Residential Care for the Aged: An overview of Government policy from 1962 to 1993
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Executive summary

The last 10 years have been marked by unprecedented change in the Australian aged care industry. Reports presented at the United Nations World Assembly on Ageing in 1982 showed that Australia had one of the highest rates of residential care for the aged in the world (some 140 beds for every 1000 of Australians aged over 75). This paper charts the history of the various government decisions that brought about this state of affairs beginning with the 1962 decision of the Menzies government to introduce the first nursing home subsidy.

Today, the residential care bed ratio is fewer than 100 beds for every 1000 Australians aged 75 and over. This dramatic reduction is the result of a major change in Commonwealth policy. The industry went from a situation where funding for aged care was almost exclusively restricted to nursing homes to the present situation which is characterised by a great diversity of aged care programs.

The first reforms of the industry were initiated by the McMahon administration in 1972. The Government put forward a plan to control the number of admissions and the fees of nursing homes. It also attempted to bring about a shift away from nursing homes towards hostel care and home based community care by increasing subsidies available to hostels and introducing a Domiciliary Nursing Care Benefit to encourage home care.

Although subsequent governments accepted the thrust of the new policy, no great improvements ensued until the mid-1980s. Faced with a projected increase in the population aged 65 and over, (from 10 per cent of total population in 1985 to 17 per cent of total population in the year 2025), the Hawke Government set about introducing wide ranging reforms in aged care in 1986. The paper provides an overview of the reforms and of the numerous new programs that have been developed to care for the aged in a variety of settings. In addition to developing programs to encourage home care for the aged, the Government has provided generous subsidies to encourage nursing homes and hostels to provide more respite care beds for those elderly people being cared for at home. More funds have also been made available for hostel beds. Specific programs have been developed and special funds allocated for the care of the ethnic aged and aged Aboriginal and Torres Strait Islanders. A national plan of action for people suffering from dementia is being implemented. The majority of programs under the reform plan have benefited from bi-partisan support in Parliament.

Since 1990, private enterprise has been allowed in the hostel industry and a new funding system has been adopted. The most difficult change to accomplish has been the standardisation of nursing home funding.
The paper attempts to provide a guide to the components of the complex funding formula adopted. The changes have been accompanied by the development of a new jargon within the Australian aged care industry. A Glossary and a Chronology of the major changes are attached to help the reader through territory that may be unfamiliar.
INTRODUCTION

When the Hawke Government embarked on its major reform of aged care programs in 1985, Australia had one of the highest rates of residential care for the aged in the world (some 140 beds for every 1000 of Australians aged over 75). Reports presented at the United Nations World Assembly on Ageing in 1982 showed that only the United States and Denmark had more nursing home beds per 1000 people. A peculiarity of the Australian system of aged care was that most aged Australians in residential care tended to be in nursing homes rather than hostels while in most other countries, hostel-type residential care for the aged was as readily available as, or more available than, nursing home care.

It may be useful at this point to define the terms nursing homes and hostels.

**Nursing homes** provide their residents with nursing care on a 24 hour basis and with readily available access to the services of a medical practitioner (in addition to meals and all other personal care services).

**Hostels** provide their residents with accommodation and meals as well as access to a range of other care services (for example, laundry, occupational therapy, podiatry and physiotherapy) excluding regular nursing care.

Nursing homes are more expensive to run than hostels because of the nature of the services they provide. They cater for very sick and very frail elderly persons while hostels cater primarily for those elderly persons who need to be looked after but whose health problems are relatively minor.

From the early 1970s onwards, successive Federal administrations had taken the view that there was a need to slow down the growth of nursing homes and change the perception that they provided the answer to the problem of meeting the needs of the elderly. The Australian Labor Party had clearly stated during the 1983 election campaign that it was committed to moderating the growth of nursing homes and that it would encourage the provision of hostel accommodation and of community based home care.

Its first initiative in the area of aged care, after winning office in 1983, was to enact legislation establishing the **Home and Community Care (HACC) program** in January 1986. It is not proposed to discuss HACC in this paper other than to say that, provided it is adequately funded,

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1 Note: A PRS Background paper on the HACC program was published in 1991.
the program offers a viable alternative to residential care for the aged and reduces the pressure for increasing the numbers of nursing homes and hostels beds available.

Part I of this paper provides an overview of how nursing homes came to dominate the aged care industry in Australia until the early 1980s. Part II provides an overview of policy between 1986 and 1993 and covers the numerous reforms and new programs implemented during that period. The reforms have changed the way nursing homes and hostels are run and funded. Those changes have been accompanied by a plethora of new programs and the development of a new jargon in the industry. In order to facilitate the reader's task, a quick access guide to terms, acronyms and names of new programs in the industry is provided in the Glossary at Appendix 1. A chronology of the major changes of direction in policy is also provided at Appendix 2.

THE DEVELOPMENT OF POLICY ON RESIDENTIAL CARE

The Menzies initiatives in aged care

Most of the rapid growth in the number of nursing home beds occurred between 1962 and 1972 following the introduction, by the Menzies Government, of a 20 shillings ($2) per day nursing home benefit per patient in approved nursing homes. The decision was meant to assist some 15,000 chronically ill old people in nursing homes with their fees. The rules of private health insurance organisations excluded such people from participating in health insurance schemes.

The 1962 amendment to the National Health Act 1953 which granted the benefit marked the beginning of Federal Government involvement with recurrent funding of nursing homes. The introduction of the Government's nursing home benefit had an immediate effect on growth in the industry. In the five years between 1963 and 1968, the number of new nursing homes built grew by 20 per cent (220 new homes) and the number of beds added to existing homes grew by 48 per cent (12,348 new beds).²

In 1966, four years after the introduction of the nursing home benefit, the Holt Government announced that changes would be made to the administration of the Aged Persons Homes Act 1954 to allow an

eligible organisation to receive grants towards accommodation for residents requiring continuous nursing care.³

With this change, the Government provided for the first time a subsidy towards the capital costs of nursing homes beds not exceeding one half of the total number of residential beds provided by an organisation in any city or town.

Prior to 1966, the Government had provided a capital subsidy under the Aged Persons Homes Act 1954 for the purpose of subsidising the cost of constructing homes for the aged. The Act was passed as a result of an election promise made by the then Prime Minister, Robert Menzies during the 1954 election campaign. The granting of the subsidy resulted in an increase in hostel type accommodation for the aged and helped ease the existing housing shortage. However, while a grant could be made, subject to certain conditions, towards the cost of an infirmary at a home for the aged, homes that were built primarily for sick aged persons (and therefore nursing homes) were not eligible for the subsidy until the changes announced in the 1966 Budget.

It is worth noting that the 1966 Budget announcement was not implemented through amendments to the Aged Persons Homes Act 1954. Like many other changes to the aged persons homes scheme, it was the result of a policy decision that was carried out through administrative and not legislative channels.

In 1968, in response to a situation where private nursing homes were reluctant to admit patients whose disabilities rendered them virtually bedridden or those who were wholly or substantially dependent on nursing care, the Federal Government introduced a supplementary benefit of $3.00 per day for nursing home patients requiring and receiving intensive nursing care.

Like the Menzies and Holt Governments before it, the Gorton administration did not have a long term plan for the provision of residential aged care in this country. As problems presented themselves, whether in terms of costs or of shortage of accommodation, the Government tried to solve them by what one commentator described as 'a series of ad hoc decisions',⁴ mostly in the form of a new subsidy each time.


⁴ Parker, R. 'The Growth of Private Nursing homes in Australia: Lessons to be learnt', in Lewis, B. Care and Control: Personal and Social Services and the Private sector, Policy Studies Institute, 1987:33
Problems of excessive costs

The result of the numerous government's subsidies being made available was that by 1972, Commonwealth expenditure on nursing home benefits was almost three times the expenditure on Commonwealth hospitals benefits for insured patients. Growth had occurred mainly in the private sector and at 30 June 1968, 51 per cent of beds were administered by private enterprise, 27 per cent by voluntary non-profit organisations and 22 per cent by the States Governments. Four years later, at the end of 1972, private nursing homes accounted for 54 per cent of beds, non-profit organisations 27 per cent and State Government nursing homes, 19 per cent. The problem of shortage of accommodation for the aged, a matter that had caused concern since the early 1940's was replaced for the McMahon Government in the early seventies by new problems caused by spiralling costs and the uncontrolled growth of private nursing home accommodation, most of which was being subsidised by the Commonwealth. By 1971, the New South Wales Council on the Ageing was claiming that 3,000 beds in New South Wales nursing homes were occupied by elderly men and women who should not have been there. The issues of unnecessary admissions to nursing homes and of excessive fees that were being charged in some cases continued to be raised. It became widely accepted that almost 25 per cent of nursing home residents did not really need to be there on medical grounds. This represented some 9,000 of the 36,000 people resident in nursing homes in 1972 and they were costing apparently unnecessary Commonwealth spending of an extra $17.5 million a year in nursing home benefits.


