



**Australian Government
Aged Care Taskforce:
Draft Aged Care Funding Principles**

Submission

August 2023



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The MAV is the statutory peak body for local government in Victoria. While this paper aims to broadly reflect the views of local government in Victoria, it does not purport to reflect the exact views of individual councils.

1 Introduction

The Municipal Association of Victoria is the peak representative and advocacy body for Victoria's 79 councils. The MAV was formed in 1879 and the *Municipal Association Act 1907* appointed the MAV the official voice of local government in Victoria.

Today, the MAV is a driving and influential force behind a strong and strategically positioned local government sector. Our role is to represent and advocate the interests of local government; raise the sector's profile; ensure its long-term security; facilitate effective networks; support councillors; provide policy and strategic advice; and capacity building programs.

We welcome the opportunity to respond to the Australian Aged Care Taskforce's (the Taskforce) request for submissions.

This submission responds to the draft aged care funding principles and questions put forward by the Taskforce. Rather than provide feedback on all proposed principles, which the MAV broadly supports, our submission includes commentary across six areas within the scope of the Taskforce's consultation.

1. Lessons from the Victorian local government context
2. Paying for aged care – embedding equity
3. Fairness in aged care funding and services
4. Sustainability
5. Quality care
6. Innovation

Victorian local government has a legislative responsibility to promote the health and wellbeing of residents, including older people. Their role is multifaceted and diverse. While some councils directly deliver in-home aged care services, all councils plan, partner and lead an array of activities, supports and services for older people to ensure they can age in place. With this spectrum in mind, this submission emphasises a systems approach to respond to the Taskforce's principles.

The recommendations made in this submission are informed by Victorian councils' experience as providers and as the level of government closest to the community. Many of the suggestions have been well made previously but are reiterated here to ensure they are understood as necessary features of a quality aged care system.

Recommendations

- Expand federal investment in preventative 'ageing well' programs to delay entry into the aged care system. Include funding for research and development to improve an evidence-base and promote innovation

Paying for aged care – Embedding equity

- Before the new Support at Home Program begins, engage with providers and clients to understand and address the drivers of package or service under-utilisation.
- Deter 'cherry-picking' by ensuring financial recompense for providers operating in areas with significant socio-economic disadvantage.

- Establish an independent and robust assessment process to determine client financial capacity to contribute to the cost of care.

Fairness in aged care funding and services

- Prioritise establishing a fit-for-purpose aged care assessment model with a suitably qualified and supported workforce.
- Develop and resource a comprehensive 10-year National Ageing Well Strategy to act as an overarching framework to guide investment and measure outcomes for older Australians.

Sustainability

- Pursue an intergovernmental partnership model of system stewardship to ensure sustainable local markets where funding is utilised to deliver outcomes.
- Prioritise harmonisation with parallel and interfacing service systems to plan and fund aged care.

2 Victorian local government context

Victorian aged care services were historically delivered through a successful trilateral partnership between the three spheres of government. Local government in Victoria has a 70-year history of planning for, funding and providing aged care programs, services and facilities in response to the specific needs of its ageing residents. Councils contributed over \$150 million annually to this partnership. Since the Commonwealth Government assumed control of the aged care system, the landscape for Victorian councils as a sector providing aged care services has changed. Approximately half of Victorian councils continue to provide funded aged care services (including some with a service mix of Commonwealth Home Support Program, Home Care Packages, Regional Assessment Services, and one council with operating residential care).

Councils have an ongoing responsibility to assess their future involvement in the provision of aged care services to understand the impact of the reforms on their capacity and role as service providers. Councils and the MAV continue to advocate for a sustainable and quality aged care system that will support Victorians to age in place.

Councils create supportive environments and communities to age well, building connections for older people and the services they need, keeping them active and informed, supporting a range of activities and events and providing facilities across health, life-long learning, recreation, sport, arts and events.

Intergenerational and inclusive opportunities for older residents, particularly those from CALD and LGBTI communities, remain a strong local government sector commitment. Councils continue to invest in supporting wellbeing and social connection opportunities for residents to age well, with roles as civic leaders, planners, employers, advocates, provision of public infrastructure, and providers of community activities. These activities are important in diverting or delaying older people's need to access aged care services. Currently, most ageing well activities are primarily funded and delivered by individual councils, within their current capacity in response to community needs.

