of new Aged Care Act consultation feedback to Council	Department	February 2024	Recommend Closing Covered under item 20240222:2 (above)
20231116:2	Members to advise if they wish to take part in the quality indicator consultation process	Members	December 2023	Recommend Closing Covered under item 20240222:4 (above)
20231116:3	Secretariat to share advertisement for the Inspector General of Aged Care	Secretariat	December 2023	Recommend Closing Completed
20231116:4	Secretariat to add allied health to the achievements report prior to publication	Secretariat	ASAP	Recommend Closing Completed
20231116:5	Secretariat to update references from interim to acting Inspector-General	Secretariat	ASAP	Recommend Closing Completed
20231116:6	Secretariat to add 2024 achievements and 2025 planning to October 2024 meeting	Secretariat	Ongoing	In Progress
20231116:7	Secretariat to consider how to bring workforce into priorities and deep dives	Secretariat	Ongoing	In Progress
20231116:8	Secretariat to include care minutes on forward program	Secretariat	Ongoing	In Progress

Item #	Description	By Who	Due Date	Status Update
20231116:9	Secretariat to present updated work plan to Council	Secretariat	May 2024	In Progress
20231116:10	Attorney-General's Department to share with Council the evaluation summary of the first National Plan	Attorney-General's Department	When finalised	In Progress
20231116:11	Attorney-General's Department to present draft second National Plan to Council for feedback	Attorney-General's Department	Ongoing	In Progress To be added to Agenda for future meeting
20230814:3	Discuss outcomes of ACQSC Capability Review at future meeting	Secretariat	Ongoing	In Progress To be added to Agenda for future meeting

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COMMITTEE-IN-CONFIDENCE

National Aged Care Advisory Council

25 March 2024

Agenda Item No: 2

Reform Priorities and Progress

This will be a verbal update.

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National Aged Care Advisory Council

25 March 2024

Agenda Item No: 3

Council of Elders Update

This will be a verbal update.

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National Aged Care Advisory Council

25 March 2024

Agenda Item No: 4

Aged Care Taskforce Response

Questions for Council Consideration

1. Does the sector have a clear understanding of the Aged Care Taskforce (Taskforce) final report recommendations? If not, what are areas that require further explanation, and do you have any ideas on how this can be achieved?
2. What is the general sentiment of the sector to the recommendations? What elements are of concern?

Purpose of the paper

To present the Taskforce final report, an Aged Care Reform initiative (10–15 minute presentation, followed by discussion).

Recommendations

That the Advisory Council:

1. Note the Taskforce final report.
2. Note the government is considering the Taskforce recommendations.

Summary of issues for discussion

- The Aged Care Taskforce reviewed future aged care funding options that are sustainable, fair and equitable, and help to create a more vibrant, innovative sector.
- The Taskforce report was released on 12 March 2024 by the Minister for Aged Care and former chair of the Taskforce, the Hon Anika Wells MP.
- The Taskforce made 23 recommendations which seek to create a sustainable, fair and equitable system now and into the future, particularly in the face of increased demand and a shrinking taxpayer base.
- The Taskforce made a range of recommendations on balancing government funding and consumer co-contributions, including:
 - That government will continue to be the main funder of aged care, with an increased role for consumer co-contributions to fund the gap in sector viability.
 - The Taskforce agreed it is appropriate for older people to contribute to their aged care costs where they have the means to do so. In particular, it is fair for people to contribute towards everyday living and accommodation costs that they have paid for throughout their lives.
 - The Taskforce recommended a strong safety net for low means participants to meet aged care costs.
 - Aged care fees need to be transparent and simple, and reforms to co-contributions should support simpler fee arrangements.
 - After considering the evidence, the Taskforce did not recommend the introduction of a levy or a new tax to fund aged care based on intergenerational equity issues.
 - To support a smooth transition for older people and providers to new arrangements, the Taskforce recommended appropriate arrangements, including grandparenting for those already in residential aged care and phasing in of new arrangements for home care.

- The final report offers an opportunity to work toward a new approach to funding arrangements.
- This is critical to support an aged care system that is sustainable, fair and facilitates greater innovation in the sector. Only a financially sound aged care sector will attract the additional investment required to deliver quality care for older people.
- The government is embracing the challenge of finding a solution to keep aged care in Australia viable. Significant investments have already been made to reform the aged care system to ensure people get the care they need, when and where they need it.
- The government is considering the Taskforce recommendations, acknowledging the need for timely yet thoughtful reform to funding arrangements.
- The final report is published on the Department of Health and Aged Care website - <https://www.health.gov.au/resources/publications/final-report-of-the-aged-care-taskforce?language=en>

Consultations

- As a next step, the government will undertake targeted consultation with the sector, consumer and provider peak bodies and subject matter experts to develop a practical policy approach.
- A webinar for providers, older people, their carers and family members was held on 12 March 2024. The webinar provided the Taskforce members' overview of their report and recommendations. 1927 people were in attendance. The webinar recording will be available on the department's website, as well as Q&As from the webinar.
- There continues to be a range of ways for older people to be involved in the reforms. More information about current and upcoming engagement opportunities is available via www.agedcareengagement.health.gov.au/get-involved/.

Attachments

- **Attachment A:** Final report of the Aged Care Taskforce



Australian Government

Final report of the Aged Care Taskforce



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Synopsis

The recommendations proposed by the Aged Care Taskforce (the Taskforce) support an aged care system that is sustainable, fair and facilitates greater innovation in the sector. A sustainable, or financially sound, aged care sector is necessary to attract additional investment and ensure the sector is set up to deliver quality care for older people into the future.

For older people using aged care services, the recommendations also support a system that provides quality care when it is needed, and is simpler, more flexible and transparent. The system should enable those who wish to age in place to do so. Rules will continue to ensure equitable access for people with low means, with co-contributions from those who have the means. Government funding will focus on ensuring all older people can access the care they need, while co-contributions will be required for the things people have typically paid for their whole lives, such as daily living expenses and, for those in residential care, accommodation costs.

For providers, the recommendations support more predictable and sustainable funding in home care, and increased capacity to cover the costs of delivering services in residential care. More broadly, this would help to strengthen the financial viability of the residential care sector to encourage different forms of investment. In home care, the Taskforce recommends greater clarity for participants and providers through clearly defined inclusion and exclusion principles and service lists. There will also be an important continuing role for government support in thin markets.

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Introduction

Australia's aged care needs are increasing as the population ages, and expectations of quality improvements are high. However, the aged care sector is currently not in a financial position to meet expected demand, deliver on the required quality improvements or invest to meet Australia's future aged care needs.

A new approach to funding arrangements is critical to support an aged care system which is sustainable, fair and facilitates greater innovation in the sector. Only a financially sound aged care sector will attract the additional investment required to deliver quality care for older people.

The Taskforce was established to advise on funding arrangements, including:

- a fair and equitable approach to assessing the means of older people
- participant contributions for home care
- reforms to arrangements for pricing and funding of hotel and accommodation costs in residential aged care, including the phasing out of Refundable Accommodation Deposits (RADs)
- services for inclusion and exclusion in the new home aged care program
- funding and contribution approaches to support innovation in the delivery of care.

The Taskforce consisted of 16 members with broad experience and expertise across health and aged care, banking and finance, economics and public policy including representatives of providers, current and future aged care participants, younger people, and diverse cohorts. It was chaired by the Minister for Aged Care and Sport, the Hon Anika Wells MP. The Taskforce Terms of Reference and members are at **Appendix A**.

Taskforce meetings were held monthly from June to December 2023 to develop the advice in this report. Taskforce members also consulted widely to support their deliberations. This included receiving 180 written submissions, 1,944 survey responses, and holding 12 forums with 98 online attendees and 312 in-person attendees, and 11 targeted roundtables with 105 attendees. The voices of older people were central to the Taskforce's consultations and deliberations. Members also consulted independently with their networks to support their understanding and develop views. More information on Taskforce consultation is at **Appendix B**.

Taskforce members held robust discussions on a range of topics, and the recommendations in this report reflect their consensus view. However, differences of opinion remain among Taskforce members.

During their discussions, the members noted issues outside the direct scope of the Taskforce. These included the role a well-functioning aged care system could play in reducing demands on the wider health and hospital system, and the role of the workforce in the system's ability to scale up to meet future demand, particularly through ongoing workforce challenges. Despite these being out of scope, the Taskforce notes further work needs to be done on:

- workforce attraction and retention issues and their impact on quality care outcomes, and identifying workforce initiatives that would improve quality outcomes across the sector
- improving the interface between aged care and the wider health and hospital system to streamline services and reduce waiting times for hospital patients needing placement in residential aged care. This will be progressed through negotiations around the National Health Reform Agreement.

The Taskforce acknowledges the high level nature of some of its recommendations. This reflects the need for more detailed thinking on complex issues, which was not possible during the Taskforce's timeframe. This report notes where further thinking is needed by government. The Taskforce also notes the continued importance of wide government consultation during this next phase of work.

The need for change

The Australian community expects, and wants, older people to be able to live well and receive the care they need as they age.

The role of, and demands on, the aged care system have changed considerably over recent decades and will continue to do so as participants' needs become more complex and community expectations evolve.

Outcomes of the Royal Commission into Aged Care Quality and Safety (Royal Commission), as well as other reviews, have shown significant work needs to be done. In particular, the Royal Commission identified the need to improve the quality of aged care, increase workforce availability and capacity, and ensure the sector meets community expectations.

The Taskforce has identified the following issues affecting the aged care sector:

- demographic change means demand for aged care services will continue to grow
- current and future generations of aged care participants have high expectations of what quality aged care looks like
- additional funding is needed to meet future demand and deliver quality improvements, but structural issues mean the sector's financial viability is poor
- generally older people are wealthier than previous generations and the taxpayer base is declining as a proportion of the population.

The recommendations in this report aim to position the sector to address these issues.

The Royal Commission identified quality issues and issues relating to the workforce

The Royal Commission was established in October 2018 to inquire into the quality and safety of aged care services in Australia, whether those services were meeting the needs of the community, and how they could be improved in the future. The Royal Commission reported in 2021, finding there was a need to significantly improve the quality of both residential and home care in Australia, and that chronic workforce shortages were leading to substandard care.

The Royal Commission made 148 recommendations, aimed at supporting older people living in Australia to age well and improving the quality and safety of aged care services in Australia. The government has accepted the vast majority of the recommendations and is midway through implementing widespread reforms to improve the quality and safety of aged care, including significant increases in funding and the development of a person-centred new Aged Care Act.

The government has made significant investments in the sector, delivered on workforce requirements including minimum care minutes and 24/7 nursing, and has funded wage increases for aged care workers. However, increased funding is needed to support further improvements and better quality aged care for current and future generations of participants. A skilled workforce will be critical to the ability to deliver high quality and person-centred care. This work is ongoing and outside the scope of the Taskforce.

Demographic change means demand for aged care services will continue to grow

Australians are living longer than ever before. However, living longer often comes with greater frailty and more complex care needs late in life. This means demand for aged care is increasing and the type of services required are changing. The aged care sector needs to adapt to this change. With more people living longer and requiring a range of care in their later years, services will need to continue to expand and improve.

Australia's old-age dependency ratio measures the number of people aged 65 and over for every 100 people of traditional working age (15 to 64). In 2022–23 this proportion was 26.6% and it is expected to increase to 38.2% by 2062–63. This reflects the size of the population aged 65 and over growing faster than the working age population.¹ Over the next 40 years, the number of people over 80 years of age is expected to triple to more than 3.5 million.² These demographic shifts have 2 critical implications:

- the taxation burden for funding aged care services grows for a segment of the population that is becoming proportionally smaller
- gaps in the aged care workforce increase, creating significant ongoing challenges to delivering quality care.

Total government spending on aged care in 2021–22 was \$24.8 billion.³ As a result of population ageing, the cost of delivering aged care will require a greater proportion of government funding into the future. Government spending on aged care as a proportion of gross domestic product (GDP) is projected to grow from 1.1% in 2021–22 to 2.5% in 2062–63.⁴

The demand for home care has been rising sharply and is projected to continue growing well into the future. These changing preferences of older people mean the profile of demand for aged care services will shift in favour of care in the home. The average length of time people access home care has also increased. As people remain at home with greater frailty, the home care system needs to be able to meet these more complex care needs.

Over the next 20 years an average annual increase of 44,000 participants is forecast each year, totalling almost 2 million older people using home care by 2042, compared with around 1 million currently.⁵ To meet this demand, the home care sector will need to be financially stable and administratively efficient.

More detail on statistical trends is at **Appendix C**.

¹ Australian Government, *Intergenerational Report 2023: Australia's future to 2063*, 2023, p 48.

² Australian Government, *Intergenerational Report 2023: Australia's future to 2063*, 2023, p 159.

³ Department of Health and Aged Care, *Financial Report on the Australian Aged Care Sector 2021–22*, p 21.

⁴ Australian Government, *Intergenerational Report 2023: Australia's future to 2063*, 2023, p 160.

⁵ Department of Health and Aged Care, *Financial Report on the Australian Aged Care Sector 2021–22*, pp 110–111.

Current and future generations of aged care participants have high expectations of what quality aged care looks like

Over the next few decades, the cohort of older people is expected to become more diverse, with more varied care needs and expectations. Older people, and the community generally, expect the aged care system will continue to evolve to offer increased quality, greater choice and more control for participants. Older people expect a greater say in what is delivered, how and when.

There is a desire for increased autonomy and choice in aged care services generally. Higher income and wealth are accompanied by a greater desire to purchase additional and higher quality services. More broadly, society is demanding higher quality aged care services for all, including participants supported by government. For example, research on public understanding and perception of co-contributions in aged care showed people are willing to pay more for home care services that are essential and increase quality of life and dignity.⁶

Quality care ensures the dignity and human rights of every participant. Quality also requires a holistic, individualised approach to each participant's health, rather than a purely medical model. Taskforce consultation also found that individuals see being empowered to make their own informed decisions as part of quality care.

Additional funding is needed to meet future demand and deliver quality improvements, but structural issues mean the sector's financial viability is poor

To ensure the aged care sector can meet increasing demand and community expectations, further investment from government and participants is needed in the home and residential care sectors.

The new Support at Home Program will be implemented in 2 stages, replacing the current Home Care Packages Program from 1 July 2025 and then rolling in the Commonwealth Home Support Programme from no sooner than 1 July 2027. This revised program will streamline and improve access over time for the one million people receiving these services. The individual programs currently require people to wait for much needed services and if the current program funding settings are maintained, wait times are expected to increase.

Even with changing preferences in favour of home care, the ageing population means aggregate demand for residential aged care will also continue to grow. Preliminary analysis undertaken for the Department of Health and Aged Care estimates an investment of \$37 billion (in today's dollars) would be required to build the additional aged care rooms needed by older people in 2050. Over the next decade to 2030, additional investment of approximately \$5.5 billion would be required to refurbish and upgrade existing aged care rooms, increasing to \$19 billion by 2050.⁷ Current funding arrangements will not deliver the required amount of capital funding.

⁶ Kantar Public, Consumer contribution to aged care services, 2023.

⁷ Department of Health and Aged Care analysis.

Despite increased government investment, 69% of residential aged care providers made an operating loss in 2021–22,⁸ an increase from 54% in 2020–21.⁹ While this is an expected low point for the sector, and performance has begun to improve, providers remain constrained in where they can earn revenue, particularly for accommodation and everyday living expenses. Providers rely on RADs for capital funding, but this creates liquidity risks and does not directly provide revenue to the sector. While some cyclical factors, such as low interest rates (up until 2022) and falling occupancy rates contributed to these results, the system wide losses are driven by structural issues and rigid pricing structures.

The home care sector is more viable, but also faces emerging financial challenges. In 2021–22, 69% of providers reported an operating profit,¹⁰ a decline from 74% in 2020–21.¹¹ As the home care sector grows in scale, there is a need to ensure it is on a stable footing with capacity to scale services and support quality of life for older people.

Unless the aged care sector's financial viability improves, it will be difficult to attract investment, either as debt or equity. Improved financial viability is necessary to deliver improvements in service, quality and to address service gaps.

To help improve financial viability and the quality of pricing of services in aged care, the role of the hospital pricing regulator was broadened in 2022 to include aged care and it was renamed the Independent Health and Aged Care Pricing Authority (IHACPA). It has recently commenced providing aged care pricing advice on subsidies and supplements to be paid for residential aged care and residential respite care. It will also provide annual advice to government on home care prices under the new Support at Home Program. The advice covers residential aged care hotelling (called everyday living in this report) and care costs, and includes a weighting for rural and remote areas. While this will support improved pricing, there are regulations limiting the ability to set prices to cover costs in some areas and policy changes will be necessary to make progress on sector viability issues.

Older people are wealthier than previous generations, and the taxpayer base is declining as a proportion of the population

Generally, older people are expected to be wealthier than their predecessors, largely due to the maturing superannuation system. As a result, the proportion of people over 65 years of age accessing the Age Pension or other income supports will decline by around 15 percentage points by 2062–63.¹² Of those receiving a pension, fewer will be full-rate pensioners and more will receive a part-rate pension due to increased accumulation of income and assets. Over the next 20 years, the number of people with superannuation balances at age 85 will grow considerably, with a greater proportion of people having significant funds available.¹³

⁸ Department of Health and Aged Care, *Financial Report on the Australian Aged Care Sector 2021–22*, p 56.

⁹ Department of Health and Aged Care, *Financial Report on the Australian Aged Care Sector 2020–21*, p 124.

