



**Australian
Aged Care
Collaboration**

MEDIA RELEASE

Monday 12 April 2021

Aged care – the way forward

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 1: AACC four priority reform areas

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

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

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

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

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

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

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

Workforce

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

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

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

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

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

Transparency

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

Sustainability

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

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

Additional information

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

Currently, 515,700 people, or 2.0% of the Australian population are aged over 85. This is expected to grow to more than 1.5 million people, or 3.7% of the population, by 2058¹.

The problem:

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

The future

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

Types of government-subsidised aged care

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

Spending on aged care

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

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

byconsumers.

Own home

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

Communal residential aged care

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

Staffing

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

About the Australian Aged Care Collaboration (AACC)

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

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

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

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

For more information, visit CareAboutAgedCare.org.au.

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Aged care - the way forward



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

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This report has been prepared by
Australian Aged Care Collaboration.

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01 Introduction

The Royal Commission into Aged Care Quality and Safety is a watershed moment in Australia's history, highlighting the reality of how we as a nation care for our older citizens.

Publicly released on Monday 1 March 2021, the 2,500 page Royal Commission Final Report documents confronting personal stories that highlight the broken state of Australia's aged care system, including examples of neglect, abuse, under-resourcing and staff shortages in Australia's residential aged care homes.

The Royal Commission also confirmed an overwhelming preference of older people to remain in their community for as long as they are able, and yet there is a chronic lack of resourcing for home care packages and community-based services and long waiting times to access home care services.

The Royal Commissioners made 148 recommendations, ranging from putting the system on a human rights-based footing with the older person at the centre to a universal entitlement for care and support based on assessed need and a well-trained and paid workforce. The Royal Commission was highly critical of the current funding approach, which results in rationing of services and no link between need, cost and how the system is financed and funded.

Australia currently spends less than half of what comparable countries do on aged care [1.2 per cent of GDP compared with an OECD average of 2.5 per cent]¹.

The two Royal Commissioners, The Honourable Tony Pagone QC and Ms Lynelle Briggs AO, disagreed on some recommendations, reflecting the complexity of the challenges facing aged care. But they were both fully agreed on the need for fundamental reform of the system.

By the end of May, the Australian Government will present its response to the Final Report to Parliament. This May's Budget will be crucial - it will signal the Government's commitment to change. This is a once in a generation opportunity to finally create the system to meet older people's needs, after successive governments, over at least 20 years, have largely failed to do so.

In responding to the Royal Commission, the Government needs to lay out an overall plan for fixing the system. Transformation cannot happen overnight because of the lead time required to implement many of the reforms, the need for careful sequencing and because of the legacy of chronic underfunding over decades.

The Government's response needs to be comprehensive and based on an overhaul of the design, objectives, regulation and resourcing of aged care. Consultation and collaboration will be needed on sequencing.

Australia's population is ageing. Currently 2% of the Australian population is aged over 85 but this is projected to grow to more than 1.5 million people, or 3.7% of the population, by 2058.

That's why genuine reform must start now because if it doesn't the challenge will only grow, and the current generation of older people and future generations will continue to bear the consequences of a lack of care.

1. Royal Commission into Aged Care Quality and Safety, Review of International Systems for Long-term Care of Older People – Research Paper No. 2, January 2020, accessed 22 January 2021, <https://agedcare.royalcommission.gov.au/sites/default/files/2020-09/Research%20Paper%20%20-%20Review%20of%20international%20systems%20for%20long-term%20care%20of...pdf>



02 Priorities for reform

The Royal Commission contains 148 recommendations designed to create transformational change and to deliver the aged care system that older Australians deserve.

The Prime Minister has made a heartfelt personal commitment to confront the issues identified. The Opposition has also stated its own commitment to major reform.

The Aged Care Collaboration believes the Australian Government should prioritise 52 of these 148 recommendations in the first year to ensure older Australians get maximum benefit in the quickest possible time [Section 4].

