



Australian Government

**Australian Government Response to
Senate Standing Committee on
Finance and Public Administration
Report
Residential and Community Aged Care
in Australia**

June 2015

Contents

Introduction.....	3
Response to Recommendations.....	4
Recommendation 1	4
Recommendation 2	4
Recommendation 3	4
Recommendation 4	5
Recommendation 5	6
Recommendation 6	6
Recommendation 7	7
Recommendation 8	8
Recommendation 9	8
Recommendation 10	8
Recommendation 11	9
Recommendation 12	9
Recommendation 13	10
Recommendation 14	11
Recommendation 15	11
Recommendation 16	12
Recommendation 17	12
Recommendation 18	12
Recommendation 19	13
Recommendation 20	13
Recommendation 21	14
Recommendation 22	15
Recommendation 23	15
Recommendation 24	16
Recommendation 25	16
Recommendation 26	17
Recommendation 27	17
Recommendation 28	18
Recommendation 29	18
Recommendation 30	18
Recommendation 31	19

Introduction

The Australian Government welcomes the report of the Senate Standing Committee on Finance and Public Administration on Residential and Community Aged Care in Australia. The Government is committed to the long-term viability of Australia's aged care sector and the protection of the nation's frail and elderly. Through the Council of Australian Governments it has reformed roles and responsibilities within the federation to take full policy and funding responsibility for aged care. This will allow the Government to build a national aged care system to provide better support for older Australians. The reforms will also support the integration of the aged care system with Local Hospital Networks through the Government's National Health and Hospitals Network.

Over the next four years, increased funding from the Australian Government will bring direct financial support for aged and community care providers who care for older Australians to a record level of \$47.8 billion, including \$10.8 billion in 2010–11.

The Australian Government will invest more than \$900 million over the next four years to deliver:

- a national aged care system;
- more highly qualified aged care workers;
- more aged care places;
- more health care services; and
- greater protections for older Australians receiving care.

This investment builds on:

- the Australian Government's commitment to maintain the Conditional Adjustment Payment in the forward estimates — worth \$2.3 billion over the next four years;
- the \$15 million provided in the last budget to increase the viability supplement for rural and remote residential aged care providers; and
- the \$728 million flowing to aged care providers as a result of the Australian Government's pension reforms.

The Australian Government has also asked the Productivity Commission to conduct the most comprehensive inquiry into aged care for decades. The Commission is due to report by the end of June 2011. The recommendations of the Commission and the recommendations of the Henry Review of taxation, together with the recommendations contained in the Senate's report, will provide vital input into future policy deliberations.

The Prime Minister has made it clear that further reform of the aged care sector will be a second term priority for the Gillard Government.

Response to Recommendations

The Committee made 31 recommendations. The Australian Government response to specific recommendations is provided below.

Recommendation 1

The committee recommends the establishment of a national aged care forum, reporting directly to the Minister for Health and Ageing and coordinated by the Department of Health and Ageing, to consider, on an on-going basis, current and future challenges to the aged care sector.

Response

The Australian Government supports Recommendation 1 of the Committee.

The Australian Government established the Ageing Consultative Committee in June 2008 to provide the Minister for Ageing with relevant advice, on an on-going basis, on current and future challenges to the aged care sector. The Committee's membership includes for-profit and not-for-profit care providers, consumer groups, and professional and union bodies.

Recommendation 2

The committee recommends that the national aged care forum establish a taskforce (or equivalent body) representative of all involved aged care stakeholders including clients to action and where possible implement determinations of the national forum.

Response

The Australian Government supports in principle Recommendation 2 of the Committee.

The Australian Government's Ageing Consultative Committee already has the capacity to establish working groups as needed to address issues that may arise. Recent working groups have developed a Charter of Rights and Responsibilities for Care Recipients in Community Care and a detailed proposal for the phased implementation of consumer directed care into community aged care programs. A Quality in Community Care Reference Group has been established to provide advice on issues related to quality assurance in community care and input, as requested, on specific aspects of the development of enhanced quality assurance mechanisms.

The Australian Government has also established an Aged Care Workforce Committee to assist the Department of Health and Ageing in formulating advice to the Minister on key areas relating to the aged care workforce.