¹⁰ Department of Health and Aged Care, *Financial Report on the Australian Aged Care Sector 2021–22*, p 34.

¹¹ Department of Health and Aged Care, *Financial Report on the Australian Aged Care Sector 2020–21*, p 82.

¹² Australian Government, *Intergenerational Report 2023: Australia's future to 2063*, 2023, p 168.

¹³ Treasury projections using the Model of Australian Retirement Incomes and Assets.



The Taskforce notes the superannuation system supports Australians to save for retirement. The government's proposed objective for superannuation is: 'to preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way'.¹⁴ Income from superannuation should be drawn down in retirement to cover health, lifestyle, other living expenses and aged care costs.

These superannuation trends, combined with high asset wealth through the family home and other investments, mean increasingly people still have accumulated wealth and income streams when they need to access aged care services. As a result, there is more scope for older people to contribute to their aged care costs by using their accumulated wealth than in previous generations.

It is important to note that, while the asset wealth of many older people has increased, there will be a group of people with less means. Even with the maturing superannuation system, over half of older people will continue to receive some Age Pension either at retirement or as they draw down on their superannuation. Past workforce participation rates also mean women are more likely to have less means in retirement, as are those who do not own their home.

As older people are generally becoming wealthier, intergenerational gaps are increasing. The home ownership rates among older people aged 65 years and over was around 82% in 2021 and has been fairly stable since the mid-1980s, whereas home ownership for younger generations has been trending downwards over that time.¹⁵ The tax burden, and therefore the cost of government services, is being shared among an increasingly smaller group of people as the proportion of the working age population declines and the proportion of older people, most of whom do not pay income tax, increases.

¹⁴ Superannuation (Objective) Bill 2023.

¹⁵ Australian Institute of Health and Welfare analysis of customised Australian Bureau of Statistics Census data, 2022.

Summary of aged care funding principles and recommendations

Consultation informed 7 aged care funding principles that guided the work of the Taskforce. These are summarised below and more information is at **Appendix D**.

The Taskforce has made 23 recommendations linked to these principles, which are also summarised below.



Aged care funding principles

Support older people to age in place

Principle 1: The aged care system should support older people to live at home for as long as they wish and can do so safely.

Equitable and sustainable funding

Principle 2: Aged care funding should be equitable, easy to understand and sustainable.

Principle 3: Government is and will continue to be the major funder of aged care. Government funding should be focused on care costs as well as delivering services in thin markets. Personal co-contributions should be focused on accommodation and everyday living costs with a sufficient safety net.

Principle 4: The residential sector should have access to sufficient capital to develop and upgrade accommodation, including in rural and remote areas and First Nations communities.

Quality, innovation and transparency

Principle 5: Aged care funding should be sufficient to deliver person-centred, quality care by a skilled workforce.

Principle 6: Aged care funding should support innovation to improve aged care services and their relationship with the health and hospital systems.

Principle 7: There should be transparency and accountability for how aged care funding is received and spent while minimising regulatory burden.

Recommendations

Support older people to age in place

Recommendation 1:

Underpin the Support at Home Program with inclusion and exclusion principles and clearly defined service lists.

Equitable and sustainable funding

Balancing government funding and participant contributions

Recommendation 2:

Continue the significant role for government funding of aged care services. A specific tax or levy to fund aged care is not recommended.

Recommendation 3:

It is appropriate older people make a fair co-contribution to the cost of their aged care based on their means.

Recommendation 4:

Ensure a strong safety net for low means participants to meet aged care costs.

Recommendation 5:

Make aged care fees fairer, simpler and more transparent so people can understand the costs they will incur if they access aged care.

Recommendation 6:

Establish appropriate arrangements to allow older people and providers to smoothly transition to any new arrangements, including grandparenting arrangements for those already in residential aged care and phasing in for home care.

Greater equity in home care participant co-contributions

Recommendation 7:

Establish a fee-for-service model for Support at Home that ensures participants only pay a co-contribution for services received.

Recommendation 8:

Introduce Support at Home participant co-contributions that vary based on the type of service accessed.

Government funding focused on care

Recommendation 9:

Continue to focus government funding in residential aged care on care costs, with a significant role for resident co-contributions in non-care components.

Better priced and more flexible daily living co-contributions

Recommendation 10:

Funding for daily living needs to cover the full cost of providing these services. It is recommended this be composed of the Basic Daily Fee and a supplement.

Recommendation 11:

Enable residents and their representative and providers to negotiate better or more daily living services for a higher fee, subject to at least:

- publishing prices and services
- only allowing agreement to higher fees for agreed services to be made after a participant has entered care
- a cooling off period and regular review opportunities to ensure the resident still wants the services and can still use them.

Modernising accommodation funding and improving viability

Recommendation 12:

Following an independent review in 2030, transition the sector by 2035 to no longer accept RADs as a form of payment for aged care accommodation and move to a rental only model, provided that the independent review finds there is improved financial sustainability, diversified and adequate sources of capital to meet future demand and residential aged care is affordable for consumers.

Recommendation 13:

Require providers to retain a portion of the RAD in the near-term to make an immediate improvement to sector financial sustainability. Base the amount on length of stay, with a cap on the number of years a RAD is subject to retention to protect residents who stay for a long time.

Recommendation 14:

Review the Accommodation Supplement, including improving incentives to meet the accommodation design principles.

Recommendation 15:

In addition to the other accommodation recommendations, develop a package of measures to improve accommodation funding, equity between residents and transparency in the near-term. This will help place accommodation income on a long-term sustainable footing and position the sector for the ultimate phase out of RADs.

Recommendation 16:

Establish appropriate safeguards and incentives to protect access to residential care for supported residents.

Supporting thin markets

Recommendation 17:

Consider the appropriateness of the current remoteness classification system.

Recommendation 18:

Continue block funding in thin markets where appropriate and necessary. Consider any other supports necessary to ensure access to care in under serviced markets.

Quality, innovation and transparency

Encouraging innovation in the sector

Recommendation 19 :

Consider ways to encourage providers to develop and scale innovative care models, invest in technology, and conduct research into best practices, including through:

- the recommendations outlined in this report to improve the viability of the aged care sector
- tasking the Aged Care Quality and Safety Commission with supporting innovation by identifying innovative practices and promoting these across the sector.

Increasing transparency and planning for aged care

Recommendation 20:

Raise awareness of existing financial products that enable older people to utilise their wealth in retirement and provide confidence they can afford future aged care costs.

Recommendation 21:

Task the Behavioural Economics Team of the Australian Government (BETA) to provide advice on how to encourage people to consider their future aged care needs at an appropriate stage of life.

Recommendation 22:

Review and streamline financial reporting to government where possible to ensure reporting is genuinely enhancing transparency.

Recommendation 23:

Improve communications between the Independent Health and Aged Care Pricing Authority (IHACPA) and providers and participants regarding its pricing advice and decisions, and task IHACPA with:

- a review of its pricing in rural and remote areas
- costing of the supplement for everyday living.

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Support older people to age in place

Principle 1: The aged care system should support older people to live at home for as long as they wish and can do so safely.

A strong preference for many older people and their families is for them to age in place and remain in their home for as long as they are able. This was reflected in responses to the stakeholder survey, with 90% of respondents supporting the principle.

The decision of whether an older person wishes to remain at home or enter residential aged care is driven by a wide range of factors. Consultation showed the top reasons for preferring to remain at home included comfort and privacy, a desire to remain independent, better mental and physical health outcomes and maintaining connection to community, friends and family. For other reasons, such as social connectedness, increasing clinical care and safety needs, some older people may choose to enter residential aged care sooner. While overall there is a shift towards ageing in place, it is important to meet each person's preferences for their aged care and provide continuity of care when needs change.

Home care programs need an overhaul to meet future demand

The current home care programs are not ready to meet the needs of a rapidly growing cohort of older people. Home care currently involves 2 programs, the Home Care Packages Program and the Commonwealth Home Support Programme, that have evolved over time and with different design objectives. This has led to a system where:

- applicant assessments are inconsistent and not well aligned to actual need
- access to services is constrained and inconsistent, and many older people are not receiving an optimal mix of services
- services are priced and fees are charged inconsistently (see **Appendix E** for details)
- different funding approaches are impeding the sector from scaling up and diversifying
- there is a lack of clarity about what services should be available.

Those who can access home care under the current system can leave significant funds unspent, while others can wait for months to access services. This is due to existing program constraints, limited availability of services and appropriately skilled workers, as well as behavioural and attitudinal factors. In the Home Care Packages Program, unspent funds as at 30 June 2022 totalled \$2.3 billion.¹⁶ Prices across the programs are inconsistent and inefficient due to variable price setting arrangements. This undermines the predictability and sustainability of funding and can cause confusion when comparing packages with other participants.

¹⁶ Department of Health and Aged Care, *Financial Report on the Australian Aged Care Sector 2021–22*, p 28.

There are also obvious signs of lack of scale and diversification of providers. As the population ages, these issues will need to be addressed to deliver a rapid scaling up of services to meet demand.

The Support at Home Program is an opportunity for generational change in how home care is delivered

It will also be important to make sure home care better meets older people's needs, while enabling program scalability and pricing signals that ensure funds are used consistently and in line with program intent. In addition, home care must provide value for money, transparency and better quality services.

The new Support at Home Program, to be introduced in stages from July 2025, is an opportunity to address these critical issues in the current home care programs.

As the Support at Home Program is implemented, it will be important to ensure the new arrangements deliver on the intent of the design and meet the expectations of older people, their families and carers for:

- greater choice and control
- easier and more timely access
- flexibility to adjust services over time as needs change
- better value for money through controls on unreasonable administration fees
- better clarity and transparency around fees and how funding is used.

It is also important that the new arrangements deliver for providers, acknowledging the need for:

- more predictable and sustainable funding that meets the costs of quality service delivery
- recognition of the costs associated with complying with regulatory requirements
- flexibility to adjust services on the ground as participant needs change
- improved use of a qualified and skilled workforce to increase service availability
- appropriate and adequate implementation timeframes.

Support at Home Program inclusions and exclusions need to be more clearly defined than under current programs

The Taskforce was asked to provide advice on program inclusions and participant contributions for the Support at Home Program. In developing this advice, the Taskforce considered the diverse needs, goals and circumstances of participants, the intent of the program and the role of other service systems. The importance of prevention, flexibility and reablement also played a key role in discussions.

The Taskforce notes the Support at Home Program needs much clearer specifications than current programs about what it will and will not fund. The lack of clarity and consistency in inclusions and exclusions in current home care programs has led to confusion between providers and participants. This affects participants' ability to make informed choices about their care, diminishes value for money in the programs, and could also mean that funds are not used according to the policy intent of home care.

Recommendation 1 :

Underpin the Support at Home Program with inclusion and exclusion principles and clearly defined service lists.

These inclusion and exclusion principles are set out below.

Inclusion principles	Exclusion principles
<ul style="list-style-type: none"> Services that have been assessed as essential or necessary for health, independence or safety in the home. Services that are reasonable based on assessment of value for money and whether alternatives may adequately address need. 	<ul style="list-style-type: none"> Services, goods or supports that people are expected to cover out of their general income throughout their life regardless of age or wealth. Accommodation costs (for example, rent, mortgage fees, rates, strata levies, home insurance, utilities). Services already funded, or more appropriately funded, under other Commonwealth, state, territory or local government programs. Payment of Support at Home co-contribution fees. Payment for informal care which is covered by other Commonwealth programs. Provision of cash debit cards or like payments to care recipients for any purpose. Activities that the community would not accept as suitable for government funding. Activities likely to cause harm to the participant or pose a risk to others.

The aim of the exclusions principles is to clearly describe what services are outside the scope of the Support at Home Program and therefore do not receive funding from the government (such as utility bills). However, the Taskforce supports flexibility in exceptional circumstances. This would enable a participant to receive an excluded service or item if the alternative is a perverse outcome for the participant and government. For example, where a participant is at risk of entering residential aged care or hospital but for delivery of a comparatively affordable service or item at home. This flexibility would need to be developed in a way that ensures efficient and effective expenditure.

The Taskforce supports the use of these principles to develop inclusion and exclusion lists to ensure program integrity and improve consistency. This would clearly identify which services are provided or not provided through the program. The lists would need to be reviewed periodically to ensure they are responsive to innovation and older people's needs, including for those who rent.

Home care interacts with other social services, and there is a need for these systems to interact more smoothly

The Taskforce notes the aged care system is not intended to provide services and supports that are provided by other systems, such as health and housing services delivered by the states and territories.

However, there is a role for aged care services in enabling better coordination of the wide range of services an older person may need across government agencies and levels of government, such as specialist palliative care. The Taskforce notes more work is required to improve this coordination.

Equitable and sustainable funding

Principle 2: Aged care funding should be equitable, easy to understand and sustainable.

Principle 3: Government is and will continue to be the major funder of aged care. Government funding should be focused on care costs as well as delivering services in thin markets. Personal co-contributions should be focused on accommodation and everyday living costs with a sufficient safety net.

Principle 4: The residential sector should have access to sufficient capital to develop and upgrade accommodation, including in rural and remote areas and First Nations communities.

Older people should be able to access aged care support where they need it, when they need it, and how they need it. Culturally safe and appropriate services also need to be considered for First Nations peoples, including the Stolen Generations, and culturally and linguistically diverse people.

However, the costs of providing residential and home care services will continue to rise substantially into the foreseeable future. This is driven by the demographic trends noted earlier, the requirement for the sector to meet increasingly complex care needs, changing community expectations for higher quality services, and greater flexibility and transparency.

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Balancing government funding and participant contributions

Increasing aged care funding through additional taxation would exacerbate intergenerational inequity

The Royal Commission suggested creating a levy, similar to the Medicare Levy, to fund aged care.¹⁷ Both Royal Commissioners Pagone and Briggs were in favour of income tax increases to fund aged care costs, although their models differed.

The Taskforce considered these and other options, some raised via consultations, including an increase to the Goods and Services Tax (GST).

While the Taskforce supports government maintaining its central role in funding aged care, it does not support a specific increase to tax rates to fund future rises to aged care funding. There are substantial intergenerational equity issues in asking the working age population, which is becoming proportionally smaller to pay for these services. Moreover, superannuation has been designed to support people to grow their wealth and fund the costs associated with retirement including aged care.

Recommendation 2 :

Continue the significant role for government funding of aged care services. A specific tax or levy to fund aged care is not recommended.

As demand for aged care grows there will be a greater role for participants in funding a sustainable system

Government funding constitutes around 75% of the total costs of residential aged care funding, and 95% of home care funding.

The Taskforce considers this is not an optimal or fair mix. Given the increasing wealth of many older people and the declining working age (that is tax paying) population, there is a strong case to increase participant co-contributions for those with the means to contribute, noting that there will always be a group of participants who need more government support.

Recommendation 3 :

It is appropriate older people make a fair co-contribution to the cost of their aged care based on their means.

¹⁷ Royal Commission into Aged Care Quality and Safety, *Final Report: Care, Dignity and Respect*, Volume 3B, Commonwealth of Australia, 2021, p 769.

The Taskforce also believes it is important for co-contribution arrangements to be consistent and proportionate between the Support at Home Program and residential care (for example, consistency of the costs paid for by government and those paid for by participants). It will also be important that co-contribution arrangements do not increase barriers to older people moving between home care and residential care.

The need for support for low means participants will continue

While the overall wealth of older people is growing, there will continue to be a substantial number of people with limited means. For example, full-rate pensioners without assets, such as a house, or people whose circumstances diminish while in aged care. It is essential to maintain support to ensure everyone can access the aged care services they need. The Taskforce strongly affirms the need to retain financial supports for residential care providers to care for residents who have low means (supported residents). Consultations showed high community support for a strong safety net, with 89% of respondents to the consultation survey agreeing the government should cover aged care costs for those who cannot afford to pay.

There are already strong funding arrangements in place for low means participants in aged care, which need to be preserved. The Taskforce has not made specific recommendations on the long-term safety net requirements, but recognises there will be implications for settings as details of the recommendations on participant co-contributions in residential and home care are further developed. Settings will need to ensure those who cannot make a greater contribution are not asked to do so, and rules are in place to support equitable access to high quality aged care services for all participants, regardless of their means.

Recommendation 4 :

Ensure a strong safety net for low-means participants to meet aged care costs.

The current fee system is complex and participants would benefit from simpler and fairer aged care fees

Aged care co-contribution arrangements are complex, particularly in residential care, and have to be navigated at a difficult time in life. Even if a person has been accessing home care and is one of the minority currently paying fees, the residential care co-contribution arrangements are very different. Taskforce consultations found there was a need for information to be more transparent and simpler so older people could make informed decisions.

Reforming co-contributions would also provide an opportunity to create a simpler and fairer system by addressing inequities currently created by different reporting and assessment processes used for the Age Pension and aged care means assessments.

Recommendation 5 :

Make aged care co-contributions fairer, simpler and more transparent so people can understand the costs they will incur if they access aged care.

The Taskforce suggests the Age Pension status of the participant, with some additional tiers for part-pensioners and non-pensioners, would be a fair and simple way to determine participant co-contributions for aged care services. Age Pension status is widely understood by older people, their families and the community more generally. It would also enable people to generally understand the fees applying to them from Age Pension age, rather than at the time they need care.

Additional tiers may be required to ensure arrangements are equitable at all levels. For residential aged care, some adjustments would also be required to incorporate home ownership status. For non-pensioners, there may be an opportunity for additional differential means testing arrangements based on Commonwealth Seniors Health Card status. Further work is needed to analyse these options before consideration by government.