Our hope is that fixing aged care will be a bipartisan issue. Getting the best outcomes for older Australians is too important to play politics with.

[This report highlights the following six key areas for reform and priorities for change within each area:](#)

1. Rights and accountability
2. Transparent and independent funding arrangements
3. Workforce
4. Home Care
5. Residential Care
6. Financing quality aged care

The Parliament should support these priorities for change, and the performance of all sides of politics should be judged against their delivery.

2.1 Rights and accountability

The AACC agrees with the Royal Commission's findings that aged care needs a quality and prudential regulatory framework that protects the human rights of older Australians and ensures both government and providers are accountable.

This can be achieved through

- a new rights-based Aged Care Act
- a right for every older Australian regardless of cultural background, location and means to access services and support based on their assessed needs
- a right for every older Australian to exercise choice and control in the planning and delivery of their care and support
- enhanced transparency, accountability and prudential regulation of individual services and the system overall
- independent institutions.



2.1 Rights and accountability priorities

Summary of key Royal Commission recommendations

A human rights based Aged Care Act	
<p>Recommendations</p> <p>The Royal Commission recommends a new Act which clearly articulates the rights of older Australians in the context of aged care, supported by 29 key principles to guide the administration of the Act, including the regulation of providers and the conduct of the institutions governing the Act.</p> <p>Recommendations 1,2 and 3</p>	<p>Comment</p> <p>This recommendation is key as the legislation is the basis of the system.</p> <p>The current Act is predominantly a contract between government and providers and does not deliver the right 'of everyone to the enjoyment of the highest attainable standard of physical and mental health'.</p>
Independent institutions	
<p>Recommendations</p> <p>The Royal Commissioners agree on the need for independent quality standards setting, independent pricing, more effective quality regulation, improved complaints management, an independent Inspector-General of Aged Care to hold everyone accountable, and an independent implementation taskforce. An independent standards setter would also immediately review standards in a range of priority areas.</p> <p>Recommendations 11,12,18 19,20, 92-98, 115 and 147</p>	<p>Comment</p> <p>The AACC agrees with the need for independent setting of quality standards but has some reservations about a combined clinical and aged care quality of life standards setting body that will have to be carefully considered and managed.</p> <p>The AACC also considers that price determination should be undertaken by a dedicated aged care independent pricing authority.</p> <p>An independent Inspector-General and an independent implementation taskforce is supported.</p>
Access	
<p>Recommendations</p> <p>The Royal Commission recommends that access by older people and their unpaid family/friend carers under the new aged care system be based on need, a demand-driven supply of services and older people having genuine choice of services and provider.</p> <p>The Royal Commission also recommends a regional network of care finders and scalable assessment services to support navigation of the system, and policies to ensure equitable access to quality and culturally appropriate services for diversity and vulnerable populations, including Aboriginal and Torres Strait Islander elders, those in remote areas and the homeless.</p> <p>The Royal Commission also recommended additional funding to improve access to advocacy services.</p> <p>Recommendations 2, 28, 29, 41 and 106</p>	<p>Comment</p> <p>The AACC agrees with the Royal Commission that "older people should have a universal entitlement to high quality and safe aged care in accordance with their need"², and not be rationed. This is not currently the case, with rationing of access resulting in more than 100,000 people waiting on the home care queue. The Royal Commission also found that people in regional, rural and remote Australia and diversity and vulnerable populations have more limited access to culturally appropriate, safe and quality aged care.³</p> <p>The AACC also supports the development of a regional network of navigation supports and assessment services, and improved access to advocacy services.</p>

