

29 January 2021

**Assistant Treasurer
Hon Michael Sukkar MP
Parliament House
CANBERRA ACT 2600**

Email: prebudgetsubs@treasury.gov.au

Dear Assistant Treasurer,

Re: 2021-22 Pre-Budget Submission from Aged & Community Services Australia (ACSA)

ACSA is the leading national peak body supporting not-for-profit church, charitable and for-purpose providers of retirement living, community, in-home and residential aged care for more than 450,000 older Australians.

ACSA represents, leads and supports its members to achieve excellence in providing quality affordable housing and community and residential care services for older Australians.

Aged care providers make a significant \$17.6 billion contribution to the Australian economy, representing 1.1 per cent of GDP by producing outputs, employing people and through buying goods and services. The direct economic component is akin to the contribution made by the residential building construction and sheep, grains, beef and dairy cattle industries.

ACSA members are important to the community and the people they serve and are passionate about the quality and value of the services they provide, irrespective of their size, service mix or location.

The 2021/21 Pre-Budget submission comes at a critical time for older Australians, with Australia awaiting the final report of the Royal Commission into Aged Care Quality and Safety. ACSA recognises that Australia's aged care system needs significant reform, and although there is much that we can be proud of, it requires increased investment and radical change to achieve the care for older Australians that we all really want.

The Royal Commission into Aged Care Quality and Safety will map out the need for future change and guide government investment in the future of the aged care system when it delivers its final report to the Government on 26 February 2021.

ACSA along with other peak bodies in the *Australian Aged Care Collaboration* has identified a number of priorities emanating from the 146 recommendations proposed by the Counsel Assisting the Royal Commission at the final hearing in October 2020. ACSA's Pre-Budget Submission for 2021-22 affirms those priorities:

Home care objective: people can choose to age at home with comfort and dignity.

- (H1) Set out a two-three year schedule for releasing enough home care packages to clear the queue, and uncap supply thereafter. At the same time: (H2) combine home care and CHSP into a single, enablement-focused program with scalable assessment and reassessment; (H3) create a new allocation system that more closely aligns funding to an individual (and carer/s) needs; (H4) align maximum package values with subsidies for residential care, at the same time as (H5) developing policies to carefully manage the shift to caring for people with more complex needs outside of residential care, including adequate and accessible respite services.

Residential care objective: people who choose or need residential care have high quality and safe options that allow them to continue to live with comfort and dignity.

- (R1) Introduce minimum staffing benchmarks/requirements that take into account all staff (including nurses, PCWs and lifestyle staff), different care models and resident needs/acuity with appropriate flexibility and associated disclosure requirements. (R2) Ensure allied health is appropriately funded such as through separate Medicare items. (R3) Set a timetable to remove the ACAR and assign entitlements to older people to support increased choice, while also creating clear access standards and policies for ensuring sufficient supply for vulnerable groups and thin markets.

Workforce objective: aged care organisations can attract and retain suitable staff from a workforce with the attributes needed to provide the care and services that the community expects.

- (W1) Immediately fund improved and expanded workforce training and invest in a campaign to attract more workers to aged care to meet the demand created by increased access and higher levels of available support. (W2) Introduce a PCW registration scheme with mandatory Cert IIIs (after completing current curriculum reviews), ongoing CPD, recognition of prior learning and provisional registration. (W3) Commence a joint negotiation between the Commonwealth, providers and unions to ensure that workers are appropriately remunerated and aged care salaries are competitive with community and health sector equivalents.

Accountability and human rights objective: regulatory and service frameworks support older people to exercise their human rights and ensure both government and providers are accountable for outcomes within the system.

- (A1) Legislate the right to sufficient high quality and safe aged care and support in a way that binds both providers and government to safeguard this right. (A2) Collect and publish case mix/risk adjusted performance indicators, including outcomes such as quality of life measures and inputs such as staffing. (A3) Fund local care finders and navigation assistance, especially for vulnerable people.

Transparent and sustainable funding objective: a stable public funding system that transparently and independently links funding to provider costs including the costs of investment in workforce and accessing capital and supports innovation and productivity.

- (T1) Legislate for independent and transparent price determination based on regular costing studies for all types of care, ensuring that prices capture the funding implications of changes in standards and community expectations and that funding mechanisms support protections for thin markets and special needs groups, including people with low financial means. (T2) As immediate measures, increase the basic daily fee by \$10 per resident per day, link indexation to award wage changes and cost, and prospectively fund any significant changes in care delivery and compliance. (T3) Ensure a fair balance of contributions between government and consumers, including consistency in contributions between types of care, equitable means testing approaches and support for home equity release (e.g. a more attractive Pension Loans Scheme) and payment through superannuation products such as annuities and longevity insurance.

These priorities traverse the breadth of Government responsibility in age care, requiring sweeping policy and regulatory reform, and extensive fiscal investment. The Government's response to the Royal Commission will present a once in a generation opportunity for Government to forge a path of new opportunity for aged care in Australia.

ACSA urges the Government to manifest this response in the 2021 Budget.

Yours sincerely,

A handwritten signature in black ink that reads "Pat Sparrow". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Patricia Sparrow
Chief Executive Officer