Recommendation 3

The committee recommends that the Department of Health and Ageing, in cooperation with the suggested taskforce and in partnership with all involved stakeholders including clients, undertake an all-encompassing review of the Aged Care Act 1997 and related regulations. The review should:

- equally examine the provision of residential and community aged care services in Australia with consideration of both current and future challenges in the provision of aged care services;
- provide future projections to enable both short and longer-term sectoral planning.

Response

The Australian Government supports in principle Recommendation 3 of the Committee.

The Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the challenges facing it in coming decades. In particular, the Commission will:

- examine the social, clinical and institutional aspects of aged care in Australia, building on the substantial base of existing reviews into this sector;
- address the interests of special needs groups;
- develop regulatory and funding options for residential and community aged care (including the Home and Community Care program);
- examine the future workforce requirements of the aged care sector;
- recommend a path for transitioning from the current regulatory arrangements to a new system that ensures continuity of care and allows the sector time to adjust;
- examine whether the regulation of retirement specific living options should be aligned more closely with the rest of the aged care sector; and
- assess the fiscal implications of any change in aged care roles and responsibilities.

The Commission is due to report by the end of June 2011.

Recommendation 4

The committee recommends that the Department of Health and Ageing in association with the suggested taskforce and in consultation with all aged care stakeholders including clients undertake analysis to establish benchmark of care costs.

Response

The Australian Government does not support Recommendation 4 of the Committee.

A similar recommendation was made by the Productivity Commission in its 1988 Inquiry into Nursing Homes Subsidies. The Australian Government at that time did not accept the Commission's proposal as the most appropriate way to assess the adequacy of Government subsidies and resident contributions in meeting average costs.

The Australian Government considers that the sustainability of the industry as a whole is best measured by:

- macroeconomic indicators of viability of the industry such as the level of building activity in the industry, the level of interest expressed by providers in entering or expanding their involvement in the industry, and the prices paid for 'licences' to operate in the industry; and
- detailed economic simulations of high care and low care homes to see what factors influence the viability of individual homes.

This view was confirmed by Professor Len Gray in his independent Two Year Review of Aged Care Reforms, which was completed in 2001, who indicated that such a benchmarking process would be very complex and expensive to undertake. The Australian Government's preferred approach is also in line with that adopted by Professor Hogan in his independent Review of Pricing Arrangements in Residential Aged Care, which was completed in 2004.

Recommendation 5

The committee recommends that the Department of Health and Ageing recommence publication of Audited General Purpose Financial Reports as soon practicable and continue to publish such reports annually as a matter of course.

Response

The Australian Government supports Recommendation 5 of the Committee.

The Department of Health and Ageing has published the deidentified data sets it has derived from the Audited General Purpose Financial Reports of approved providers of residential aged care for 2006–07 and 2007–08. It will publish the deidentified data set for the 2008–09 Audited General Purpose Financial Reports as soon as it is available.

In addition, through the National Health and Hospitals Network — Aged care — increasing business efficiency measure in the 2010–11 Budget, the Australian Government will provide \$7.0 million over the next four years (including \$0.3 million in capital) to improve the business efficiency of aged care providers by establishing a new provider benchmarking system. The new benchmarking system will allow aged care providers to compare their operational and service performance with other providers, and identify areas where they can improve their performance. This information will also be available to consumers to inform their choice of an aged care service provider.

Eligible aged care providers will also have access to financial advisory services to improve their operational efficiency. This will include financial advice on strategic planning, business analysis, operational reviews and human resources management.

Recommendation 6

The committee recommends that the Department of Health and Ageing review the Audited General Purpose Financial Reports with an aim to identifying any necessary reporting changes to ensure that the information available provides a clear and comparative understanding of provider performance.

Response

The Australian Government supports in principle Recommendation 6 of the Committee.

To satisfy the financial reporting eligibility requirement for the Conditional Adjustment Payment, a residential aged care provider must prepare a financial report that:

- is a general purpose financial report within the meaning of Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting';
- is in accordance with the accounting standards;
- gives a true and fair view of the financial position and performance of the entity for the financial year;
- has been audited by a registered company auditor (within the meaning of the Corporations Act 2001), or a person approved by the Department of Health and Ageing.

