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IN A HOME OR AT HOME: ACCOMMODATION AND HOME CARE FOR THE AGED — A FOLLOW-UP REPORT

House of Representatives
Standing Committee on
Expenditure

Report

October 1984

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CHAPTER 1

RESPONSES TO THE McLEAY REPORT

1.1 The Report of the House of Representatives Standing Committee on Expenditure Inquiry into Home Care and Accommodation for the Aged, 'In A Home Or At Home', known as the McLeay Report, was tabled on 28 October 1982.

1.2 The procedure for responding to Parliamentary reports traditionally involved comments by Ministers concerned and decisions on recommendations within six months of the tabling of a report.(1) Due to the calling of an election in early February 1983 this did not eventuate in this case. Nevertheless, preparation of a response had been initiated by tne formation of an Inter-Departmental Committee (IDC).

1.3 The IDC was later reconstituted by the new Government as a working party on Aged Care Policies, chaired by the Social Welfare Policy Secretariat with representation from the Departments of Health, Social Security, Veterans' Affairs, Finance and Prime Minister and Cabinet.(2) In establishing the working party, the Prime Minister stated in his letter of 25 May 1983:

> 'It is important not to inhibit longer term rationalisation by continuing the piecemeal approach that has long been a characteristic of Commonwealth policy on aged care.'(3)

1.4 This statement was taken to be part of the terms of reference of the working party. The terms of reference also provided for maintenance of the status quo for the coming 1983-84 Budget on the assumption that the aged care programs currently administered by the Departments of Social Security and Health should, in due course, be brought together. Reference was made to the fact that the working party could assist in developing the Government's reponse to the McLeay Report.(4)

1.5 In addition to the traditional Government response, the McLeay Report had also recommended (Recommendation 5.7) that the Government should present a review of the effectiveness of aged care programs to the Parliament five years after tabling the Report. This paper should detail the Government's achievements to that time and its further plans.

1.6 As the latter date is still some years hence and as no formal action has as yet been taken on the Report, the Expenditure Committee decided to initiate a Follow-up Report. The aims of the Follow-up are to report on:

(i) developments in areas on which the Inquiry made recommendations;

(ii) reasons for lack of progress in areas where there has been no significant development; and

(iii) the current status of the recommendations in the light of present policies, progress in implementation and likely trends in future policy and program formulation.

1.7 The Committee was also aware of several other developments in the field of aged care that warranted a Follow-up Report. These developments are:

(i) responses to the Report itself;

(ii) policy statements by Ministers concerned;

(iii) initiatives in several program areas which have been taken over the last two years; and

(iv) changes in emphasis in the general context of policy development in the health and welfare field.

1.8 Copies of the Report were sent to all organisations and individuals who made submissions or appeared as witnesses to the Inquiry and these generated several replies. A list of individuals and organisations who responded appears at Appendix 1.

1.9 Responses to the Report itself can be categorised into those coming from groups directly interested in aged care and those from more general discussions in the community.

1.10 Responses were generally in favour of the thrust of the Report to extend community care services and contain development and expenditure on institutional care, although reservations were expressed in regard to some areas. The issues on which concern was most commonly expressed were:

(i) the transfer of responsibility to the States;
(ii) the nature and authority of assessment teams;
(iii) insufficient attention to care standards; and
(iv) lack of specificity as to levels of future expenditure on community care.

1.11 A strong endorsement was given to other aspects, notably the establishment of an Office of Care for the Aged, an Aged Care Tribunal for receipt of complaints against nursing homes and other services, the introduction of an Attendant Care Allowance and recognition of the needs of the low income elderly accommodated in boarding houses.

1.12 Also supported were an increased role of local government in general and better use of Senior Citizens' Centres in particular; a respite care program; recognition of the value of community care in its own right (rather than purely as an alternative to nursing home care); and the consolidation of community care programs. Several responses also pointed to the need for further discussion and consultation in the process of implementation of recommendations of the Report.

1.13 Other discussions have occurred in several seminars held around the country and in published papers, which include reports of the Social Welfare Research Centre, University of New South Wales,(5) the Ageing and the Family Project, Australian National University(6) and the Australian Association of Gerontology.(7)

1.14 As noted, another development has been in the policy area. A major policy statement on care for the frail aged was delivered by the then Shadow Spokesman for Health, Dr Neal Blewett, in February 1983. This statement followed the line of the recommendations of the Report in most major regards, placing priority on the development of a community care program.(8)

1.15 Concern has been indicated by the States on the need to know the Commonwealth's position so as to enable their own planning to proceed in an orderly manner.(9)

1.16 The broader context in which aged care policy is now developing can be seen in a statement issued following the Summit held shortly after the March 1983 election. The approach to welfare set out in the Accord emphasizes a needs-based approach to welfare and social services and the development of greater negotiation and consultation with consumers, service agencies and other tiers of Government.(10)

1.17 These themes of needs-based services and negotiation and consultation herald the emergence of a new phase in the development of Commonwealth involvement in welfare programs. The McLeay Report had previously outlined earlier phases, from the voluntary principle applying in 1954 - 1962 to the new Federalism of 1976- 81.(11)

1.18 Over the last eighteen months a number of specific initiatives in aged care have been taken, including the introduction of new arrangements for payment of subsidies for

hostel residents and the introduction of a 100% Commonwealth funded component of $10m in a new Home and Community Care (HACC) Program.

1.19 While there has been no parliamentary debate on the McLeay Report nor decisions on its recommendations, the Committee is aware that many of the Labor Government's actions have been based on recommendations of the Report. These actions can be taken as expressions of Government policy, albeit unstated.

1.20 Formal evidence was received by the Committee at a hearing in Canberra on 7 September 1983. Appendix 2 lists the names of witnesses appearing at the hearing. Following a request by the Committee, additional information was also received from Commonwealth departments in September 1984 (see Appendices 3 and 4).

1.21 The Follow-up Report examines developments in the five areas referred to in Recommendation 1.1 of the McLeay Report, where the Committee recommended a change to present arrangements to achieve:

(i) a reduction in the number of programs;

(ii) responsibility to be brought under one Minister;

(iii) modifications to financial arrangements so as to remove disincentives for the expansion of home care services;

(iv) similar forms of control over all categories of program expenditure; and

(v) a reallocation of resources between institutional and community care.(12)

Each of these points provides a chapter heading for this Report.

CHAPTER 2

RESTRUCTURING OF PROGRAMS

2.1 The Inquiry found that fragmentation and lack of coordination of aged care programs caused many problems in administration of programs and delivery of services at all levels of government.

2.2 Perceiving a need for the establishment of an integrated framework for future development, within which recommendations for action in specific areas could be pursued, a reduction in the number of programs was recommended.

Recommendation 1.2: The number of programs should be reduced to an Extended Care Program and a Nursing Home Care Program, with subsidised housing provided under the Housing Assistance Act 1981.

This chapter examines developments in these recommended program areas.

Extended Care

2.3 Recommendation 3.1 provided that the following strategy be implemented:

- an Extended Care Program be introduced to replace the States Grants (Home Care) Act 1969, the States Grants (Paramedical Services) Act 1969, the Home Nursing Subsidy Scheme and the Delivered Meals Subsidy;
- the Extended Care Program include an Attendant Care Allowance to replace the Domiciliary Nursing Care Benefit and the Personal Care Subsidy;
- the range of services to be funded be decided in consultation with the States to encourage a diversity of services to meet local need;

- resources be distributed so as to achieve a basic provision in all areas rather than solely in response to submissions for funding; and,

- the Extended Care Program be funded through a grant without matching conditions.

(i) Programs to be absorbed

2.4 As announced in the 1984-85 Budget, the Government has decided to consolidate some existing community care programs into a single Home and Community Care (HACC) Program. The aim of the HACC Program is:

> 'To incorporate some existing programs and a number of wide-ranging initiatives in community care for aged and disabled people and families in need of home care services. This will result in a more comprehensive range of integrated community care services... This program represents a major contribution to the Government's promised new directions, in care for the aged and disabled people, of providing realistic alternatives to institutional care and expanded assessment services to help aged people and their relatives choose the most appropriate care for their needs.'(1)

2.5 Subject to satisfactory negotiations with the States and Territories, new Commonwealth legislation will replace existing legislation for a number of current community care programs. Programs to be absorbed in the new legislation include those currently provided for under the States Grants (Home Care) Act 1969, currently providing subsidies for welfare officers, home help and Senior Citizens' Centres, the States Grants (Paramedical Services) Act 1969, the Delivered Meals Subsidy Act 1970 and the Home Nursing Subsidy Act 1957. This development is consistent with Recommendation 3.1.

(ii) Attendant care allowance

2.6 While the February 1983 ALP policy statement on Care of the Aged did not provide for the replacement of either the Domiciliary Nursing Care Benefit or the Personal Care Subsidy, it was noted that consideration would be given to restructuring the Domiciliary Nursing Care Benefit in terms of an attendant care allowance as proposed in Recommendation 3.1.(2) To date this has not occurred although a small scale pilot study of attendant care is being carried out at the Westmead Centre, Sydney.

2.7 The Personal Care Subsidy has been restructured into a Hostel Care Subsidy and an additional Personal Care Subsidy, to be paid only to assessed patients.

2.8 A new benefit, the Spouse Carer's Pension, was introduced from 1 December 1983 and is payable to a man who does not receive another pension in his own right and who is providing constant care and attention at home for his aged, service or invalid pensioner wife for an extended or indefinite period.(3)

(iii) Diversifying services to meet local needs

Recommendation 3.1 (in part): The range of services to be funded to be decided in consultation with the States to encourage a diversity of services to meet local need.

2.9 This recommendation should also be met in the operation of the HACC Program as it has been specifically designed to accommodate regional needs through negotiation of agreements with the States and Territories to achieve outcomes that are best suited to their requirements for care of the aged. Service-providing organisations are also to be involved in these negotiations.(4)

Recommendation 3.2: The restriction applying to services 'in the home' be removed to facilitate the provision of a wider range of services under a new Extended Care Program, which will otherwise incorporate the provisions of the States Grants (Home Care) Act 1969.

2.10 The Government has announced that consideration will be given to the funding of additional services such as personal care, transport services, linen and laundry, and community based respite care under the HACC Program.(5) This should enable formal recognition to be given to a variety of home care services that have already developed in some States largely through State geriatric services.

Recommendation 3.3: Senior Citizens' Centres, or other community based centres, be a base for the development of community care services wherever possible, and that the proposed Extended Care Program include provision for staffing and services associated with Senior Citizens' Centres.

2.11 The development of Senior Citizens' Centres in accord with locally identified services will be facilitated under the HACC Program.

Recommendation 3.4: The Delivered Meals Subsidy be subsumed within the proposed Extended Care Program.

2.12 The Delivered Meals Subsidy is to be subsumed in the HACC Program. Under this Program, there will be scope to support ancillary services associated with delivered meals, such as expansion of meals centres, and employment of nutrition advisors both to meals on wheels services and to the elderly in community centres. In the interim, funding under the existing program has been increased by 22% in 1984-85 in recognition of the increased costs of production and delivery of meals.

Recommendation 3.5: Categories of staff for whom salary subsidies are paid should be widened to allow for the employment of Home Health Aides.

Recommendation 3.6: The replacement of the Domiciliary Nursing Care Benefit and Personal Care Subsidy by an Attendant Care Allowance which would pay for unskilled assistance without which the assessment team considers an elderly person would require institutional care.

2.13 The HACC Program will enable employment of home health aides or similar categories of staff to render personal care intermediate between home help and domiciliary nursing. Some schemes of this kind were commenced under the Community Employment Program and so have served as pilot projects for this component of the HACC Program. Relationships between home health aides and home help services on one hand, and domiciliary nursing services on the other, will be a matter for negotiation with each State and Territory that wishes to develop this new service.

2.14 While this development will give added assistance to the aged at home and could in effect serve as a substitute for informal care for those without such support, there is still inadequate recognition given to the contribution of family and informal care givers.

