

# A model for transformation and governance

The redesign of the aged care sector

May 2020



# About this report



This report was not possible without the generosity and commitment of the CEOs and Executives of aged care providers who gave up their time throughout March – which we now know was the beginning of the COVID-19 crisis – to help shape this report. Their feedback on early drafts was significant and shaped the balance we hope is represented here.

Our thanks is also extended to the Grant Thornton Partners and staff who participated in the workshops and the webinar processes.

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May 2020

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# Introduction

Transitions in ageing are not consistent and systematic as they are described by our ageing systems. Sometimes they are incremental, sometimes accidental, sometimes monumental, and they are always personal.

This is widely supported by the aged care and aged services sector. Our report '*Perspectives on the Future of Ageing and Age Services in Australia*' (the '*Perspectives Report*'), published in September 2019 and developed in collaboration with Leading Age Services Australia (LASA)<sup>1</sup>, established an agenda for reform to achieve this goal. LASA published a complementary report on the policy impacts of these initiatives '*Key insights and reflections on Future of Ageing and Age Services Workshops*'.

The Perspectives Report, based on the feedback from 121 executives from the aged care sector, highlighted some of the wicked problems the sector faces and provided insights into what is required to facilitate opportunities for significant improvement in the care and wellbeing of older Australians. This will require a radical overhaul. No more "tinkering around the edges". Together, the '*Perspectives Report*' and '*Key Insights report*' from LASA, provide a framework for reform and define the opportunities afforded to the Royal Commission into Aged Care Quality and Safety (RCACQS) in considering its recommendations.

This report, together with its companion '*The redesign of the aged care Funding in Australia, sector and stimulus to support the aged care sector*' (the '*Funding Options Report*')<sup>2</sup>, continues the discourse between those that provide services to the aged; intersecting services, including primary, acute, and subacute care; allied health and the RCACQS itself.

As with the '*Perspectives Report*' and the '*Funding Options Report*' this report provides a thematic summary of the views of provider CEOs and senior executives expressed during a dialogue with their peers. It does not seek to include all views expressed.



The Australian Trade Commission (Australia Unlimited) notes in its industry overview that "the aged care sector in Australia offers world-class products, services and expertise to help other countries meet the challenges of an ageing population and has many decades of experience in aged care delivery." It goes on to say that one of the key industry strengths is "the aged care system in Australia is one of the most thoroughly regulated in the world and is used as a model by many other countries". Perhaps the strength described by Austrade has not been without its problems and now may be the time to address them.

## Royal Commission into Aged Care Quality and Safety – Aged Care Program Design

It is noted that the RCACQS is keenly interested in options for the aged care system of the future, and called for submissions and comments on 'Consultation Paper 1: Aged care program design'<sup>3</sup> issued on 6 December 2020. One hundred and eighty-three (183) submissions were received by the RCACQS. Further, a series of workshops were conducted to interview and engage respected members of the aged care community about their submissions. This resulted in a summary paper being prepared entitled 'Royal Commission into Aged Care Quality and Safety Counsel Assisting's Submissions on Program Design' issued on 4 March 2020<sup>4</sup>.

It is important to understand that the Royal Commission's work continues to focus on the Commonwealth subsidised and regulated services with little regard for the fee for service market that is complementary to the subsidised activities.

## Purpose of this report

The purpose of this report is to explore options for improving the forthcoming transformation that will be required to realign the sector with community expectations, the community's willingness and capacity to contribute to the services, and the insights that arise from the RCACQS.

This report, '*A model for transformation and governance: The redesign of the aged care sector*' highlights some of the major challenges that the industry will need to face to ensure that future transformation programs are successful. It seeks to shine a light on the experiences and perspectives of aged care services providers. It may therefore represent opposing views on certain topics, reflecting the different experiences providers have, relative to their purpose, mission, strategy, market and geography. These may be symptomatic of deeper structural issues affecting the sector.

Where these sometimes controversial, or opposing views are discussed, we seek to understand the underlying structural issues, and refer the reader to relevant publications developed by experienced and credentialed researchers in the sector. In considering the complex issues under scrutiny, this report will represent the views of a range of providers and the relative benefits of the ideas being discussed.

<sup>1</sup> <https://lasa.asn.au/>

<sup>2</sup> Grant Thornton. The redesign of the aged care sector in Australia, Funding and stimulus to support the aged care sector. 2020

<sup>3</sup> <https://agedcare.royalcommission.gov.au/news/Pages/media-releases/consultation-paper-1-aged-care-program-redesign-6-december-2020.aspx>

<sup>4</sup> <https://agedcare.royalcommission.gov.au/hearings/Documents/submissions-by-counsel-assisting-4-march-2020.pdf>



## Easier or harder with COVID-19?

There is a great deal of disruption that is occurring in society, the economy and in health and aged care as a result of national and international responses to the outbreak of COVID-19. The COVID-19 pandemic is a significant health phenomena affecting global populations. It is disruptive to society. Contagion management has seen the closure of sovereign borders between countries and – in Australia – borders between States. The measures being undertaken, including social distancing, closing non-essential businesses, and special economic responses, will contribute to a slowing of global and local economies. This will be devastating to many individuals and governments. It will take many years to recover from the economic impacts of this health crisis.

The restructuring of the aged care sector, informed by the Royal Commission and implemented by government will be undertaken in this fiscally and socially constrained environment. The aged care sector will be competing more fiercely for funds from future governments confronted with having to repay the debts incurred in responding to COVID-19 and from consumers and their families who may have suffered financial hardship.

Indeed, it will be difficult for the Royal Commission not to acknowledge and respond to the added complexity that COVID-19 will bring an aged care sector operating in an economy that will need itself to be restructured over the long term.

Included in Appendix 8 is an overview of VUCA<sup>5</sup>, a management consulting methodology used for considering significantly complex problems, with multiple stakeholders, where the situation is changing rapidly. It is included to assist readers in considering the high degree of complexity facing those tasked with redesigning the sector in these most difficult of circumstances.

When we started thinking about funding options for the aged care sector at the end of 2019, we did so on a “business as usual” basis. COVID-19 brings a completely unpredictable dimension to aged care services and how they will be funded post the impacts of the disease. Certainly, long term recovery responses from government are likely to factor in more general taxation reform and higher taxation rates to repay the stimulus being pumped into Australia’s economy through this process. Commonwealth and State governments are making regular announcements on societal and economic support. In this we refer to *‘An analysis of alternate models of aged care funding: Options for the redesign of the aged care sector’*<sup>6</sup>.

In this environment we believe that it may be harder to promote a single aged care levy in the longer term, and that a broader package of supports using the taxation system and extending the direct funding from budget will be required, as part of a broader recovery package for Australia over the longer term.

## Acknowledgements

We would like to acknowledge the significant commitment and ongoing dedication of the aged care workforce as the industry navigates the COVID-19 pandemic. Without each and every one of the people on the front line of aged care services doing their jobs, our elderly and most vulnerable Australians, would be at significantly higher risk than they are today. All Australians owe them a debt of thanks.

We also acknowledge that many of the concepts in our report were developed and designed before the ramifications of the pandemic clearly unfolded. While this may mean implementation may be delayed, or other priorities must come to the fore, we stand by these concepts as part of the long-term sustainability and viability of the aged care sector.

<sup>5</sup> <https://hbr.org/2014/01/what-vuca-really-means-for-you>

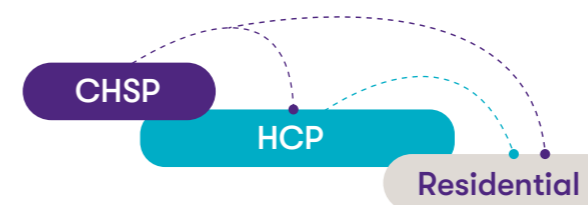
<sup>6</sup> Grant Thornton. *The redesign of the aged care sector in Australia, Funding and stimulus to support the aged care sector.* 2020

# Resolving today's issues or creating a new design – a fundamental question

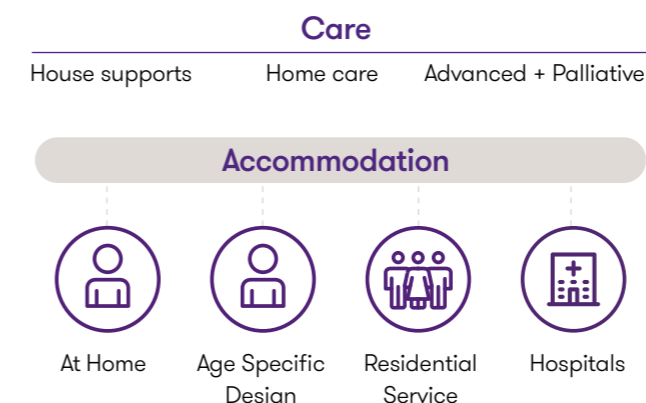
From the Productivity Commission's seminal report, 'Caring for Older Australians'<sup>7</sup> published in 2011, until today, there have been many substantive investigations into aged care services and the needs of those requiring care. Responses by governments and the sector are well documented elsewhere.

A key aspect of that is what services will be required to meet the needs of our elderly into the future. Where will they be housed? What can be done at home and what will require specialist accommodation? What will markets for these services look like and how will providers respond? The Government contributes approximately 70%<sup>8</sup> of all aged care funding in Australia. If this is to continue at this rate, or grow to meet higher demand and emerging needs more information will be required to ensure the Government is receiving "value for money", its investment in the sector.

## Current structure



## Future



We will need to better understand the progression of ageing needs, and acuity of aged related conditions and how best to manage them.

We will need to better understand what providers do, currently, and what they could do into the future.

For example, there may be a perception that home care providers only provide low levels of care, and services such as domestic and social support. However there is an emerging trend in the home care market to provide far more than this, including advanced and palliative care services that enables our elderly to die with dignity in their own homes.<sup>9</sup> The ability of home care providers to deliver advanced and palliative care services outside a residential care facility could reduce the burden on funding.

There is an increasing trend for hospital and health services to provide "hospital in the home" services that typically include medical, nursing, physiotherapy, occupational therapy, dietetics and speech pathology. There are many opportunities for aged care service providers to work more closely with hospitals to optimise the outcomes for the elderly in care. Therefore greater consideration needs to be given to the role of hospital services in working with home and residential care models to more accurately tailor emerging age care medical needs in alignment with age care providers.<sup>10</sup>

The aged care industry of the future will be defined by the social, economic, rehabilitation, medical and personal supports that enable Australians to age well. This is the opportunity that is afforded to us now, to design a flexible system while providing assurance to providers to invest in services that will provide quality and safe outcomes.

<sup>7</sup> <https://www.pc.gov.au/inquiries/completed/aged-care/report/aged-care-overview-booklet.pdf>  
<sup>8</sup> <https://www.austrade.gov.au/aged-care/>

<sup>9</sup> <https://www.australianageingagenda.com.au/executive/consumer-insights/dying-at-home-study-backs-case-for-level-5-hcp/>  
<sup>10</sup> <https://academic.oup.com/ageing/article/44/3/365/4427>

# The Aged Care Roadmap – dead in the water or a tool for future reform

## A New Aged Care Roadmap for transformation

The Aged Care Roadmap<sup>11</sup> (the Roadmap) was published in March 2016 by the Aged Care Sector Committee, chaired by David Tune AO PSM. This roadmap presents the Aged Care Sector Committee's views on how to make an aged care system that is sustainable, consumer driven and market based by 2023<sup>12</sup>.

The development of the Roadmap was overseen by the Aged Care Sector Committee, a body that is representative of major stakeholders and is made up of senior government policy advisors and agency leaders, leaders of organisations representing aged care providers, (for example LASA<sup>13</sup>) and consumers (The Council of the Aged<sup>14</sup>) and senior persons from large not-for-profit networks and for-profit providers. As a result there are many contributors who have a strong sense of ownership and commitment to the Roadmap.

Four years on, with the many aged care providers reporting significant financial hardship, consumers experiencing uncertainty over the quality and safety of services as a result of media attention and the publication of 'Aged Care in Australia: A Shocking Tale of Neglect'<sup>15</sup>, there is significant doubt as to whether the aspirations documented in the Roadmap have been achieved, or whether meaningful progress has been made.



Depending on who you ask, several reasons are given as to why there were flaws in the Roadmap, insufficient oversight of its implementation as to render it ineffective, or other forces that circum-navigated its intent and led the sector to its current state. Significantly, the Roadmap purported to provide a solution for a sector in which some providers have demonstrated commercial and clinical success while others were unable to achieve the same results.

## To refresh the 2016 Aged Care Roadmap or start anew?

There is a strong argument that the consultation process and representation across many parts of the industry have delivered a Roadmap that serves the sector well. For ease of reference, there is a short summary of the initiatives (Domains), outcomes (Destinations) and timeframes in Appendix 4.

While the Roadmap addresses all of the concerns and opportunities identified in the consultation process, there is undoubtedly a sense of disappointment that more has not been achieved and that the sector has stagnated. One thing is certain, the cynicism that is growing results from a belief that the sector can plan well, however it is unable to implement. That may well be a function of the diversity of providers (sellers) and poor cohesion in terms of shared agreement on the solution. We contrast this with the unanimity we see in negotiating and implementing successive (now in its 7th incarnation) Community Pharmacy Agreements<sup>16</sup>.

However, a new Roadmap is likely to have the same or similar people involved in its development. To achieve meaningful progress, a more diversified group may be required, a group that can move away from the 'usual suspects' who participate in a multitude of aged care committees. The process of reviewing the Roadmap would be similar in form and content as the previous iteration, as the issues appear to have increased rather than changed. The time commitment to develop a new roadmap could further delay much needed reform.