2. Royal Commission into Aged Care Quality and Safety 2021 Final Report Volume 2, page 187

3. Commission into Aged Care Quality and Safety 2021 Final Report Volume 3A, page 280



2.1 Rights and accountability priorities

Summary of key Royal Commission recommendations

Transparency, accountability and prudential regulation	
<p>Recommendations</p> <p>The Royal Commission recommends new requirements for providers to collect and publish service level quality indicators, to cooperate with the pricing authority's investigations (including the provision of service level financial data), to disclose staff hours and issue standardised statements of care for home care.</p> <p>The Royal Commission also recommends the development of a star performance rating system for services and the introduction of more effective prudential regulation, including liquidity and capital adequacy standards.</p> <p>Recommendations 22,24,116, 122, 124 and 130-133</p>	<p>Comment</p> <p>The Royal Commission found extensive examples of sub-standard care and inadequate prudential regulation. The AACC agrees that transparency, accountability and prudential regulation of the aged care system must be improved, including thorough reporting of more rigorous, comparable and meaningful clinical indicators, performance rating of service quality, meaningful reporting of staffing levels and service level financial data.</p>

2.2 Transparent and independent funding priorities

The AACC agrees with the Royal Commission's findings that a quality aged care system for older Australians needs transparent and equitable funding models based on independent price determination that delivers stable funding linked to the cost of consistently delivering high quality care and services.

The funding system needs to cover:

- the cost of attracting, retaining and training a skilled workforce
- the cost of accessing debt and equity financing to invest in service expansion
- and provide incentives and flexibility to pursue innovation in service delivery and productivity gains

Older Australians, government and taxpayers need to be confident that public and private funds allocated to aged care are spent efficiently on delivering high quality outcomes.

Likewise, aged care providers, financiers and investors need to be confident the funding system supports the financial viability of services.

Summary of key Royal Commission recommendations

Independent pricing of high-quality care	
<p>Recommendation</p> <p>Both Commissioners recommend that aged care funding across all aged care programs be determined by an independent pricing authority based on annual costing studies to ensure that prices reflect actual cost movements.</p> <p>Recommendation 115</p>	<p>Comment</p> <p>The AACC supports the creation of an aged care independent pricing authority to determine prices and advise on economic regulation of the aged care sector.</p> <p>Commissioners found that "funding for aged care is insufficient, insecure and subject to fiscal priorities of the Government of the day." They highlighted that successive governments had acted to restrain the growth in expenditure irrespective of the level of need for care and without regard to whether the funding was adequate to deliver high quality and safe care.⁴</p> <p>Research undertaken by the Royal Commission estimates that collective decisions of successive governments have cut more than \$9.8 billion from the budget of aged care in 2018-19.</p>

4. Royal Commission into Aged Care Quality and Safety 2021 Final Report Volume 2, page 188

2.3 Workforce priorities

The AACC agrees with the Royal Commission's findings that older Australians have the right to be cared for by well trained staff, who are appropriately recognised and rewarded for the difficult but important work they do and have enough time to deliver high quality relationship-based care.

This can be achieved through support for:

- the cost of attracting and training a skilled workforce
- training curricula based on best practice and mandatory minimum qualifications
- increases in award wages, and
- workforce planning to ensure a sufficient supply and distribution of health and aged care workers for the aged care sector.

Summary of key Royal Commission recommendations

Improved pay and conditions	
<p>Recommendations</p> <p>The Royal Commission recommends that the Australian Government, employers and unions come together in a combined application to the Fair Work Commission to increase wages in relevant awards to reflect the work value of aged care employees and to ensure equal remuneration for women and men for work of equal value.</p> <p>Recommendation 84</p>	<p>Comment</p> <p>The AACC agrees that aged care workers should be paid according to the value of the work they perform, and pay levels needed to be sufficient to attract and retain a number of skilled and empathetic workers. The Royal Commission found that a wages gap exists between aged care workers and those performing work of equivalent value in other sectors, including in the health sector.</p>
Registration and training	
<p>Recommendations</p> <p>The Royal Commission recommends a national registration scheme for personal care workers incorporating minimum Certificate III qualifications, appropriate screening and a code of conduct, along with transitional arrangements and provisional registration to avoid unintended workforce supply consequences.</p> <p>The registration scheme would be complemented by continuous professional development requirements, review of the curricula for certificate courses and undergraduate health qualifications, and funding to support training, clinical placements, scholarships and other initiatives to respond to workforce challenges in a targeted manner.</p> <p>The Royal Commission also recommends funding to reimburse employers for staff development costs pending prices are being determined independently based on annual costing studies.</p> <p>Recommendations 75, 77, 78 and 114</p>	<p>Comment</p> <p>The AACC agrees with the Royal Commission's call for a registration scheme for personal care workers based on mandatory minimum qualifications, recognition of prior learning, continuous professional development requirements and transitional arrangements. The latter should include provisional registration pending attainment of minimum qualifications within a defined period after the scheme is introduced.</p>



