



Australian Government  
Department of Health and Ageing

# AGEING AND AGED CARE IN AUSTRALIA

July 2008



**Australian Government**  

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**Department of Health and Ageing**

# AGEING AND AGED CARE IN AUSTRALIA

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## PART I: VALUING OLDER AUSTRALIANS

The Australian Government recognises the vital contribution of older Australians to our community.<sup>1</sup>

The Government is committed to encouraging and supporting older people to live full, active and independent lives through both its ageing and aged care programs, and its broader Social Inclusion Agenda which aims to:

- create opportunities for individuals to participate not just in the economic life, but also Australia's civic and social life;
- recognise the complex and different barriers which prevent participation, and the real impact this has on individuals and communities, and;
- acknowledge the need for early intervention, prevention and treatment strategies which provide a pathway to inclusion and a continuum of care.<sup>2</sup>

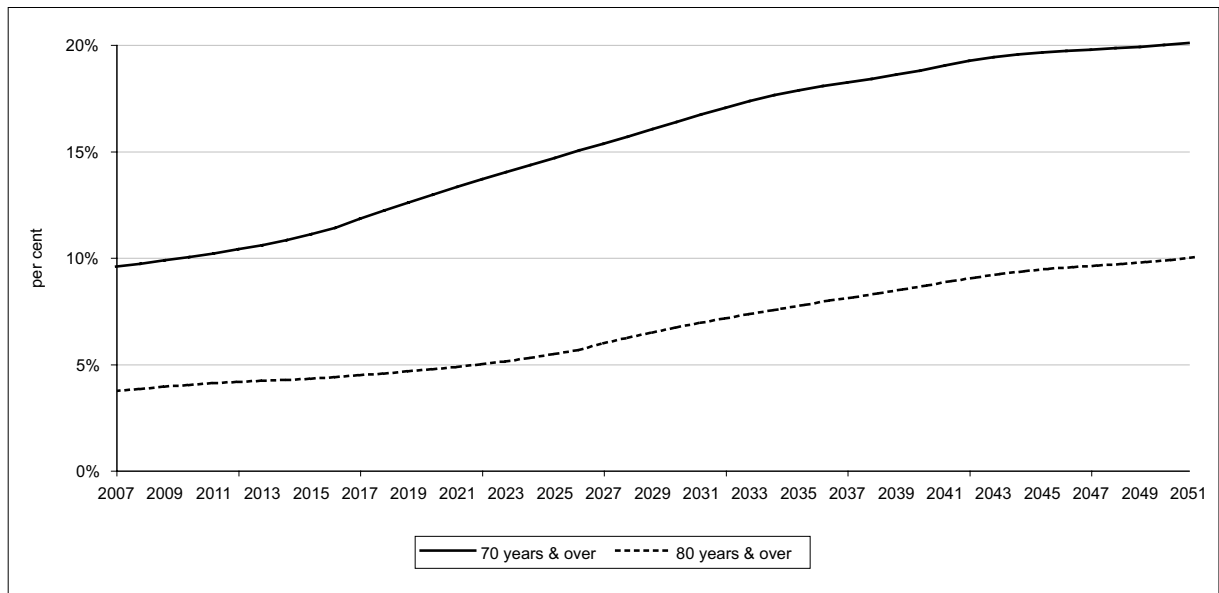
### POPULATION AGEING

Australia's population is getting older. Around 9 per cent of our population (some 2 million people) is aged 70 years or older<sup>3</sup>. This is expected to rise to 13 per cent by 2021 and to 20 per cent (around 5.7 million people) in 2051. People aged 80 years and over currently make up around 4 per cent of the population and this proportion is expected to increase to 10 per cent by 2051 (Figure 1).<sup>4</sup>

These changes are caused by two factors: longer life expectancy and decreasing birth rates.

**Figure 1: Australian population growth 2007-2051**

70+ and 80+ age group as a percentage of the total population



1 A brief outline of the Australian system of government is provided at Appendix 1. The government at the Commonwealth level is usually referred to as the Australian Government.

2 Senator the Hon Ursula, *Social Inclusion*, Speech, 7 April 2008.

<http://mediacentre.dewr.gov.au/mediacentre/Stephens/Releases/SocialInclusion.htm>

3 ABS 3201.0 Population by age and sex, Australian states and territories, June 2007.

4 ABS 3222.0 Population projections, Australia: 2004-2101.



Australian women rank second to women in Japan and Hong Kong (both 85 years) in longevity. They share with women in Spain, Switzerland, France, Italy and Iceland a life expectancy of 83 years. Our men have a life expectancy of 78.5 years, second to Iceland and Hong Kong (each 79 years) and equivalent to Japan, Macao, Sweden, Switzerland and Israel.

Australia's total fertility rate peaked at 3.5 births per woman in 1961 and has generally declined since then, with a small recent increase to 1.8 births per woman.<sup>5</sup>

Inevitably, this ageing of our population will lead to increased demand for care and support services for the elderly – both in the community and in residential care.

This increasing demand means that under current policy settings government expenditure on aged care could rise from the current 3 per cent of total Australian Government revenues, to 9 per cent by 2050. At the same time, there is expected to be:

- Fewer tax payers to fund care. Currently, there are 16.3 people of working age (aged 15 to 64 years) for every person aged over 80. By 2050, there will be 5.5 people of working age for every person aged over 80; and
- Informal carers will be scarcer. Currently, there are 3.7 women aged between 40 and 60 who are potential carers, for every person aged over 80. While people of other ages and genders are also carers, the majority of primary carers are women. By 2050, there will be 1.3 women aged between 40 and 60 for every person aged over 80.<sup>6</sup>

## AUSTRALIAN GOVERNMENT'S RESPONSE TO POPULATION AGEING

In responding to population ageing, the Australian Government takes a whole-of-government perspective across superannuation and retirement income support, workforce, housing, social inclusion and life long education, as well as medical, health and aged care services. Overall, this policy context encourages individuals to plan for financial security and independence in later life and offers older people a broad range of services and support, depending on their needs and circumstances,

The ageing of the population makes health a key economic priority for the Government, as it will be essential to ensure that the workforce is as productive as possible. If, due to poor health, people are unable to contribute during their working years or their working years are shortened, wellbeing and economic growth will be reduced.

### Retirement income system

Australia's retirement income system is designed to ensure that all Australians have security and dignity in retirement and that those who have not been able to save will not be left in need. It comprises 'three pillars' which combine contributions from the government, employers and individuals:

- A means-tested, but otherwise universal, age pension provides a safety net of income and other benefits in retirement. Unlike pensions in many other countries, Australia's age pension is funded from tax-payer funded government revenues, rather than a social insurance program. Between 1980 and 2006, the total number of age pensioners increased from 1.3 million to 1.9 million. Around 66 per cent of people of age pension age receive the Age Pension.

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<sup>5</sup> ABS, Births, Australia, ABS cat no 3301.0; and ABS Australian Historical Population Statistics.

<sup>6</sup> Derived from Australian Government, *Intergenerational Report 2007* which may be accessed at <http://www.treasury.gov.au/igr/IGR2007.asp>; ABS 4430.0 Disability, ageing and carers: Summary of findings, 2003.

- Compulsory employer superannuation contributions. The *Superannuation Guarantee (Administration) Act, 1992* requires all employers to provide a minimum superannuation cover for all eligible employees. The minimum level of superannuation cover under the Superannuation Guarantee, expressed as a percentage of an employee's gross salary, is 9 per cent.
- Private savings by individuals (voluntary private superannuation and other forms of savings).

Changes to superannuation arrangements in the past four years are designed to increase retirement incomes (by minimising taxes on benefits), give greater flexibility as to how and when superannuation can be drawn down, and improve incentives for older people to stay in the workforce.

While these arrangements have significantly increased the number of people who have superannuation, there are still many people with only modest superannuation savings. Over the longer term, superannuation assets are projected to increase significantly and the number of people on the full age pension is projected to fall. However, the number of people on a part pension is expected to continue to increase over the coming 40 years.<sup>7</sup>

### Encouraging active, independent ageing

Australians over 55 years of age contribute an estimated \$75 billion per annum in unpaid caring and volunteering activities, with more than half of this being contributed by people over 65 years. Labour force participation rates for people aged 50-59 years increased from 61 per cent in 1984 to 71 per cent in 2004.

Healthy older Australians remain active contributors to society. Promoting good health throughout life and preventing illness are equally important to encouraging independence and continuing workforce and community participation. People who take action throughout their lives on healthy and active ageing have the best chance of reducing their need to access health and aged care services in later life.

While Australians are living longer than ever before, an increasing number of people are affected by chronic disease, much of which can be prevented or minimised by better health management. Chronic non-communicable diseases are now responsible for around 80 per cent of the total burden of disease in Australia and it is estimated that by 2020 they will account for almost three quarters of all deaths. Common lifestyle risk factors, such as smoking, excessive drinking, lack of physical exercise, and obesity account for about one third of the total burden of disease.

Ensuring that Australians, as they grow older, continue to live to live full, active and independent lives is a shared responsibility – across governments, business and industry, community organisations, individuals and the community in general.

An Ambassador for Ageing has been appointed to promote the principles of positive and active ageing, and to encourage recognition of the continuing contribution made by older Australians. Encouragement will also be given to planning for the future, including for financial security, legal matters, and future care. The Ambassador will help by explaining Government programs and initiatives to the public and assisting older people to be aware of programs and how to access them.

<sup>7</sup> Australian Government, *Intergenerational Report 2007* which may be accessed at <http://www.treasury.gov.au/igr/IGR2007.asp>

The Ambassador will also lead promotional activities to ensure our communities value and respect older people, including through recognising the continuing contribution made by older people to our nation.

A consistent national effort to reduce lifestyle health risk factors and promote good health and healthy ageing is a high priority for the Australian Government.

'Ageing well ageing productively' is a National Research Goal under the National Research Priority 'Promoting and maintaining good health'. Funding for strategic research to support this goal is provided by the National Health and Medical Research Council and the Australian Research Council under the Ageing Well Ageing Productively research program. Six collaborative research projects funded over five years are exploring issues of disease prevention, shortening periods of illness, maintaining economic and social participation, and approaches to care that support independence and quality of life.

Evidence from this, and other research such as the Australian Longitudinal Study on Women's Health, is vital to efforts to support healthy ageing policy and practice. Researchers are encouraged to enter details of their research on the Ageing Research Online web-site ([www.aro.gov.au](http://www.aro.gov.au)) in order to disseminate evidence to other researchers, policy makers, practitioners and the wider community.

The Government also recognises the contribution of older people to society including through the Senior Australian of the Year Award. The States and Territories independently fund programs to foster and promote positive ageing.

### **National effort to raise the focus on preventative health**

New initiatives are being put in place to support preventative health, with a significant emphasis on working with the States and Territories through the Council of Australian Governments (COAG) and with other key stakeholders.<sup>8</sup>

Preventative health care is one of the five priorities for the Health and Ageing Working Group established by COAG, with the development of new Preventive Health Care Partnerships on their immediate work plan.

Preventative health measures will be a key focus of negotiating the Australian Health Care Agreements between the Australian Government and the State and Territory governments. It is anticipated that the new agreements, covering funding arrangements for the full range of health and wellbeing issues and including agreed outcomes and measures of progress, will be signed in October 2008, to commence on 1 January 2009.

