NORTHERN REGION COUNCILS

FUTURE DIRECTIONS FOR LOCAL GOVERNMENT IN AGED SERVICES DELIVERY

LITERATURE AND POLICY REVIEW

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Quest Consulting
Phone: 03 9696 5303
Mobile: 0402 129 662
Email: vicki@quest-consulting.com.au
Web: www.quest-consulting.com.au

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1. INTRODUCTION

The purpose of this literature and policy review is to provide senior management in local government in the northern region of metropolitan Melbourne with a clear explanation of Commonwealth and Victorian Government aged and disability policy where it has, or may have, an impact on local government.

Over the last few years, there have been a number of significant enquiries by the Productivity Commission and other entities that have resulted in significant shifts in government policy. While these changes may/may not have direct impacts on local government in the short-term, it is important that local government decision-makers are aware of changes, proposed and actual, so that local governments can adapt their own services should they so wish and be well-prepared should changes be imposed by funding bodies.

The literature and policy review is the first step in a four phase project initiated by the Managers of Aged and Disability Services in the seven northern metropolitan local governments – Banyule, Darebin, Hume, Moreland, Nillumbik, Whittlesea and Yarra. The second step in the project is a workshop for Directors of Community Services and the Managers to discuss the implications of the changes for local government. The third step is the development of a Discussion Paper highlighting issues local governments will need to consider in determining their future roles in supporting older citizens and citizens with a disability. The final step is the production of a DVD for use as a communication tool within local government (potentially for Councillors) to facilitate and encourage an informed conversation about the future role of local government in aged and disability services.

Enquiries in relation to the project should be directed to:

Ms Rebecca Haack
Manager Aged and Disability Services
Moreland City Council

2. PURPOSE & METHODOLOGY

The purpose of this document is to provide a clear summary of current aged and disability services policy directions relevant to local government. However, this Paper does more than that. It also traces the recent history of policy development. There have been such dramatic shifts in policy in both areas over the last five years that a full appreciation of the complexity and the inter-related nature of the changes requires a detailed understanding of the policy drivers and the bigger picture of nation-wide reform of Commonwealth-state relations.

This literature and policy review was primarily undertaken as a desk top exercise. It involved the examination of documents prepared over the last ten years including:

- Major Commonwealth Government funded reports on ageing and disability
- Australian Government policy
- Council of Australian Government Agreements
- Commentary from advocacy groups
- State Government policy on Home and Community Care

- Municipal Association of Victoria (MAV) reports on the role of local government in aged services
- Other publically available reports relevant to the role of local government

In addition to the review of documentation, a meeting was convened with the Victorian Department of Health and the MAV to seek their advice and input to the project.

The project relied only on publically available documentation. Documents were sourced from the websites of Commonwealth Government departments and funded agencies, the Council of Australian Government (COAG) and related entity websites, State Department of Health website, the MAV website, and the websites of advocacy organisations such as Council on the Ageing and the National Aged Care Alliance. Additional documents were also provided directly by the seven councils.

The scope of the review was limited as follows:

Scope – Included

- Ageing Policy (as it relates to the role of local government)
- Home and Community Care
- National Disability Insurance Scheme (Proposed)
- Carers
- Active/healthy/positive ageing

Scope – Excluded

- Residential Aged Care
- Community Aged Care Packages (CACPs)
- Community nursing
- Non-local government disability services
- Mental health reform

Given the highly inter-related nature of social policy, it was necessary to determine the appropriate level of detail to include and the best way to convey information. Ultimately, a hybrid approach was taken. The history of health and aged service reform is discussed in some detail followed by a summary of the key elements of the Australian Government's recent aged services policy – *Living Longer Living Better.* That is followed by a short summary of Victorian aged services policy and the MAV's position on local government's role in HACC. Key elements of the proposed National Disability Insurance Scheme are then presented and finally, there is a brief outline of policy in relation to carers and positive ageing.

It is important to note that this is NOT a discussion paper. It does not seek to interpret policy or its implications for local government. That task will be undertaken in Stage 3 of the project. This Paper is a background briefing paper designed to provide the seven local governments with the information needed to understand the key elements of reform proposals.

3. AGEING - A GLOBAL ISSUE

Ageing is certainly a global issue. The Centre for Strategic and International Studies (CSIS)[1] states:

[1] The CSIS a bipartisan, non-profit, highly respected think-tank headquartered in Washington, D.C. It conducts research and analysis and develops policy initiatives that look to the future and anticipate change. www.csis.org

"The world stands on the threshold of a stunning demographic transformation brought about by declining birthrates and rising life expectancy. The first trend is decreasing the relative number of young, while the second trend is increasing the relative number of old. Together, they are leading to a dramatic and unprecedented aging of populations worldwide.

For most of human history, the elderly only comprised a tiny fraction of the population, never more than 3 or 4 percent until about a century ago. In today's developed world, they comprise roughly 15 percent of the population. By mid-century, the share is on track to reach 25 percent—and that's just the average. In some fast-aging European countries, the share will be approaching 35 percent and in Japan it will be approaching 40 percent. Along the way, the populations of most developed countries will cease growing and in some cases enter a steep decline."

The CSIS has established the Global Aging Initiative (GAI) which explores the long-term economic, social, and geopolitical implications of demographic change around the world. One of the GAI projects is the Global Aging Preparedness Index (or GAP Index). It provides the first comprehensive quantitative assessment of the progress that countries worldwide are making in preparing for global aging, and particularly the old-age dependency dimension of the challenge [1].