2.3 Workforce priorities

Summary of key Royal Commission recommendations

Plan for more staff	
<p>Recommendations</p> <p>The Royal Commission recommends that the system regulator should prepare a 10-year workforce planning strategy based on modelling of the supply and demand for health care professionals, including allied health professionals, and care workers to ensure a sufficient supply and distribution of health professionals and care workers to meet the needs of the aged care sector, particularly in regional, rural and remote Australia.</p> <p>Recommendation 75</p>	<p>Comment</p> <p>More than 360,000 people currently work in the aged care sector. Of these, a quarter of a million are direct care workers. To meet the needs of the projected increase in numbers of older people, the aged care workforce will need to triple by 2050.</p> <p>This projected increase is required without taking into account the increased staffing requirements that would flow from the Royal Commission's recommendations such as increased staff numbers to support quality relationship-based care and demand driven access to services based on assessed needs.</p>

2.4 Home Care priorities

The AACC agrees with the Royal Commission's findings that older people should be able to choose to live at home with comfort and dignity.

By 2057, 8.8 million people, or 22 percent of the population will be aged over 65 years.

Many of these Australians will want to remain as independent as possible in their own home, and in their own community, and they should be supported to do so.

This can be achieved by:

- strengthening and expanding affordable access to services that enable older people to live at home
- including support for unpaid family/friend carers to maintain the caring relationship.

Summary of key Royal Commission recommendations

Waiting list for home care packages	
<p>Recommendations</p> <p>The Royal Commission recommends that an immediate priority for realising individuals' preference to age at home should be to clear the home care package waiting list (also referred to as the National Prioritisation queue) by 31 December 2021, and thereafter to offer packages to new entrants within one month of their assessment.</p> <p>Recommendation 39</p>	<p>Comment</p> <p>Clearing the National Prioritisation queue by 31 December 2021 is commendable but ambitious. There are real workforce challenges to be met in having enough 'right-fit' and skilled workers available.</p> <p>Government needs to engage with the sector to grow and skill the workforce that will be required to support the expansion of services.</p> <p>The AACC proposes that the Government sets a clear schedule for releasing enough home care packages to clear the current 100,000 person queue, and to ensure that individuals are offered care and support that meets their assessed needs within 30 days of their assessment.</p>

2.4 Home Care priorities

Summary of key Royal Commission recommendations

Integrated home-based care services	
<p>Recommendations</p> <p>The Royal Commission recommends that by July 2024, home care should be delivered as part of a new uncapped and better integrated aged care program that combines the former Commonwealth Home Support Program [CHSP], Home Care Package [HCP] and residential aged care programs. The new program would comprise separate categories for respite, social support, assistive technology and modification, care at home and residential care.</p> <p>The independent pricing authority would advise on block and activity-based grants for the respite, social support and assistive technology and home modifications categories, and the pricing of personal budgets entitlements that would apply under the care at home category. Maximum funding amounts for care at home would be linked to care funding in residential care.</p> <p>The Royal Commission also recommends complementary reforms to improve linkages to primary, specialist and allied health care, including sub-acute rehabilitation services, specialist palliative care and mental health services, and a seniors dental benefits scheme.</p> <p>Recommendations 25, 32-37, 117, 119</p>	<p>Comment</p> <p>The AACC supports the strengthening of home care as part of a more integrated and uncapped aged care system which is better aligned with residential aged care and enables and empowers older Australians to live in their own homes and in their own communities for as long as possible, including with appropriate supports for ageing well.</p> <p>Because the needs of older people will change over time, the new program must include provision for older people to be able to 'flex' in and out of the different categories of support, including social support, respite, assistive technology and home modification and rehabilitation services, while receiving ongoing everyday living supports and personal and nursing care under the care at home category.</p>

