



Brotherhood  
of St Laurence

Working for an Australia free of poverty

Response to the  
Productivity Commission  
draft report  
*Caring for older Australians*

Brotherhood of St Laurence

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Brotherhood of St Laurence  
67 Brunswick Street  
Fitzroy Vic. 3065

ABN 24 603 467 024

[www.bsl.org.au](http://www.bsl.org.au)

For further information or to discuss this submission, please contact:

Christine Morka  
General Manager, Aged and Community Care  
Email: [cmorka@bsl.org.au](mailto:cmorka@bsl.org.au)  
Ph: (03) 9483 1375

# 1 Introduction

The questions raised by an ageing population are becoming important policy concerns both nationally and internationally. The fact that Australians are living longer and healthier lives is a testament to the success of the welfare state. However, it is also an unprecedented situation, for which many in society are under-prepared. Successful adaptation requires new ways of thinking about the social contribution of older adults, the relationship between generations and the balance of risk between the individual and the state. The Productivity Commission's draft report, *Caring for older Australians* (January 2011), outlines key elements in a national response to this increasingly pressing policy issue. Decisions made on the basis of this report will shape the quality of life of some of Australia's most vulnerable citizens. It has the potential to become a key point of reference available to policy-makers who are looking for answers.

The Brotherhood of St Laurence made a detailed submission to the original call (BSL 2010), and this second response addresses certain key aspects of the draft report itself.

The Brotherhood is a supplier of both residential and community-based aged-care services and has a track record of advocacy for and support to the most vulnerable members of society, helping people to help themselves. Social inclusion and basing policy on the capabilities that people bring to their life situations are key components of the Brotherhood approach. Many of the recommendations raised by the report are to be welcomed from this perspective but there are also gaps that need further consideration.

While the aims of the draft report, identified as part of 'A framework for assessing aged care' (chapter 4, p.65) are for the most part laudable, there appears to be a mismatch between these and the mechanisms identified to effect such change. Most notable is the assumption that a for-profit system will be the best way to achieve these ends. Unfortunately, no evidence is supplied to support this. Indeed there is international evidence that systems relying heavily on the market can reduce choice and increase social inequality among older citizens, especially those who are most vulnerable and have complex needs. The danger here is that, by attempting to create a system that facilitates for-profit provision, the Commission tilts the playing field unfairly against other forms, most notably the not-for-profit sector. Not-for-profits are also the providers most likely to work with the poorest, most disadvantaged older Australians who also have the most complex combination of needs. It should not be forgotten that effectiveness and efficiency are as important criteria to aged care as economy alone. In fact, not-for-profit organisations often also provide services at a lesser cost than their alternatives.

The draft report is to be welcomed for highlighting the independence, wellness and continuing contribution to society of older Australians. It requires further scrutiny in its suggestions for managing the risks to which vulnerable older adults and their significant others will be exposed in a proposed environment of increasing marketisation.

## **2 Increasing choice, wellbeing and care quality**

### **2.1 Access, information and the need for ongoing consumer feedback**

The draft report outlines improved access and information as key elements in promoting market choice and urges that these systems be made easier to navigate. While these are important, the report focuses almost exclusively on the point of entry and pays less attention to participation and feedback as part of the process of care. We recommend that more attention is given to how the voice of older Australians can be heard as part of the everyday experience of receiving care. At present the mechanisms suggested focus on avenues for complaint; however this is something of a blunt instrument to promote engagement in decision-making. There is very little in the draft on devising service development systems that regularly take consumer views on board. The next iteration of the report might usefully outline mechanisms for everyday participation and contribution to be included as part of the assessment of care quality.

### **2.2 Transaction costs, sanctions and contingency plans**

While market mechanisms make an important contribution to consumer choice, moving into a residential home is not like buying a packet of cornflakes, or for that matter a family car. The decision is often not made until existing abilities to cope have diminished to crisis point, and so involves multiple decision takers, including relatives and helping professionals. Given the vulnerability of the end-consumer, a poor choice can have far-reaching consequences for their quality of life; and repeated changes of care site can, in some cases, threaten life itself. In other words, the transaction costs of choices can be high and largely irreversible. This confirms the importance of strengthened quality inspection, drawing on the ongoing consumer feedback outlined in section 2.1 above. Further, marketisation reinforces the need that any sanctions following investigation of complaints should be balanced by requiring community care and residential care suppliers to make contingency plans so that, in the event of discontinuation of a service, alternative forms of support, including identifiable pathways to new supports, are available in advance and can be put into effect. This would help to protect vulnerable older adults from extreme forms of poor practice and from the effects of market failure.

### **2.3 Gateways, choices and options**

Simplifying the systems of information and access is to be welcomed, so long as a single assessment does not restrict choice and pathways to care and support.