8 Jones, M. 'Crisis in private Care', The Sydney Morning Herald, 16 August 1971.


Control of nursing homes

In the Parliamentary Budget sittings of 1972, the McMahon Government put forward a plan to deal with the rapid growth in the size of the nursing home industry and the ever increasing fees that were being charged. In relation to nursing homes, the *National Health Act 1953* was amended to provide for control of:

- admissions to nursing homes
- the growth of nursing home accommodation
- nursing home fees

Under the new arrangements the approval of a medical practitioner was required prior to a patient's admission to a nursing home. Fears had been expressed that some private doctors who were also owners or part owners of nursing homes were admitting patients to nursing homes without justifiable reason. In response, the new rules announced in the Senate in August 1972, required that the medical practitioner's certificate be endorsed (or rejected) by a Commonwealth Medical Officer.

The approval of the Director-General of Social Security became necessary for constructing new nursing homes or extensions to existing nursing homes in a particular locality. Approval was granted if existing accommodation in the area was found to be inadequate to meet its needs.

Moreover, as a condition of approval under the *National Health Act 1953*, private nursing homes could no longer charge fees in excess of those determined by the Department. A Nursing Home Fees Review Committee was set up in each State to hear appeals from nursing home proprietors on the Department of Social Security's decision on fees.  

The legislation was passed at the end of 1972 before the fall of the McMahon Government and it was up to the new Whitlam administration to implement the measures. The changes were comprehensive but one major problem had not been addressed: some private nursing homes were believed to be keeping patients in

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11 Note: Responsibility for nursing homes funding had shifted from the Department of Health (in the McMahon Government) to the Department of Social Security following the election of the Whitlam Labor Government in December 1972.
intensive care unnecessarily in order to qualify for the higher benefit.\textsuperscript{12} This was to remain a weakness of the nursing home funding system for many years.

**The shift away from nursing homes - hostel care**

Two other initiatives in the area of aged care were also announced by the McMahon Government in 1972. The first was:

- The introduction of legislation (the *Aged Persons Hostels Act 1972*) to encourage the provision of hostel accommodation for the aged.

Hostels would provide an alternative for those aged people who were in relatively good health but who, because of the shortage of alternative accommodation had been placed in nursing homes during a bout of illness and had remained there. Hostels were less costly to run (and attracted a lower subsidy) than nursing homes because the lower level of care required by the residents meant that they were less labour intensive. In 1969, the *Aged Persons Homes Act 1954* had been amended to provide for a personal care subsidy of $5.00 per week to be paid for hostel residents aged 80 years or over to assist the organisations to employ staff who would provide additional services such as cleaning, bathing, laundry and medication for those residents. In order to qualify for the subsidy, the home had to provide at least two meals a day and employ sufficient staff to help residents who needed assistance with personal care. In addition, a staff member had to be available on the premises 24 hours a day in case of an emergency.

By 1972, recognising the need to encourage greater use of hostels over nursing homes, the Government passed the *Aged Persons Hostels Act 1972*. The Act introduced a scheme under which the Government met the full cost of providing new hostel accommodation for two additional aged persons to every one person already resident in an eligible unsubsidised home. For every two persons resident in a home subsidised on a dollar for dollar basis between 1954 and 1957, the Government would provide the full cost for one extra resident. Eligible organisations were required to allocate hostel accommodation on the basis of need, having regard to the applicant's state of health, age and existing accommodation situation.

Although the aims of the program were commendable, it failed to achieve its stated aims. In the program's first two years, only one-seventh (2,111) of the free beds offered were taken up, making it necessary for the Whitlam Government in 1974, to amend the *Aged

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Persons Hostels Act 1972 to provide added stimulus to the program and encourage the provision of hostel places to those in most need of them.

The shift away from nursing homes - home care

The second initiative introduced in the Budget session of 1972 was the introduction of:

- A Domiciliary Nursing Care Benefit (DNC) to be paid to a person accepting responsibility for the provision in his or her own home, of professional nursing care and supporting services required by an aged relative on a continuing and regular basis.

This came on top of grants made through the States' Grants (Home Care) Act 1969 and the States' Grants (Paramedical Services) Act 1969 which were designed to encourage the development of community-based services for the elderly and reduce the need for them to be admitted to residential institutions in the absence of a serious medical imperative. The Acts provided cost-sharing grants with the States for housekeeper and home-help services and for services such as physiotherapy, chiropody and occupational therapy. In 1970, the Delivered Meals Subsidy Act 1970 was passed. Unlike the two Acts mentioned above, it by-passed the States and provided direct financial assistance to voluntary organisations and local government bodies towards the provision of delivered meals.

Together with the Home Nursing Subsidy Act 1957, those Acts were subsumed into the Home and Community Care (HACC) Act 1985 when that legislation was passed in 1985.

Effectiveness of the Government measures

The new measures introduced by the Government were effective in curbing the excessive growth that was being recorded in the number of nursing home beds becoming available. During 1971-72, before the legislation was introduced, 4,563 beds were approved (almost the same as in the previous year). In 1972-73, when the new rules had been implemented for 6 months, the number of beds approved fell to 2,130 and by 1974, the figure was 1,420 beds. It is not possible to state which of the new measures (tougher criteria for establishing new nursing homes or enlarging existing ones, fee control and more generous assistance to alternatives such as community-based care) was most effective in curbing growth but a sharp reversal in the trends towards more nursing home beds had been achieved in a relatively short period.
The Whitlam years

At the end of 1972, the newly elected Labor Government transferred responsibility for nursing home benefits to the Department of Social Security. The new Minister, the Hon Bill Hayden reassured nursing home proprietors that, 'the Government does not wish to drive nursing homes out of existence' 13 However, government members were concerned that whenever pensions or nursing home benefits rose, fees immediately rose as well and pensioners were never better off. The Government saw price control as the answer to this problem.

Private nursing homes' proprietors were not satisfied with the Government's formula for price control. A period of major confrontation between the Government and the nursing home industry over fees and profitability followed. 14 Nursing home proprietors from all around Australia joined the newly formed Australian Nursing Home Association (now the Australian Nursing Homes and Extended Care Association). The Association's aim was to present the views of nursing home proprietors more forcefully to the Government.

The Government, however pursued its strategy of encouraging alternatives to nursing home admissions. First it made more funds available to community groups providing home care under the *States Grants (Home Care) Act 1973*, passed in September 1973. In an attempt to shift the balance of nursing home bed provision away from private enterprise to the voluntary sector, the Minister for Social Security announced in October 1973 that voluntary organisations would be able to obtain capital subsidies to purchase private nursing homes on the market or build nursing homes regardless of whether or not they were currently providing hostel accommodation. 15 Unfortunately, many voluntary organisations (church and charitable groups) were already incurring deficits on operating costs and were reluctant to venture into new projects.

Another important development for the aged care industry at that time was the formation, in 1975, of *Aged Care Australia*, an organisation representing charitable and religious organisations operating hostels and nursing homes. Following a suggestion from the then Minister for

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Social Security Bill Hayden, the organisation was formed to negotiate with the Government on behalf of the voluntary agencies offering residential accommodation for the aged. Based in Canberra, Aged Care Australia had, in September 1993, 1036 members running 2316 facilities (930 of which are hostels) for the aged around Australia.

**Deficit financing**

The Whitlam Government dealt with the reluctance of charitable and voluntary organisations to venture into new nursing homes projects by passing the *Nursing Homes Assistance Act 1974*. The Act contained provisions which, as announced in the 1974-75 Budget, established a deficit financing system authorising the Minister to enter into agreements with non-profit organisations conducting nursing homes, under which the Government would meet the deficits incurred in running the homes. Sixty eight per cent of the 358 eligible homes chose to enter the deficit scheme.