A careful and staged transition plan is necessary to protect existing participants

Those already in residential care should not be adversely affected by any changes. Historically, 'grandparenting' is used so residents continue to pay co-contributions based on the rules in place when they entered care. However, new residents would be subject to new arrangements following a transition period to allow older people and providers time to plan for the changes. Exact timing would be a matter for government as part of implementation.

Phasing in the Support at Home Program will need to be carefully considered, so participants and providers have enough time to understand and prepare for change.

Recommendation 6 :

Establish appropriate arrangements to allow older people and providers to smoothly transition to any new arrangements, including grandparenting arrangements for those already in residential aged care and phasing in for home care.

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Greater equity in home care participant co-contributions

At just 5% of total funding, current participant co-contribution rates in home care (Commonwealth Home Support Programme and Home Care Packages Program) are extremely low and will not support the projected growth in demand. As the role of home care in Australia's aged care system expands, participant co-contributions towards everyday living type expenses will need to increase alongside government funding.

A fee-for-service approach with clearly defined service lists would mean home care participants only pay for services received

The Taskforce supports a co-contribution approach based on fee-for-service that ensures participants only contribute to the cost for services they receive. This approach to participant contributions would result in improved value for money and pricing transparency. This in turn would ensure all funds for home care are used efficiently in line with the intent of the program, enabling more people to receive services.

Recommendation 7 :

Establish a fee-for-service model for Support at Home that ensures participants only pay a co-contribution for services received.

The Taskforce supports the inclusion and exclusion principles being used to develop clearly defined service lists for the items available through the Support at Home Program, and the levels of government and consumer co-contribution relating to the specified services.

Improved co-contribution arrangements on a fee-for-service basis would provide price signals for participants to help them prioritise their service needs. It would also improve fairness for participants and reduce the administration costs in home care packages.

Fee-for-service, combined with service caps, would provide guidance to help participants prioritise their service use for essential services. It would also help make the Support at Home Program more financially sustainable and better placed to meet future demand.

A detailed service list is not included in this report. The Taskforce acknowledges the need for further work by government on this, as well as consultation with participants and providers to avoid unintended consequences, before final decisions are made and implementation begins.

Participant co-contributions would support growth of the home care system and improve access to services

While government would continue to be the major funder for aged care, the Taskforce believes greater participant co-contributions would enable home care to expand in an equitable way, provide greater access to better quality and flexible services for participants and support the expansion of a skilled workforce.

Increased participant co-contributions under the new Support at Home Program would also directly improve access to home care by:

- helping to reduce demand pressure, by creating a direct incentive for participants to use only what they are assessed as needing
- enabling upfront access to services rather than waiting for funds accrual, especially through the development of a new Assistive Technology and Home Modifications Scheme
- contributing to improving system functionality for generations to come.

As with Recommendation 5, the Taskforce suggests Age Pension status would be a well-understood way to determine co-contribution levels in home care. Support at Home Program services could be classified into 3 service lists with different co-contributions allocated to each:

- **Clinical supports** – government contributions would be highest, and consumer co-contributions lowest (if any) for supports that are essential to prevent decline in health (for example, nursing assistance to assess, identify and deliver care to manage health decline issues, and allied health services).
- **Independence** – a middle tier would include items that may support independence and reablement (for example, personal care services and assistance with food preparation).
- **Everyday living** – participant contributions would be highest for services that someone not in the Support at Home Program would typically pay for in full (for example, general house cleaning).

The Taskforce considers that services in the 'Clinical supports' list should be fully funded by government.

Recommendation 8 :

Introduce Support at Home participant co-contributions that vary based on the type of service accessed.

This approach would allow:

- contributions that vary depending on the services participants use
- government to fully or predominantly fund certain core services focusing on clinically orientated care
- a price signal for other services to encourage participants to prioritise their health care needs and better reflect what people would pay for throughout their lives to live in their own homes regardless of age
- individuals who are covered by safety net arrangements to continue to receive services with a minimal co-contribution
- people to access more services in their home that they have not previously been able to receive, such as dementia supports.

There would need to be a transition process to these new arrangements. While the transition will be developed by government, the Taskforce considers it could occur as participants' care needs change.

Jenny and Joyce are part-pensioners with the same care needs, assets and income. They both participate in the Home Care Packages Program.

Jenny's provider charges her a Basic Daily Fee and an income tested care fee. However, Joyce's provider only charges the income-tested care fee.

Under proposed changes and following a period of transition, Jenny and Joyce would pay the same co-contributions for the same services under the Support at Home Program. Moreover, they would only be charged for services they receive.

Jenny and Joyce would pay higher co-contributions for everyday living services than for independence services with the lowest (if any) co-contributions paid for clinical supports.

Considering residential aged care recommendations as a package

There are currently 3 core fee categories in residential aged care:

- Means tested care fees, which contribute to the cost of care related services. The government pays most of these fees.
- The Basic Daily Fee, which covers the majority of everyday living expenses. This is a flat rate paid by all residents, currently fixed at 85% of the single basic Age Pension. The government pays a supplement for all residents in addition to the Basic Daily Fee.
- Accommodation costs, which cover the cost of the room and capital expenses, payable as either a daily payment or a fully refundable lump sum. Most residents make some contribution to these costs, with the role of government limited to providing a supplement for low means residents.

A holistic approach to reform across the 3 residential aged care fee categories is essential

The Taskforce considers the broad approach to the role of government funding and co-contributions across these categories is appropriate. However, there is a need to improve funding in the 2 areas (everyday living and accommodation) where providers are currently making substantial losses. Doing so will improve sector viability, which will increase the sector's capacity to improve quality, accommodation and service offerings for residents.

While pricing may be set across the 3 fee groups, the Taskforce notes for most individuals, these are seen as one overall cost for their residential aged care. It is important to ensure residential aged care remains affordable and changes to co-contributions do not excessively draw down the assets of residents. The Taskforce has developed a balanced package of recommendations on co-contributions in residential aged care, with some trade-offs between fee categories, which considers capacity to pay, equity, fairness and transparency as key drivers.

Government funding focused on care

The Taskforce notes the government already has a significant role in funding 'care' in residential aged care through the Australian National Aged Care Classification (AN-ACC) model. Government funds around 94% (\$13 billion) of this, with means-tested care co-contributions making up 6% (\$800 million).¹⁸

Currently, around half of residents contribute towards their care, with most only making a small contribution.

The Taskforce suggests government funding should continue to focus on assessed care needs, with residents making greater contributions to non-care components.

Recommendation 9 :

Continue to focus government funding in residential aged care on care costs with a significant role for resident co-contributions in non-care components.

However, the Taskforce also believes an approach expanding government funding to fully fund the care component should be considered, as this would be consistent with Royal Commission recommendations.

With this approach older people would not have to worry about being able to afford to pay for their assessed direct care needs. The care needs that come with increasing frailty and age-related conditions can be unexpected and significant, making it difficult for people to accurately plan for what their specific care needs and costs may be in old age. In contrast, the Taskforce recommends a greater co-contribution towards items that people have more likely paid for throughout their lives, like accommodation and daily living expenses, which are reasonably certain and can be planned. This approach would also simplify the contributions required from older people entering residential aged care.

For providers, this approach would reduce administration costs in collecting the means tested care fee and potentially reduce the amount of bad debts requiring management.

If government chooses not to fully fund care, it may wish to review current arrangements for care fees, including the potential for removing annual caps and reviewing lifetime caps.

¹⁸ Department of Health and Aged Care, *Financial Report on the Australian Aged Care Sector 2021–22*, pp 61–62.

Better priced and more flexible daily living co-contributions

There is a need for a general increase in the level of funding for everyday living in residential aged care

Providers currently receive 2 key payments relating to daily living activities. The larger payment is the Basic Daily Fee, which is set at 85% of the daily rate of the single basic Age Pension. This is currently \$61 per day, and all residents pay this to providers. The other payment is the hotelling supplement, currently \$11 per day, which government pays to providers for all residents, regardless of their means.

Aged care providers are on average losing \$4 per resident per day on daily living activities and have little flexibility to earn additional revenue in this area.¹⁹

There is therefore a critical need for increased funding towards everyday living expenses. The Taskforce believes this should be largely paid for through greater resident co-contributions to ensure sustainability, but with a strong means tested safety net for those who cannot pay a higher rate, such as full-rate pensioners with no other income or assets.

Recommendation 10 :

Funding for daily living needs to cover the full cost of providing these services. It is recommended this be comprised of the Basic Daily Fee and a supplement.

The Taskforce also suggests:

- the supplement should be the balance between the Basic Daily Fee and the actual cost to providers of everyday living
- the Basic Daily Fee should be maintained as a percentage of the Age Pension to ensure it remains affordable for those with low means
- government should continue to fully fund the supplement for lower means residents with residents of greater means paying some or all of the cost.

Further, IHACPA could be tasked with costing everyday living to assist with setting the price of the supplement (see Recommendation 23).

¹⁹ Department of Health and Aged Care data, 2023.

Fee flexibility would enable residents to elect to pay for better or additional everyday services if they wished

Provided appropriate consumer protections and complaints processes are in place, the Taskforce considers there is value in providing flexibility for residents, or their representatives, to negotiate a higher Basic Daily Fee with their provider so they can access additional services or amenities, if they have the willingness and means to pay.

This would allow greater flexibility and offerings for residents willing to pay and allow providers to diversify their offerings and obtain additional revenue.

Recommendation 11 :

Enable residents and their representatives to negotiate better or more daily living services for a higher fee, subject to at least:

- publishing prices and services
- only allowing agreement to higher fees for agreed services to be made after a participant has entered care
- a cooling off period and regular review opportunities to ensure the resident still wants the services and can still use them.

Without the protections outlined in the recommendation, the Taskforce suggests there would need to be a cap on the amount providers could charge. Further, the Taskforce believes there is a need for ongoing monitoring, with appropriate action taken to ensure protections are adequate and adhered to.

Kristy is a full-rate pensioner with no assets. The new arrangements would not change her contribution to everyday living costs, and they remain at 85% of the single basic Age Pension. The government would continue to pay the hotelling supplement.

Jagjeet is a self-funded retiree who is eligible for the Commonwealth Seniors Health Card.

If he enters residential aged care after the new arrangements commence, he would pay the hotelling supplement, and his everyday living costs would be higher than under current arrangements.

Both Kristy and Jagjeet could negotiate a higher Basic Daily Fee with their provider for more or better everyday living offerings, such as pay TV.

Modernising accommodation funding and improving viability

While recent investment in aged care has addressed adequacy of care funding, the residential aged care sector is still experiencing large and unsustainable losses. Two-thirds of residential aged care providers reported a net loss, equating to \$2.26 billion in 2021–22.²⁰ This is largely due to losses in accommodation activities.

Non-supported residents pay for their accommodation costs via a fully refundable lump sum RAD or rental style Daily Accommodation Payment (DAP) calculated from the lump sum price, or any combination of a RAD and DAP. The relationship between the RAD and DAP is based on an interest rate called the Maximum Permissible Interest Rate (MPIR), with the DAP calculated based on an agreed RAD at the level of the MPIR on the date of the resident's entry.

A RAD payer receives their deposit back in full when they leave care. The provider earns a return on RADs by investing the funds, either by making capital improvements on their facilities or by investing in approved financial products.

The Royal Commission timeframe on RADs is not realistic given the state of the sector

The Royal Commission (Commissioner Briggs) recommended phasing out of RADs over time and replacing them with income through a 'rental model', where everyone pays with non-refundable periodic payments, from July 2025.²¹

The Royal Commission identified several issues with the RAD system that led to this recommendation:

- RADs and DAPs are not economically equivalent, which creates incentives for providers and older people to prefer one over the other, depending on changes in the MPIR.
- Use of RADs creates liquidity risks for providers, as the RAD must be refunded within 14 days of the resident leaving care. There is no guarantee the resident will be replaced by another RAD payer and, with falling occupancy rates, there is a risk they will not be replaced at all.
- The presence of RADs distorts access to finance towards providers better able to attract RADs.
- RADs are not a reliable capital financing mechanism for particular segments, such as providers in rural and remote areas.

Given the financial viability challenges, the extent of the sector's reliance on RADs and need for significant capital investment in the system over the coming years, the Taskforce considers the Royal Commission's recommended timeframe for a phase out is too aggressive and would disrupt the sector, putting service availability for older people at risk.

²⁰ Department of Health and Aged Care, *Financial Report on the Australian Aged Care Sector 2021–22*, table 3.1, p 55.

²¹ Royal Commission into Aged Care Quality and Safety, *Final Report: Care, Dignity and Respect*, Volume 3B, Commonwealth of Australia, 2021, Recommendation 142, p 884.

A move away from RADs remains worth pursuing over the longer-term

Phasing out RADs would improve simplicity and equity for residents and reduce liquidity risks for providers. RADs create inequity between residents based on how they pay for their accommodation. Wealthier residents who can afford a RAD receive their deposit back in full when they leave care and make no direct contribution to their accommodation costs, while DAP payers make a significant annual contribution. Phasing out RADs will mean all incoming residents will pay using a rental model, making outcomes for residents more consistent, and fees easier for older people to understand.

A rental only model would give providers greater certainty around cash-flow and remove the insolvency risks caused by having large liabilities that could fall due at any time. A periodic rental payment would also support equity in the contributions of residents.

The Taskforce suggests it may be possible for RADs to be phased out over time and replaced with a rental model over the long-term, if the sector's financial viability improves and dependence on RADs for capital could be unwound. The Taskforce considers phasing out RADs from 2035 would be more realistic for an orderly phase out, with steps to position the sector before RADs are withdrawn.

Recommendation 12 :

Following an independent review in 2030, transition the sector by 2035 to no longer accept RADs as a form of payment for aged care accommodation and move to a rental only model, provided the independent review finds that there is improved financial sustainability, diversified and adequate sources of capital to meet future demand and residential aged care is affordable for consumers.

The Taskforce considers an independent review in 2030 would enable government to track progress on these pre-conditions. The independent review would need to consider inputs from aged care providers, aged care participants and older people, banks and the finance sector. If the review does not provide assurance of the sector's viability, the government would need to consider additional levers to support the sector to move to an accommodation model that does not rely on RADs.

The Taskforce also notes that RADs provide an element of consumer choice, by giving incoming residents an option in how they pay for accommodation and manage their financial affairs as they enter residential aged care. While this choice currently only applies to high means individuals with the capacity to pay a RAD, the implications of RAD phase out on consumer choice would need to be considered by the independent review.

If the pre-conditions are met, and after an appropriate transition period, RADs would be entirely phased out and non-supported residents would be required to pay the full cost of their accommodation through a non-refundable periodic payment, similar to paying rent.

The Taskforce notes significant implementation details need to be resolved, including the interaction with Age Pension arrangements, noting RADs are currently a pension-exempt asset. Further consultation would be required to allow stakeholders to inform the design and implementation of any phase out.

There is an urgent need to improve accommodation revenue, especially from RAD payers

For improved financial sustainability, there is an urgent need to enable providers to obtain additional revenue from accommodation in the shorter-term. Providers made a loss of \$14.86 per resident per day on accommodation in 2021–22.²² The improvements in quality of accommodation that older people and the community expect and want will remain unaffordable for the sector without short-term reforms to accommodation pricing.

Paying more towards accommodation will improve sustainability. This will attract increased investment into the sector to upgrade existing homes and build new homes with high quality, modern facilities.

RAD payers currently do not make a direct contribution to the cost of their accommodation. Instead, providers earn a return on RADs through investing the funds. However, providers may not have access to investment options that would enable them to earn a high return on the RADs. Permitted uses restrictions for RADs are important for consumer protection purposes. However, they limit the rate of return providers might earn by prohibiting certain investments, as does the need to hold a certain amount of RADs in liquid form to meet refunds as they fall due.

The Taskforce considers that requiring providers to charge residents a proportion of a RAD as an accommodation deduction, creates a direct contribution for RAD payers, reducing inequity of outcomes based on how residents pay for their accommodation. This will ensure DAP payers are no longer cross-subsidising those paying with RADs. It would have the added benefit of increasing provider revenue without requiring residents to pay any additional amount upfront. This would help providers meet their future capital needs to maintain quality of accommodation for residents.

Recommendation 13 :

Require providers to retain a portion of the RAD in the near-term to make an immediate improvement to sector financial sustainability. Base the amount on length of stay, with a cap on the number of years a RAD is subject to retention to protect residents who stay for a long time.

The charge would be calculated daily to ensure residents are only charged while they are in care. It could be deducted periodically, such as quarterly. The remainder of the RAD would still be refunded when the resident leaves the facility.

There would be a need to ensure the level of RAD charge does not result in a large disruption to the incentives between RADs and DAPs in the early stages. If the RAD charge is set too high, there would be a large shift in resident preferences away from RADs, creating a liquidity risk for the sector. During consultation, providers and banks indicated retention rates of up to 3% per annum would be unlikely to result in large changes to incentives.

²² Department of Health and Aged Care, *Financial Report on the Australian Aged Care Sector 2021–22*, table 3.1, p 7.

To protect residents who stay in an aged care facility for a long time against the full value of the RAD being eroded over time, there would be value in imposing a time limit on the RAD charge. This could be set at 5 years. To help individuals with planning, information around the residual value of RADs would need to be provided. This could be in the form of a quarterly statement from providers to residents, indicating how much of the RAD has been used.