Recommendation 3.7: Alarm systems be seen as one of the elements of community care that be provided under the proposed Extended Care Program, on the advice of the assessment team.

2.15 Alarm systems are another service that could be made available under the HACC Program. It is envisaged that this service would be supported only on the recommendation of an assessment team.

Recommendation 3.8: State Governments should actively assist and support local government in organising the delivery and planning of health and welfare services for the aged.

2.16 The increased allocations to several services which are currently delivered through local government in some States will give local government a greater role in community care. It is anticipated that local government will also be involved in planning for additional services under the HACC Program.

Recommendation 3.9: Special attention be given to the training of staff for all levels of care of the aged as a basic input in the development of services and that appropriate training programs be part of the Extended Care Program.

2.17 It is readily apparent that the range of services to be developed under the HACC Program will require staff with a wider variety of skills than have been found in community services to date. Shortages of suitably qualified staff at all levels have been identified as a possible obstacle in program implementation,(6) and short introductory courses and in-service training could be a feature of the initial stages of the HACC Program.

Recommendation 2.6: Provision for home maintenance and repair services be made in the proposed Extended Care Program.

2.18 The Inquiry found that home maintenance services which had been sponsored by voluntary groups or local government played a very important part in enabling elderly people to stay at home. Home modification and maintenance will be covered in the HACC Program.

Recommendation 4.15: Provisions for the development of respite care be included in the Extended Care Program.

2.19 The Committee recommended that respite care be part of the Extended Care Program on the grounds that those who would use the service were normally living in the community.

2.20 As outlined at paragraph 2.10, consideration will be given to the funding of community based respite care under the HACC Program.

2.21 In the meantime, the Government has announced that subsidised hostels will be required to provide respite care for the aged. A respite subsidy will be introduced from 17 January 1985 to encourage maximum uptake.

2.22 The operation of respite care in hostels is one area to be considered in the Review of Hostel Services,(7) and a research project on respite care funded by the Commonwealth Department of Health, Health Services Research and Development Grant Scheme should also provide information for further development of policy on respite care.

(iv) Needs-based planning

Recommendation 3.1 (in part): **Resources be distributed so as to achieve a basic provision in all areas rather than solely in response to submissions for funding.**

2.23 The process of negotiation by which the HACC Program is implemented should achieve a significant move towards needs-based resource allocation. In commenting on the development of a needs-based approach, it has been noted that:

> 'The concepts of needs-based planning and client assessment have been underlined in recent government approaches to administration of programs for aged and disabled persons. An amount of $175,000 was appropriated in the 1983-84 Commonwealth Budget for a detailed study, which is

> still underway, of data relevant to the provision of and need for services to aged persons. Needs-based planning, needs-based funding and needs-based decision-making are concepts that are having an increasing influence on aged care policy and other areas of community welfare services. There has been a commendable move in recent years away from reactive funding and planning decisions by Government based simply on consideration of submissions proposed by the more organised and articulate interest groups. Reliable systems of so called needs-based planning require a difficult process of definition, collection of data, consultation with interest groups and potential recipients of services and assessment of strategic priorities.(8)

2.24 The Committee saw needs-based planning as taking place in the regional frameworks adopted by State health and welfare authorities for the administration and delivery of services. It recommended that:

Recommendation 5.3: The planning and delivery of programs should be conducted at the regional level.

2.25 An agreed framework in which priorities can be identified is essential for coordinated development. The grounds on which decisions are made can then be made explicit, and any differences in priorities can be reconciled with reference to these criteria.

(v) Special needs of veterans

2.26 Although special programs for aged veterans were excluded from the general consideration of programs in relation to accommodation and home care services for the aged in the 1982 Report, concern was expressed by the Committee that the development of a separate stream of community care services for veterans would compound problems of coordination.(9)

2.27 It has been indicated that arrangements may be made with the States to coordinate veterans' services as closely as possible with those of the general community under some arrangement with the HACC Program.(10)

(vi) Special needs of migrant groups

2.28 The Committee's attention was drawn to the special needs of migrant groups in caring for their aged. The policy of 'mainstreaming' services, wherever possible, as set out in the Review of Post Arrival Programs and Services to Migrants (the 'Galbally Report')(11) was endorsed by the Committee as the most appropriate strategy for meeting the needs of aged migrants and ensuring that mainstream providers catered for migrants as well as other members of the community. The HACC Program presents such an opportunity.

2.29 In its Report, the Committee expressed concern about the imbalance between the provision of institutional and home care services for the aged. It also noted that there was a lack of coordination in the provision of community based care.

2.30 The new HACC Program, which will incorporate some existing programs and a number of new community based initiatives, should go some way towards improving coordination and correcting this imbalance. It is therefore welcomed by the Committee. The Committee is concerned, however, that the requirements of cost-sharing arrangements could inhibit further expansion of domiciliary care services. This would be unfortunate, given the expressed desire of most elderly people to remain in their own homes.

Nursing Homes

Recommendation 4.1: The Commonwealth establish a 'Nursing Home Care Program' to replace the current Nursing Homes Benefits paid under the National Health Act 1953 and the Nursing Home Assistance Act 1974.

2.31 Action on this recommendation is indicated by the commissioning of two consultancies by the Commonwealth Departments of Health and Social Security to examine the cost of nursing home care and aspects of care in nursing homes.(12) These consultancies are to provide the basis for developing a system of program grants to nursing homes to replace the current arrangements for nursing home benefits and deficit financing. It is intended that program grants should come into operation in mid to late 1985.

Recommendation 4.9: Further control of nursing home growth be applied so as to limit the number of occupied beds and contain expenditure on institutional care.

Recommendation 4.10: Until the administration and control of programs are transferred to the States, growth of nursing homes should be limited to areas of demonstrated scarcity.

Recommendation 4.11: In the identification of areas of demonstrated scarcity, bed to population ratios should not be used as an indication of need.

2.32 These recommendations have been addressed in the issuing of new guidelines for the approval of nursing home beds in May 1984.(13) Until the introduction of these guidelines, the Government had limited approvals so that applications could be considered with reference to the revised guidelines. Program grants are also seen to be a means of controlling expenditure.

2.33 While the guidelines are designed to limit growth, the Committee remains unconvinced that bed to population ratios should be used as a control measure. The Committee is also concerned about the way in which other services are to be taken into account; the continued reliance on reactions to applications rather than the development of a planning model; the definition of special purpose beds; and the publication of need.

2.34 The guidelines indicate that the availability of other accommodation and services in any area is to be taken into account in approving beds, but the likely outcome of such considerations is quite ambiguous and needs clarification.

2.35 At no point in the references to other forms of care in the guidelines is there any indication as to whether, on forfeiture of a number of beds that have been approved, all or part of the funding that would have been committed to those beds is to be made available for other forms of care. The Committee recommended that this should be the case.

2.36 The Committee also notes that the guidelines make no reference to achieving a reduction in the admission rates through the impact of assessment measures which have been initiated by the Commonwealth, nor to the anticipated effect of the expansion of community care services.

Recommendation 4.7: In any case where additional nursing home beds are sought there should be an evaluation as to whether the funds that would be allocated in recurrent subsidies would be better applied to community services.

2.37 Clarification of this issue is essential as otherwise a State may be left with a substantial cost to develop the preferred, but unfunded, alternative. It should also be noted that the scope for nursing home growth under the guidelines varies considerably from State to State.

2.38 The need for special purpose beds is recognised in the guidelines which have been formulated in an attempt to ensure that beds approved on these grounds do actually meet a special need. Past experience suggests that 'special purpose' conditions have been argued to achieve approval of additional beds in areas already above the specified ratio.

2.39 The question as to whether special needs are best met by the development of separate nursing home beds has yet to be resolved.

2.40 The nursing home approval procedures set out in the guidelines remain essentially reactive, in that the initiative still lies with the proposers of nursing home developments rather than coming from a planning process. A major limitation of a reactive approach is that areas for which no applications are forthcoming are likely to remain without provision, hence redistribution occurs only at the margin.

2.41 As noted at paragraph 2.24, the Committee recommended that the planning and delivery of programs should be conducted at the regional level (Recommendation 5.3). When applications are considered only on a region by region basis, there is no requirement to compare needs between regions. Negotiations on an overall plan for nursing home approvals could be carried out in a manner similar to, and in conjunction with, the negotiations for the HACC Program.

2.42 The proposals for advertising for submissions once a need for nursing home beds has been identified, is intended to promote the consideration of alternatives, but poses some difficulties in practice. Apart from the fact that development of an application to the point of approval often means that some investment has been made, any procedure calling for expressions of interest in the establishment of nursing homes seems likely to encourage a flow of applications and create pressures for even more expansion.

2.43 The issue of affordability to the patient has not been adequately addressed in the guidelines. As patients in State and deficit financed homes do not have to meet costs above the

standard fee, attention needs to be given to the distribution of homes of different types. The consideration of patient charges to be applied under the program grants will presumably deal with this matter.

2.44 The proposition that a home would be able to apply its own admission criteria as suggested in the guidelines and have discretion as to willingness to accept patients assessed by regional geriatric teams runs counter to proposals for assessment. Any particular conditions for admission to a specific home should be a matter for determination by the State and Commonwealth and reflected in funding arrangements for the homes concerned, as conditions of the program grants.

2.45 While the guidelines call for the development of community care services to be taken into account in the consideration of applications for nursing home provision, the Committee is concerned that there is an absence of an appropriate planning mechanism. It appears that the Commonwealth-State Coordinating Committees will continue to run parallel to, but separate from, the negotiating teams established for the HACC Program. The Committee considers that this will not promote greater coordination and integration of overall service provision.

Assessment

Recommendation 3.10: Additional finance for assessment teams be made available in the proposed Extended Care Program, with the introduction of additional teams planned in consultation with the States.

2.46 The Committee saw assessment as a central element in matching services to the needs of the aged, not merely as a mechanism to control admissions to nursing homes. The Committee recognised that admission to a nursing home was not always the

most appropriate response to an individual's care needs, and that misallocation of resources resulted where people were admitted to a level of care that did not match their needs. Given that assessment teams have to be able to call on the full range of care services if they are to operate effectively, the Committee considered that funding for assessment should be directed through the Extended Care Program. The Committee also recommended:

Recommendation 4.13: The Commonwealth should negotiate an arrangement with the States whereby the State Health Authorities approve admissions to participating private and deficit funded nursing homes as they currently approve admissions to their State Nursing homes.

Recommendation 4.14: Assessment for admission to nursing home care be introduced as speedily as possible and that it be in place at the time when administration of Aged Care Programs are handed over to the States.

2.47 Funding for assessment teams was first provided in 1983-84 and will be increased from $2m to $4m in 1984-85. Although it has been stated that development of assessment systems will complement both the HACC and the Residential Care Programs, it appears that assessment services are to remain separate from the HACC Program itself.

2.48 Following negotiations with the States, a range of assessment services have been funded, in some cases supplementing activities already commenced by State Governments but constrained by resource limitations, and in other cases supporting innovative projects. These assessment initiatives also carry an evaluation component.

Accommodation and Housing

Recommendation 2.1: Housing assistance be provided to those most in need and that all assistance for construction of aged persons' accommodation be directed through the Housing Agreements.

Recommendation 2.2: No more approvals be granted under the Aged or Disabled Persons Homes Act 1954. Assistance in respect of disabled persons might be provided under a separate program.

Recommendation 2.3: Existing commitments under the Aged or Disabled Persons Homes Act 1954 be honoured but that future assistance be provided under the Housing Assistance Act 1981.

2.49 These three recommendations were designed to overcome the fact that existing arrangements for administration of the program provided for under the Aged or Disabled Persons Homes Act were deficient.(14)

2.50 Rather than winding up new approvals under the program as recommended, a new $31.5m three year phase was announced by the Minister for Social Security early in 1984. In announcing projects approved in August 1984, the Minister indicated that funds were being carefully targetted to improve the range of accommodation available to aged and disabled people in the greatest social and financial needs. In particular, a special allocation of $3m was made for facilities for migrants.(15)

2.51 The projects emphasised hostel accommodation rather than nursing homes or independent living units; there were 18 independent living unit projects providing 162 places, six nursing home projects providing 254 beds and 24 hostel projects providing 738 places. Many of the projects are in rural areas and are sponsored by local government and local community groups rather than large voluntary organisations.

