



Key Directions for the Commonwealth Home Support Programme Discussion Paper

Submission template

Completed submissions are to be sent by 30 June 2014 to:

CHSP@dss.gov.au (preferred method) OR

Home Support Policy Team, Level 6, Sirius Building
Department of Social Services PO BOX 7576
Canberra Business Centre, ACT 2610

Submissions received after Monday 30 June 2014 may not be considered.

Unless otherwise stated, the information and feedback you provide may be used for publishing purposes. Please state if you do not wish for your comments to be published

Instructions for completing the Submission Template

- Download and save a copy of the template to your computer.
- You **do not** need to respond to all of the questions.
- Please keep your answers concise and relevant to the topic being addressed.
- Refer to the **Discussion Paper: Key Directions for the Commonwealth Home Support Programme (Hyperlink)** for context on the questions.

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If submitting on behalf of a company or organisation

Name of organisation: Australian Services Union – National Office

Stakeholder category (e.g. service provider, client, peak body, academic): peak union body

State/Territory: on behalf of state and territory branches

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Question 1: Are there any other key directions that you consider should be pursued in the development of the Commonwealth Home Support Programme from July 2015?

The Australian Services Union (ASU) is of the view that the Key Directions document does not adequately take into account, the importance of secure ongoing funding for service providers, the significant role of local government in the provision of services, the importance of stability of employment or the valuing of nurturing the existing networks.

In particular, the ASU takes this opportunity to express concerns regarding the impact of contestable markets and individualised funding on service quality, employment and local communities. Because of the nature of the community services area, an increased roll of market forces can have a broad detrimental effect on the robust nature of community organisations, existing networks and capacity building. It is also important to note that the number of volunteer workers will be affected by contestable markets as well as the increased requirement for people to work longer before being eligible for the pension.

Experience drawn from other community services areas (such as child care services) would suggest the need for a more cautious approach in rolling out contestable markets into the aged care arena. This can be seen from issues listed below.

For-Profit Involvement

Contestability and individual funding arrangements can result in dramatic shifts to private for-profit provision, with the following outcomes:

- The tendency for valued organisations with good local community connections to vacate the arena.
- The loss of volunteers who become disgruntled about changes to profit making service providers.
- Increased casualisation of the workforce and increased insecurity of employment.
- The tendency, over time, for private corporations to form conglomerates and corner the market.
- Some for-profit operators are overseas owned - resulting in profits leaving Australia instead of being invested back into local communities.

- Sometimes the introduction of contestability creates an impression that the activities can become high profit earners. Consequently, there may initially be considerable growth in service provision by for-profit organisations. When this happens, not-for-profit organisations and councils may consider pulling out of service provision – resulting in the loss of expertise if people cease being employed.

- After profit focussed organisations dominate the market, some will suddenly be pulled out and cease service provision. Reasons for sudden exits vary but include: deciding that the activities did not generate sufficient profits; the company over extended itself and faced financial ruin; and in some situations clients were not happy with service quality after having been drawn in with promises of additional benefits.

The organisation *ABC Learning* provides an example from the child care area of what can go wrong. ABC was a growth company that had 43 childcare centres in June 2001. It dramatically expanded in a contestable market situation. By November 2005 it had 697 childcare centres. But in 2008 ABC Learning went into receivership leaving children and families in difficult circumstances particularly when they had already paid for the anticipated services. In addition, the community had to make arrangements for replacement services and government funding sources disappeared.

Question 2: How should restorative care be implemented in the new programme?

Question 3: Are these proposed client eligibility criteria appropriate? Should the eligibility criteria specify the level of functional limitation?

Question 4: Are the circumstances for direct referral from screening to service provision appropriate?

Question 5: Are there particular service types that it would be appropriate to access without face to face assessment?

Question 6: Are there any other specific triggers that would mean an older person would require a face to face assessment?

Question 7: Are there better ways to group outcomes?

Question 8: Are there specific transition issues to consider?

