Age of Change: ageing and aged care in Australia

Pre-Budget 2024-25 Submission

January 2024

Contents

First Nations Acknowledgement

In the spirit of reconciliation, ACCPA acknowledges Traditional Owners of Country throughout Australia and recognises their continuing connection to land, sea and the community. We pay our respects to Aboriginal and Torres Strait Islander cultures, and to Elders past and present.

As an organisation with national reach, we recognise the contribution of Elders and First Nations Peoples across Australia and support driving change and reconciliation in our country. ACCPA is committed to taking meaningful action to protect and enhance the health and wellbeing for all older Australians – this includes ensuring culturally inclusive and safe care for older First Nations peoples in our community and broader aged care sector.

About ACCPA

The Aged and Community Care Providers Association (ACCPA) is the national Industry Association for aged care providers with 1100 members offering retirement living, seniors housing, residential care, home care, community care and related services.

We represent more than 171,000 beds across 1,675 residential aged care facilities, 1,046 retirement communities, and home and community care providers who support nearly 1 million older people across Australia.

ACCPA exists to unite aged care providers under a shared vision to enhance the wellbeing of older Australians through a high performing, trusted and sustainable aged care sector. We support our members to provide high quality care and services while amplifying their views and opinions through an authoritative and comprehensive voice to the government, community and media. Our sector serves to improve the lives of older Australians, and so do we.

ACCPA members progress person-centred, and rights-based, outcomes for older Australians so they can live their best lives. We contribute to their wellbeing, wherever they are, in whatever housing arrangements they may have – as care needs change throughout the ageing journey.

Age of Change: ageing and aged care in Australia

A blueprint to herald the next generation of ageing and aged care in Australia.

The 2024 Federal Budget is an opportunity to invest in the future of aged care and housing that places older people at its heart.

These recommendations are informed by our members and their insights, providing solutions that will drive momentum in the transformation of ageing and aged care to meet the future demands of our population.

They demonstrate our members' commitment to achieving care outcomes for older people that will truly shift our nation forward.

Summary of recommendations

Funding - the future sustainability of aged care in Australia

R1: Fund quality and sustainable aged care services

Sustainable future funding arrangements to include:

- An increased role for consumer contributions to aged care services, for those who have the means to do so, with a strong safety net that ensures everyone is able to access high quality services, no matter their capacity to pay;
- Government administered and communicated means testing arrangements, including relevant consumer contributions for aged care services;
- Implement a residential aged care funding model (incorporating approaches recommended by StewartBrown)[1] including:
    - Everyday Living – increase the role of consumer contributions for every day living (e.g. food and utilities) for those with greater capacity to pay, whilst retaining a strong safety net of the capped basic daily fee for those who do not; and
    - Accommodation – increase funding for accommodation to both meet the actual associated costs and provide additional funding to support investment in accommodation infrastructure for the future, including through the maximum permissible interest rate (MPIR) being set at no less than 8% per annum and an enhanced role for consumer contributions for those who can afford it.
- Implement an in-home aged care policy and funding model that:
    - allows for an increased role for consumer contributions to operate alongside variable subsidy levels reflecting approaches in other public services such as

[1] StewartBrown, 2023, *Aged Care Financial Performance Survey Report: Three months ended 30 September 2023*, https://www.stewartbrown.com.au/images/documents/StewartBrown_-_Aged_Care_Financial_Performance_Survey_Report_September_2023.pdf

healthcare, where there are higher subsidies for health and personal care and lower subsidies for domestic and other support;

    - plans and allows for seamless transition between home care, seniors housing, retirement living and residential care;
    - prioritises the psycho-social and wellbeing considerations of ageing at home; and
    - supports more complex care needs while also balancing consumer directed care with expert advice and support.

- Fund the Commonwealth Home Support Programme (CHSP) to meet anticipated growth, and increased wage costs associated with the Aged Care Work Value Case, to ensure there is capacity to meet increased demand between mid-2024 and the earliest end date for the program of mid-2027.

R2: Implement independent pricing determinations for aged care

Expand the role of the Independent Health and Aged Care Pricing Authority (IHACPA) to determine aged care pricing (as it does in health).

R3: Support increased demand for home care and the transition to the new Support at Home Program

Invest $6.1 billion across the three-year period (FY24/25 – FY26/27) to fund an additional 80,000 Home Care Packages (HCPs) in 2024/25 and the equivalent services as part of the Support at Home program across 2025/26 and 2026/27.

R4: Improve access to oral health care for older Australians

Invest $3.9 billion in the first three years to establish an uncapped Senior Dental Benefits Schedule (SDBS) as recommended by the Royal Commission into Aged Care Quality and Safety (Royal Commission) (Recommendation 60) to fund dental services both for people who live in residential aged care and in the community (receiving the aged pension or qualifying for the Commonwealth Seniors Healthcare Card).