**To generate and maintain momentum, the most effective course of action to facilitate the sector's successful transformation would be to refresh the 2016 Roadmap.**

<sup>11</sup> [https://www.health.gov.au/sites/default/files/aged-care-roadmap\\_0.pdf](https://www.health.gov.au/sites/default/files/aged-care-roadmap_0.pdf)

<sup>12</sup> <https://www.health.gov.au/resources/publications/aged-care-roadmap>

<sup>13</sup> <https://lasa.asn.au/>

<sup>14</sup> <https://www.cota.org.au/>

<sup>15</sup> <https://agedcare.royalcommission.gov.au/publications/Documents/interim-report/interim-report-volume-1.pdf>

<sup>16</sup> <https://www1.health.gov.au/internet/main/publishing.nsf/Content/New-7th-Community-Pharmacy-Agreement>

## What needs to be considered to refresh the Roadmap?

### Governance and accountability

Clear and unequivocal accountabilities and responsibilities would be added into the plan alongside strong effective governance and leadership that can drive and monitor progress on the outcomes across multiple stakeholder groups. To be effective, a refreshed Roadmap would need the clear commitment of impacted stakeholders to collaborate to achieve the outcomes including the express and transparent agreement to “do what it takes” to achieve it.

### Don't throw the baby out with the bathwater

The Roadmap would be phased with reports on progress, achievement of milestones and outcomes regularly published in the public domain. Refreshing the 2016 Roadmap will deliver the added advantage of “not throwing the baby out with the bathwater” and providing a long term approach that providers, consumers and others can rely on, rather than plans that change every twelve months.

### Identify barriers to success

An effective Roadmap will articulate the barriers to success, and the strategies and responsibilities required to overcome those barriers. One of those barriers might be the political cooperation required to commit successive governments to the long term commitment required. (Please see comments on achieving political success in Appendix 1). Shared objectives and cohesion among providers remains a work in progress. This is in part due to the diversity of purposes, relative size, competitive nature, and location.

### Whole-of-journey involvement

The model suggests that the Governance required to oversee this change be put in place until ALL outcomes are achieved. This Governance would be broadly representative of key stakeholder groups and include, Government, the Department of Health<sup>17</sup>, aged care agencies and commissions, providers, consumers, intersecting services, and Non Executive Directors. Members of this group would oversee both the refresh of the 2016 Roadmap, and also its implementation, until it can clearly be demonstrated that all outcomes are realised.

### Forging pathways internally

Members would be charged with the responsibility of removing barriers to success within, and around, their own organisations, to ensure that transitions are as effective as possible. In this they will need to be sufficiently responsible within their own sphere of influence to be able to make things happen. These barriers reflect the tensions between conflicting objectives of industry participants, including Governments, regulators, providers and consumers. There is a strong view that this will only be achieved when strong capabilities in intellectual analysis, research, industry knowledge, and policy development are applied to the problem, rather than selecting representatives of particular organisations. “Intellectual grunt” will be required.

### Integrated collaboration

There will need to be clear consideration and involvement of intersecting services that interact with the aged care sector to ensure transitions between aged care and other services are made more efficient and effective.

Without pre-empting the findings of the RCACQS, this may be an initiative that it considers in its deliberations and reports. The refreshed Roadmap will articulate the underlying principles for all stakeholders to work towards so that real change is embedded in the behaviours of all stakeholders at its conclusion.

In this report it is proposed that structural reform be separated into three key phases:

- 1 remediation of the current industry to ensure viability in the near term and sustainability in the mid to long term,
- 2 transformation to structurally transition to the new industry state as informed by the outcomes of the Royal Commission and subsequent Government responses, and
- 3 embedding, to ensure planned transformation outcomes are achieved and sustained including long term viability.

This model for structural transformation will be explored in more detail later in this report.

<sup>17</sup> <https://www.health.gov.au/>



# Enabling change: A model for structural reform

A Roadmap is only useful if someone gets behind the wheel. So how do we ensure the updated Roadmap is put to good use?

The CEO workshops considered an approach to transformational reform of the aged care sector, a bold view of what might be possible. The purpose of exploring this particular model was to identify those aspects of industry transformation to be developed and those to be avoided. It was not intended to seek endorsement for any approach, rather to document opportunities and concerns that might inform future transformation approaches in general.

The concepts discussed herein are not universally endorsed and some are considered controversial. This model is presented here as a “learning scenario” to inform the debate about how to implement the transformational changes that are required.

## Industry structural reform concept

Restructuring an industry is like corralling a herd of stampeding elephants, done carefully, with difficulty, focused resources, willingness, commitment, and planning – lots of planning – and outstanding communication between stakeholders.

The concept in this structural reform is to have a three phased approach.



Each phase would have specific objectives and an appropriate funding model to match. This model is predicated on the basis that appropriate multi-skilled representative governance, discussed above, is established to oversee the industry transformation efforts through to their logical conclusion.



## A remediation phase – Rationalisation

- Establish transformation governance and appoint members of an oversight committee.
- Ensure that transformation plans are developed and widely consulted.
- Establish a rationalisation program for the industry that creates incentives for those providers who wish to leave the sector, but are inhibited by economic or legal liability barriers. It would also provide support for independent evaluation of organisations to determine if they have the capability to remain viable in the longer term.
- Provide funding for organisations that sign up for the rationalisation program.
- Develop and test the funding models that will sustain the sector into the foreseeable future.



### Independent Review

It is highly unlikely that all providers would agree to this approach. It could be perceived that this removes choice from the providers, however it is designed to increase choice on an “opt in” basis.

Reviewers would need to be independent, qualified and have a demonstrated understanding of the sector. This would include, at the least, a strong understanding of corporate and clinical governance, strategic planning, finance, operations, markets and marketing, and consumer experience.

The purpose of considering this approach is to inform the debate on rationalisation, “if we can, should we?”

### Resolving the tensions through targeted analysis

The remediation phase would require funding to assist in the rationalisation of the sector. The use of an aged care levy<sup>18</sup> could raise capital to provide some funding to undertake reviews of providers along all facets of their business to determine their ability to continue to operate into the mid to long term.

Funding would be made available on the basis that the provider agrees to, and signs up for the review and will be bound by the decision of the reviewer, in some cases, a recommendation to exit the industry. Providers can choose not to undertake the review, and continue as is. Reviewers could make three recommendations:

- 1 For those who are deemed to be operating satisfactorily, continue as planned.
- 2 For those who can improve performance to ensure longer term viability, undertake the recommended restructuring.
- 3 For those who are unable to meet the criteria, seek exit options.

If the recommendation were to exit, funding would continue for a period of time for the vendor to find a suitable buyer, or organisation to partner with to establish a new viable entity. This review process may be difficult for larger organisations as the outcomes of the review may recommend the business be broken up. The dimensions of the review, would include leadership and governance, clinical governance, workforce, financial performance<sup>19</sup>, market position, history of non-compliances and sanctions, quality of assets, and consumer sentiment and experience. Providers who choose to leave the sector would be given a timeframe to identify suitable acquirers or partners to facilitate the exit, and timeframes to execute the departure. Should they choose not to exit, funding would cease at the end of this time.

During this phase, where exit plans are established (in the same way as a Safe Harbour scheme is developed<sup>20</sup>) and acquirers sought, the Government would need to establish a process of indemnities for directors who are exiting and fearful of liabilities for actions such as insolvent trading<sup>21</sup>.

If the provider does not sign up for the review, then additional funding would not be made available. Funding would be raised from tools such as an aged care levy, implemented for just this purpose, together with funding initiatives designed to stimulate increased participation in the aged care workforce, measures to facilitate and incentivise the transfer to aged care assets. A practical aspect of this phase is a renewed compliance focus on quality care and not quality paperwork.

### Funding

During the remediation phase the sector would work on the new ways of raising revenue to fund the aged care system of the future. This could include measures outlined in our report ‘*The redesign of the aged care funding in Australia: Sector and stimulus to support the aged care sector*’. These measures would be tested and analysed to ensure that future funding was adequate and that planned outcomes could be achieved. Once effective models of funding and distribution of funds were established and sector rationalisation resolved, transformation would begin.

This is time for government to establish the governance oversight, including forming the committees that would ensure reforms realise the expectations. There would be time to design and build performance management frameworks over the transition, establish the data and information requirements and progress systems changes and developments to monitor and manage the transformation phase.

<sup>18</sup> Grant Thornton. The redesign of the aged care sector in Australia, Funding and stimulus to support the aged care sector. <sup>2020</sup>

<sup>19</sup> Some argue that overheads should be limited on a PRPD or other basis, this could be considered here

<sup>20</sup> <https://www.grantthornton.com.au/client-alerts/2017/a-safe-harbour-but-for-who/>

<sup>21</sup> [https://www.publicaccountants.org.au/media/251548/11A-AhmedBise\\_v2.pdf](https://www.publicaccountants.org.au/media/251548/11A-AhmedBise_v2.pdf)



## A transformation phase – Change



- Investments in transformation will be made to ensure the continuing providers have the best chance to sustain the industry into the foreseeable future. The imperative is strong organisations that deliver safe quality services that, at least meet, if not exceed community and regulatory expectations.
- Implement new funding models.
- Establish the monitoring and reporting protocols and frameworks.

The transformation phase describes the period in which structural reform is undertaken across the sector. It occurs after the remediation phase so that transformation efforts are focused on investing in the providers and services who will be in the sector for the long haul, and who have the means and capability to lead and manage their own organisations through the significant changes that will be required.

### Legislated Review of Living Longer Living Better 2017

In July 2017, Mr David Tune AO PSM, undertook an independent review of the Living Longer Living Better (LLL) reforms implemented in 2014<sup>22</sup>. Mr Tune advised that the “LLL reforms were significant reforms but also a step along a path that would bring further change. When the changes were announced, the government stated that a five year review will assess progress of the first phase of reform and the pathway ahead. This report is the product of that review. Its scope is confined to aspects of the LLL reforms rather than the aged care system more generally. For this reason, there are several important aspects of aged care that are not reviewed in depth, including quality and safety issues, the Aged Care Funding Instrument, the Commonwealth Home Support Programme and palliative care.”

### Opportunity lost

One thing is clear is that the implementation of Living Longer Living Better reforms did not address many of the opportunities that could have been realised in a large transformation of this type. The Government is to be commended for having the foresight to legislate an independent review, however what is required for large scale structural transformation is independent representational oversight, clear objectives and strategies, and ways of measuring progress and performance.

The opportunity therefore exists to address the shortfalls of LLLB and ensure the implementation of these reforms are transparent, measurable and accountable. This will require regulators to have a balanced and supportive compliance approach with an informed and experienced review and assessment capability. This work will be complex and difficult and will require a program management approach to change that ensures all stakeholders in the reform are brought along the journey.

During the transformation phase, additional systems changes and developments would be undertaken to set the embedding phase up for success including the establishment of the “business as usual” governance and reporting frameworks.

<sup>22</sup> <https://www.health.gov.au/sites/default/files/legislated-review-of-aged-care-2017-report.pdf>

## The embedding phase – Sustainability



- Once change has been implemented there needs to be a period of oversight to ensure that key transformation objectives are met and that the transformation activities “hold” for the longer term.
- This will require continued monitoring of sectoral performance over a period of time sufficient ensure sustainability is achieved.

### Ensuring no surprises

Rather than stop at the point at which the transformation has been completed, the embedding phase is designed to ensure that changes “stick”, and that they are sufficiently normalised in practices as to be second nature. It is a time when the desired outcomes are measured and reviewed to ensure that they have been met. Measuring and reporting performance against planned outcomes requires commitment, time, effort and focussed analysis.

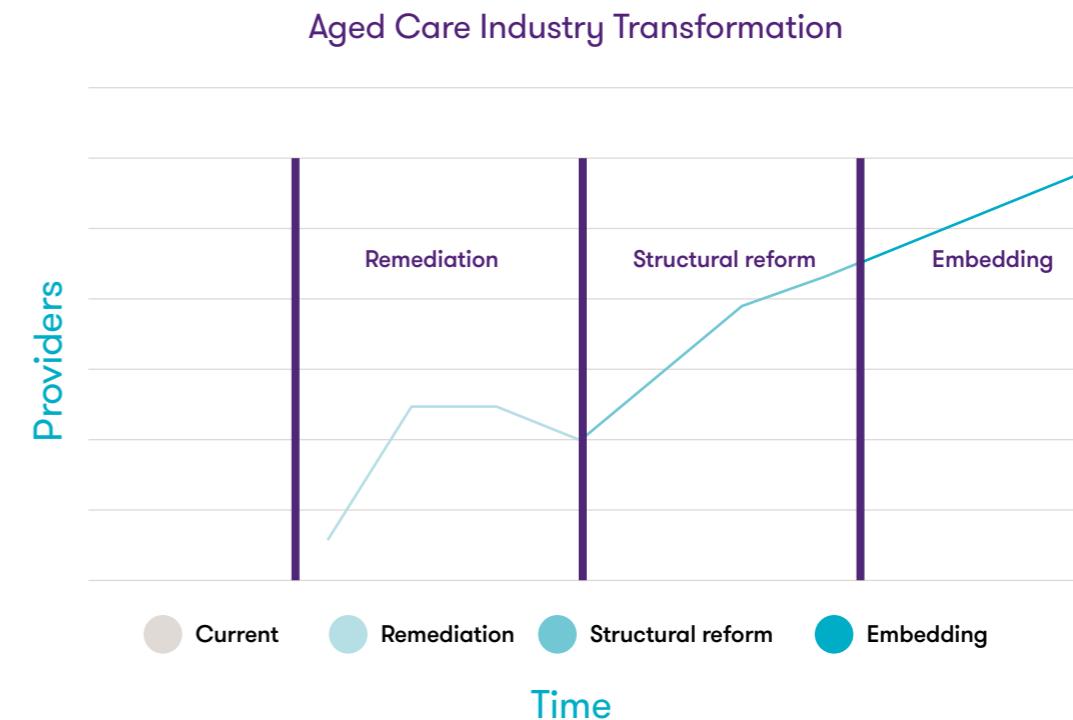
The Aged Care Funding Instrument (ACFI) was seen as an effective way of approximating provider revenue to the services that they delivered in residential aged care. Providers saw the opportunity to lift revenues and expand services to consumers. Increased expenditure on ACFI did not align with budget expectations, resulting in changes to the instrument itself. This could have been avoided with a whole of sector oversight and clear performance measures for all parts, including budget expenditures, provider performance and consumer acuity. The tension that emerged in the debate (and this is an old wound) is that rising resident acuity accounted for increases in provider costs and required funding, hence the requirement to have a balanced basket of measures that tells the whole story on a timely basis.