2.5 Residential care priorities

The AACC agrees with the Royal Commission's recommendations that changes are needed to relieve the financial pressures in residential care, and to ensure older people receive high quality personal support, allied health support, nursing care and access to health services that will enable them to live quality and meaningful lives.

About 245,000 Australians currently live in communal residential aged care.

Those who choose or need residential care must have high quality and safe options that allow them to continue to live with comfort, dignity, independence and control as much as practically possible.

The focus must now be on quality above all else, based on an accepted definition of quality care, and on rebuilding trust with the Australian community.

This can be achieved through support for:

- more staff
- needs-based allied health
- expert behaviour support to avoid physical and chemical restraint
- effective integration with the acute and primary care systems
- immediate increases in support for food and daily living costs
- amendments to indexation arrangements to better reflect wage cost movements
- a new casemix-based classification and care funding model that supports more stable funding than the current ACFI
- funding that recognises the additional costs incurred by aged care services in remote, rural and regional areas and other vulnerable populations.

Summary of key Royal Commission recommendations

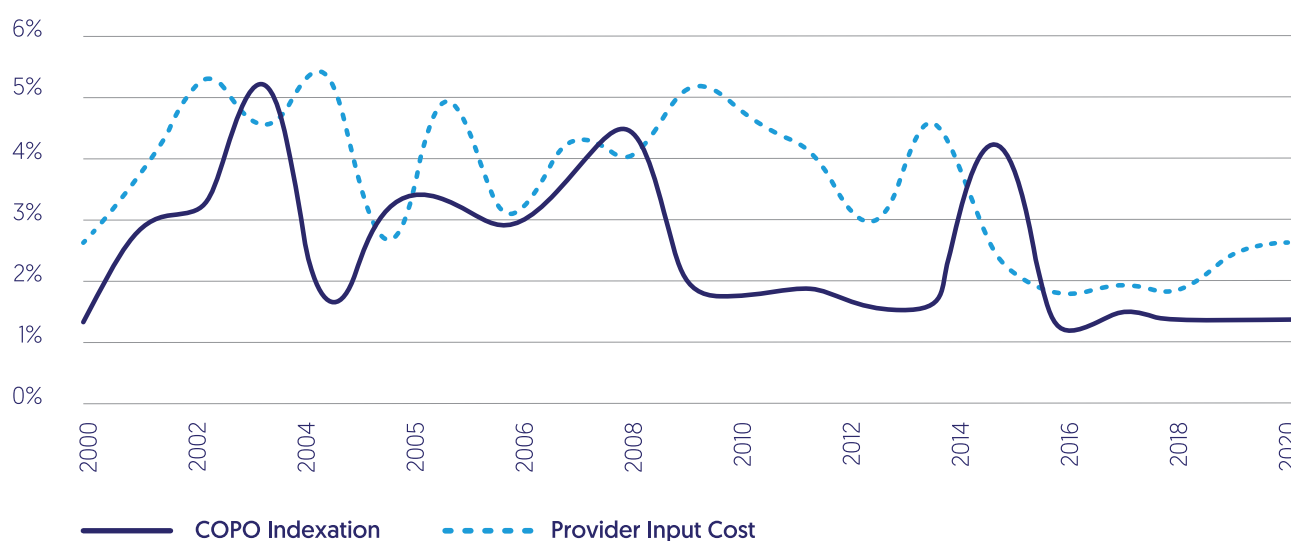
More staff	
<p>Recommendations</p> <p>The Royal Commission recommends that minimum care and nursing time per resident should rise to 200 minutes per resident by July 2022, rising to 215 minutes by July 2024, appropriately adjusted based on the profile of resident needs in each service (casemix adjusted). A registered nurse or nurses would also need to be on site for 16 hours per day by July 2022, rising to 24 hours a day by July 2024. There would also be provision for providers to apply for time limited exceptions.</p> <p>Recommendation 86</p>	<p>Comment</p> <p>The AACC supports the introduction of this standard which will need to be appropriately funded under a casemix classification and funding model supported by independently determined prices based on annual costing studies.</p> <p>It is universally accepted that adequate staffing is one of the prerequisites for high quality relationship-based aged care. Only 15.5% of Australian aged care homes have staffing that is considered good by US standards, and 57.6% have staffing below the level considered acceptable.</p>