R5: Address and alleviate additional cost pressures on aged care from State-based taxes

Invest $315 million annually to re-design the Aged Care Payroll Tax Supplement (available to aged care providers prior to its removal from 2015) paid to private residential care providers who, unlike not-for-profit providers, are required to pay state government payroll taxes.

Workforce - attracting the aged care workers we need to deliver care for older Australians

R6: Boost the aged care workforce (and others in the health sector and care and support economy) across regional Australia through incentives and housing options

a) Invest in targeted incentives and initiatives to build the aged care workforce in regional, rural and remote areas through:

    - use of the taxation system to incentivise aged care workers to undertake nursing training (including partial and/or full HECS waivers);

- reduced placement poverty, such as provision of subsidised temporary student accommodation to facilitate placements in regional settings, a stipend and/or opportunities for students to gain relevant workplace experience whilst being paid;
- compensation for relocation expenses; and
- housing concessions.

b) Expand housing options through:

- increased funding for the Aged Care Capital Assistance Program (ACCAP) to support capital works for aged care providers for on-site accommodation (e.g. retrofitting independent living stock) as well as extending the eligibility criteria to Modified Monash Model 2-7;
- establishing a grant program for aged care providers to provide housing for workers, with 50:50 contributions to be made by Government and providers; and
- funding a national project to work with State, Territory and Local Governments to partner on accommodation to house aged care workers (including migrant workers) to leverage local opportunities such as Government owned vacant land.

R7: Support aged care providers to access and retain migrant workforce

$8 million over 3 years to establish a sector-led migration advisory service for aged care providers to access and retain their migrant workers. This will include identifying an appropriate migration pathway connected to an individual worker (such as Core Pathways, the Aged Care Industry Labour Agreement or Designated Area Migration Agreements). The advisory service, available to any approved provider and their worker/s, would consist of an online platform to connect key stakeholders involved in this pathway and house tools, information, training and resources.

Reform – preparing for a new generation of aged care in Australia

R8: Support quality of care for older Australians through innovation and technology transformation

a) Invest $990 million over 3 years (2024/25 to 2026/27) to establish access to a multi-year grant that encourages, supports and enables technology transformation of aged care providers to enhance quality of care, create efficiencies and support sector-led continuous improvement. This will support:

  - improved infrastructure and systems;
  - improve digital maturity and workforce capability; and
  - standardised data collection with translation of research and data insights to enhance quality of care.

b) Sector capacity and capability - $15 million over 3 years directed to:

  - supporting aged care provider uptake of innovation and digital transformation opportunities;

  - encouraging scalability and continuous improvement through the translation of research to practice;
  - supporting digital education;
  - supporting sector led data collection, analysis, benchmarking and innovation living lab networks;
  - incentivising collaboration and shared insights; and
  - monitoring outcomes generated from the innovation uplift and impact on quality of care.

R9: Choice for older Australians to age confidently wherever they want to live, and for whatever life and care needs they may have

$7 million over 2 years ($3.5 million annually ongoing) to establish a navigation support program for older Australians interested in integrated aged care funded services. The navigation support program would span both retirement living and seniors housing, bringing 'continuum of care' outcomes (and optimise aged care government funding) for older Australians.

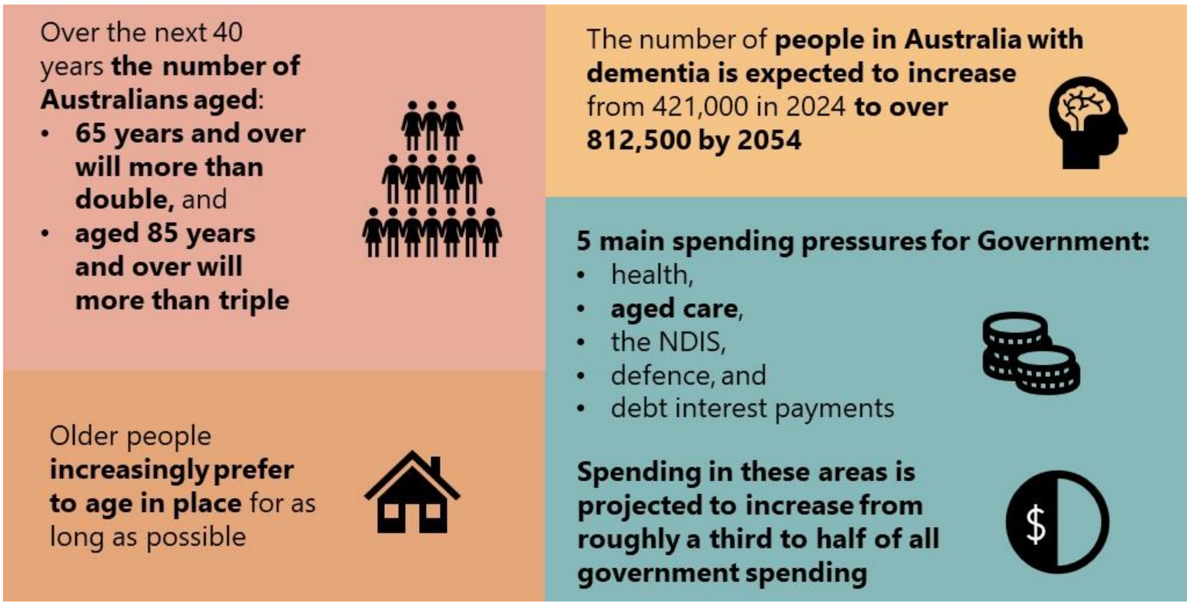
R10: Productive care and support services supported by effective regulation and transparency