Providers are seeking sufficient funds to be able afford the necessary care hours to deliver safe and best practice services. Balancing funding with acuity is a critical and difficult component of achieving this goal.

The idea of extending the governance of the transformation into the embedding phase is to quickly identify any anomalies in performance measures used by all parts of the sector. This will facilitate timely and well informed incremental adjustments that do not adversely impact investment plans and service offerings.

The sector cannot afford large scale adjustments, delivered at short notice, that are detrimental to planning cycles for long term investments in the next phase of structural transformation. Trust will be eroded and confidence to invest and innovate diminished at a time when the community most needs it. Consumers’ current tenuous connection to the industry could be lost at a time when society needs this to be strengthened.

This phased approach can be best described in the following Figure 1. Aged Care Industry Transformation.



### Concerns

It is noted that there was not universal support for the approach and several participants had concerns. These concerns went largely along these lines:

**The model appears to manipulate market. No sensible owner will agree to a “reviewer” closing them down. This does create additional issues for listed entities that have accountabilities to the market and need to provide business certainty.**  
 Comment: The model gives providers choice at each phase of the process, to “join in” and to accept the recommendations or not. If an exit is recommended the provider can say no, and the additional funding will stop, however under this model the issues for listed providers seem insurmountable due to listing requirements and directors obligations.

**This is designed to weed out smaller providers.**

Comment: There is a role for efficient smaller providers in many markets, and many smaller providers are “innovators through necessity”.

**Only the big will survive and that is not necessarily better.**

Comment: In many markets smaller providers, linked to local communities are very effective service providers. There will be a place for all sizes and business models.

**It is complex and will require adjustments to funding models during different phases of the reform cycle.**

Comment: It is complex, and will require different thinking and funding for each phase in order to make an orderly, stepped transition to the aged care sector of the future.

**Political support will not be forthcoming.**

Comment: Gaining bi-partisan political support is very difficult, however it can be done and was achieved to pass the Living Longer Living Better legislation (see Appendix 2).

**It is hard.**

Comment: Yes, it is hard, as is most substantial change.

**This transformation model is more about finding the balance between the stronger more viable services and the weak who are unlikely to survive, irrespective of size, business model or market.**

## Removing the barriers to change

The aged care sector requires significant structural reform to ensure that it delivers on community expectations regarding the quality and safety of services, while ensuring that it is clinically, economically and operationally sustainable over the long term. Sellers, in communities that are disadvantaged due to geographic isolation, socioeconomic or workforce availability, will need innovative ways to continue to deliver aged care services.

Removing barriers to change will enhance the speed, efficiency and effectiveness of structural industry reform. The underpinning driver of proposed changes to the aged care system needs to ensure that the money spent by governments on care, directly meet the needs of the end user (the customer), and enables safe and effective delivery of whole of life services.

There are a number of activities that are undertaken within the aged care sector that create a “drag” on the ability of the sector to reform itself or at least improve quality and safety. Potentially, the real or perceived experience reported by providers, represents opportunities.



### Diversity of individual provider experience – adding to the complexity

This section provided the greatest diversity of perception and experience from providers. While many providers report one thing, there is evidence of the opposite. For example, many providers report reducing or avoiding innovation within their services for fear of “getting it wrong” and drawing unwanted attention.

At the same time, there is ample evidence that other providers are undertaking structured programs of research and attempting new ways of delivering services to improve customer experiences.

For transparency and ease of reference we report both sides of the debate. In many ways this diversity of experience is symptomatic of underlying structural issues in the regulatory framework itself.

Many providers report that these “drag” factors include:

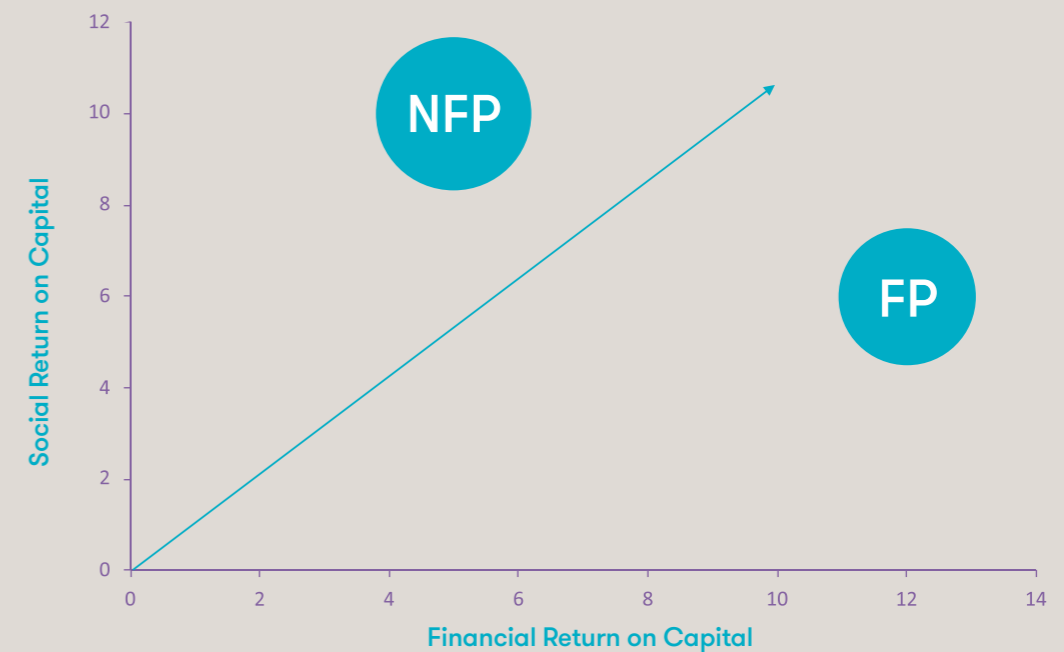
- Overly burdensome administrative tasks are required to meet compliance requirements.
- Lack of innovation due to “fear” of being penalised for trying something different.
- A compliance regime that reduces critical thinking and decision making.
- Prescriptive enforcement of minimum standards dis-incentivises the focus on best practice and better consumer outcomes.
- Funding models that reward consumer disablement rather than consumer enablement and rehabilitation (best practice).
- Compartmentalised intersecting health services where consumers are caught between transitions resulting in service failures.
- Separate funding buckets and performance outcomes for intersecting services.
- Lack of accountability and responsibility to initiate and oversee the required changes through to their logical conclusions.

It is hoped that the Royal Commission’s deliberations and ultimate recommendations consider these matters and provide clear resolutions as to how they can be overcome to ensure the long term success of the sector.

A more efficient industry will attract younger workers who will benefit from the certainty that a reformed industry will provide. Innovation and the ability to use their professional capabilities will ensure work remains meaningful and characterised by respectful, compassionate and kind human interactions. As an industry that has been through significant recent change, planned transformation activities will be designed to engage long term workers to avoid unnecessary exits.

Certainty will need to be provided in the trade-off between an appropriate cost of care. The concept of service efficiency and staffing levels will need to be resolved with respect to the providers chosen business model and community expectations. No one size fits all.

## Efficiency - social or financial benefits



### Efficiency or effectiveness

Financial outcomes are not a proxy for effectiveness nor efficiency. Expanding on ideas in the ‘Funding Options’ paper, the trade-offs are made by providers depending on their purpose and focus. An example is where a residential aged care provider chooses to price their Refundable Accommodation Deposits (RADs) at less than the market will take. This may be to service the community in accordance with their mission, however it does not necessarily make them less efficient. Equally some providers will cross subsidise services. See the ‘Funding Options Report’ for more information.



# Expanding on transformation success

In considering how the sector could be transformed providers identified a range of matters that would need to be addressed to ensure that the transition to the new industry state is a success. It was felt by many providers that addressing these matters early in the transformation will make for a smoother transition and will set the sector up for success.

In transforming the industry into a sustainable and trusted part of Australian society, several key components need to be addressed. While some of these were touched on in the 'Perspectives Report'<sup>23</sup> subsequent provider experiences warrant further consideration. The problems are now clearer and solutions more informed.

## Aligning compliance regimes to industry values

The introduction of the Aged Care Quality Standards<sup>24</sup> on 1 July 2019, and the establishment of the Aged Care Quality and Safety Commission (ACQSC or the Commission)<sup>25</sup> from 1 January 2019 were widely welcomed by the sector as an opportunity to significantly improve the Agency's response to continuous improvement of services and the ability of the sector to respond. The values of the Commission reflect this optimism (Appendix 1 – Aged Care Quality and Safety Commission<sup>26</sup>).

On 1 January 2020, the aged care regulatory functions of the Secretary of the Department of Health were transferred to the Aged Care Quality and Safety Commission (the Commission). This ensures that the Commission has the full suite of regulatory functions from entry, quality monitoring and compliance to exit (if required) for providers of aged care services. This appears to create an unusual model of a regulator as judge, jury and executioner. This is unprecedented in Australian regulation and needs careful, considered oversight and support to ensure industry outcomes are achieved.

**Unfortunately, it appears that these initiatives have not been implemented effectively.**

<sup>23</sup> <https://www.grantthornton.com.au/en/insights/reports/the-future-of-ageing/>

<sup>24</sup> <https://www.agedcarequality.gov.au/providers/standards>

<sup>25</sup> <https://www.agedcarequality.gov.au/about-us>

<sup>26</sup> <https://www.agedcarequality.gov.au/about-us>

## Relationships that improve care

The hope of better relationships with regulatory authorities and improved outcomes for consumers remains unrealised.

Some providers report that the administrative burden on nursing and care staff has increased by as much as 40% over 2019, resulting on the often stated phrase “quality paperwork, not quality care” is what’s important. The former is reported as “defending the service,” while the latter remains the focus to ensure providers are empowered to deliver the quality of care expected by the community.

Other providers reported that the cost and effort required to perform administrative tasks increased immediately following the introduction of new standards, then dropped. After undertaking training on standards, reviewing work practices and tasks, and realigning necessary activities against the standards, average care time was increased. Getting the balance right is a difficult tension to resolve.

This represents an opportunity for every provider to review the drivers of these costs and improve services. Ultimately it is very clear consumers first and foremost want and deserve quality service. The conundrum is to define quality through the lens of the individual care recipient. Most of the studies in this area reflect the variability in the expectations of individuals.

This reported trend towards more administration, must be reversed. This may require providers to follow the example of their peers who have been able to increase contact time with consumers. It may require improvements over governance so that it is not seen as simply compliance and avoidance of ‘serious behaviours’. The stresses being caused by this approach is exacerbated as the approach to assessment is reported as inconsistent across services, geographies and jurisdictions (see Appendix 6 for further comments).

Some larger multi-jurisdictional providers report the need for a more a cohesive consistent framework and approach to work towards delivering services. Reported inconsistencies are sometimes described as an “institutional mindset” lacking in practical and operational aged care understanding. There is a growing concern from some parts of the sector that this is driving a culture of “following the rules” and reducing the use of important critical thinking skills and decision making processes by clinical and non-clinical staff. Quality and safety will be improved for residents by encouraging a “thinking” workforce.

These conflicting comments reflect the frustration that many providers are feeling. Many participants of the workshops expressed the view that the quality of services has improved over the last 18 months, although universal measures of quality and safety remain elusive in aged care.<sup>27</sup> This improvement is seen more as a result of the implementation of the Aged Care Quality Standards, and less the approach of the Aged Care Quality and Safety Commission. The question remains, if the approach had been different, what more could have been achieved?

The anecdotal perspectives put forward by participants in the workshops and subsequent reviewers vary considerably. These varying views seem to be symptomatic of structural issues with the Aged Care Quality Standards<sup>28</sup> themselves, in that they highlight the tensions that different providers experience. Rather than attempt to resolve these tensions in this paper, we refer to the policy work undertaken by John Braithwaite, Valerie Braithwaite and Toni Makkai in their book<sup>29</sup> ‘Regulating Aged Care’ published in 2007, and their recent submissions to the Royal Commission<sup>30</sup> where they provide their contemporary views on the aged care regulatory framework and quality and safety standards (see Appendix 10).<sup>31</sup>

## Kindness, care and compassion

The aged care sector is underpinned in all that it does by the concepts of kindness, care and compassion. There is a strong belief that these attributes need to be the fundamental guiding principles in the approach by legislators and regulators in any transformation recommended by the Royal Commission and endorsed by government. This will lead to greater trust and greater compliance as well as relationships that facilitate increasingly positive outcomes for consumers. The leadership of all providers, consumer representatives and government and regulatory authorities need to espouse and model these behaviors at all times for our community to regain its trust in the sector.