The Australian Government considers that General Purpose Financial Reports are the most appropriate statements for aged care providers to prepare, because, as the Australian Accounting Standards Board (AASB) says, 'general purpose financial reporting focuses on providing information to meet the common information needs of users who are unable to command the preparation of reports tailored to their

particular information needs. These users must rely on the information communicated to them by the reporting entity.’ (AASB, Statement of Accounting Concepts 2, paragraph 7)

In addition, through the National Health and Hospitals Network — Aged care — increasing business efficiency measure in the 2010–11 Budget, the Australian Government will provide \$7.0 million over the next four years (including \$0.3 million in capital) to improve the business efficiency of aged care providers by establishing a new provider benchmarking system. The new benchmarking system will allow aged care providers to compare their operational and service performance with other providers, and identify areas where they can improve their performance. This information will also be available to consumers to inform their choice of an aged care service provider.

Eligible aged care providers will also have access to financial advisory services to improve their operational efficiency. This will include financial advice on strategic planning, business analysis, operational reviews and human resources management.

Recommendation 7

The committee recommends the establishment of a nationally consistent methodological approach to data gathering and research on the financial status of the residential and community aged care sector. Towards this goal, the committee recommends the establishment of a roundtable of key stakeholders engaged in such research and facilitated by the Department of Health and Ageing to discuss and agree upon common indicators and definitions to enable comparative analysis.

Response

The Australian Government supports in principle Recommendation 7 of the Committee.

The Australian Government is currently considering these issues at a whole-of-government level. An overall review of reporting requirements and a commitment to reducing red tape for non-profit organisations has been made by Business Regulation and Competition Working Group of the Council of Australian Governments. This initiative will review: the operating structures for non-profit organizations and supporting legislation; fundraising licensing requirements and supporting legislation; governance and financial reporting; and the role of regulators.

In addition, in its response to the Report of the Senate Standing Committee on Economics’ inquiry into disclosure regimes for charities and not-for profit organisations, the Australian Government indicated that it was considering policy reforms in response to the review by the Treasury of financial reporting by unlisted companies under the Corporations Act 2001. The response also indicated that the Government would develop a Commonwealth grants policy framework, including arrangements to minimise unnecessary red tape for grant recipients. This framework came into effect 1 July 2009 and is referred to as the Commonwealth Grant Guidelines.

The Australian Government has already moved towards consistent financial reporting in the residential aged care sector through the requirement that aged care providers produce General Purpose Financial Statement in accordance with all Australian accounting standards, and audited by a Registered Company Auditor, in order to be eligible for the Conditional Adjustment Payment.

In addition, through the National Health and Hospitals Network — Aged care — increasing business efficiency measure in the 2010–11 Budget, the Australian Government will provide \$7.0 million over the next four years (including \$0.3 million in capital) to improve the business efficiency of aged care providers

by establishing a new provider benchmarking system. The new benchmarking system will allow aged care providers to compare their operational and service performance with other providers, and identify areas where they can improve their performance. This information will also be available to consumers to inform their choice of an aged care service provider.

Eligible aged care providers will also have access to financial advisory services to improve their operational efficiency. This will include financial advice on strategic planning, business analysis, operational reviews and human resources management.

Recommendation 8

The committee recommends that the Department of Health and Ageing in association with the suggested taskforce (or equivalent body) and in collaboration with the Australian Institute of Health and Welfare review and address deficiencies in information in the aged care sector.

Response

The Australian Government supports Recommendation 8 of the Committee.

The Department of Health and Ageing will continue to work with the Australian Institute of Health and Welfare to ensure the availability of reliable statistical information on the aged care sector.

Recommendation 9

The committee recommends that the Department of Health and Ageing undertake a 'stress test' of the aged care sector in order to measure the sector's financial wellbeing.

Response

The Australian Government supports in principle Recommendation 9 of the Committee.

The Australian Government continually assesses that the sustainability of the industry by monitoring:

- macroeconomic indicators of viability of the industry such as the level of building activity in the industry, the level of interest expressed by providers in entering or expanding their involvement in the industry, and the prices paid for 'licences' to operate in the industry; and
- detailed economic simulations of high care and low care homes to see what factors influence the viability of individual homes.

Recommendation 10

The committee recommends that the Department of Health and Ageing, in association with the suggested taskforce, undertake a review:

- to identify the costs and resources required to meet new regulation, accreditation and compliance measures with a view to rationalising the administrative processes as required; and
- to identify more cost effective means of meeting the requirements of the compliance framework.