Reduce red-tape and improve government transparency, through:

- Identification of opportunities to streamline and harmonise the compliance and reporting requirements to Government bodies involved in aged care and NDIS (including removing duplication and ensuring manageable timing schedules); and
- Development of a strategy, based on sector consultation, to produce regular sector-level publications harnessing data intelligence collected by Government bodies involved in aged care (from the extensive reporting and compliance requirements of aged care providers) to progress sector learnings, continuous improvement and detailed care outcomes achieved over time - for the benefit of consumers, the broader Australian community and providers.

Ageing and aged care in 2024-25

The context for aged care in 2024-25 is complex with increasing demand and a trend towards chronic disease as the population ages. Aged care is also increasing as a proportion of total government expenditure. Significant reform (following the Royal Commission) continues, including an intent to support older people to age in their home and communities where this is their preference.



Sources: Australian Government, *Intergenerational Report 2023: Australia's future to 2023*, p.6 & p.130, https://treasury.gov.au/sites/default/files/2023-08/p2023-435150.pdf; Dementia Australia, *Dementia Prevalence Data Estimates and Projections*, https://www.dementia.org.au/information/statistics/prevalence-data#:~:text=In%202024%20it%20is%20estimated%20there%20are%20more,2054%20with%20a%20projected%20percentage%20change%20of%2093%25; Clark, W. A. V., Ong Viforj, R., & Phelps, C. (2023). Place Attachment and Ageing in Place: Preferences and Disruptions. *Research on Aging*, *0*(0) https://doi.org/10.1177/01640275231209683

ACCPA's proposals address the three key drivers for transformation of aged care in Australia: Funding, Workforce and Reform.

Priority area 1: Funding – the future sustainability of aged care in Australia

The Australian Government's response to the Aged Care Taskforce, led by the Minister for Aged Care, the Hon. Anika Wells MP, will significantly influence the future sustainability of aged care for decades to come. This includes as part of its Terms of Reference, that 'aged care providers are sustainably funded and benefit from introducing innovative care delivery approaches that meet older Australian's preferences'.[2]

Our five recommendations for aged care funding, if adopted, will see improved sustainability and care in Australia, as well as community and sector confidence in its pricing. It will lead to a smoother transition from the current system of three separate funding models for aged care to the Support at Home program. Access to oral care for older people will improve their

[2] Department of Premier and Cabinet, *Aged Care Taskforce Terms of Reference*,7 June 2023.

general health as they age, alleviating pressure on the health system. The payroll tax supplement will help reduce financial pressures on providers, created by state-based taxes. This will enhance the financial capacity of aged care providers to attract capital and innovate.

Recommendation 1: Fund quality and sustainable aged care services*

Sustainable future funding arrangements to include:

- An increased role for consumer contributions to aged care services, for those who have the means to do so, with a strong safety net that ensures everyone is able to access high quality services, no matter their capacity to pay;
- Government administered and communicated means testing arrangements, including relevant consumer contributions for aged care services;
- Implement a residential aged care funding model (incorporating approaches recommended by StewartBrown)[1] including:
    - Everyday Living – increase the role of consumer contributions for every day living (e.g. food and utilities) for those with greater capacity to pay, whilst retaining a strong safety net of the capped basic daily fee for those who do not; and
    - Accommodation – increase funding for accommodation to both meet the actual associated costs and provide additional funding to support investment in accommodation infrastructure for the future, including through the maximum permissible interest rate (MPIR) being set at no less than 8% per annum and an enhanced role for consumer contributions for those who can afford it.
- Implement an in-home aged care policy and funding model that:
    - allows for an increased role for consumer contributions to operate alongside variable subsidy levels reflecting approaches in other public services such as healthcare, where there are higher subsidies for health and personal care and lower subsidies for domestic and other support;
    - plans and allows for seamless transition between home care, seniors housing, retirement living and residential care;
    - prioritises the psycho-social and wellbeing considerations of ageing at home; and
    - supports more complex care needs while also balancing consumer directed care with expert advice and support.
- Fund the Commonwealth Home Support Program (CHSP) to meet anticipated growth, and increased wage costs associated with the Aged Care Work Value Case, to ensure there is capacity to meet increased demand between mid-2024 and the earliest end date for the program of mid-2027.