The Gap Index measures the preparedness of 20 countries to face their demographic challenges. Two measures have been established. The first measures the fiscal sustainability of national budgets up to 2040, that is, can governments afford to pay for the costs of an ageing community. The second measures the income adequacy of people in their older age relative to the non-older population. In other words, will older people be forced to live in poverty? Many countries score well on one index but not the other. China, for example, scores highly on the fiscal index but very low on the income index. That means China has ample capacity to meet the costs of ageing but does not provide adequate pensions or healthcare to enable people to age well.

Australia rates a special mention as the standout country that tracks well on both measures. Australia has the financial capacity to meet the challenges of an ageing society and, while concerns remain about the adequacy of retirement incomes for low income earners, generally, older people will not live in poverty. While this is a positive assessment of Australia's future, the fact that both the Commonwealth and State Governments continue to introduce systemic reforms suggests that Australia is one of the best placed nations to meet future demographic challenges.

4. FISCAL DRIVERS OF POLICY

Unsurprisingly, one of the most significant drivers of changing ageing policy is the likely fiscal impact of a much larger number and proportion of older people in Australia in future. The ageing of the population is expected to result in increased government outlays on pensions, healthcare and other services and impact tax revenues through changes in the proportion of people in the workforce. Over the last ten years, significant work has been done to assess the likely impact on Commonwealth budgets of Australia's changing demographics.

The first *Intergenerational Report* (IGR) [2] was produced as part of the 2002-03 budget presented by (then) Treasurer Peter Costello. It was the first significant effort by government to think about the impact of ageing in Australia. There had been earlier documents such as the *Strategy for an Ageing Australia* [3] but these had not fully explored the fiscal impacts of ageing. IGRs are not produced as part of every budget but as deemed necessary by Government. The 2nd report was

prepared in 2007 [4] and the 3rd in 2010 [5]. All three IGRs have played an important role in driving policy reform in aged care and in health more broadly.

The role of IGRs in Australia was reviewed recently by Treasury officials [6]. The first IGR was one of the earliest publications produced by any national government presenting detailed longer term demographic and fiscal projections. It played a major role in raising community awareness of long-term fiscal challenges and, in so doing, placed greater focus on Government decisions with long term consequences. Other countries have now followed Australia's lead in preparing statements of the long term implications of an ageing population on policy directions. It is important to note, however, that the intergenerational reports deal only with Commonwealth expenditure and not with state, territory or local government expenditures.

Following the first IGR, the government asked the Productivity Commission to examine in detail the economic implications of an ageing Australia, taking account of the impact on state, territory and local government budgets. In its 2005 report [7], the Commission found that:

- By 2044-45, governments (Commonwealth, states and territories combined) are projected to have a combined ageing-related fiscal gap of around 6.4 per cent of GDP relative to 2003-04.
- Cumulatively, the value of the fiscal pressure from 2003-04 to 2044-45 adds up to around $2150 billion in 2002-03 dollars.
- While the potential fiscal and economic consequences are great, population ageing does not currently represent a crisis
- Higher economy-wide productivity and participation rates are the keys to future economic growth and society's capacity to pay for the costs of ageing.

Other findings of the Productivity Commission relevant to this policy review included:

- Changes in the care mix – between residential and community care – will continue, but do not offer a panacea for cost pressures
- The ratio of informal (family) carers to dependent persons will reduce significantly

Importantly, the Commission projected that ageing-related spending pressure would be dominated by health spending, particularly non-demographic increases in costs (our emphasis).

While the Productivity Commission Study did look at the impact on local government and find it would face fiscal pressures, the findings were only general in nature reflecting differential involvement in the provision of age-related services and the wide variation in demographic change at the local level. It did highlight, however, indirect impacts on local government through, for example, an increase in the number of pensioners claiming rate concessions, increased demand for community transport as a consequence of more people with high dependency levels remaining at home, and increasing pressures to upgrade or modify infrastructure, which may not have been built with consideration of ageing populations and, lastly, pressure on local government planning processes to provide sufficient land and infrastructure for aged care.

Throughout the three IGRs and the 2005 Productivity Commission report, the emphasis has consistently been placed on the three pillars of economic growth – productivity, participation and population – as the keys to managing the fiscal impact of population ageing. The most recent IGR highlighted the financial consequences of failure to address these three pillars or 'three Ps':

"Today, around a quarter of total spending is directed to health, age-related pensions and aged care. This is expected to rise to around half (of total spending) by 2049-50. Together, these forces – ageing pressures, rising health costs and a structurally high spending base – are expected to result in spending exceeding revenue by around 2¾ per cent of GDP in 2049-50. If steps were

not taken to close the fiscal gap over time, the Budget would be in deficit by 3¾ per cent of GDP and net debt would grow to around 20 per cent of GDP."

Clearly, reform of health and aged care is needed if Australia is to maintain a healthy budgetary position.

5. THE INTERCONNECTION OF HEALTH & AGED CARE REFORM

Given the conclusions from the IGRs and the Productivity Commission that increases in health expenditure generally were the main drivers of budgetary concern, the Government moved to place greater emphasis on health reform – that is, reform of both hospitals and primary health care, including aged care. Aged care is not a stand-alone area of policy and it is not possible to trace the changes in aged care policy directions without examining the changes in health care policy directions.

In early 2008, the Commonwealth Government established the National Health and Hospitals Reform Commission (NHHRC) with the brief to:

"Report on a long-term health reform plan to provide sustainable improvements in the performance of the health system..."