Grandparenting arrangements would need to be included for existing RADs, with the retention only applying to RADs entered into once the new arrangements begin.

Fionn moves into residential aged care. Due to his income and assets, he is a non-supported resident and pays a RAD of \$550,000 to the provider. Currently, additional accommodation fees are not charged and the \$550,000 will be returned when he leaves the care facility.

If he enters residential aged care after the new proposed arrangements begin, the aged care provider would retain 3% of the RAD per annum, calculated as a daily rate on the RAD price. This equals \$45.21 per day (3% of \$550,000 divided by 365). If Fionn left the aged care facility after one year, the provider would charge \$16,500 and return \$533,500.

Detailed design issues would need to be considered during the implementation phase. Protections would be needed to ensure an individual's total deductions from the RAD do not exceed its original value (residents can elect to have means tested care fees and other fees deducted from their deposit). Interaction with Age Pension entitlements would also need to be considered.

Government contributions for supported residents could better encourage improved quality

The Accommodation Supplement remunerates providers for the cost of providing accommodation to supported residents. It is also a key incentive for providers to serve lower means residents. The Accommodation Supplement rate is based on 2 factors:

- **How recently the facility was built or substantially upgraded.** The government pays a higher rate for services that were built or substantially refurbished more recently. This is intended to incentivise higher quality accommodation.
- **Whether the facility has greater or less than 40% supported residents.** This is an incentive for providing services to lower means residents.

However, the current Accommodation Supplement policy settings provide limited incentive for most providers to provide accommodation that uses contemporary design principles to better meet the needs and preferences of older people. The highest rate requires only that the facility was built or substantially upgraded after 20 April 2012. As a result, almost 80% of facilities are eligible for the highest level of supplement.²³ This means there is little incentive for providers to build or maintain high quality accommodation.

²³ Department of Health and Aged Care data, 2023.

The Accommodation Supplement is indexed to Consumer Price Index (CPI) so it has been increasing at a much slower rate in recent years than the cost of construction for residential aged care. As a result, its ability to remunerate providers for the cost of building or refurbishing services has decreased.

The Taskforce considers a review of the Accommodation Supplement could have the objective of improving policy settings, including consideration of the adequacy of the current rates and the required standard to be eligible for the highest payment rate, noting some rooms eligible for the highest rate have not been refurbished in more than 10 years. This review would also need to consider how the Accommodation Supplement rate incentivises providers to accept lower means residents.

The new accommodation design principles would reflect community expectations as an appropriate metric of high quality accommodation. Basing the quality incentive in the Accommodation Supplement around the design principles would encourage providers to adopt them.

Recommendation 14 :

Review the Accommodation Supplement, including improving incentives to meet the accommodation design principles.

Additional short-term measures are required to improve viability and ready the sector to phase out RADs

The Taskforce notes additional measures are required to support further improvements and adjustment towards a RAD phase out. The Taskforce has not made formal recommendations on what these other measures may be. However, the following measures would be prudent first steps to provide adequate pricing signals, improve transparency of room prices between residents, and improve the confidence of lenders and investors to attract greater capital investment.

Recommendation 15 :

In addition to the other accommodation recommendations, develop a package of measures to improve accommodation funding, equity between residents and transparency in the near-term. This will help place accommodation income on a long-term sustainable footing and position the sector for the ultimate phase out of RADs.

Relationship between RADs and DAPs

Currently the DAP price is derived from the RAD via the MPIR. As a result, the DAP price largely reflects interest rates, rather than the cost of providing the accommodation. This also introduces volatility for providers in how residents pay for accommodation based on whether interest rates are high or low.

Using the RAD as the reference price for the DAP and for the maximum room price sends a signal to the market it is the 'default' way of pricing accommodation. This increases complexity in the pricing model and contributes to the misperception among older people that they need to set aside a very large sum of money to pay for residential aged care.

To help simplify aged care fees for residents and providers, a model that bases the price around the DAP would be preferable. This would also support the ultimate phase out of RADs. The new relationship would need to be relatively stable and not based on interest rates, to provide income certainty for providers and improve consistency and equity. The Taskforce has not sought to define the new relationship, as government would determine an appropriate formula in implementation.

Indexation of DAPs

The DAP residents pay is currently fixed at the level on the date of entry. In contrast, the Accommodation Supplement rate the government pays for supported residents is indexed twice yearly in line with the Age Pension rate to retain the real value of the contribution for as long as the individual remains in care. Over time, this can result in a DAP paying resident making a lower contribution than a partially supported resident.

Indexing DAPs on the same basis as the Accommodation Supplement would preserve the real value of their contribution to accommodation over time, and improve consistency of outcomes between supported and non-supported residents. This would see the value of a DAP increase twice per year for continuing residents. For Age Pension recipients, their DAP contribution would remain a fixed proportion of their income.



Maximum room price

Aged care providers are able to set their RAD prices up to a level known as the maximum room price. The maximum amount a residential provider may charge for a room without regulatory approval has not changed since it was set at \$550,000 in 2014. This means the market is not seeing any signals about the appropriateness of price increases for accommodation.

Over time the maximum room price has become much closer to the average. In 2021–22, 13% of providers set their room price at the maximum, and 18% of new rooms were above the maximum.²⁴

Providers advise that applying for a higher price can be expensive and time consuming and, despite investing in improvements, there is no guarantee approval will be granted. This has become a source of construction risk for providers, inhibiting capital investment as they are reluctant to undertake builds requiring a room price above \$550,000 to be viable. This is particularly problematic where construction costs or land values are high.

If the maximum room price had been indexed to construction prices since 2014, it would now be over \$810,000. The Tune Review in 2017 recommended an immediate increase to \$750,000 and indexation over time.²⁵

While the Taskforce has not recommended a new maximum room price, it considers there is a need for an immediate increase in the rate and indexation over time to ensure it remains constant in real terms. The Taskforce considers implementing the prior recommendation from the Tune review is a prudent first step.

Protections are needed to ensure low means people can access residential aged care when they need it

Older people with limited means need to be protected. While the residential care proposals outlined above would improve the viability of the sector through improved co-contributions, they may make it more attractive for providers to seek out prospective non-supported residents in favour of government-supported residents.

As a result, the Taskforce believes it would be appropriate for government to consider whether additional safeguards and incentives are required to ensure increased accommodation and everyday living costs and co-contributions do not limit access to residential aged care for those unable to contribute more. Safeguards are also required for those making co-contributions. RAD payers can currently pay their other aged care fees as a deduction from their RAD. While it is envisaged this would continue with the introduction of the charge on a RAD, this would accelerate the rate at which residents may find their RADs eroded by deductions.

Recommendation 16:

Establish appropriate safeguards and incentives to protect access to residential care for supported residents.

²⁴ Department of Health and Aged Care data, 2022.

²⁵ Department of Health, *Legislated Review of Aged Care*, 2017, p 105.

Supporting thin markets

The concept of thin markets is broad and may capture many providers

Thin markets exist when there is a gap between the aged care needs of participants and the services available for them. In a thin market, mainstream policies and market operations may result in a lack of suitable services or a lack of quality or choice of services, and this is most noticeable in rural and remote areas. A market may be thin because it is not possible for providers to deliver services viably, there may not be enough participants to attract providers to deliver services, or the necessary workforce may not be available.

Thin markets are particularly common in rural and remote areas where there are fewer participants and distances are greater, but can exist across Australia, including metropolitan areas. Other factors that can cause a thin market include a shortage of providers able to meet specific health needs or cultural needs, such as First Nations, homeless, LGBTQIA+, or culturally and linguistically diverse older people.

Certain thin markets require specialist funding arrangements

Mainstream funding arrangements may not work in some thin markets. The reforms to funding arrangements put forward in this report are likely to be less effective in thin markets. Government needs to continue to consider and test different approaches, including for workforce development and retention, while providers have an ongoing responsibility to offer culturally safe services to all their participants.

The Taskforce does not propose duplicating existing government programs to address issues relating to thin markets. However, the Taskforce does recommend enhancing current efforts and suggests ongoing close monitoring of progress.

The Taskforce also considers there may be particular areas that warrant different treatment to ensure access to services in thin markets, including through the Support at Home Program. For example, while Support at Home should not generally cover transport costs for an informal carer providing transport to appointments, there may be exceptions in rural and remote areas where this may require travel over very long distances due to service availability, and alternatives such as taxis are not available.

Specialist arrangements should identify and capture thin markets where there is a genuine need for top up funding

The government provides additional care subsidies to aged care services that fall into certain remoteness levels. Currently the government uses the Modified Monash Model to classify the remoteness of a location. The care subsidies are made available for certain remoteness levels under the AN-ACC in residential care and the Viability Supplement in the Home Care Packages Program. This aims to account for the increased cost of service delivery in those locations. It is important these processes continue to evolve to ensure they are appropriately identifying thin markets.

The Taskforce supports recognising remoteness as part of mainstream funding mechanisms and acknowledges the need to regularly review remoteness classification systems to ensure increased subsidies are accurately targeted.

In addition, IHACPA should continue to review the appropriateness of its pricing in rural and remote areas so the cost of providing services in these areas is accurately reflected in its pricing recommendations (see Recommendation 23).

Recommendation 17 :

Consider the appropriateness of the current remoteness classification system.

Current specialist funding arrangements could be expanded where appropriate

Most mainstream aged care services are provided on a fee-for-service basis. However, this may not work in some thin markets. 'Block funding' has been used successfully in thin markets for some services, and expanding block funding may be required to ensure the delivery of services. This guarantees income to the provider regardless of the services delivered, which may encourage them to provide services in areas where it might otherwise be considered too risky.

The Taskforce supports the continuation and, where appropriate, expansion of specific programs and service delivery models to address thin markets. The Multi-Purpose Service Program combines funding for aged care services from the government with state and territory health services, allowing small regional and remote communities to offer flexible aged care services that meet the needs of their community. Similarly, the National Aboriginal and Torres Strait Islander Flexible Aged Care Program provides culturally appropriate aged care to older Aboriginal and Torres Strait Islander peoples, allowing them to remain close to home and community.

Recommendation 18 :

Continue block funding in thin markets where appropriate and necessary. Consider any other supports necessary to ensure access to care in under serviced markets.

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Quality, innovation and transparency

Principle 5: Aged care funding should be sufficient to deliver person-centred, quality care by a skilled workforce.

Principle 6: Aged care funding should support innovation to improve aged care services and their relationship with the health and hospital systems.

Principle 7: There should be transparency and accountability for how aged care funding is received and spent while minimising regulatory burden.

Quality

Increases to co-contributions must deliver improved aged care quality

The Royal Commission identified unacceptably high levels of substandard care. The Taskforce notes since that time, the government has invested significant funding and worked closely with the sector on reforms aimed at improving quality. This progress must continue.

Many of the Taskforce's recommendations aim to sustainably increase the amount of funding in the system. Increased funding will allow for better remuneration and other workforce attraction initiatives that will increase the quality of care.

The Taskforce notes 70% of total costs in the aged care sector are workforce related. Through the Aged Care Work Value Case delivered by the Fair Work Commission, historic pay increases are helping to improve workforce attraction and retention, and reduce reliance on agency staff. Care minutes and 24/7 nursing are also raising quality. There needs to be continued investment in training and career pathways to sustain these gains. Sustainable participant co-contributions will enable continuing investment in the aged care workforce and lift the quality of care for older Australians.

As per Recommendation 3, it is appropriate that older people make a fair co-contribution to the cost of their aged care where they have the means to do so. Taskforce consultations highlighted that older people support increased co-contributions if they are accompanied by an increase in quality. As such, there is a need for additional funding to enter the system to support quality improvements and a need to demonstrate that increases in funding are driving improved quality and outcomes for aged care residents and participants. Increased contributions by government and participants, when combined with improved transparency of what aged care services are included in the price, will drive quality improvement.

Encouraging innovation in the sector

Improved financial viability and sharing best practice would enable more innovation

There is a strong expectation the aged care sector should be innovative to improve service offerings and promote better supports and services for older people. The Taskforce notes innovation is important to meet the evolving needs and expectations of Australia's ageing population, which expects better quality aged care for increased co-contributions. The Taskforce consultations showed there is support for innovation but there also was concern innovation was a byword for 'efficiencies' and cutting costs.

The current financial viability issues are creating a barrier to innovation, including where innovation would allow providers to improve quality and the amount of revenue they receive. The Taskforce supports addressing viability and sustainability issues, as they are a necessary pre-condition to an innovative culture.

Innovation can take many forms, including IT based solutions such as falls prevention and monitoring systems, best practice design of the physical environment of dementia units, home care focused solutions such as new approaches to integrate healthcare and sophisticated clinical monitoring into home care, and worker focused solutions such as innovative rostering systems.

The Taskforce supports the government in playing a role in amplifying good innovative practice and culture in the aged care system to spread best practice solutions. This would assist the sector to provide higher quality services to all participants.

The Aged Care Quality and Safety Commission could promote adoption of better practice across the sector, based on research and trials of innovation approaches. This reflects and expands on the Aged Care Quality and Safety Commission's engagement with providers to understand their operations and assessment of compliance, by adding a role to identify high performers and promote good ideas. The First Nations Aged Care Commissioner also has a role in identifying and promoting innovative practices across the First Nations community controlled sector.

Recommendation 19 :

Consider ways to encourage providers to develop and scale innovative care models, invest in technology, and conduct research into best practices, including through:

- the recommendations outlined in this report to improve the viability of the aged care sector
- tasking the Aged Care Quality and Safety Commission with supporting innovation by identifying innovative practices and promoting these across the sector.

Increasing transparency and planning for aged care

Planning for aged care costs should begin at retirement rather than on entry to aged care

Many older people and their families find it difficult to understand how aged care decisions will affect their financial wellbeing and care. Empowering participants to make informed decisions and encouraging older people to access their wealth as they age is a key goal. To do this, the system must be simpler, and there must be better and more accessible information. This will encourage the sector to develop and provide options that are responsive and relevant to needs.

Greater transparency supports decision making in aged care. When providers give detailed information on how they receive and spend funding and the level of quality and services they provide, it assists older people's decisions.

Helping people understand the actual cost of aged care also assists in decisions and planning. Government has an important education role to make sure people understand the actual cost of aged care. Making the system easier to navigate will also help people to plan.

Improved understanding of aged care costs and financial products that support spending in retirement improves timeliness of entry to the system, as it encourages people to access the supports they need at an earlier stage, rather than deferring because of affordability concerns.

The Taskforce notes that encouraging older people to access their wealth, including superannuation and home equity release when appropriate, will enable them to make contributions for services to enjoy a dignified experience in aged care. At the same time, where people have over-estimated their likely future aged care costs, improved information will give them confidence to use their assets and enjoy their retirement. Increasing awareness of options will encourage older people to access their wealth when needed.

Recommendation 20 :

Raise awareness of existing financial products that enable older people to utilise their wealth in retirement and provide confidence they can afford future aged care costs.

The Taskforce notes the government's recent announcement of the Delivering Better Financial Outcomes package (response to the Quality of Advice Review 2022), which will enable superannuation funds, life and general insurers, and banks to deliver simple advice at scale, and has therefore not made recommendations relating to financial advice.

The Taskforce acknowledges that planning for aged care needs is an uncomfortable topic for many people.²⁶ As a result, people often do not engage with the system until they need to access aged care in an emergency situation, and may end up with sub-optimal financial or care outcomes as a result.

²⁶ Australian Research Council Centre of Excellence in Population Ageing Research, *Financial decision making for and in old age*, 2022, p 19.

The Taskforce supports encouraging people to consider their aged care costs at an earlier stage of life to increase confidence in retirement planning. This would also support decisions about care needs and preferences, such as whether to age in place or move to residential aged care.

Understanding how to encourage earlier engagement with aged care as a part of retirement planning and making the topic more accessible could help inform the design of future government information products for older people.

Recommendation 21 :

Task the Behavioural Economics Team of the Australian Government (BETA) to provide advice to government on how to encourage people to consider their future aged care needs at an appropriate stage of life.

Providers' financial reporting to government needs to deliver improved information for participants

To make informed decisions, people need to have adequate and accurate information about existing products and improved understanding of future aged care needs. This involves meaningful comparisons of fees and costs over time to make it easier for people to understand and plan for aged care. Information about fees should also include detail on what this money is spent on so people can understand the service received for a given price.

The government's My Aged Care website enables people to compare provider prices for a particular service by location. The Taskforce notes the information could be simplified and enhanced to show minimum private contribution to aged care costs, how much options cost over time, contributions made so far, and where funds have been spent.

The Taskforce supports enhanced transparency, while also limiting the reporting burden on providers to focus on what is necessary to inform participants and government. The focus should be on providing better and timelier information, rather than more information. Available information should tell participants what their co-contributions are being spent on. Providers have indicated the government currently obtains financial reporting inefficiently, asking for the same data multiple times and making the regulatory burden higher than necessary. It would be prudent to review and streamline the reporting burden with a focus on participants' needs and reducing unnecessary administrative costs.

Recommendation 22 :

Review and streamline financial reporting to government where possible to ensure reporting is genuinely enhancing transparency.

The role of IHACPA could be expanded, and communication on how it assesses pricing improved

The Taskforce notes IHACPA's relatively new role in advising and regulating aged care prices. While its role in aged care is still maturing, over the coming years IHACPA is expected to refine its modelling approaches on pricing advice for the sector and take on more formal roles on pricing for home care.