A National Preventative Health Taskforce has also been established to provide evidence-based advice to governments and health providers on preventative health programs and strategies, focusing on the burden of chronic disease currently caused by obesity, tobacco and alcohol. Input from the food, alcohol and medicines industries, from health consumers, and from experts outside the health portfolio in such areas as transport and town planning will be sought by the Taskforce.

By July 2008, the National Preventative Health Taskforce will provide advice to Government on the framework for the Preventative Health Partnerships to be included in the Australian Health Care Agreements between the Australian Government and the State and Territory governments.

By June 2009, the Taskforce will develop a National Preventative Health Strategy.

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<sup>8</sup> The Council of Australian Governments (COAG) is the peak intergovernmental forum in Australia, comprising the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association (ALGA). Information on COAG and the progress of the new initiatives may be accessed online at <http://www.coag.gov.au/> A Communiqué on each meeting will be found through the 'COAG meeting outcomes' link.

## Ministerial Conference on Ageing

Of direct relevance to policy development for older people is the establishment of a Ministerial Conference on Ageing reporting to COAG.

The Ministerial Conference on Ageing provides a forum for the three levels of government involved in ageing and aged care (Australian, the States and Territories and local government) to facilitate a consistent approach in areas such as active ageing, housing for older people, integration of community aged care services, and local government planning arrangements. It will promote a more cohesive and efficient approach to ageing and aged care across Australia which will benefit frail older Australians, their families and carers.

## Australia's commitment to the Madrid Plan of Action on Ageing

The Australian Government is committed to the Political Declaration and action plan (known as the Madrid Plan), agreed by the Second World Assembly on Ageing held by the UN in Madrid, Spain, in 2002.

The Declaration stresses the responsibility of Governments in promoting, providing and ensuring access to basic social services bearing in mind the specific needs of older persons. The Madrid Plan provides an international policy framework comprising three priority directions, and objectives and actions to assist in their implementation:

- Priority Direction 1 - Older persons and development;
- Priority Direction 2 - Advancing health and well-being into old age; and
- Priority Direction 3 - Ensuring enabling and supportive environments.

In October 2007, member countries of the UN's Economic and Social Commission for Asia and the Pacific, including Australia, met to review regional implementation of the Madrid Plan. Australia's report to the meeting demonstrates that significant steps have been made on progress in addressing the priority directions.<sup>9</sup>

The policies, support and services described in the following sections of this booklet, cover most of these areas and provide evidence of the Australian Government's commitment to implementing the Madrid Plan.

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<sup>9</sup> Australia's report may be accessed at <http://www.unescap.org/esid/psis/meetings/AgeingMipaa2007/Australia.pdf>.



# PART 2: CARING FOR OLDER AUSTRALIANS – OVERVIEW

Roughly four in every ten older people (those aged 70 and over) are accessing of some aged care services. Of these people, most are receiving care provided in their own home.

At any one time, about one in 13 people over the age of 70 years have left their home to receive care in a residential care facility. However, for people who reach age 65, a third of all men and half of all women will go into permanent residential care at some time later in their lives. The average age on entry to permanent residential care is 82 for both men and women.

The Australian Government’s policies for caring for older Australians are influenced by its broader policy response to the ageing of the population, in particular the retirement income system (see above) and Medicare.

Medicare ensures that all Australians can have access to free or low-cost medical and hospital care. Those who can afford it, make contributions to the cost of Pharmaceutical Benefits Scheme medicines, consultations with general practitioners, and other services. For those who have higher health care needs, as many older people do, the Medicare Safety Net ensures that contributions are reduced even further or cease entirely.

## A SHARED RESPONSIBILITY

All levels of government together with consumers and the non-government sector have some role in funding, administering or providing aged care. A summary of the key characteristics of the Australian aged care system is provided in Box 1 (next page).

## Types and levels of care

There are two types of care services, each with two levels of care as summarised in Box 2.

Box 2: Types and levels of care		
	Residential aged care homes: frail older people receive care from full time care staff in purpose-built aged care homes owned by the care provider. These are quite separate from hospitals.	Community care services: older people receiving care in their own homes from visiting care providers
High	24 hour nursing Accommodation	Extended Aged Care at Home (EACH) package Extended Aged Care at Home (EACH)-Dementia package
Low	Accommodation Personal care: Support and allied health services	Community Aged Care Package (CACP) Home and Community Care (HACC) (with states) assistance with bathing, shopping, cooking, cleaning etc

<b>Box 1: Key characteristics of Australia's aged care system</b>	
Population	<ul style="list-style-type: none"> <li>• 13 % of population is aged 65 and over</li> <li>• 2051: projected to increase to 26%</li> <li>• Per capita GDP, 2006-07: \$47,955</li> </ul>
Aged care system	<ul style="list-style-type: none"> <li>• Australian Government national system of community and residential care for frail aged; Aged Care Assessment Teams assess eligibility</li> <li>• Joint funded Australian Government/States and Territories home and community care</li> <li>• States own and deliver some care services</li> <li>• Some small private residential care arrangements</li> <li>• Private retirement villages (some assisted living arrangements)</li> <li>• Informal care at home</li> </ul>
How aged care is funded	<ul style="list-style-type: none"> <li>• Mix of government subsidies, user contributions, volunteer/donated care</li> <li>• Government subsidies from general taxation revenue (not a specific taxation levy or social insurance)</li> <li>• Formal care predominantly Australian Government subsidies (70%); contributions by states (approximately 40% of HACC funding); and local governments to own residential and community services</li> <li>• User contributions: asset tested co-payments; and residential accommodation charges (daily fees, bonds)</li> </ul>
Coverage	<ul style="list-style-type: none"> <li>• Needs based; no time limits</li> <li>• Consistent coverage for Australian Government residential and community care; largely consistent coverage for HACC</li> </ul>
How government costs are controlled	<ul style="list-style-type: none"> <li>• Australian Government subsidies only for places under the provision ratio: 113 operational residential places and community care packages per 1,000 of the population aged 70 years and over in 2011. Within this target, 44 of the total 113 places should be residential high care places, 44 should be residential low care places, and 25 places should be community care packages.</li> <li>• Care recipients are expected to make a contribution to costs subject income and assets tests</li> </ul>
Quality	<ul style="list-style-type: none"> <li>• Australian Government quality assurance framework for residential aged care: accreditation, building certification, complaints handling and supporting users' rights</li> <li>• Subsidies and right to receive residents' accommodation payments dependent on compliance with the framework</li> <li>• Quality reporting for Australian Government community care</li> </ul>

## Funding and regulation of community and residential aged care

Funding and regulation of aged care services are predominantly the role of the Australian Government.

The Australian Government funds and regulates some community care directly, mostly in the form of Community Aged Care Packages, and Extended Aged Care at Home packages. These community care packages provide low and high levels of care, respectively, in people's own homes.

The Australian Government also jointly funds care in the community with the States and Territories, through the Home and Community Care Program, which provides services to people with disabilities as well as to older people. Home and Community Care services for older people are generally directed at those with lower levels of care needs than people receiving residential care and community care packages. They assist older people to defer or avoid the need for community care packages or residential care.

Residential care (high and low care) is predominantly financed and regulated by the Australian Government. Care recipients who can afford it also make means-tested contributions to the costs of their care.

State, territory and local governments also have other interests in aged care, such as the way the provision of aged care affects older people's use of state government funded and provided services, especially health services.

For further funding details, including the contributions by other levels of government and by care recipients, see below, 'How aged care services in Australia are paid for.'

### **Flexible care**

Flexible care addresses the needs of care recipients in ways other than the care provided through the main residential and community care programs. Flexible care provided under the *Aged Care Act 1997* includes: Extended Aged Care at Home and Extended Aged Care at Home-Dementia packages, Multi-purpose Service places and Transition Care for people leaving hospital.

### **Providers of aged care services**

Over 1,750 approved providers deliver residential and community aged care services directly subsidised by the Australian Government. Religious and charitable organisations provide the majority of aged care services but providers can range from being large religious providers and publicly listed companies through to small family run businesses and small community based organisations.

Some State and Territory governments directly provide community care services but most are delivered by not-for-profit, non-government organisations. Residential care (high and low care) is mostly provided by the non-government sector (by religious, charitable and for-profit providers). State and local governments, with funding from the Australian Government, operate a small number of aged care homes, totalling around eight per cent of residential care places.

Around 3,500 organisations provide Home and Community Care services. Local governments are also significant providers of Home and Community Care services. Many other organisations are funded to provide services such as respite care.

### **Assessment for entry to care**

Under the Aged Care Assessment Program, Aged Care Assessment Teams assess people's eligibility for care. The Australian Government provides annual funding to each State and Territory government to manage and administer the program. The State and territory governments also contribute through additional funding and/or providing the infrastructure necessary for the operation of the program.

### **The aged care workforce**

Australia's aged care services depend on the many people working in the sector, including nurses and a wide range of other professionals, personal care workers and general support staff. Overall, people working in aged care make up about 1.4 per cent of the total Australian workforce.

### **Carers**

The Australian Government also funds services to help meet the needs of those people who are the primary carers for frail older people or people with a disability. Services and support includes respite services, information, practical and financial support, and services delivered through the Home and Community Care Program.



## Services and support for special needs

Other support and services are designed to recognise that older people with special needs require different kinds of support that is responsive to their particular circumstances as they grow older. These include information and assistance provided under the National Continence Management Strategy, the Continence Aids Assistance Scheme and the Dementia Initiative.

## AGED CARE LEGISLATION

The two main pieces of legislation governing the Australian Government's ageing and aged care programs and services are the Aged Care Act and the *Home and Community Care Act, 1985*.

The Aged Care Act governs the provision of residential care, flexible care and community aged care to older Australians. The Aged Care Act sets out matters relating to the planning of services, the approval of service providers and care recipients, payment of subsidies, and responsibilities of service providers. There are also sets of Principles, which provide further detail regarding the matters set out in the Aged Care Act. Extended Aged Care at Home, and Extended Aged Care at Home-Dementia packages have been established under the Flexible Care Subsidy Principles of the Aged Care Act, and Community Aged Care Packages under the Community Care Subsidy Principles.

The Home and Community Care Act provides the framework for the operation of the Home and Community Care Program. This Act sets out the original agreement for the Home and Community Care Program entered into between the Australian, State and Territory Governments, which covers the objectives of the program, the types of projects that can be funded, and arrangements for Australian Government financial assistance to be paid to the States and Territories for the operation of the program. The renegotiated Home and Community Care Agreement and related Review Agreement came into effect as of 1 July 2007. These include arrangements to streamline and strengthen accountability, and streamline processes for service recipients and service providers. The Review Agreement also includes a framework to support the introduction of common arrangements in the Home and Community Care Program.

## PLANNING FOR AGED CARE SERVICES

The planning framework for services provided under the Aged Care Act aims to achieve and maintain a national provision level of 113 operational residential places and community aged care places per 1,000 of the population, aged 70 years and over, by June 2011.

Within this overall target provision ratio, 44 of the total 113 places per 1,000 should be residential high care places, 44 should be residential low care places, and 25 places should be community care places (of which four will be Extended Aged Care at Home or Extended Aged Care at Home-Dementia packages).<sup>10</sup>

The framework was designed to keep the growth in the number of Australian Government subsidised aged care places in line with growth in the aged population, and ensure a balance of services across Australia, including services for people with lower levels of need and those in rural and remote areas.

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<sup>10</sup> The Aged Care Act refers to the allocation of 'places' for both residential and community care. Because community care places are used for the delivery of packaged care, they are generally called 'packages'.