The adequate funding of place-based prevention activities that support people to age well should be seriously considered by the Commonwealth Government as a potential means to reduce spending on formal aged care services. This would ensure a coordinated and evidence-based approach to supporting older people to age well. Local government are well-positioned to design and deliver local ageing well initiatives with Commonwealth support.

Recommendation:

- Expand federal investment in preventative 'ageing well' programs to delay entry into the aged care system. Include funding for research and development to improve an evidence base and promote innovation.

3 Paying for aged care

Existing arrangements

Councils who are providers of Regional Assessment Services or aged care services have consistently reported client confusion regarding the intricacies and expectations associated with accessing and paying for aged care.

We frequently hear reports of clients refusing to move between aged care programs due to inconsistencies in how funding is delivered and managed within programs. Clients with higher care needs often continue accessing CHSP services once they have been deemed eligible for a Home Care Package (HCP) due to perceptions that they cannot afford their required hours of care within an HCP. The block funded nature of CHSP often leads to a misunderstanding of the actual cost of a particular service as clients are not assigned 'budgets'. The assigning of budgets can see some clients 'saving' funding for a rainy day rather than accessing the care that they need. These outcomes place unintended pressure on the system's 'entry level' supports and potentially result in individuals not accessing the intended appropriate supports.

The forces that drive this confusion for clients and their supporters must be understood and addressed to ensure they are not unintentionally 'baked into' the new aged care system. Clients should be able to easily understand the expectations of them and their provider(s).

Recommendation:

- Before the new Support at Home Program begins, engage with providers and clients to understand and address the drivers of package or service under-utilisation.

Embedding equity

From the outset, the aged care system should be designed to ensure equitable access and not disadvantage individuals or providers who serve clients with limited financial means or those requiring short-term or restorative care.

In a system reliant on a diverse market to achieve high-quality care, particular focus must be applied to ensuring choice of providers is available to as many Australians as possible. Therefore, Government must take action to incentivise, or at least mitigate deterrents, facing providers operating in areas of geographic and socio-economic disadvantage to avoid relying on providers of last resort.

The reliance on the Modified Monash Model (MMM) to determine thin market loading or grants does not guarantee the mitigation of market failure in local communities. We are already aware of areas in Victoria classified as level three according to the MMM struggling to attract providers and workforce. Flexibility and innovation regarding providers of last resort must be modelled into the stewardship of the sector to enable local solutions.

A model that relies on values-based providers to operate in the gaps left by profit-driven providers will leave many Australians without access to adequate services and put pressure on the long-term sustainability of local markets.

Furthermore, if means or income testing is to be applied to determine levels of contributions or fees across all services under the Support at Home program, then assessment must be undertaken by a well-resourced and independent body, such as Services Australia to achieve efficiency, consistency and fairness

Recommendations:

- Deter 'cherry-picking' by ensuring financial recompense for providers in areas with significant socio-economic disadvantage.
- Establish an independent, robust and consistent means assessment process to determine financial capacity of clients.

4 Fairness in aged care funding and services

Fairness is about equity of appropriate and quality service access across all communities. A fair service model will be person-centred, with culturally sensitive services that respond to the diversity of individual needs and should be enabling and strengths-based to provide the right supports for people to age in place.

Focusing on establishing and maintaining a suitably qualified assessment workforce undertaking holistic assessments will ensure clients get the support they need and are eligible for, mitigating the need for subsequent, higher-cost interventions.

Fairness must also look beyond older people who will benefit from aged care supports tomorrow and consider fairness for younger generations who will contribute taxes to tomorrow's system.

In order to instil confidence in other generations that the system will be sustainable and available to support them in time if they require care, the Commonwealth Government must outline a long-term strategy for aged care and supports for older people in general. Such a strategy would ensure community, clients, providers, all levels of government and parallel sectors, such as health and disability, can understand and amplify the impact and outcomes sought via investment in aged care and ageing well initiatives.