## Value adding or policing

A regulatory environment of shared learnings, continuous improvement and collaboration on innovation and appropriate risk taking, rather than a punitive application of rules would see the industry thrive and prosper. A “value adding approach” rather than a policing approach would reinforce good behaviors on providers and their staff. That is not to say the ACQSC should not find and report non-compliances or impose appropriate sanctions on providers who consistently fail to meet community expectations and the principles in the Standards. The sector does not need providers who consistently fall short in delivering high quality and safe services.

## Standards

The question remains as to who needs to be involved in the development of aged care quality and safety standards. Many providers believe in a process, fully independent of government and regulators, while others prefer the current model.

There are many industries that have independent bodies who set their standards. Examples in other professional services including legal, accounting, engineering and medicine. The global experience in aged care, however, is for governments and their agencies to set standards in concert with providers and consumers with an eye to internationally accepted standards structure.

There is an argument for a “hybrid” standards authority, an independent body, incorporating representatives of the sector, the Government (they are paying the bill) and regulatory authorities that come together to ensure standards are appropriate, relevant, and regularly reviewed and updated.

All aged care standards in Australia need to meet the minimum acceptable standards of our peers in the international aged care community.<sup>32</sup>

<sup>27</sup> National Aged Care Mandatory Quality Indicator Program  
Under this program, government-subsidised residential aged care services must report on 3 quality indicators – pressure injuries, use of physical restraint and unplanned weight loss. This program aims to improve transparency and help providers to monitor and improve the quality of their services.

<sup>28</sup> [https://www.agedcarequality.gov.au/sites/default/files/media/Guidance\\_28\\_Resource\\_V8.pdf](https://www.agedcarequality.gov.au/sites/default/files/media/Guidance_28_Resource_V8.pdf)

<sup>29</sup> Braithwaite, John, Toni Makkai and Valerie Braithwaite (2007) *Regulating Aged Care*. Cheltenham: Edward Elgar, p. 250.

<sup>30</sup> [https://agedcare.royalcommission.gov.au/hearings/Documents/exhibits-2019/9-august/RCD\\_9999\\_0199\\_0001.pdf](https://agedcare.royalcommission.gov.au/hearings/Documents/exhibits-2019/9-august/RCD_9999_0199_0001.pdf)

<sup>31</sup> [https://agedcare.royalcommission.gov.au/hearings/Documents/exhibits-2019/9-august/RCD\\_9999\\_0199\\_0001.pdf](https://agedcare.royalcommission.gov.au/hearings/Documents/exhibits-2019/9-august/RCD_9999_0199_0001.pdf)

<sup>32</sup> For example the World Health Organisations “Guidelines on Integrated Care for Older People (ICOPE)” <https://www.who.int/ageing/publications/guidelines-icope/en/>

## Incentivising risk and innovation to realise the benefits of transformation

The current regulatory framework through the ACQSC is intended to improve the quality and safety of services provided to consumers. The introduction of the Aged Care Quality Standards on 1 January 2019, was applauded by many in the sector as was the establishment of the ACQSC.



### Fear to act

Some providers are reporting that they are scared to act or challenge the Commission on what they (the providers and their staff) believe to be right. In some cases there is a fear that the Commission's views can't be challenged. Other providers are quite successful in their relationship with assessors and the ACQSC. For some, this leads to great frustration and uncertainty on how to deliver services on a day to day basis.

The sector embraced this framework on the basis that the Commission would be supportive, constructive and creative in enabling providers to continuously improve services and the capability of its workforce. The sector saw benefits from standards that were outcomes focused. As has been documented above, the implementation of the new standards and approach of the ACQSC has created a culture of fear in some parts of the sector where critical thinking and decision making skills are being suppressed in favour of following the rules. In this section we address the benefits of incentivising the use of critical thinking skills and decision making processes to take risks and develop innovative ways of delivering service.

### Rewarding risk and innovation

Incentivising risk and innovation provides principles based frameworks where there are rewards for inventiveness and great performance, not just a stick for achieving lesser outcomes. Where the Commission assesses services as not meeting standards, issues notices of non-compliance or sanctions, there needs to be a timely low cost process to appeal them, before they are finalised and made public. The perception is that the Commission is unchallengeable because it carries the roles of judge, jury and executioner with no provision for internal review or reference to Administrative Appeals Tribunal (AAT).

The key concern is that when providers and their staff attempt to develop innovative services or introduce new ways of working by taking operational risks, the regulator may see this as "not meeting standards". A more cooperative co-design approach between provider and regulator would improve the overall investment in innovation and preparedness to take investment risks.

It should be noted that innovative programs and taking risk need to be planned, assessed and documented with anticipated outcomes clearly defined. Appropriate project management including milestones, go/no-go gateways, analysis and reporting needs to be clearly established in advance of programs being initiated to give them the best chance of success.



### We don't know what we don't know

There is a plethora of research being undertaken by dedicated aged care research foundations (National Ageing Research Institute, Australian Association of Gerontology), industry peak bodies, Universities, Hospitals, Primary Health Networks and Providers. Providers are overwhelmed with the amount of institutional research undertaken and find it difficult to find out who is doing what and how to access it. Greater coordination and reporting will benefit the sector enormously. This could lead to innovation hubs that enable quick access to the latest research and practical guides on how it could be implemented. "InnovAGEING" is one such hub established by LASA to help coordinate and promote contemporary research.



### The relationship between risk and innovation

Innovation requires risk. It also requires investment and careful planning. Future funding models need to include incentives for investment in innovations, and acceptance that not all will work out. Failure can also be a great learning tool. Providers consider that there is a certain dignity in taking measured risks to improve outcomes for consumers, a willingness to do more. The ideas that work will build an evidence base for better practice. What must be clear is who owns the risks that are taken, and who could be impacted by them.

Systemic changes arising from innovative research will need to be clearly understood. The Commission and community expectations will need to be addressed in developing care principles by embracing the risk through innovation. This will need to encourage critical thinking and decision making to take place. The sector is fortunate to have the National Ageing Research Institute to assist in developing enhanced clinical practices, however this is not enough and ideas need to be captured from broader sources, including workers, and explored by providers<sup>33</sup>.



### National Ageing Research Institute (NARI)

"At NARI we conduct research into many aspects of ageing with consideration of how getting older affects the individual and society. We also have a strong focus on health promotion as a way of translating our research into practice."

NARI is considered as a significant source of formal research however concerns remain about how to practically implement the information that is developed.

The approach needs to connect the taking of appropriate risk with better outcomes for consumers. The Commission will be required to consider creative, innovative ideas and activities on their merits, separate to business-as-usual activities, and with an eye to learning and sharing great ideas between providers. Workers need to be rewarded for finding and trying new ideas. They will need to understand risk and risk management in order to make better and more informed decisions around their immediate interactions with care recipients. This responding to the "immediacy" of any given situation enhances care and increases learning.

Workers will benefit from the ability to exercise their critical thinking skills and decision making processes. Consumers will benefit from constantly improving services. Providers will benefit from positive constructive change implemented as a result of innovative research.

**This will lead to improved quality of care and increased safety for consumers of aged care services.**

<sup>33</sup> <https://www.nari.net.au/research/current-projects>

## Effective data and reporting

### Suspended in the past

In the era when data and information are increasingly becoming key drivers of competitive advantage and market dynamics, the aged care system in Australia remains impeded by a paucity of data and information<sup>37</sup>. The development and use of machine learning, activating data in real time, augmented analytics, augmented data management, natural language processing and conversational analytics, blockchain and others, are emerging trends that are absent in the aged care sector<sup>35</sup>. Data is being used in new ways by other sectors that allows mass aggregation and analysis of consumer data and also deep dive analysis to assess particular consumer responses. This sector is one industry where data sources are disparate and often not matched to create meta-data and analysis to enhance understanding.

### Where does aged care data come from?

The aged care sector in Australia is well serviced by the Australian Institute of Health and Welfare<sup>36</sup> through its aged care reporting set<sup>37</sup>, however this is not dynamic, graphically represented information that is available on a timely and regularly updated basis. Other jurisdictions seem to be able to at least partially realise this aspiration, such as the Canadian Institute of Health and Welfare<sup>38</sup> where graphically driven menu options, infographic data representation and analysis seem to be easily accessible by data and report users.

The National Aged Care Data Clearinghouse<sup>39</sup> is an independent and central repository of national aged care data. This data is available in table form only and is difficult to combine with other data sets, including sectoral financial performance measures and service quality and safety. The Seventh Report on the Funding and Financing of the Aged Care Industry is a case in point<sup>40</sup>. In short there is no single source of truth that represents all aspects of the sector in a way that allows policy and decision makers to make informed and meaningful decisions that encompass these factors.



#### An example of timeliness

One of the more useful sector reports is prepared by the Aged Care Financing Authority Chaired by Mr Mike Callaghan AM PS. Due to the volume of data and the time required to collect collate and analyse it the Seventh Report on the Funding and Financing of the Aged Care Industry was published in July 2019, using data from the 2017-18 Financial Year. It is exceedingly difficult to present timely information.

**Key aspects that would need to be considered to collect, amalgamate and analyse this data would require the development of an industry performance framework that describes all of the data required to be considered in a holistic analysis of the sector.**

### A way forward – one information management methodology

The Information Body of Knowledge (IMBOK)<sup>41</sup> is one management framework that organises Information Management<sup>42</sup> into the full context of business and organisational strategy, management and operations. The IMBOK comprises six ‘knowledge’ areas and four ‘process’ areas<sup>43</sup>. See Appendix 9 for more information.

At a sectoral level, IMBOK could be used to plan and manage the industry performance framework that described the knowledge areas, systems, and processes to identify, collect, manage and report on data and information that supports policy and decision makers in choosing the best course of action for the sector.

#### The framework would at least need to establish clear objectives for:

- Data governance – the sources and definitions of data required.
- Information governance – what information will be necessary to make appropriate choices.
- Industry enterprise architecture – what systems are available that record and capture data and information for reporting, against key objectives and strategies for the sector.
- Performance management and measurement – the type of measures and how they are defined and calculated that report on progress against key strategies.
- Research framework – the support mechanism to support continuous improvement and enhanced reporting over time.

#### How to realise the data dream – a taskforce?

A taskforce would be established with representation from all stakeholders to oversee the development of the industry performance framework, a common data set, reporting framework for consumers, workers, providers, government and the community.

The goal of this integrated approach to data collection and reporting against industry strategies and goals will be to create a system of accountability and responsibility that will allow all stakeholders to assess the performance of the industry against agreed outcomes. Benchmarking would become easier, more timely and more reliable<sup>44</sup>. The Department would need to support this process wholeheartedly, including the practical provisions of supplying APIs and resources to ensure integration is as seamless as possible. Frameworks such as ITIL<sup>45</sup> could be used to guide the overarching systems required to capture data for reporting.

**A stable, consistent and whole of sector approach would allow the development of graphically represented reports on a timely basis that inform the community about the performance of the sector. This will help in restoring trust in aged care services post the Royal Commission. As a minimum, reporting would include information on provider performance and operations, market dynamics, workforce dynamics, consumer experience, and funding and regulatory performance.**

<sup>37</sup> <https://www.gen-agedcaredata.gov.au/>

<sup>38</sup> <https://www.cihi.ca/en/access-data-and-reports>

<sup>39</sup> <https://www.aihw.gov.au/about-our-data/our-data-collections/national-aged-care-data-clearinghouse>

<sup>40</sup> <https://www.health.gov.au/resources/publications/seventh-report-on-the-funding-and-financing-of-the-aged-care-industry-july-2019>

<sup>41</sup> [https://en.wikipedia.org/wiki/Information\\_Management\\_Body\\_of\\_Knowledge](https://en.wikipedia.org/wiki/Information_Management_Body_of_Knowledge)

<sup>42</sup> [https://en.wikipedia.org/wiki/Information\\_management](https://en.wikipedia.org/wiki/Information_management)

<sup>43</sup> [https://en.wikipedia.org/wiki/Information\\_Management\\_Body\\_of\\_Knowledge](https://en.wikipedia.org/wiki/Information_Management_Body_of_Knowledge)

<sup>44</sup> <https://en.wikipedia.org/wiki/ITIL>

<sup>45</sup> <https://www.mulesoft.com/resources/api/what-is-an-api>





### We are all different

Every aged care business and every consumer is different. In adjusting to a new mode where data is shared for the common good, work will need to be undertaken in normalising data between providers, agreeing data definitions and standards. Other complex decisions will need to be made.

**There is no reason or justification, in the Information Age<sup>46</sup>, that data could not be extracted directly from sources systems for collation and analysis by artificial intelligence and machine learning tools.**

Governments will benefit by having a consistent and common understanding of performance measurement and reporting, allowing for more informed and confident decisions. More information about the activities that are delivered to consumers will improve how government plans funding and expenditure on services for consumers.

Providers would like to see the development of data capture collection and analysis systems outsourced to an appropriate technology group for development. This would be overseen by a multidisciplinary representative body, or taskforce, as there is a common belief that governments do not develop large scale technology platforms well. The experience of My Aged Care<sup>47</sup> is one well known example where providers' and consumers' experiences were, and still are, less than satisfactory.