Applications for new aged care places are advertised each year through the competitive Aged Care Approvals Round. New places are allocated to the service providers who can best meet the identified care needs of the community. The allocation of places must take account of people with special needs who are defined in legislation as:

- a) people from Aboriginal and Torres Strait Islander communities;
- b) people from non-English speaking backgrounds;
- c) people who live in rural or remote areas;
- d) people who are financially or socially disadvantaged; and
- e) a veteran of the Australian Defence Force or of an allied defence force; or their spouse, widow or widower.

The 2007 Aged Care Approvals Round allocated 10,518 new places, including 2,377 Community Aged Care Packages, 945 Extended Aged Care at Home packages, 671 Extended Aged Care at Home-Dementia packages and 6,525 residential aged care places. Once allocated, these new places were worth more than \$331 million annually in Australian Government subsidies.<sup>11</sup>

The indicative number of places available for allocation in the 2008 Aged Care approvals Round is 11,728, comprising 8,966 residential care places, 1,862 Community Aged Care Packages, 600 Extended Aged Care at Home packages and 300 Extended Aged Care at Home-Dementia packages. The indicative figures may change depending on the results of the 2008 zero real interest loans round (See further, Part 8: Services and support for people with special needs).

The allocation process also provides information on the indicative numbers of new aged care places to be made available over the next three years. This forward notice increases the rate at which new places can become operational, by allowing existing and new providers more time to plan for expansion or restructuring of their services. It is also encourages new providers into the sector.

The Australian Government has committed to review both the assumptions underlying the target provision ratio for the allocation of aged care places to take better account of demographic changes and changing patterns of use of aged care services, and the efficiency of the annual Aged Care Approvals Round process. While there have been changes over time to the ratio, the Government is concerned that no fundamental review has taken place since the number of places allocated per people aged 70 years and over was adopted as the basis for planning in the mid 1980s. Both reviews will be undertaken in 2008-09.

## HOW AGED CARE SERVICES IN AUSTRALIA ARE PAID FOR

The Australian Government is committed to ensuring that aged care services are not only of high quality and accessible, but are also affordable.

Aged care services are subsidised by the Government from general taxation revenue, not by a specific taxation levy or through a social insurance program as occurs in some other countries. Recipients of residential and community aged care usually also make a financial contribution to the cost of their care.

<sup>11</sup> Once places are allocated, there can be a time gap before they become operational. For residential aged care places, this gap can be around two years. Hence, the number of allocated places is greater than the number of operational places at any given time.

The State and Territory Governments share the cost of Home and Community Care services, and contribute to the cost of the Aged Care Assessment Program. State and Local Governments that have a direct role in providing residential care also make a contribution to funding their services.

Box 3 provides an overview of the costs of providing aged care services, and of the distribution of those costs between individuals, the Australian Government, State and Territory governments.

<b>Box 3: Aged Care Services Funding by Funding Source</b>				
	<b>Total Average Cost per Place per Year<sup>1</sup></b>	<b>Average Share Individuals</b>	<b>Average Share Australian Government</b>	<b>Average Share State/Territory Governments</b>
<b>Residential high care</b>	\$62,880	26%	72%	2% <sup>2</sup>
<b>Residential low care</b>	\$34,990	53%	47%	-
<b>EACH packages</b>	\$40,650	5%	95%	-
<b>EACH-Dementia packages</b>	\$45,790	5%	95%	-
<b>Community Aged Care packages</b>	\$14,025	16%	84%	-
<b>Home and Community Care</b>	Variable	No compulsory contribution	60% <sup>3</sup>	40% <sup>3</sup>
<b>Other Australian Government programs (e.g. National Respite for Carers)</b>	Variable	No compulsory contribution	100%	-

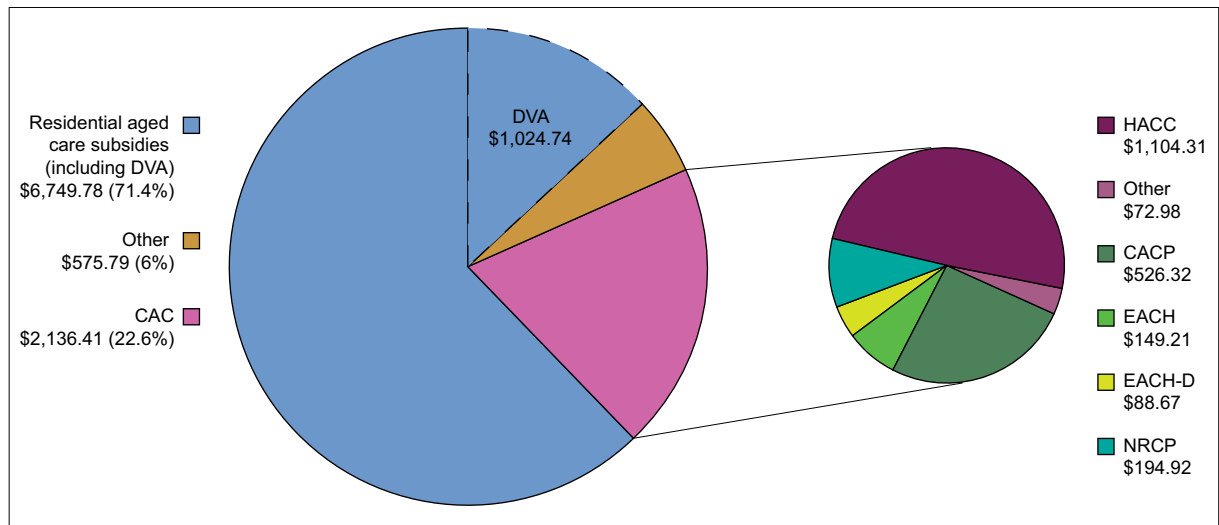
- Notes:
1. 2006-07 costs, cost estimates are based on income and do not take into account any cross-subsidisation between types of places that providers may undertake.
  2. Some State and Territory governments provide some funding for public sector aged care homes.
  3. Precise split varies between state and territories.

Further information on funding and the sources of funding for specific services are provided in Part 4: Care and support in the community, Part 5: Residential care services, and Part 8: Services and support for people with special needs.

Australian Government expenditure for aged care in 2007-08 is forecast to be \$8.6 billion, including \$6.2 billion for residential aged care subsidies and supplements and \$444 million for Community Aged Care Packages. Australian Government funding outside the Aged Care Act included funding increases to more than \$1.0 billion for Home and Community Care and \$188.5 million for the National Respite for Carers Program.

Australian Government expenditure for ageing and aged care through the Health and Ageing portfolio is expected to total over \$8.4 billion for 2008-09. A further \$1.025 billion is administered by the Portfolio on behalf of the Department of Veterans' Affairs. In addition, the Australian Government directly funds some targeted community care services through the Department of Veterans' Affairs.

Including funding announced in 2008-09 Budget total Australian Government expenditure on ageing and aged care (including expenditure on residential care appropriated to the Department of Veteran Affairs) is forecast to more than \$9.4 billion in 2008-09 (Figure 2) increasing to over \$10.6 billion in 2011-12.

**Figure 2: Ageing and Aged Care Funding 2008-09 (\$m)**

**Total Funding \$ 9,461.986 million**

CAC: Community Care

DVA: Residential Aged Care subsidies through the Department of Veterans' Affairs

HACC: Home and Community Care

CACP: Community Aged Care Packages

NRCP: National Respite for Carers Program

EACH: Extended Aged Care at Home

EACH-D: Extended Aged Care at Home-Dementia

### New framework for Commonwealth-State financial relations

Through COAG and its associated working groups, a wide-ranging agenda of collaborative work is being undertaken including significant work on aged care, initiatives that will benefit older people more broadly, and initiatives with the potential to improve the links between aged care and other sectors.

A new framework for Commonwealth-State financial relations is also being developed. Under current arrangements, most program payments made by the Australian Government to the States and Territories are made through specific purpose payments which are often narrowly targeted, giving the States and Territories little discretion in designing programs to meet clients needs effectively and creatively. The proposed changes will enable the States and Territories to deploy Commonwealth specific purpose payments more effectively and creatively.

COAG has agreed to reduce the number of specific purpose payments – from 92, to five or six new national agreements for delivery of core government services: health, affordable housing, disability services, early childhood and schools, and vocational education and training. The new arrangements will clarify roles and responsibilities, reduce duplication and waste and improve accountability to the community.

This will not affect most aged care funding arrangements as they are funded only by the Australian Government.

However, the new arrangements will include funding for the Home and Community Care Program and the Aged Care Assessment Program. They will also allow the possibility of re-designing some programs and looking closely at how such programs as Home and Community Care and disability services fit together.

The new arrangements will not result in a reduction in total Australian Government funding for existing activities. Details of the new agreements will be negotiated during 2008 with a view to COAG agreement in December 2008.

## THE AGED CARE WORKFORCE

An adequate and well-qualified workforce is fundamental to the delivery of quality aged care.

The 2004 Census and Survey of Residential Aged Care Services found that there were around 116,000 direct care workers caring for elderly residents. Over half of these workers were personal care workers, 21.5 per cent were registered nurses and 13 per cent enrolled nurses. There were also 9,000 allied health workers. The Census found that the workforce was overwhelmingly female and that workers were strongly motivated by the intrinsic satisfaction of providing good care to the aged.

The Census was repeated in late 2007 and the results will be available later in 2008. The 2007 Census was extended to cover community based aged care services. Data from the 2007 Census will provide the evidence base for the development of further workforce policy and programs.

The Australian Government has in place a range of workforce initiatives designed to increase overall staff supply, to provide additional training opportunities for existing staff and to create better career paths for all care workers. The 'Bringing Nurses back into the Workforce' initiative, which provides cash bonuses for nurses returning to the workforce after more than twelve months absence, is just one of a range of measures announced in the 2008 Budget and designed to increase the nursing workforce. This and other initiatives assist providers to meet their responsibilities under the Aged Care Act and to develop a well trained workforce.

In 2008-09, over \$55.8 million will be provided to support workforce initiatives.

## PART 3: INFORMATION AND REFERRAL

### ENABLING OLDER PEOPLE TO MAKE INFORMED CHOICES

Good information and support services are important to healthy and active ageing and to achieving timely and appropriate access to care when it is needed.

Information about aged care services is usually sought only when an individual or family member needs care. At this stage, frail older people and their families may also face decisions on complex care, financial, legal and personal issues involving interactions with multiple Australian Government departments, State and Territory services, aged care providers, and the financial and legal sectors.

Consequently, being able to access targeted information quickly and easily is essential.

The Australian Government has in place a range of information products in various media (phone lines, booklets, fact sheets, websites and shopfronts) and in most the common community languages. Assistance is available to enable speech or hearing impaired people to access information, and interpreter services can assist people from non-English speaking backgrounds.

State, Territory and local governments, and many service providers also make information products available.

### Information on healthy, active ageing and maintaining independence

To assist with all aspects of healthy and active ageing, individuals and families can access information on such matters as pensions, housing options (retirement villages and home modifications), tips on maintaining health and enjoying better quality of life, volunteering, home safety, and advice about maintaining independence.

Information sources provided by the Australian Government include:

- The Seniors Portal at [www.seniors.gov.au](http://www.seniors.gov.au) which provides a single point of access to government and non-government information and services for older Australians. The site includes information about health, lifestyles, rights, finances, work, government contacts and an events calendar. It also provides links to associations of interest to older people, including the Council on the Ageing, and National Seniors Australia.
- The 'Age Page' in 55 editions of the White Pages telephone directory which provide information on services in local areas across Australia.