There is a difference between accessing a range of services at a single location and having only a single point of assessment. In the current climate of health and aged care reform, a number of recommendations have been put forward—to more than one arm of government—which aim to streamline and improve access to aged care and deliver better outcomes for older people. The Productivity Commission recommends the establishment of an Australian Seniors Gateway Agency to provide information, assessment, care coordination and care referral services to be delivered via a regional structure. The National Health and Hospital Reform Commission report refers to the establishment of a network of Aged Care One-stop-shops and Medicare Locals. Due to be implemented in June 2011, Medicare Locals are independent legal entities that will support health professionals to provide better coordinated care, improve access to services and drive integration across the primary health care, hospital and aged care sectors. What is not clear is how (or whether) these three reform initiatives are linked to each other. Further, the draft report pays little attention

to how people disadvantaged by language barriers, homelessness, cognitive impairment, mental health or physical disabilities will access information or the Gateway services. Internet and telephone services with complicated menus will deter access. Information needs to be available in many formats including face-to-face explanations of options and pathways of care including local case management by familiar, trusted providers.

The trick will be to simplify the system without restricting consumer choice, while responding to older adults with complex and overlapping needs.

## 2.4 Homelessness: a forgotten factor?

The *Aged Care Act 1997* identifies homeless older people as a special needs group; however the draft report does not address the issues faced by aged care providers in supporting their specific requirements. A number of issues need to be addressed. First, problems currently arise in the aged care system at the earliest stage of assessment, where ACATs apply a generic process for referral and assessment. The effect is for the ACAT to become the de facto gate keeper that inadvertently denies access to many homeless persons. Referrals most often come from homeless persons support workers or housing support workers who have no training in regard to the aged care system. Consequently their ability to advocate and provide relevant information is lessened and it is often at this point of entry that access of homeless people to aged care services is curtailed. The homeless older adult is then often passed from pillar to post, effectively denied the support they are entitled to. If a single gateway is to ensure access to person-centred services, these problems will need to be overcome. In other words, homeless older Australians and their individual needs need specific recognition as part of any Gateway system.

Second, the current funding tool, the Aged Care Funding Instrument (ACFI), disadvantages providers which support homeless older adults. It fails to capture the true costs of providing the range and level of supports that are needed, especially with respect to weight given to behavioural problems. On average, it is estimated that not-for-profit providers are losing approximately \$7700 per annum for each resident of this profile. Although the draft report recognises that current funding arrangements are unsuitable to provide for residents who have behavioural and cognitive problems, it does not address the solution. In the short term, the financial viability of many providers catering to these people is under threat. In the longer term, if not rectified, it will act as a serious disincentive to aged care providers of all types to accommodate homeless persons. Funding for the care for this group needs to be reviewed independently to capture the high level of services and care required and the associated costs, which may not be remedied by block funding alone.

## 3 The role of not-for-profit providers

### 3.1 Innovation and complex cases

While the loosening of constraints on supply of services is to be welcomed, the draft report is written in such a way that it is assumed that most suppliers will be operating on a for-profit basis. It is recognised in the report itself that a significant proportion of aged care—both in residential and in community settings—is supplied by the not-for-profit sector. First, it should be noted that not-for-profit is a sector with a track record for service innovation and experimentation with new models of care and of consumer participation. Second, the not-for-profit sector often works with those older Australians who have the most complex care needs and least ability to pay. As Australians live longer and increasing numbers of older Australians who require services most

often desire, and are encouraged, to live in their own homes and communities, the level of vulnerability of community living older adults and, down the line, those seeking residential care can be expected to increase. The Productivity Commission's report, *Contribution of the not-for-profit sector* (February 2010), recognises the sector's important role. However, the constraints on the effectiveness of not-for-profits produced by a culture of uniform contract compliance, and the associated deflection from their innovative and advocacy role, have not been addressed in the current draft report. Further consideration should be given to funding regimes other than quasi-markets as mechanisms to support the unique potential of this third pillar of social care.

### 3.2 Trading of supported resident quotas

The suggestion that schemes for trading of supported resident quotas be allowed, to deal with complex cases, should not become an excuse to shift financial burdens and risks from one sector to another. Any trading scheme should therefore take adequate account of the increased risk and vulnerability that accompanies such a transfer. Trading should also take into account the effects on the older adults concerned. Their links with their existing communities and their families should be protected and trading should not contribute to social isolation and mental ill health. As not-for-profit organisations often help vulnerable Australians whom other sectors are either not equipped to help or find too costly to work with, the Commission should pay greater attention to the different incentive structures facing not-for-profits and for-profit businesses, to ensure that effectiveness is balanced against efficiencies, as not-for-profits may have advantages in small-scale experimental efforts and encourage better linking of services and participation.

### 3.3 A single bedroom and bathroom as basic

The draft report's proposed benchmark of 'two beds—one bathroom' is inadequate and prejudicial against both older residents and not for profits on at least two fronts. First, many providers responding to consumer needs have already adopted a higher level of single occupancy that will be undercut by setting the standard so low. Second, shared space of this type would seriously inhibit the care environment. Ultimately, the current policy could actually reduce the variety and quality of housing available to older Australians. This recommended basic standard for accommodation for those with limited financial means is unsuitable for sufferers of dementia and other chronic health conditions, inconsistent with current expectations and in contradiction to most existing accommodation which has single rooms that are not suitable for conversion to double. Funding on this basis effectively halves income for progressive and responsive providers.