Response

The Australian Government supports in principle Recommendation 10 of the Committee.

The Australian Government considers the costs of compliance when making regulation and the costs of regulation introduced in recent years has been assessed as minor.

The Australian Government currently has a number of processes underway that will examine key aspects of aged care regulation and these will provide opportunities to consider the scope to streamline regulation and reduce administrative and compliance burdens. These include the Productivity Commission's Caring for Older Australians Inquiry and the review of aged care accreditation standards and processes.

The Australian Government is also currently working to implement recommendations made by the Productivity Commission in its review of regulatory burdens in social and economic infrastructure services.

The development of a nationally unified aged care system will also provide the Australian Government with a platform to streamline provider administrative and compliance processes.

Recommendation 11

The committee recommends that the Department of Health and Ageing implement measures, including additional funding, to assist smaller providers to meet the requirements of the compliance framework.

Response

The Australian Government supports in principle Recommendation 11 of the Committee.

A viability supplement is paid to eligible residential aged care providers, including smaller providers, in regional, rural and remote areas to assist with the additional costs of providing care in these areas. In the 2009–10 Budget, the Australian Government provided an additional \$14.8 million for this supplement, over two years, to increase the average level of the viability supplement for eligible aged care homes by 40 per cent. In the 2010–11 Budget, the Australian Government provided an additional \$10.1 million for this supplement, over four years, to increase the average level of the viability supplement for eligible providers of community care packages by 40 per cent.

The Australian Government also subsidises the costs of accreditation for small aged care homes.

Recommendation 12

The committee recommends that the issue of professional nursing and other aged care staffing requirements be considered in the overarching review of the aged care sector.

Response

The Australian Government supports in principle Recommendation 12 of the Committee.

The Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the challenges facing it in coming decades. In particular, the Commission will examine the future workforce requirements of the aged care sector. The Commission is due to report by the end of June 2011.

The Australian Government has also established an Aged Care Workforce Committee to assist the Department of Health and Ageing in formulating advice to the Minister on how best to meet Australian Government policy objectives in key areas relating to the aged care workforce.

The Australian Government will commit more than \$310 million over the next four years to support the aged care workforce and to support aged care workers while they undertake education and training.

New measures in the 2010–11 Budget worth \$103 million over four years will enable The Australian Government to:

- Support and encourage aged care workers to upskill by introducing an Aged Care Education and Training Incentive Payments scheme, which will provide payments of up to \$5,000 to support up to 50,000 aged care workers over the next four years while they undertake training and further education (\$59.9 million).
- Provide an additional 600 fully funded enrolled nurse training places and 300 undergraduate nursing scholarships (\$21 million).
- Build on its reforms that recognise the important role of nurse practitioners, through an \$18.7 million investment to establish different models of practice to utilise nurse practitioners in aged care (\$18.7 million).
- Work to document a national scope of practice and competency framework for personal carer workers and assistants in nursing (\$3.7 million).
- The Australian Government will also shift the focus of its existing workforce programs (\$211.2 million) to improve clinical care. This will include:
 - Introducing Teaching Nursing Homes to strengthen the links between the aged care sector, research and training institutions and support the sector's engagement with Local Hospital Networks.
 - For the first time, providing financial incentives for aged care providers to make available up to 400 nursing graduate placements to ensure new graduates benefit from experienced clinical support and mentoring.
 - Up to 640 clinical training placements to enable improved clinical training and supervision in the sector.
 - 40 aged care nurse practitioner scholarships to build on the Australian Government's MBS and PBS reforms for nurse practitioners.
 - Ongoing provision of undergraduate and postgraduate training and scholarships to grow the nursing workforce (2,520 places)
 - Continuing to support the skill base of personal care workers through the provision of 18,600 Certificate III and IV qualifications and 7,000 short courses.

In total, the Australian Government will fund more than 31,000 aged care training places and scholarships and more than 1000 clinical and graduate placements over the next four years.

In addition, through the National Health and Hospitals Network — Workforce — research into aged care staffing levels measure in the 2010–11 Budget, the Australian Government will provide \$0.5 million over two years to conduct research into aged care staffing levels. Research will examine the relationship between staffing and the quality of care, supervision and support for residents with particular types of care needs.

Recommendation 13

The committee recommends that the Department of Health and Ageing, in association with the suggested taskforce, review aged care staffing challenges and identify methods of address, with particular focus on staffing requirements in rural and remote areas.