The Government thus succeeded in its plan to encourage the voluntary sector to operate more nursing home beds. Between 1976 and 1983, the number of beds provided by such organisations grew by 54 per cent, three quarters of which were subject to deficit financing. However, the Government's hope that deficit-financed homes would provide nursing home care for the financially needy was not realised. Eight years later, the McLeay Committee came to the conclusion that many deficit financed nursing homes were 'catering primarily for the middle-class'.

In other initiatives taken that year (1974), the Government amended the *Aged Persons Homes Act 1954* to extend its provisions to people with disabilities. The title of the Act was changed to *Aged or Disabled Persons Homes Act 1954*. The decision was also taken to increase the subsidy from $2 of Commonwealth money for each $1 provided by the home or hostel to $4 of Commonwealth money to each $1. This had the effect of dramatically increasing the number of proposals for new homes put forward by eligible organisations regardless of whether there was a need for them.

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Fiscal restraint

The following year, in August 1975, funding for projects that had not already been approved under the *Aged or Disabled Persons Homes Act 1954* was suspended. The Government stressed that it was aiming for fiscal restraint in its Budget.

The election of the Fraser Government in December 1975 saw an increased commitment to restraint and reduced public expenditure. Funding under the *Aged or Disabled Persons Homes Act 1954* was brought back to the previous $2 for $1 subsidy. The Government commissioned a number of reports into the cost of health care and of aged care in particular. One of the first to report, the *Committee on Care of the Aged and the Infirm*, chaired by Austin Holmes, expressed concern at the lack of co-ordination and the apparent ad hoc nature of many of the initiatives taken in aged care over the years. The Committee strongly recommended that the Government encourage the development of home-based care and adequate assessment services before admitting elderly people to residential care. It also suggested that a plan could be devised whereby private health insurance organisations would meet some of the cost of nursing home care.

Private health insurance for nursing home patients

The *National Health Acts Amendment Act 1977* was passed in September 1977 to place health insurance providers under an obligation to pay a benefit equivalent to the Commonwealth nursing home subsidy (including the supplementary intensive care benefit where it applied) to those elderly nursing home patients who were insured with them. The bill, when introduced in the House of Representatives, met with strong opposition: the Labor Opposition pointed out that patients would not want to take out private insurance when they knew that if they did not, their nursing home costs would be paid by the Government; the health insurance industry also resisted the changes and nursing home proprietors found the system of claiming from the private insurers too cumbersome.

The Auditor-General found in 1981, that many nursing homes continued to claim benefits from the Department of Health for their insured patients because they found this simpler and quicker than to make claims from the insurance companies. It was alleged that the Commonwealth was paying up to $25 million unnecessarily to nursing

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home proprietors who should have been claiming the amount from private health insurers. The Government accepted that the scheme had failed to work. It amended the National Health Act 1953 to give effect to a decision that, from September 1981, the Commonwealth would again be wholly responsible for paying nursing home benefits.

The period 1976-1982 was characterised by a substantial increase in new nursing home beds (6,800 or over 1,100 per year). Towards the end of 1981, the Liberal Party Member for Petrie in Queensland called for increased funds for domiciliary services pointing out that:

> about 8 per cent of the elderly population is absorbing approximately 90 per cent of expenditure (on aged care)\(^{21}\)

### A CHANGE OF DIRECTION

In May 1980, the House of Representatives Standing Committee on Expenditure resolved to conduct an inquiry into Accommodation and Home Care programs for the Aged and a sub-committee was formed to conduct the inquiry. After the 1980 election, a new sub-committee was formed with Mr L. McLeay as chairman. Two specialist advisers were appointed to assist the sub-committee, Dr. Bruce Ford and Ms Anna Howe. The Committee published its report (the McLeay report) in October 1982, after conducting public hearings during 1981 and consulting widely during 1982. The findings and recommendations of the sub-committee were to have a major influence on the direction of Labor’s aged care policy after it won office in early 1983.

The McLeay report recommended the introduction of standardised assessment procedures prior to admission to a nursing home, reform of nursing home funding to control growth and expenditure and an expansion of community-based services. The committee found that the cap on extra funds for domiciliary care, applied as part of the Government policy of fiscal restraint had backfired and the increase in nursing homes subsidies was costing the Government much more than improved domiciliary care services would have.\(^{22}\)

### The 1980s

At the time the Hawke Government came to power in March 1983, 90 per cent of Commonwealth funding for aged care was going to the

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residential sector and, within that sector, 90 per cent of funds was going to nursing homes.

The Australian Labor Party's Aged Care policy released just before the 1983 Federal elections stated clearly that Labor's priorities would be:

- the development of a home based community care program to provide support for the elderly who wished to remain in their own homes and

- to encourage the provision of hostels which was seen by Labor in Opposition to be a neglected area of residential provision.

In relation to the nursing home sector, Labor promised to continue to support ... but seek to moderate its growth, and provide incentives for the pursuit of greater equity and a more balanced response to community needs.23

The incoming Government's first initiative in the area of aged care was the setting up of a new Department of Community Services with responsibility for the aged, people with disabilities and children's services. The 1982 McLeay inquiry had identified a number of administrative problems stemming from conflicts caused by divided responsibilities between the Department of Social Security and the Department of Health. The new department was better equipped to deal with these problems.

A new Office for the Aged was also created, beginning operations in July 1985. The Office was to act primarily as a national advisory unit to the Government to assist it to respond effectively to the needs and concerns of aged people and their carers. The Government then turned its attention to fulfilling its election commitment of controlling the growth of expenditure on inappropriate residential care. In May 1985, following the release of a Departmental paper on nursing homes costs, the Government announced a freeze on the level of benefits paid to State Government nursing homes in Victoria, South Australia and the Northern Territory. A complete overhaul of Federal funding for all types of nursing homes was planned.

It is only in the 1992-93 Budget that the Commonwealth announced that the freeze would be removed subject to the agreement of the States to satisfactory offsets. Some public nursing homes in Victoria, South Australia and Tasmania have started to transfer to Commonwealth funding.

The nursing homes and hostels review

In July 1985, the Minister for Community Services Senator the Hon Don Grimes established the Nursing Homes and Hostels Programs Review and gave it the task of developing proposals for the Minister on possible changes to the Government's role in the nursing homes and hostels programs taking into account the findings of the various parliamentary and departmental inquiries that had preceded it.

The Nursing Homes and Hostels Review's report (the Review) released in April 1986 set out a strategy for the restructure of programs for the aged along the lines recommended by the McLeay and Giles parliamentary reports in particular.24

The Review recommended that the emphasis in aged care programs should shift away from residential care to home based care for all those who were not in need of constant nursing care. This simply reinforced the direction of decisions successive Commonwealth Governments had been taking since 1972. However, this time the Government was already on its way to implementing this recommendation with the HACC program in the early stages of development.

The Review recommended major changes to the system of financing nursing homes with a view to containing costs while at the same time achieving a fairer distribution of nursing home beds among the different States. Changes to the Capital Funding Program were also recommended in order to favour the expansion of hostel development relative to nursing homes.

Other specific recommendations were made addressing the needs of those requiring extensive nursing care, young people with disabilities, and special groups such as financially disadvantaged aged people and those from Aboriginal and ethnic communities.

In response to the Review's recommendations, the Government announced in the 1986-87 Budget that it would change the emphasis away from nursing home accommodation towards greater use of hostels. The Department of Community Services estimates at the time put the national ratio at 100 residential care places for every 1000 people aged 70 years and over. The Government pledged itself to maintain that overall ratio but to alter the balance to meet an objective

of 60 places in hostels per 1000 aged 70 and over and 40 places in nursing homes per 1000 aged 70 and over.\textsuperscript{25}

At the same time, the Government committed itself to:

- increasing capital funding to encourage the expansion of hostels
- indexing the Hostel Care subsidy annually and increase and index the Personal Care subsidy
- developing special programs for ethnic communities, Aboriginals, dementia sufferers and aged people with disabilities
- developing co-ordinated assessment processes to ensure that aged people received the most appropriate type of care
- providing funds for the further expansion of the HACC program
- replacing deficit financing and the separate fee and benefit arrangements for participating nursing homes with a standard grant for recurrent funding to be phased in from 1 July 1987
- introducing new growth control arrangements linked to capital funding of nursing homes and hostels
- developing, in consultation with the States, new staffing standards and guidance on quality of care\textsuperscript{26}

**Geriatric assessment services**

The Government announced in August 1986 that it would provide funds to develop geriatric assessment services whose main aim would be to provide an evaluation of the care needs of an older person in order to help him or her avoid unnecessary nursing home admission. Not only the physical and medical needs but the psychological and social needs of the frail aged person would also be assessed to assist them to access services according to their needs. An assessment became necessary before obtaining approval from a Departmental medical officer for admission to a nursing home.