Impact on Employees

Despite the broad range of services provided by local government, funding provided to this sphere of government is relatively low. Consequently changes in public policy and funding arrangements which increase contestability may encourage some councils to reduce or cease involvement in some service provision. Where this happens, local community jobs are threatened and reductions in service quality standards can result as experienced, professional workers with good local knowledge leave employment.

By way of example, local government in Victoria employs many HACC workers whose services are highly valued. The removal of block funding has the potential to add a further cost burden to councils, above and beyond the large subsidies already paid by councils in that state for such HACC services. Changes in funding arrangements proposed by the government put those services and jobs under threat along with the standard of service which community members have been able to enjoy.

Another potential impact of the contested market model is the increased casualisation of workers as service providers implement employment models that can rapidly adapt to changes in funding arrangements and policy shifts. Job loss and casualisation can have a dramatic knock-on effect for existing workers and in rural areas can significantly affect the economic viability of small towns.

Funding certainty is essential for the provision of quality services by organisations, whether they be the existing not-for-profit service providers or local councils. Many are already financially stretched and await the impact of changes relating to the NDIS. It is indeed a time of change and uncertainty. The narrowing of the funding base will significantly affect the viability of existing services put under pressure through the contestability model.

Traditionally, work in the community services area is predominantly done by female workers employed on a part-time basis. These women often have a range of family and caring commitments outside their paid employment. They require adequate pay, flexibility to manage commitment and certainty of employment – all of which are at risk within competitive market scenarios.

As a key direction, the government must ensure providers don't casualise their staff as a response to a less predictable funding. Also, care should be taken to ensure that profits aren't at the expense of the wages and conditions of workers. Where this latter situation happens, it is not a reflection of increased productivity but merely a shift in wealth from workers to organisations.

As noted, failure to adequately take these concerns into account can lead to a high turnover of staff which, in the long run, will increase costs and result in the loss of expertise and capacity building in the sector – ultimately affecting service quality.

Individual Funding Models vs Block Funding

The problems associated with the proposed funding model does not only relate to the

competitive tender process. Problems also stem from shifts to individualised funding and the elimination of block funding arrangements for service providers. When providers receive funding that is dependent upon certain numbers of clients being involved, fluctuations in numbers can present significant risk to the financial viability of providers. Those who are able to ride out the ebb and flow will be in a stronger position than those who do not have sufficient reserves. Eventually some drop out as the concentration of other providers intensifies (the bigger fish eat the smaller) - which is not always a positive outcome. This poses a unique challenge to niche providers, catering to select demographics, such as people from Culturally and Linguistically Diverse (CALD) communities, Aboriginal communities or members of the Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) community, since these providers tend to be small organisations with limited to no ability to absorb excess costs.

How are providers to meet their expenses if they experience a temporary or medium term drop in clients when they don't have the certainty of block funding? Not-for-profits can't afford to dip into their savings. Alternately, some for-profit organisations won't want to wait until client number increase – market failure can occur and governments could be left to foot the bill and fill the gaps. The Commonwealth must have contingency plans in the event of market failure and funding shortfalls.

There is much that can be learnt from the Victorian experience. In that state, local government already contributes millions per year in HACC services in addition to topped-up funding, in order to meet some of these financial needs. However most other HACC providers simply do not have the capacity to fulfil this same funding role fulfilled by local government. The Commonwealth needs to clarify where such top-up money is to come from in the future.

As assessment, referral and other 'entry point' duties are taken over by the My Aged Care Agency and its representatives, an array of jobs are under threat. Some examples include assessment officers – who conduct face-to-face meetings with clients and determine their care needs – to referral type work.