2.5 Residential care priorities

Summary of key Royal Commission recommendations

Immediate amendments to relieve financial pressures	
<p>Recommendations</p> <p><u>Immediate amendments to indexation arrangements</u></p> <p>The Royal Commission recommends, pending an independent pricing authority and a casemix classification and funding model, amendments to residential aged care indexation arrangements so that care subsidies and the viability supplement are increased annually in line with increases in minimum wages in relevant awards determined by the Fair Work Commission so that aged care prices reflect wage movements in comparable sectors.</p> <p>Recommendations 110 and 111</p> <p><u>30% increase in the viability supplement</u></p> <p>The Royal Commission recommends that the current temporary 30% COVID-related increase in the Viability Supplement for rural and remote and homeless services should be continued until more permanent changes are made on the advice of the independent pricing authority which recognise the additional costs incurred by these services.</p> <p>Recommendations 113</p>	<p>Comment</p> <p>The AACC agrees with both of these recommendations.</p> <p>Between 1999–2000 and 2018–19, the input costs for approved providers increased by 116.9%, but the subsidy level only rose by 70.3%.⁵ Figure 1 shows a comparison of historical cost increases in indexation cited by Commissioners⁶. Around 70% of aged care costs relate to labour costs.</p> <p>The Aged Care Financing Authority has reported that since the introduction of ACFI in 2008–09, care subsidy rates for residential care have increased by 17.1% compared with 35.2% for the Wage Price Index for Health Care and Social Assistance.</p> <p>In more remote rural and regional areas, aged care services face greater financial sustainability challenges due to their isolation and lack of economies of scale, with more than 78 per cent currently reporting a financial loss. The AACC agrees that sustainable funding arrangements determined by the independent pricing authority based on costing studies are needed to ensure the availability and continuity of quality services in these areas.</p>

Figure 1: Comparison of the rates of growth of subsidy levels and provider input costs



5. Royal Commission into Aged Care Quality and Safety 2021 Final Report Volume 2, page 193

6. Royal Commission into Aged Care Quality and Safety 2021 Final Report Volume 3B, page 640 citing Exhibit 21-1, Sydney Hearing 5, general tender bundle, tab 114, RCD.9999.0522.0001 at 0009.

