



18 January 2017

The Hon Michael McCormack MP
Minister for Small Business
House of Representatives
CANBERRA ACT 2600

Dear Minister

I write in response to your invitation for interested parties to make submissions regarding the formulation of the 2017-18 Budget.

Catholic Health Australia is the largest non-government provider grouping of health, aged care and community services in Australia, nationally representing Catholic health and aged care sponsors, systems, facilities and related organisations and services. Our services are provided in fulfilment of the mission of the Catholic Church to provide care for all who seek it.

I write on this occasion to urge the Australian Government to continue to take steps to create a sustainable aged care service industry based on consumer choice and control, as envisaged in the [Aged Care Roadmap](#) for the reform of aged care services.

The Roadmap was developed by the Aged Care Sector Committee, a representative body established by the Minister for Health and Aged Care to provide advice on care and support for older Australians. It draws heavily on the Productivity Commission's 2011 report *Caring for Older Australians*. Simply put, the Roadmap envisages an integrated residential and home care aged care system based on:

- a single independent care needs and means assessment process across all aged care to determine each consumer's eligibility for aged care services and financial assistance, and
- consumer choice of provider and control over how the financial assistance is used, including where each consumer chooses to live while receiving care.

At its core, to operate effectively, a more market-based system such as this requires the phased removal of the current regulations that control the volume, type and allocation of aged care services.

We acknowledge that recent governments, including the current government, have already initiated reforms which will contribute to the achievement of the Roadmap destinations. We also acknowledge that the Parliament has legislated for an independent Review of these reforms. The Review's report, which is required to be tabled in Parliament in August 2017, will help inform the next stages of reform, including measures to ensure their affordability.

However, there are two important reforms that can be signalled in the 2017-18 Budget that are critical preparatory measures for achieving a system based on consumer choice and control and which would not pre-empt the legislated Review. These measures are:

- to improve consumer access to home care packages that align with their assessed needs, and
- to ramp-up the release of home care packages consistent with existing policy.

A major focus of reforms to date has been increasing the opportunity for older people to choose to receive care in their own homes with the assistance of aged care packages. As well as responding to consumer preferences, providing more aged care in people's own homes is also cost-effective for the government and the taxpayer. However, the opportunity to receive care in the home is compromised currently because the number of packages is controlled at each of four funding levels and the number of places at each funding level does not align with the spread of consumer assessed needs. Hence many consumers prioritised by MyAgedCare are not able to access the funding level that matches their care needs.

In order to address this inflexibility, we urge the Government to announce in the 2017-18 Budget its intention no longer to control the number of packages by funding level, but instead assign packages to individuals as prioritised by MyAgedCare. The budget control would instead be an annual cap on funding equivalent to that which would otherwise have resulted under the government commitment to increase the ratio for home care packages to 45 operational places per 1,000 people aged 70 and over by 2021-22.

A related issue that should be taken up in the 2017-18 Budget is to step up the release of home care packages, consistent with policy announced in the 2012-13 Budget to increase the overall target provision ratio to 125 operational aged care places per 1,000 people aged 70 and over by 2021-22, including, as noted above, a significant rebalancing to home care by increasing the target ratio for home care packages to 45.

It is disappointing that since 30 June 2011, the operational provision ratio for home care packages has increased by only 4.9 to 31.9, well below the target ratio of 45, and the overall operational provision ratio has increased by only 0.4 (from 112.8 at 30 June 2011 to 113.2 at 30 June 2016).

Taking steps to ensure that the target ratios are achieved is not only important as a means of increasing the availability of services to meet consumer needs, but also as a means of assessing the extent of unmet need as the current rationing of services is relaxed. It will also provide more information about consumer preference between home care and residential care which, together with a better understanding of unmet need, will inform decision making about the affordability of an uncapped supply system driven by consumer choice and control and by a more effective eligibility gateway provided through MyAgedCare.

In this regard, it is worth recalling that a phased relaxation of controls on the supply of aged care places and a rebalancing of places in favour of home care was a key strategy of the 2012-13 Budget aged care reforms to help transition from a highly regulated system to one based on consumer choice and control, and for establishing the affordability of uncapping the supply of aged care places.

To sum up, we urge the Government in the 2017-18 Budget to ramp-up the release of home care packages consistent with existing policy, and to increase consumer access to aged care packages that suit their assessed needs by removing the control of package numbers at each of the four funding levels. In due course, the objective should be to introduce a system comparable to residential care where financial assistance for individuals depends on their assessed needs, and access is not controlled at each funding level.

Thank you for giving consideration to our submission. If you or your staff would wish to discuss the matters we have raised, please contact our Director of Aged Care, Nick Mersiades, at nickm@cha.org.au or on 0417 689 626.

I am copying this letter to the Minister for Aged Care, the Minister for Health, the Minister for Finance, David Tune and Margot McCarthy, Deputy Secretary of the Department of Health.

Yours sincerely,



Suzanne Greenwood LLM LLB FAIM MAICD
Chief Executive Officer