The NHHRC's Final Report [8] was delivered in mid 2009 and many of its recommendations have been incorporated in current policy directions. The report made over 100 recommendations to transform the Australian health system. At a high level, the report recommended:

- Re-aligning roles and responsibilities so the Commonwealth has full policy and government funding responsibility for primary health care
- Developing a new Health Australia Accord in 2010 through COAG
- Improving access to dental health
- Connecting and integrating health and aged care
- Strengthening primary health care and establishing Primary Health Care Organisations (now Medicare Locals)
- Introducing a personally controlled electronic health record for each Australian
- Reporting health performance and making information on health services publically available

In aged care, the specific recommendations were:

- Ensure greater choice and responsiveness for consumers
- Achieve the most effective use of public monies while protecting those older people who are most in need
- Create an environment that fosters a robust and sustainable aged care sector

The NHHRC was established as a specific-purpose, short-term Commission and was closed on completion of its report.

The Government's response to the NHHRC was contained in its 2010 policy statement – *A National Health and Hospitals Network for Australia's Future* [9]. The Government's new policy was directed at reform of healthcare – both hospitals and primary healthcare, including aged care.

Older people are, of course, major users of health services. Per capita health spending on the aged is four times higher than health spending on people under 65. Real health spending on those aged over 65 years is expected to increase around sevenfold, and around twelvefold for those over 85 years from 2009/10 to 2050.

In the new National Health Policy, the Government committed to sustainable, high quality aged care and to providing funding for more services to older Australians – 12,000 new aged care places were announced at that time – with a strong focus on community care.

The NHHRC had recommended that the Commonwealth take full policy and funding responsibility for the Home and Community Care (HACC) program and for all state-funded health care provided in the community, including child and maternal health services, drug and alcohol services, and community mental health services.

In its policy response, the Government indicated it would negotiate with the states the detail of what was "in scope" for transfer to the Commonwealth in particular states. Those negotiations took place through the Council of Australian Governments (see next section) and resulted in the establishment of the National Health and Hospitals Network Agreement.

Victoria did not support some aspects of the National Health Policy and did not agree to the transfer to the Commonwealth of policy and funding responsibility for Home and Community Care (HACC) services. This is discussed in more detail in subsequent sections of this review.

6. COUNCIL OF AUSTRALIAN GOVERNMENTS AND NATIONAL HEALTHCARE AGREEMENTS

The Council of Australian Governments (COAG) is the peak intergovernmental forum in Australia. The members of COAG are the Prime Minister, State and Territory Premiers and Chief Ministers and the President of the Australian Local Government Association (ALGA). The Prime Minister chairs COAG. The role of COAG is to promote policy reforms that are of national significance, or which need co-ordinated action by all Australian governments.

In December 2007, COAG agreed to a reform agenda to boost productivity, workforce participation and geographic mobility, and support wider objectives of better services for the community, social inclusion, closing the gap on Indigenous disadvantage and environmental sustainability. The reform agenda specifically included health and aged care and was another factor leading to the establishment of the National Health and Hospitals Reform Commission (discussed previously).

The COAG Reform Council (as distinct from COAG itself) was established to assist COAG to drive its reform agenda. The COAG Reform Council monitors the performance of governments under intergovernmental agreements and reports to COAG. The overarching agreement is the *Intergovernmental Agreement on Federal Financial Relations* (IGAFFR) which introduced a significant shift in the way states were funded. Rather than seeking to control how States deliver services, the IGAFFR aims to improve quality and effectiveness by reducing Commonwealth prescription, aligning payments with the achievement of outcomes and/or outputs and giving States the flexibility to determine how to achieve those outcomes efficiently and effectively.[2]

[2] http://www.coag.gov.au/the_federal_financial_relations_framework

Under the IGAFFR, six National Agreements were established across healthcare, education, skills and workforce development, disability services, affordable housing and Indigenous reform. The two agreements relevant to this project are:

- National Healthcare Agreement
- National Disability Agreement (see later in the report)

National Healthcare Agreements have been in place for some years and are revised as agreed by COAG. A separate and additional agreement – the *National Health and Hospitals Network Agreement (April 2010)* [10] was established by COAG following the announcement of the new National Health Policy. That Agreement marked a significant change in arrangements between the Commonwealth and the States. The Agreement stated:

"The Commonwealth will take full funding and program responsibility for a consistent and unified aged care system covering basic home care through to residential care, on a budget-neutral basis for both Commonwealth and State governments."

Victoria signed the overall Agreement but did not agree to the changes in roles and responsibilities in relation to HACC and this exception was noted within the Agreement.

The National Health and Hospitals Network Agreement was superseded by the *National Health Reform Agreement (July 2011)* [11]. Victoria also signed the National Health Reform Agreement which covered a broad range of health funding, policy and delivery matters but, like the superseded Agreement, the new Agreement noted that Victoria did not agree to certain clauses. Under the Reform Agreement, the Commonwealth takes full funding, policy, management and delivery responsibility for a consistent and unified aged care system covering basic home care through to residential care (except in Victoria and WA).

The current *National Healthcare Agreement* [12] came into force from July 2012. It sets out the commitment of the Commonwealth and state governments to various objectives including:

"Meeting the needs of older Australians through high quality, affordable health and aged care services that are appropriate to their needs, as well as enabling choice and seamless, timely transition within and across the different sectors".

The agreement goes on to establish a set of performance measures (for both levels of government) which are monitored by the Reform Council with performance reports provided to COAG. This National Healthcare Agreement references the National Health Reform Agreement and hence the separate arrangements for HACC funding in Victoria remain in place.

7. AGED CARE REFORM

As part of the reform continuum, the Commonwealth Government asked the Productivity Commission to develop detailed options to redesign and reform Australia's aged care system and to recommend a transition path to a new system. The Productivity Commission delivered its final report – *Caring for Older Australians* – in 2011 [13].