Response

The Australian Government supports in principle Recommendation 13 of the Committee.

The Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the challenges facing it in coming decades. In particular, the Commission will examine the future workforce requirements of the aged care sector. The Commission is due to report by the end of June 2011.

The Australian Government has also established an Aged Care Workforce Committee to assist the Department of Health and Ageing in formulating advice to the Minister on how best to meet Australian Government policy objectives in key areas relating to the aged care workforce.

In addition, through the National Health and Hospitals Network — Workforce — research into aged care staffing levels measure in the 2010–11 Budget, the Australian Government will provide \$0.5 million over two years to conduct research into aged care staffing levels. Research will examine the relationship between staffing and the quality of care, supervision and support for residents with particular types of care needs.

Recommendation 14

The committee recommends that the taskforce undertake a review of the indexation formula used for the aged care sector in order to identify its adequacy in relation to costs faced by the sector and to identify modifications to the formula if required.

The committee further recommends that consideration be given to an independent mechanism to continually assess the indexation formula.

Response

The Australian Government notes Recommendation 14 of the Committee.

The Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the challenges facing it in coming decades. In particular, the Commission has been asked to examine options that are financially sustainable for Government and individuals with appropriate levels of private contributions, with transparent financing for services, that reflect the cost of care and provide sufficient revenue to meet quality standards, provide an appropriately skilled and adequately remunerated workforce, and earn a return that will attract the investment, including capital investment, needed to meet future demand.

Recommendation 15

The committee recommends that the all-encompassing review specifically consider the provision of aged care services in rural and remote areas and the effectiveness of the current viability supplement to support service provision.

Response

The Australian Government supports in principle Recommendation 15 of the Committee.

In the 2009–10 Budget, the Australian Government provided an additional \$14.8 million for this supplement, over two years, to increase the average level of the viability supplement for eligible aged care homes by 40 per cent. In the 2010–11 Budget, the Australian Government provided an additional \$10.1

million for this supplement, over four years, to increase the average level of the viability supplement for eligible providers of community care packages by 40 per cent.

The Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the challenges facing it in coming decades. In particular, the Commission will address the interests of special needs groups, including people living in rural and remote areas. The Commission is due to report by the end of June 2011.

Recommendation 16

The committee recommends that the Commonwealth and Norfolk Island Government initiate discussions in relation to a proposal to develop homecare services on Norfolk Island.

Response

The Australian Government supports in principle Recommendation 16 of the Committee.

The Australian Government is committed to working with the Norfolk Island Government to explore the possible need for further reforms to improve services available to people on Norfolk Island.

Recommendation 17

The committee recommends that the all-encompassing review specifically consider and address the expectations and needs of persons from non-English speaking backgrounds.

Response

The Australian Government supports in principle Recommendation 17 of the Committee.

The Australian Government has made an election commitment to strengthen support for the delivery of culturally appropriate care to older people from culturally and linguistically diverse backgrounds living in residential aged care facilities. The Government will invest \$5 million to provide improved access to translation services and cultural awareness training for aged care staff.

The Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the challenges facing it in coming decades. In particular, the Commission will address the interests of special needs groups, including culturally and linguistically diverse communities. The Commission is due to report by the end of June 2011.

The Australian Government's Ageing Consultative Committee has also identified this issue as one requiring its further attention.

Recommendation 18

The committee recommends that the Department of Health and Ageing conduct a review into the implications of 'elderly homeless' incorporated as a special needs category under the Aged Care Act 1997.

Response

The Australian Government supports in principle Recommendation 18 of the Committee.

On 20 May 2009, the then Minister for Ageing, the Hon Justine Elliot, announced the amendment of the Aged Care Act 1997 to include homeless older people as a 'special needs' group to formally recognise their unique requirements. This was one of several measures to improve the care and support for older homeless Australians announced in response to the December 2008 White Paper on Homelessness, The Road Home.

Recommendation 19

The committee recommends that the suggested all-encompassing aged care review specifically consider and address the expectations and needs of the homeless and other socio-economically disadvantaged persons.

Response

The Australian Government supports in principle Recommendation 19 of the Committee.