The Government also funds organisations to provide information for people with special needs. The National Dementia Helpline (1800 100 500) provides a single contact point for information and advice for people with dementia and their carers, including: Dementia and Memory Community Centres; early intervention programs, such as the Living with Memory Loss Program; and advice, counselling and support services.

### Information on accessing assessment for care services

Individuals must have their care needs assessed and be found to be eligible for care. Assessments can be done by the local provider for Home and Community Care services and community-based respite care, or by an Aged Care Assessment Team for Australian Government-only funded packaged community care, and for residential care.

Information sources provided by the Australian Government include:

- The Aged Care Information Line which provides information on all aspects of aged care, including what services are available, how to access them and referral points for further information. About 2,000 people each week phone the information line.
- The [agedcareaustralia.gov.au](http://agedcareaustralia.gov.au) website which provides information about aged care, and access to government and non-government information and services to help individuals make informed decisions. About 15,500 people visit the site each month.
- A wide range of information products which are disseminated to consumers, care providers and health professionals. Over nine million individual information products were distributed to consumers in 2005-06.
- Commonwealth Carelink Centres located in 54 walk-in shopfronts across Australia. These provided about 207,000 people with information about community, residential and other aged care services in 2006-07.

Commencing in 2008, easily identifiable Access Points are being established as demonstration sites in each State and Territory to help people navigate their way through the community care system. Older people and their carers will be able to contact an Access Point to get information about programs and services, have their eligibility for services tested, their needs assessed and then be referred to the most appropriate services and support to assist them to continue living independently in their own homes.

### Information on finding the right service provider

Once assessed as eligible for aged care, individuals or their families must contact care providers directly to establish whether the services provided suit their needs.

For Home and Community Care services, this is usually the provider that undertook the assessment.

However, for packaged care at home and residential care it is necessary to identify potential providers. Information sources provided by the Australian Government include:

- The [www.agedcareaustralia.gov.au](http://www.agedcareaustralia.gov.au) website which includes both 'community care service finder' and 'aged care home finder' searches for services across Australia.
- The Aged Care Standards and Accreditation Agency website at <http://www.accreditation.org.au/> which provides a report on the accreditation status of every aged care home subsidised by the Australian Government (at 'Reports on Homes' link).
- Commonwealth Respite and Carelink Centres provide a single point of contact for information about community care and respite services available in the local community.
- The National Carer Counselling Program provides counselling, emotional and psychological support services focussed on reducing carer stress and improve carer coping skills. Carers will be directed to these services in their state or territory by calling 1800 242 636 Australia wide.
- The new Access Points demonstration sites will also provide information on service providers and help clients decide which provider or providers will best assist them.
- Information is also available from Aged Care Assessment Teams who provide information about relevant services related to their assessment recommendations.

## ASSESSMENTS: ELIGIBILITY FOR SUBSIDISED CARE AND CAPACITY TO PAY

Older people must be assessed as eligible and approved by an Aged Care Assessment Team before their care can receive care subsidised by the Australian Government under the Aged Care Act. Those entering residential care must also be assessed for their capacity to contribute to the costs of their care

Access to services in the Home and Community Care Program is also based on the assessed needs of individuals.

### Assessment for eligibility to access services subsidised under the Aged Care Act

Each year Aged Care Assessment Teams conduct close to 220,000 assessments across Australia. Aged Care Assessment Teams assess people for access to:

- residential aged care respite
- residential aged care
- Community Aged Care Packages
- Extended Aged Care at Home, and Extended Aged Care at Home-Dementia packages; and
- transition care.

The Australian Government provides funds to the State and Territory governments to manage the 115 Aged Care Assessment Teams. Funding for 2008-09 is expected to total \$71.8 million. The States and Territories also contribute funding or other resources. Funding for Aged Care Assessment Teams is indexed in line with population growth. This assists them to keep pace with the rising demand for their services associated with the ageing of the Australian population.

Aged Care Assessment Teams are teams of professionals who provide expert assessment of the medical, physical, social and psychological needs of older people and recommend the most appropriate services to meet their care needs. Aged Care Assessment Teams also provide information and advice about care choices and, when making care recommendations, take into account the preferences of the person being assessed, as well as those of their carer and family.

The main professional groups represented on assessment teams are geriatricians, physicians, nurses, social workers, occupational therapists and physiotherapists. The number and composition of staff in a team can vary greatly between teams.

Under the Aged Care Act, if a person affected by an Aged Care Assessment Team decision is not satisfied with the decision, the decision is appealable through the Secretary of the Department of Health and Ageing.

Medicare Australia and the Department of Health and Ageing are developing an electronic Aged Care Client Record. This will enable Aged Care Assessment Teams to electronically capture, lodge or correct a client record with Medicare Australia. Aged Care Assessment Team users and delegates will also be able to access records lodged online.

### Assessment of residents' capacity to contribute to care costs

On entering residential age care, each resident's capacity to contribute to the costs of their care is assessed through:

- a one-off assets test to determine the level of accommodation payment to be paid by the resident; and
- quarterly income testing to reduce level of subsidy for residents with high income.



## **Assessment and referral for Home and Community Care services**

Assessments for Home and Community Care services establish the type and extent of support needed, the availability of informal care, and the care services appropriate to meet the person's needs and circumstances. The views of the consumer, and where appropriate their carer, are also taken into account.

For people who do not have high and/or complex care needs, a general assessment by a service provider is usually appropriate. The service provider is responsible for monitoring and reviewing care needs on a regular basis to ensure that the mix of services continues to be appropriate.

For frail older people with high and/or complex needs a comprehensive assessment by a Home and Community Care assessor is usually the first step in developing integrated service arrangements to meet their needs. Home and Community Care assessors refer some people to an Aged Care Assessment Team for further assessment to ensure and the full range of service options is considered.

To support a nationally consistent assessment process for people wishing to access community care and respite care, two new assessment tools have been developed: the Australian Community Care Needs Assessment tool and the Carers Eligibility and Assessment tool. Clients who have more complex needs can then be referred to a comprehensive assessor such as an Aged Care Assessment Team. Implementation of these tools will be staged in, commencing in 2008.

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## PART 4: CARE AND SUPPORT IN THE COMMUNITY

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Most people prefer to stay in their own homes. Whenever possible, community care assists people to remain at home despite the effects of ageing.

Enabling older people to stay in their homes depends on a collaborative approach through the three spheres of government, the non-government sector, private enterprise, informal care systems and volunteers.

The Australian Government funds and regulates some community care directly, mostly in the form of Community Aged Care Packages and Extended Aged Care at Home packages.

The Australian Government also funds services to help meet the needs of carers, including respite services, information, practical and financial support, and services delivered through the Home and Community Care Program.

### AUSTRALIAN GOVERNMENT FUNDED COMMUNITY CARE SERVICES

Community care services offer packaged care of varying levels of assistance depending on the care needs of the client. Care services are provided by Approved Providers, which are approved under the provisions of the Aged Care Act. Client eligibility for the various packaged care programs is determined through an assessment by an Aged Care Assessment Team.

New community care packages are advertised each year in the competitive Aged Care Approvals Round in the regions of highest priority, and are allocated to the service providers who can best meet the identified care needs of the community. Allocating packages through this process ensures that community care packages are distributed fairly across Australia where they are needed.

The characteristics of the package types, eligibility, level/ intensity of care, and cost for community care services are summarised in Box 4 (next page).

The Australian Government's contribution to community aged care is provided through subsidies paid directly to providers in respect of approved care recipients under the Aged Care Act. As shown in Table 1, the level of the care subsidy depends on whether the package is a Community Aged Care Package, Extended Aged Care at Home, or Extended Aged Care at Home-Dementia package. It is not subject to an income test. There is no accommodation supplement for packages, but some additional supplements are paid to recipients of Extended Aged Care at Home or Extended Aged Care at Home-Dementia packages who have special needs.

A care recipient's maximum contribution to the costs of care is 17.5 per cent of the maximum pension (\$2,180 per year). State and Territory Governments do not contribute to the cost of community care packages.

<b>Box 4: Community care – package types, eligibility, level/intensity of care, and cost</b>						
Program	Eligibility (based on assessment by an Aged Care Assessment Team (ACAT))	Level/ Hours of assistance per week (average)	Funding currently provided per care recipient*		Number of Packages allocated nationally as at 1/7/2007	Funding allocated in 2007/08 \$million
			\$ Per package per day	\$ Per package per annum		
Community Aged Care Package	Care recipient requires low level residential care	6 hours per week	\$33.97	\$12,399	37,250	\$471.2 million
Extended Aged Care at Home	Care recipient is a frail older person who requires high level residential care	18-22 hours per week	\$113.55	\$41,446	3,329	\$123.5 million
Extended Aged Care at Home-Dementia	Care recipient has dementia with behaviours of concern and requires high level residential care	18-22 hours per week	\$125.23	\$45,709	1,334	\$65.8 million

\*There is also a viability supplement available to providers of these programs in rural and remote areas of Australia.

There were 42,316 community care places operational at 30 June 2007. This includes 3,302 operational Extended Aged Care at Home places and 1,267 operational Extended Aged Care at Home-Dementia places (as well as 359 Multipurpose Services and 257 National Aboriginal and Torres Strait Islander Aged Care Strategy places).

Over 55,370 people received care through a community care package (either a Community Aged Care Package, an Extended Aged Care at Home package, or Extended Aged Care at Home-Dementia package) during 2006-07 (equivalent to 2.9 per cent of people aged 70 years or over),<sup>12</sup> including some who also received permanent or respite residential care during the year.

Community based aged care services are also provided through the flexible care arrangements for transition care, in multipurpose services, and through services funded under the National Aboriginal and Torres Strait Islander Flexible Aged Care Program (See further, Part 8: Services and support for people with special needs).

In addition to the services funded through the Australian Government Department of Health and Ageing, some targeted community care services are funded by the Department of Veterans' Affairs.

The Australian Government is working with the State and Territory governments and the community care sector to strengthen and improve the community care system by addressing gaps and overlaps in service delivery, and to provide easier access to services and enhance service management, including developing consistent approaches (known as common arrangements) across all programs for activities such as planning, entry and navigation of the system, assessment, quality and reporting

### Community Aged Care Packages

Community Aged Care Packages provide care at home for frail older people with care needs requiring care planning and case management. They are designed to meet the daily care needs of frail older people to enable them to remain in their own homes as an alternative to low-level residential care. A Community Aged Care Package may include personal care assistance, assistance with meals and domestic assistance, such as cleaning.

There were 37,131 Community Aged Care Packages operational as at 30 June 2007.

<sup>12</sup> As at 30 June 2006 from 2006 Australian Bureau of Statistics Census.

## Extended Aged Care at Home, and Extended Aged Care at Home-Dementia packages

Extended Aged Care at Home offers coordinated, managed and individually tailored care to assist frail aged people with complex care needs to stay in their own homes as an alternative to high level residential care. Extended Aged Care at Home packages may include clinical care (including some nursing services), personal assistance, meal preparation, continence management, therapy services, home safety and modification.

Extended Aged Care at Home-Dementia packages help frail older people with high level care needs and dementia, and or behaviours of concern, to remain at home. They offer the same types of assistance as Extended Aged Care at Home packages with additional services targeted to meet the needs of people with dementia.