The ASU is of the view that in practice the new system won't work as effectively as envisaged and that providers will have to hold on to some 'entry point' capability, despite proposed changes (for example the role of assessment officers). This was the experience of local government in the State of Victoria. One particular council sought to experiment by contracting out its entry point functions to an external provider. This council's home support workers would then receive the information about the client's assessed needs from the out-sourced entry-point service. However the council employees would often attend to the client only to discover that the information given to them by the out-sourced assessment was incorrect; the client's actual needs did not reflect the needs identified in the assessment. This experience forced the council to re-establish its in-house assessment team. History had shown that the in-house assessment and care teams enjoyed better synergies through a common approach to identifying care needs and delivering them. This example demonstrated that the contracting out of services can actually compromise service quality and efficiency and that maintaining in-house provision can have advantages.

At the moment there are no solid moves, by Councils in Victoria, to drop the role of assessment officers or HACC services generally. This is because discussions are still taking place with the Commonwealth on how the state transitions to the new system. However, some management consultants are recommending Councils review their involvement in

HACC in light of the NDIS (irrespective of changes in the Commonwealth HACC programme). Councils have not accepted these recommendations. Indeed the question for some Councils is not if they remain involved in HACC but rather what form that involvement will take in the future. From the ASU's perspective we'd like the status quo retained as far as possible, particularly as Councils already provide most of the outputs described in the table included in *Attachment B* of the *Key Directions Discussion Paper*.

Question 9: How are supports for carers (other than respite services) best offered? For example, should these be separate to or part of the Commonwealth Home Support Programme?

Question 10: What capacity building resources are needed to assist with the sector's transition to the Commonwealth Home Support Programme?

Question 11: How should the current Assistance with Care and Housing for the Aged Program be positioned into the future?

Question 12: Are there any other issues that need to be considered in transitioning functions from the current HACC Service Group Two to My Aged Care?

Question 13: Is there anything else you want to raise to help with the development of the Commonwealth Home Support Programme?

Local Government Contribution To Services For The Ageing Population.

Currently local government makes a significant contribution to local community services, including services for ageing members of the community which are not always funded through HACC. This service provision is underpinned by a range of council activities and commitments which can enhance the effectiveness of HACC services. They are often the result of legislative and policy commitments which exist in the local government arena but do not operate in the private sector or are limited in their application.

The following are some examples of these activities:

Local government is required to fulfil a range of social policy commitments which are reported on, monitored and open to community scrutiny.

Councils are required to provide services consistent with the culturally and linguistically diverse nature of the community and other social policy commitments which are supported

by various levels of the organisation. Consequently a range of translation and interpreter services are obtainable for people seeking information about a broad range of mainstream and specialised services. Language services are thus integrated into an array of council activities available to the general community.

As well as direct services, councils assist communities with infrastructure, advocacy, research, networking, support, information provision as well as local capacity building.

Some support services are developed by councils through service provider forums which are co-ordinated or resourced by councils. When service provision shifts to market based models, co-operative supportive forums can be lost or diminished. (Contestable markets by their nature increase competition which impinges on the willingness of organisations to share information and participate in such forums.)

Councils can provide a professional approach to service provision, particularly where they have a strong commitment to employee training programs and staff development. (By contrast, for-profit organisations are less committed to investing in staff development training programs).

Local government has established mechanisms of community consultation and accountability which place councils in a strategic position in communities, enabling the identification of deficiencies or gaps in local service provision. Many forums bring together diverse organisations for purposes of sharing information, discuss local issues and contribute to local knowledge.

The relationships and information established through these processes put councils in valuable and authoritative positions for assessing needs, community capacity building, engaging in planning processes and communicate local needs through to other levels of government. From time to time, councils have become aware of sudden needs and have had to step into the void to fill gaps in critical areas of service provision as the need arises. Some times this has happened in times of crises, market failure or the sudden exit of private service providers.

Councils and their employees play an important role in rural and regional economies. In regional and rural areas, councils are often the main employers with workers who live locally and spend locally – sustaining local economies.

With a considerable range of inputs to the system by local government, the question remains about where sufficient funds will come from for local government's share of HACC and other activities focussing on the ageing population. In addition, the possibility of opening up in-house HACC service delivery to 'market testing' exacerbates uncertainty for provider organisations, their employees and service users.