**With access to timely and accurate data, regulatory authorities could take a more risk-based approach to unannounced visits and assessments, reducing the cost of compliance oversight to government.**

Providers would benefit by receiving timely information to make more informed business decisions. Providers would need to invest in technology systems and processes to make data available for central repositories, although systems vendors would need to step up to deliver the benefits.

Consumers would benefit by having access to data and information to improve choices of services.

**With the right data set established it would be easier to measure and report on social benefit outcomes including cost savings arising from delaying entry into hospitals and residential services. Data might be able to demonstrate the slowing of the movement of the aged population (over 65s) across the ageing spectrum in terms of wellness and quality of life, supporting governments to better focus spending for the elderly.**

# Some new ideas about old problems

These themes are being debated in the public domain and were touched on in the 'Perspectives Report'. Since the 'Perspectives Report' was published, the Royal Commission has developed and circulated its industry design document.<sup>48</sup> Consultative workshops and hearings have been held and guidance issued on directions being considered by the Royal Commission. The purpose of following commentary is to expand on the ideas in the 'Perspectives Report' and address the current uncertainties and tensions in the debate on these topics.

## Disentangling care from accommodation

The current system provides residential aged care for senior Australians who can no longer live in their own home. It includes accommodation and personal care 24 hours a day, as well as access to nursing and general health care services. Accommodation and care services are bundled by providers to deliver a comprehensive package to residents<sup>48</sup>. There are some providers bundling care and accommodation outside of residential aged care facilities to avoid the regulatory pitfalls of residential care, selling high end unit accommodation and using home care package funding to deliver the care.

An option for the future (and one that is often discussed by providers) includes the separation of accommodation and care, with care provided under a "package" or needs based care plan arrangement. Providers will supply accommodation and hotelling services while care may be supplied by the accommodation provider or an alternative care provider in the resident's facility.

Providers agree that each person should experience the same basic levels of care as everyone else in Australian society. These care services will meet a minimum standard of safety and quality. This does not negate a consumers' opportunity to pay for a higher level of care, for example increased contact with personal care workers or nurses where they are able to do so.

<sup>46</sup> [https://en.wikipedia.org/wiki/Information\\_Age](https://en.wikipedia.org/wiki/Information_Age)

<sup>47</sup> <https://www.agedcare.gov.au/the-donaldson-sisters/patience-wearing-thin-with-myagedcare/>

<sup>48</sup> <https://www.theweeklysource.com.au/ech-ceo-david-panter-backs-level-5-home-care-package-hcp-to-allow-people-to-die-at-home-maximum-11000-cost/>

## Disentangling accommodation and care

### Benefits for stakeholders



**Consumers** benefit from separating the delivery of care services from accommodation by having increased choice and control over their physical environment. This will create the option for consumers to stay at home to die. Other sources of accommodation will increase in relevancy, such as retirement living options and social housing.



**Home care providers** will benefit by being able to extend their service offering into residential care facilities, potentially increasing the volume of services and becoming more price efficient. The deficiencies in the current home care system will need to be addressed for the benefits to be fully realised.



**Providers** of accommodation may lose some efficiencies as a result of having multiple service providers within their residential facilities, who compete for the services provided by their own staff. Resource planning may become an issue. Many providers have made significant investments in accommodation on the basis of the current combined model and there is a risk that the economics of separated care and accommodation won't stack up.



The **Government** will receive a benefit in being able to clearly benchmark care services and gain more transparency on the activities that are delivered to care recipients.

### Concerns

Under the current system of accommodation being paid for by RADs and DAPs, and care being largely paid for through ACFI, any cross subsidisation benefit from delivering both care and accommodation will be lost where care services are separated from the provision of accommodation. Many providers argue that ACFI, together with consumer contributions, is insufficient to meet the care needs of all recipients and this will be highlighted under a separated system. Practical matters will become important. For instance, will accommodation providers be required to provide space and systems for the recording of clinical notes, how will workplace health and safety be addressed, and what responsibility will the facility or service owner have for the actions of non-employees on premises?

For these issues to be resolved we will likely see more innovation in the delivery of care services. There is a real concern that some services will slip through the cracks where consumers engage with multiple providers for the delivery of their care plan. This will introduce inefficiencies for travel where at the moment care workers are onsite to deliver services.

**In conclusion, there is a case for some consumers to receive separated funding for services, where those services are specialised or unable to be provided as part of the basic care delivered by the provider, however it is not a one size fits all. Tailored services provided separately under a package will be required to respect and observe the accommodation provider's policies and procedures in addition to their quality and safety expectations.**

## Changing home care from a package-based service to a needs-based service

### Current home care packages (HCP and CHSP) program

Home Care Packages (HCP) are one of the ways that older Australians can access affordable care services to get help at home. They are designed for those with more complex care needs that go beyond what the Commonwealth Home Support Programme (CHSP) can provide.

Home Care Packages can be an option if you need a coordinated approach to the delivery of your help at home – perhaps because you need help with many everyday tasks, or the care you need is more complex or intensive.

As people age, everyday tasks can become more difficult. Even though help is needed, you may still want to live at home. Asking for help doesn't mean losing your independence or moving out of home.

The Commonwealth Home Support Program (CHSP) helps senior Australians access entry-level support services to live independently and safely at home. CHSP works with you to maintain your independence rather than doing things for you.



### Aged Care Assessment Teams and Regional Assessment Services

This may result in ACAT and RAS being disbanded in favour of a more agile independent model with assessors paid on assessments delivered, as part of the cost of development of the needs-based plan. This will create greater transparency on assessment processes and outcomes. The process would take on an outcome focus, rather than a task focus. A future needs based care delivery model "following" will support this.



## A future needs based care delivery model (Medicare styled insurance scheme)

Needs based care delivers tailored health solutions to seniors by assessing and re-assessing needs based on the acuity of the care recipient as and when they require it. In the absence of any change to acuity reported by the consumer, regular six month assessments would be undertaken.

Care plans are established that describe the bundle of services that meet the needs of the care recipient and are to be accessed including all home supports and health services in a single plan.

The plan is revised at fixed intervals and whenever the acuity of the care recipient changes. Access to services is immediate.

Consumers benefit by having tailored funding solutions that align with their specific care needs. These care needs are documented and regularly adjusted on the needs-based care plan, with funding being made available as soon as practicable to the time the need is assessed.

### Assessment technology

With appropriate technology, this could be managed on mobile devices at the time the assessments are undertaken. An assessment tool could be designed to be very comprehensive, innovative, and easy to use online. Accurate and earlier assessment will support an increased focus on wellness and re-ablement.

Assessments would need to be independent of the consumer and the provider and based on clinical diagnosis of the need. Assessments may find that in some cases, reduced services are required, and assessments will not always result in an increase to services. There will be a decreased number of re-assessments and higher percentage of lower level service plans. Care plans would be approved when submitted by the assessor, and would not have to wait for a “wet” signature for services to be delivered

### Linking to restorative and re-ablement programs

Greater efficiencies and better outcomes will be achieved if this initiative is linked to restorative care and re-ablement programs. Consumers may find that an assessed need plan may reduce some of their current discretionary expenditure, leading to frustration, at least in the transition.

Providers will benefit by meeting consumer needs and community expectations in a more timely and relevant way. This would allow more flexibility in delivering services depending on the urgency required, and the nature of the service. Funding would be made available immediately to allow services to be delivered (think eftpos styled payments) and reducing impact on cash flows. Administration on claiming payment for services could be significantly reduced with the use of technology, in the same way that Medicare claims are paid.

Some providers believe that this will increase the need for system navigators and case managers. Both of these services would streamline the overall system and improve access for consumers.

The Government will benefit by having far greater clarity on the specific service activities that are being delivered by providers of care services, and will be able to capture and analyse data that will allow them to more accurately forecast population level service demand and supply, making the overall funding and delivery of services more efficient. This will lead to an increased catalogue of care services that are more targeted and specific to certain outcomes for the consumer. Overall costs would reduce. The current difficulties relating to the use of unspent funds would be eliminated.

**In conclusion, a needs based care services model will deliver more information for governments and align services with the assessed needs – delivering better outcomes for consumers.**

## Restorative care

Short-term restorative care (STRC) is designed to help older Australian reverse or slow the difficulties they are having with everyday tasks. The program is delivered by a team of health professionals to help people manage or adapt to changing needs and to assist in retaining independence<sup>49</sup>.

In considering re-ablement programs more broadly, providers also referred to transition care, hospital in the home, rehabilitation services and other health services to be included in a more integrated approach to aged care system reform.

### Restorative and re-ablement services

The services delivered are tailored to the specific needs of the consumer. They could involve a program of activities and exercises to improve strength and balance. It may also mean providing wheelchairs or organising transport to assist in getting around, or making minor modifications around the house. To return to earlier levels of independence, short-term restorative care could be an option for the consumer who is experiencing increased difficulty with daily living.

Restorative care programs can delay or remove the need for long-term care and support services if action is taken quickly enough. There is a high level of support for ensuring that restorative care programs deliver outcomes for the elderly. There is a belief that with a clear outcomes focus and timely access to services, there will be less permanent stays in residential care and less temporary stays in hospital beds.

### Waitlists a drag on recovery

Waitlists and access to STRC significantly limits the current programs’ effectiveness. Sadly, there is evidence that several people die each year, waiting for a place.

Current programs are being hampered by poor communication, complex processes and limited or insufficient funding to deploy the best resource mix to achieve outcomes for the elderly.

To improve outcomes for people accessing these services, assessment for a restorative care place will be made within 24 hours of a change of need being identified, and the assessors being informed. Access to services will begin within 72 hours and where necessary accommodation can be provided in a residential facility, or other appropriate setting, to ensure care is 24/7 and appropriate to ensure the maximum potential is achieved in the restorative process.

**There will be no cap on the supply of services delivered to restore and re-able older Australians in need.**

<sup>49</sup> <https://www.health.gov.au/initiatives-and-programs/transition-care-programme>

## An integrated aged care system

The overarching goal of developing a seamless, integrated aged care system is to provide high quality safe services to Australia's ageing population at a reasonable price point. This was described as the aged care ecosystem in 'Perspectives on the future of ageing and age services in Australia'<sup>50</sup> (see Appendix 7).

When describing a seamless integrated aged care system, providers and consumers are describing the seamless integration of all aspects of ageing and age services across Commonwealth and State systems. This includes services that intersect with the aged care system; primary care, acute and subacute care, hospital services, primary health networks, allied health, mental health, pharmacy, ambulance, transport and dental.

### Carving out aged care into one accountable system

To achieve a completely seamless system, all aged care services would need to be integrated in one seamless system with a single government and departmental accountability, either through direct control or efficiently managed procurement. This model effectively describes the carve-out of all aged care services delivered by governments under one homogeneous accountability and responsibility.

While carving out may be a road too far, analysing the concept may provide greater insights into how government agencies can work more collaboratively and effectively, with providers to ensure consumers receive the best care possible. At its simplest, an independent coordination function overseen by a body that includes representation from major stakeholders (in the same way as oversight is provided on transformation described above, for example) to ensure blockages are removed and service agreements between elements of the aged care offering in Australia afford the best possible outcomes for consumers.

This approach could address any concerns that such a move could create a large integrated organisation that develops complex intersections backwards to mainstream health and hospital services.

The benefits to consumers and providers include the removal of blame shifting between Commonwealth and State services. Governance is constituted with those people who can make decisions for their organisations, removing barriers and increasing efficiencies.

**A single coordinating authority will result in less shifting of accountability and responsibility between intersecting systems and jurisdictions. This would enhance our understanding of the entire investment in ageing in Australia and be able to consolidate system-wide data to identify and eliminate inefficiencies and waste.**

The removal of inefficiencies and waste would extend to harmonising regulations, reducing duplications and costs. Current cost shifting measures between the Commonwealth and State systems could be identified and resolved. The provision of holistic person centered care for all ageing needs becomes increasingly possible. Consumers and providers in rural, remote and very remote communities will benefit from the application of learnings in urban centres and their translation to their services.

**A structural transformation such as this will require a high level agreement from the Commonwealth and States, a significant undertaking at the best of times. It will require considerate and decisive leadership to manage many of the vested interests and complexities that will need to be resolved.**

## Primary Health Networks

"Primary Health Networks (PHNs)<sup>51</sup> have been established with the key objectives of increasing the efficiency and effectiveness of medical services for patients, particularly those at risk of poor health outcomes, and improving coordination of care to ensure patients receive the right care in the right place at the right time." One of the key deliverables is a reduction of avoidable hospital admissions. This by definition includes older Australians and age services. PHNs, where effective, are a key influencer to bridging the gap between the insular Health and Hospital Services (HHSs), the aged care and primary care sectors.

Providers report that individual Primary Health Networks (PHNs) provide very different approaches to ageing and age services and the way in which they are coordinated. Integrating age services in the way described here will bring all PHNs up to a common standard and improve consistency of engagement with the PHN network.

**There may be an additional benefit in providing a single accountability by reducing the current tensions between regulatory authorities, Government services and providers and consumers.**

A model such as this will have its complexities and will take time to develop. One provider commented that it would be like trying to find "unicorns and rainbows", impossible in the current context, however notwithstanding the hard work that would be required, it is seen as a viable solution to many problems that exist in the sector today. A change such as this will require political will and commitment to set policy, oversee the transformation efforts and measure outcomes against agreed objectives that will transcend political cycles. It will require wholehearted, committed bi-partisan political support.

