

The National Report

13 May, 2008 – Issue 179



Aged & Community Services Australia

2008-2009 Federal Budget Special Issue

Contents

Older people escape the razor - for now
CAP for Another Year
Another claw back
Aged Care Federal Election Commitments
Workforce Initiatives
Capital Initiative
Transition care
Other Aged Care Budget Items
Allocation and Planning Review
Ministerial Council on Ageing
Ambassador for Ageing
Community Care
Veteran's Affairs
Disability Policy
Health announcements
Other Policies and Programs effecting older Australians

Older people escape the razor - for now

The Aged Care Industry Council (ACSA and ACAA) tonight expressed relief that the Federal Government did not cut services to older people in tonight's budget.

“We were concerned that services to some of the most vulnerable people in our community would have had to be reduced if funding levels fell even further behind rising costs,” said Greg Mundy, ACSA CEO.

“Extending the Conditional Adjustment Payment for a further year is a step in the right direction but the Government must use this time to put the aged and community care industry on a sustainable footing,” he warned.

The Government's review - announced in the Budget - must develop an index that accurately measures and funds the costs of providing care and eliminates the need for continual 'patch up' solutions.

There are other financial issues that must be addressed in aged care such as a lasting solution to capital raising.

The CAP is only applicable to residential care services so community care providers continue to miss out on top up funding and are falling even further behind.

CAP for Another Year

The Government has increased the CAP index by 1.75 percent to 8.75 percent of the basic subsidy and has provided \$407.6 million over four years. The index will only apply for one year, and there will be an inter-departmental review of the ongoing need for and level of the CAP payment, to be completed by October this year.

The review will be conducted by the Department of Health and Ageing, with the Departments of Prime Minister and Cabinet, Treasury, Finance and Deregulation, and Veterans' Affairs. It will draw on existing information and data and on public submissions which will be received for four weeks in July.

The review will examine:

- the extent to which the medium term financial assistance provided by the CAP has been effective in encouraging efficiency through improved management practices, including the effectiveness of the three conditions in achieving the objectives of the CAP; and
- the need for and level of any further medium term financial assistance to encourage providers to become more efficient through improved management practices.

Another Claw Back

In her 'New directions for Older Australians' Budget statement, the Minister announced an increase in the number of reviews of funding claims made by aged care providers. It aims to achieve a net saving of \$18.1 million over two years to ensure aged care providers are being correctly funded to meet the needs of their residents.

ACSA believes that the reviews will target 'grandparented' rates where there were 'unusual' increases prior to ACFI's introduction. This will further stress providers who have struggled with the punitive validation process over the past four years as a result of the previous claw back scheme.

The Government is monitoring ACFI's ability to deliver the extra funding promised and has engaged Access Economics to do this.

This latest claw back plan will compound concerns that the Government is pulling back money to meet their reduced spending targets rather than ensuring residents are appropriately funded.

Aged Care Federal Election Commitments

The Government has confirmed that all of its pre election commitments will proceed by including them in the Budget. To jog your memory National Report has included a brief summary of the key initiatives and an update on their progress to date.

Workforce Initiatives

Cash bonuses for up to 1,000 RN and EN qualified nurses to return to aged care. The employing organisation also receives a financial bonus. Guidelines are being developed for this initiative.

As ACSA said during the election campaign, any initiatives to support the aged care workforce are welcome. However, with the workforce crisis worsening the Government will have to do much more. ACSA will continue to work with Government to address the crisis as well as identifying and acting on areas industry can address within its own resources.

Capital Initiative

\$300 million in zero real interest loans for new residential aged care beds in areas of need. This funding will provide up to 2,500 aged care beds where there is a shortage of residential care beds. Guidelines for the loans have been released and the application process is underway.

This is another welcome initiative. However, at best it is dealing with the capital issues at the margin. The Government must come to grips with, and address, the fundamental capital problems facing the industry.

Transition care

\$293.2 Million over four years to provide 2,000 additional transition care places for older Australians.

In its pre-election promises the Government also committed to a co-operative approach with State & Territory Governments to develop proper planning and benchmarking of transition care. In addition to this Governments are to establish an integrated system of related programs including transition care, rehabilitation and the existing hospital/home COAG projects.