The assessment was made by teams of specialists who became known as **Geriatric Assessment Teams** (GAT's). The teams usually include some or all of the following members: a Geriatrician or Community


\textsuperscript{26} Australia. Senate. *Debates*, August 1986.
Physician, a Registered Nurse, a Social Worker, an Occupational Therapist or Physiotherapist. The teams are jointly funded by the Commonwealth and the States. The name was changed to Aged Care Assessment Team (ACATs) in 1992 because large numbers of older people object to the negative connotations now associated with the term geriatric.

Ethnic and Aboriginal aged programs

The 1986 Nursing Homes and Hostels Review (The Review) drew attention to the special needs of certain groups of aged people in the Australian community. In response, the Government implemented the Special services program committing itself in the 1986-87 Budget to the development of aged care services for groups with special needs who cannot be adequately cared for by mainstream programs. The target groups have been Aboriginal and Torres Strait Islander groups, people of non-English speaking backgrounds, older people in rural and remote communities and people with dementia. Through the program, the groups may obtain assistance in order to run a nursing home or hostel or they can be helped to access mainstream services.

In 1986, there were 13 hostels and 4 nursing homes catering solely or principally for Aborigines. The need was not for increased numbers of beds but for suitable accommodation catering to the cultural needs of Aboriginal and Torres Strait Islanders. Capital funding of $42.6 million has been made available since 1986 to build one extra nursing home and 8 new hostels bringing the total number of nursing home beds for Aborigines and Torres Strait Islanders to 148 and the number of hostel places to 275.

Ethno-specific residential aged care

The Review had drawn attention to a projection that the numbers of Australian residents aged 65 and over who had been born in non-English speaking countries, would more than double between 1981 and 2001.27 The 1986 Census put the numbers of people of non-English-speaking background, aged 60 years and over at 307,000 and the projection was that the figure of 660,000 could be reached by 2001. Between 1986 and 1990, the Government allocated $69 million of capital funding for the provision of 2263 ethno-specific residential care beds (1719 hostel beds and 544 nursing home beds), bringing the total

number to 1400 ethno-specific nursing home beds and 3000 ethno-
specific hostel places.  

The information quoted above is from Discussion paper no.3 of the Mid-term Review of Aged Care Reform Strategy. The Discussion paper deals in depth with the issue of the care of the ethnic aged and it is not proposed to canvass those issues again here. We note however, that the Discussion paper points out that, while the problem posed by the ethnic aged has received some attention, the number of nursing home beds specifically catering to the ethnic aged represents only 2 per cent of the available nursing home beds. It is estimated that the ethnic aged will represent 20 per cent of persons aged 60 and over by the year 2001.

Reform of nursing home funding

A joint Commonwealth-State Working party on Nursing Home Standards (the Working Party) was set up in 1986 to formulate national standards of care for nursing home residents and to develop a funding system for uniform nursing home staffing standards throughout Australia. On the recommendations of the Working Party the Government introduced a new formula for subsidising the infrastructure costs of non-government nursing homes.

This formula was called the Standard Aggregated Module (SAM). It is a standard subsidy per occupied bed day to cover infrastructure costs such as transport, laundry, food and also return on investment. SAM is indexed each 1 July in line with actual and expected movements in general prices and award rates of pay. The Nursing Homes and Hostels Legislation Amendment Act 1987 was passed and the transition to SAM funding commenced on 1 July 1987 with a target date of 1 July 1991 for completing the transition.

Turning to the issue of recurrent funding subsidy, the Working Party reviewed a range of resident classification systems used in hospitals and nursing homes and opted for the development of a new system to be applied throughout Australia. The result was the Resident Classification Instrument (RCI) designed to introduce uniform national nursing and personal care staffing standards based on the degree of service needs of residents. The RCI is made up of questions aimed at determining the relative care needs of nursing home residents and can be completed by either the nursing home staff or an Aged Care Assessment Team member. Residents are classified for funding purposes, into a number of broad groupings according to need. Five categories are used: category 1 being the highest need category and

category 5 the lowest, only personal care and no nursing care being required by residents with that classification. When the RCI was first introduced, the intention was that a yearly assessment of nursing home patients would suffice.

On the basis of the RCI category assigned to each nursing home resident, the second component of the proposed new funding system, the actual level of funding for each resident could be calculated. The Care Aggregated Module (CAM) is designed to cover the cost of employing a specified standard level of nursing and personal care staff to care for nursing home residents. There are five levels of CAM applicable to five categories of assessed resident care needs. The change to CAM funding started on 1 July 1988.

Initially, there were problems with the implementation of the RCI and CAM funding. Nursing home proprietors found the classification model to be inflexible; in particular, they protested that since it was not possible to change residents original classification when their condition deteriorated and their care needs increased, they were being disadvantaged in terms of funding. For many residents, twelve months was too long to wait for a new classification. This was critical in the case of dementia sufferers where deterioration can be rapid. Criticism of CAM funding from within the industry was addressed in the review which the Government had promised in order to assess the first twelve months operation of the new nursing home funding arrangements.29 The changes that have flowed from the recommendations of the CAM Review resulted in a more flexible classification instrument, better able to take into account the real care needs of nursing home residents.

Nevertheless the industry still continued to express concern over the level of documentation required by the Department to validate the RCI. This situation led to the appointment of an independent consultant, Mrs Sue Macri, to report on the issue. The consultancy was established in May 1993 and her report was issued on 18 October 1993. Mrs Macri's report identified both over-documentation and poor documentation as major concerns. She also found that

It is in the best interests of both parties to 'get it right'. It is costly for both the Government and Industry alike to continue with an ineffective and inefficient system of documentation and review.30

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Finally, the Commonwealth decided to reimburse each nursing home its actual expenditure on long service leave and superannuation for nursing and personal care staff. Expenditure on payroll tax and workers' compensation insurance costs for all staff employed by the nursing home was also reimbursed according to a formula which became known as the Other Cost Reimbursed Expenditure Module (or OCRE). OCRE was introduced at the same time as CAM, on 1 July 1988.

The Validation Program

Having put the new nursing home funding program in place, the Government turned its attention to scrutiny of how the nursing home industry spent the $1.5 billion or more of government funds it received in benefits. The 1990-91 Budget instituted a validation program designed to cover 70 per cent of the nursing home population. The program was expanded the following year. The program involves an audit of payments made to private nursing homes since 1986. The program's aim is to recover 'misapplied funds' that is, subsidies and payments made to nursing homes since 1986 based on estimates provided by the homes' proprietors. The audit aims at establishing whether the funds were spent for the purposes for which they were provided. Validation is carried out by two departmental officers and takes on average 10 days for 1986-87, the last year when the previous funding system still applied and 5 days for subsequent years.

The validation program has caused problems in the industry because of the time lapse between the overpayment and the department's recall of the funds. New nursing home proprietors have sometimes found themselves owing large sums of money to the Commonwealth as a result of prior 'misapplied' payments having been made to the home's former proprietor. The Commonwealth Ombudsman is investigating 17 complaints from nursing homes about the validation process. The Ombudsman's office has received 10 additional complaints which they are not investigating at this stage.

The National Health Amendment Act 1992 was enacted to provide that these payments were debts recoverable from the vendor on sale of the nursing home. However this change applied only to benefits paid after 1 July 1993. In order to apply this measure to benefits paid prior to this date, the National Health Amendment Bill (No. 3) 1993 and the Nursing Home Charge (Imposition) Bill 1993 were introduced into the House of Representatives on 28 September 1993. In 1992, the Department was still validating for 1986-87 as well as for the intervening years. It aims to complete the validation program in 1994. As a result of the length of time involved in the validation process, the Government introduced the Health and Community Services Legislation Amendment Bill 1993 into the House of Representatives on
7 September 1993. Part 6 of this Bill provides that nursing home records required for the validation process shall be retained for seven years.

The Senate Standing Committee on Community Affairs is conducting a preliminary inquiry into all aspects of the validation of CAM and SAM funding in nursing homes. It is to report to the Senate by 1 December 1993, at which time it will be decided whether a further inquiry is warranted.