Background

The Royal Commission acknowledged that current financing arrangements for aged care are not well designed to support a sustainable system into the future. Aged care expenditure is projected to grow at a rate exceeding overall Australian Government expenditure. This growth is a result of projected demographic changes and subsequent increasing demand for aged care services.

The current approach to financing the aged care system is heavily reliant on general taxation revenue, continuing to expose aged care to cost control measures in the face of increasing demand and cost pressures. This creates significant financial vulnerability for the financing of the aged care system that is driven by annual budget cycles and competing fiscal priorities set by the government of the day.

This is occurring against a backdrop of a financial sustainability crisis in aged care, exacerbated by a workforce crisis, a sector fatigued by the COVID-19 pandemic and navigating a significant reform agenda. Furthermore, aged care consumers are growing in number, there are increasing pressures on government expenditure and the broader community are seeking greater confidence that the aged care system will deliver high quality care now and into the future.

Over the past twelve months, ACCPA has been leading calls for a national conversation on the future sustainability of the aged care sector. In January 2023, in our Treasury *Pre-Budget 2023-24 Submission*, we called for the Australian Government to explore consumer co-contributions for aged care, with the aim of both supporting those who can least afford it and supporting sustainable aged care for communities across Australia.[3] On 1 June 2023, we hosted a Financial Sustainability Summit at Old Parliament House.[4] Forty-three organisations representing consumers, providers, unions, experts, government bodies and other interest groups, came together in a spirit of cooperation to discuss long-term policy solutions the Australian Government should consider. A subsequent *Issues Paper* identified ten principles for consideration in the design of a sustainable aged care system in Australia.[5]

The establishment of the Aged Care Taskforce, announced in the 2023 May Budget, with Terms of Reference and membership announced by the Minister for Aged Care, the Hon Anika Wells MP in her National Press Club address on 7 June 2023, provides a way forward on the future sustainability of aged care.[6]

Further, growth will be substantial in the CHSP, prior to planned transition to the Support at Home program commencing 2027-28. In 2021-22, annual CHSP expenditure amounted to $2.9B.[7] CHSP expenditure is predicted to be $4.1B by 2026-27, to meet recipient demand of 1.2 million people in 2026-27. However, these estimates do not include the additional funding required to increase direct care worker wages by 15% in line with home care and residential aged care. CHSP providers will not be able to meet increasing demand and fully fund the 15% increase for direct care workers without prioritised additional funding.

[3] Aged and Community Care Providers Association (ACCPA), *Pre-Budget Submission to the Federal Government 2023-2024*, 2023.
[4] Aged and Community Care Providers Association (ACCPA), *Media release: Australia's aged care leaders meet today in historic reform Summit*, 1 June 2023.
[5] Aged and Community Care Providers Association (ACCPA), *Financial Sustainability Issues Paper*, 2023.
[6] Department of Premier and Cabinet, *Aged Care Taskforce*, June 2023.
[7] Department of Health and Aged Care, *Commonwealth Home Support Programme Data Study*, 2021.

Australia needs to urgently modernise its aged care funding model. This is critical given Australia's population is projected to significantly age over the next two decades, alongside community expectations for enhanced quality of care and support for older Australians.

As part of the modernisation of aged care, the Government should address the complexity of means testing, consumer contributions and administration of those contributions through a single one-stop-shop. The current system is fragmented and inconsistent across Australia, creating confusion for consumers and challenges for providers – requiring a coordinated Government approach.

*(Recommendations consistent with Aged Care Taskforce Terms of Reference[8] and 2023 Ministerial announcement regarding the staged roll out of the Support at Home Program[9])

Recommendation 2: Implement independent pricing determinations for aged care

Expand the role of the Independent Health and Aged Care Pricing Authority (IHACPA) to determine aged care pricing (as it does in health).

Background

The role of IHACPA[10] in relation to determining health pricing has operated successfully for many years and should be expanded to include the determination of aged care pricing as a structural means of supporting trust and transparency in the aged care system. This is particularly relevant to the progression of possible future funding arrangements as it might relate to consumer contributions.

It would also serve to provide a key layer of assurance to the Australian taxpayer and consumer that an independent body has an evidence-based role to consider, determine and publish prices in aged care (as a longitudinal 'check and balance' across annual budget and electoral cycles).

Recommendation 3: Support increased demand for home care and the transition to the new Support at Home Program

Invest $6.1 billion across the three-year period (FY24/25 – FY26/27) to fund an additional 80,000 Home Care Packages (HCPs) in 2024/25 and the equivalent services as part of the Support at Home program across 2025/26 and 2026/27.

Background

This funding is aimed at addressing the backlog within the national HCP queue alongside providing additional supports responsive to demand projections (as indicated by annual rates

[8] Department of Premier and Cabinet, *Aged Care Taskforce Terms of Reference*,7 June 2023.
[9] The Hon. Anika Wells MP, Media Release: *Support at Home to be rolled out in two stages*, 28 November 2023.
[10] This recommendation will require an amendment to Section 131A Functions of the Pricing Authority—aged care of the *National Health Reform Act 2011*.

of new HCP assessment approvals). This will facilitate timely access to higher levels care and support when commencing the Support at Home program from July 2025.