2.52 The Aged or Disabled Persons Homes Act is also now to provide for the replacement cost of renovating accommodation in need of upgrading.

2.53 No action has been taken so far to transfer the existing commitments under the Aged or Disabled Persons Homes Act to the Housing Assistance Act, nor have any changes been made to ensure that accommodation provided under the program is allocated to those in need, particularly where the accommodation is filled for the second or third time.

2.54 Recent initiatives, however, under the Housing Assistance Act may pave the way for subsequent transfer particularly through the introduction of the Local Community Housing Program.(16) This program aims to diversify the range of low cost housing and to give local groups a greater involvement in the planning and management of accommodation projects.

2.55 The main advantage of this program over funding conditions under the Aged or Disabled Persons Homes Act is that it does not require a matching contribution from the sponsoring group and hence access to funds would be available to groups which have not been able to raise the necessary contribution under the Act. The absence of matching requirements also eliminates the type of problems that developed in the founder/donor schemes that came to be associated with the Aged or Disabled Persons Homes Act.

2.56 The Committee commented on housing adjustment through the market. The provision of unsubsidised retirement housing under resident-funded schemes has expanded over the last two years. These developments have been considered by the Victorian Parliament in its Inquiry into Resident Funded Retirement Villages (17). Few difficulties were found with this type of accommodation but the need for closer control of the financial and consumer affairs aspects was indicated.

2.57 The Inquiry did not recommend that on-going care be required and the majority of villages in New South Wales and Victoria do not in fact make such a provision.(17) Increased availability of unsubsidised retirement housing may relieve the pressure on publicly subsidised housing, as those who have some housing assets should be able to realise their assets and adjust their housing to better suit their needs.

Recommendation 2.4: Action is needed to ensure:

- the retention of an adequate supply of boarding-house accommodation at low cost, through spot-purchasing under the Housing Agreement;
- the construction or purchase of new and replacement boarding house accommodation to be run by religious and charitable organisations under the Housing Assistance Act 1981; and,
- the maintenance of adequate standards in regard to number of occupants per room, meals, bathroom facilities, safety and protection of residents' civil liberties.

Recommendation 2.5: In order to improve the housing situation of low income aged people:

- that a diversity of accommodation types continue to be fostered through innovative projects involving local government, voluntary organisations and self-help groups;
- that consideration be given to varying Supplementary Assistance in line with housing costs in different areas; and,
- provision for nursing home care and home care services be applied equally to aged people in all types of accommodation.

2.58 Most of these recommendations are directed towards activities under the Housing Assistance Act and will be furthered through increased allocations in the 1984-85 Budget. Assistance for housing to the States and the Northern Territory increased overall by 66% to $589m and within this the earmarked allocation for pensioner housing increased by 9.4% to $35m; housing for the aged is not however restricted to the latter allocation. State Governments have generally commenced a variety of housing programs for the aged including boarding house purchases and home maintenance services and these activities will be expanded with additional funding.

2.59 Supplementary Assistance was increased in the 1984-85 Budget from $10 a week to $15 a week. The subsidy rate is 50 cents for each dollar by which rent paid exceeds $10 a week, subject to a maximum level of assistance, with the amount determined reduced by $1 for each $2 of non-pension income. Supplementary Assistance is paid to pensioners who pay rent, lodging or board to private landlords.

Hostels

2.60 The Committee considered that hostels could provide more options for low income aged people than currently is the case. It saw the primary function of hostels as the provision of accommodation, with varying levels of care to be provided to residents by the introduction of community care services as well as by having staff attached to the hostel. ALP policy for Care of the Aged specifically emphasised the provision of hostel type accommodation as a matter of priority.

2.61 A number of measures have been taken to increase the level of care that can be given in hostels. These have tended to emphasise the supportive nature of hostels, but the determination of the functions of hostels in the overall care system remains a matter of some uncertainty.

2.62 The first change has been in funding arrangements, with the introduction on 1 January 1983, of an increased Personal Care Subsidy of $40 a week for those needing assistance in personal care and the introduction of a new $10 a week Hostel Subsidy paid to all hostel residents assessed as requiring hostel care. These amounts were increased in the 1984-85 Budget.

2.63 Secondly, a system of assessment for the higher Personal Care Subsidy was introduced in conjunction with the funding arrangements. This assessment remains essentially assessment for benefit eligibility, post-admission. The instructions for recording patient status are likely to pre-empt assessment decisions by indicating the basis on which the Personal Care Subsidy will be paid,(18) and it is likely that the forms will be filled in accordingly.

2.64 The assessment procedure also remains separate from other initiatives for assessment of needs for care prior to arranging services or accommodation. In particular, the latter services are to be provided by staff at State Geriatric Services while hostel procedures are carried out by hostel staff and reviewed by Department of Social Security supervisors. Accordingly, there is no fully independent assessment. This system shows some parallels to the introduction of other forms (NH5's) to control admission to nursing homes, and is more of an administrative measure than proper assessment of need. The Committee notes that the Department is moving towards an independent assessment.

2.65 The third change is the introduction of respite care beds in hostels, on the basis of one respite bed for every 50 places. The allocation of beds alone does not however amount to a respite care program. Many waivers have been granted and hostel managements are experiencing a variety of problems in operating respite care where a bed has been set aside. The introduction of the respite care subsidy should off-set some of these problems.

2.66 The fourth development is the funding of projects for hostels for patients suffering chronic brain syndromes. The Committee was made aware of the urgent need for attention to care of the confused elderly. The Committee is concerned, however, that isolated initiatives are unlikely to provide the basis for improvements throughout the system of aged care services and that separate units may result in segregation without necessarily introducing other changes needed to provide special care programs.

2.67 Reactions to the above changes on the part of some organisations conducting hostels together with the findings of a survey of hostels conducted by the Department of Social Security in 1983 have led to the calling of a Review of Care Services provided in hostels.(19) As well as calling for submissions and holding a series of consultation meetings with hostel organisations, a large consultancy is to be undertaken into the nature of care provided in hostels, the types of residents cared for and costing.

2.68 While this consultancy runs parallel to those to be carried out for the Department of Health into nursing homes (there have been discussions between the Departments), neither of the consultancies refers to the relationship between the two types of accommodation and care provided in them, nor to the place of hostel or nursing homes vis-a-vis community care services. The inclusion of hostels in the Residential Care Program suggests that they are likely to develop more supportive care functions, and hence their role in accommodation per se may diminish, closing out options that otherwise might have been available. Attention to this question of functions will be central to the Review, particularly in States that already have a high level of provision of residential care.

Protection of Clients' Interests

2.69 An area of major concern to the Committee was that programs for aged care services in general, and nursing homes in particular, gave little attention to the protection of clients' interests. The Committee recommended:

Recommendation 4.16: Each non-government nursing home be required to make publicly available and provide to potential patients the names, addresses and occupations of all substantial beneficial owners of the home and the proportion owned.

Recommendation 4.17: To overcome the lack of channels of complaint against low standard nursing homes, hostels and domiciliary services, an Aged Care Tribunal should be established in each State, to which aged people receiving care or their relatives can take complaints about services.

2.70 To date, no action has been taken on either recommendation. The Committee notes, however, that the New South Wales Government has established a Complaints Unit within its Health Department and that the Social Development Committee of the Victorian Parliament has presented its Final Report on Complaints Procedures against Health Services.(20)

2.71 There have been numerous developments in community care services and residential care in the two years since the McLeay Report was presented to Parliament. These developments are generally in line with specific recommendations of that Report.

2.72 The HACC Program brings a number of separate programs together and also provides for new services. Unfortunately, no attempt appears to have been made to consolidate hostels and nursing homes into a single residential care program. The assessment initiatives remain peripheral to the main program areas.

2.73 At this stage the Committee considers that the impact of these developments would be better felt if greater emphasis was placed on consolidating programs and formulating a coordinated policy.

CHAPTER 3

RESPONSIBILITY FOR PROGRAMS

3.1 The division of responsibility for programs in care for the aged between different Commonwealth departments was seen by the Committee as a major barrier to the coordination of policy development and planning and delivery of services. This division also posed problems in intergovernmental relations.

Recommendation 1.3: All programs providing home care and accommodation for the aged be brought under the control of one Minister. On balance the Committee considers the appropriate Minister is Health. Housing assistance to remain with the Minister responsible for the Housing Assistance Act 1981.

3.2 The rationale for responsibility being brought under the control of the Minister for Health was not only that the major part of expenditure on aged care and nursing home programs is located in Health, but also because of the close links with other community care programs in Health. The most notable of these is the Community Health Program. This rationale also recognised the associations between aged care services and State hospital systems.

3.3 At the State level, most health authorities have carriage of Commonwealth aged care programs, including those administered by the Department of Social Security. The notable exception is the New South Wales Department of Youth and Community Services which administers various community care programs.

3.4 To date, program responsibility has not been brought under the control of one Minister. Some of the reasons for this lack of progress are considered later in this chapter.

Office of Care for the Aged

Recommendation 5.5: A special unit be established to provide the Government with policy advice on all initiatives and programs which provide facilities and services for the aged, and that this unit be given the title Office of Care for the Aged. The unit would advise on policy in respect of the aged among all Commonwealth agencies involved in providing assistance to the aged, namely the Departments of Health, Social Security, Veterans' Affairs, Aboriginal Affairs, and Immigration and Ethnic Affairs.

3.5 In recognition of the administrative changes that would be required to bring about the consolidation of programs in one Ministry, the Committee considered that it would be necessary to establish a special unit charged with this task.

3.6 The proposed Office of Care for the Aged was to oversee the implementation of those recommendations of the Report which were accepted by the Government. The major purpose of the Office of Care for the Aged would be to develop a national policy on how best to provide assistance to meet the accommodation and home care needs of the aged. The functions charged to it were

threefold: the development of legislation for the restructured programs, the determination of funding arrangements and negotiation with the States.

Recommendation 5.6: The Office of Care for the Aged should be located within the Prime Minister's Portfolio.

3.7 The Committee was of the view that the Office of Care for the Aged could best carry out these functions based in a coordinating department rather than a functional department.

3.8 In the absence of any moves to date to bring responsibility for the various programs under one Minister, the new HACC Program has been mounted jointly by the Departments of Health and Social Security. Other initiatives of the Department of Veterans' Affairs are being taken in conjunction with this development.

3.9 The Commonwealth is to establish a high level negotiating team to implement the new program. The team is to have representatives from the Department of Prime Minister and Cabinet and the Departments of Health, Social Security, Finance and Veterans' Affairs.(1)

3.10 The tasks of the team have been outlined as including consultation about the range of services to be developed under the new program and negotiation with the States on financial arrangements. It is envisaged that new legislation will be developed on the basis of these consultations and negotiations to give effect to the new program. The suggested timetable is that legislation will be prepared by June 1985.(2)

3.11 The functions of the negotiating team are essentially similar to those that the Committee assigned to the Office of Care for the Aged, but are more limited in scope. The instigation of the HACC Program has acted as a catalyst to the formation

of the negotiating team, in effect reordering the process of establishing an Office of Care for the Aged which would then work towards a restructuring of programs.

3.12 The negotiating team might be regarded by some as an incipient Office of Care for the Aged, but whether it continues beyond its immediate task or gives rise to another body will depend on its achievements and government decisions on the need for such a unit and possible changes in the machinery of government.

3.13 The establishment of such a unit was supported in the pre-election policy statement delivered by Dr. Blewett.(3) An Office of Aged Care Services was proposed as the key feature of the administrative structure through which the programs for the frail aged would be carried. The Office was to be located in the Department of Health and would be responsible for all services to the elderly with a distinct health care element that are at present within the Departments of Health and Social Security. It would determine the major objectives of programs on a national basis and the levels of functions to be funded. In this context, the role of the Commonwealth-State Coordinating Committees would be expanded to oversee all domiciliary and residential projects.(4)

3.14 The arguments for locating the Office of Aged Care Services in the Department of Health were outlined by Dr. Blewett.(5) The issue was resolved on essentially pragmatic grounds relating to the existing responsibilites of the Department of Health and to avoid the separation of policy formulation from the functional department.