**Fee control**

The need for some form of fee control had been recognised as an issue by both the Government and the Opposition since the early seventies. The *Community Services and Health Legislation Amendment Act 1988* contained provisions to ensure that by July 1991, no nursing home resident would be paying more than the statutory contribution of 87.5 per cent of the combined pension and rent assistance allowance in nursing home fees. However, the legislation provided for up to 6 per cent of nursing home beds in each State to be exempt from this rule. Nursing home proprietors could charge a higher contribution to those residents who wished to receive a higher level of accommodation and were able to pay for it. More exempt nursing home beds became available in 1990 following further amendments to the legislation.

**Outcome standards for nursing homes**

Nursing homes and hostels had from the start been funded by the Commonwealth. However, each State set its own set of standards for staffing and levels of services provided. This resulted in great variation in standards between States. Moreover there was no check on what standards the States chose to apply since funding was a Commonwealth responsibility. The Nursing Homes and Hostels Review had recommended that this issue be addressed and the joint Commonwealth-State Working party on Nursing Home Standards, set up specifically to look into such issues, released a draft national standards paper in April 1986.

The new standards aimed at promoting high quality of care and high quality of life for nursing home residents. Extensive consultations followed with the nursing home industry, consumer representatives, professional and union bodies. Agreement on uniform national standards (referred to within the industry as 'outcome standards') was reached in July 1987 and the 31 outcome standards were gazetted on 11 November 1987. They were grouped under seven major objectives:
health care;  
- social independence;  
- freedom of choice;  
- homelike environment;  
- privacy and dignity;  
- variety of experience and  
- safety.

In general, outcome standards have gained wide acceptance in the nursing home industry, with at least 95 per cent of Directors of Nursing finding most of the standards to be practicable and about 90 per cent of Directors of Nursing finding them to be desirable. In 1991 outcome standards were introduced for hostels.

**Standards monitoring teams**

In order to ensure compliance from nursing homes and hostels with the new outcome standards, a vigorous inspection program was introduced and the Commonwealth's existing inspection personnel was increased to ensure that residents' rights were upheld. Training was provided for the inspection teams and the inspection process was formalised.

The standards monitoring teams comprise nursing and administrative personnel and the inspection process involve care managers, residents, visitors and staff. The teams visit nursing homes and hostels not only to assess compliance with the 31 standards but also to assist managers in developing solutions to address areas of concern.

Review panels were set up in all States during 1988 to enable nursing home proprietors who believed that the Commonwealth had treated them unfairly to obtain a review of the standards monitoring process. Since July 1990, standards monitoring reports have been available to the public. In August 1992, the Government announced that the 7 day advance notice of a monitoring team visit would be reduced to 24 hours because some nursing home proprietors had taken advantage of the longer period to cover up poor conditions and practices at the nursing home. The compliance definitions used in the standards monitoring process were revised to make them more precise.

A report recently released (August 1993) by the ANU's John Braithwaite has commented favourably on the effectiveness of the standards monitoring program compared with similar programs overseas.

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In order to assist the industry with the implementation of outcome standards and the more formalised inspection process, the Government allocated funds for training nursing home staff in the new methods. The Queensland University of Technology won the $1.75 million tender and set up a national Training and Resource Centre for Residential Aged Care within its School of Health and Welfare Studies. The Centre, which is expected to become fully self-funding, opened in June 1990 and provides in-service training for nursing home and hostel staff.

**Respite care**

In April 1988, the Government passed the *Community Services and Health Legislation Amendment Act 1988*. As well as introducing new staffing and funding arrangements for nursing homes and hostels, the Act amended the *National Health Act 1953* and the *Aged or Disabled Persons Homes Act 1954* to increase the availability of the respite care services in nursing homes and hostels. The Government was committed to creating 4000 additional respite care places by 1995. Respite care may be available for a day (Day centre respite) or longer (residential respite).

Since 1989 when a respite care supplement became payable in addition to the Commonwealth nursing home benefit and the Commonwealth subsidy to hostels, the Government has encouraged nursing homes to provide a wide range of therapy services to aged people living in the community through **Day Therapy Centres**. The focus is on the provision of treatment and rehabilitation services to help people avoid inappropriate admissions to nursing homes. Services include physiotherapy, occupational therapy, speech therapy, podiatry and diversional therapy.

The Government also encouraged hostels to make respite beds available by providing a subsidy equivalent to 125 per cent of the hostel personal care subsidy for people whose level of dependency was such that they needed 'personal care' while they were in respite. In the 1990 Budget, in a further attempt to ease the shortage of respite care beds, the Government announced an allocation of $9.2 million for respite beds. The existing rules were changed so that nursing homes would no longer be required to set aside beds for respite use only but could also use existing beds as they became available. More recently, in the 1992-93 Budget, the Government pledged $41.2 million to expand respite care services over the following four years.
Residents' rights

In August 1988, the Minister for Housing and Aged Care the Hon Peter Staples commissioned a consultant, Ms Chris Ronalds, to identify the major rights issues affecting nursing homes and hostels residents and to suggest approaches for reform in that area. Ronalds put out an Issues Paper, *I'm still an individual* and engaged in extensive consultations, including a phone-in before making her recommendations in a report, *Residents' Rights in Nursing Homes and Hostels*, in May 1989.

Three important recent developments in residential care have their roots in the Ronalds report's recommendations. The first is the Government's endorsement of a User Rights philosophy and the development of a *Charter of Rights and Responsibilities* for nursing home and hostel residents. The second is the development of better *advocacy services* to uphold the rights of the aged in residential settings and finally, the development of the *Community Visitors' scheme*

Mid-term review of aged care reform

Having put in place most of its strategies for reform in the area of aged care, the Government announced, in the 1990-91 Budget that it would undertake a *Mid-Term Review of Aged Care Reform Strategy* with Professor Bob Gregory as its Principal Consultant. The Review was far reaching and 8 *Discussion Papers* were published on important aspects of the Aged Care Program. They were:

- The Role of Carers in Aged Care
- Commonwealth Policy and Programs for Dementia Care
- Care of the Ethnic Aged
- Aged Care Service Delivery in Rural and Remote Australia
- Care of Older Aboriginals and Torres Strait Islanders
- Approaches to Benchmarks for HACC Services
- The Balance of Care, A Framework for Planning
- Community Consultations

The report of Stage 1 of the Review was published in September 1991 and the report of Stage 2 has just been released (October 1993). The reports provide a framework not only for evaluation of the new programs but also a basis from which improvements can be made in the future.
Charter of nursing homes and hostels residents' rights and responsibilities

The charter of rights for nursing home residents was added as a Schedule to the National Health Act 1953 in an amendment passed in December 1990. It enshrines the rights that form the basis of the legal contract (Resident's Agreement) between each nursing home resident and the home proprietor. The signing of the agreement and compliance with it is a condition of Commonwealth funding. Agreements were introduced at the same time as the Charter of Rights and Responsibilities and have been in operation in nursing homes since 28 December 1990. Under the terms of the Agreement, residents have rights to freedom from abuse and reprisal, the right to privacy, the right to individuality and the right to complain. They must accord proprietors and staff the same rights.

Although the Government indicated its commitment to the Charter of residents' rights and responsibilities for nursing homes and hostels in 1989, the Community Services and Health Legislation Amendment Bill (no.2) 1990 which sought to amend the National Health Act 1953 to include the Charter in the Schedule to the Act had a stormy and slow passage through Parliament. The Federal Opposition and nursing homes run by religious bodies objected to certain aspects of the Charter and argued that the Government had failed to consult widely enough with the industry. Catholic bishops stated at one stage that catholic nursing homes would refuse to sign the required Agreement between nursing home residents and proprietors regarding their rights and responsibilities unless amendments were made. The Government finally decided to go ahead in spite of the remaining opposition and the charter has been in force since January 1991.

A similar charter of rights for hostel residents was added as a Schedule to the Aged or Disabled Persons Homes Act 1954. Residents' agreements have been in operation in hostels since January 1989.

Advocacy services

The Ronalds' report recognised that advocacy services were already operating on behalf of some aged persons' groups in the community but it recommended that the Commonwealth Government should provide funds for such services to be formalised and able to operate independently from industry organisations. The Government supported the recommendation and made grants to aged persons' organisations in all States and Territories during 1989 and 1990 to

provide advice and information to assist residents of nursing homes and hostels to exercise their rights and make informed decisions about the services they require.