## 4 Carers and workforce

### 4.1 Caring for carers

The draft report is to be welcomed in so far as the role of unpaid carers is recognised, yet curious in so far as informal care is located under workforce issues. While informal care provides the backbone for a system that would otherwise fall apart, it should not be assumed that informal carers are part and parcel of attempts to reduce costs and risks for other parts of the system. Recognition must not be mistaken for a shift of economic responsibility, especially given the psychological, social and economic strains of caring and when also seen in the light of proposals to shift fiscal attention from income to the wealth of older care recipients. The draft report acknowledges the financial, physical and emotional strain that many carers experience but then refers to information, participation in decision making and access to respite care while not expanding on how carer needs

will be met. Further, it does not address the challenges of changed family configurations, notions of duty, increased financial incentive to do paid work and continue to work as factors that will shape the availability of informal care. As it stands, the draft makes what might be unfounded assumptions about the role and availability of informal carers, and their capacity to independently coordinate care and cope with risk. Recognition should be followed by adequate remuneration, advocacy and support in the coordination of what can be complex and technical decisions which should be made available to all carers without negatively affecting any existing income. Further, the purpose of support should be to allow carers space to be 'free to love and to care about' rather than to coopt them into an unpaid, quasi-professional role.

## 4.2 Workforce and demographic change

The draft report rightly highlights the brewing demographic storm that consists of fewer workers, fewer carers, greater numbers of vulnerable adults and a lack of incentives to work in social care. Unfortunately, these workforce issues do not seem to be anywhere near resolution in the current draft. As adults grow older, their mental, physical and social well-being become increasingly interdependent. Raising the professional status of social care in the public mind and reflecting this in training, remuneration and service conditions will be essential elements of a strategy that both recognises the increased complexity of needs and the tasks to be addressed. Training requirements are therefore highlighted in the draft, and should be increased and made a key element of quality control mechanisms. However, the draft also acknowledges the increasing number of less qualified staff in residential aged care, while implying that this is cost-efficient. It is suggested that increased competition between providers could stimulate innovation and improve the quality of care. The danger, given the countervailing forces of economies of scale, contract culture, and transaction risk, is that these factors contribute to a downward rather than an upward spiral, and so move away from building a sector that is adequately skilled and staffed. In this context, increasing wages would be a clear incentive to choose a career in social care which, while it may have a direct effect on costs in the short term, will have benefits in terms of staff retention, ongoing recruitment and skill enhancement. These questions about the care workforce may be so great as to need a report of their own.

## 5 Age-friendly environments

While the draft refers to services necessary to help people stay in their own homes, such as home maintenance and community care packages, there is little mention in the recommendations of how the quality of the built environment, its age-friendliness or liveability can be promoted to enhance people's quality of life and enable their continued engagement and contribution to their families and local communities. This area is perhaps the acid test of any policy initiative to maintain the older citizen in wider society and takes the understanding of support beyond the provision of care packages and accommodation per se. It requires boldness in the planning specifications for so-called growth corridors as well as in the re-design of existing housing and community areas. As the disability movement has pointed out, it is not so much that people are disabled as that environments are disabling.

Coordinated transport, community facilities and neighbourhood design are features that would play a significant preventive role, reducing costs and helping to maintain people in their own communities. While there is a nod toward preventative approaches and liveable environments in the draft report, substance is lacking and the opportunities for social as well as fiscal benefit require

more serious consideration. The distinction between accommodation and service provision is welcome, but until liveability is addressed, the lynchpin for social inclusion is missing.

## 6 Protection against high costs of care

The draft report outlines a number of mechanisms to protect those on low incomes from the effects of increasing marketisation. In so far as the draft includes wealth as well as income in the equation, it is to be welcomed. However, a number of points need to be made. First, the impacts on intergenerational equity, given the expectations on intergenerational informal care, have yet to be explored. Second, the distinction between basic and additional costs, if not closely monitored, could easily result in a two-tier system of care. The proposed Government Australian Pensioners Bond and equity release schemes have merit in principle but people need, for example, to be protected from interest rates that could lead to increased impoverishment the longer a person lives. Many of the details of protective recommendations and the accountability provisions for the proposed structure (such as the Gateway and regulatory institutions) have yet to be disclosed, and until they are it is difficult for the Brotherhood to take a view on their implications for reducing poverty and increasing the wellbeing of vulnerable older adults and those who care for them.

## 7 Concluding comments

The draft report attempts a delicate balance between indelicate forces: increased quality control versus deregulation; increased diversity and the liveability of care environments versus economies of scale and market fragmentation; the protection of vulnerable citizens versus the privatisation of risk; and workplace economy versus workforce effectiveness. This response highlights issues related to the balance between for-profit and not-for-profit provision, improving care quality, service innovation, the care workforce, the promotion of age-friendly environments, and protection against high costs and poor quality care. Each of these, it is suggested, require further attention if the draft report is to meet its laudable aims.

## References

Brotherhood of St Laurence (BSL) 2010, Submission to *Caring for older Australians* [Productivity Commission report], July.

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