On 20 May 2009, the then Minister for Ageing, the Hon Justine Elliot, announced the amendment of the Aged Care Act 1997 to include homeless older people as a 'special needs' group to formally recognise their unique requirements. This was one of several measures to improve the care and support for older homeless Australians announced in response to the December 2008 White Paper on Homelessness, The Road Home.

The Australian Government also committed to a continuation of the Assistance with Care and Housing for the Aged program and to make capital grants available for at least one aged care home for older people who are homeless or at risk of being homeless each year for the next four years.

In addition, the Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the challenges facing it in coming decades. In particular, the Commission will address the interests of special needs groups, including those who are homeless or at risk of being homeless. The Commission is due to report by the end of June 2011.

Recommendation 20

The committee recommends that the suggested all-encompassing aged care review specifically consider and address the expectations and needs of elderly Indigenous Australians and their communities.

Response

The Australian Government supports in principle Recommendation 20 of the Committee.

On 11 November 2008, the then Minister for Ageing, the Hon Justine Elliot, detailed the next stage of the Australian Government's \$46 million Indigenous Aged Care Plan. The plan is about taking practical and commonsense measures to improve the care and welfare of older indigenous Australians. The Australian Government will work with Indigenous communities to improve their facilities and care, and find the right balance between cultural sensitivity and ensuring the health and welfare of older and frail Indigenous people.

In addition, the Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the

challenges facing it in coming decades. In particular, the Commission will address the interests of special needs groups, including Aboriginal and Torres Strait Islander people. The Commission is due to report by the end of June 2011.

Recommendation 21

The committee recommends that the Department of Health and Ageing consider further initiatives to attract culturally-appropriate staff in consultation with involved stakeholders including Indigenous clients.

Response

The Australian Government supports in principle Recommendation 21 of the Committee.

The Australian Government has introduced new aged care workforce programs and restructured existing programs to deliver more flexible training initiatives focussed on improving clinical care, assisting recruitment and retention and creating career paths. This includes investment in training from vocational places through to undergraduate and postgraduate nursing qualifications, support for clinical and graduate placements, and financial incentives to encourage aged care workers to undertake study and remain in the workforce. An unqualified personal care worker will be able to progress through the vocational education system onto undergraduate nursing studies and postgraduate study.

The recent reforms announced in the 2010–11 Budget will benefit all aged care workers. In rolling out these reforms, the Department of Health and Ageing will ensure that appropriate strategies are in place to effectively target and provide training support for Aboriginal and Torres Strait Islander aged care staff. Additional support for workers in financially less viable facilities in rural and remote services will continue and this includes travel, accommodation and some backfilling costs for staff attending training.

The Specialised Training Project currently provides funding for up to 2,000 training places over four years to up-skill community aged care workers from a culturally and linguistically diverse (CALD) and an Aboriginal and Torres Strait Islander (ATSI) background to attain accredited community aged care related competencies and/or qualifications.

Since July 2007, four separate initiatives have been implemented to create over 700 permanent part-time positions for Aboriginal and Torres Strait Islander people in aged care services nationally. These initiatives stem from changes to Community Development Employment Projects (CDEP) processes.

To date, approximately 81 part-time positions in Home and Community Care (HACC) and Aboriginal Flexible services have been implemented nationally in urban and regional locations under Building an Indigenous Workforce in Community Care. A further 349 permanent part-time employment positions have been funded under the Northern Territory Emergency Response Welfare Reform Agenda. Of these, 304 are in the HACC program and 45 part-time positions in Aboriginal Flexible and residential aged care services. Under the Cape York Welfare Reform Trial, 12 part-time positions have been created in four communities in Cape York in the HACC program and in residential and aged care services.

In 2009, under the National Partnership for Indigenous Economic Participation, approximately 260 part-time positions were funded in HACC, Flexible and residential aged care services from further changes to CDEP processes.

In 2010, the extension of the National Partnership for Indigenous Economic Partnership into the Torres Strait Islands will see up to 50 permanent part-time positions being funded for Torres Strait Islander workers in their own communities.

All of these initiatives include funding for training and other workforce supports aimed at improving retention rates of local Aboriginal and Torres Strait Islander workers in aged care services. This is currently being implemented in the Northern Territory and Cape York, and will roll out nationally in 2010.

In 2010, the Department is also implementing 80 business administration traineeships in remote regions for Aboriginal and Torres Strait Islander workers in aged care services under the Indigenous Remote Service Delivery initiative.