There were 4,569 Extended Aged Care at Home, and Extended Aged Care at Home-Dementia packages operational as at 30 June 2007.

## Quality arrangements for community aged care

The Australian Government has in place a comprehensive quality framework aimed at enhancing life for older Australians in residential aged care services (For details see Part 6: Quality in aged care services)

## HOME AND COMMUNITY CARE PROGRAM

The Home and Community Care Program provides care to assist people in their own homes and is the largest community care program. The Home and Community Care Program is jointly funded by the Australian and State and Territory governments. The Australian Government contributes approximately 60 per cent of the funding and maintains a broad strategic policy role.

The State and Territory governments are responsible for the day-to-day management of the program. They fund program services through block grants to organisations, and set recipients' fees policy. Fees are estimated by the states to cover around five per cent of the cost of Home and Community Care services.

The aims of the Home and Community Care Program are:

- to provide a comprehensive, coordinated range of basic support services to enable older Australians and those with a disability to live independently; and
- to support people to be more independent at home and in the community, to enhance their quality of life and/or prevent their inappropriate admission to long term residential care.

Services vary with the needs of the client. They range from domestic assistance and transport to home maintenance and modifications, nursing care, counselling and community-based respite care (mostly day care).

In 2006-07, around 801,000 people received services provided by around 3,500 organisations through the Home and Community Care Program. Of these people, 76 per cent were aged 65 years or over. Some of the people receiving care services under the Home and Community Care Program could also have received residential and/or community care services during the year from Australian Government-only funded aged care programs.

Total Home and Community Care funding, including State and Territory contributions will be \$1.788 billion in 2009-09 including over \$1 billion from the Australian Government.

The Australian Government has agreed that the intersection between aged care funding, Home and Community Care and disability funding is a key reform area for consideration by the COAG.

## VETERANS' HOME CARE PROGRAM

In addition to the services funded through the Department of Health and Ageing, the Department of Veterans' Affairs (DVA) Veterans' Home Care Program helps eligible veterans and war widows or widowers who have low level care needs. The program provides a wide range of home care services designed to improve their health and well-being and assist people to remain in their homes longer, and to assist their carers.<sup>13</sup>

## OTHER SERVICES AND SUPPORT IN THE COMMUNITY

Participation in healthy ageing activities leads to increased well being and participation in the community. The following programs covering whole of life health issues are in place to support those who need assistance to remain active.

### People in the community living with dementia

An estimated 209,000 Australians have some form of dementia. Dementia is one of the major reasons older people seek assistance from community care programs or enter residential aged care.

A *National Framework for Action on Dementia 2006-2010* was endorsed by Australian Health Ministers in April 2006.<sup>14</sup> The Framework provides a vision for a national policy and implementation plan for a coordinated national approach to improve the quality of life of people living with dementia and their carers and families.

In addition to Extended Aged Care at Home-Dementia packages (see above), support for people with dementia, their families, and formal care staff is provided through:

- the National Dementia Initiative which funds dementia research, prevention initiatives, early intervention and support programs, and dementia specific training for community care staff and residential care workers, carers, and community workers such as police;
- Dementia Behaviour Management Advisory Services which provide clinical support, mentoring and behaviour management advice where the behaviour of people with dementia impacts on their care; and
- Alzheimer's Australia which is funded to run the National Dementia Support Program to provide information, advice and referral, education and training, and a range of services and programs include: Dementia and Memory Community Centres; early intervention programs such as the Living with Memory Loss Program; counselling and support services; and support for people with special needs including the Dementia Cross Cultural Network and new activities for Aboriginal and Torres Strait Islander people.

These initiatives are in addition to the care and support that people living with dementia receive through mainstream residential aged care and health services.

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<sup>13</sup> Information on the Veterans' Home Care Program may be accessed at <http://www.dva.gov.au/health/homecare/mainvhc.htm>

<sup>14</sup> The National framework for Action on Dementia 2006-2010 may be accessed at [http://www.nhmrc.gov.au/funding/apply/granttype/strategic/\\_files/dementia\\_attachmenta.pdf](http://www.nhmrc.gov.au/funding/apply/granttype/strategic/_files/dementia_attachmenta.pdf)

## People living with incontinence

An estimated 4 million Australians are affected by some degree of incontinence, with over half a million affected by severe incontinence. Incontinence can affect children, pregnant women, people with chronic disease and post surgery, with consequent effects on family friends and carers.

The National Continence Management Strategy supports information materials, research and service development initiatives, aimed at prevention and treatment of this significant condition. Activities include awareness raising projects including the National Men's Continence project, the National Continence Helpline, support for the Continence Foundation of Australia, a National Public Toilet Map, and a dedicated website promoting bladder and bowel health. Initiatives aimed at supporting the workforce include training for pharmacy staff, rural health staff and creation of continence assessment and management tools for use in residential care settings.

The Continence Aids Assistance Scheme assists eligible people aged 5 years and over who have severe and permanent incontinence to meet some of the costs of continence products. It provides individuals with access to subsidised continence products up to the value of \$479.40 a year. The scheme assists some 37,000 people each year.

## National Eye Health Initiative

Much vision loss is avoidable through early detection and intervention but many Australians with treatable eye diseases do not seek help until it is too late for sight to be preserved. People at risk of eye disease include older people, those with diabetes or a family history of eye disease, and Aboriginal and Torres Strait Islander people.

In response to a resolution by the World Health Assembly, Australia developed the National Framework for Action to Promote Eye Health and Prevent Avoidable Blindness and Vision Loss which was endorsed by all Australian Health Ministers in November 2005.<sup>15</sup>

Consistent with this framework, the Australian Government is implementing a National Eye Health Initiative which aims to reduce the incidence of preventable vision loss by raising public awareness of eye health issues and improving the quality and delivery of eye health care. Annual whole-of-portfolio expenditure on eye health is over \$600 million.

## Day therapy centres

Day therapy centres assist the frail aged to remain as independent as possible. They offer a range of therapy services such as physiotherapy, occupational therapy and podiatry. The centres may charge clients a modest fee for these services.

There are 148 centres around Australia, mostly located at aged care homes. Their services are available to the residents of those homes and to frail older people living in the community.

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<sup>15</sup> This document may be accessed at <http://www.health.gov.au/internet/main/publishing.nsf/Content/ageing-eyehealth-framework-toc.htm>

## SERVICES AND SUPPORT FOR CARERS

Carers are unpaid family members and friends who provide support with activities of daily living for frail older people and younger people with a disability. In 2003 the Australian Bureau Statistics estimated there were 2.6 million people in Australia who provide assistance to another person who has a disability or is aged. Of these, around 475,000 are primary carers – they are the people who provide the most care, usually for six months or more. Primary carers are predominantly female.

Carers perform a vital role in allowing frail older people and people with disabilities to stay at home and avoid or defer the need for residential care. Caring for frail older people at home can be a demanding task and carers also need care and support.

The Australian Government provides a range of assistance to carers including respite services and financial assistance.

Respite services are provided under programs funded by three Australian Government departments and there are others provided by the States and Territories under joint funding through the Home and Community Care Program and the Commonwealth State and Territory Disability Agreement. From a carer's perspective, this multiplicity of respite programs is confusing. The Australian Government is committed to streamlining respite services to create a more sensible system for carers. Work on developing options has commenced.

Currently, the National Respite for Carers Program and the provision of residential respite are funded through the Department of Health and Ageing.

### National Respite for Carers Program

The National Respite for Carers Program funds over 600 respite services across Australia delivered in a variety of settings, including the home, overnight community houses and in community centres. These include:

- 89 services that specifically cater to the needs of employed carers;
- 15 Employed Carer Innovative Projects that are testing different models of supporting employed carers;
- 71 overnight respite houses; and
- 30 demonstration day respite services at residential aged care facilities.

Some of the services provide respite for carers of people with dementia and challenging behaviour. Fees for respite services vary according to the type of service.

Commonwealth Respite and Carelink Centres help plan practical approaches to respite and other support needs and can also arrange 24-hour emergency respite. In 2006-07, carers received approximately 225,000 instances of respite through 54 Centres throughout Australia, and one Commonwealth Carer Respite Centre for isolated Aboriginal people in the Northern Territory.

Carers Australia is funded to subcontract the Network of Carer Associations (in each State and Territory) for the National Carer Counselling Program, specialist advice to carers, and education and training for carers and the community care sector. In 2007-08, Carers Australia's recurrent funding is \$6.4 million.

## Residential respite

Residential respite provides care in Australian Government subsidised aged care homes for people who are in need of short-term care on a planned or emergency basis. High care respite is paid at \$97.82 per day and low care at \$34.90 per day. An incentive payment of \$29.98 per high care place per day is paid to aged care homes which fill at least 70 per cent of their allocated places for respite.

Except for emergency situations, to receive residential respite care a person must be assessed by an Aged Care Assessment Team as eligible for high or low care. People who receive residential respite can be asked to pay a booking fee and daily care fee. They can not be asked to pay an accommodation charge or bond, or any additional income tested charges.

In 2006-07, the Australian Government provided \$112.8 million in subsidies for the provision of 1.1 million days of respite in residential aged care homes. This enabled 38,806 people to receive residential respite care, equivalent to 2.0 per cent of people aged 70 years or over.

## Financial support for carers

Centrelink provides Carer Payment and the Carer Allowance to help carers perform their caring role.

The Carer Allowance is a supplementary payment available to parents or carers who provide daily care and attention for adults or children with a severe disability or medical condition. Carer Allowance is free of income or assets tests, is not taxable and may be paid in addition to wages or other payments, such as Carer Payment and Age Pension.

The Carer Payment is a fortnightly payment provided to people providing constant care to a person who is frail aged, has disability, or has a medical condition. There are a number of criteria which determine whether a person is eligible for the payment. The rate of Carer Payment is subject to the pension income and assets tests. If the care receiver does not receive a social security benefit a special income and assets test applies.





## PART 5: RESIDENTIAL CARE SERVICES

When frail older people can no longer be assisted to stay in their homes, care is available in residential aged care homes. A snapshot of the residents in aged care homes is provided in Box 5.<sup>16</sup>

### Box 5: Frail older people in residential aged care

During 2006-07, some 202,500 people received permanent residential care, at some time during the year.

As at 30 June 2007:

- 157,607 people were receiving residential care (either permanent or respite) in 2,873 aged care homes operated by 1,202 approved providers, equivalent to an occupancy rate 8.1% of people aged 70 years or over on that night
- 31.5% residents were in low care
- 68.5% residents were in high care
- the residents were predominantly female: 71.2% compared to 28.8% males
- the average age of the residents was 83.8 years.

Of 45,148 first time admissions in 2006-07:<sup>18</sup>

- 14,854 entered high care from hospital (33%)
- 7,700 entered high care from the community (17.1%)
- 6,721 entered low care from hospital (14.9%)
- 13,402 entered low care from the community (29.7%)
- 2,372 transferred from another aged care home (5.3%)

The average total length of stay for permanent residents is 35.1 months, with 36 per cent of people staying less than 1 year, and 19 per cent staying more than 5 years.

### TYPES OF RESIDENTIAL AGED CARE

There are two main types of residential aged care in Australia, low level care and high level care. While some aged care homes specialise in low or high level care, many homes now offer the full continuum of care, which allows residents to stay in the same home as their care needs increase.