HCP Program Data Reports highlight a slowdown in HCP releases across quarterly reporting cycles (40,000 per annum in 2021-22 and 2022-23, down to 9,500 per annum in 2023-24).[11] In the September 2023 quarter, there was a 46% increase in people waiting for a HCP and a 27% reduction in HCP releases when compared to the same period in 2022.[12]

ACCPA projects that without any additional investment to release additional HCPs above current commitments to July 2025, the national queue could increase from 80,000 people, as of September 2023, to 120,000 people by July 2025.

Recommendation 4: Improve access to oral health care for older Australians

Invest $3.9 billion in the first three years to establish an uncapped Senior Dental Benefits Schedule (SDBS) as recommended by the Royal Commission into Aged Care Quality and Safety (Recommendation 60) to fund dental services both for people who live in residential aged care and in the community (receiving the aged pension or qualifying for the Commonwealth Seniors Healthcare Card).

Background

In November 2023, the Select Committee into the Provision of and Access to Dental Services in Australia recommended that Australian Government implements the oral health care recommendations from the Royal Commission.[13]

The unmet oral and dental care needs of the elderly population can significantly undermine their overall health. Poor oral health among the elderly can lead to malnutrition or pneumonia. These conditions may result in falls and other additional health complications, culminating in residents being admitted to hospital. Older people disproportionately account for potentially avoidable hospital admissions, with untreated oral health conditions often being the cause or causal factors in those admissions. An analysis of 10-year trends in preventable hospital admissions for oral health conditions in Western Australia found that the highest rate increases over time have been in the 60-74 and 75+ age groups. In older age groups substantial numbers were hospitalised for conditions such as caries, pulp and periapical conditions, stomatitis and other disorders of the teeth and supporting structures.[14]

In addition to improved health and wellbeing outcomes, a Senior Dental Benefits Scheme would provide national consistency, avoid wait lists and provide ongoing systemic funding for

[11] Department of Health and Aged Care, Home Care Packages Program: Data Report 1st Quarter 2023-24, 2023.
[12] Department of Health and Aged Care, Home Care Packages Program: Data Report 1st Quarter 2023-24,2023.; Department of Health and Aged Care, Home Care Packages Program: Data Report 4th Quarter 2022-23, 2023.
[13] Select Committee into the Provision of and Access to Dental Services in Australia, *A system in decay: a review into dental services in Australia – Final Report*, November 2023, 'Recommendation 12: 4.129 The committee recommends that the Australian Government implements the oral health care recommendations from the Royal Commission into Aged Care Quality and Safety', p.xv; 'The PBO estimated the cost of a capped SDBS would be approximately $1 billion in the first year, rising to $1.3 billion in year three. An uncapped scheme would start at $1.2 billion and rise to $1.5 billion in year three.' p.122-123; and Appendix 6: Parliamentary Budget Costings, p.168.
[14] Kruger, E. & Tenant, M. (2015). Potentially preventable hospital separations related to oral health: a 10-year analysis. *Australian Dental Journal*, *60*(2), issue 2, 205-211.

dental services[15]. As untreated oral health issues can contribute to an overall decline in a person's health and functioning (a risk factor for earlier admission to residential aged care), a Senior Dental Benefits Scheme would also enable older people to remain in their homes longer.[16]

Recommendation 5: Address and alleviate additional cost pressures on aged care from State-based taxes

Invest $315 million annually to re-design the Aged Care Payroll Tax Supplement (available to aged care providers prior to its removal from 2015) paid to private residential care providers who, unlike not-for-profit providers, are required to pay state government payroll taxes.

Background

The removal of the former supplement[17] has contributed to a reduction in financial viability, eroding capacity for providers to deliver frontline care services to older Australians. The loss of the supplement, combined with increased state payroll tax, continues to adversely impact on a sector experiencing sustained and significant financial challenges – contributing to a severe lack of investment in new capital for the refurbishment of older stock and new facility builds.

Priority area 2: Workforce – attracting the aged care workers we need to deliver care for older Australians

The systemic aged care workforce crisis in Australia is one of the most significant barriers to our members' capacity to transform care for older Australians.

In 2022, the Committee of Economic Development (CEDA) found the annual staff shortage in aged care had doubled in less than a year – escalating from 17,000 to 35,000.[18]

They also noted the compounding effect on the workforce crisis, with data from a 2022 member survey of aged care workers by the Australian Nursing and Midwifery Federation finding 20 per cent of workers intended to leave their employment within the next 12 months, and 38 per cent within the next one to five years 38%. [19]

Our recommendations for workforce investment are based on the insights of our members regarding the solutions which are likely to have a meaningful impact for the aged care workforce. If funded, our recommendations will enable the attraction and retention of aged care workers in regional Australia and leverage Australia's future migration system.