3.15 A number of problems that could limit the effectiveness of an isolated coordinating unit were noted. Among these was the likelihood of any coordinating committee becoming an arena for departmental power plays which could frustrate and delay policy development.(6) The validity of this concern is evidenced in

the proposed Office of Care for the Aged having become the subject of bureaucratic wrangling even before being established.

Machinery of Government

3.16 The proposed Office of Care for the Aged has spearheaded a wider debate about possible restructuring of the Departments of Health and Social Security. Some of the issues in this debate were canvassed at the hearing of the Sub-Committee following up the 1982 Report.

3.17 Mr A. Morris, M.P., commented to Social Security officers:

> 'that neither yourself nor the Health Department have actually come to terms with the real thrust of the report'.(7)

3.18 On one hand, an Office of Care for the Aged located in the Department of Health could have a too narrow health emphasis, at the expense of a more general welfare range of responsibilities appropriate to aged care. On the other hand, an Office of Care for the Aged could be attached to the welfare services area of the Department of Social Security, but those welfare service functions could be overshadowed by the income maintenance functions of that Department.

3.19 It was proposed that the problems of the relationship between the core functions of either Department and an Office of Care for the Aged and other welfare service and community care programs could be overcome by the establishment of a broadly based welfare department, freed of both the core responsibilities of health and income maintenance. Such a department might encompass programs for the handicapped, the homeless, crisis accommodation, women's refuges and children's services.(8)

3.20 The various proposals for the machinery of government were reviewed by the Minister of Health at the Australian Health Ministers' Conference in response to State Ministers' expressions of concern about uncertainty as to the Commonwealth's position in terms of administration. Two proposals being examined by the Government were outlined.(9)

3.21 One option was to create three departments: one of Income Support, which would be concerned with pensions; a second Department of Community Services which would take many of the welfare services from Social Security and some of the community health services and related services from Health; leaving the third Department (Health) truncated of those services which would go to the new Community Services Department.

3.22 The alternative proposal is to have a Department of Income Support for all income support activities and a Department of Community and Health Services, which would bring all the service programs together in a single department.

3.23 Whether there is to be a change to the administrative arrangements in the welfare services and health area, and the form that any new structures would take, are matters for policy decisions that will be taken in a wider context than simply aged care services. The outcome of negotiations on the HACC Program will however be influenced by the administrative framework in which the Program is to be operated.

3.24 Given the complexities of a full scale bureaucratic reorganisation, there appear to be some advantages in having the direction of development in aged care set beforehand rather than leaving it to emerge from whatever administrative structure eventuates. However, the success of the negotiating team will rest, in part, on knowing this framework at an early stage in its

activities so that the development of the new Program can be well advanced by the time that any new administrative arrangements might be introduced.

3.25 Despite this canvassing of options, the Committee must conclude that there has been no real progress towards the implementation of two key recommendations dealing with policy advice and program responsibility.

3.26 First, all programs providing home care and accommodation for the aged have not been placed under the control of one Minister. The Committee reluctantly reiterates its earlier conclusion that unless one Minister has prime responsibility it is very difficult to maintain accountability to the Parliament and public.(10)

3.27 Secondly, an Office of Care for the Aged, to provide policy advice to the Government, has yet to be established. The Labor Government's policy is to establish an Office of Aged Care Services within the Commonwealth Department of Health.(11) This has not eventuated.

CHAPTER 4

FINANCIAL ARRANGEMENTS

4.1 In the course of the Inquiry, the Committee formed the view that major problems in providing assistance and care for the aged stem from the procedures for planning and allocating public sector resources. The net results of these procedures have been that funds contributed by the Commonwealth vary from program to program and imbalances occur in the provision of facilities and services for the aged.

4.2 The principal recommendations in this area were for funding of aged care programs through grants without matching conditions. Chapter 4 examines each of these recommendations to assess the extent of changes or developments that have occurred regarding financial arrangements for the care of the aged.

Extended Care Program Recommendations

4.3 A particular problem relating to community (i.e. extended) care programs was that, generally, they are funded on a cost-shared basis. This arrangement tends to act as a disincentive to States and various organisations to extend community care services.

Recommendation 3.1 (in part): The Extended Care Program be funded through a grant without matching conditions.

4.4 Although the McLeay Report considered that cost-sharing arrangements are a major barrier to the expansion of community care, it is intended that the new HACC Program will be cost-shared with the States and Territories.

4.5 In addition to funds provided in 1984-85 for the HACC Program an additional $10m will be available in 1984-85 on an unmatched basis, to those States and Territories which have reached satisfactory agreements with the Commonwealth concerning the new Program.(1)

Recommendation 3.11: The Commonwealth should provide additional funds to the States for assessment teams under the proposed Extended Care Program.

4.6 Rather than setting up separate services, the Committee was of the view that assessment teams should be developed in conjunction with State services. The Commonwealth has made funding available for assessment teams through the Department of Health. The allocation of $2m in 1983-84 was increased to $4m in 1984-85 and is made available as a separate grant without matching conditions. The possibility of integrating the grant with the HACC Program could be examined.

Recommendation 3.12: A mechanism for planning the distribution of community care services be developed in consultation with the States, and that allocation of financial assistance be made on a consideration of need rather than relying on local initiatives and submissions for funding.

4.7 As noted above, funds will be distributed to the States and Territories for services and projects under the new HACC Program. No specific mechanism has yet been developed to determine the division of total resources.

Recommendation 3.13: The proposed Extended Care Program include specific provision for monitoring of expenditure distribution and service development.

4.8 The assessment team initiatives include a specific evaluation and monitoring component. Data bases are being developed, for example, for planning purposes.(2) No specific reference has yet been made to monitoring and evaluation of the HACC Program.

Nursing Home Care Recommendations

4.9 At present institutional care is totally funded by the Commonwealth under the provisions of three Acts. The Committee proposed several modifications:

Recommendation 4.1: The Commonwealth establish a Nursing Home Care Program to replace the current Nursing Home Benefits paid under the National Health Act 1953 and the Nursing Home Assistance Act 1974.

Recommendation 4.2: The Nursing Home Care Program involve the following elements:

- payments to be made through a grant to the States on a per-capita basis, with the base amount for each State in the first year to be determined in relation to the aged population currently resident in nursing homes;
- the Commonwealth work towards the provision of grants based on the number of aged persons in each State;
- a 'phasing-in' period be allowed to permit orderly re-adjustment in State hospital/nursing home systems;
- no payments be made in respect of nursing home beds not currently approved; and,
- relativities between the States be examined by the Grants Commission at the time of its next review of Tax Sharing Relativitie ; and,
- a minimum patient contribution be retained.

4.10 Apart from an increase in the level of benefit, no changes have yet been made to financial arrangements for nursing home care. A major reorganisation, however, is foreshadowed. A system of program grants is to be prepared on the basis of information gained in two consultancies that have been commissioned, one dealing with costs, and the other with staffing and quality of care. The briefing paper for the latter consultancy states:

> 'The Department of Health intends to replace the existing cost reimbursement and deficit financing arrangements with a program grant system, based on standard costs, including standard staffing costs for each of a small number of categories of nursing homes. This requires the determination of an appropriate level or levels of staffing to be funded. This consultancy is aimed at providing information on which this decision can be based.'(3)

Recommendation 4.3: Pending the transfer of responsibility to the States, the Commonwealth should fund the number of nursing hours per patient to a uniform standard set by the Commonwealth.

4.11 The need to revise the staffing ratios on which nursing home funding is based is recognised in the second consultancy commissioned by the Department of Health which indicates that under the system of program grants it is anticipated that funding will be based on services provided, with nursing homes categorised accordingly. Neither State or location nor sector of provision will, of itself, be a determinant of the level of payment.(4)

Recommendation 4.4: Public subsidy to institutions should be provided in terms of the cost of delivery of services which entails financial assistance to the provider of the services on the basis of an assessment of appropriate costs.

4.12 Further action has been taken by the Department of Health to investigate standard costs for determining nursing home payments following a large scale consultancy into the cost of nursing home care carried out by Price Waterhouse and completed in 1982.(5) A validation exercise to review the findings on costs is being carried out as part of the Cost Consultancy.

Recommendation 4.5: Health authorities explore prospects for contract nursing care in lieu of benefit arrangements to finance nursing homes.

4.13 No specific action has been taken in this area, although some aspects of contract arrangements for nursing care may be developed in the system of program grants.

Recommendation 4.6: The deficit finance arrangements be subsumed in the Nursing Home Care Program and that all nursing homes be subsidised on a uniform basis.

4.14 The program grants would effectively absorb the deficit financing arrangements.

Recommendation 5.1: Transfer of the restructured accommodation and home care programs to the States, over a five year period, initially through grants and moving towards eventual absorption in the tax sharing arrangements.

4.15 While policy statements have rejected a transfer of responsibility to the States at this time,(6) the concept of staged programs underlies both the HACC Program and the proposed program grants for nursing homes.

Recommendation 5.2: Planning the organisation and delivery of health and welfare services for the aged should be a matter for State and local government. Commonwealth involvement should be limited to the provision of finance for the broad, general purposes as outlined in previous recommendations, until such time as full

responsibility is handed over to the States.

4.16 Initially, the Commonwealth is likely to play a more direct role than that envisaged in this recommendation, but it will do so in close cooperation with the States and other bodies.

Recommendation 5.4: The Commonwealth negotiate an Agreement with each State to operate for five years to cover the transfer of responsibility. After a period of five years payments should be absorbed within the Tax Sharing Arrangements.

4.17 This agreement has yet to be negotiated. As noted earlier, payment of grants to the States under the HACC Program will be subject to negotiated agreements.

Implications of Recent Developments

4.18 The changes to financial arrangements that have been introduced already and that are foreshadowed, give rise to a number of further considerations. First, attention needs to be given to the question of an equitable division of total allocations between the States, both for nursing homes and for community care services. At present, significant differences exist, due not only to variations in benefit levels but also to levels of deficit financing and the proportion of beds in each State in the deficit financed sector.(7) The recommendation that relativities between the States be examined by the Grants Commission at the time of its next review of Tax Sharing Relativities has particular relevance in this regard.

4.19 Secondly, even without transfer of responsibilities to the States, the expansion of any program on a cost-shared basis implies that States will need to outlay larger sums to attract Commonwealth funds. Reluctance on the part of the States to

increase these outlays, or lack of capacity to do so, could limit achievement of the Commonwealth's objectives, despite support in principle by the States.

4.20 Arrangements would need to be made for organisations initially funded directly by the Commonwealth so that operating costs could be met under subsequent cost-sharing arrangements.

4.21 The States have advocated a negotiated package as an alternative to a cost-shared arrangement or a transfer of financial responsibility.(8)

4.22 As already noted, persistence with cost-sharing arrangements would not overcome the major difficulty inhibiting the expansion of community care. The various types of possible financial arrangements were extensively discussed in the Report of the Advisory Council for Inter-governmental Relations on Provision of Aged Care Services (9) and again, a grant system was favoured over other arrangements. That Report also stressed the need to determine a base level grant on a per capita basis and to incorporate a means for regular updating, so that States were not left to carry an increasing proportion of the cost of operating Commonwealth initiated programs.

4.23 To date a consolidated Nursing Home Care Program has yet to be established by the Commonwealth and until this major reorganisation is complete, the exact thrust and degree of acceptance of the Committee's recommendations cannot be judged. The Committee is concerned, however, about the prospect of long delays before the implementation of a Nursing Home Care Program.

4.24 The HACC Program (extended care) retains cost-sharing arrangements and therefore the disincentive to expand extended care relative to nursing home care will still remain from the point of view of the States.