Current role of IHACPA in aged care pricing²⁷

AN-ACC pricing

- IHAPCA provides annual residential aged care pricing advice to the Australian Government.
- This includes advice on a price for AN-ACC that is directly informed by the actual costs of delivering care, with some consideration of remoteness included.
- Pricing advice is developed in consultation with aged care stakeholders.

Hotel costs

- IHAPCA provides advice to the Department of Health and Aged Care on the gap between the costs of delivering required hotel services, and revenue received.

Assess applications to charge above the maximum room price

- Prices are capped at \$550,000. To charge a room price above this, providers must apply for approval from IHACPA.
- IHACPA considers the quality of accommodation and rationale for the proposed RAD amount and makes an assessment.

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²⁷ IHACPA also considers applications for extra service fees, however, the system is transitioning away from the use of this fee type.

The Taskforce's consultation showed a low level of understanding of what IHACPA considers in its pricing exercises. For example, while the sector knows IHACPA undertakes modelling for its advice on the AN-ACC price, the role of workforce costs within this price is not well understood. The Taskforce considers there would be benefit from improved communications between IHACPA and the sector on the National Price for the AN-ACC price.

The AN-ACC's cost weights currently include higher weights for rural and remote areas, reflecting the higher cost base of operating in these locations. However, the Taskforce heard through consultation that additional funding created by these weights is insufficient in some cases, and there would be value in re-considering the weights for regional areas that may be less remote but also incur higher operating costs than metropolitan areas. Consequently, the Taskforce supports a reappraisal of the approach to geographic price weight.

The Taskforce notes IHACPA could be tasked with additional responsibilities. As IHACPA already provides advice on the gap between daily living costs and revenue for the sector, it could readily be tasked with providing advice on an appropriate value of the everyday living supplement (see Recommendation 10).

Recommendation 23:

Improve communications between the Independent Health and Aged Care Pricing Authority (IHACPA) and providers and participants regarding its pricing advice and decisions, and task IHACPA with:

- a review of its pricing in rural and remote areas
- costing of the supplement for everyday living.

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Appendix A: Aged Care Taskforce Terms of Reference and membership

The Aged Care Taskforce (Taskforce) provides expert advice to Government through the Minister for Aged Care.

Purpose

The Aged Care Taskforce (Taskforce) is established as a time-limited body to provide expert advice to Government through the Minister for Aged Care. It is not a decision making or funding body.

Objectives of the Taskforce

The Taskforce will provide Government with advice on funding arrangements for aged care to ensure that the aged care system is fair and equitable for all Australians. The advice should support:

- a stable policy path for the sector that encourages continuous improvement
- high quality care and an innovative and vibrant aged care sector that is driven to respond to the needs of older Australians, and
- a sustainable sector that can deliver consistent, high-quality care for generations of Australians.

The Taskforce will provide Government with options for consideration and a recommended package of reforms that ensure that:

- aged care providers are sustainably funded and benefit from introducing innovative care delivery approaches that meet older Australian's preferences,
- aged care funding is affordable for the Commonwealth with arrangements that balance equity and fairness between older and working-aged Australians,
- older Australians can see the value of their contributions relative to other funding sources,
- there is a robust safety net that properly recognises financial capacity at different levels of income and/or life circumstances, and
- contribution arrangements are efficient, simple to implement, and easily understood by all Australians, particularly older people.

Specifically, the Taskforce will provide advice on:

- funding and contribution approaches to support innovation in the delivery of care,
- a fair and equitable approach to assessing the means of older people accessing residential and in-home aged care, including the scope of income and assets included in the assessment of means,
- issues and trade-offs for including and excluding different service types in the new in-home aged care program (the service list),

- consumer contributions for in-home aged care, and reforms that support a future transition to a single in-home aged care system, and
- reforms to arrangements for pricing and funding hotel and accommodation costs in residential aged care, including the phasing out of refundable accommodation deposits.

The Taskforce may be asked to consider other related issues in the course of their work.

The Taskforce will provide Government with options for consideration and a recommended package in December 2023. It will also provide interim advice in October 2023. Recommendations made by the Taskforce will be considered by Government.

Context

The Government has committed to delivering aged care reform that restores dignity to aged care and ensures that older Australians are treated with the respect that they deserve. This includes reforming the in-home aged care system so that it better responds to the changing needs of older people and is simpler to understand and navigate.

The Royal Commission into Aged Care Quality and Safety and the government's response has established foundational reforms that will deliver higher quality, stronger regulation, more transparency and greater choice. While the Royal Commission made a number of recommendations on funding and contribution approaches for aged care, including means testing and the possibility of a levy, the Commissioners had differing views. The Taskforce will consider the Royal Commission's views in its deliberations.

The Taskforce provides an opportunity for targeted and thorough consideration of system funding arrangements to ensure that they are equitable, embed innovation, and include a future focus that adjusts to the changing pattern of demographics, needs and circumstances of older Australians, including consideration of women, indigenous and culturally and linguistically diverse people. There have been increasing calls from the sector, from both aged care providers and consumer organisations, for older Australians in aged care to contribute more towards their care where they have capacity to do so in order to improve the sustainability of the sector.

Membership

The Taskforce will be chaired by the Minister for Aged Care. The Chair may appoint a proxy to Chair all or part of a meeting at their sole discretion.

Taskforce Members are appointed as experts and policy leaders with the ability to provide representative advice for their respective sector. However, while they may represent the views of their organisation or affiliations, they agree to come together in the best interests of older people and Australia's aged care system. Proxies will not be accepted except under exceptional circumstances and at the sole discretion of the Chair. A list of members is at Attachment A.

Taskforce members are eligible for remuneration. The Taskforce will be a Departmental non-statutory committee, managed according to the Department's External Committee Framework.

Non-government members may seek reimbursement for their travel and other incidental expenses equivalent to the Department of Health and Aged Care Senior Executive Service-level policies.

The Chair may approve ad hoc, participation of additional experts or observers in meetings as required.

Confidentiality and Conflict of Interest

Members will be required to sign a confidentiality agreement and declare any real or perceived conflicts of interest before the first meeting. Members will advise of any changes in their real or potential conflicts of interest at the commencement of each meeting. A member who has declared a real or potential conflict of interest may participate in the discussion on that matter, subject to the approval of the Chair.

All discussions undertaken by the Taskforce are in strict confidence and without prejudice, to ensure members can genuinely engage on the merits of proposals. Discussions should not be considered as agreement or commitment by Government.

All documents prepared by or presented to the Taskforce are assumed to be confidential unless identified otherwise by the Chair. Taskforce members shall not report or attribute comments of individuals nor their affiliations outside of meetings.

Meeting Administration

The Chair will lead meetings and guide the work of the Taskforce.

It is expected that meetings will be held monthly for a duration of 3–5 hours. A forward schedule of meetings will be developed, noting that flexibility may be required to accommodate unavoidable rescheduling. Quorum is at the discretion of the Chair.

An agenda and papers will be distributed at least 5 days prior to meetings. Papers may be developed by a Member or the Department of Health and Aged Care, at the request of the Chair. Papers will follow an agreed format according to the guidance supplied by the Secretariat.

Members are expected to attend meetings in person. Videoconferencing will be available for those with unavoidable commitments, such as isolation requirements or overseas travel.

A summary of key discussion points and action items will be distributed to representatives within five days following meetings. A communiqué will be prepared following each meeting for members and the Department of Health and Aged Care to disseminate to other interested parties. Detailed minutes will not be produced.

The Taskforce will aim to reach consensus on the final recommendations to Government. A final report or communiqué will be developed. Dissenting views will be noted by the Chair.

Departmental officials may attend the meeting at the request of the Chair.

The Taskforce will operate from June 2023 until 31 December 2023, unless stated by the Chair.

Attachment A – membership

- The Hon Anika Wells (Chair)
- Nigel Ray PSM (Deputy Chair)
- The Hon Mike Baird AO
- Professor Tom Calma AO
- Grant Corderoy
- Rosemary Huxtable AO PSM
- Professor John McCallum
- Mary Patetsos AM
- Julianne Samara
- Pat Garcia
- Patricia Sparrow
- Tom Symondson
- Janine Walker AM
- Thomas Walker
- Margaret Walsh OAM
- Lloyd Williams

Appendix B: Consultation

Background

The Taskforce conducted consultation through 4 main channels:

- **Public submissions** – A written public submission process on the draft aged care funding principles was undertaken in August 2023 via the Aged Care Engagement Hub. In total 180 submissions were received from the community, including older people, carers and families, health professionals, providers and peak organisations.
- **Roundtables** – Eleven roundtables were held between August and October 2023 around the country and virtually, with 105 attendees in total. The roundtables included 41 providers, who between them provide around 72,000 places across the residential aged care sector (approximately 33% of total places), and 39,000 Home Care Packages (approximately 17% of total packages).
- **Forums and survey** – The Council on the Ageing (COTA) Australia and the Older Persons Advocacy Network (OPAN) hosted 12 forums across Australia on behalf of the Taskforce, with 312 in-person attendees and 98 online attendees. COTA and OPAN also ran an online survey, attracting 1,994 responses.
- **Targeted consultation** – Taskforce members spoke directly with their networks to develop their understanding of key issues related to aged care funding arrangements.

Key findings

Australia's aged care system and how you pay for aged care is not easy to understand

Aged care fees and funding arrangements are difficult to understand and navigate for older people, their families and providers.

Inconsistencies across the Commonwealth Home Support Programme, Home Care Package Program, and residential aged care contribute to the confusion, especially regarding paying fees. Some respondents reported difficulty navigating multiple programs with different criteria and reporting arrangements, particularly in thin markets.

Greater clarity and transparency is needed around what government pays for and what participants should pay.

Some respondents wanted more flexibility within service provision, allowing them to purchase increased levels of services from their own funds.

‘Fairness’ means everyone gets access to timely, high quality care

There was a strong view that fairness means high quality care for everyone irrespective of their means or geographic circumstances. Issues were raised regarding fairness of access to choice of accommodation or services for supported participants.

Older respondents were more likely to see the need for greater access to services and consider that increased government contributions would create a fairer funding model. In contrast, others (including younger respondents) noted the need for greater consideration of the capacity of older people with higher wealth to pay.

Dissenting views included the perspective that those with higher means should have access to better care.

Australia’s aged care system is not sustainable

There was consensus that aged care funding is unsustainable and significant reform is required, including to eligibility criteria, contributions and parameters for services. Proposed solutions differed but mostly focused on increasing funding to the sector rather than cost-savings within the sector.

Concern over workforce shortages was consistently raised, with some noting the positive impact of the recent increase to minimum wages for some aged care employees.

Government should remain the major funder with increased participant co-contributions based on means

Consultation largely supported government continuing to be the major funder of aged care, with increased participant co-contributions based on means, and a strong safety net for those with lesser means.

Quality and appropriate care is not a one size fits all approach

Feedback emphasised the diverse nature of the population, and that quality care and appropriate care requires individualised and person-centred care that is culturally appropriate, not a one size fits all approach. There is a need to take a holistic approach to someone’s wider wellbeing and health, rather than a purely medical model. This includes empowering participants to make their own decision. Care should not be defined too narrowly, as prioritising independence and wellbeing as part of care was seen as important. Social connectedness opportunities were seen as particularly significant for culturally and linguistically diverse communities. There were suggestions for a reablement model of care with specific funding for allied health care.

Innovation is important but requires sufficient funding

There is a general view that adequate and reliable funding underpins and facilitates innovation. Many argued excessive regulatory settings are a barrier to innovation. Further issues raised included the burden of reporting and the cost to become an aged care provider.

There is a critical role for government in supporting thin markets

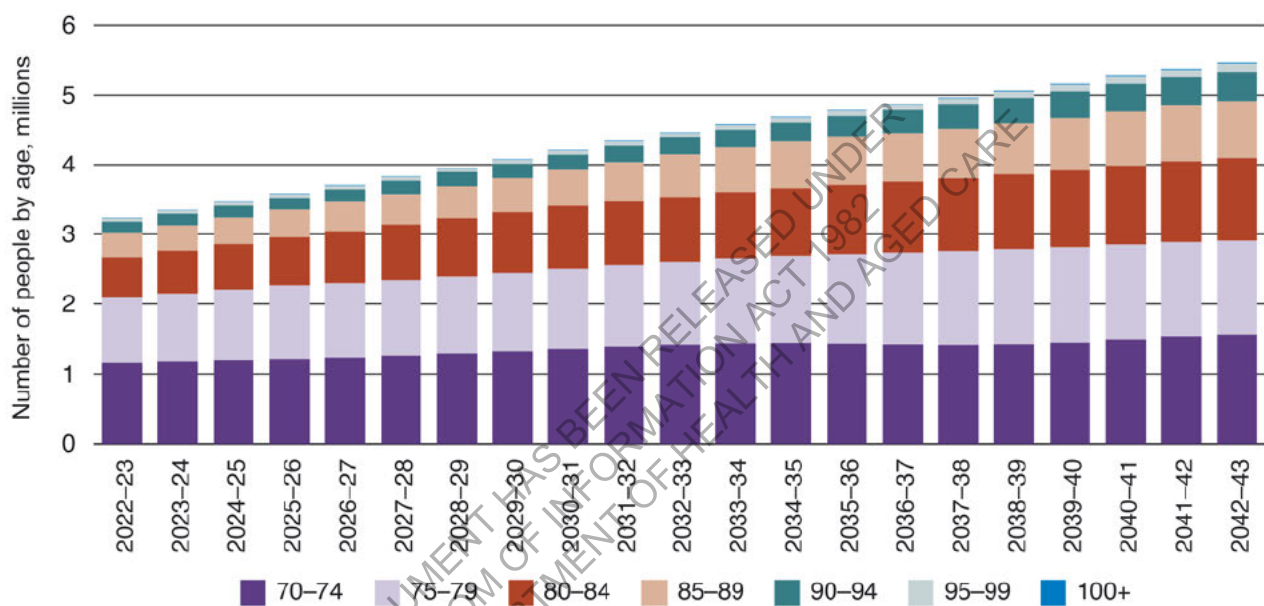
There is strong support for an active role for governments in supporting service provision in thin markets, for example, the need for residential care to be available throughout Australia and for government to directly fund capital infrastructure in rural and remote areas. Some looked to capital grants and block funding as a solution, including to support new providers to enter markets.

Appendix C: Statistical trends

Increasing population requiring aged care

Australia's population is ageing, and this will result in growth in demand for aged care. Chart 1 shows the 70 years and over cohort increasing by around 2.3 million people over the next 2 decades. The 85 years and over cohort will more than double to just under 1.4 million people by 2042. At the same time, the Australian population will increase by 31%.

Chart 1: Population by age 70 years and over, 2022–23 to 2042–43²⁸

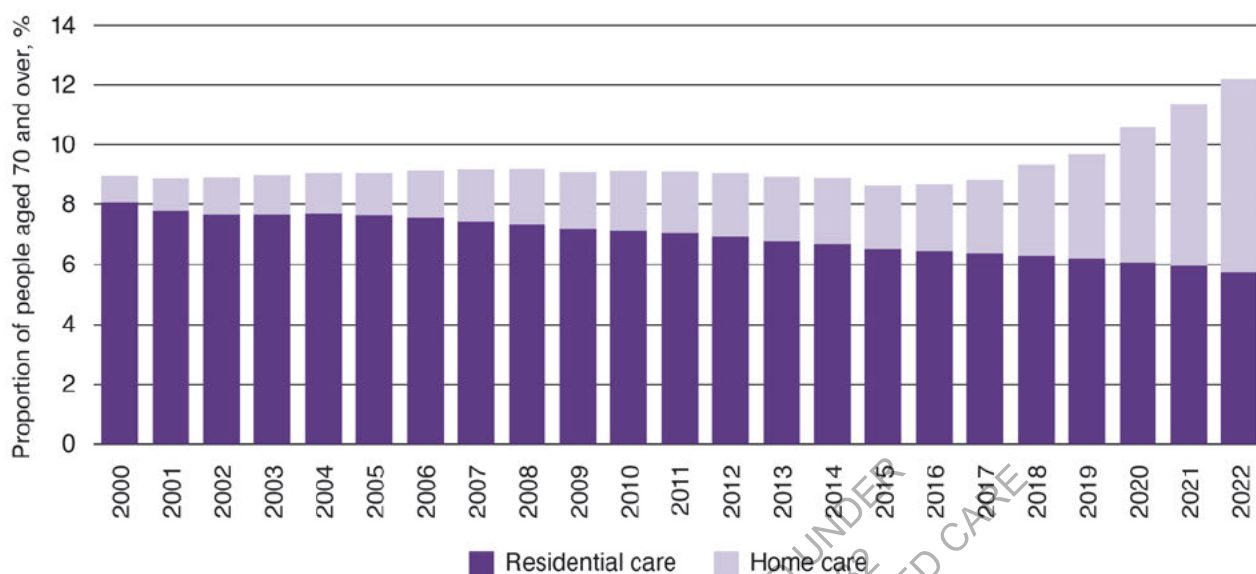


²⁸

Australian Government, *Intergenerational Report 2023: National Population Projections by Age and Sex, 2022–23 to 2062–63*.