[15] Royal Commission into Aged Care Quality and Safety, *Final Report: Care, Dignity and Respect*, vol. 3A, p.303.
[16] Royal Commission into Aged Care Quality and Safety, *Final Report: Care, Dignity and Respect*, vol. 3A, p.302,
[17] Parliamentary Library, *Budget Review 2014-15 Index: Aged Care*, 2014.
[18] Committee for Economic Development of Australia (CEDA), *Duty of care: Aged care sector in crisis – update*, 2022, p.4.
[19] Committee for Economic Development of Australia (CEDA), *Duty of care: Aged care sector in crisis – update*, 2022, p.5.

Recommendation 6: Boost the aged care workforce (and others in the health sector and care and support economy) across regional Australia through incentives and housing options

a) Invest in targeted incentives and initiatives to build the aged care workforce in regional, rural and remote areas through:

- use of the taxation system to incentivise aged care workers to undertake nursing training (including partial and/or full HECS waivers);
- reduced placement poverty, such as provision of subsidised temporary student accommodation to facilitate placements in regional settings, a stipend and/or opportunities for students to gain relevant workplace experience whilst being paid;
- compensation for relocation expenses; and
- housing concessions.

b) Expand housing options through:

- increased funding for the Aged Care Capital Assistance Program (ACCAP) to support capital works for aged care providers for on-site accommodation (e.g. retrofitting independent living stock) as well as extending the eligibility criteria to Modified Monash Model 2-7;
- establishing a grant program for aged care providers to provide housing for workers, with 50:50 contributions to be made by Government and providers; and
- funding a national project to work with State, Territory and Local Governments to partner on accommodation to house aged care workers (including migrant workers) to leverage local opportunities such as Government owned vacant land.

Background

The aged care sector continues to be affected by significant workforce shortages, at a time when demand for aged care services is growing and there is increasing regulatory requirements for additional workforce – including both 24/7 RNs and increased care minutes. Shortages are particularly acute in rural, regional and remote areas, with providers in such areas reporting that lack of housing is a significant barrier to recruitment. Services are often forced to use costly agency staff as they are unable to recruit sufficient permanent staff to meet the new requirements.

Structural solutions are needed to solve these systemic issues and new reform requirements. These initiatives will:

- improve compliance with the 24/7 RN and care minutes requirements, particularly in rural, regional and remote areas;

- provide confidence of ongoing access to aged care services in rural, regional and remote areas; and
- reduce reliance on expensive agency staff – reducing financial strain on providers.

A holistic approach to addressing the health and care workforce shortages in regional areas (rather than exclusively focusing on the aged care workforce) will lead to better access to quality care for older Australians. This approach is beneficial as it enhances access to a broader spectrum of professionals crucial to older people's care, including general practitioners and allied health professionals such as physiotherapists and psychologists.

Recommendation 7: Support aged care providers to access and retain migrant workforce

$8 million over 3 years to establish a sector-led migration advisory service for aged care providers to access and retain their migrant workers. This will include identifying an appropriate migration pathway connected to an individual worker (such as Core Pathways, the Aged Care Industry Labour Agreement or Designated Area Migration Agreements). The advisory service, available to any approved provider and their worker/s, would consist of an online platform to connect key stakeholders involved in this pathway and house tools, information, training and resources.

Background

The aged care sector's reliance on migration as a workforce solution is well-known, with around 30 per cent of the aged care workforce being migrant workers.[20] According to CEDA, Australia needs a net increase of around 170,000 workers (or an additional 17,000 direct care workers on average each year) between 2020 to 2030 to meet a 3 Star Rating for workforce.[21] Achieving average sector ratings of 4 or 5 Stars for workforce will necessitate substantially higher numbers.

Our members emphasise that the experience of their migrant workers when arriving in Australia to work in aged care is very important to them. They share the complexity experienced in navigating the migration system and observe a variety of factors critical to successfully settling into both a new workplace and culture.[22]

ACCPA is well-placed to harness the opportunities of the Australian Government's *Migration Strategy for the Future* and its provision of pathways for migrants to work in aged care including nursing and personal care worker roles.[23]

However, providers also need support to utilise migration for their workforce needs, in particular to meet mandatory minimum requirements for care. Providers report that having access to a trusted and comprehensive advisory service would make a significant difference

[20] Committee for Economic Development of Australia (CEDA), *Duty of care: Meeting the aged care workforce challenge Report*, 2021, p.27.
[21] Committee for Economic Development of Australia (CEDA), *Duty of care: Meeting the aged care workforce challenge Report*, 2021, p.17.
[22] Aged and Community Care Providers Association (ACCPA), Submission to Joint Standing Committee on Migration – Migration, Pathway to Nation Building Inquiry, 2023.
[23] Aged and Community Care Providers Association (ACCPA), Submission to Australia's 2024-25 permanent Migration Program consultation, 2023.

to achieving the required workforce levels. This is particularly the case for providers who are small to medium in size (with less capacity to navigate the migration system and/or bear the cost of external migration services), providers who are in regional, rural and remote locations, and those who provide services to older Australians from diverse backgrounds requiring specialist care workers (such as those who speak languages other than English). Such an advisory service would enable them to both attract new migrant workers and retain valued existing workers.