Recommendation 22

The committee recommends that the Australian Government implement the recommendation of the 2007 National Review of Aged Care Assessment Teams and review the legislative requirement for re-assessment of those residents:

- moving from low to high care within an aged care complex where the low and high care facilities have separate provider numbers; and
- entering an aged care facility with a low care approval but who require high care.

Response

The Australian Government supports Recommendation 22 in part, with further consideration occurring as part of the Review of the Aged Care Funding Instrument.

While an Aged Care Assessment Team approval is required to enable classification of a resident as high care when they first enter an aged care home, current arrangements do allow residents to move from low to high care as their needs change without reassessment by an Aged Care Assessment Team. This applies whether they are 'ageing in place' in the same complex or transferring to another facility.

Issues around the relationship between Aged Care Assessment Team assessments and the Aged Care Funding Instrument are being considered as part of the Review of the Aged Care Funding Instrument.

Recommendation 23

In the light of disparities in information regarding the Aged Care Assessment Team (ACATs) assessments and re-assessments between the Department of Health and Ageing and involved providers, the committee recommends that the department launch an information campaign on recent reforms to the ACATs.

Response

The Australian Government supports in principle Recommendation 23 of the Committee.

A communication strategy was developed and actioned to implement the legislation changes. The Department of Health and Ageing has produced the following materials:

- Guide to changes to the Regulatory Framework for Aged Care
- Fact sheet on the Legislative Changes relevant to the Aged Care Assessment Teams
- Guide for Aged Care Assessment Team reassessment requirements effective from 1 July 2009
- Frequently Asked Questions on the Aged Care Amendment (2008 Measures No. 2) Act 2008
- Advice sheet for Medicare Australia
- Guide for ACATs to answer consumer queries
- Advice sheet for Commonwealth Respite and Carelink Centres.

All Fact Sheet material was provided to service providers, ACATs, peak bodies, Medicare Australia and Commonwealth Respite and Carelink Centres is available in newsletters and on the Department website.

The Department has also written to people who have been approved for high level residential care, residential respite care, EACH or EACHD packages on or after 1 July 2008 who have not yet entered care and whose approvals were not time limited so that they expired before 1 July 2009, to inform them that the approval will no longer automatically lapse after twelve months and that the person will continue to be eligible for these types of care.

Recommendation 24

The committee recommends that the Department of Health and Ageing review methods directed to affirming the ACAT as a single nationally consistent program which genuinely serves as a single entry point to aged care services. The review should entail dialogue with aged care clients and providers as well as liaison with state and territory health departments.

Response

The Australian Government does not support Recommendation 24 of the Committee.

It is not appropriate that the ACAT be the single entry point to aged care services.

Through the National Health and Hospitals Network — Aged care — one stop shops measure in the 2010–11 Budget, the Australian Government will provide \$36.8 million over four years (including \$20.0 million in capital in 2010–11) to enable older Australians and their families to more easily access information and assessment for aged care services, through establishing one stop shops across the country. The Australian Government will fund a national, integrated aged care system offering information and assessment through telephone and web based technology, which will assist older Australians to access services in the place that best suits their care needs. This measure will also enable older Australians to be linked to assessment services, including through the one stop shops purchasing more complex aged care assessment services. This will enable one stop shops to better refer older people to appropriate assessment and care services.

Recommendation 25

The committee recommends that the Department of Health and Ageing conduct a national education campaign directed at new and potential aged care clients to raise awareness of the aged care services available to them including the role of ACAT and of their rights and entitlements in relation to such services.

Response

The Australian Government supports in principle Recommendation 25 of the Committee.

The Australian Government already provides information and advice to new, potential and existing aged care clients on the services available to them through a variety of outlets, including:

- the Commonwealth Respite and Carelink Centres network operates through 54 centres and around 65 ‘shopfronts’ around Australia;
- the Aged Care Information Line — a national freecall service to provide information about aged care services; and
- Australian Government web based information services for older people, namely:
 - [Aged Care Australia](#) website
 - [Commonwealth Respite and Carelink Centre](#) website.

In addition, through the National Health and Hospitals Network — Aged care — one stop shops measure in the 2010–11 Budget, the Australian Government will provide \$36.8 million over four years (including \$20.0 million in capital in 2010–11) to enable older Australians and their families to more easily access information and assessment for aged care services, through establishing one stop shops across the country.