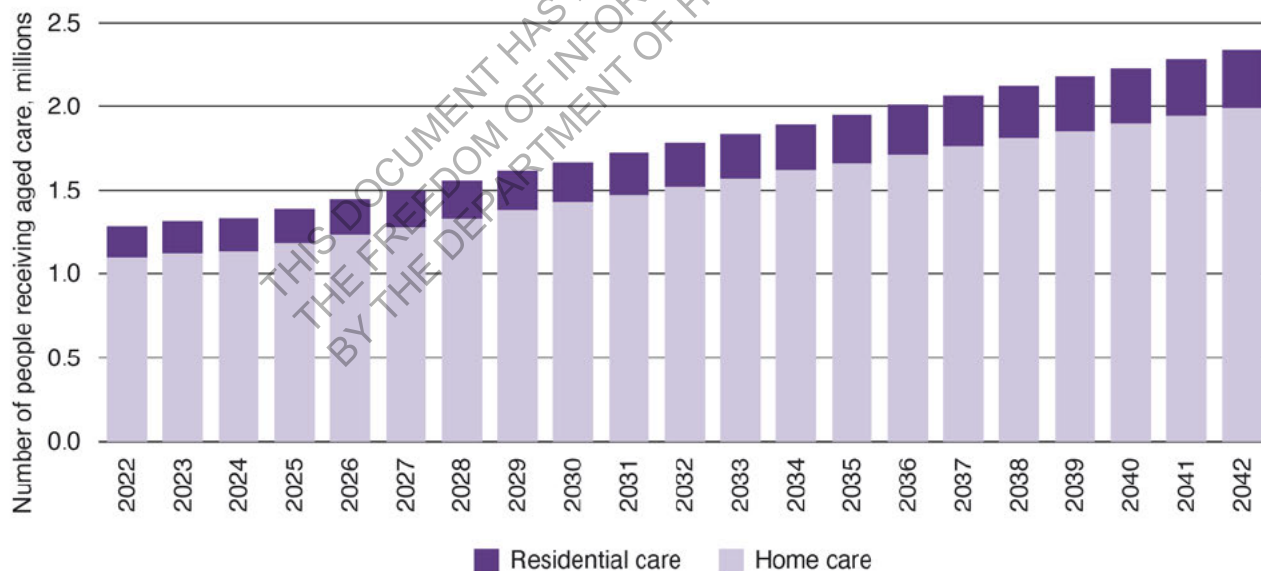
Over the last 20 years there has been a significant shift in preferences from older people for home care over residential care (Chart 2). This trend is expected to continue and accelerate as the availability of home care improves.

Chart 2: Use of home care compared with residential care, people aged 70+, 2000 to 2022²⁹



However, the pace at which the population over the age of 70 is projected to increase means there will be growth in the number of people accessing both types of care over the next 30 years (Chart 3).

Chart 3: Projected use of aged care by care type, 2022 to 2042³⁰



²⁹ Department of Health and Aged Care data, 2023.

³⁰ Department of Health and Aged Care, *Financial Report on the Australian Aged Care Sector 2021–22*, pp 110–111.

Cost of aged care

Total government spending on aged care in 2021–22 was \$24.8 billion. Over 90% of funding goes to the 3 main programs: residential care (\$14.6 billion), the Home Care Packages Program (\$4.4 billion) and the Commonwealth Home Support Programme (\$2.9 billion).

By 2032, projected total government expenditure is expected to more than double with \$15.5 billion for the Support at Home Program and \$41.2 billion for residential care.

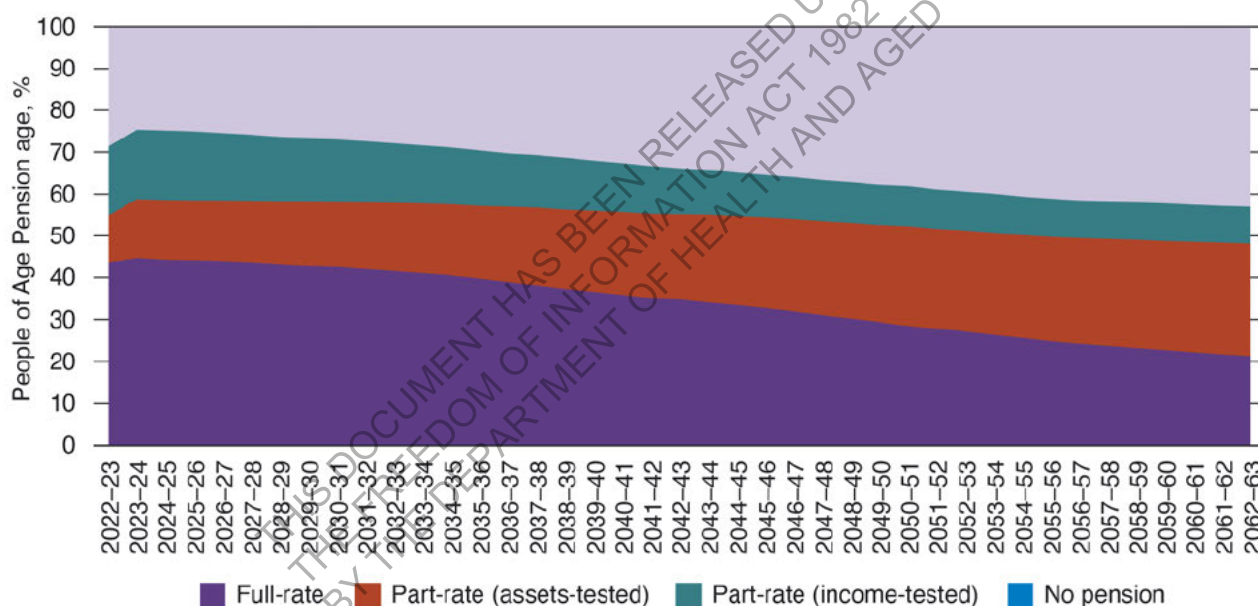
In 2022–23, expenditure on aged care is around \$1,000 per person per annum, and is projected to grow (in real terms) to around \$3,500 in 40 years.³¹

Pension recipients

Chart 4 shows that over the next 40 years there will be a significant decline in the proportion of people over 65 receiving the full-rate Age Pension, with an increase in part-pensioners and self-funded retirees.

However, a significant proportion of older people will continue to receive some pension³² at retirement, or enter retirement self-funded but become eligible for the Age Pension in their later years.

Chart 4: Persons of Age Pension age or over, by pension category, 2022–23 to 2062–63³³



³¹ Australian Government, *Intergenerational Report 2023: Australia's future to 2063*, 2023, p 223.

³² This may include Age Pension, Service Pension, Carer Payment and Disability Support Pension.

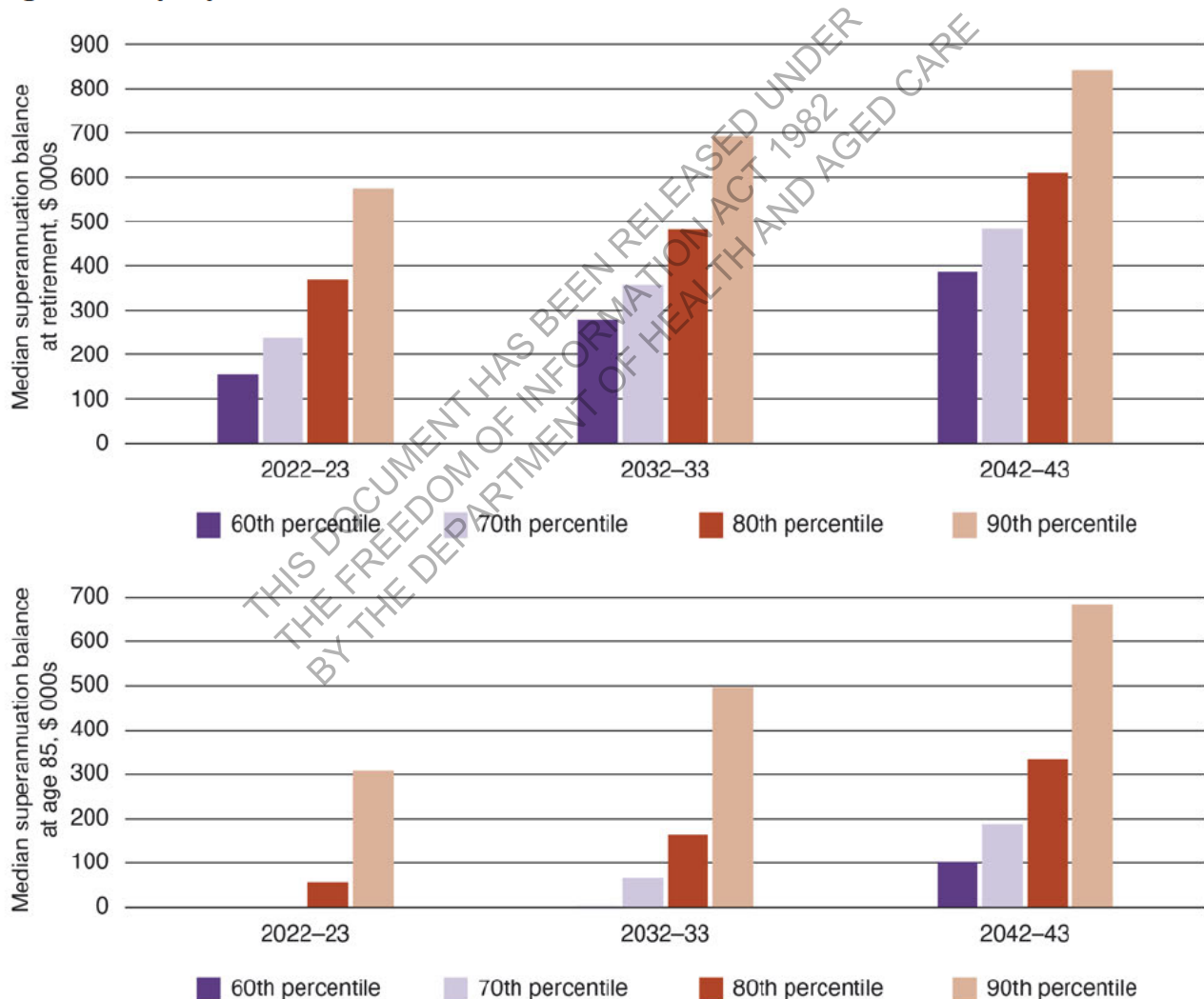
³³ Australian Government, *Intergenerational Report 2023: Australia's future to 2063*, 2023, Chart 7.20.

Superannuation

Australia's compulsory superannuation system was introduced for all employees in 1992 with a superannuation guarantee rate set at 3% of earnings, progressively increasing to 9% in 2002. Further legislated increases will see the rate reach 12% in 2025. Those retiring in 2032 will have had mandatory superannuation savings for 40 years and the effect of the increasing rate will continue to drive greater balances at retirement.

The growth in superannuation balances will increase the capacity to meet expenses later in life. Over the next 20 years, superannuation balances at retirement and age 85 will grow considerably (Chart 5). Balances for people aged 85 are projected to be significant for high wealth people. However, projected median balances at age 85 are sensitive to how retirees draw down their superannuation as income, and a significant proportion of older people in this age group will still have low or no remaining superannuation assets.

Chart 5: Superannuation balances at retirement are projected to increase significantly over the next 20 years³⁴ and superannuation balances at age 85 are projected to be significant for high wealth people³⁵



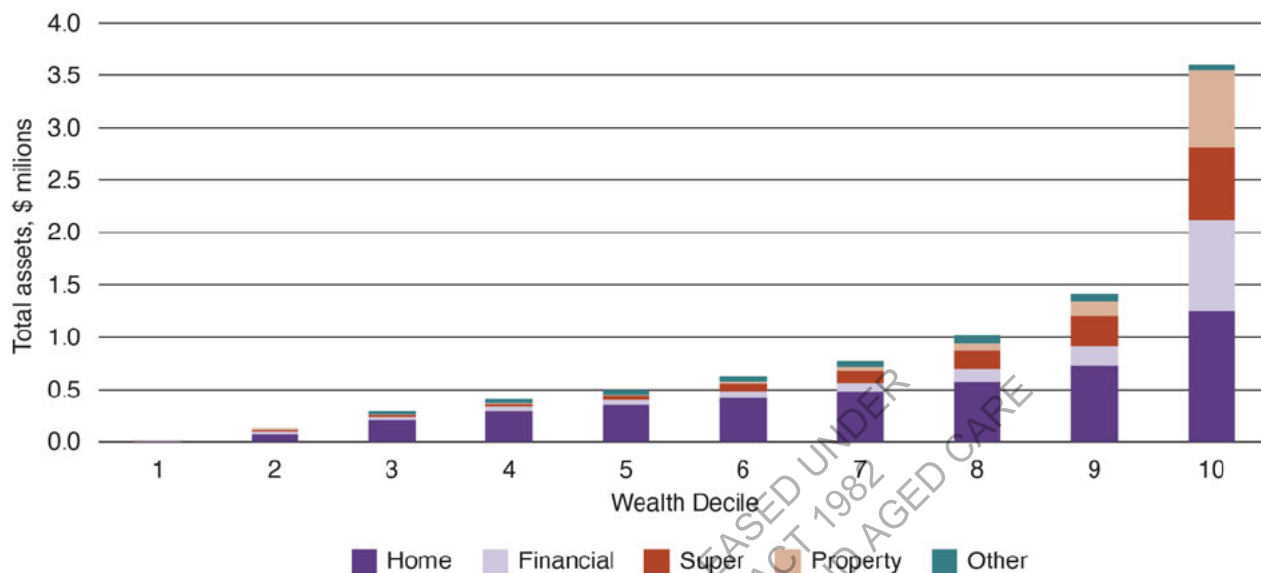
³⁴ Treasury projections using the Model of Australian Retirement Incomes and Assets.

³⁵ Treasury projections using the Model of Australian Retirement Incomes and Assets.

Increasing housing wealth

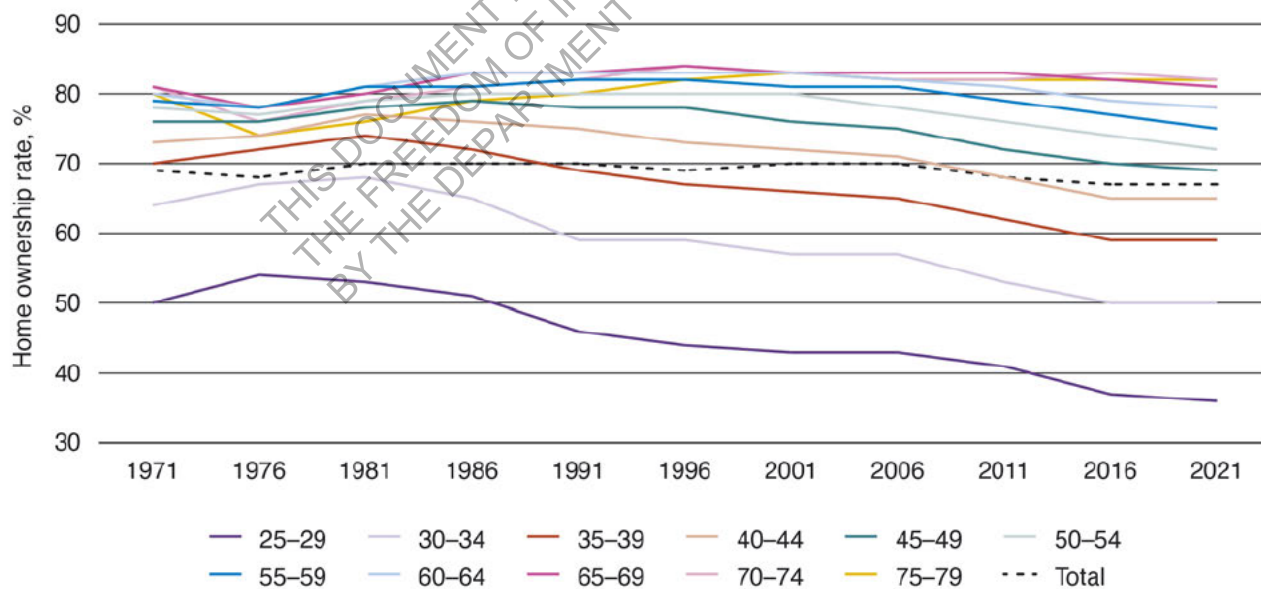
For most people aged 65 and over, the family home is their largest asset (Chart 6). Excluding the family home, the median retiree household in 2017–18 had around \$165,000 in net wealth. However, assets are unequally distributed and wealthier households have a much larger share of their wealth outside the home.³⁶

Chart 6: The family home is the largest asset for people aged 65+³⁷



Home ownership rates among those aged 65 years and over remain high compared with younger generations (Chart 7).

Chart 7: Home ownership rates, 1971 to 2021, by 5-year age cohorts³⁸



³⁶ The Treasury, *Retirement Income Review*, 2020, p 83.

³⁷ The Treasury, *Retirement Income Review*, 2020 Chart 1B–6.

³⁸ Australian Institute of Health and Welfare analysis of customized Australian Bureau of Statistics Census data, 2022.

Appendix D: Aged care funding principles

Principle 1: The aged care system should support older people to live at home for as long as they wish and can do so safely.

- Older peoples' choice to age in place should be appropriately supported, including improving access to and support for the care and services they are assessed as needing to age at home.
-

Principle 2: Aged care funding should be equitable, easy to understand and sustainable.

- Every older person should be able to receive quality care that meets their needs, irrespective of their financial means, background or geographic circumstances.
 - Aged care fees and funding arrangements should be clear and easy to navigate for older people and their support network and providers.
 - Overall funding arrangements must be sustainable to meet future demand.
-

Principle 3: Government is and will continue to be the major funder of aged care. Government funding should be focused on care costs as well as delivering services in thin markets. Personal co-contributions should be focused on accommodation and everyday living costs with a sufficient safety net.