CHAPTER 5

CONTROL OVER EXPENDITURE

5.1 During the Inquiry, the Committee identified an apparent 'mismatch' between the real care requirements of the aged and the types of care provided. This problem was attributed, in part, to the different means of expenditure control applying to nursing home care and community care. The procedures for determining Commonwealth expenditure on accommodation and home care for the aged reinforce the expansion of nursing home care whilst placing pressure on domiciliary care providers.

5.2 Whereas expenditures for community care programs are limited to the annual Budget allocation, this is not the case for nursing home benefits and deficit finance subsidies. The Committee noted in its 1982 Report that:

> 'The amount provided in the Budget in any year is an estimate based on the number of beneficiaries and the level of benefits. Apart from checking the accuracy of the figuring, Ministers have little control over how much is to be provided at the time of the Budget.'(1)

5.3 The annual Budget provides the main framework for expenditure review. The Committee's recommendations sought to have the expenditure implications of nursing home approvals and increases in benefit levels and assistance examined in the Budget context.

Recommendation 4.8: Control over growth in nursing home beds reflect the requirements and procedures for expenditure control.

Recommendation 4.12: Pending the introduction of the Nursing Home Care Program, decisions giving rise to the approval of new nursing home beds or increasing nursing home benefits be subject to formal Government approval and that the decision be made in the annual Budget context reflecting overall expenditure priorities in Accommodation and Home Care for the Aged.

Nursing Home Expenditure

5.4 Details of increases in nursing home expenditure and provision of nursing home beds are set out in Table 5.1. for the three year period 1982-83 to 1984-85. The major factor contributing to expenditure increases is rises in costs, reflected in adjustments to benefit levels and assistance.

5.5 In an attempt to control costs, the Department of Health has increased its activity in regard to fees control in nursing homes and deficit funding of eligible homes. A new set of Fee Determination Principles came into operation on 9 May 1984.

5.6 Recently, the Minister for Social Security emphasised that the Fee Determination Principles had been introduced only to enable existing policies to remain in place while program grant arrangements were being developed.(2)

5.7 The fees control system and deficit financing have been criticised for failing to provide any incentive for cost containment on the part of nursing home operators. Both systems are based essentially on reimbursement of costs incurred and if the new system of program grants is to be more effective in containing cost escalation, some alternative approach would appear necessary.

TABLE 5.1: GROWTH OF NURSING HOME BEDS AND EXPENDITURE, 1982-83 TO 1984-85.

	1982-83 Actual		1983-84 Actual		1984-85 Estimated
NURSING HOME BENEFITS					
$m	511.9		597.4		707.5
% increase		16.7		18.4	
Beds in Govt. and Private sector					
at June 30	55,198		56,495		57,386
% increase		2.3		1.6	
NURSING HOME ASSISTANCE					
$m	222.1		248.1		293.4
% increase		11.7		18.3	
Beds in deficit-financed sector					
at June 30	17,514		18,088		19,100
% increase		3.3		5.6	
TOTAL EXPENDITURE					
$m	734.0		845.5		1000.9
% increase		15.2		18.4	
TOTAL BED NUMBERS	72,712		74,583		76,486
% increase		2.6		2.6	

Source: Expenditure figures from Budget Papers.
Bed numbers from Commonwealth Department of Health Annual Report, estimates for 1984-85 provided by Department.

5.8 A factor contributing to increased expenditure is growth in the number of nursing home beds. Moreover, it compounds increases due to other factors. It is estimated that $10.3m or 9.4% of the estimated additional expenditure on benefits in 1984-85 is attributable to growth in the number of beds,(3) although the number of government and private beds will rise by only 1.6% over the year.

Community Care

5.9 Community care programs are subject to the usual budgetary review process and any increases sought have to be argued in that context. The increase in community care expenditure for 1984-85 comes from the injection of new funds and is not merely an offsetting saving from nursing home expenditure. Such savings cannot be achieved immediately, but could be important in maintaining community care expenditure in future years.

5.10 The increase of $35m in the 1984-85 allocation reflects a clear policy commitment to expand provision of community care services. This additional expenditure represents an increase of 39% which is above the level that would have been required simply to maintain the existing services. Full details are provided in Chapter 6 when discussing the reallocation of resources.

Control Differences

5.11 Control over expenditure on nursing homes has only been addressed obliquely through the commissioning of consultancies. There has been limited consideration of policy options that would achieve expenditure control.

5.12 The proposed cost sharing of the HACC Program will act as a control on expenditure under this program. The Committee considers that this may prove counter-productive to the expansion

of community care. Dorect fiscal restraint on expenditure under community care programs in the past was seen by the Committee to have been self-defeating in the overall budget context. There was continued expansion of expenditure on nursing home care at that time. To the extent that cost-sharing may act as an indirect fiscal constraint, this problem has not been remedied.

5.13 It must be concluded that different expenditure control measures still apply to institutional and community care and appear likely to remain into the foreseeable future.

CHAPTER 6

REALLOCATION OF RESOURCES

6.1 A major thrust of the McLeay Report was to identify the present imbalance between institutional and home care services for the aged. Indeed the key recommendation requested a reallocation of resources between institutional and community care.

6.2 ALP policy as announced in February 1983, sought the development of a community care program as a priority. While continuing to support the nursing home sector, the policy also provided, as a matter of priority, for moderation of the growth in this sector.(1)

Changes in Expenditure

6.3 Against this background, the reallocation of resources over the last two years to expand provision for community care services is assessed. Figures for allocations under different programs for 1982-83, 1983-84 and 1984-85 are presented in Table 6.1.(2)

6.4 Three sets of comparisons can be made to assess the extent of a shift towards community care. These are:

(i) increases in absolute levels of expenditure;

(ii) percentage increases in program areas; and

(iii) changes in the proportion of total expenditure spent on community care.

TABLE 6.1 : EXPENDITURE ON AGED CARE, 1982-83 TO 1984-85 ($M)

PROGRAM AREA	1982-83	1983-84	%	1984-85	%
RESIDENTIAL CARE	actual	actual	change	estimate	change
Capital	58.4	52.6	-10.0	61.0	16.0
Nursing Homes					
Benefits	511.9	597.4	16.7	707.5	18.4
Assistance	222.1	248.1	11.7	293.4	18.3
Hostels					
Personal Care Subsidy	35.8	40.1	12.0	28.7)	
Hostel Subsidy				20.3)	23.2
Dementia Units				.4)	
Nursing Home Care for Veterans and Dependants	58.1	66.2	13.9	75.2	13.6
TOTAL	886.3	1004.4	13.3	1186.5	18.2
HOME AND COMMUNITY CARE					
Existing Programs (a)					
Senior Citizens Programs	6.9	3.6	-47.8	7.0	94.4
Home Care	17.6	24.9	41.5	33.7	35.3
Welfare Officer	2.0	2.7	35.0	3.0	11.1
Paramedical Services	1.2	1.4	16.7	1.5	7.1
Delivered Meals	4.8	5.9	22.9	6.8	15.3
Home Nursing	19.9	22.8	14.6	27.1	18.9
Dom. Nursing Care Benefit	23.4	25.9	10.7	28.9	11.6
TOTAL	75.8	87.2	15.0	108.0	23.9
New Initiatives					
Home and Community Care				10.0	-
Assessment		2.0		4.0	100.0
Veterans Affairs					
Assessment		1.0		.9	-10.0
Home Care				1.8	-
Territories				.7	-
Home Care		0.1			
TOTAL		3.0		17.4	480.0
TOTAL HOME AND COMMUNITY CARE	75.8	90.2	19.0	125.4	39.0
TOTAL ALL EXPENDITURE	962.1	1094.6	13.8	1311.9	19.9
% Increase					
Residential Care			13.3		18.2
Community Care			19.0		39.0
% Total Exp. on					
Community Care	7.9	8.2		9.6	

(a) Some existing programs will be subsumed within the HACC Program - paragraph 2.5 refers.

(i) Increases in absolute levels of expenditure

6.5 From 1982-83 to 1983-84, total expenditure on aged care programs increased by $132.5m and is estimated to increase by another $217.3m from 1983-84 to 1984-85. The major part of these increases is in the residential care area, the amounts being $118.1m and $182.1m in the two years, compared to increases or $14.4m and $35.2m in the home and community care area for the two years respectively. The estimated expenditure increase of $35.2m for home and community care includes a $14.4m increase in the 'new initiatives' area.

(ii) Percentage increases in program areas

6.6 For 1982-83 to 1983-84, the percentage increases in expenditure in the residential care and community care areas were similar (13.3% and 19.0% respectively). The increase in total expenditure for that period was 13.8%.

6.7 An indication of reallocation towards community care is the much greater percentage increase expected in this area from 1983-84 to 1984-85. Community care expenditure is estimated to increase by 39% over this period, compared to an increase of 18.2% in estimated residential care expenditure.

6.8 The growth in community care comes from increases under existing programs and new initiatives. The former are estimated to increase by 23.9% over 1983-84 expenditure, and the latter by 480.0%, because only minor new initiatives were introduced in 1983-84.

(iii) Proportion of total expenditure on community care

6.9 The third comparison to be made shows the proportion of total expenditure going to community care. This proportion has grown steadily from 7.9% in 1982-83, to 8.2% in 1983-84 and is estimated to be 9.5% in 1984-85. The relatively small percentage shift is due to the far greater absolute amount of expenditure in the residential care area. Even a substantially higher rate of increase in the community care area achieves only a marginal shift in the proportion of the total expenditure going to community care. Indeed the total proposed expenditure of $125.4m for home and community care for 1984-85 is less than the additional estimated expenditure of $182.1m on residential care.

6.10 The shift to community care can also be seen in dollar for dollar comparisons. In 1982-83 and 1983-84 for every $100 spent on residential care, $8.50 to $9.00 was spent on community care. In 1984-85, it is estimated that $10.57 is to be spent on community care for every $100 spent on institutional care.

Future Trends

6.11 Continued expansion of community care expenditure can be anticipated with the announcement of a three year program to bring total Commonwealth expenditure in the area to $300m at that time.(3) This is equivalent to a compound annual growth rate of 34%.

6.12 Expenditure on residential care is to be contained as far as possible by continued restraint on growth in the number of nursing home beds and the control of costs of program grants by budgetary measures.

6.13 Expanded provision of community care should be achieved by the time the restraint on nursing home growth takes effect. The restriction on approval of nursing home beds applied in 1983-84

will not be apparent for up to three years, given the time lag between approval of beds and their coming into operation. Beds approved over the last few years continued to come on stream in 1983-84 and will continue to do so for some time. In 1983-84, some 1,800 additional beds came into operation, compared to 2,138 in 1982-83. Expenditure estimates for nursing home care for 1984-85 are based on an anticipated 1,250 new beds being established over the next year.

6.14 In regard to the approval of new nursing home beds, the Committee was concerned that the possibility of alternative forms of meeting care needs should be considered.

Recommendation 4.7: In any case where additional nursing home beds are sought there should be an evaluation as to whether the funds that would be allocated in recurrent subsidies would be better applied to community services.

6.15 The guidelines for nursing home approvals released in May 1984 require that in any case where the need for additional nursing home beds is being established, consideration should be given to other services.(4) The guidelines do not go so far as to indicate whether the same funds that would be available for the approved nursing home beds would be reallocated to alternative services. Without this option, it is unlikely that a State will forego beds; if the option were available but on a cost-shared basis the disincentive to develop community care remains.

6.16 While the injection of funds into community care through the HACC Program represents a move towards shifting the balance of expenditure, the proportion of total expenditure going to this area will remain small when compared to the much greater absolute amount going to residential care.

6.17 Furthermore, several factors might affect the extent to which increased expenditure on community care will bring about a proportionate expansion in services. First, some funding may be absorbed in paying for services which have previously been provided on a voluntary basis or for very low wages. Secondly, where a new range of staff skills is required, some investment will have to be made in training. Thirdly, most services are already overstrained and some additional expenditure will be taken up in developing their administrative and organisational capacity to mount additional services before the services themselves come on stream.