The Australian Government will fund a national, integrated aged care system offering information and assessment through telephone and web based technology, which will assist older Australians to access services in the place that best suits their care needs. This measure will also enable older Australians to be linked to assessment services, including through the one stop shops purchasing more complex aged care assessment services. This will enable one stop shops to better refer older people to appropriate assessment and care services.

Recommendation 26

The committee recommends that the Department of Health and Ageing analyse decoupling of residential care and accommodation. Such a review should consider and assess the views, concerns and recommendations of involved stakeholders including the Productivity Commission.

Response

The Australian Government supports in principle Recommendation 26 of the Committee.

The Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the challenges facing it in coming decades. In particular, the Commission will develop regulatory and funding options for residential and community aged care. The Commission is due to report by the end of June 2011.

Recommendation 27

The committee recommends that the Australian Government expand community aged care funding and services to meet growing demand and expected quality service provision outcomes.

Response

The Australian Government agrees to consider further Recommendation 27 of the Committee.

The Australian Government's planning framework for aged care services aims to achieve and maintain a national provision level of 113 operational residential places and community care places per 1000 of the population, aged 70 years and over, by June 2011. This framework was designed to keep the growth in the number of Australian Government subsidised aged care places in line with the growth in the aged population. In addition, funding for the Home and Community Care Program is increased each year in recognition of the growing demand for community aged care services.

The Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the challenges facing it in coming decades. In particular, the Commission will develop regulatory and funding options for residential and community aged care. The Commission is due to report by the end of June 2011.

Recommendation 28

The committee recommends that the all-encompassing review of the residential and community aged care sector take a client-based approach in order to ensure that its findings are client focused.

Response

The Australian Government supports in principle Recommendation 28 of the Committee.

The Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the challenges facing it in coming decades. In particular, the Commission will develop regulatory and funding options for residential and community aged care that are based on business models that reflect the forms of care that older people need and want, minimise the complexity of the aged care system for clients and allow smooth transitions for clients between different types and levels of aged care and between aged, primary, acute, sub-acute, disability services and palliative care services, as need determines. The Commission is due to report by the end of June 2011.

Recommendation 29

The committee recommends that the all-encompassing review of the aged care sector consider options to enable greater flexibility in relation to payments and services directed at providing a client-centred aged care system for Australia.

Response

The Australian Government supports in principle Recommendation 29 of the Committee.

The Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the challenges facing it in coming decades. In particular, the Commission will develop regulatory and funding options for residential and community aged care that are based on business models that reflect the forms of care that older people need and want, minimise the complexity of the aged care system for clients and allow smooth transitions for clients between different types and levels of aged care and between aged, primary, acute, sub-acute, disability services and palliative care services, as need determines. The Commission is due to report by the end of June 2011.

Recommendation 30

The committee recommends that the suggested taskforce undertake a review of the current planning ratio for community, high- and low-care places. Drawing on all available demographic and social information, the review is an opportunity to assess the planning ratio in light of growing and diverse demand on aged care services.

Response

The Australian Government supports in principle Recommendation 30 of the Committee.

The Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the challenges facing it

in coming decades. In particular, the Commission will develop regulatory and funding options for residential and community aged care that are based on business models that reflect the forms of care that older people need and want, minimise the complexity of the aged care system for clients and allow smooth transitions for clients between different types and levels of aged care and between aged, primary, acute, sub-acute, disability services and palliative care services, as need determines. The Commission is due to report by the end of June 2011.

Recommendation 31

The committee recommends that the suggested taskforce review continuity of care as a potential long term solution for the aged care sector.

Response

The Australian Government supports in principle Recommendation 31 of the Committee.

The Australian Government has commissioned the Productivity Commission to conduct a public inquiry into Australia's aged care needs over the coming decades. In undertaking the inquiry, the Commission will develop options for further structural reform of the aged care system so it can meet the challenges facing it in coming decades. In particular, the Commission will develop regulatory and funding options for residential and community aged care that are based on business models that reflect the forms of care that older people need and want, minimise the complexity of the aged care system for clients and allow smooth transitions for clients between different types and levels of aged care and between aged, primary, acute, sub-acute, disability services and palliative care services, as need determines. The Commission is due to report by the end of June 2011.