Over one million older Australians currently receive aged care services and, while the range and quality of these services have improved over past decades, the government believed more needs to

be done. By 2050, over 3.5 million Australians are expected to use aged care services each year with around 80 per cent of these delivered in the community.

The challenges identified by the Commission were:

- A significant increase in the number of older people
- An increasing incidence of age-related disability and disease, especially dementia
- Rising expectations about the type and flexibility of care that is received
- Community concerns about variability in the quality of care
- A relative decline in the number of informal carers
- A need for significantly more nurses and personal care workers with enhanced skills

The Commission identified the key weaknesses of the aged care system as follows:

- It is difficult to navigate
- Services are limited, as is consumer choice
- Quality is variable
- Coverage of needs, pricing, subsidies and user co-contributions are inconsistent or inequitable
- Workforce shortages are exacerbated by low wages and some workers have insufficient skills

The recommendations in *Caring for Older Australians* covered community care, residential care and financing of services. Those relevant to local government are set out below.

Under the integrated package of reforms (if adopted), older Australians would:

- Be able to contact a simplified 'gateway' for: easily understood information; an assessment of their care needs and their financial capacity to contribute to the cost of their care; an entitlement to approved aged care services; and for care coordination — all in their region
- Receive aged care services that address their individual needs, with an emphasis on reablement where feasible
- Choose whether to receive care at home, and choose their approved provider
- Have direct access to low intensity community support services

The government provided a detailed response [14] to the recommendations of the Productivity Commission. Most, but not all, were accepted. The Government then released a new policy *Living Longer Living Better* [15] which sets out how it would take forward the adopted recommendations of the Commission. This policy has major implications for local government service provision.

Living Longer Living Better sets out policy in relation to residential care, aged care packages, allied health for older people, carers and future HACC services. While some local governments are involved in the full range of aged care, many are not. The section below sets out the key elements of *Living Longer Living Better* that are of particular relevance for local government in the provision of HACC services. In Stage 3 of this project (Discussion Paper), the implications for local government of these Commonwealth Government policy changes will be considered. This review is simply intended to describe and summarise the changes.

Other organisations have prepared summaries and commentaries on the various reforms. For example, Council on the Ageing and the National Aged Care Alliance have excellent documents on their websites. The Loddon Mallee Local Government Consortium (LMR) has also prepared an *Executive Briefing Paper* [16] for local governments in that region and has made that paper available through the MAV. These and other sources have been used to provide the summary that follows.

While this review has generally excluded policy in relation to residential care and community care packages, some information related to these forms of care is included as it is important to understand the underlying philosophy informing the changes.

Key elements of the new Commonwealth Government policy are set out below.

Direct Funding of HACC Providers

Under the new arrangements in other states, the Commonwealth will establish funding agreements with provider agencies directly and State governments will not be involved. This change in administrative arrangements should not impact on service users. Overall funding for HACC services for older people will not diminish and HACC growth funds will continue. However, the LMR Briefing Paper takes the view that this commitment to continued growth funds may not apply to all HACC services, only to those for older people.

National Review of Home Support Services

The Government plans to conduct a national review of home support services – the first since the 1980's. It will cover all service types including delivered meals, transport and home modifications and maintenance. The intention is to establish more consistent and equitable service delivery arrangements and more national consistency in what people contribute to the cost of these services.

National Commonwealth Home Support Program (new from 2015)

A number of existing home support programs are to be consolidated under one program to provide a more streamlined approach. The new Home Support Program will incorporate the existing Home and Community Care program for older people, the National Respite for Carers Program, the Day Therapy Centres program and the Assistance with Care and Housing for the Aged program. The Home Support Program will focus on reablement of recipients where possible.

Home Care Packages

Existing community care packages (CACPs, Each etc) are to be replaced by four levels of Home Care packages. Over ten years, the provision ratio of 25 places per 1,000 persons 70+ will increase significantly to 45 places per 1,000 persons 70+. Over the next five years, the number of operational Home Care packages will increase by nearly 40,000 to almost 100,000. From 1 July 2013, all new Home Care packages allocated to providers will need to be offered to care recipients on a Consumer Directed Care basis (see later in the report), with existing packages to be converted by July 2015.

User Charges

The Government will require some care recipients to contribute more to the cost of their care through an income tested care fee, with safeguards for those who cannot afford to contribute. No full pensioner will pay a care fee. There will be a cap of $60,000 on care fees so that no person will pay more than this amount over their lifetime. This lifetime cap applies to Home Care packages and residential care.

The National Review of Home Support Services (see above) is examining the fee structure for HACC and the other programs that will be rolled into the National Commonwealth Home Support Program.

My Aged Care Website and Gateway

A new My Aged Care website (commencing 2013) will be established to provide clear and reliable information. A national call centre - The Aged Care Gateway - will also be established to improve the timeliness and consistency of information provided. The My Aged Care website and call centre will be the main entry point into the aged care system and, over time, will build to provide a comprehensive system of information enabling Australians to find the information they need.

Assessment

It is intended to introduce a national assessment framework to be used for determining entitlement to all services. The Victorian Department of Health advises[3] that a Discussion Paper (draft and not yet released) has been prepared by DoHA and that Victoria has offered to trial the new assessment framework. The Department of Health also advised of the intention to establish nationwide a single electronic care record for each service recipient.

Community Visitors Scheme

Funding will be increased for the Community Visitors Scheme to help lonely or socially isolated older people receiving aged care services to remain connected to the community.

Accreditation and Performance Transparency

A new body will be established to accredit and monitor Australia's residential and Home Care providers. This will be the sole agency that providers will deal with in relation to the quality assurance of the aged care services that they deliver.