**In conclusion, something innovative needs to be done to eliminate waste and improve efficiency to ensure that the aged care system of the future is affordable and delivers high quality and safe services to the growing aged population in Australia. This is one model to achieve this.**

<sup>50</sup> <https://www.grantthornton.com.au/en/insights/reports/the-future-of-ageing/>

<sup>51</sup> <https://www.health.gov.au/internet/main/publishing.nsf/Content/PHN-Home>

## Special areas of consideration

### Rural, remote and very remote aged care services

There are broader issues to manage when considering rural remote and very remote aged care services. While these services share the common problems outlined elsewhere in this report, often they have direct and substantial community impacts. We are aware of several services that are the local town's largest employer and the only source of nursing services. They are the training ground for younger Australians and operate in thin or very thin labour markets where experienced and qualified staff are hard to find. They often are a social hub for their communities.

**Substantial care will be required in designing future funding models that will ensure rural and remote services continue to deliver services and remain viable over the long term.**

### The needs of Aboriginal and Torres Strait Islanders

While there is a perception that Aboriginal and Torres Strait Islanders live in remote communities, the reality is that the majority of Aboriginal Australians live in cities. Aboriginal and Torres Strait Islander people face many barriers to accessing appropriate aged care services in their communities, wherever they are located. Higher rates of ageing, chronic disease, and disadvantage characterise the medical requirements to be considered, however cultural influences must be at the centre of aged care service and policy design. Policies will need to be tailored to recognise the specific lives, communities and locations that Aboriginal and Torres Strait Islander people experience<sup>52</sup>.

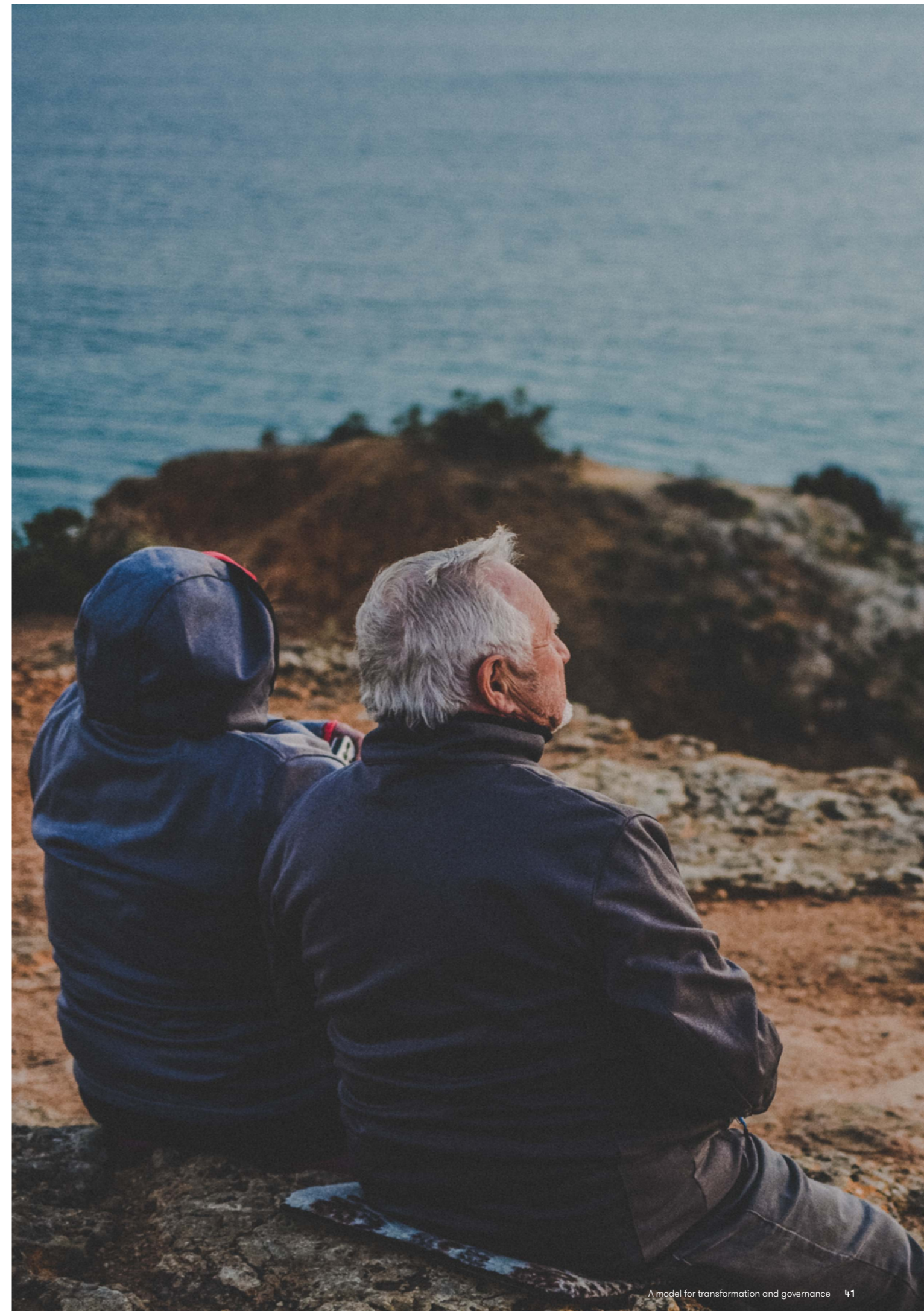
## Broader community considerations

Australia is a complex civil society, a society that respects and appreciates diversity<sup>53</sup>. Consideration must be given to those Australians who have specific needs, including people from culturally and linguistically diverse (CALD) backgrounds, the financially or socially disadvantaged, veterans, people experiencing homelessness or at risk of becoming homeless, care givers, parents separated from their children by forced adoption or removal, lesbian, gay, bisexual, transgender and intersex people, those experiencing mental health problems and mental illness, Australians living with cognitive impairment including dementia, and those living with disability.

**Aged care policy and practice will need to reflect the expectations of all Australians.**

<sup>52</sup> <https://theconversation.com/what-do-aboriginal-australians-want-from-their-aged-care-system-community-connection-is-number-one-118913>

<sup>53</sup> <https://www.health.gov.au/health-topics/aged-care/providing-aged-care-services/working-in-aged-care/working-with-diverse-groups-in-aged-care>





## Emerging opportunities

Participants in the CEO Workshop series, including the design workshop and the analysis workshops raised a disparate group of emerging issues that will need to be considered as an industry transformation plan is developed and implemented. Some of these extend beyond the aged care ecosystem and have implications for other sectors. These are aligned to the purpose of this report and bear noting for further consideration. This is further commentary on ideas touched on in the *'Perspectives Report'*.

## Disability services

Many aged care providers also provide disability services. There is a strong desire by these organisations to harmonise attributes of the disability sector with the aged care sector. For example, developing common education and training platforms for carers, and leveraging technology across both formats. There is a growing voice for greater collaboration and alignment between the sectors.

Housing disabled younger people in residential care facilities remains a problem, and aged care providers are looking to invest in specialist disability accommodation to meet the needs of this cohort.

## Child care

Increasingly the clear benefits of locating child care<sup>54</sup> and aged care services is being recognised (see Appendix 11). The popularity of the Australian Broadcasting Commissions program “Old People’s Home for 4 year Olds”<sup>55</sup> highlights the significant community interest in allowing children and the elderly to interact. There are great learnings, laughter and enjoyment for all parties.

Increasingly opportunities will be identified and will be realised to bring children and the elderly together. The benefits are clear and programs that cross over both aged care and child care systems will require management and incentives.

## Ageing in Australia – societal expectations

We have previously reported<sup>56</sup> on the need for education to play a significant role in the way Australian society addresses ageing, dying and death. The concern is that Australia has a cultural blind spot and many Australians do not value older people or the contributions they have made throughout their lives. Australia needs to fundamentally change the way we think and feel about older people.

Contemporaneously, there is a component of our ageing society that believes it has already paid for the care it receives through their contributions of taxation. This underestimates the significant cost of delivering services to all Australians throughout their lifetime. The idea that those who can pay should, needs to be a part of our ongoing acceptance in the discussion about ageing and dying with dignity.

Community expectations and engagement must be part of the priorities for ensuring there is a sustainable and respected aged care sector into the future.

<sup>54</sup> <https://news.griffith.edu.au/2018/09/04/a-new-project-shows-combining-childcare-and-aged-care-has-social-and-economic-benefits/>

<sup>55</sup> <https://www.channel9.com/programmes/old-peoples-home-for-4-year-olds>

<sup>56</sup> <https://www.grantthornton.com.au/en/insights/reports/the-future-of-ageing/>

## Means testing and the family home

The former family home is assessed as forming part of your assets for the purpose of determining how much you will pay when moving into a residential care facility<sup>57</sup>. There are different rules for qualification for the aged pension<sup>58</sup>. There is an increasing debate that the value of the family home needs to be taken further into account in assessing the ability of consumers to pay for or contribute to their care and accommodation.

## Political support for transformation

Any major industry reform in Australia has had bi-partisan support. Achieving this in a predominately two party system can be difficult, however the political environment is relatively mature and support for important initiatives that improve the living conditions of Australia is possible. Professor Gary Banks, former Chair of the Productivity Commission<sup>59</sup> prepared a paper on why Australia has been successful at major productivity improvements in the economy through sectoral change (see Appendix 2). To achieve sustainable structural transformation in the aged care industry will require bi-partisan support and the willingness and commitment to invest in new ways of transformation as outlined in this report.

<sup>57</sup> <https://www.myagedcare.gov.au/income-and-assets-assessment-aged-care-homes>

<sup>58</sup> [https://www.superguide.com.au/accessing-superannuation/age-pension-asset-test-thresholds#How\\_does\\_the\\_Age\\_Pension\\_assets\\_test\\_work](https://www.superguide.com.au/accessing-superannuation/age-pension-asset-test-thresholds#How_does_the_Age_Pension_assets_test_work)

<sup>59</sup> <https://www.pc.gov.au/>

# Other considerations in designing the sector of the future

## Questions that define the tensions in the design

When considering the broader funding issues confronted by the Royal Commission, the Government, the Department and regulators, there are a series of questions that must be answered. These questions relate to the design of the industry itself, how we as a society wish it to function, what expectations does our society have, and what outcomes would communicate to us as a society that those expectations were met.

In determining the design of the sector, consideration needs to be given to the economic and social drivers that will underpin its future. John Braithwaite calls for a responsible capitalist democracy model<sup>60</sup> where the market is not free to do as it pleases because it must be responsible and meet community expectations. This is opposed to a free market model, inherent in the current design. Of course moving from one model to another will create significant disruption, it would require some organisations to cease to exist while others might emerge – will this be good for the consumer?

What has not been explored is a hybrid and how that might be led by current market players who adopt a community compact to meet the expectations that are required of the sector. It is hoped that the following questions, while not comprehensive will shine some light on how to resolve these structural issues.

## Investment

- Do we need and want new capital to flow into the sector to fund the development of new facilities services and innovations?
- Do current providers have access to sufficient capital or will new capital be required to expand or develop new facilities and services?
- If new capital is required, what is a reasonable rate of return for that capital relative to other investment categories – what is the incentive for an investor to invest?
- Do we want organisations to be able to invest in aged care when they have a vested interest in the sector, for example superannuation companies?
- What level of profitability ensures that the built environment is maintained at an appropriate standard over time – along with changing community expectations?

<sup>60</sup> [https://agedcare.royalcommission.gov.au/submissions/Documents/read-consultation-paper-1-submissions/AWF\\_660\\_00070\\_0001.pdf](https://agedcare.royalcommission.gov.au/submissions/Documents/read-consultation-paper-1-submissions/AWF_660_00070_0001.pdf)

## Resourcing and care

- What is the acuity of the cohort being cared for, and what resources need to be applied to deliver that care?
- How does changing acuity, day to day, affect planning and deployment of appropriate resources?
- What would our resource pool look like at the highest average acuity and at the lowest, how would that affect resource planning and the case for or against staffing ratios?
- To what extent does a rules based regulatory regime add to or reduce the cost of administration compared to a principles based regime? How would we measure and monitor the difference?
- What will the service mix be in the future (not what is currently planned)?
- How many people will be able to remain at home up to advanced and palliative care stages, and how many will actually require residential services?
- How much of other services could or should be delivered in either of these settings?
- How competitive is the labour market for aged care resources? How much will have to be paid for skilled and experienced staff, compared to other sectors, such as disabilities, healthcare and hospitals?
- What activities and tasks are directly relevant to care planning the delivery of care, and how many people will require a full or partial safety net to fund their care?
- What is a reasonable contribution from the commonwealth and what is a reasonable expectation from consumers of services? =
- What does the built environment look like – its configuration – does the physical layout increase or decrease the need for resources to deliver the appropriate level of care?
- How do we ensure that those that need services can access them as and when they need access?
- How do we ensure the needs of LGBTIQ, ATSI, homeless, low socio-economic communities, and those experiencing mental health issues, can access services as and when they need access?

## Government policy

Certainly the government is actively seeking to shift the delivery of care from residential facilities to home care services. This social engineering is being conducted by applying aged care provision targets.

The overall aged care provision target ratio is being adjusted to progressively increase from the target of 113 operational places per 1,000 people aged 70 and over that applied prior to 2012 to 125 by 2021-22. Over the same period the target for home care packages is increasing from 27 to 45, while the residential care target will reduce from 86 to 78. The remaining two places are for the Short Term Restorative Care Programme (STRC).

For residential aged care services, this has the effect of increasing the acuity of resident on entry, requiring greater resourcing to accommodate their needs, and decreasing the length of stay, requiring a higher resident turnover to maintain occupancy. There is a significant cost to this turnover through room vacancy between residents, and the administration for onboarding new residents. These are costs that are not borne by home care services.