Mostly, people in low level care can walk or move about on their own. Low level care focuses on personal care services (help with dressing, eating, bathing etc.), accommodation, support services (cleaning, laundry and meals) and some allied health services such as physiotherapy. Nursing care can be given when required. Most low level aged care homes have nurses on staff, or at least have ready access to them.

<sup>16</sup> Department of Health and Ageing, Report on the Operation of the *Aged Care Act 1997*, 1 July 2006 to 30 June 2007, Commonwealth of Australia, 2007; unpublished Departmental data.

<sup>18</sup> A small number of admissions for which there is incomplete information have been excluded from the totals in percentage calculations.

High level care provides functionally very dependent people with 24 hour care either by registered nurses or under the supervision of registered nurses. Nursing care is combined with accommodation, support services (cleaning, laundry and meals), personal care services (help with dressing, eating, toileting, bathing and moving around) and allied health services (such as physiotherapy, occupational therapy, recreational therapy and podiatry).

As at 30 June 2007 there were 192,205 allocated residential places (mainstream and flexible), of which 169,594 places were operational. Over 2006–07 the average occupancy rate for aged care homes was 94.5 per cent.

## ENTERING RESIDENTIAL AGED CARE

Aged Care Assessment Teams assess and approve older people for Australian Government subsidised aged care including residential aged care.

On entering care, residents' capacity to contribute to the cost of their care, and further assessment of care needs is required:

- a one-off assets test by Centrelink or Veterans' Affairs to determine the level of accommodation payment to be paid by the resident;
- an assessment of care needs to establish and claim level of care subsidy is undertaken by the aged care home using the Aged Care Funding Instrument (ACFI);
- assessment of care needs to plan and manage the ongoing care of resident is undertaken by care staff; and
- quarterly income testing by Centrelink or the Department of Veterans' Affairs to reduce level of subsidy for residents with higher incomes.

## SUBSIDIES, FEES AND CHARGES

The Australian Government subsidises residential aged care so that care is affordable to all frail older people who need it. Those who can afford it are expected to contribute to the costs of their care.

### Subsidies paid to approved providers by the Australian Government

The Australian Government's contribution to residential care is provided through subsidies paid directly to approved providers in respect of approved care recipients under the Aged Care Act.

- A care subsidy is paid at one of several levels, dependent on the resident's care needs. These needs are assessed by providers, subject to audit by the Department of Health and Ageing.
- An income tested subsidy reduction is applied for those residents who entered care prior to 20 March 2008 and are who have been assessed by either the Department of Veterans' Affairs or Centrelink as having the capacity to pay some of their income towards their cost of care.
- Accommodation supplements (new accommodation supplement, accommodation charge top-up supplement and transitional accommodation supplement) may be paid in respect of residents with very few assets.
- An additional viability supplement is paid to aged care homes in some rural and remote areas in recognition of the higher costs of providing care in those regions.
- Oxygen and enteral feeding supplements are paid to aged care homes for residents with specified medical need for the provision of continual oxygen and /or enteral feeding.

Average Australian Government payments (subsidy plus supplements) for residents receiving high care in 2006-07 was \$45,200 and \$16,200 for those receiving low care.

Since 2004-05, the Australian Government has also paid a Conditional Adjustment Payment (CAP) to eligible approved providers of residential aged care. The conditions imposed for the receipt of CAP aim to strengthen financial management and corporate governance arrangements in the aged care industry and assist approved providers to improve their services so that they can continue to provide high quality care to residents. Receipt of CAP funding by individual approved providers is voluntary and conditional on compliance with requirements set out in the Residential Care Subsidy Principles. In 2007-08 the CAP rate is 7.0 per cent of the basic subsidy amount. This will increase to 8.75 per cent of the basic subsidy in 2008-09. A review of the ongoing need for and level of the CAP is to be completed by the end of October 2008.

The Australian Government also provides a small number of capital grants and is introducing zero real interest loans mainly targeted to rural and remote aged care homes. (See further, Part 8: Services and support for people with special needs)

### **Fees and charges paid by residents**

Residents may be asked to pay two types of fees: a standard residents' contribution to pay for hotel-like services (sometimes called a basic daily fee), and an income-tested fee which is a contribution to the cost of their care.

They may also be asked to pay either an accommodation bond (if entering low level care or an extra service place) or an accommodation charge. The fees and charges payable are linked to a resident's income and assets, pensioner or non-pensioner status (if the resident entered care prior to 20 March 2008), and level of care.

An estimated 77.5 per cent of aged care homes held accommodation bonds at 30 June 2007, compared with 74.1 per cent at 30 June 2006. The average accommodation bond agreed with a new resident in 2006-07 was \$167,450 compared with \$141,690 in 2005-06. The median bond amount in 2006-07 was \$132,000 compared with \$122,500 in 2005-06.

The size of individual bonds has increased substantially over recent years. As a bond can represent a significant proportion of a resident's life savings, the Australian Government has taken measures to strengthen the protection of residents' bonds. The Australian Government guarantees residents' accommodation bonds. This means that they can be 100% certain that their bond balance entitlement (including any interest that has accrued on the bond balance) will be repaid if the aged care provider becomes bankrupt or insolvent.

In 2006-07, an estimated 65.5 per cent of homes collected accommodation charges, compared with 60 per cent in 2005-06. Of accommodation charges agreed with new residents during 2006-07, an estimated 83.9 per cent were at the maximum allowable amount.

Financial decisions, for example about how a resident pays an accommodation bond or charge, can have different effects on pensions, aged care fees and tax. Residents and their families are advised to seek expert financial information to help make the best decisions. A free Financial Information Service is available through Centrelink.

## QUALITY RESIDENTIAL AGED CARE

The Australian Government has in place a comprehensive quality framework aimed at enhancing life for older Australians in residential aged care services (For details see Part 6: Quality in Aged Care Services)

### ‘EXTRA SERVICE’

Aged care homes may be approved to offer residents Extra Service. Extra Service enables residents to choose to enjoy a significantly higher standard of ‘hotel’ type extras in accommodation, food, and services, in return for a higher charge. Approval may be for the whole of a residential home or for a designated part. The number of extra service places approved in any area is capped to ensure that residential care remains available to Australians who would have difficulty affording the additional charges.

Extra Service does not affect the care provided to residents because all residential aged care providers are required to meet designated care standards for all residents.

Homes approved for Extra Service may charge an additional Extra Service daily amount. They may also charge accommodation bonds for both high care and low care residents.

At 30 June 2007, there were 11,898 residential aged care places approved for Extra Service status, of which 8,136 were operational for Extra Service. The total number of places approved for Extra Service represented 6.3 per cent of all allocated residential mainstream places and comprised 9,300 high care places and 2,598 low care places.

In 2006-07, new Extra Service approvals were granted for 1,632 places, comprising 1,234 high care and 398 low care.

## CULTURALLY APPROPRIATE RESIDENTIAL AGED CARE

All aged care services are expected to provide culturally appropriate care for their residents. There are also a number of services specifically for older Aboriginal and Torres Strait Islander people, and some ethno-specific aged care homes that are either auspiced by an ethnic organisation or supported by an ethnic community. Other homes have clusters of residents from similar cultural and linguistic backgrounds (See further, Part 8: Services and support for people with special needs).

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## PART 6: QUALITY IN AGED CARE SERVICES

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The Australian Government is committed to working in partnership with older Australians, aged care providers, unions and consumer groups to ensure continuous improvement in the quality of residential aged care services, and to protect frail and aged Australians.

A national quality assurance framework for residential aged care has been established under the Aged Care Act which comprises accreditation; monitoring of approved providers for compliance with the accreditation standards and other specific responsibilities to protect resident safety, a complaints investigation scheme and support for users' rights.

The Government also has in place a range of standards and processes across care and support in the community to support the provision of quality services.

### RESIDENTIAL AGED CARE

#### Accreditation of residential aged care homes

The accreditation system is designed to improve the quality of residential care. Aged care homes must be accredited in order to receive Australian Government subsidies on behalf of their residents.

To achieve accreditation, aged care homes are assessed against the 44 expected outcomes of the legislated accreditation standards. The standards cover: management systems and staffing; the physical environment and safety; health and personal care; and how that care is delivered so that it enhances residents' dignity and rights in a safe and comfortable living environment.

The Aged Care Standards and Accreditation Agency Ltd (the Agency) is the independent watchdog responsible for managing the accreditation process, promoting high quality care and supervising homes' ongoing compliance with the accreditation standards by conducting spot checks, audits and support contacts. The Agency will be undertaking at least 7000 announced and unannounced visits to aged care facilities across the nation in 2008-09.

Teams of registered quality assessors conduct accreditation audits and other visits, and provide reports of their findings to the Agency. The Agency makes accreditation decisions based on these reports and other relevant information and liaises with the Department of Health and Ageing about homes that do not meet the standards.

Generally, homes receiving three years' accreditation meet all the Accreditation Standards. Homes accredited for shorter periods have areas of non-compliance or a recent history of non-compliance – except for new homes which may only receive one-year accreditation in the first instance. The Agency may refuse to accredit a home, or revoke or reduce the period of accreditation if a home does not continue to meet the standards.

Agency decisions and accreditation and review audit reports are publicly available from the Agency's website at [www.accreditation.org.au](http://www.accreditation.org.au).

The Department of Health and Ageing can impose sanctions when approved providers do not meet their accreditation obligations. The Department's website provides information on sanctions imposed on aged care homes, at [www.health.gov.au](http://www.health.gov.au) (search 'sanctions').

## Other specific responsibilities of approved providers of residential aged care

In addition to being obliged to meet the accreditation standards, approved providers must comply with other specific responsibilities in regard to police checks of staff, compulsory reporting of suspected assaults, and building certification, which are all designed to protect frail aged people in residential care.

### *Police checks*

Staff and volunteers of residential, community and flexible care services funded under the Aged Care Act, who have access to care recipients are required to undertake a police check every three years to determine their suitability to provide aged care. Persons with convictions for murder, sexual assault, and serious physical assault for which a prison term was imposed, are not permitted to provide care or services for care recipients in an unsupervised capacity.

The Aged Care Standards and Accreditation Agency monitors compliance with this requirement as part of its accreditation and monitoring process.

### *Compulsory reporting*

All Australian Government subsidised residential aged care services must report incidents or allegations of sexual assault or serious physical assault. In this context, 'reportable assault' is defined in legislation and means unlawful sexual contact or unreasonable use of force that is inflicted on a person receiving residential aged care. Under these arrangements, aged care providers are required to:

- report to the police and to the Department within 24 hours incidents involving alleged or suspected reportable assaults;
- take reasonable measures to ensure staff members report any suspicions or allegations of reportable assaults to the approved provider;
- take reasonable steps to protect the identity of any person who lodges a report; and
- keep consolidated records of all incidents involving allegations or suspicions of reportable assaults.

There are provisions in the legislation for the protection of people who make compulsory reports of abuse to their employer, the Department or the Police.

### *Building certification*

Building certification is designed to improve the physical standards of aged care homes. While State, Territory and local governments regulate building safety and quality, all Australian Government subsidised homes must meet higher targets for fire and safety and privacy and space.

Service providers must submit an annual Fire Safety Declaration to the Department of Health and Ageing which states they have complied with all relevant State, Territory and Local Government legislation with regard to fire safety in the previous 12 months.

Only providers of certified aged care homes can receive concessional resident supplements from the Australian Government, or ask residents to make accommodation payments.