- Government should be the primary funder of care costs in aged care recognising it is a core role of government to ensure people can access services according to their assessed need.
 - To meet the growing demand for care there is a need for personal co-contributions from those with the financial means to make them.
 - Participant co-contributions should recognise people are generally responsible for services, like accommodation and everyday living costs such as laundry and house cleaning, throughout their lives, with safety nets for those who need assistance.
-

Principle 4: The residential sector should have access to sufficient capital to develop and upgrade accommodation, including in rural and remote areas and First Nations communities.

- Attracting capital is important to ensure older people have access to high quality residential accommodation. Without sufficient capital investment, the aged care sector will not be able to meet future residential care needs.
 - In thin markets, such as rural and remote communities and services for First Nations Australians, the challenge of attracting capital is significant and the role of government may differ geographically. Consideration should also be given to thin markets in metropolitan regions and the distinct challenges they present.
-

Principle 5: Aged care funding should be sufficient to deliver person-centred, quality care by a skilled workforce.

- Funding arrangements need to enable delivery of quality and appropriate care based on an individual's needs. This includes delivering culturally appropriate care.
 - Australia's aged care system relies on a skilled and capable workforce. To facilitate this, it is important that providers are positioned to attract and retain workers to deliver high quality, person-centred care.
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Principle 6: Aged care funding should support innovation to improve aged care services and their relationship with the health and hospital systems.

- Providers should have sufficient funding to invest in and drive innovative practices and funding should be flexible enough that providers can charge appropriately and have incentives to provide innovative care.
 - Aged care depends on smooth interactions with health, hospital and other community services. Improving the system's interface supports innovation across sectors and increased continuity of care for older people and their families.
-

Principle 7: There should be transparency and accountability for how aged care funding is received and spent while minimising regulatory burden.

- Transparency and accountability in aged care should ensure older people and their families understand how providers receive and spend funding, and the outcomes delivered with that funding.
 - Increased transparency supports the choices of older people by empowering current and prospective aged care participants to make more informed financial and care decisions.
 - Regulation has an important role in protecting older people receiving care, but it is important to ensure regulation is not creating excessive burden with limited benefits.
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Appendix E: Current aged care participant contributions

Aged care comprises several programs that provide a spectrum of care to older people, ranging from those who require low level supports in the home to the highest level of support and accommodation in residential care. Aged care is available to all older people regardless of their means.

How much an older person contributes depends on which program they are in, their financial position and the provider they choose.

Home care programs

There are currently 2 home care programs:

- **Commonwealth Home Support Programme** – this helps older people access entry-level support services to live independently and safely at home. An aged care assessment determines eligibility, including specific services.
- **Home Care Packages Program** – this is a higher level of care that helps older people with complex care needs to live independently and safely in their own homes. Access to this program is determined by an independent assessment by an Aged Care Assessment Team (ACAT). There are 4 levels of Home Care Packages allocated based on assessed care need – from level 1 for basic care needs to level 4 for high care needs. A consumer-directed care approach makes sure the support suits a person's needs and goals.

Home care providers have other obligations towards their participants, including security of their tenure and ensuring care continuity.

Participants may pay the following:

Commonwealth Home Support Programme

- **Co-contributions** – These are set by each provider and all providers are required to have a client contribution policy in place. This policy ensures that people who can afford to contribute to the cost of their care do so. It also protects those who are most vulnerable. Providers have discretion as to if, and how much, they charge a participant in line with the Commonwealth Home Support Programme Client Contribution Framework. Participants are not means tested but pension status can be considered by providers.

Home Care Packages Program

- **Basic Daily Fee** – Everyone receiving a Home Care Package can be asked to pay this depending on their package level. Not all providers charge Basic Daily Fee as this is non-mandatory. Fees are added to the government subsidy to increase the funds available to care recipients in their Home Care Package budget.
- **Income tested care fee** – An additional amount some participants pay based on their income assessment, which reduces the subsidy government pays. The income assessment includes income, pension and other government payments and deemed income. Daily and lifetime contribution caps apply to the income tested care fee. Only 12% of care recipients incur an income tested care fee.
- **Additional fees** – Any other amounts agreed between a provider and participant to pay for additional care and services otherwise not covered by the Home Care Packages Program budget. Fees are added to the government subsidy to increase the funds available to care recipients in their Home Care Packages Program budget.

Residential care

A resident's care needs are assessed by an independent assessor, and the provider is funded to deliver these services. Minimum care minute requirements apply to ensure assessed services are delivered. Participants contribute to the cost of their assessed care needs based on their needs (see 'means tested care fees' below).

Residential providers have other obligations towards their participants, including security of their tenure and ensuring care continuity.

Older people in residential aged care may pay the following:

- **Basic Daily Fee** – An amount that all residents pay for everyday living services (such as meals, laundry and heating). The Basic Daily Fee is capped at 85% of the single rate of the basic age pension for all participants.
- **Accommodation costs** – This is a means tested payment where supported residents contribute up to the amount of the Accommodation Supplement according to their means and non-supported residents pay a price agreed with the provider. The government pays an Accommodation Supplement for fully supported residents and pays part of the Accommodation Supplement for partially supported residents (accommodation costs paid by partially supported residents reduce the government supplement paid). Non-supported residents pay for their accommodation costs via a fully refundable lump sum RAD or rental style DAP calculated from the lump sum price, or a combination of these 2 payments.
- **Means tested care fee** – This is a means tested fee, which reduces the amount of government subsidy paid to a provider for the cost of an individual's care. Annual and lifetime caps apply.
- **Additional service fees** – Residents can enter into an agreement to pay for services that go beyond the minimum care and service requirements. The scope of these is set and agreed between the resident and provider.

In combination, this means:

- 100% of residents pay the Basic Daily Fee, with 19% paying no other fees
- 81% of residents make some contribution towards their accommodation, with 21% making a partial contribution and 60% paying the full cost
- half of the 60% of residents who pay the full cost also contribute to their care costs.

Appendix F:

Glossary of terms

Term	Definition
Accommodation Supplement	The Accommodation Supplement is payable on behalf of residents receiving permanent residential aged care who do not have the capacity to contribute to all or part of the cost of their accommodation.
Aged Care Assessment Team (ACAT)	ACATs carry out comprehensive assessments. ACATs are teams of medical, nursing and allied health professionals. Comprehensive assessments are for people with more complex needs.
Aged Care Quality and Safety Commission (ACQSC)	The ACQSC is an Australian Government statutory authority within the Health and Aged Care portfolio. It is the national regulator of aged care services and the primary point of contact for older Australians and providers in relation to quality and safety.
Australian National Aged Care Classification (AN-ACC)	The government provides subsidies to approved residential aged care providers through the AN-ACC funding model. The AN-ACC model began in October 2022.
Basic Daily Fee (BDF)	Home Care Packages Program: A daily fee anyone can be asked to pay toward their care. This fee is set by the government at a percentage of the single basic Age Pension and it varies depending on the participant's package level. Residential aged care: A daily fee payable by all residents as a contribution towards their daily living costs in residential care. The Basic Daily Fee is set at 85% of the single basic Age Pension.
Commonwealth Home Support Programme	This program provides entry-level support services designed to help frail older people stay in their homes. It was introduced on 1 July 2015, consolidating 4 former programs: Commonwealth Home and Community Care (HACC); the National Respite for Carers Program (NRCP); Day Therapy Centres (DTC); and Assistance with Care and Housing for the Aged (ACHA).
Commonwealth Seniors Health Card	A concession card providing cheaper health care and some other discounts for people who have reached Age Pension age and meet certain criteria.

Term	Definition
Culturally and Linguistically Diverse Person	Older persons who have particular cultural or linguistic affiliations due to their: <ul style="list-style-type: none"> • place of birth or ethnic origin • main language other than English spoken at home or • proficiency in spoken English.
Daily Accommodation Payment (DAP)	An amount paid by a non-supported resident towards their accommodation costs in a residential aged care facility calculated daily and paid periodically.
Department of Health and Aged Care	The Australian Government department that administers the <i>Aged Care Act 1997</i> and regulates the aged care industry on behalf of the government.
Grandparenting arrangements	Grandparenting is a provision where an old rule continues to apply to some existing situations while a new rule will apply to all future cases. Participant co-contribution arrangements are often grandparented in aged care, particularly residential aged care, recognising that people made decisions on entry based on rules that were previously in place.
Gross Domestic Product (GDP)	GDP is the market value of all officially recognised final goods and services produced within a country in a year, or over a given period of time.
Home Care Packages Program	The Home Care Packages Program supports older people with complex ageing related care needs to live independently in their own homes.
Hotelling supplement	A supplement paid to residential care providers on behalf of all residents as a contribution towards their daily living costs. The supplement is paid by government.
Income tested care fee	A daily fee payable by home care participants based on an assessment of their income.
Independent Health and Aged Care Pricing Authority (IHACPA)	The IHACPA is an independent government agency that assists the government to fund hospital and aged care services more efficiently by providing evidence-based pricing determinations and pricing advice. In the aged care context, IHACPA provides residential aged care and respite care pricing and costing advice, RAD approvals and extra service fee approvals.
Low means participant	This refers to recipients of home or residential care who, because of their means, are in receipt of a full or part Age Pension.

Term	Definition
Maximum accommodation price	Maximum accommodation prices are set by residential care providers for a room (or bed in a shared room) and published on My Aged Care. These are maximum prices (providers and residents may agree to lower amounts), that apply to residents who are not eligible for government support for their accommodation costs.
Maximum Permissible Interest Rate (MPIR)	The MPIR is a government-set interest rate used to calculate a daily accommodation payment based on an agreed room price. It is used to determine equivalence between a daily payment and a refundable lump sum deposit, giving residents a choice in how to pay.
Means tested care fee	A daily contribution towards the cost of residential care made by residents based on an assessment of their combined income and assets.
Modified Monash Model	A classification system used to determine whether a location is metropolitan, rural, remote or very remote. The model uses a scale from Modified Monash (MM) category 1 (major city) to MM 7 (very remote). MM categories are used to target additional assistance in certain aged care and health programs.
My Aged Care	The main online entry point to the aged care system in Australia. My Aged Care aims to make it easier for older people, their families, and carers to access information on ageing and aged care, have their needs assessed and be supported to find and access services.
Non-supported residents	Non-supported residents are those who have been assessed (based on a means test) as able to pay the full cost of their accommodation and contribute toward their care costs. Non-supported residents pay a Basic Daily Fee, accommodation payment and means tested care fee (they may still receive some assistance with care costs).
Partially supported residents	Partially supported residents are those who have been assessed (based on a means test) as eligible for full government assistance with their care costs, but are able to make a part contribution to their accommodation costs. Partially supported residents pay a Basic Daily Fee and accommodation contribution.
Refundable Accommodation Deposit (RAD)	An amount paid as a lump sum by a non-supported resident for their accommodation costs in a residential aged care facility.
Regional	Geographic region outside of a major city and classified by the Australian Bureau of Statistics as inner regional, outer regional, remote and very remote.

Term	Definition
Residential aged care	A program that provides a range of care options and accommodation for older people who choose not to continue living in their own homes.
Support at Home Program	A new home care program that replaces the current Home Care Packages Program and the Short-term Restorative Care Programme from 1 July 2025, and the Commonwealth Home Support Programme no earlier than 1 July 2027.
Supported residents	Supported residents are those who have been assessed (based on a means test) as eligible for full government assistance with their care and accommodation costs. Supported residents only pay a Basic Daily Fee.

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National Aged Care Advisory Council

25 March 2024

Agenda Item No: 5

Aged Care Quality and Safety Advisory Council Update

This will be a verbal update.

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National Aged Care Advisory Council

25 March 2024

Agenda Item No: 6

Council Preparation

Purpose of the agenda item

Members will discuss engagement with The Hon Anika Wells MP.

Attachments

Nil

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National Aged Care Advisory Council

25 March 2024

Agenda Item No: 7

Aged Care Priorities 2024

Purpose of the agenda item

Discussion on Aged Care Priorities for 2024 with The Hon Anika Wells MP.

Attachments

Nil

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National Aged Care Advisory Council

25 March 2024

Agenda Item No: 8

Council Reflection

Purpose of the agenda item

Members will reflect on the discussion with The Hon Anika Wells MP and discuss next steps.

Attachments

Nil

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National Aged Care Advisory Council

25 March 2024

Agenda Item No: 9

Aged Care Market and Workforce

Questions for Council Consideration

1. What outcomes from the *Aged Care Workforce Committee's* workplan are NACAC members interested in being notified about?

Purpose of the paper

Provide information to NACAC members on the *Aged Care Workforce Committee* and proposed approach for how committees will work together.

Recommendations

That the Advisory Council:

1. Provide advice on the relationship between NACAC and the *Aged Care Workforce Committee*, including responsibilities and functions.

Summary of issues for discussion

- In mid-2023, the Department of Health and Aged Care (department) established the *Aged Care Workforce Committee* (Committee) as a key source of industry expertise, at the national level, on aged care workforce issues.
- The Committee is providing advice to the department on short, medium, and long-term actions to build, train and support the aged care workforce. The Committee also provides advice on existing aged care workforce policies and programs.
- Membership includes senior executives and experts on aged care workforce drawn from aged care providers, unions, older person peaks, First Nations aged care bodies, culturally and linguistically diverse bodies, consumer representatives and academics. The Committee's Membership list is at [Attachment A](#).
- The Committee is chaired by Michael Lye and meets on a quarterly basis. The Terms of Reference are at [Attachment B](#).
- NACAC and the *Aged Care Workforce Committee* have a shared focus on the issue of growth, retention, and skilling of the aged care workforce.
- There is a cross over in membership with NACAC, which will support the opportunity for strategic engagement between the two committees. Each committee has a shared role in keeping each other informed of progress and priorities.
- The *Aged Care Workforce Committee* has met five times to date. Key items that have been discussed include:
 - The National Worker Registration Scheme for personal care workers in the aged care sector.
 - Preferencing Direct Employment in the Aged Care Sector.
 - Building the home care workforce, including the Home Care Workforce Support Program Evaluation.
 - Design of the 2024 Aged Care Worker Survey.
 - the National Strategy for the Care and Support Economy.
 - The Aged Care Indigenous Employment Initiative
 - Virtual Nursing in Aged Care Framework.
- The *Aged Care Workforce Committee* has developed a workforce narrative that details the desired future state of the aged care workforce and the existing levers available to achieve this. The narrative is at [Attachment C](#).

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- A workplan to support the work of the Committee has been developed and is reviewed regularly to account for evolving issues (Attachment D). Currently the following topics are on the workplan for 2024:
 - Worker registration: worker screening, training, and support
 - Insecure work and direct employment
 - Building the home care workforce to enable older people to stay home for longer
 - Use of technology in aged care to support the workforce
 - Building the nursing workforce and supporting career pathways in aged care
 - Collaboration with the new Jobs and Skills Council, HumanAbility
 - Growing and supporting the First Nations Aged Care Workforce
 - Recruitment and support of workers from overseas
 - Strengthening the evidence base for the development and support of the aged care workforce
 - Growing the allied health workforce in aged care
 - Workforce in thin markets
- The Committee will engage with NACAC on a strategic basis in areas of common interest on aged care workforce through members who have membership on both committees.

Consultations

- N/A

Attachments

Attachment A: Aged Care Workforce Committee Membership list

Attachment B: Aged Care Workforce Committee Terms of Reference

Attachment C: Aged Care Workforce Committee Narrative

Attachment D: Aged Care Workforce Committee Workplan

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Attachment A**Aged Care Workforce Committee Members**

Committee Members	Position / Organisation
Chair - Michael Lye	Deputy Secretary, Ageing and Aged Care Group, Department of Health and Aged Care
Eliza Strapp	First Assistant Secretary, Market and Workforce Division Department of Health and Aged Care
Lloyd Williams	National Secretary, Health Services Union
Annie Butler	Federal Secretary, Australian Nursing and Midwifery Federation
Carolyn Smith	Executive Director Aged Care, United Workers Union
Joanne McEvoy	Aged Care Organiser, Australian Services Union
Samantha Edmonds	Director, Policy and Systemic Advocacy, Older Persons Advocacy Network
Patricia Sparrow	Chief Executive Officer, Council on the Ageing Australia
Mary Ann Geronimo	Chief Executive Officer, Federation of Ethnic Communities' Councils of Australia
Lisa Orcher	Chief Executive Officer, National Aboriginal and Torres Strait Islander Ageing and Aged Care Council
Susan McGrath	Senior Policy Advisor, National Seniors Australia
Belinda Allen	General Manager Services and Sector Capacity, Aged & Community Care Providers Association
Laura Haylen	Director Aged Care Policy, Catholic Health Australia
Prue Bowden	Group Executive & CEO, Home Health, Australian Unity
Geraldine Lannon	Chief Executive Officer, Baptcare
Peter Antal	Regional Manager of People and Culture, Australian Regional & Remote Community Services
Professor Sue Gordon	Research Director, Aged Care Research & Industry Innovation Australia
Emma King	Chief Executive Officer, HumanAbility
Tim Johnson	A/g Head of Taskforce, Care and Support Economy Taskforce, Department of Prime Minister and Cabinet
Karin Maier	Assistant Secretary, Skilled Visas Branch, Immigration Programs Division, Department of Home Affairs
Natasha Platts	A/g Assistant Secretary, Industry Skills Education and Engagement Branch, Industry Engagement and Quality Division, Department of Employment & Workplace Relations
s22	Director, Commonwealth Grant Scheme Policy Team, Department of Education

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Attachment B

**Aged Care Workforce Committee
Terms of Reference**

Purpose

The *Aged Care Workforce Committee* will be responsible for providing advice to the Department on actions that can be undertaken by Government and stakeholders to build, train and support the aged care workforce and to achieve the desired future state of the aged care workforce. The work of the Committee will build on the solutions and actions identified at the 17 August and 5-6 December 2022 Aged Care Workforce Roundtables.