**In conclusion, not one size fits all. The tensions required to be resolved mean that funding models need to be developed that meet macroeconomic and microeconomic drivers of success for the industry, and provide sufficient funding to meet the minimum community expectations of quality and safe care.**

**This is an opportunity to design the industry of the future from the beginning, to balance the needs of Governments that funds services, providers that deliver them, the consumers that use the services, and the intersecting services that feed, and are fed by the aged care sector. Overall the funding must ensure that community expectations are met or exceeded.**



# Conclusion

## Factors in considering long term sustainability



The aged care sector is under the highest level of scrutiny, from the Royal Commission, government, consumers and the media. The industry will undergo significant reform, perhaps beyond that characterised by the implementation of Living Longer Living Better. It will be incumbent on all stakeholders to work together to ensure the aged care system of the future is sustainable, kind, and is incentivised to continuously improve.

### To achieve this:

The **aged care roadmap** developed in 2016 will need to be substantially updated and include tasks for all stakeholders with accountabilities extended to government, the Department, regulators, providers, consumers and intersecting services.

The **governance over the transformation** will need to have authority over the changes required and the components of the aged care system they represent, to remove barriers, and to cement structural reforms in their own areas of influence.

The governance will stay in place until the job is done: that is the changes are sustained as part of business-as-usual for all of the components of the sector described in the **aged care ecosystem**.

Policy and service design will need to provide for the specific requirements of the **communities they serve**, whether those communities represent geographic diversity including urban, rural, remote and Indigenous and Torres Strait Islanders communities, or social and cultural diversity, including ATSI, CALD, LGBTIQ, those with mental illness, people living with a disability, and those financially or socially disadvantaged.

The sector will need to embrace a **phased approach** to transformation, an approach that provides for different funding arrangements at different times to drive sectoral behaviour change, and stimulate reform, investment and sustainable outcomes.

New ideas about old problems will need to be embraced. **Fear of failure or criticism without solutions**, will need to be turned to constructive collaboration for improvement, Risk and innovation will need to be rewarded.

Effective **data collection, analysis and reporting** will be the mainstay of monitoring and reporting on contemporary progress of the transformation plan. Investments in real time data capture, machine learning and predictive analytics will help avoid unintended consequences at their earliest signs.

Political division cannot be tolerated and **bi-partisan support** embraced to ensure our most vulnerable understand that the whole of Australian society supports the change that's in their best interest.

And finally, **the significant body of evidence**, on aged care policy and practice, developed by experienced and well credentialed researchers, will need to provide the underlying foundations of the industry of the future.

Aged care policy and practice will need to reflect the lives and expectations of all Australians, no matter what their experience, their background, or where they live. In this, it is unlikely that a single policy framework will suffice to create a meaningful and effective aged care system in the future.

\* <https://www.myamericannurse.com/practical-steps-for-applying-acuity-based-staffing>

# Appendix

## Appendix 1

# Aged Care Quality and Safety Commission<sup>61</sup>

### About us

The Department of Health's aged care regulatory functions have been transferred to the Aged Care Quality and Safety Commissioner. As these take effect from 1 January 2020, the content on this page is currently undergoing review. For a summary of key changes, please click here.

The role of the Aged Care Quality and Safety Commission (Commission) is to protect and enhance the safety, health, well-being and quality of life of people receiving aged care. The Commission is the national end-to-end regulator of aged care services, and the primary point of contact for consumers and providers in relation to quality and safety.

We promote high quality care and services to safeguard everyone who is receiving Australian Government funded aged care. The Commission has responsibility for approving providers and receiving compulsory reports.

We independently accredit, assess and monitor aged care services subsidised by the Australian Government, conduct home care investigations, and we determine compliance requirements to be imposed on providers (such as sanctions). We also resolve complaints about these services. Through our engagement and education work we aim to build confidence and trust in aged care, empower consumers, support providers to comply with quality standards, and promote best practice service provision.

### Values

We undertake our work consistent with the Australian Public Service (APS) values, outlined in the Public Service Act 1999

### Impartial

We are apolitical and provide the Government with advice that is frank, honest, timely and based on the best available evidence.

### Committed to service

We are professional, objective, innovative and efficient, and work collaboratively to achieve the best results for the Australian community and the Government.

### Accountable

We are open and accountable to the Australian community under the law and within the framework of the Ministerial responsibility.

### Respectful

We respect all people, including their rights and their heritage.

### Ethical

We demonstrate leadership, are trustworthy, and act with integrity, in all that we do.

<sup>61</sup> <https://www.agedcarequality.gov.au/about-us>

# Keys to political support for reform

The following is a summary of themes from a paper written by the former Chair of the Productivity Commission, Professor Gary Banks AO entitled “Structural reform Australian-style: lessons for others?”<sup>62</sup> In the foreword to the paper Professor Banks states:

**“The Government’s commitment to reform, its willingness to commission expert advice and to heed it, to try new solutions, and to patiently build constituencies that support further reforms, is ... something that other countries could learn from. OECD, Economic Survey of Australia, 2004.”**

For the major structural transformations envisaged by this report and expected in the findings of the Royal Commission due in October 2020, bipartisan support will be required across multiple political cycles to firmly establish the future of the sector. Certainly must prevail to encourage investments in facilities, services and innovation in order to realise the dream outlined by the Prime Minister, Mr Scott Morrison in calling the Royal Commission into being<sup>63</sup> “As a community we expect high standards for the quality and safety of aged care services. Our Government shares these expectations. This Royal Commission will be about proactively determining what we need to do in the future to ensure these expectations can be met.”

## Five political obstacles to structural reform

- 1 The costs of reform are concentrated on particular groups, whereas the benefits are more diffuse.
- 2 The potential winners from reform tend to be (rationally) poorly informed about the tradeoffs.
- 3 Bureaucratic structures are typically aligned with particular sections of the economy or community.
- 4 The costs of reform tend to be front-loaded, whereas the benefits arise over time.
- 5 Multiple jurisdictions increase the difficulty of achieving nationally consistent approaches

## International surveys and case studies have identified a range of other conditions conducive to reform.

- 1 These include strong and well-motivated political leadership (perhaps the pre-eminent requirement),
- 2 ‘technocratic’ capability within government (sometimes at the political level itself),
- 3 ‘good timing’ and the emergence of pro-reform lobbies.

All of these of course presume the existence of a body of broadly accepted reformist thinking – a condition arguably satisfied in the 1980s under the so-called ‘Washington Consensus’ (Williamson, 1992).

## Why it could work – keys to Australia’s successful reforms.

These various ingredients have applied to varying degrees in different countries over time. Where Australia appears to have differed is:

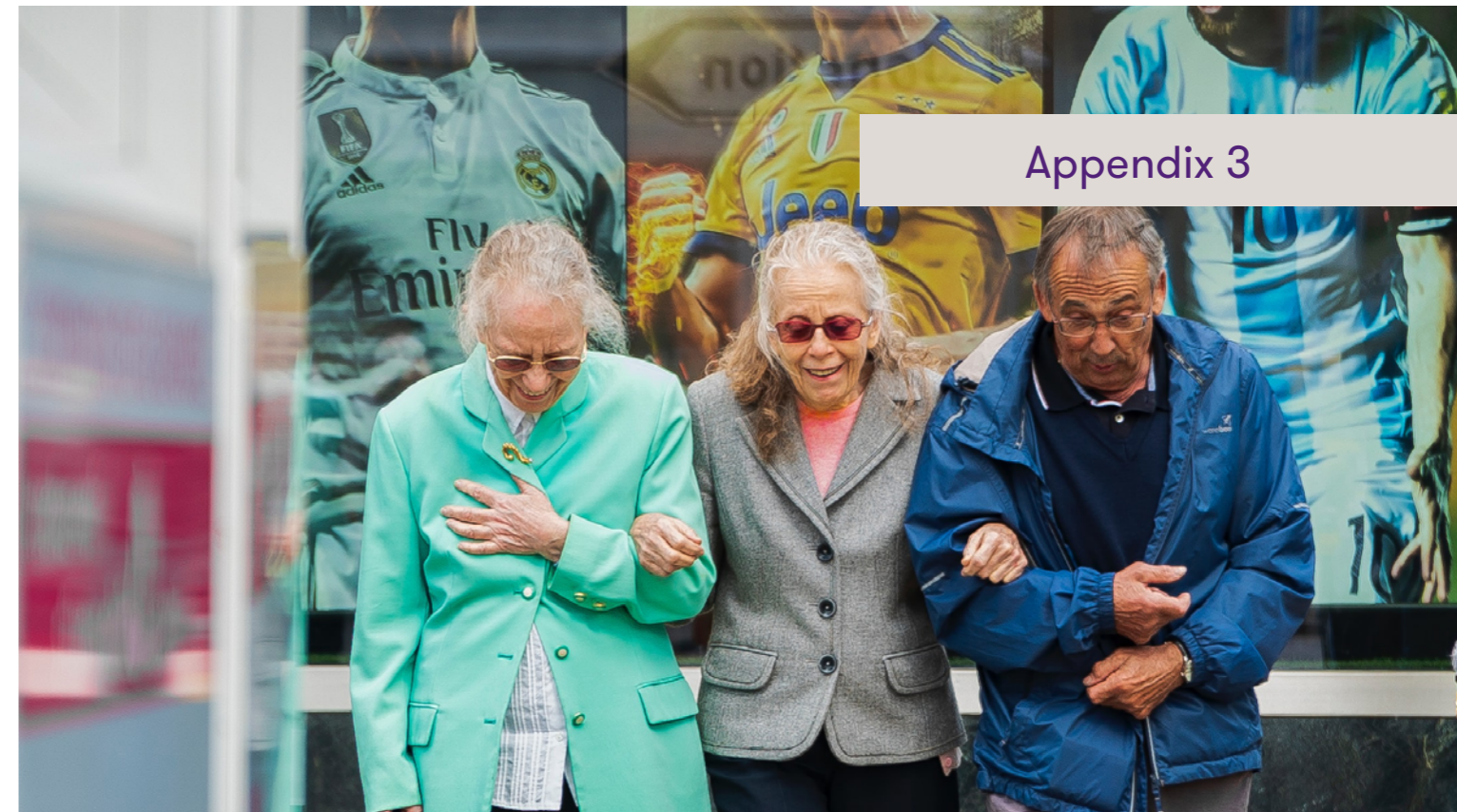
- 1 In fashioning domestic institutional arrangements expressly to promote and sustain reform by,
- 2 In part, neutralising the power of vested interests, and
- 3 Building wider political and community support.

The two institutions that are arguably the most distinctive of the Australian approach in this respect are:

- 1 The Productivity Commission (and its direct forebears, the IAC and the Industry Commission), and
- 2 The inter-jurisdictional framework for National Competition Policy.

<sup>62</sup> Gary Banks, OECD, 2004, (<https://www.oecd.org/australia/39218531.pdf>)

<sup>63</sup> <https://www.pm.gov.au/media/royal-commission-aged-care-quality-and-safety>



# Executing an industry transformation

The following is a brief analysis of matters to be considered in the transformation of the aged care sector. These are documented to highlight the complexity of the sector and the degree to which sectoral change will need to be planned and consulted to be effective.

Functions required to manage and monitor large scale industry changes

## Stakeholders

- Understanding and defining stakeholders and the impacts on them
- What is their role in the change?
- What accountabilities do they have in the change?
- What is their impact on the change?
- What is their influence?
- How will we measure their performance in supporting the change?

## How will we understand progress against the achievement of outcomes?

- What performance measures are required to ensure progress is being made and outcomes are being achieved?
- Where are we in the plan, in time and against budget, and agreed outcomes?
- How will we govern the overall change required and the actions of the ALL stakeholders?
- Who needs to be involved at overseeing the change - the optimum governance?
- What are the impacts of the change for the aged care sector and other health service intersecting aged care, and how do we measure and report on them?

# The 2016 Aged Care Roadmap

In the foreword to the Roadmap, Mr Tune advised “The aged care sector welcomes the opportunities this Roadmap presents and looks forward to working with government to maximise the capacity of the aged care system, to become a consumer driven, market based sustainable aged care system.”

We look forward to working with leaders in government, the aged care sector, research organisations, communities, consumers and other key stakeholders to ensure these opportunities are realized for our future aged care population.”

The following is a short summary of the initiatives (Domains), outcomes (Destinations) and timeframes described in the Roadmap.

Domain	Actions	Destination
How do consumers prepare for and engage with their aged care?	<p>All planned actions were phased to be completed over the following timeframes:</p> <ul style="list-style-type: none"> <li>• Short term within two years. These were due for completion by 2018.</li> <li>• Medium term between three and five years.</li> <li>• These were due for completion between 2019 and 2021.</li> <li>• Longer term five to seven years.</li> <li>• There are due for completion between 2021 and 2023.</li> </ul>	Consumers, their families and carers are proactive in preparing for their future care needs and are empowered to do so.
How are eligibility and care needs assessed?		A single government operated assessment process that is independent and free, and includes assessment of eligibility, care needs and maximum funding level.
How are consumers with different needs supported?		Regardless of cultural or linguistic background, sexuality, life circumstance or location, consumers can access the care and support they need.
How do we make dementia care core business throughout the system?		The community is dementia aware and dementia care is integrated as core business throughout the aged care system.
What care is available?		A single aged care and support system that is market based and consumer driven, with access based on assessed need.
Who provides care?		A single aged provider registration scheme that recognises organisations registered or accredited in similar systems, and that has a staged approach to registration depending on the scope of practice of the providers.
Who pays?		Sustainable aged care sector financing arrangements where the market determines price, those that can contribute to their care do, and government acts as the ‘safety net’ and contributes when there is insufficient market response.
How will the formal and informal workforce be supported?		A well-led, well-trained workforce that is adept at adjusting care to meet the needs of older Australians.
How will quality be achieved?		Greater consumer choice drives quality and innovation, responsive providers and increased competition, supported by an agile and proportionate regulatory framework.