Priority area 3: Reform – preparing for a new generation of aged care in Australia

Since the Royal Commission (2018-2021), the aged care sector has experienced a period of significant and rapid reform. This is set to continue in 2024 and beyond, with a new rights-based Aged Care Act proposed to come into effect from 1 July 2024.

The home care sector is also undergoing fundamental reform impacting over 1 million care recipients, with the new Support at Home program replacing the existing HCP Program and Short-Term Restorative Care Programme from 1 July 2025 and the CHSP transitioning to the new program after 1 July 2027.

These reforms will require aged care providers to undertake a wide range of change management activities, such as education and training for staff, changing business systems and updating policies and procedures. It will also impact on the business models of existing providers, as well as new market entrants.

As the population ages and demand for aged care services grows, ICT and innovation are likely to play an increasingly important role in delivering high quality care to older people, particularly in rural, regional and remote areas.

Our recommendations for investment in these once-in-a-generation reforms, will support aged care providers to deliver consistent, high-quality care for generations of Australians, with confidence and stability.

Recommendation 8: Support quality of care for older Australians through innovation and technology transformation

a) Invest $990 million over 3 years (2024/25 to 2026/27) to establish access to a multi-year grant that encourages, supports and enables technology transformation of aged care providers to enhance quality of care, create efficiencies and support sector-led continuous improvement. This will support:

- improved infrastructure and systems;
- improve digital maturity and workforce capability; and
- standardised data collection with translation of research and data insights to enhance quality of care.

b) Sector capacity and capability - $15 million over 3 years directed to:

- supporting aged care provider uptake of innovation and digital transformation opportunities;
- encouraging scalability and continuous improvement through the translation of research to practice;
- supporting digital education;
- supporting sector led data collection, analysis, benchmarking and innovation living lab networks;
- incentivising collaboration and shared insights; and
- monitoring outcomes generated from the innovation uplift and impact on quality of care.

Background

Older Australians deserve a contemporary, effective and evidence-based aged care sector.

Technology and innovative solutions have significant potential to provide improved service options, tailored options, better care outcomes and improved efficiencies. It also provides scalable and sustainable solutions to overcome the challenges facing the aged care sector, including workforce shortages, growing demand and increased reporting/administrative requirements.

Many aged care providers are experiencing financial stress and do not have the resources available to invest in technology and innovation, despite recognising their potential.

To address workforce and financial challenges, and to increase adoption of technology solutions, new innovative business and care models should be considered.

Increased compliance administration requirements of providers could be minimised by technology solutions, allowing staff to spend more time delivering quality care.

There is a clear digital maturity divide among aged care providers in the use of technology enabled systems. These systems include telehealth, e-learning software, client management systems, monitoring and surveillance technologies, clinical governance system, planning and budget software, risk management software and asset management systems.[24] There is also a lack of interoperability between systems leading to inefficiencies and inconsistent data sharing. Barriers to implementing technology enabled systems include:

- financial capacity;
- insufficient technology expertise within aged care organisations;
- fear of technology amongst service users; and
- technology infrastructure, including internet access.[25]

Current innovation funding provided by Aged Care Research & Industry Innovation Australia (ARIIA) only provides proof-of-concept seed funding, limiting the ability for providers to implement initiatives.

Benefits from this investment include:

- industry-led continuous improvement that is evidence based and innovative;
- improved consumer experience and control;
- reimagined service delivery models for sustainability and help meet increased demand for aged and community care;
- improved digital maturity across the sector to support technology transformation; and
- technological/virtual solutions that reduce the impact of workforce shortages.

This recommendation aligns with Government priorities (e.g. Aged Care Data and Digital Strategy[26]) and will improve readiness to meet the intent of the new Aged Care Act and Strengthened Aged Care Quality Standards (specifically Standard 5.1).[27] Furthermore, it will also improve readiness for the Support at Home program and future reforms where care management is enhanced by innovation and technology.

[24] Aged Care Industry Innovation Technology Council (ACIITC), *Capabilities in Aged & Community Care Readiness: An Evaluation of Innovation & Technology (CARE IT) Report*, 2020.
[25] Aged Care Industry Innovation Technology Council (ACIITC), Capabilities in Aged & Community Care Readiness: An Evaluation of Innovation & Technology (CARE IT) Report, 2020.
[26] Department of Health and Aged Care, *Aged Care Data and Digital Strategy*, 2023.
[27] Department of Health and Aged Care, *Strengthened Aged Care Quality Standards*, 2023.