The plan should outline a systems approach to planning and funding aged care and ageing well initiatives to ensure each level of government and other stakeholders are empowered to contribute to the ongoing improvement of the aged care system and promote responsive and connected local service systems.

Recommendations:

- Prioritise establishing a fit-for-purpose aged care assessment model with a suitably qualified and supported workforce.
- Develop and resource a comprehensive 10-year National Ageing Well Strategy to provide overarching framework to guide investment and measure outcomes for older Australians.

4 Sustainability

There is still a way to go before Australia's aged care system can be considered sustainable. Funding is often poorly targeted and sees providers pursuing targets rather than outcomes. Financial sustainability in the aged care system must be defined in relation to the outcomes sought through investment in care.

To achieve a sustainable aged care system, we suggest there are several underlying concepts that need to remain in focus to drive funding sustainability.

- **Future-proofed** – evidence-based program design with financial and fiscal sustainability of the system that will support older people now and for future generations.

- **Robust market** – create the financial incentives and conditions to attract and retain a diversity of providers, including at various jurisdictional scale and diversity of specialist providers. A robust market is essential to realise choice and control for older people within the aged care system, and also to cushion against the impact of market movement to avoid market failure.
- **Workforce pipeline** – the current system is already proving unsustainable due to workforce shortages. A workforce strategy is required to ensure a continued pipeline of trained workforce to support the growing population of older people.
- **Local system of services** – a connected, and local system of services will enable older people to age in place with access to services that support their individual needs. Creating local health service systems will require place-based approaches to stewardship and will value and support place-based partnership models, including engaging with local councils.
- **Public perceptions system** - a sustainable system should be perceived by the public as a valued system and not as a ‘burden’. This includes public understanding of the social value of the system for individuals and communities and also the impact on community health and other intersecting systems.

There is an opportunity for all three levels of government to work collaboratively to achieve harmonisation and support well-planned and responsive service systems at the local level. Sustainability must be a concept that must be considered in relation to local service systems in addition to the system-wide definition. Maximising harmonisation between aged care, health, and disability systems should be a critical priority to ensure system sustainability.

Aspiring for parity would improve local market stability by reducing inequity between sectors to improve workforce attraction and retention and provide enhanced opportunities for market integration to reduce market gaps. This step toward harmonising systems would also improve navigational access and mobility between systems for older people.

Over the long term, funding for aged care will be particularly impacted by Commonwealth and state funding in preventative health, disability support, access and inclusion and training. Understanding the nature and scope of investment in these areas from the outset of the new system will avoid duplication, enhance system interfaces, and potentially reduce the relative overall investment required to sustain the aged care system.

Recommendations:

- Pursue an intergovernmental partnership model of system stewardship to ensure sustainable local markets where funding is utilised to deliver outcomes.
- Prioritise harmonisation with parallel and interfacing service systems to plan and fund aged care.

6 Quality Care

The principles that underpin quality care have been described by local government as:

- Person-centred care, with systems working together around the individual.
- Care is accessible, responsive and flexible to meet the needs of older people, starting at the early intervention stage.
- Services are based upon population-based service planning and resource allocation methods to meet local needs.
- Services are transparent and accountable
- Services support choice and enable personalised approaches.
- Care is provided by a skilled and appropriately qualified workforce.
- Services are holistic and person-centred, promoting wellbeing, and reablement approaches.
- Continuous improvement is embedded into the system with a feedback loop to ensure difficulties or challenges within the system (or gaps) are captured in a timely manner to create a more agile and responsive system. Client's voice is actively sought for individual and systemic service improvements.

7 Innovation

Additional and adequate funding should be available to embed innovative approaches within the aged care system. Resourcing is required for:

- Local government and other stakeholders, to embrace co-design principles and actively engage the voices of older people at the centre of the system
- communities of practice and sector development for collective impact (such as continued funding toward Sector Support and Development)
- Research partnerships with implementable recommendations
- Monitoring research and innovation across systems and across jurisdictions for evidence-based approaches

MAV strongly suggests that a National Ageing Well Strategy that captures investment in aged care services should also guide the establishment of other mechanisms to support the continuous improvement of aged care services and ageing well initiatives, including those driven by local government and their communities.