# Development of the Report

The ideas presented in this publication were developed throughout the duration of the process. Participants added to the concepts as workshops unfolded and the debate ran its course. It is likely they will continue to evolve after the publication of this report.

Initial ideas on funding were developed internally with the National Health and Aged Care Team and leading tax partners within Grant Thornton. These ideas were documented and tested internally, and presented to a small group of aged care CEOs and senior leaders in a “design workshop”. The purpose of this workshop was to test their application and relevancy to enhance funding options in the sector. The workshop process is highly interactive and designed to engage participants in open and honest discussions, with conclusions, agreements and disagreements recorded.

Workshops were then planned in Sydney, Melbourne Adelaide Hobart and Brisbane, with approximately 120 people registering. Unfortunately time did not permit a workshop in Hobart for the development of these reports.

## Assessment and Assessors

Providers have a view that assessors do not have sufficient understanding of aged care services, do not have appropriate qualifications, or haven't worked at the coal face to be able to make informed decisions about what they see. They are unable to look at human interactions and determine the quality of the services or its safety.

There is a strong call for assessors to undertake regular continuous professional development including active duty in aged care services, for one month per year to ensure they have the appropriate understanding when making assessments.

The argument suggests that this will enhance their ability to identify and report instances of substandard care, where it arises.

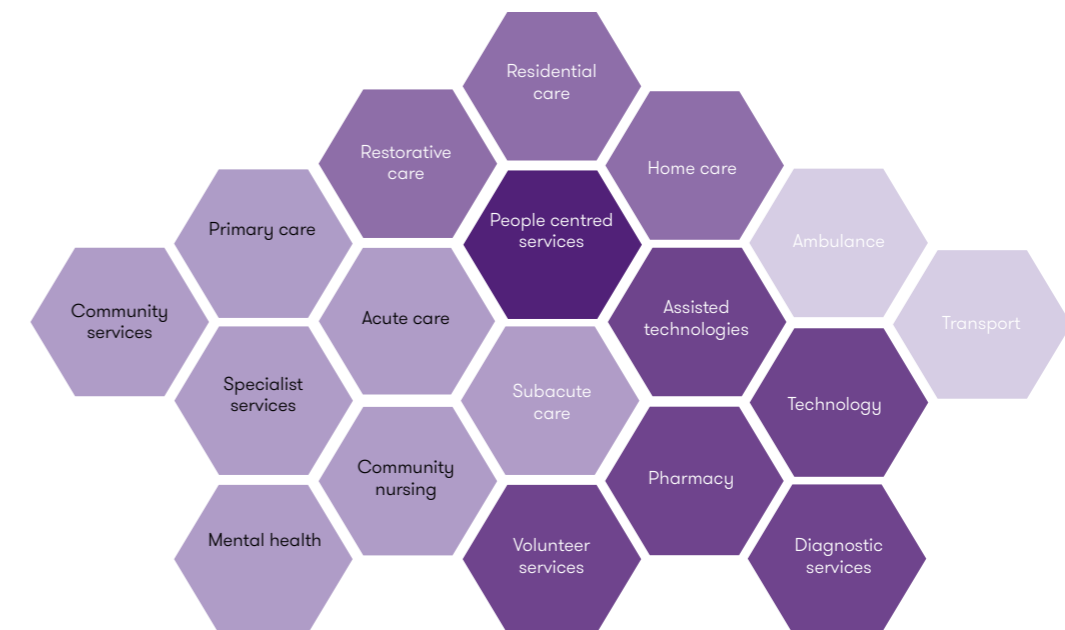
Providers believe that the people with the greatest insights into an older persons care needs are aged care nurses who have delivered aged care services for much of their career. Their qualifications, experience and first-hand knowledge of consumers' needs ensure they would excel at undertaking assessments. This needs to be seriously considered.

On boarding nurses currently undertake their own assessments to establish the basis of ACFI funding for residents from the beginning. This comes after an ACAT and would be done anyway as the trust in ACAT and RAS assessments is low. There is an argument that this is a duplication. IF ACAT and RAS were removed there would still need to be an independent review process to ensure on boarding assessments were reflective of the clinical requirements of the consumer. This would time for consumers in need to care (residential or at home) as the assessment would be adjacent to the delivery of care.

## The Aged Care Ecosystem

The 'Perspectives on ageing and age services in Australia' provides detailed commentary about the aged care ecosystem. The model is duplicated here for ease of reference.

The aged care ecosystem



# Appendix 1 – VUCA<sup>64</sup>

The idea of seeing this situation through the VUCA lens, is helpful. VUCA describes situations that are Volatile, Uncertain, Complex and Ambiguous. The keys to responding in a VUCA environment are identifying and accessing sources of current relevant data, and planning around possible scenarios so that response times for initiatives are minimised. We are seeing this approach emerging from the offices of Commonwealth State Chief Medical Officers.

“These elements (VUCA) present the context in which organizations view their current and future state. They present boundaries for planning and policy management. They come together in ways that either confound decisions or sharpen the capacity to look ahead, plan ahead and move ahead. VUCA sets the stage for managing and leading.

The particular meaning and relevance of VUCA often relates to how people view the conditions under which they make decisions, plan forward, manage risks, foster change and solve problems. In general, the premises of VUCA tend to shape an organization’s capacity to:

- Anticipate the issues that shape.
- Understand the consequences of issues and actions.
- Appreciate the interdependence of variables
- Prepare for alternative realities and challenges.
- Interpret and address relevant opportunities.

For most contemporary organizations – business, the military, education, government and others – VUCA is a practical code for awareness and readiness. Beyond the simple acronym is a body of knowledge that deals with learning models for VUCA preparedness, anticipation, evolution and intervention.”

<sup>64</sup> <https://hbr.org/2014/01/what-vuca-really-means-for-you>



## Complexity

**Characteristics:** The situation has many interconnected parts and variables. Some information is available or can be predicted, but the volume of nature of it can be overwhelming to process.

**Example:** You are doing business in many countries, all with unique regulatory environments, tariffs, and cultural values.

**Approach:** Restructure, bring on or develop specialists, and build up resources adequate to address the complexity.

## Ambiguity

**Characteristics:** Casual relationships are completely unclear. No precedents exist; you face “unknown unknowns.”

**Example:** You decide to move into immature or emerging markets or to launch products outside your core competencies.

**Approach:** Experiment, Understanding cause and effect requires generating hypotheses and testing them. Design your experiments so that lessons learned can be broadly applied.

## Volatility

**Characteristics:** The challenge is unexpected or unstable and may be of unknown duration, but it’s not necessarily hard to understand; knowledge about it is often available.

**Example:** Prices fluctuate after a natural disaster takes a supplier off-line.

**Approach:** Build in slack and devote resources to preparedness - for instance, stockpile inventory or overbuy talent. These steps are typically expensive; your investment should match the risk.

## Uncertainty

**Characteristics:** Despite a lack of other information, the event’s basic cause and effect are known. Change is possible but not given.

**Example:** A competitor’s pending product launch muddies the future of the business and the market.

**Approach:** Invest in information - collect, interpret, and share it. This works best in conjunction with structural changes, such as adding information analysis networks, that can reduce ongoing uncertainty.

How well can you predict the results of your actions?



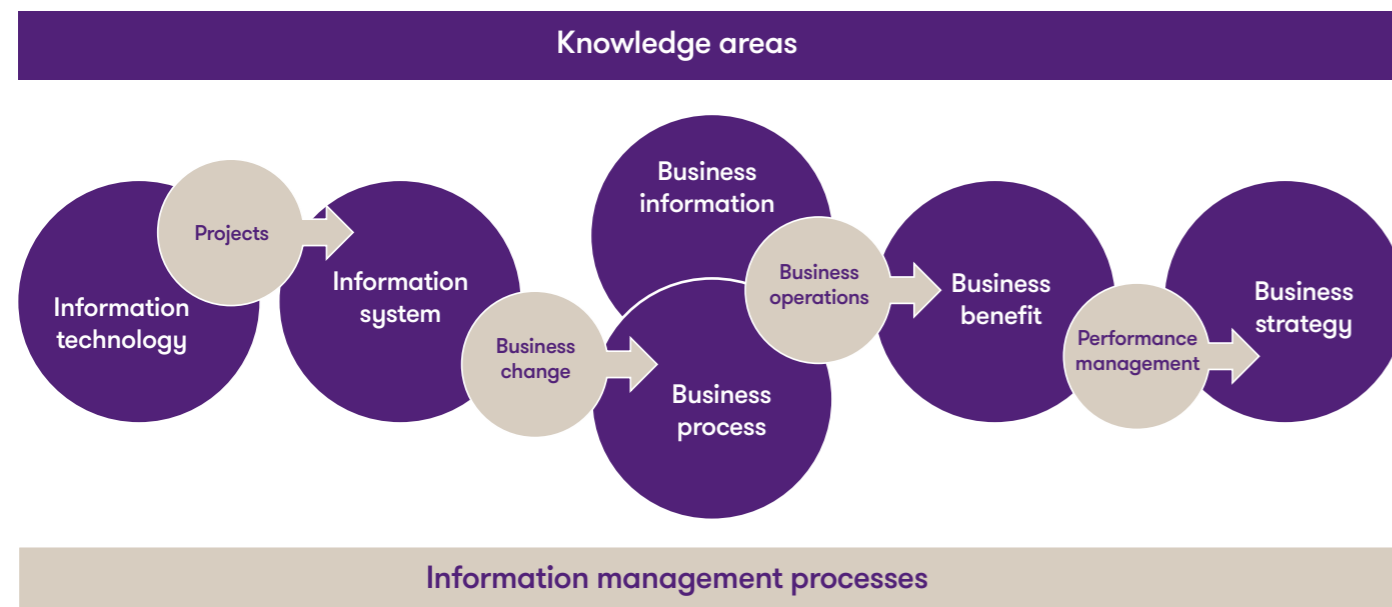
How much do you know about the situation?



# IMBOK

The IMBOK comprises six 'knowledge' areas and four 'process' areas. The **knowledge areas** identify domains of management expertise and capability that are each distinctly different to the others, as shown in the figure. The **process areas** identify critical activities that move the value from the left to the right. For example:

- Projects transform Information technology into information systems by engineering technology components into systems that deliver the required functionality
- Business change management deploys information systems in business processes so as to improve the performance and capability of those business processes
- Business operations deliver the business benefits expected by stakeholders
- Performance management ensures and oversees the delivery of benefits appropriate to an organization's strategic intentions.



This framework is the basis of organising the "Information Management Body of Knowledge" first made available in 2004. This version is adapted by the addition of "Business information" in 2014.

# Answers to questions posed by the commission to John Braithwaite, Valerie Braithwaite and Toni Makkai<sup>65</sup>

John and Valerie Braithwaite and Toni Makkai are the authors of *Regulating Aged Care* (2007, Edward Elgar) and other publications on regulating aged care that can be found at <http://johnbraithwaite.com/empirical-regulatory-studies/nursing-homes/>. All three of us are semiretired ANU academics and professors. Toni Makkai is a former Director of the Australian Institute of Criminology and Dean of the College of Arts and Social Sciences at ANU and John and Valerie Braithwaite were founders of the School of Regulation and Global Governance (RegNet). We intensively studied aged care from 1987 to 1997 and less intensively from 1997 to 2007. Since then we have not kept as up-to-date as we should have, and we have only had a limited number of days to try to become more up-to-date, so our apologies if there are some questions we cannot answer adequately. Some of the findings in our 2007 book, however, may be a basis for reflection on current challenges facing the sector.

<sup>65</sup> [https://agedcare.royalcommission.gov.au/hearings/Documents/exhibits-2019-9-august/RCD.9999\\_0149\\_0001.pdf](https://agedcare.royalcommission.gov.au/hearings/Documents/exhibits-2019-9-august/RCD.9999_0149_0001.pdf)

# The benefits of intergenerational care programs

Griffith University completed a 16 week project aimed at understanding the benefits of intergenerational learning between aged care clients and children aged 3-5yrs. Whilst there are intergenerational learning programs in Australia, the concept of intergenerational care remains at an infancy level. This program engaged in a range of activities which helped foster trusting relationships between the two generations.

Multiple social benefits were observed for both children and older people during these sessions. Older people enjoyed taking on the role of grandparents for the children especially for those who had grandparents living overseas. Being able to do this role improved older participants' sense of purpose and dignity. For some of the children, their anti-social behaviours were found to have reduced as they interacted more with the older people. Staff reported the children's confidence levels increased over time. Griffith created a video about the success of the project here.

Delivering intergenerational programs in one location is also attractive because of anticipated cost savings. Both aged care and childcare organisations can decrease total running costs by sharing resources such as skilled labour, learning materials, and buildings.

Preliminary workforce interview findings suggest intergenerational care is a career path that interests staff. It also suggests creating a training qualification to enable this career path may address workforce shortages in both child care and aged care.

Intergenerational care programs offer an effective alternative model of care in Australia in the face of increasing economic, demographic and social pressures. An extensive rollout of such programs has the potential to give families access to more, higher quality childcare, and helps older people feel like valued members of society.





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