Recommendation 9: Choice for older Australians to age confidently wherever they want to live, and for whatever life and care needs they may have

$7 million over 2 years ($3.5 million annually ongoing) to establish a navigation support program for older Australians interested in integrated aged care funded services. The navigation support program would span both retirement living and seniors housing, bringing 'continuum of care' outcomes (and optimise aged care government funding) for older Australians.

Background

The Australian Government invests around $28 billion annually in aged care funded services[28] across three separate funding mechanisms. This investment could be optimised, and achieve stronger care outcomes, if there was a stronger relationship between older Australians needing aged care services and choice of housing.

The Royal Commission into Aged Care Quality and Safety's Final Report (Final Report) called for profound reform, extending beyond traditional concepts of care. It emphasised the rights of older people to receive aged care tailored to their preferences.

Retirement villages and seniors housing, while not within the terms of reference of the Royal Commission, play a vital and supportive role in care outcomes for older Australians.

This initiative would contribute to a 'continuum of care' approach centred around the needs of the older person as they age – an underpinning tenet of the Final Report. As the Commissioners noted, 'The recommendations we have made for this integrated aged care program design match the key areas in aged care that can make a difference to people's lives. They will deliver a greater continuum of support and care to older people and give them more control over that support.'[29]

The Final Report emphasised the importance of enabling seniors to receive care in their chosen settings, incorporating integrated care, enhancing home care services and promoting 'small household' models.

This finding aligns with the evolving services offered by retirement villages and seniors housing. It also identifies a key principle for the design of an aged care system, that 'Care will be integrated between health and aged care services so that it meets each individual's needs across the care continuum. It will be flexible, responsive and timely.'[30]

The initiative should be established in a way that leverages Federal and State/Territory networks. It should also cultivate an understanding among those in need of integrated models of care about retirement living and seniors housing options. This includes how these options intersect with the aged care system.

The benefit of this investment will be a secure future for older Australians as they age - regardless of where they want to live and their life and care needs.

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[28] Australian Government, Productivity Commission, *Report on Government Services 2024, Section 14, Aged care services,* 22 January 2024. Funding – 'In 2022-23, government recurrent expenditure on aged care services was $28.3 billion or $6,097.0 per older person.'.'
[29] Royal Commission into Aged Care Quality and Safety, *Final Report: Care, Dignity and Respect*, vol. 3A, p.193.
[30] Royal Commission into Aged Care Quality and Safety, *Final Report: Care, Dignity and Respect*, vol. 3A, p.22.

Recommendation 10: Productive care and support services supported by effective regulation and transparency

Reduce red-tape and improve government transparency, through:

- Identification of opportunities to streamline and harmonise the compliance and reporting requirements to Government bodies involved in aged care and NDIS (including removing duplication and ensuring manageable timing schedules); and
- Development of a strategy, based on sector consultation, to produce regular sector-level publications harnessing data intelligence collected by Government bodies involved in aged care (from the extensive reporting and compliance requirements of aged care providers) to progress sector learnings, continuous improvement and detailed care outcomes achieved over time - for the benefit of consumers, the broader Australian community and providers.

Background

In our submission to the Draft National Strategy for the Care and Support Economy[31], ACCPA endorsed the policy goal for 'a care and support economy that has functioning markets, sustainable funding and generates productivity gains'. We also supported the objective that 'regulation is simplified and made more efficient to comply with, without compromising quality and safeguards'.

In a June 2023 member survey, of the five objectives put forward to support the goal of a 'productive and sustainable sector', this was the second highest priority, following 'Government investment and expenditure in the care and support economy is effective and sustainable, with fair and reasonable consumer contributions where appropriate.'

The Draft National Strategy for the Care and Support Economy also identified that 'promoting transparency' was a key component of effective market stewardship. It states, 'The Australian Government will be a good steward of these markets. The role of market stewardship is to ensure the market is delivering policy objectives, including by addressing market deficiencies or failures and by creating incentives that shape market behaviour towards desired outcomes.'[32]

ACCPA members have contributed significantly to improved transparency in Australia's aged care system as part of the reforms in response to the Royal Commission. These include the Star Ratings system, Quarterly Financial Reporting and strengthened governance requirements. There are also increasing data touchpoints such as reforms to the National Aged Care Mandatory Quality Indicator Program that will see an expansion of indicators in residential care as well as the introduction of indicators for home care.

ACCPA sees an opportunity for a strategic approach to utilising this extensive range of valuable data at a sector level, and in an integrated way, to support improved transparency.

It will also empower the sector, aged care consumers and broader Australian community to gain deeper insights into the care outcomes being achieved from sector performance. It will

[31] Aged and Community Care Providers Association (ACCPA), *Submission to the Draft National Strategy for the Care and Support Economy*, 2023, p.16-17.
[32] Prime Minister and Cabinet, *Draft National Strategy for the Care and Support Economy*, 2023, p.47.

also support continuous improvement and inform improved policy design over time as the reforms of the Royal Commission are evaluated.