6.18 Thus, while the general thrust towards a reallocation of resources to home and community care is being implemented, the Committee believes that significant and fundamental problems remain which will inhibit this reallocation. These problems relate to the restructuring and responsibility for programs, the financial arrangements associated with these programs (including the new HACC Program) and the differential expenditure control mechanisms. The Committee also believes that these stumbling blocks could be substantially overcome if more of its 1982 Report recommendations were implemented. These outstanding issues were detailed in earlier chapters of this report.

CHAPTER 7

CONCLUSIONS

7.1 The McLeay Report was hailed by Dr Blewett when delivering the ALP policy speech in February 1983, as the most impressive of a number of reports on aged care which had been presented over the last decade. He commented:

> 'The report implies fundamental rather than incremental change, sweeping reforms rather than piecemeal tinkering.'(1)

7.2 The recommendations made by the Committee on the provision of accommodation and home care services for the aged were directed towards removing major problems and anomalies in the imbalance between institutional and home care and directing Commonwealth Government assistance for health and welfare to those in greatest need. A medium to long term strategy for transfer of responsibility for the administration, delivery and financing of accommodation and home care programs to the States was also proposed.(2)

7.3 The Committee was concerned, however, that its recommendations should not suffer the same fate of earlier major inquiries on care for the aged, from which little action had resulted. As noted in Chapter 1 of this Follow-up Report, the Committee thus recommended that in addition to the traditional Government response, the Government should present a review of the effectiveness of aged care programs to the Parliament five years after tabling the Report. This paper should detail the Government's achievements to that time and its further plans.

7.4 It is apparent from this recommendation and from the fact that it had proposed a three stage strategy for the implementation of its specific recommendations that the Committee neither demanded nor expected the achievement of significant improvements in the provision of accommodation and home care services for the aged overnight.

7.5 Accordingly, this Follow-up Report has to be considered in the context of an inventory of developments over the past two years.

7.6 During that period there has, of course, been a change of Government. The intention of the Labor Government towards the delivery of services for the aged, was set out in the Prime Minister's letter which established the working party on Aged Care Policies. The Prime Minister stated:

> 'It is important not to inhibit longer term rationalisation by continuing the piecemeal approach that has long been a characteristic of Commonwealth policy on aged care.'(3)

7.7 The Committee viewed the restructuring of programs and funding arrangements as a short term objective. These changes (Recommendation 1.1) were to provide for a reduction in the number of programs; responsibility to be brought under one Minister; modifications to financial arrangements so as to remove disincentives for the expansion of home care services; similar forms of control over all categories of program expenditure; and, a reallocation of resources between institutional and community care. Major developments to date have included:

(i) Community Care

7.8 As noted at paragraph 2.4, the Government announced in its 1984-85 Budget that it will implement a new Home and Community Care (HACC) Program which will not only consolidate

some existing community care programs into a single program but which will also incorporate some new initiatives in community care for the aged. It is intended that the HACC Program will result in a more comprehensive range of integrated community services. This development is consistent with Recommendation 3.1.

7.9 It is expected that the HACC Program will

- allow consideration to be given to funding a wider range of services (such as personal care, transport services, linen and laundry, and community based respite care). In the meantime, the Government has announced that subsidised hostels will be required to provide respite care for the aged. (Recommendations 3.2 and 4.15);
- facilitate development of Senior Citizens' Centres in accord with locally identified services (Recommendation 3.3);
- subsume the Delivered Meals Subsidy (Recommendation 3.4);
- enable employment of home health aides (Recommendations 3.5 and 3.6);
- promote greater involvement of local government in community care (Recommendation 3.8);
- provide for home maintenance and repair services (Recommendation 2.6)

7.10 Other Recommendations (3.7 - provision of alarm systems and 3.9 - staff training) might also be facilitated under the HACC Program.

7.11 Funds have been provided for assessment teams (Recommendation 3.10) although it appears that assessment services are to remain separate from the HACC Program itself.

7.12 Perhaps the most significant departure from the Committee's recommendations relates to the funding of community care programs. The Committee recommended that such programs be funded through a grant without matching conditions (Recommendation 3.1). The Government has indicated that the HACC Program will be cost-shared with the States and Territories. As noted at paragraph 2.30, the Committee remains unconvinced, however, that cost-sharing arrangements are conducive to the further expansion of community care services.

(ii) Nursing Home Care

7.13 To date, the Government has not established a 'Nursing Home Care Program' (Recommendations 4.1 and 4.2) although a major reorganisation of the provision of nursing home care has been foreshadowed. The need to revise the number of funded nursing hours per patient has been recognised and is under study (Recommendation 4.3). The question of the payment of public subsidies to institutions (Recommendation 4.4) is similarly being investigated.

7.14 The subsuming of deficit finance arrangements in the Nursing Home Care Program and the subsidising of all nursing homes on a uniform basis (Recommendation 4.6) will no longer be relevant with the introduction of the program grant system which has been foreshadowed.

7.15 Recommendations 4.9, 4.10 and 4.11 relating to nursing home growth have been addressed in the issuing of new guidelines for the approval of nursing home beds in May 1984.

7.16 The concept of evaluating whether funds otherwise allocated for additional nursing beds would be better applied to community services (Recommendation 4.7) has, of course, become integral to the new HACC Program.

(iii) Housing

7.17 The Minister for Social Security has announced that funds are to be targetted to those aged persons most in need (Recommendation 2.1). Although recommendations 2.2 and 2.3, relating to the Aged or Disabled Persons Homes Act, have not been adopted alternative strategies have been implemented. The housing situation of the elderly living in boarding house accommodation (Recommendations 2.4 and 2.5) should be promoted through increased Supplementary Assistance in the 1984-85 Budget and State boarding house purchases.

(iv) Attendant care allowance

7.18 Recommendation 3.1 provided for the replacement of the Domiciliary Nursing Care Benefit (DNCB) and the Personal Care Subsidy (PCS) by an attendant care allowance. The Government has indicated that consideration will be given to restructuring the DNCB along those lines. The PCS has been otherwise restructured. In addition, a new benefit, the Spouse Carer's Pension was introduced from 1 December 1983.

(v) Needs-based planning

7.19 The approach to welfare set out in the 1983 Accord emphasises a needs-based approach to welfare and social services and the development of greater negotiation and consultation with consumers, service agencies and other tiers of Government. The implementation of the HACC Program should achieve a significant move towards needs-based resource allocation recommended in Recommendation 3.1.

(vi) Protection of client's interests

7.20 The Committee recommended two measures to protect clients interests: a requirement for public reporting about non-government nursing homes; and the establishment of Aged Care Tribunals in each State (Recommendations 4.16 and 4.17). The Committee notes with disappointment that no action has been taken on these recommendations at the Commonwealth level. Action has been taken to establish complaint receiving bodies in New South Wales and Victoria and the Committee is anxious to see that these are set up in other States and by the Commonwealth.

(vii) Transrer of responsibility to the States

7.21 The transfer of responsibility for restructured accommodation and home care programs to the States over a five year period (Recommendation 5.1) has been rejected by the Commonwealth. However, the concept of staged programs underlies both the HACC Program and the proposed program grants for nursing homes.

7.22 Other specific recommendations relating to the transfer of responsibility to the States (Recommendations 5.2 and 5.4) have not been acted upon to any significant degree, reflecting their attainment as a longer term objective. The conduct of planning and delivery of programs at the regional level (Recommendation 5.3) is likely to be promoted by the HACC Program.

7.23 Although the Committee commends the initiatives that have been introduced over the past two years and agrees that these developments should, to some extent, achieve better allocation of available resources, the Committee believes that their impacts will be reduced without the establishment of a central coordinating body. The Committee cannot overemphasise the need to ensure that implementation of new initiatives or

refinement of existing programs will not result in further fragmentation of services for the aged. In other words, 'piecemeal tinkering' should be avoided.

7.24 Of course, 'piecemeal tinkering' is likely to result if individual measures are introduced in isolation. The division of responsibility for programs in care of the aged between different Commonwealth Departments was seen by the Committee as a major barrier to the coordination of policy development and planning and delivery of services.

7.25 The Committee considered that the Government in making decisions in this field should consider the 'continuum of care' for the aged, so that services ranging from institutional care to community care for the aged, should be grouped within one department.

7.26 Accordingly, the Committee recommended (Recommendation 1.3) that responsibility for providing home care and accommodation for the aged should be brought under the control of the Minister for Health, with housing assistance to remain with the Minister responsible for the Housing Assistance Act 1981.

7.27 In recommending that the Minister for Health should have responsibility for programs for the aged, the Committee took into account the existing programs and funds available to the Departments of Health and Social Security and noted that the Health portfolio's involvement in development of policy for the aged appeared to be greater. At the same time the Committee agreed that the Department of Social Security had responsibility for overall coordination of welfare and health matters and responsibility for income maintenance and was concerned that the relative insignificance of the benefits functions of the Department compared to its income maintenance responsibilities would reduce the impact of the inclusion of additional responsibilities in the portfolio.

7.28 Since the Committee reported, administrative changes have occurred in the Health and Social Security portfolios and others have been mooted such as the creation of a Community Care Department. The Committee sees merit in the establishment of such a Department and notes with approval the statement by the Minister for Social Security that:

> 'The Government intended to establish an office of aged care within the Department of Community Services.'(4)

However, in the limited investigation associated with this follow-up, the Committee has not formed a firm conclusion as to the most appropriate location for responsibilities for the aged in these new circumstances. Nevertheless the Committee strongly reiterates its view that there should be one Minister who is seen to have prime responsibility and from whom the Government can seek comprehensive advice on overall assistance for accommodation and care for the aged. The Committee also believes it is important that responsibility should rest with one Minister for the purpose of public and Parliamentary accountability.

7.29 The Committee is of the view that the rationalisation of aged care policy alluded to by the Prime Minister cannot be significantly furthered unless one Minister has prime responsibility. The Committee recommends that the Government give urgent consideration to this Recommendation.

7.30 As noted at paragraph 3.5, the Committee, in recognition of the administrative changes that would be required to bring about the consolidation of programs in one Ministry, considered that it would be necessary to establish a special unit charged with this task.

7.31 The Committee recommended (Recommendation 5.5) that an Office of Care for the Aged be established to develop a national policy on how best to provide assistance to meet the accommodation and home care needs of the aged.

7.32 The Committee considers that the existence of an Office of Care for the Aged would facilitate the development of a national policy and enable basic issues to be tackled. An Office would have a pivotal coordinating function and thus reduce the scope for unilateral actions which might cause fragmentation of programs, further confuse policy direction and give priority to short term expedients to the exclusion of longer term policy formulation.

7.33 The need for such a central coordinating authority became particularly evident recently with the introduction of an assets test for aged pension recipients. The development of an agency which would have clear lines of communication with client groups and the bureaucracy would facilitate the development of policies and provide a focal point for consideration of policy proposals.

7.34 ALP Policy on Care of the Aged provides for the establishment of a unit of this type, and the Committee, therefore, is disappointed that its Recommendation has not yet been taken up. The Committee considers that the lack of such a coordinating mechanism will reduce the impact and effectiveness of recent developments in the provision of aged care services.

7.35 The Committee urges the Government to give priority to the establishment of an Office of Care for the Aged.

7.36 The Committee concludes that measures implemented to date evidence the beginning of a reallocation process to match the needs of specific clients with the appropriate level of care.

7.37 It is the hope of this Committee that consideration will be given to the implementation of other recommendations outlined in the 1982 Report but not yet acted upon, particularly those recommending the establishment of an Office of Care for the Aged and the placing of responsibility for aged care programs under one Minister.

October 1984

LEO McLEAY, MP
Chairman

ENDNOTES

CHAPTER 1

1. The Labor Government has decided that the period of response should be reduced to three months, except where reports were made to the previous Parliament. See the statements by Senator Button 24 August 1983 (Hansard, p.141) and 15 December 1983 (Hansard, p.3853).