Relevant and transparent national aged care quality indicators and a rating system will be developed and published on the My Aged Care website. The Commonwealth Aged Care Commissioner will have greater power to ensure the independence of the Aged Care Complaints Scheme process. This will improve consumer and industry confidence in complaints handling.

Workforce Compact

A Workforce Compact will be developed by an independently chaired Advisory Group to ensure that workforce reforms lead to improvements in terms and conditions for the aged care workforce. The Compact is intended to improve the capacity of the aged care sector to attract and retain staff through:

- Higher wages
- Improved career structures
- Enhanced training and education opportunities
- Improved career development and workforce planning
- Better work practices

It is important to note, however, that higher wages will not come from higher subsidies per unit of care but are expected to be achieved through productivity and other improvements.

Consumer Directed Care

One of the key philosophies underpinning the reforms is 'consumer-directed care' – that is, the right of the service user to determine the nature of the services they need and the right to choose the

[3] Personal Communication Ms Jeannine Jacobsen, Manager HACC and Assessment, Department of Health

service provider they would like to use. This principle will be imbedded in Home Care packages and is to be trialled in residential care.

Living Longer Living Better also establishes further policy in relation to support for carers which is discussed later in this document.

Implementation of the reforms has begun through the establishment of an Aged Care Reform Implementation Council. Its role is to evaluate *Living Longer Living Better* reforms as they are delivered and report to the Minister for Ageing (The Hon. Mark Butler MP) twice a year on progress.[4]

8. VICTORIAN GOVERNMENT AGED SERVICES POLICY

Victorian Government Aged Care Policy and Population Ageing Policy is the responsibility of the Ageing and Aged Care Branch within the Department of Health. The Branch has a broad range of responsibilities including seniors' rights, positive ageing and participation, and certain residential services. Its largest program, however, is the HACC program.

HACC in Victoria remains a jointly Commonwealth-State funded program that supports frail aged people, younger people with disabilities, and carers. The program supports over 275,000 frail older people and people with disabilities through funding to 470 agencies.

The *Triennial Plan 2012-2015* [17] has been signed by both State and Commonwealth Ministers. It was developed within the context of:

- The Victorian Health Priorities Framework 2012 -2022: Metropolitan Health Plan [18], and
- National health and aged care reform generally

It specifically references the role of local government as follows:

"The role that local councils play is unique to Victoria. Victorian local councils have a history of commitment to their communities to plan, fund and provide integrated community care services. Victorian local councils contribute funds from their own sources annually to aged and disability services, both to meet increasing demand for services and to promote positive ageing strategies within local communities to keep people fit and healthier for longer. The Municipal Association of Victoria (MAV) has reiterated its commitment to the retention of the Victorian Government's role in funding and administering HACC services in partnership with local councils."

Key elements in the Triennial Plan work program that are important to note include:

- Strengthening of the Active Service Model
- Strengthening of the Victorian HACC assessment framework
- Ensuring Victoria's diverse population gets access to services they need when they need them
- A new method for estimating the size and distribution of the HACC target population in Victoria and hence a change in the funding formula
- Further workforce development and skills training
- Continuation of Quality Accreditation through identified providers

[4] See: http://www.health.gov.au/internet/ministers/publishing.nsf/Content/mr-yr12-mb-mb074.htm

These elements in the Triennial Plan represent important quality improvements but, essentially, it is business as usual in the HACC program.

There is no publically available information about the State Government's intentions beyond the expiry of the current Plan in 2015.

9. MAV POLICY POSITION

The MAV has a documented agreement [19] for a Program Partnership for HACC with the Victorian Department of Health signed in 2011. It operates under the umbrella of the 2010 *Partnership Protocol between the Department of Human Services, Department of Health and the Municipal Association of Victoria* [20].

The HACC Program Partnership sets out how the MAV and DH will work together. It acknowledges the contextual issues influencing the HACC Program and the key areas of cooperation and action. It sets out a Work Program for the period 2010-2014. The MAV is a member of the Departmental Advisory Committee and has established a HACC Strategy Working Group[5], which is made up of representatives from councils in all regions and meets every two months. This group also forms the MAV/Department of Health HACC Working Group.

More recently (October 2012), the MAV has prepared a *Background Paper – Local Government's Role in HACC Services* [21]. It sets out the history of local government's role in HACC, describes the demand pressures and cost pressures faced by councils, mounts an argument for the continued provision of services by local government and identifies the issues it believes will need to be addressed if HACC services are to be sustainable.

The MAV is undertaking a project over the next 18 months – The HACC Sustainability Project to address, jointly with local government, the issues identified in its *Background Paper*. Terms of Reference have been developed and distributed to local government and invitations to participate on a Steering Committee have been issued.[6]

10. DISABILITY & THE NDIS

Providing services for people with a disability has long been a state responsibility. Currently, there are approximately 300,000 people across Australia with significant disabilities receiving support but support services fall far short of what is needed.

Prior to its 2007 election, the Australian Labor Party committed to the development of a National Disability Strategy[7] - although it was not completed until its second term. The Strategy [22] was developed in partnership with the states and territories under the auspices of COAG. It sets out a

[5] http://www.mav.asn.au/policy-services/social-community/ageing/home-community-care/Pages/default.aspx
[6] Personal communication,, Ms Clare Hargreaves. Manager, Social Policy, MAV. Documentation in relation to the Sustainability Project is not currently available on the MAV website but should be available within Councils' own information systems.
[7] http://www.fahcsia.gov.au/our-responsibilities/disability-and-carers/program-services/government-international/national-disability-strategy

ten year national plan for improving life for Australians with disability, their families and carers in six priority areas:

- Inclusive and accessible communities
- Rights protection, justice and legislation
- Economic security
- Personal and community support
- Learning and skills
- Health and wellbeing

The Strategy was formally endorsed by COAG in early 2011. Implementation of the Strategy has commenced and there is a small funding package for new initiatives – for example, better access to libraries and a new disability website associated with the ABC.