The Community Visitors' program was the last of the Ronalds' recommendations to be implemented. The scheme was first tried as a pilot scheme in a number of Queensland and South Australian nursing homes during 1990-91. It targets nursing homes residents who have little contact with family or friends and aims at improving their quality of life by providing them with regular contact from a volunteer community visitor and hence with the outside world. The Commonwealth provides funds to interested community organisations to recruit volunteers who are matched on the basis of background and expressed interests with nursing home residents who have no friends or relatives to visit them. The program is welcomed by residents and nursing home staff alike. The Government made $8 million available in 1992-93 to expand the scheme to all States.

National action plan for dementia care

In the 1992-93 Budget, the Government announced allocations of $31 million to be spent over five years on a national plan for dementia care. A proportion of the funds will be spent on specific programs providing support and training for carers and providers of services to dementia sufferers. The plan also aims at improving assessment methods and enhancing the quality of services for dementia sufferers. The Government has made additional funds available for selected nursing homes and hostels (after a tender process) to demonstrate best practice in dementia care. It is hoped that this process will encourage other organisations to develop effective ways of meeting the needs of people with dementia. The Government's aim in the 1992-93 Budget was to provide funding for the development of 1300 extra hostel places for dementia sufferers (increasing the total to 6000 hostel places).

The National Action plan was not the first Government initiative in response to the increasing number of older people suffering from dementia. As far back as 1983-84, the Government had funded a number of pilot projects with special dementia grants being paid to a number of hostels providing programs to residents suffering from dementia. The Dementia Grants Program for hostels was formalised and began in 1986-87.

The intention of the program was that nursing home residents would receive appropriate funding for dementia care through CAM and the RCI assessment. Unfortunately, as mentioned earlier, problems in the early stages of the implementation of the RCI and CAM meant that, when the funding changes were first introduced in 1988, the issue of
the needs of dementia sufferers in nursing homes was not properly addressed.

Since April 1992 a new system of Personal Care Subsidy has been in operation in hostels. The highest level of payment (there are three levels) caters for people with dementia and is sometimes referred to as the dementia subsidy. The subsidy replaces the Dementia Grants Program which will be completely phased out by April 1994. The report of Stage 2 of the Mid Term Review of Aged Care Reform Strategy released in October 1993, deals in detail with the issue of dementia care programs.34

Hostel reform

The Federal Government's involvement with hostels date back to the passing of the Aged Persons Homes Act 1954. The Hawke Government started to revise hostel funding arrangements in 1987 when it increased the access of hostels to capital funds through borrowings and refundable contributions from residents. However, it is in 1990 that hostel reform really got under way with the welcoming of private enterprise participation in the industry and the review of hostel recurrent subsidies. Up to 1000 places (about 20 per cent of new bed approvals) were to be allocated each year to the private sector. Previously, only the Government and religious and charitable organisations were eligible to provide subsidised hostel care.

In the 1990-91 Budget, the Government also announced that a sum of $6.6 million would be made available over four years for the introduction of outcome standards in hostels. The standards were similar to the model which had been successfully implemented in nursing homes.

The Government currently has a target of 52.5 hostel places per 1000 population aged 70 and over. The Aged Care Reform Strategy's Mid Term Review recommended that the previous target of 60 places per 1000 population aged 70 and over be reduced to 55 and that community care packages35 be expanded to cope with the expected increased demand at that level. The Government announced in the 1991-92 Budget a target of 55 and followed with a new target of 52.5

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35 Note: Community Care Packages are designed to enable people with higher levels of care to access specialised services so that they can still remain in their homes.
The Mid-Term Review also recommended a restructuring of hostel recurrent funding to cater for the range of resident dependency. The three level Personal Care Subsidy introduced in 1992, has its roots in this recommendation.

Hostels are funded through the personal care subsidy, the hostel subsidy for those classed as disadvantaged and through residents' contributions. The personal care subsidy varies according to the needs of hostel residents and they are paid to assist organisations to provide higher levels of personal care in hostels. The hostel subsidy is provided for hostel residents who are classified as financially disadvantaged in order to assist hostels in admitting those people who cannot otherwise obtain suitable supported accommodation.

In 1990, the then Department of Community Services and Health defined a 'financially disadvantaged' person as a person who has not owned a home for two years and who is on the basic pension. The Commonwealth abolished the hostel care subsidy of $2.40 a day for non-financially disadvantaged persons in 1990 and ruled that hostels could not charge an ingoing donation to a person classified as financially disadvantaged. The amount of capital entitlement available from the Commonwealth to a hostel proprietor for building hostel units is also determined by whether the prospective residents are classified as financially disadvantaged or not.

The aged hostel industry reacted strongly to the Government's proposals to abolish the subsidy for non-financially disadvantaged residents arguing that the new rule would have a serious effect on its ability to balance its finances in the short term. The Coalition parties and the Democrats threatened to oppose the legislation in the Senate and the Government moved to amend its legislation (the Health and Community Services Legislation Amendment Bill (No. 2) 1992) so that the reduction in the subsidy would only apply to those people classed as non-financially disadvantaged who become hostel residents after 27 April 1993. The subsidy covers the provision of services such as meals, heavy laundry, personal laundry and social activities.

In April 1992, the Government introduced the Personal Care Assessment Instrument (PCAI), modelled on the RCI for nursing homes. The PCAI measures the relative care needs of hostel residents according to a set of relevant criteria and determines the level of personal care subsidy for which hostel residents qualify. Three levels of subsidy, each determined by the relative dependency of hostel residents replace the previous uniform personal care subsidy. The two higher levels take into account the needs of dementia sufferers.

Note: A table setting out the number of hostel beds 1980-1992 is at Appendix 5.
As part of the 1992-93 Budget, the Government announced proposals to increase the hostel personal care subsidy for financially disadvantaged people in hostel care by 55 cents per day from 6 January 1993. The Government also proposed to reduce the personal care subsidy by $2.65 per day for those hostel residents classed as Non-Financially Disadvantaged. Hostel residents who are not classed as financially disadvantaged may make a refundable entry contribution to the hostel. Hostel fees vary according to the financial status of the residents. A maximum fee is set for each level of income.

Recent developments

According to projections made for the Mid-Term Review of Aged Care Reform report, by 1996, some 7236 people seeking nursing home admission will need to be cared for in hostels or in the community for a longer period than is now the case and that number may increase to 11301 by the year 2001. Recognising that demand for nursing home beds may well exceed supply in the next decade, the Government has made a commitment to examine alternative ways of providing nursing home care services.

It is funding a pilot study to examine the feasibility of providing nursing home care in the community for people who remain in their homes. At the same time, the Government is going back to a concept that it tried to discourage in the mid-eighties, that of combining hostel and nursing home places within the one facility so that older people can move more easily between the two as they become more frail.

The Government has also adopted a policy of maintaining the viability of existing nursing homes. In the 1992-93 Budget, the Government announced a $32 million nursing homes assistance package which includes extra funding for over 200 nursing homes to be upgraded or re-built over the next 3 years. Five million dollars was allocated to a program (Viability Projects Program) to enable nursing homes to undertake specific expenditures on projects which will improve their financial viability. One-off grants of up to $60,000 are available to nursing homes for this purpose, provided the homes can demonstrate that they are financially viable in the long term. The Government also amended the National Health Act 1953 to provide additional infrastructure funding for isolated nursing homes and those homes caring for residents who receive nasogastric feeding or continuous oxygen so that residents would not have to meet those costs themselves.

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In September 1992, in response to industry concerns that the current funding system did not allow some nursing homes to operate viably, the Government appointed Professor Bob Gregory of the Faculty of Economics at the Australian National University to conduct a review of the structure of nursing home funding. Further matters were referred to Professor Gregory during the course of the Review, necessitating an extension of the Review into two stages. The Report of Stage 1 of the Nursing Home Funding Structure Review was released on 18 October 1993. In launching the Report, the Minister noted that it focussed attention on the 'appropriate balance between accountability and ensuring that residents receive the care they are funded for.' The report also addressed the issue of enterprise bargaining and the need for changes in the administration of the current system of funding before any benefits would become apparent.

In Stage 2 of the Review, Professor Gregory will examine the capital funding needs of nursing homes and hostels and the options for long term funding of those needs, including through user contributions and in particular, the different fee policies which apply in nursing homes and hostels. In addition, he will consider the failure of the current system of funding to provide sufficient incentive for the maintenance of the quality of nursing homes. A further issue to be considered is the whether there is a need for hostels to employ registered nurses. The Report of Stage 2 is expected early in 1994.