2.5 Residential care priorities

Summary of key Royal Commission recommendations

Securing access to better health care	
<p>Recommendations</p> <p>The Royal Commission has identified that all too often older people receiving aged care miss out on access to adequate health care. More complex health care needs go beyond personal and nursing care to also require a coordinated multidisciplinary response involving health practitioners and specialists from across the health system.</p> <p>Accordingly the Royal Commission recommends a suite of measures to improve access to health care services, including a new primary health care model, multidisciplinary outreach services, improvements to the Medical Benefits Schedule and a seniors dental benefits scheme.</p> <p>Recommendations 56, 58 and 59-64</p>	<p>Comment</p> <p>The AACC agrees that timely access to health professionals working in the wider health system, including general practitioners, mental health professionals, oral health care, palliative care specialists and multidisciplinary care teams and access to medication management reviews are critical to the wellbeing and quality of life of older people receiving aged care services, especially older people in aged care homes who generally have higher and more complex health care needs.</p>
Access to allied health	
<p>Recommendations</p> <p>The Royal Commission recommends that residential aged care services should be required to have arrangements with allied health professionals to provide services in accordance with individual care plans, with funding to be provided to providers through a blended funding model and prices determined by the independent pricing authority.</p> <p>Recommendation 38</p>	<p>Comment</p> <p>The AACC agrees with the Royal Commission's concerns about inadequate access to allied health leading to unnecessary deterioration in the quality of life of older people living in aged care homes and supports the provision of funding for allied health services through a blended funding model.</p>
Support rather than physical and chemical restraint	
<p>Recommendations</p> <p>The Royal Commission recommends that physical and chemical restraint should only be used as a last resort and as part of plan approved by an expert registered by the quality regulator, or in an emergency. Staff should receive funded and regularly updated training in best practice dementia and mental health care and support.</p> <p>Recommendation 17</p>	<p>Comment</p> <p>The Royal Commission has highlighted extensive overuse of restraint as a key problem in Australia's aged care system. In the NDIS, restraint can only be used in an emergency or as determined by an independent expert as part of a behaviour support plan. The AACC agrees that older Australians deserve the same support and protection. Sufficient and well trained staff, together with the support of behaviour management experts, is required for real relationship building and for planning and delivering individualised responses.</p> <p>Training in best practice dementia care should be a requirement under continuous professional development provisions of workforce registration schemes.</p>



2.5 Residential care priorities

Summary of key Royal Commission recommendations

More resources for food and daily living	
<p>Recommendations</p> <p>The Royal Commission recommends an immediate \$10 per resident per day increase in the basic daily fee for everyday living expenses primarily to cover the cost of improved nutrition.</p> <p>Recommendation 112</p>	<p>Comment</p> <p>Food related complaints have been among the most common issues raised throughout the Royal Commission. This must be addressed to ensure residents have nutritious and enjoyable food.</p> <p>The Royal Commission acknowledged that providers are already spending more than they receive on food and other daily living expenses like cleaning and entertainment, with a deficit of more than \$9 per resident per day according to recent surveys.</p>



2.6 Financing quality aged care

Modelling by the Royal Commission implies that its recommendations would increase Australia's expenditure on aged care to 2.75% of GDP in 2050, or about twice as much as it would be if the current policy settings were maintained.

Older Australians who use aged care services pay for about one quarter of the total cost, through a complex mix of co-contributions and means tested fees, while the remainder is paid by the Australian Government.

In 2018–19, the last year for which all data is currently available, \$27.0 billion was spent on aged care, including \$19.9 billion by the Australian Government, and \$5.6 billion in personal contributions from older people who could afford to do so, mainly to cover everyday living expenses.

In 2019–20, Australian Government funding grew to \$21.2 billion. Yet the Royal Commission found “that funding for aged care is insufficient and insecure” and that “one of the priorities of governments has been to restrain the growth in aged care expenditure irrespective of the need for care, and without sufficient regard to whether the funding is adequate to deliver high quality and safe care”.

Australia currently spends 1.2% of GDP on aged care versus 2.5% for the rest of the OECD. This implies we currently have an annual funding gap of more than \$25 billion.

The AACC considers that if Australia is to reach the standard of aged care in comparable countries, a balanced funding mix involving taxpayer funding and means testing for those individuals who can afford to contribute to their own aged care costs, will need to be considered, with protections for those who cannot afford to contribute.

This will ensure more staff can be employed, they can be better paid and better trained and services can be improved to meet community expectations.

In this way providers will be able to deliver the quality care they long to deliver, that older people deserve and that the community rightly expects.



03 Priorities for the 2021-22 Budget

Implementation of the reforms will require detailed program design, systems development, cost estimates, enabling legislation and regulations, sector consultations and careful sequencing of the reforms.