As part of the broader changes in Commonwealth – State relations (see Section 6), a National Disability Agreement [23] has been established through COAG. It is designed to ensure that state and territory legislation and regulations are aligned with the national policy and reform directions and provides the framework for Commonwealth funding for specialist disability services.

Consistent with the National Disability Strategy, the Commonwealth Government commissioned a Productivity Commission Inquiry into a long-term care and support scheme for people with disability in Australia. The Commission's final report into care and support for people with a disability was released in August 2011.

Disability Care and Support [24] is the final report of the Productivity Commission's inquiry into the long-term support needs of people with a disability. The inquiry was established because Australia's social security and universal health care systems provide an entitlement to services based on need but there is no equivalent entitlement to disability care and support services.

The Commission was required to consider the following system design issues:

- Eligibility criteria for the scheme, including appropriate age limits, assessment and review processes
- Coverage and entitlements (benefits)
- The choice of care providers including from the public, private and not-for-profit sectors
- Contribution of, and impact on, informal care
- The implications for the health and aged care systems
- The interaction with, or inclusion of, employment services and income support
- Where appropriate, the interaction with:
    - National and state-based traumatic injury schemes, with particular consideration of the implications for existing compensation arrangements
    - Medical indemnity insurance schemes

The Commission found that 125,000 people are currently missing out on support services and many other people are receiving less than they need. The current disability support system is underfunded, unfair, and gives people with a disability little choice and no certainty of access to appropriate supports. The stresses on the system are growing, with rising costs for all government.

Currently, the Commonwealth Government spends about $2.3 billion annually and the states and territories spend about $4.7 billion on disability services. An additional $6.6 billion annually is the estimated cost of the proposed National Disability Insurance Scheme (NDIS). There would be some savings over the longer-run from the fruits of early intervention, the fiscal gains from reduced

income support as people with disabilities and carers increase their economic participation, and from the likelihood of increased productivity in the current disjointed disability system.

The Report proposes two separate but related schemes, although all attention has been focused on the NDIS. The second proposal is for an accident insurance scheme for people who suffer catastrophic injury. This is discussed later in the report.

The key elements of the proposed NDIS are as follows:

Underlying Principles

There are three important underlying principles in the proposed scheme:

- Shared risk – everyone faces the risk of disability and a scheme that pools the cost of response is fairer to all
- Entitlement – people should have a right to services that enable them to lead a productive life
- Choice – people have the right to choose the services they believe are best for themselves and the provider from which they receive the service

The proposal represents a major shift away from a welfare model to a rights based model.

Governance of the Scheme

A single agency – the National Disability Insurance Agency – will be established under the auspices of all governments. This means it will be 'owned' by all governments in Australia, not just by the Commonwealth. It will be established as a company with a skilled, commercial board rather than being provided through a government department.

The agency will be responsible for assessment of recipients and funding but will not deliver any services. This overcomes the inherent conflict of interest in an agency both assessing and delivering services. It will also have research, but not advocacy functions.

A new form of organisation - disability support organisations – is proposed to offer people brokering services, support in exercising choice, management services (such as dealing with the administrative aspects of funding), personal planning, and orientation supports for people who are suddenly faced with the unfamiliar world of severe disability. These organisations could be government, not-for-profit or commercial entities.

Eligibility

The disability must be permanent. Recipients must have significantly reduced functioning in self-care, communication, mobility or self-management and require significant ongoing support. There will not be a list of 'conditions' to be covered, rather people will be assessed on their functional capacity. Chronic illnesses such as asthma will not be covered and nor will major illnesses such as cancer. These will continue to be treated through the health system. Some significant and enduring psychiatric illnesses, however, will be covered.

Those who have an ageing related disability or acquire a disability after pension age will not be eligible. However, people with a disability will be able to maintain their entitlement after they reach retirement age.

Package Types

Two types of packages are proposed. First, after assessment, a person could receive a package of supports (not a budget amount) from the NDIS. This might be an entitlement to a certain number of hours of care, equipment etc. In the second type, a person could (subject to certain conditions) cash out their support package and manage it at *the detailed level*, allocating it to specific supports they assemble themselves (so-called 'self-directed funding'). Overseas experience suggests that about 10% of people will take this second option.

The packages are not intended to replace other forms of goods and services available to all citizens. Hence, the packages cannot be used for housing, employment services, education, healthcare etc. It is also not an income supplement and existing entitlements to income support, e.g. the Disability Support Pension, will remain.

Funding

It is proposed that all funding come from the Commonwealth Government, with the source of revenue to be determined but possibly through re-direction of lower priority expenditure or a hypothecated tax like the Medicare levy. There will be complex financial negotiations as State Governments will need to relinquish current expenditure on disability, not simply re-direct it to other areas of government policy. With a reduction in expenditure, States will also be expected to relinquish some revenue – probably inefficient forms of taxes and charges.

As it is an entitlement system, there will be no means testing of recipients and, mostly, no co-payments are required.

A separate scheme, the National Injury Insurance Scheme (NIIS) is also proposed as an accident insurance scheme for catastrophic injury. Catastrophic injury includes quadriplegia, acquired brain injuries and multiple amputations. Currently, there is a wide range of accident and other insurance schemes across Australia. Examples include Workcover and transport accident schemes as well as medical indemnity insurance schemes. These are disjointed, inequitable, administratively expensive and wasteful in that many of them involve significant litigation. A no-fault scheme would be fairer and more economically efficient. It will also reduce the overall costs of the NDIS as people with catastrophic injury will be covered through the insurance scheme, not through the NDIS.