In the meantime, in the 1993-94 Budget the Government announced that it would provide funding for the replacement of some 106 hostel beds in the non-profit sector ($6 million over 2 years). Private nursing home proprietors will also be assisted to upgrade old homes and for new constructions. The assistance will take the form of a partial interest rate subsidy.

CONCLUSION

The Government has largely achieved its 1983 policy aims of reducing the number of nursing home beds. Between 1988 and 1990 for example, there has been a 5 per cent fall in the ratio of provision per 1000 persons aged 70 and over. This trend will continue to the year 2001. (A table indicating the changes in the number of nursing home beds from 1963 -1992 together with the ratio of provision per


1000 of the population aged 65 and over, 70 and over and 75 and over is at Appendix 4).

The past seven years have seen an unprecedented degree of government-initiated change and reform in the aged care industry. Although the Government has consulted with the industry about the changes, there have been numerous complaints that the consultations have not been wide enough or that the concerns expressed by the industry have not been addressed. Changes to funding arrangements in particular (for example, CAM and SAM funding for nursing homes) have not always been successful when first implemented. In response to the complaints about lack of monitoring and evaluation of the various program changes since 1986, a number of reviews of the new system have been carried out (some of which are still in the process of being completed as at October 1993).

The Minister has invited a number of the key national stakeholders, including representatives of the industry, unions, and consumers to form a committee under the chairmanship of Sir William Keys to advise him on the balance needed between accountability and flexibility in the nursing home industry.40 The committee will also advise the Minister on the range of recommendations in reports from Professor Gregory (funding), John Braithwaite (outcome standards) and Sue Macri (documentation for the RCI). The Minister expects this advice from the committee by the end of 1993.

The Government has legislated in response to some of the recommendations of the earlier reports (such as the CAM Review). This has at times led to criticisms that the reforms and the changes that accompanied them had been ad hoc and not well thought through. The reality is that the Government has attempted to regulate an industry which, although it is dependent on large amounts of public subsidies for its survival, is run along the lines of private sector organisations and is not a government bureaucracy. The opposite viewpoints from which each side has approached some of the problems confronting the industry has led to many tensions and problems, some of which still need to be resolved. On a positive note however, there is now widespread acceptance, within the industry, of the rights of residents, of the need to uphold uniform national standards and of the desirability of openness and accountability for how public funds are spent.

Appendix 1

Glossary

Advocacy Services - Advocacy is defined as '...the process of standing alongside an individual who is disadvantaged and speaking out on their behalf in a way that represents the best interests of that person.' Advocacy services were established in all States and Territories during 1989 and 1990 to assist residents of nursing homes and hostels exercise their rights and make informed decisions about the services they require.

Aged Care Assessment Teams - often referred to as ACATs. The role of ACATs is to assess the physical, medical, psychological and social needs of the frail aged and to assist them to access services according to their needs. An ACAT assessment is necessary before obtaining approval from a Departmental medical officer for admission to a nursing home. An ACAT usually includes some or all of the following members: a Geriatrician or Community Physician, a Registered Nurse, a Social Worker, an Occupational Therapist or Physiotherapist. The teams are jointly funded by the Commonwealth and the States.

Brokerage - refers to a system whereby a case manager purchases different home care services to suit a client's needs. The term is mostly used in South Australia and the system it refers to is also called Community Options at the Federal level and Linkages (in Victoria).

CAM - Care Aggregated Module is the name of a funding system designed to cover the costs associated with providing nursing and personal care services to nursing home residents. Under CAM, funds are provided to nursing homes on the basis of the relative care needs of their residents. Relative care needs are assessed using the Resident Classification Instrument (RCI). There are five levels of CAM applicable to five categories of assessed resident care needs. CAM was introduced on 1 July 1988.

Charter of Rights and Responsibilities - The charter of rights for nursing home residents was added as a Schedule to the National Health Act 1953 in an amendment passed in December 1990. It enshrines the rights that form the basis of the legal contract (Resident's Agreement) between each nursing home resident and the home proprietor. A similar charter of rights for hostel residents was added as a Schedule to the Aged or Disabled Persons Homes Act 1954 and has operated since January 1989.

Community Aged Care Packages - The Government announced funding of community aged care packages in the 1991-92 Budget at the same time that the target for hostel places was changed from 60 to 55 per
1000 persons aged over 70. The packages are designed to enable people assessed as having higher dependency levels or complex care needs to continue living in their own homes. In order to do so, they may need more intensive levels of community care than might usually be available. The services can be provided by community-based health care groups or by residential care organisations in the local area.

**Community Options** - (see also Brokerage and Linkages) A system of providing flexible, co-ordinated community services planned to the needs of individual clients. A case manager works out a package of services which will enable the person to continue living in their own home, in consultation with the client and their carer. In some instances, the case manager has a budget allocation and can purchase different services for clients. It seems to have proved suitable for clients with a high level of need and for those with language difficulties or different cultural needs.

**Community Visitors** - refers to volunteers who are recruited by community organisations and matched on the basis of background and expressed interests with nursing home residents who have no friends or relatives to visit them. The community visitor befriends the socially isolated nursing home resident. The Commonwealth provides funds to interested community organisations to recruit and match community visitors. The scheme was first trialled in Queensland and South Australia in December 1990 and was deemed successful by residents and nursing home staff alike. It now operates in all States and Territories.

**Day Therapy Centres** - are attached to some nursing homes and provide a wide range of therapy services to aged people living in the community and to residents of Commonwealth funded hostels. The focus is on the provision of treatment and rehabilitation services to help people avoid inappropriate admissions to nursing homes. Services include physiotherapy, occupational therapy, speech therapy, podiatry and diversional therapy.

**Day Care Centres** - are funded through the Home and Community Care (HACC) Program. They provide respite care so that the person needing care is looked after while the regular carer has some time to him/herself. There are currently 427 (1993) HACC Day Care Centres in Australia.

**Deficit Financed Homes** - Legislation was introduced in 1974 for deficit financing to meet the losses incurred by nursing homes operated by religious and charitable organisations. Organisations that chose to stay outside the scheme continued to receive nursing home benefits under the National Health Act 1953. The scheme was discontinued in 1987 when a new funding system for nursing homes was introduced.
Dementia - Dementia refers to a deterioration of intellectual function associated with pathological changes in the brain. Memory, orientation, comprehension, calculation, learning capacity, language and judgment are all affected. The cognitive impairments are often accompanied by deterioration in emotional control, social behavior or motivation. Apart from Alzheimer's disease, the syndrome occurs in cerebrovascular disease and in other conditions affecting the brain. Numbers affected increase markedly after age 75. In 1991, it was estimated that there were 117,200 people aged over 65 suffering from dementia in Australia.

Dementia Subsidies - Since April 1992 a new system of Personal Care Subsidy has been in operation in hostels. The highest level of payment (there are three levels) caters for people with dementia and is sometimes referred to as the dementia subsidy. Since 1984, a separate dementia grant had been paid to hostels with dementia sufferers. This will be phased out over the period until April 1994.

Dementia Wings/Units - Many nursing homes and hostels now have a special living area for residents suffering from dementia (often referred to as the Dementia Wing or Unit). The areas are usually designed in such a way that residents can feel both free and safe within the precincts but at the same time they cannot wander away inadvertently. According to the Department of Health, in 1990-91, 88 nursing homes and 90 hostels had special dementia wings.

Domiciliary Nursing Care Benefit - The DNCB was introduced in 1972 in order to encourage a shift away from excessive reliance on nursing home care. The benefit now stands at $26 per week, indexed annually and is available to people providing long-term care to a frail aged or a younger person with disabilities to enable them to live in their own home rather than a nursing home.

Exempt homes - In 1990, the Government introduced the exempt nursing home arrangements to cater for residents who wished to receive a higher level of accommodation and services and were able and prepared to pay for it. Homes classified as exempt are not bound by the rules requiring that no resident pay more than 87.5 per cent of the sum of the standard rate aged pension and rent assistance for receiving care.

Financially Disadvantaged Person - In 1990, the then Department of Community Services and Health defined a 'financially disadvantaged' person as a person who has not owned a home for two years and who is on the basic pension. The Commonwealth abolished the hostel care subsidy of $2.40 a day for non-financially disadvantaged persons in 1990 and ruled that hostels could not charge an ingoing donation to a person classified as financially disadvantaged.
GATs - Geriatric Assessment Teams - preceded ACATs (see above for definition) and fulfilled the same functions. The name was changed in 1992 because large numbers of older people object to the negative connotations now associated with the term geriatric.