The AACC strongly urges that the Government's report to Parliament [by 31 May 2021] about its response to the recommendations of the Royal Commission's Final Report [Recommendation 145] include a clear statement of longer term reform intent and an indicative implementation timetable which will provide clarity and certainty for the community, older people, aged care

service providers, financiers and investors about the future policy settings and program design for Australia's future aged care system.

Turning to 2021-22 Budget, the AACC considers that provision be made for the implementation of the following reform priorities [all of equal priority].

Human rights, access and choice

1. Commit to legislating a new rights-based Aged Care Act by July 2023.
2. Provide funding for removing the home care package waiting list by December 2022, and thereafter offering services based on assessed need within one month of assessment.
3. Commit to the development and implementation by July 2024 of a new uncapped and better integrated aged care program comprising respite, social supports, assistive technology and home modifications, and care at home and in residential services, with funding based on a mix of block and activity-based funding and personal budgets, and maximum funding amounts for care at home linked to care funding in residential care.
4. Announce a timetable for removing the Aged Care Approvals Round.
5. Introduce regulation that requires that physical and chemical restraint can only be used as a last resort and as part of plan approved by a behaviour expert registered by the quality regulator, or in an emergency where there is a risk of physical harm.
6. Fund the establishment of a regional network of 'care finders' and scalable assessment services, and increased support for independent advocacy.
7. Appoint an Inspector-General of Aged Care, introduce independent standards setting arrangements, and establish an independent taskforce to direct and implement the reforms.

Workforce

8. Announce a joint Australian Government, employer and union application to the Fair Work Commission in 2021-22 to increase minimum award wages which includes provision for funding award increases.
9. Fund a workforce program to support training, clinical placements, scholarships and other initiatives to respond to workforce challenges in a targeted manner (including dementia and end of life care), and commit to the development of a 10-year workforce strategy to ensure a sufficient supply and distribution of health and aged care workers for the aged care sector and to inform future targeted workforce initiatives.
10. Provide funding and a timetable for the progressive implementation of the Royal Commission's recommendations to improve access to the services of the wider health system by older people receiving aged care, including a new primary health care model, multidisciplinary outreach services, improvements to the Medical Benefits Schedule and a dental benefits scheme for age pensioners scheme and residents of aged care homes.
11. Fund the introduction by July 2024 of funding for approved providers to engage allied health professionals based on a blended funding model.
12. Announce funding for designing and implementing a national registration scheme for personal care workers.

Summary of key Royal Commission recommendations

Transparency
<p>13. Commit to progressive implementation of enhanced transparency and accountability provisions by December 2022, including a wider range of clinical indicators, star rating performance system, reporting of care staff hours, reporting of service level financial data to the independent pricing authority and strengthened prudential regulations.</p>
Sustainability
<p>14. Funding commencing July 2021 for implementing amendments to indexation arrangements; extension of the 30% increase in the Viability Supplement; a \$10 increase per resident per day in funding for everyday living expenses; and a program to reimburse employer staff development costs pending an independent pricing authority.</p> <p>15. Establish an independent aged care pricing authority by July 2022 to determine prices for aged care services based on a casemix classification and funding model and annual costing studies which have regard to, inter alia, minimum casemix adjusted staffing levels.</p>

The AACC looks forward to contributing to the design and implementation of these reforms in collaboration with the Parliament and sector stakeholders in order to fix Australia's broken aged care system and thereby improve services and the lives of older Australians.

04 Summary of Royal Commission priority recommendations

The Australian Aged Care Collaboration believes that of the 148 recommendations made by the Royal Commission, implementation of the following 52 should be prioritised to ensure older Australians get maximum benefit in the quickest possible time.

Recommendations
1, 2, 3, 12, 17, 18, 20, 22, 24, 25, 28, 29, 32-39, 41, 56, 58-64, 75, 77, 78, 80, 84, 86, 106, 110 -116, 119, 120, 122, 124, 130-133, 147



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