The proposed NIIS would be a no fault insurance arrangement operating at the state and territory (not Commonwealth) level. The Government, through the Minister for Financial Services and Superannuation, has established an NIIS Advisory Group as an early step in progressing this initiative[8].

There is wide-spread, bi-partisan support for the NDIS although that is not to say that implementation is guaranteed. There is still much design and implementation planning needed and no decisions about long-term funding of the scheme have been made. A Launch Transition Agency has been established by the Commonwealth Government to deliver the first stage of the scheme – trials in five areas.

The Victorian Government has formally endorsed the principles of the proposals and is supporting a trial in the Barwon area managed through the Department of Human Services.[9]

[8] http://mfss.treasurer.gov.au/DisplayDocs.aspx?doc=pressreleases/2012/082.htm&pageID=003&min=brs&Year
[9] http://www.dpc.vic.gov.au/index.php/featured/ndis

Victorian Government Disability Policy is set out in legislation and the Department of Human Services has responsibility for management of programs and services. The Victorian Office for Disability was established in 2006 with a mandate to put disability on the agenda across the Victorian Government. The Office is the first of its kind for Victoria.[10] The Office sits within the Department of Human Services and is largely responsible for advocacy and funding of advocacy agencies.

The Victorian Office for Disability operates under the following legislative frameworks:

- *United Nations Convention on the Rights of Persons with Disabilities*
- *Victorian Disability Act 2006*
- *Commonwealth Disability Discrimination Act 1992*
- *Victorian Charter of Human Rights and Responsibilities Act 2006*
- *Victorian Equal Opportunity Act 1995*

The Government has also established a Disability Advisory Council (VDAC) whose principal purpose is to provide advice to the Minister for Community Services in respect of whole of government policies and strategies to increase the participation of people with a disability in the Victorian Community.

Separate from the Office for Disability is the Disability Services Division which provides and funds a range of services for people with intellectual, physical, sensory and neurological disabilities. The division works in partnership with families and carers and with both non-government and government service providers to advance the wellbeing and quality of life of people with disabilities. Over 300 organisations are currently registered with the Department of Human Services to provide disability support services and over 70 per cent of these are community service organisations. Victoria has been a national leader in moving towards a more individualised and consumer controlled approach to the delivery of disability support.

The Government is developing a Victorian state disability plan 2013-2016, currently available in draft [25]. The plan will outline a four year vision for Victoria to improve mainstream policies, programs, services and infrastructure and support reform of disability services. This focus will enable Victoria to deliver on its commitments in the National Disability Strategy to improve the mainstream response as well as working with the Commonwealth towards a viable National Disability Insurance Scheme (NDIS).

The draft Disability Strategy notes the need to work with disability services providers to assist them to adapt to new funding arrangements under the NDIS. Beyond that comment, there is no publically available information on how the Department of Human Services will modify its own programs and funding when the NDIS is fully operational.

Victoria also has a Disability Services Commissioner which was established to work with people with a disability and disability service providers to resolve complaints. The Commissioner commenced on 1 July 2007 and is independent of government, the Department of Human Services and disability service providers and provides a free confidential and supportive complaints resolution process.[11]

[10] http://www.officefordisability.vic.gov.au/
[11] http://www.odsc.vic.gov.au/

11. CARERS

In Australia, the support of older people and people with a disability by family and friends remains a critical part of the social support system. There are 2.6 million carers across the country, many of whom are unable to work because of their carer commitments. The issue of carer needs came to prominence through the House of Representatives Standing Committee on Family, Community, Housing and Youth which conducted an enquiry into carer support needs in 2008-09.[12] Its report, *Who Cares?...Report on the inquiry into better support for carers* [26] led to both legislative reform and a more strategic approach to further reform.

The Commonwealth Government put in place the National Carer Recognition Framework comprising two pillars. The first of these is the *Carer Recognition Act 2010* which acknowledges the significant role of carers and the importance of ensuring that the needs of carers are considered in the development, implementation and evaluation of policies, programs and services that directly affect them or the care recipient(s). The second element of the Framework is the National Carer Strategy.

The *National Carer Strategy* [27] contains six important priority areas for action:

- Recognition and respect
- Information and access
- Economic security
- Services for carers
- Education and training, and
- Health and wellbeing

Collectively, these priority areas outline how the contribution of Australia's carers will be better valued, supported and shared. Responsibility for overseeing implementation of the Strategy sits with the Department of Families, Housing, Community Services and Indigenous Affairs.

The Government has now appointed a national Parliamentary Secretary for Disabilities and Carers whose role is the delivery of the Government's election commitments for people with a disability and their families and carers. The role includes working with the states and territories to deliver services and reforms under the *National Disability Agreement*, to implement the *National Disability Strategy* and the *National Carer Strategy*.

The major reforms proposed in *Living Longer Living Better* and through the NDIS also have longer-term positive implications for carers. For example, there will be additional funds for respite services, carer counselling and the establishment of a regional network of Carer Support Centres from July 2014.

Both Carers Australia[13] and Carers Victoria[14] support the directions in *Living Longer Living Better* and the NDIS.