Role

Scope The *Aged Care Workforce Committee* will be responsible for providing advice to the Department on:

- existing aged care workforce policies and programs;
- short, medium and long-term actions that could be undertaken by Government and other stakeholders (e.g. aged care providers) to build, train and support the aged care workforce; actions that can be undertaken to create secure and rewarding jobs in aged care, including consideration of regulatory mechanisms needed to improve the wages and conditions of the aged care workforce;
- ways to strengthen the evidence base through data collection and analysis to inform advice to government on the development of the aged care workforce; and
- effective approaches to communicating to stakeholders on:
 - aged care reforms and changes to wages and conditions; and
 - workforce supports available to improve access and uptake.

The Committee may also provide advice on aged care workforce issues:

- in development of broader Government policies and strategies impacting the aged care workforce;
- in development and implementation of broader aged care reforms; and
- to the National Aged Care Advisory Council and the Council of Elders.

Secretariat The *Aged Care Workforce Committee* will be supported by a Secretariat in the Commonwealth Department of Health and Aged Care.

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Membership	
Chair	Michael Lye, Deputy Secretary, Aged Care Group, Department of Health and Aged Care
Members	<p>Representatives from the following organisations have been appointed by the Department of Health and Aged Care:</p> <ul style="list-style-type: none"> • Health Services Union • Australian Nursing and Midwifery Federation • United Workers Union • Australian Services Union • Older Persons Advocacy Network • Council on the Ageing Australia • Federation of Ethnic Communities' Councils of Australia • National Aboriginal and Torres Strait Islander Ageing and Aged Care Council • National Seniors Australia • Aged and Community Care Providers Association • Catholic Health Australia • Australian Unity • Bapcare • Australian Regional & Remote Community Services • Aged Care Research & Industry Innovation Australia • Care and Support Economy Taskforce, Department of Prime Minister and Cabinet • Department of Home Affairs • Department of Employment and Workplace Relations • Department of Education • Department of Health and Aged Care
Subject matter experts	The Chair may invite representatives or subject matter experts to participate in specific meetings or discussions, as appropriate.
Operation	
Agenda	The Committee Chair in consultation with members sets the agenda for meetings. The Chair will not deny reasonable requests for items to be included on the agenda.
Meeting frequency	The Committee will meet on a quarterly basis.
Quorum	At least half the number of members, or their delegates, plus one is the minimum number of members of a meeting who must be in attendance for the meeting to begin and for any decisions to be made.
Proxies	If unable to attend a meeting members can nominate a delegate to represent them on the Committee on a case-by-case basis. Members must advise the secretariat prior to the meeting if a delegate will attend on their behalf.

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Communications Draft minutes and actions arising will be circulated within ten business days following a meeting.

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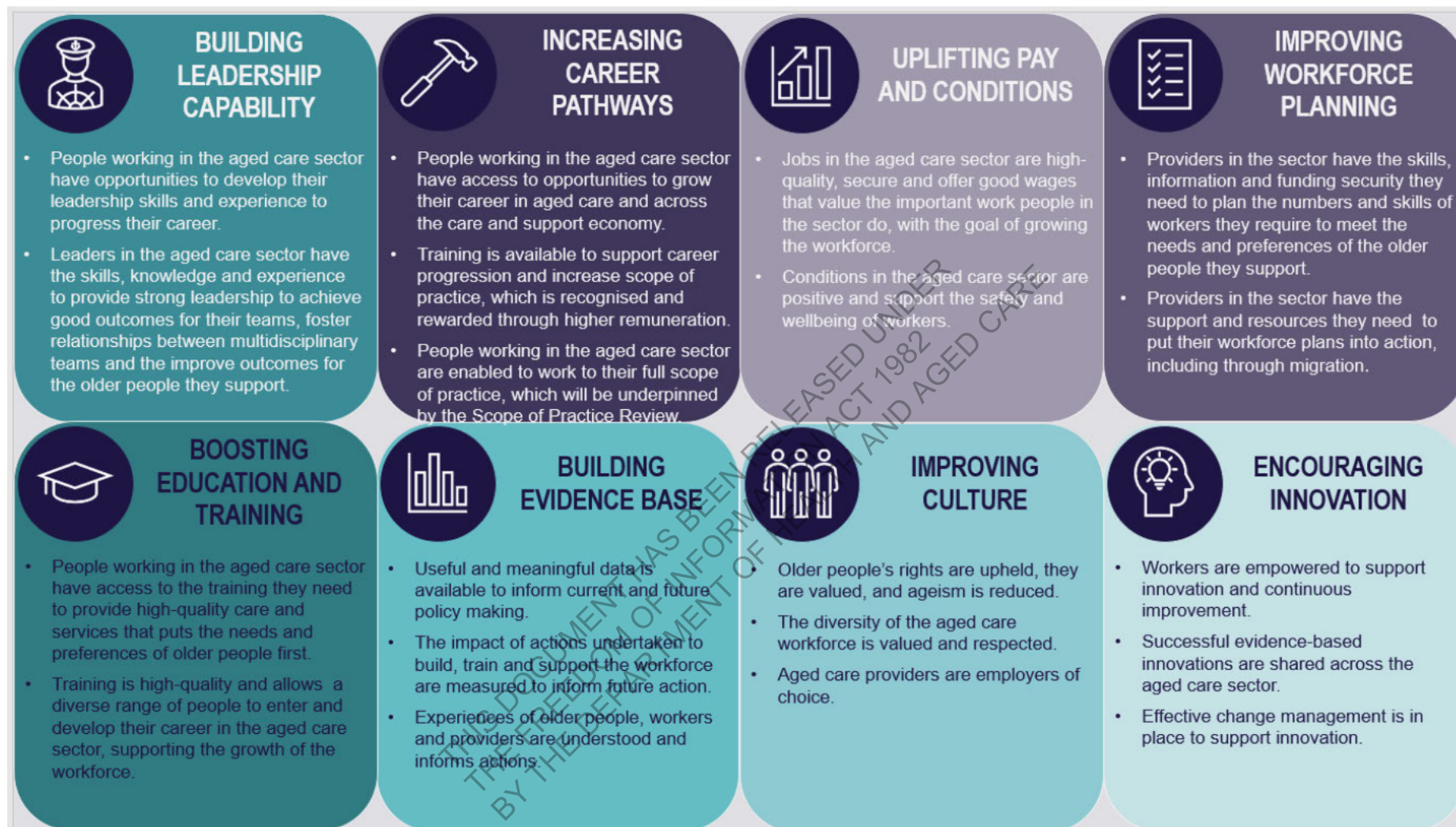
Attachment C

Aged Care Workforce Committee Narrative



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Attachment D**FOR COMMENT - Aged Care Workforce Committee Workplan 2023-24**Overview

The workplan outlines Committee activities that will contribute to the growth, retention and support of a culturally diverse aged care workforce for the provision of high-quality aged care to older people. The workplan will support the Committee to consider / respond to issues that will help to achieve the future desired state of the aged care workforce. The Secretariat will review the document on a regular basis to ensure its continued relevance. Members will have the opportunity to nominate items for inclusion in the workplan and it will be discussed as a standing item at Committee meetings.

The Chair noted that the Department would review and update the workplan taking into account members' feedback. It was proposed that the workplan would remain a "living document" which can be reviewed and updated regularly to address priorities.

Work topics	Committee Activities	Timeframe
Worker registration: Worker screening, training and support	<ul style="list-style-type: none"> Recommendation 77 of the Royal Commission into Aged Care Quality and Safety recommended a national registration scheme for the personal care workforce be established with the following key features: <ul style="list-style-type: none"> minimum qualifications continuous professional development English language requirements Committee perspectives will be sought on how best this recommendation could be implemented, having regard to other aged care reforms and priorities in the broader Care and Support Economy. 	<p>First meeting – September 2023.</p> <p>Reviewed at Meeting of November 2023</p> <p>Out of session discussions December 2023</p> <p>2024 – ongoing discussions as required</p>

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Aged Care Worker Survey (ACWS)	<ul style="list-style-type: none"> Recommendation 75 (a) of the Royal Commission into Aged Care Quality and Safety recommended obtaining up to date data about the aged care workforce with a census that takes place every 2 years. The Department undertook an Aged Care Workforce Provider survey in mid-2023. Enumeration has been completed and the AIHW is currently weighting the data in preparation for reporting. The Department is now planning a worker survey for early 2024. The ACWC's advice on recruiting survey participants, as well as providing feedback on survey questions will be requested. 	<p>Reviewed at meeting of November 2023</p> <p>Out of session advice sought on recruitment of survey testing candidates.</p> <p>2024 – ongoing discussions as required</p>
Insecure work and direct employment	<ul style="list-style-type: none"> Committee discussion on ways to encourage greater job security for aged care workers across the sector with consideration of attraction and retention measures. Consideration of opportunities for workers to access a greater number of hours of employment with one employer if they desire. 	<p>Reviewed at Meeting of November 2023</p> <p>Out of session discussions December 2023</p> <p>2024 – ongoing discussions as required</p>
Building the home care workforce to enable older Australians to stay home for longer	<ul style="list-style-type: none"> As more older Australians plan to stay at home for longer it is important to find effective strategies to grow the home care workforce. Committee advice is sought on any barriers and enablers to growing the home care workforce and further actions that are required, discussion of learnings from the Home Care Workforce Support Program will be included. Particular consideration will be given to the workforce needs in thin markets. 	<p>Discussed at meeting - February 2024</p> <p>Follow-up discussion second half of 2024</p>

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Use of technology in aged care to support the workforce and how we can support adoption	<ul style="list-style-type: none"> Committee advice on how best to encourage the uptake of technology and innovation to support workforce needs and to foster high-quality outcomes for older people, for example streamlining the delivery of tasks such as compliance, staff rostering and human resources services. This will include consideration of how technology can assist in the implementation of the 24/7 RN requirements and how technology can help workers managing challenges associated with service delivery in thin markets. 	<p>Virtual Nursing discussed at meeting - February 2024</p> <p>2024 – ongoing discussions as required</p>
First Nations Aged Care Workforce	<ul style="list-style-type: none"> Discussion of the independent evaluation of the Indigenous Employment Initiative Program. The Department is also developing a National Aged Care Aboriginal and Torres Strait Islander Workforce Plan (Workforce Plan) in direct response to Recommendation 51 of the Royal Commission into Aged Care Quality and Safety. 	<p>Evaluation of Indigenous Employment Initiative, February 2024</p> <p>Discussion of Workforce Plan, late 2024</p>
Building the nursing workforce and supporting career pathways in aged care	<ul style="list-style-type: none"> Committee perspectives will be sought on how to build the nursing workforce and support career pathways in aged care, particularly in thin markets. This will include consideration of the role of Government support and implementation of departmental programs and strategies, including achievements, challenges – and opportunities for the future. Programs include the Aged Care Transition to practice program, the Aged Care Clinical Placements Program, the Aged Care Nursing Scholarships. Strategies include the National Nursing Workforce Strategy (under development) and the Nurse Practitioner Workforce Plan. 	<p>May 2024</p>
Collaborate with HumanAbility	<ul style="list-style-type: none"> The Committee and HumanAbility to explore areas of work whereby joint cooperation will benefit the development of a skilled and adaptable aged care workforce. Discussion on HumanAbility's projects, including development of Certificate III and IV training. 	<p>May 2024</p>
Workforce in thin markets	<ul style="list-style-type: none"> Workforce challenges in regional, rural and remote areas are not isolated to aged care, often reflected in other health and care sectors. 	<p>Mid 2024</p>

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	<ul style="list-style-type: none"> Difficulties in attracting and retaining suitably qualified staff to the aged care sector; <ul style="list-style-type: none"> ageing populations in many regional, rural and remote areas often competing with Hospitals and other services, e.g., RNs which may be better paid and supported in the hospital system, Limited professional support, training, career pathways and networking opportunities Lack of available social infrastructure such as housing and schools Are present programs and initiatives (e.g., Rural Locum Assistance Program) working? How can we consider a more integrated approach to addressing workforce shortages through strategies and programs which support a more flexible workforce at a local level that can work across health, aged care, disability and veterans. This would involve regulatory harmonisation and more joined up workforce initiatives at the local level. 	
Strengthening the evidence base for the development and support of the aged care workforce	<ul style="list-style-type: none"> Committee engagement on opportunities to strengthen the evidence base used to inform aged care workforce policies and programs through advice on existing data collection activities. Consideration of work such as the Aged Care Provider Workforce Survey which is a national survey that collects information about the size and composition of the aged care sector workforce in residential aged care and in-home care settings. 	Mid 2024
Recruitment and support of workers from overseas	<ul style="list-style-type: none"> The Government has implemented strategies to support workers from overseas in joining the aged care workforce, where local workers are not available. Committee views are sought on the success of these strategies and whether further action is required, particularly in thin markets. Strategies include: <ul style="list-style-type: none"> Concessions for work restrictions for student visa holders in aged care PALM Scheme in Aged Care Aged Care Industry Labour Agreement Inclusion of the Registered Nurse (Aged Care) profession in the Medium and Long-term Strategic Skills List. 	Second half of 2024

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Growing the allied health workforce in aged care	<ul style="list-style-type: none"> Advice from the Committee and relevant experts on ways to grow the allied health workforce, for example increasing opportunities for allied health professionals to do clinical placements and to undertake student supervision in aged care; and to make recruitment of allied health professionals into aged care easier. 	Second half of 2024
Building knowledge / skills of staff in operations consistent with small-home models of care	<ul style="list-style-type: none"> The Department is developing the <i>National Aged Care Design Principles and Guidelines</i>. Advice likely to be sought on resources and training required to support adoption of the new guidelines and principles. 	Second half of 2024

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National Aged Care Advisory Council

25 March 2024

Agenda Item No: 10

Support at Home – Restorative Care Pathway

Questions for Council Consideration

1. What would make someone a good candidate for short-term restorative services?
2. How do we ensure that funding is only spent on necessary services within the restorative care episode?

Purpose of the paper

The department is working towards finalising a restorative care pathway under the new Support at Home (SaH) program. This paper outlines key elements of the design, including draft principles, for feedback from members.

Recommendations

That the Advisory Council:

1. **Discuss** characteristics that would make an older person a good candidate for short-term restorative services under the SaH program (e.g. recovering from an injury, has not received aged care services before, is motivated to remain at home)?
2. **Provide advice on** approaches to ensure service providers are not incentivised to spend the entire restorative care budget if the individual does not require it.

Summary of issues for discussion

- Development of the new SaH program provides an opportunity to strengthen restorative care, empowering older people to educate themselves and remain stronger and independent for as long as possible.
- It is proposed that the new restorative care pathway be guided by the following principles, developed through feedback from Short-Term Restorative Care (STRC) providers, health professionals and consumers:
 - early intervention to increase independence and autonomy
 - holistic, person-centred, strength-based approach
 - goal oriented, time limited to achieve outcomes
 - grounded in best practice, collaborative care and clinical governance
 - meets needs whilst being financially sustainable
 - reduce reliance on long-term aged care services.
- It is expected that the restorative care pathway under SaH will:
 - provide up to 12 weeks of care (up from the 8 weeks available under the current STRC Programme)
 - continue to be a goal-oriented, multidisciplinary approach, delivered as an intensive, short-term intervention focusing largely on clinical services
 - focus on early intervention
 - include restorative care partners as a mandatory requirement
 - pay providers for services after they have been delivered (fee-for-service).

- The model will be complemented by up-front access to assistive technology and/or home modifications (ATHM), where needed, through the program's dedicated ATHM scheme.
- GP involvement will not be mandatory but will be considered best practice.

Background

- From 1 July 2025, the SaH program will replace the existing Home Care Packages (HCP) Program and STRC Programme.
- The Commonwealth Home Support Programme (CHSP), which provides entry level care to older people to help them remain at home, will transition to the new program no earlier than 1 July 2027.
- The STRC programme provides services to older people for up to 8 weeks to help them delay or avoid long-term care. You can find out more at <https://www.health.gov.au/our-work/short-term-restorative-care-strc-programme>. A new restorative care pathway will be included in the SaH program from 1 July 2025.
- In 2024, we will continue to refine program design (including restorative care) and address issues that matter most to people receiving and delivering home care.

Consultations

- Members are requested not to share information in this paper as matters are subject to government consideration and further consultation.

Attachments

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National Aged Care Advisory Council

25 March 2024

Agenda Item No: 11

New Aged Care Act

This will be a verbal update.

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National Aged Care Advisory Council

25 March 2024

Agenda Item No: 12

Other Business

Purpose of the agenda item

The Chair will invite Members to discuss other business.

Members will consider the draft Advice to the Minister. The Assistant Secretary of Reform Governance Branch, Alice Creelman, will present the draft 'Advice to Minister' on the screen for Member consideration and feedback.

Attachments

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National Aged Care Advisory Council

25 March 2024

Agenda Item No: 13

Meeting Close

Purpose of the agenda item

The Chair will bring the meeting to a close.

Attachments

Nil

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