ACSA is concerned that Day Therapy Centres (DTCs) continue to be overlooked in discussions about transition, restorative and rehabilitative care. DTC's continue to be funded on an annual basis, creating uncertainty for this important service. ACSA will advocate for DTCs to be properly resourced and planned for as part of an integrated system of restorative care.

Allocation and Planning Review

The proposed review of the Planning Ratio and allocation process for beds and packaged care has three main features:

- Making the bed allocation process more efficient. Reduce to a minimum the time between the allocation of residential aged care beds and these beds becoming operational by streamlining the Aged Care Approval Round (ACAR) process. The Government needs to recognise that a closer relationship with local governments is required to hasten this process.
- Tighter matching of the number of operational places with the planning ratio.
- Reviewing the planning ratios. Regularly review the current aged care planning to take better account of demographic changes and changing patterns of use of aged care services, and likely future trends.

The Government has allocated \$2.0 Million over four years from existing Departmental resources to review the planning ratios.

Ministerial Council on Ageing

The Government has allocated \$6.2 Million over four years, from existing Departmental resources as its contribution to establish and maintain a Ministerial Council on Ageing. The Council will facilitate consultation and co-operation between the Commonwealth and the States and Territories, and help initiate, develop and monitor policy reform.

Ambassador for Ageing

The establishment of this position will cost \$2.0 million over four years. Noeline Brown has already been appointed to this role and will attend ACSA's National Community Care Conference dinner in Sydney on Wednesday 14th May.

Other Aged Care Budget Items

Assessment Program

The Aged Care Assessment program is now listed as part of the National Health Partnership. \$71.9 million has been allocated for 2008-09 which is an increase of 5.1 percent.

Community Care

HACC payments to the states for 2008-09 is \$1103.9 million (an increase of 8.87 percent). This suggests that indexation could well be over 2.5 percent.

The budget papers say there has not yet been a decision on how the HACC program will be treated in the new Federal – State national partnerships funding model.

June 2011 is the agreed deadline for implementing common arrangements under the new HACC Agreement.

ACSA will confirm the indexation rate and monitor the implementation of the common arrangements and the treatment of the HACC Program in the new funding model.

Veterans' Affairs

The payments DVA makes to the States under the Veterans' Home Care Program are listed for the first time, with \$17.4 million allocated for 2008-09.

The overall DVA budget has risen to \$11.59 billion, with \$6.34 billion for compensation and income support, and \$4.87 billion for health and health services.

Disability Policy

The negotiations for the National Disability Services Agreement to replace the Commonwealth State and Territory Disability Agreements are ongoing. The key area of interest for aged care providers is the commitment to give people with disabilities who are ageing, access to community

aged care programs. ACSA will work with National Disability Services (NDS) to ensure industry views are addressed in the roll out of this initiative.

The budget listed the disability total (including financial support to move young people out of nursing homes) at \$775.6 million in 2008-09, an increase of \$24.8 million.

Housing

The budget announced initiatives to tackle housing affordability and homelessness.

The Government is funding up to 50,000 new rental properties through the new National Rental Affordability Scheme (NRAS), with \$6,000 Commonwealth tax credits to construct new affordable rental properties at 80 percent of prevailing market rents, and a \$2,000 state and territory grant or credit.

The Department of Families, Housing, Community Services and Indigenous Affairs has released a technical paper on how this new scheme will operate. ACSA is currently developing a response to the paper. This initiative presents opportunities for the provision of affordable housing for older people and a role for aged care providers.

As well as confirming its promised \$100 million over four years for 600 new homes for the homeless, the Government will deliver a White Paper in September to provide a comprehensive national approach and action plan to combat homelessness over the next decade. ACSA will advocate for the needs of homeless older people to be addressed.

Health announcements

\$10 billion Health and Hospital Fund will be established to support strategic investments in health infrastructure, including investment in health and hospital facilities and equipment as part of the Government's health reform agenda and medical technology and equipment.

Other Policies and Programs effecting older Australians

As promised in the election campaign, the Government is expanding the Volunteer Grants program by \$64 million over the next three years to help community organisations and their volunteers with their work, including help to pay their fuel bills.

It will expand items eligible for funding under the program for volunteers who use their vehicles for volunteering purposes. This will help around 6,000 organisations and their volunteers, particularly those who use their cars to deliver food or visit older people in their homes, transport others to activities or give other assistance requiring private transport.

It will also provide \$16.7 million to train and manage volunteers over the next four years under the Volunteer Management Program.