In Victoria, the *Carers Recognition Act 2012* formally recognises and values the role of carers and the importance of care relationships in the Victorian community. The Act includes a set of

[12] http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees/carers
[13] http://www.carersaustralia.com.au/
[14] http://www.carersvic.org.au/about-us

principles about the significance of care relationships, and specifies obligations for state government agencies, local councils, and other organisations that interact with people in care relationships. Care relationships also include those situations where a person is being cared for in a foster, kinship or permanent care arrangement.[15]

The provisions in the Act build on and expand the *Victorian charter supporting people in care relationships* [28] which came into effect in 2010. The Charter has been updated to reflect the new Act.

12. ACTIVE AGEING

The concept of 'Active Ageing' has become the cornerstone of international ageing policy development and has similarly been adopted in Australia as a guiding principle for enhancing the ageing experience for the quarter of Australians who will be aged 65 years and over by 2051. Despite this, there is not a universally agreed definition of the term and therefore there is limited literature comparing approaches to active ageing. The volume of literature available in this area has been largely collated by various organisations promoting active ageing and these documents are influenced by their organisational interpretation of the term.

The World Health Organisation (WHO) *Active Ageing Framework* [29] was launched in 2002 and provides the overarching health and wellbeing policy framework. Active ageing is defined by the WHO as 'the process of optimising opportunities for participation, health and security in order to enhance quality of life as people age'. The definition focuses not only on their ability to remain active or participate in the workforce, but also on the continuing participation of seniors in social, economic, cultural, spiritual and civic affairs.

The Organisation for Economic Cooperation and Development (OECD) adopts a more constrictive view of Active Ageing, defining it as 'the capacity of people, as they grow older, to lead productive lives in the society and the economy'. The emphasis of this definition is on individual choice in the way they spend their time – learning, working, participating in leisure activities and giving care.

Other related terms include positive ageing, age-friendly and healthy ageing.

In 2007, the WHO developed the concept of 'Age-Friendly Cities' and initiated a study with 33 cities globally to determine the features of cities which make them particularly liveable (or not liveable) by older people. Now known as the WHO Age-friendly Environments Programme[16], it is an international effort to address the environmental and social factors that contribute to active and healthy ageing.

The Programme helps cities and communities become more supportive of older people by addressing their needs across eight dimensions:

- The built environment
- Transport
- Housing
- Social participation

[15] http://www.dhs.vic.gov.au/about-the-department/documents-and-resources/policies,-guidelines-and-legislation/carers-recognition-act-2012
[16] http://www.who.int/ageing/age_friendly_cities/en/

- Respect and social inclusion
- Civic participation and employment
- Communication, and
- Community support and health services

There is now a network of cities and communities that have signed on to the Age-friendly Environments Programme and there is a guide [30] and a check-list [31] to assist city administrators to implement the identified, core features of an age-friendly city.

In Australia, the Commonwealth Government has a Positive Ageing Agenda.[17] This is based on the work of the Advisory Panel on the Economic Potential of Senior Australians which has now released its final report [32]. This report highlighted the importance of taking a fresh approach in key areas, such as:

- reducing age discrimination so older people can participate in the workforce, if they choose
- encouraging lifelong learning and active ageing so people can be active and resilient, stay connected and increase their general wellbeing
- good health and housing to allow Australians to maintain independence, and reduce isolation and disengagement

In Victoria, there was previously a Positive Ageing Strategy but that has now expired. More recently, there has been a Parliamentary Inquiry into Opportunities for Participation of Victorian Seniors. The report of the Inquiry [33] recommended that the Government develop a new strategy for older people based on positive ageing principles. It also recommended that Victoria work towards joining the WHO Age-friendly Network. COTA Victoria has commenced a Positive Ageing campaign[18] calling for a whole of government strategy across all policy areas to address the needs of a rapidly ageing population. COTA is also advocating for a Victorian Commissioner for Older People to help break down the barriers to older people's social, economic and community participation.

In 2009, the MAV jointly with COTA examined the use by Victorian councils of the WHO Guide and Checklist. The report [34] provides insights into how councils are using these resource documents as part of their positive ageing initiatives. The study found that 52% of all Victorian councils are aware of the WHO Guide and Checklist and 30% of councils have to date used the WHO Age-friendly Cities resources since their launch in Victoria in 2007.

The MAV/COTA project was funded by the Office of Senior Victorians as part of a larger project through 2005-2009 to encourage the development of whole-of-council Positive Ageing plans or strategies within local government. Many local governments did pursue this approach and, as a result of the project, a network of Council officers responsible for their positive ageing strategies was established and continues to meet. Most local governments would now have a Positive Ageing Strategy or would have imbedded the concept within broader health or ageing strategies and plans.

[17] http://www.health.gov.au/internet/publications/publishing.nsf/Content/ageing-aged-care-reform-measures-toc~ageing-aged-care-reform-measures-chapter12.htm
[18] http://www.cotavic.org.au

13. ENDNOTE

Reform of ageing and disability policy in Australia gathered pace following the preparation over the last ten years of the intergenerational reports. The pace of reform then picked up significantly following the change of government in 2007, with major changes to Commonwealth-State financial arrangements, health reform, aged-care reform and, most recently, the proposed disability services reform.

By and large, these reforms have bi-partisan support although the pace of implementation is likely to be dependent on Government-of-the-day assessments of Australia's overall budgetary position.

The scale of the reforms should not be under-estimated. They have major implications for the role of the States and for both Commonwealth and State taxation arrangements. They will also impact significantly on local government in Victoria and the not-for-profit sector across Australia.

The next stage of this project will consider in detail the implications of reform for local governments in the northern metropolitan region of Melbourne, the issues Councils will need to address and possible scenarios for Councils to consider. The scale of reform at the local level is potentially as significant as that at the Commonwealth and State level. Early thinking about the potential impacts of reform will place local government in the region in a vastly superior position to make informed decisions about the future.

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