2. Evidence, p.49.

3. Evidence, p.50.

4. Evidence, p.51.

5. See Report of a Workshop held on March 2nd, 1983, Social Welfare Research Centre Newsletter, No. 9, April 1983, pp. 7-13, and C. Keens, F. Standen and A. Graycar, Options for Independence: Australian Home Help Policies for Elderly People, Social Welfare Research Centre Reports and Proceedings, No. 35, December 1983.

6. Exhibit No.3, pp. 4-11.

7. Australian Association of Gerontology, Newcastle chapter, 1984.

8. Dr. N.Blewett, Policies for the Frail Aged, presented at Australian Labor Party Health Workshop on the Frail Aged, Frankston, Victoria, February 4th-5th, 1983.

9. 1984 Australian Health Ministers Conference, Melbourne, April 13th 1984. Transcript of Proceedings, pp. 189-243.

10. Statement of Accord, Agreement: Unions and Government Australian Labor Party and Australian Council of Trade Unions, A.M.F.S.U., National Information Bulletin, No. 1/83, May 1983.

11. Australia, Parliament, In a Home or At Home: accommodation and home care for the aged, Report from the House of Representatives Standing Committee on Expenditure, (Chairman L.B. McLeay) A.G.P.S., Canberra, 1982, pp.10-23.

12. ibid, p.ix.

CHAPTER 2

1. Joint Press Statement by the Ministers for Social Security, Health and Veterans' Affairs: New Direction in Care for Aged and Disabled People, 21 August 1984.

2. Dr N. Blewett, The ALP's Policy for Care of the Aged, February 1983, pp. 1-2.

3. Budget Statements 1984-85, 1984-85 Budget Paper No. 1., A.G.P.S., Canberra, p. 119.

4. Joint Press Statement by the Ministers for Social Security, Health and Veterans' Affairs, loc cit.

5. ibid.

6. A.L. Howe, Reports Now - Action When? The Implementation Gap in Social Policy, in J. Dixon and D.L. Jayasuriya, Social Policy in the 80s, Canberra College of Advanced Education and Australasian Social Policy and Administration Association, 1983, pp. 120-129.

7. Minister for Social Security, Review of Standards of Care and Services Offered in Hostels, News Release, 25 June 1984.

8. P.J. Johnstone, Developments in Federal Aged Care Policy, Paper presented at Uniting Church National Aged Care Conference, 21 August 1984, pp.19-22.

9. Department of Veterans' Affairs, Care of Veterans to the Year 2000, 1983.

10. Joint Press Statement by Ministers of Social Security, Health and Veterans' Affairs, loc cit.

11. Department of Immigration and Ethnic Affairs, Departmental replies in Appendix 7 pp. 153-173.

12. Department of Health, Advice on Consultancies.

13. Department of Health, Summary of Guidelines for Considering applications for approval-in-principle of Nursing Home Accommodation, May 1984.

14. Australia, Parliament, In a Home or at Home: accommodation and home care for the aged, op cit, pp.38-41.

15. Minister for Social Security, Assistance for the Aged and Disabled, News Release, 2 August 1984.

16. Minister for Housing and Construction, Media Release, 21 August 1984.

17. Victoria, Parliament, Committee of Inquiry into Resident Funded Retirement Villages: Final Report. February 1984.

18. Department of Social Security - Assessment Officer Record - Personal Care Subsidy and Assessment Officers Handbook of Instructions, Training and Development Branch.

19. Minister for Social Security, News Release, 25 June 1984.

20. Victoria, Parliament, Final Report upon Complaints Procedures against Health Services, Social Development Committee, 1984.

CHAPTER 3

1. Composition of the team yet to be announced.

2. P.J. Johnstone, op.cit., pp. 5-8.

3. Dr. N. Blewett, Policies for the Frail Aged, op.cit., p.18.

4. ibid, p. 18.

5. ibid, pp. 20-21.

6. ibid, p. 19.

7. Evidence, p. 32.

8. Evidence, pp. 28-32.

9. Australian Health Ministers Conference, Transcript, pp. 202-3.

10. Australia, Parliament, In a Home or At Home, op.cit., p. 98.

11. Dr. N. Blewett, The ALP's Policy for Care of the Aged, February 1983, p.4.

CHAPTER 4

1. Joint Press Statement by Ministers of Social Security, Health and Veterans' Affairs.

2. P.J. Johnstone, op.cit, p. 19.

3. Commonwealth Department of Health, Staffing and Quality of Care Consultancy, Specification of the Project, June 1984.

4. ibid.

5. Price Waterhouse Associates, Advice on Nursing Homes Fees Control, Department of Health, September 1982.

6. Dr. N. Blewett, op.cit., p. 21.

7. A.L. Howe, Commonwealth Expenditure on Nursing Home Care: Interstate Variations and the case for equalisation, Social Security Journal, December 1983, pp. 24-35.

8. Statement issued following meetingg of Commonwealth and State Officers, Canberra, May 1984.

9. Advisory Council for Inter-governmental Relations, The Provision of Services for the Aged: A Report on Relations among Governments in Australia, Report 6, AGPS, Canberra, 1983, pp. 144-159.

CHAPTER 5

1. Australia, Parliament, In a Home or at Home, op.cit, p. 102.

2. Senate, Hansard, 5 September 1984, p. 451

3. Budget Statement No. 3, 1984-85, p. 105.

CHAPTER 6

1. Dr N. Blewett, Policies for the Frail Aged, op.cit, p. 13.

2. Budget Statement No. 3, 1984-85, pp. 105-106 and pp. 121-123.

3. Budget Statement No. 3, 1984-85, p. 122.

4. Department of Health, Summary of Guidelines for Consideration of Applications for Approval-in-Principle of Nursing Home Accommodation.

CHAPTER 7

1. Dr N. Blewett, Policies for the Frail Aged, op.cit.

2. Australia, Parliament, In a Home or at Home, op.cit, pp. 100-111.

3. Evidence, p. 50.

4. D J Grimes, Sunday Examiner, Launceston, 2 September 1984, p.3.

APPENDIX 1

RESPONSES TO THE McLEAY REPORT

1. Mr P. Allen, Brotherhood of St. Laurence, Fitzroy, Victoria.

2. Miss E. Armstrong, Chesalon Nursing Homes and Home Nursing Service, Beecroft, New South Wales.

3. Mr N. Brooke, President, Australian Council On The Ageing, Melbourne, Victoria.

4. Mr D. Correll, Australian Council For Rehabilitation of Disabled, Deakin, Australian Capital Territory.

4. Mr R.H. Davey, Churches of Christ Homes Incorporated, Mount Lawley, Western Australia.

5. Mr A.F. Delbridge, Blue Nursing Service Council, Toowong, Queensland.

6. Miss M. Evans, O.B.E., Australian Council of Community Nursing, Balwyn, Victoria.

7. Mrs A. Fink, NSW Council On The Ageing, Millers Point, New South Wales.

8. Mr G.R. Hadden, Wesley Central Mission, Brisbane, Queensland.

9. Dr. P.J. Henschke, Daw Park, South Australia.

10. Ms N. Hewett, Combined Pensioners' Association of New South Wales, Sydney, New South Wales.

11. Dr. P.M. Last, Unley Park, South Australia.

12. Mr J.W. Pitchford, Aged Cottage Homes Incorporated, South Australia.

13. Miss D.J. Strathdee, Pioneer Memorial Home for Aged People, Bundaberg, Queensland.

14. Ms J. Sutton, The Council of Social Service of New South Wales, Sydney, New South Wales.

APPENDIX 2

WITNESSES AT SUB-COMMITTEE HEARING ON 7 SEPTEMBER 1983

Mr Daryl Albert Dixon, Head, Social Welfare Policy Secretariat, Canberra, Australian Capital Territory.

Mr Jim Dunsworth, Representative, Catholic Health Association, 196 Pacific Highway, Crows Nest, New South Wales.

Mr Paul Gross, Member of Executive, Catholic Health Association, 196 Pacific Highway, Crows Nest, New South Wales.

Dr Jonothan Yeatman Hancock, Director, South Australia Region, Commonwealth Department of Health, Adelaide, South Australia.

Mr John Murray Hemer, 6 Coles Place, Torrens, Australian Capital Territory.

Dr James Hooper, Executive Director, Catholic Health Association, 196 Pacific Highway, Crows Nest, New South Wales.

Mr Peter John Johnstone, Acting First Assistant Director-General, Insurance, Hospitals and Nursing Homes Division, Commonwealth Department of Health, Woden, Australian Capital Territory.

Reverend Monsignor J. F. McCosker, Catholic Health Association, 196 Pacific Highway, Crows Nest, New South Wales.

Mr James Thomas O'Connor, Deputy Director-General, Department of Social Security, Woden, Australian Capital Territory.

Mr Peter Pflaum, Acting Deputy Director-General, Commonwealth Department of Health, Woden, Australian Capital Territory.

Ms Mary Jane Scott, Assistant Director-General, Department of Social Security, Aged Persons Welfare, Woden, Australian Capital Territory.

Mr Ian Ronald Ernest Wingett, Acting Assistant Director-General, Nursing Home Care and Benefits Branch, Commonwealth Department of Health, Woden, Australian Capital Territory.

APPENDIX 3

LETTERS TO DEPARTMENTS CONCERNING FOLLOW-UP DATED 28 AUGUST 1984

Dear

The House of Representatives Standing Committee on Expenditure is in the process of completing its follow-up response to its report on accommodation and home care for the aged entitled 'In A Home Or At Home' (October 1982).

A number of departmental witnesses provided evidence on 7 September 1983 to the Committee during formal hearings and the Committee would now like to ensure that this information is completely up-to-date before finalising its follow-up report.

The Committee is seeking, in particular, information in relation to aged care programs on action taken towards:

(a) a restructuring of programs to reduce their number;

(b) defining the target group of programs and where resonsibility for these programs should lie;

(c) any changes to financial arrangements, the rationale for such changes and the outcomes in terms of expenditure impact;

(d) control over expenditure; and

(e) re-allocation of resources away from institutional care in favour of community care.

Any supporting documents for the above, which could be made available to the Committee, such as Ministerial statements, advice to organisations or departmental position papers or submissions, would be appreciated. The Committee would also be interested in any current proposals on the matters raised above.

Finally, the Committee is interested in progress to date regarding the establishment of an Office of Care for the Aged.

Unfortunately the Committee is working to a tight deadline and it would be appreciated if a response could be provided by 7 September. Our adviser for this report is Dr Anna Howe. A copy of a recent article prepared by Dr Howe may be useful in this context and will be forwarded under separate cover.

The Expenditure Committee Secretariat, together with Dr Howe, would now like to meet with officers of your Department on a more informal basis to conclude our report following your response to the issues raised above. It is proposed to hold these discussions on either 11 or 12 September.

It would be appreciated if you could nominate a contact officer to assist liaison. If you have any questions please do not hesitate to contact either myself or Mr Adrian Scott (phone 72 6798).

In accordance with the standard practice of the Committee a copy of this letter is being forwarded to the Minister's Office for his information.

Yours sincerely

Sue Harlow
Secretary

Letters sent to the following:

Mr A.J. Ayers
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Mr D.A. Dixon
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Dr M.S. Keating
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APPENDIX 4

INDEX TO DEPARTMENTAL REPLIES

APPENDIX 5

ASSESSMENT INITIATIVES 1983-84

New South Wales

1. Independent Living Assessment Unit. Camden Campbelltown area, Western Metropolitan Region.

2. Assessment service with special emphasis on the confused and disturbed elderly, Western Newcastle Hunter Health Region.

3. Assessment and rehabilitation service, Coffs Harbour area, North Coast Health Region.

4. Assessment of needs of ethnic aged, Illawarra Health Region, Southern Metropolitan Health Region and West Metropolitan Region.

5. Assessment services in conjunction with voluntary agencies, Gosford Wyong Area, Northern Metropolitan Health Region.

6. Assessment service, Penrith and surrounding districts Western Metropolitan Health Region.

7. Central assessment agency for voluntary community support services for the aged, Inner Western Suburbs, Southern Metropolitan Health Region.