While all homes are certified, the process drives continuous improvement. In 1999, a 10-year plan for certification was agreed with the aged care sector which sets out minimum standards to enable providers to plan and implement improvements in accommodation. The main elements of this plan include achieving minimum targets for fire safety and privacy and space standards for new and existing residential aged care buildings which relate to the number of residents allowed per room, toilet and shower.

### Supporting users' rights

The rights of care recipients are protected and promoted through protection of residents' accommodation bonds, the Aged Care Complaints Investigation Scheme and the Aged Care Commissioner, advocacy services, and the Community Visitors' Scheme.

#### *Protection of accommodation bonds paid to approved providers of residential aged care*

As a source of capital finance, approved providers of aged care may charge a refundable accommodation bond for a person's entry to low level residential aged care or to an extra service place. The amount that an individual may be charged is negotiated between the approved provider and the care recipient subject to leaving the care recipient with a minimum level of residual assets. As at 30 June 2007 approximately 970 approved providers of aged care held around 54,000 accommodation bonds worth approximately \$6.3 billion.

Approved providers holding accommodation bonds are required to comply with:

- the prudential requirements under the Aged Care Act and delegated legislation;
- rules regarding the timeframes for refund of accommodation bonds and the payment of interest on late refunds; and
- restrictions on the use of accommodation bond funds and the income derived from them.

The prudential requirements assist providers to improve their financial management practices, enhance financial sustainability and reduce the risk of default on the refund of bond balances. A key tenet of these arrangements is that providers remain responsible for the financial management of their business and meeting their regulatory responsibilities.

The Department maintains a monitoring and compliance programme for the prudential requirements, including provision by each approved provider of an independently audited Annual Prudential Compliance Statement which reports the approved provider's compliance with prudential requirements.

These protections are supplemented by the Accommodation Bond Guarantee Scheme which guarantees that a resident's accommodation bond will be repaid by the Australian Government in the event that their approved provider becomes bankrupt or insolvent and defaults on bond refund obligations. The Government is able to recover the debts and costs from the defaulting provider and/or from all providers holding bonds.



### *Aged Care Complaints Investigation Resolution Scheme*

The Aged Care Complaints Investigation Resolution Scheme (the Scheme) investigates concerns and complaints about Australian Government-subsidised aged care service, both residential and community aged care.

Anyone can contact the Scheme with a concern including care recipients, family members, care providers, staff members and health professionals. Complaints can be made openly, anonymously or on a confidential basis.

Concerns and complaints can be about anything that affects the quality of care for aged care recipients, such as care, catering, hygiene, security, activities, choice, comfort, equipment, safety, neglect or financial matters.

The Scheme is a free and confidential service, managed by the Office of Aged Care, Quality and Compliance in the Department of Health and Ageing. The Scheme can be contacted by telephone, mail or on-line. Further information on the Scheme can be found at [www.health.gov.au/oacqc](http://www.health.gov.au/oacqc) (follow link to Aged Care Complaints Investigation Resolution Scheme).

### *Review mechanisms for the complaints process – the Aged Care Commissioner*

Concerns about the way the Scheme has handled a complaint, can be directed to the Manager of the Scheme in a State or Territory by calling 1800 550 552 (free call).

Should a care recipient or a service provider continue to be concerned about a decision of the Scheme, or about the way the Scheme has handled a complaint, or the conduct of Agency assessors in undertaking a review audit or support contact, the Aged Care Commissioner (the Commissioner) can undertake an independent review of the matter.

The Commissioner does not have the power to examine complaints about the merits of decisions made by the Agency as these are subject to review by the Administrative Appeals Tribunal.

The Office of the Aged Care Commissioner can be contacted during business hours on free call 1800 500 294. Further information can be found on the Office of the Aged Care Commissioner's website at <http://www.agedcarecommissioner.net.au/>

### *National Aged Care Advocacy Program*

The Australian Government funds nine community based organisations, one in each State and Territory (two in the Northern Territory), to provide free, independent and confidential advocacy to consumers or potential consumers of aged care.

Advocacy Services can:

- provide information and advice about consumers' rights and responsibilities;
- support consumers to be involved in decisions affecting their lives; and
- assist in resolving problems or complaints in relation to aged care services.

### *Community Visitors Scheme*

The Community Visitors Scheme provides one-on-one volunteer visitors to residents of Australian Government-funded aged care homes who are socially isolated and whose quality of life would be improved by friendship and companionship. Community-based organisations (known as 'auspices'), recruit, train and monitor the volunteer visitors.

There are 161 auspices nationally providing approximately 7500 visitors.

### **Further strengthening the quality of care**

While the majority of aged care providers are providing high quality care for elderly Australians, the Government is committed to continuous improvement to ensure world class facilities continue to be provided in all states and territories.

Longer term benefits for recipients of aged care will be borne out of a more transparent and accountable aged care industry. Measures currently under development to strengthen the current protocols and protections for aged care recipients include:

- expanding the requirement for staff to undergo police checks regardless of whether they have supervised or unsupervised access to care recipients;
- strengthening the powers of the Aged Care Standards and Accreditation Agency;
- requiring Departmental clinical staff to check on actual residents in a facility as a part of investigations; and
- reviewing the Aged Care Act to close loopholes and/or make improvements to quality in aged care.

## **QUALITY ASSURANCE ARRANGEMENTS FOR COMMUNITY CARE**

There is currently a range of different standards and processes across the community care system to support the provision of high quality services.

### **Australian Government funded community care services**

Quality Reporting arrangements are in place for Community Aged Care Packages, Extended Aged Care at Home, Extended Aged Care at Home-Dementia and the National Respite for Carers Program. The emphasis of this reporting arrangement is on encouraging providers to continuously improve both service delivery and the systems and processes they have in place to ensure service quality.

Quality Reporting is a four step process with the service provider providing a Quality Report covering how the service providers meets program standards; the Department of Health and Ageing then reviews the Quality Report; undertakes a site visit; and advises on the outcome of the assessment including any remedial action required. Around 1,500 service outlets will have been involved in the review process over the three year cycle 2005-08.

### *Users' Rights*

The rights of community packaged care recipients are protected by the Aged Care Complaints Investigation Resolution Scheme (see above for details).

### *Enhancing existing arrangements*

A critical element of enhancing quality assurance arrangements across community care programs is the development of a common set of standards and as far as possible consistent reporting processes across all community care programs. The Australian Government is working with State and Territory Governments and the community care sector to develop a common set of standards and arrangements.

The Australian Government is also implementing a range of strategies to strengthen the quality and accountability arrangements for community care, for Community Aged Care Packages, Extended Aged Care at Home, Extended Aged Care at Home-Dementia and the National Respite Care Program. The strategies involved include increasing program monitoring and accountability, identifying and promoting best practice and improving information for consumers.

### **Home and Community Care Program**

The Home and Community Care National Service Standards provide funded agencies with a common reference point for internal quality control by defining particular aspects of service quality and expected outcomes for consumers in seven key areas. These are access to services; information and consultation; efficient and effective management; coordinated, planned and reliable service delivery; privacy, confidentiality and access to personal information; complaints and disputes; and advocacy.

State and Territory Governments are required to include these standards in all service agreements with Home and Community Care providers. They are also responsible for assessing individual agencies' compliance with standards and reporting to the Australian Government in line with national reporting requirements.

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## PART 7: ASSISTING PEOPLE TO MAKE TRANSITIONS BETWEEN CARE PROGRAMS

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At times targeted assistance is needed to help older people make the transition between types of care as their needs change – sometimes because of a sudden change in circumstances, and sometimes because service arrangements fail to bridge the divide between two forms of care.

The Australian Government has identified three areas where there is a need to foster better cooperation where responsibility is shared between programs and/or between levels of government to avoid adverse consequences for frail older people:

- the movement of people between acute care and aged care
- the interface between disability services and aged care services; and
- assistance with care and housing for older people in danger of homelessness.

### TRANSITION CARE

The Transition Care Program assists people after a stay in hospital to help older people complete their recovery process before returning home or entering an aged care facility. The Australian Government has allocated 2,000 places across Australia. These places are jointly funded by the Australian Government and the State and Territory Governments.

To expand the capacity to assist older people in the transition from hospital, the Australian Government has committed to work with the State and Territory Governments to establish an additional 2,000 transition care places over the next five years. It is expected that of the first 200 places will be implemented in 2008-09.

Transition care provides a package of services including low intensity therapy and personal and/or nursing care as part of an ongoing but slower recovery process. It is provided in the care recipient's own home or in a 'live-in' setting. A 'live-in' setting is facility based accommodation with a home-like, less institutional feel and with space available for therapy. This setting could be part of an aged care home, a separate wing of a hospital or another residential place where transition care is provided.

To be eligible for transition care, a care recipient must be assessed by an Aged Care Assessment Team while still an in-patient of a hospital. Transition care can be provided for a period of up to 12 weeks, with a possibility to extend to 18 weeks if the care recipient is assessed as needing an extra period of therapeutic care, which may include returning home with community support or accessing the level of care provided by an aged care home.

When all 4,000 transition care places are fully operational, up to 30,000 older people will be able to access transition care every year.

Through the COAG, the Australian, State and Territory Governments are working together on plans for implementing the new places.

## AGED CARE AND PEOPLE WITH DISABILITIES

### Care packages for people with disabilities in group homes

The Government also committed to improve services for people with disabilities who are living in disability group homes and who have demonstrably increased needs due to ageing.

A new initiative will enable these people to access community aged care programs to 'top up' their specialist disability support services. A number of community aged care packages will be allocated for this purpose.

The Department of Health and Ageing is working with the Department of Families, Housing, Community Services and Indigenous Affairs on implementing this commitment. The Government expects to make further announcements on implementation in the coming months.

### Younger people with disabilities in aged care

Around 6,600 people under the age of 65 years live in aged care homes across Australia. Of these, about 900 are aged under 50. For most of these people, an aged care home is not the most appropriate care option. Younger people with disabilities are generally more appropriately cared for through specialist disability support services.

The State and Territory governments provide a range of services for younger people with disabilities, including in-home support and supported accommodation. As part of the services they offer, all State and Territory governments are participating in a program which aims to reduce the number of younger people with disabilities in aged care homes. The program is jointly funded by the Australian Government (through the Department of Families, Housing, Community Services and Indigenous Affairs), the States and Territories.

Under the program, younger people with disabilities living in aged care homes are being offered a care needs assessment, and where appropriate, an alternative accommodation and care option. The program is being implemented in close consultation with younger people, their families and carers. The program is initially targeting people under 50 years of age in aged care homes. However, other people with disabilities inappropriately accommodated in aged care homes are also eligible under the program, as are people at risk of being placed inappropriately in aged care. People will only be moved from their existing care facility if they wish to move.

## ASSISTANCE WITH CARE AND HOUSING FOR THE AGED

The Assistance with Care and Housing program is designed to assist frail, low-income older people who are in insecure housing or who are homeless. These people do not generally need residential care, but their circumstances put them at great risk of becoming homeless or being placed prematurely in an aged care home. Assisting them to access appropriate housing linked to community care can enable them to remain in the community.

Organisations are funded by the Australian Government to provide paid workers and/ or volunteers who link clients to appropriate mainstream housing and/or care services. Most of the 42 services are located in inner-city areas where there is a concentration of frail elderly people living in insecure accommodation. These services work closely with State Government Housing authorities and have a key role in assisting eligible clients to obtain secure housing.

Where secure accommodation is arranged, the program worker can then link the client to either a Community Aged Care Package or the Home and Community Care Program in order to meet the client's assessed care needs.