8. Mobile assessment service, Central Western Health Region.

9. Evaluation of the Hornsby Ku-ring-gai Geriatric and Rehabilitation Service, Northern Metropolitan Health Region.

10. Evaluation of existing assessment units in Albury and Young, South-Western and South-Eastern Health Regions.

11. Feasibility study for integrated assessment service, Wollonging, Illawarra Health Region.

12. Geriatric data base, Department of Community Medicine, Westmead Centre.

Victoria

1. Bundoora Extended Care Centre, Northern Metropolitan Region.
2. Eastern Suburbs Geriatric Service, Eastern Metropolitan Region.
3. Gippsland.
4. Sunshine, Western Metropolitan Region.
5. The evaluation of regional teams.
6. Study of nursing home utilisation.
7. Case manager pilot project.
8. Computerised patient management system.

Queensland

1. Descriptive Study of Assessment Procedures: Factors in Professional Decision Making.
2. Network Analysis of Assessment Procedures and Consumer Satisfaction with Services.

South Australia

1. Randomised Control Trial of a Geriatric Assessment Unit.
2. Assessment in a Day Care setting: Aged Cottage Homes.
3. Community Based Assessment: Metropolitan Region Pilot Project.
4. Evaluation of Pilot Project (3 above).
5. Establishment of Data Base.

Western Australia

1. Rural Mobile Geriatric Assessment Team.
2. Pilot assessment Procedure Study.

Tasmania

1. Expanded Geriatric Assessment Team.

Northern Territory

1. Hospital Based Geriatric Assessment Team.

APPENDIX 6

INDEX OF EXHIBITS

1. Australian Council for Rehabilitation of Disabled, Comments On The McLeay Report, Canberra, August 1983

2. Institute of Health Economics and Technology Assessment, Care of the Aged ALP Policies, The McLeay Report and the 1983-84 Budget, Health Economics Monograph No.9, September 1983

3. Hemer, J.M., The McLeay Report: Cutting the $1000M Cake, Working Paper No.34, Ageing and the Family Project, Australian National University, undated

4. Hemer, J.M., An Office Of/For The Aged? A Preliminary Discussion Of Some Of The Issues, Working Paper No.27, Ageing and the Family Project, Australian National University, undated

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APPENDIX 7

CROSS-CLASSIFICATION OF RECOMMENDATIONS

No	Recommendation	Paragraph No 1982 Report	Paragraph No Follow-up
1.1	A change to present arrangements to achieve: a reduction in the number of programs; responsibility to be brought under one Minister; modifications to financial arrangements so as to remove disincentives for the expansion of home care services; similar forms of control over all categories of program expenditure; and, a reallocation of resources between institutional and community care.	10.2	1.21
1.2	The number of programs should be reduced to an Extended Care Program and a Nursing Home Care Program, with subsidised housing provided under the Housing Assistance Act 1981.	10.6	2.2
1.3	All programs providing home care and accommodation for the aged be brought under the control of one Minister. On balance the Committee considers the appropriate Minister is Health. Housing assistance to remain with the Minister responsible for the Housing Assistance Act 1981.	9.6	3.2
2.1	Housing assistance be provided to those most in need and that all assistance for construction of aged persons' accommodation be directed through the Housing Agreements.	4.35	2.49

No	Recommendation	Paragraph No 1982 Report	Paragraph No Follow-up
2.2	No more approvals be granted under the Aged or Disabled Persons Home Act 1954. Assistance in respect of disabled persons might be provided under a separate program.	4.48	2.49
2.3	Existing commitments under the Aged or Disabled Persons Home Act 1954 be honoured but that future assistance be provided under the Housing Assistance Act 1981.	4.50	2.49
2.4	Action is needed to ensure: . the retention of an adequate supply of boarding-house accommodation at low cost, through spot-purchasing under the Housing Agreement; . the construction or purchase of new and replacement boarding house accommodation to be run by religious and charitable organisations under the Housing Assistance Act 1981; and . the maintenance of adequate standards in regard to number of occupants per room, meals, bathroom facilities, safety and protection of residents' civil liberties.	4.91	2.57
2.5	In order to improve the housing situation of low income aged people: . that a diversity of accommodation types continue to be fostered through innovative projects involving local government, voluntary organisations and self-help groups; . that consideration be given to varying Supplementary Assistance in line with housing costs in different areas; and . provision for nursing home care and home care services be applied equally to aged people in all types of accommodation.	4.109	2.57
2.6	Provision for home maintenance and repair services be made in the proposed Extended Care Program.	4.64	2.18

No	Recommendation	Paragraph No 1982 Report	Paragraph No Follow-up
3.1	The following strategy be implemented: . an Extended Care Program be introduced to replace the States Grants (Home Care) Act 1969, the State Grants (Paramedical Services) Act 1969, the Home Nursing Subsidy Scheme and the Delivered Meals Subsidy; . the Extended Care Program include an Attendant Care Allowance to replace the Domiciliary Nursing Care Benefit and the Personal Care Subsidy; . the range of services to be funded be decided in consultation with the States to encourage a diversity of services to meet local need; . resources be distributed so as to achieve a basic provision in all areas rather than solely in response to submissions for funding; and, . the Extended Care Program be funded through a grant without matching conditions.	7.74	2.3, 2.9, 2.23, 4.3,
3.2	The restriction applying to services 'in the home' be removed to facilitate the provision of a wider range of services under a new Extended Care Program, which will otherwise incorporate the provisions of the States Grants (Home Care) Act 1969.	7.36	2.10
3.3	Senior Citizens' Centres, or other community based centres, be a base for the development of community care services wherever possible, and that the proposed Extended Care Program include provision for staffing and services associated with Senior Citizens' Centres.	7.45	2.11
3.4	The Delivered Meals Subsidy be subsumed within the proposed Extended Care Program.	7.52	2.12

No	Recommendation	Paragraph No 1982 Report	Follow-up
3.5	Categories of staff for whom salary subsidies are paid should be widened to allow for the emplyment of Home Health Aides.	7.62	2.13
3.6	The replacement of the Domiciliary Nursing Care Benefit and Personal Care Subsidy by an Attendant Care Allowance which would pay for unskilled assistance without which the assessment team considers an eldery person would require institutional care.	7.70	2.13
3.7	Alarm systems be seen as one of the elements of community care that be provided under the proposed Extended Care Program, on the advice of the assessment team.	7.72	2.15
3.8	State Governments should actively assist and support local government in organising the delivery and planning of health and welfare services for the aged.	9.46	2.16
3.9	Special attention be given to the training of staff for all levels of care of the aged as a basic input in the development of services and that appropriate training programs be part of the Extended Care Program.	8.23	2.17
3.10	Additional finance for assessment teams be made available in the proposed Extended Care Program, with the introduction of additional teams planned in consultation with the States.	8.21	-
3.11	The Commonwealth should provide additional funds to the States for assessment teams under the proposed Extended Care Program.	8.28	4.6
3.12	A mechanism for planning the distribution of community care services be developed in consultation with the States, and that allocation of financial assistance be made on local initiatives and submissions for funding.	7.27	4.7

No	Recommendation	Paragraph No 1982 Report	Paragraph No Follow-up
3.13	The proposed Extended Care Program include specific provision for monitoring of expenditure distribution and service development.	7.47	
4.1	The Commonwealth establish a 'Nursing Care Program' to replace the current Nursing Home Benefits paid under the National Health Act 1953 and the Nursing Home Assistance Act 1974.	6.27	2.31, 4.10,
4.2	The Nursing Home Care Program to involve the following elements: . payment to be made through a grant to the States on a per-capita basis, with the base amount for each State in the first year to be determined in relation to the aged population currently resident in nursing homes; . the Commonwealth work towards the provision of grants based on the number of aged persons in each State; . a 'phasing-in' period to permit orderly re-adjustment in State hospital/nursing home systems; . no payments be made in respect of nursing home beds not currently approved; and, . relatives between the States be examined by the Grants Commission at the time of its next review of Tax Sharing Relativities; and, . a minimum patient contribution to be retained.	6.29	-
4.3	Pending the transfer of reponsibility to the States, the Commonwealth should fund the number of nursing hours per patient to a uniform standard set by the Commonwealth.	6.14	4.11
4.4	Public subsidy to institutions should be provided in terms of the cost of delivery of services which entails financial assistance to the provider of the services, on the basis of an assessment of appropriate costs.	5.114	4.12

No	Recommendation	Paragraph No 1982 Report	Follow-up
4.5	Health authorities explore prospects for contract nursing care in lieu of benefit arrangements to finance nursing homes.	6.65	4.13
4.6	The deficit finance arrangements be subsumed in the Nursing Home Care Program and that all nursing homes be subsidised on a uniform basis.	6.73	4.14
4.7	In any case where additional nursing home beds are sought there should be an evaluation as to whether the funds that would be allocated in recurrent subsidies would be better applied to community services.	5.49	2.37, 6.14,
4.8	Control over growth in nursing home beds reflect the requirements and procedures for expenditure control.	5.55	5.4
4.9	Further control of nursing home growth be applied so as to limit the number of occupied beds and contain expenditure on institutional care.	5.57	2.32
4.10	Until the administration and control of programs are transferred to the States, growth of nursing homes should be limited to areas of demonstrated scarcity.	5.58	2.32
4.11	In the identification of areas of demonstrated scarcity, bed to population ratios should not be used as an indication of need.	5.60	2.32
4.12	Pending the introduction of the Nursing Home Care Program, decisions giving rise to the approval of new nursing home beds or increasing nursing home benefits be subject to formal Government approval and that the decision be made in the annual Budget context reflecting overall expenditure priorities in Accommodation and Home Care for the Aged.	9.35	5.4

No	Recommendation	Paragraph No 1982 Report	Follow-up
4.13	The Commonwealth should negotiate an arrangement with the States whereby the State Health Authorities approve admissions to participating private and deficit funded nursing homes as they currently approve admissions to their State nursing homes.	8.26	2.47
4.14	Assessment for admission to nursing home care be introduced as speedily as possible and that it be in place at the time when administration of Aged Care Programs are handed over to the States.	8.30	2.47
4.15	Provisions for the development of respite care be included in the Extended Care Program.	5.77	2.19
4.16	Each non-government nursing home be required to make publicly available and provide to potential patients the names, addresses and occupations of all substantial beneficial owners of the home and the proportion owned.	6.92	2.70
4.17	To overcome the lack of channels of complaint against low standard nursing homes, hostels and domiciliary services, an Aged Care Tribunal should be established in each State, to which aged people receiving care or their relatives can take complaints about services.	6.45	2.70
5.1	Transfer of the restructured accommodation and home care programs to the States, over a five year period, initially through grants and moving towards eventual absorption in the tax sharing arrangements.	10.2	4.15
5.2	Planning the organisation and delivery of health and welfare services for the aged should be a matter for State and local government. Commonwealth involvemenr should be limited to the provision of finance for the broad, general purposes as outlined in previous recommendations, until such time as full responsibility is handed over to the States.	9.52	4.16

No	Recommendation	Paragraph No 1982 Report	Follow-up
5.3	The planning and delivery of programs should be conducted at the regional level.	10.26	2.25
5.4	The Commonwealth negotiate an Agreement with each State to operate for five years to cover the transfer of responsibility. After a period of five years payments should be absorbed within the Tax Sharing Arrangements.	10.35	4.17
5.5	A special unit be established to provide the Government with policy advice on all initiatives and programs which provide facilities and services for the aged, and that this unit be given the title Office of Care for the Aged. The unit would advise on policy in respect of the aged among all Commonwealth agencies involved in providing assistance to the aged, namely the Departments of Health, Social Security, Veterans' Affairs, Aboriginal Affairs, and Immigration and Ethnic Affairs.	10.37	3.5
5.6	The Office of Care for the Aged should be located within the Prime Minister's Portfolio.	10.41	3.7
5.7	In additional to the traditional Governmental response within 6 months of the tabling of the Report of this Inquiry, the Government should present a review of the effectiveness of aged care programs to the Parliament five years after the Report is tabled. The paper should describe the Government's achievements to that time and its further plans.	10.42	1.5