An estimated 112,000 low and middle income families and singles headed by a person aged 70 years are in housing stress. Further, close to 6,000 people aged 65 years or more are homeless.

Age pensioners experiencing housing stress will be eligible for rental properties developed under the Australian Government's National Rental Affordability Scheme.<sup>17</sup> Not only will rental for these dwellings be more affordable, it is intended that the dwellings will be designed with the accessibility needs of older people in mind. Making older people eligible for this housing opens the door to innovation in combining care and housing.

A Green Paper on homelessness (including for older people) is being used as the basis of community consultation with a view to releasing a White Paper in September 2008. The White Paper will provide a plan of action for the next decade. The Green Paper proposes a practical commitment to social inclusion, and a joint effort by all levels of government and service providers through integration their policy and program approaches.

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<sup>17</sup> Australian Government, *Making housing affordable again*, 2008, which may be accessed online through the link at <http://www.facsia.gov.au/internet/facsinternet.nsf/aboutfacs/programs/house-nav.htm>



## PART 8: SERVICES AND SUPPORT FOR PEOPLE WITH SPECIAL NEEDS

The Aged Care Act recognises that some people have special needs. These are specified as including Aboriginal and Torres Strait Islander people, people living in rural and remote communities, people from non-English speaking backgrounds, people who are financially or socially disadvantaged, and veterans (including a spouse, widow or widower of a veteran).

The special needs provisions in the Aged Care Act are consistent with the aims the Australian Government's new Social Inclusion Agenda which, in part, aims to ensure strategies which provide a pathway to inclusion and a continuum of care.

While all of these people can access and benefit from the same funding and services as frail older people generally, there are additional initiatives to address their special needs.

### ALLOCATION OF NEW AGED CARE PLACES

Special needs groups, as specified in the Aged Care Act, must be taken into account during the annual allocation of new residential places and community care packages. The Aged Care Act also requires approved providers to demonstrate that they understand the care needs of people from the special needs groups when applying for new places or the transfer of places.

In the 2007 Aged Care Approvals Round, 3,431 new residential places and 2,411 new community care places (55.5 per cent of total allocated), were provided specifically to meet the care needs of people from special needs groups. In addition, 38.1 per cent of new aged care places (2,546 residential places and 1,466 community care places), were allocated to services providing care in regional, rural and remote areas.

### PEOPLE WHO ARE FINANCIALLY OR SOCIALLY VULNERABLE

Frail older people who need aged care services can access them regardless of financial or social vulnerability. There are special provisions for concessional, assisted or supported aged care residents and hardship provisions for care recipients in both residential and community aged care who cannot afford to pay their care costs.

#### Concessional, assisted and supported residents

Concessional and fully supported residents can access care irrespective of their capacity to make accommodation payments. Concessional and fully supported residents do not pay accommodation bonds or charges. The Australian Government provides additional supplements to aged care providers on their behalf.

Concessional residents are those who:

- receive an income support payment; and
- have not owned a home for the last two or more years (or whose home is occupied by a 'protected' person, for example, the care recipient's spouse or long term carer); and
- have assets of less than 2.5 times the annual single basic age pension.



Assisted residents have sufficient assets to make a small contribution to their accommodation costs. The Government pays an additional supplement on their behalf but at a lower rate than for concessional residents. The criteria for determining assisted resident status are the same as for concessional resident status, except that an assisted resident has assets of between 2.5 and 4.0 times the annual single basic age pension amount.

Supported residents are those who entered residential care (other than respite care) or commenced pre-entry leave on or after 20 March 2008 and who have total value of assets up to the asset threshold of \$90,410.40 (as of 20 March 2008). The threshold is indexed twice a year.

For each aged care planning region, there is a minimum target ratio for concessional residents based on regional socio-economic indices. The ratio includes concessional and assisted residents, and certain residents approved under the hardship provisions. The concessional resident supplement is paid at two levels depending on whether there are more, or less, than 40 per cent of residents in a home who are concessional residents under the ratio.

The supplement paid for eligible assisted residents is calculated separately and is not affected by changes to the proportion of concessional and assisted residents.

### **Hardship provisions**

Hardship provisions under the Aged Care Act assist the minority of residents who experience difficulty paying care fees and accommodation payments. Some classes of care recipients, as set down in the Residential Care Subsidy Principles, are automatically eligible for financial hardship assistance.

Applicants for hardship assistance may seek assistance with their daily fees, the income tested fee, accommodation charge, or accommodation bond. Where assistance is granted, the Australian Government pays an additional supplement to the aged care provider on behalf of the care recipient. Some 328 aged care residents were receiving financial hardship assistance as at 30 June 2007.

When assessing applications, where appropriate the Department of Health and Ageing provides advice on alternative ways to obtain financial support.

## **PEOPLE LIVING IN RURAL AND REMOTE COMMUNITIES**

People living in rural and remote areas need access to the same level and quality of community aged care services as people living in more populated areas. However, service providers face higher costs and difficulties in attracting, training and retaining staff, and flexible approaches to service delivery are needed.

The Australian Government provides viability supplements, capital grants and zero real interest loans, and professional and emergency support services to help address these issues.

### **Viability supplements**

Viability supplements are provided to assist both residential and community aged care services in rural and remote areas with the extra cost of delivering services in those areas. In 2006-07, some 576 aged care services received viability supplements totalling \$23.3 million.

## Capital grants and zero real interest loans

Capital grants are provided to help to maintain and upgrade aged care homes in rural and remote areas where it is difficult to attract sufficient residents who can pay accommodation payments. Around 30 aged care homes benefit from capital assistance each year. In 2007-08, \$40 million in capital assistance was provided, largely to services in rural and remote areas. Funding of around \$43 million is projected for 2008-09.

The Australian Government is introducing a new initiative to attract more capital to regional and rural areas: zero real interest loans targeting building or expanding aged care beds in areas of high need. The initiative is expected to create 2,500 permanent residential aged care places in areas such as regional and undersupplied areas.

The initiative is being implemented in three stages. In the first stage, 1,250 residential aged care places, tied to \$150 million in zero real interest loans, are being released to get proven providers of residential aged care, through low cost finance, to establish residential aged care services in areas where they were previously less likely to invest. Only applicants who meet the zero real interest loan eligibility criteria will be considered for an allocation of places.

Arrangements for applications for these places are different to those for the usual annual Aged Care Allocations Round. There is a focus on getting proven providers to establish aged care services in areas where they were previously unlikely to invest, and the eligibility criteria specifically target willingness and capacity to develop places in areas of high need. In addition, State, Territory and local government entities can apply for loans for places in some small regional centres and rural and remote areas where they are the only operators.

Unlike the annual Aged Care Approvals Round which makes a defined number of places available in specified areas, providers will be encouraged to apply for as many places and services as they believe necessary to ensure sustainable, viable aged care in an identified area of high need.

A second set of 1,250 places together with \$150 million in zero real interest loans will be released once the first stage has been evaluated and appropriate implementation arrangements determined.

## Multi-purpose services

The Australian, State and Territory governments jointly fund 101 Multi-purpose Services to provide integrated and cost-effective health and aged care services for small rural communities which are unlikely to sustain separate services such as an acute hospital, residential care or community health and home care services. By bringing the services together, economies of scale are achieved to support the services. Each Multi-purpose Service is financed by a flexible funding pool to which the State and the Australian Government contribute.

A Multi-purpose Service can use the money to provide a mix of services, including aged care, best suited to its community's needs and some services provide care in more than one location. Older people, for example, may be offered the choice of home-based or residential care, and a greater focus on health education and illness prevention programs. Multipurpose Services that provide respite services for older Australians and their carers living in rural and remote areas receive an additional daily supplement.

At 30 June 2007, there was total of 2,492 operational flexible aged care places in Multi-purpose Services.

In addition to funding provided by the State and Territory Governments, the Australian Government will provide \$87.9 million in funding for these Multipurpose Services in 2008-09.

## ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE

Ageing and disability affect Aboriginal and Torres Strait Islander people earlier than they do non-Indigenous Australians. Consequently, planning for services is based on the number of people aged 50 years and over, instead of 70 years and over as used for the rest of the population.

Aboriginal and Torres Strait Islander people can access mainstream services under the Aged Care Act and also services funded outside the Aged Care Act under the National Aboriginal and Torres Strait Islander Flexible Aged Care Program.

Under the Aged Care Act, approximately 700 places are available through 30 Aboriginal and Torres Strait Islander aged care services. Some of these services are managed by Aboriginal and Torres Strait Islander organisations. In addition, in many areas services under the Aged Care Act that are managed by non-Indigenous approved providers have a significant number of Aboriginal and Torres Strait Islander clients.

The National Aboriginal and Torres Strait Islander Flexible Aged Care Program provides around 750 flexible places through 30 services, mainly in rural and remote areas. This helps ensure that Aboriginal and Torres Strait Islander people can access culturally appropriate care services as close as possible to their communities. The communities are encouraged to participate in every aspect of service provision, from the planning stages through to the operation of the services. A mix of residential and community aged care services can be provided, and the mix of services may change as community aged care needs vary. A flexible approach to funding allows these services to modify the type of aged care services they provide according to the ageing needs of their local communities.

In recognition of the difficulties faced by service providers in remote and very remote communities, additional practical assistance can be provided. This includes peer and professional support services. Emergency support services and capital funding can also be provided in unforeseen circumstances such as the failure of essential services or severe damage to buildings.

## CULTURALLY APPROPRIATE CARE

All aged care services are expected to provide culturally appropriate care for their care recipients. Two initiatives assist providers to deliver culturally appropriate care - Partners in Culturally Appropriate Care and the Community Partners Program.

Eight organisations, one in each state and territory, receive funding under the Partners in Culturally Appropriate Care Program to assist aged care providers to deliver culturally appropriate care. They provide cross cultural training for staff of aged care services and information sessions for various communities.

Under the Community Partners Program, grants are provided to organisations representing culturally and linguistically diverse communities for the development of information and education approaches such as using the ethnic media to provide information on aged care, developing peer support networks and helping aged care providers to offer culturally appropriate care.

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## APPENDIX 1: GOVERNMENT IN AUSTRALIA

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Australia is a constitutional democracy based on a federal division of powers between Commonwealth, State, Territory and local levels of government. The Commonwealth and each of the six States and two Territories has its own constitution found in legislation.

As Australia has a federal system of government, the formal powers of the Commonwealth are constitutionally limited to areas of national importance, such as (*inter alia*) trade and commerce, taxation, foreign relations, defence, immigration and associated matters.

Under the constitutional arrangements that came into existence in 1901, significant powers were retained by the six colonies that became states within the Australian nation created through federation. State administrative responsibilities include (*inter alia*) education, public health (including hospitals), education, and community services, and the oversight of local government.

However, through High Court decisions, Commonwealth-state agreements and the use by the Commonwealth of the constitutional power to make grants to the States and Territories, the Commonwealth has gained influence in regard to other matters such as health and welfare.

Local government has limited powers. Each state and the Northern Territory has a number of local government areas. While services vary across local government areas, common services include management of welfare, sanitary services, and town planning.

*Source:* Australian Bureau of Statistics, *2008 Year Book Australia*, Commonwealth of Australia, 2008.

This Year Book may be accessed online at <http://www.abs.gov.au/ausstats/abs@.nsf/mf/1301.0>. However, note that Section 4, Government, on which this information is based, is included only in the hardcopy publication.