HACC - Home and Community Care - Following the passage of the Home and Community Care Act 1985, this program has been in operation in all States since 1986. It aims to provide a comprehensive range of community-based services to help aged and disabled people to retain their independence and prevent their inappropriate admission to long term residential care. Funding for the services is provided on a matched basis by Commonwealth and State Governments.

Hostels - provide accommodation for the aged in Australia on the basis that residents occupy separate rooms but have their meals and other personal care services (such as physiotherapy, podiatry etc.) provided. Hostels do not provide regular nursing care and residents who need such care must move to a nursing home. The Federal Government's involvement with hostels date back to the passing of the Aged Persons Homes Act 1954. The Government has a target of 52.5 hostel places per 1000 population aged 70 and over (the previous target of 60 places per 1000 population aged 70 and over was reduced to 55 in the 1991-92 Budget when community care packages were introduced). Hostels are funded through the personal care subsidy, the hostel subsidy for those classed as disadvantaged and residents' contributions.

Hostel Subsidy - also called Hostel Care Subsidy. This is provided for hostel residents who are classified as financially disadvantaged in order to assist hostels in admitting those people with care needs who cannot otherwise obtain suitable supported accommodation. The subsidy covers the provision of services such as meals, heavy laundry, personal laundry and social activities.

Linkages (see also Brokerage) is a term that is used in Victoria to refer to the Community Options model (see above). It is important to differentiate the above use of the term Linkages from the meaning given to it by the Department of Health, Housing, Local Government and Community Services (DHHLGCS). The Department uses it to refer to linkages between aged care, health and housing and between Federal and State departments concerning housing programs for the aged.

National Action Plan for Dementia Care - In the 1992-93 Budget, the Government announced allocations of $31 million to be spent over five years on a national plan for dementia care. A proportion of the funds will be spent on specific programs providing support and training for carers and providers of services to dementia sufferers. In 1991-92,
$5 million was spent on projects for carers of people with dementia. The plan also aims at improving assessment methods and enhancing the quality of services for dementia sufferers. The Government has made additional funds available for selected nursing homes and hostels (after a tender process) to demonstrate best practice in dementia care. It is hoped that this process will encourage other organisations to develop effective ways of meeting the needs of people with dementia.

**OCRE - Other Cost Reimbursed Expenditure Module** - is a formula according to which the Commonwealth reimburses each nursing home its actual expenditure on long service leave and superannuation for nursing and personal care staff and payroll tax and workers' compensation insurance costs for all staff employed by the home. It was introduced in July 1988, together with other nursing home funding changes.

**Outcome standards for Nursing Homes** - In July 1987, the Commonwealth Government introduced standards called 'outcome standards' for nursing homes developed by the Commonwealth-State Working Party on Nursing Home Standards over the previous fifteen months. The 31 standards were gazetted on 11 November 1987. They were grouped under 7 major objectives: health care, social independence, freedom of choice, homelike environment, privacy and dignity, variety of experience and safety. They had been developed in consultation with the nursing home industry and emphasis was placed on what residents considered to be important. **Standard Monitoring Teams** (see later) were formed to visit nursing homes and assess whether they complied with the standards. In 1991 **outcome standards** were introduced for hostels.

**Personal Care Subsidies** - these vary according to the needs of hostel residents and they are paid to assist organisations to provide higher levels of personal care in hostels. New personal care funding arrangements for hostels have been in operation since 29 April 1992. Three levels of subsidy, each determined by the relative dependency of hostel residents replace the previous uniform personal care subsidy. The two higher levels take into account the needs of dementia sufferers.

**Personal Care Assessment Instrument** - This form of assessment was introduced on 29 April 1992 and it measures the relative care needs of hostel residents according to a set of relevant criteria and determines the level of personal care subsidy for which hostel residents qualify. It mirrors the RCI for nursing home residents and is designed to take into account the intensive support needs of dementia sufferers.

**Public Nursing Home Freeze** - refers to the freeze, imposed in May 1985 on Commonwealth benefits paid to State Government nursing
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homes. The Commonwealth announced in the 1992-93 Budget that the freeze would be removed subject to the agreement of the States to satisfactory offsets. The Department (DHHLGCS) has been negotiating with the States. Victoria, Tasmania and South Australia have come to an agreement with the Commonwealth. Some public nursing homes in those States have started to transfer to Commonwealth funding. Negotiations are progressing well with other States.

**Resident Contribution** - refers to the payment made by residents in nursing homes and hostels towards the cost of their accommodation and care. Since July 1991, all [nursing home residents] not residing in an [exempt nursing home] (see above) pay a uniform contribution equivalent to 87.5 per cent of the sum of the standard pension and rent assistance. Hostel residents who are not classed as [financially disadvantaged] may make a refundable [entry contribution] to the hostel. Hostel fees vary according to the financial status of the residents. A maximum fee is set for each level of income.

**Resident Classification Instrument (RCI)** - This was introduced when the new nursing home funding system commenced in July 1987. It is designed to classify nursing home residents (for funding purposes) into a number of broad groupings according to need. Five categories were used: category 1 being the highest need category and category 5 the lowest where only personal care and no nursing care is required by residents with that classification. The RCI is made up of questions aimed at determining the relative care needs of nursing home residents and can be completed by either the nursing home staff or an Aged Care Assessment Team member.

**Residents' Agreements** - a contractual agreement between each nursing home and hostel resident and the home or hostel proprietor. The signing of the agreement and compliance with it is a condition of Commonwealth funding. Residents' agreements have been in operation in hostels since January 1989 and in nursing homes since 28 December 1990. The introduction of the agreements was surrounded by controversy with proprietors of catholic nursing homes refusing to sign. Agreements were introduced at the same time as the [Charter of Rights and Responsibilities] (see above). Under the terms of the Agreement, residents have rights to freedom from abuse and reprisal, the right to privacy, the right to individuality and the right to complain. They must accord proprietors and staff the same rights.

**Respite Care** - a program which makes services available for aged people who are being cared for at home. Respite may be available for a day (Day centre respite) or longer and the service may be provided at a nursing home or hostel (Residential respite) or at the aged person's home (In-home respite). The aim is to enable the regular
carer to have a break. In the 1992-93 Budget, the Government pledged $41.2 million to expand respite care services over the following four years. Since 1990, respite care beds have been made available in both nursing homes and hostels. In an attempt to ease the shortage of respite beds available, a decision was made (Budget 1990) that nursing homes would no longer be required to set aside beds for respite use only but could also use existing beds as they became available.

**SAM** - **Standard Aggregated Module** refers to a standard subsidy per occupied bed day to cover infrastructure costs such as transport, laundry, food and also a return on investment. SAM is indexed each 1 July in line with actual and expected movements in general prices and award rates of pay. The transition to SAM funding commenced on 1 July 1987 and the target date for completing the transitional period was 1 July 1991.

**Special Services Programs** - are special aged care services developed for groups with special needs who cannot be adequately cared for by mainstream programs. The target groups have been Aboriginal and Torres Strait Islander groups, people of non-English speaking backgrounds, people living in rural and remote areas and some people with dementia. Through the program, the groups may obtain assistance in order to run a nursing home or hostel or they can be helped to access mainstream services.

**Standards Monitoring Teams** - These are teams of nursing and administrative personnel who visit nursing homes to monitor compliance with the 31 outcome standards (see above). Monitoring is done in consultation with nursing care managers, residents, visitors and staff and the teams are available to assist managers in developing solutions to address areas of concern. The teams publish a report about each nursing home and hostel visited. Since July 1990, the standards monitoring reports have been available to the public.

**TARCRAC** - **Training and Resource Centre for Residential Aged Care** is based within the School of Health and Welfare Studies at the Queensland University of Technology. It aims to provide in-service training for nursing home staff. The Centre opened in June 1990 with the help of a Federal grant but it is expected to become fully self-funding. It has run a large number of workshops for ACAT teams.

**Validations** - The Department of Health, Housing, Local Government and Community Services (DHHLGCS) Nursing Home Validation program is an audit of payments made to private nursing homes since 1986. New funding arrangements for nursing homes were introduced in 1987. The validation program's aim is to recover 'misapplied funds' that is, subsidies and payments made to nursing homes since 1986 based on estimates provided by the homes' proprietors. The audit aims
at establishing whether the funds were spent for the purposes for which they were provided. Validation is carried out by 2 Departmental officers and takes on average 10 days for 1986-87 and 5 days for subsequent years. Controversy has surrounded the program because new nursing home proprietors have sometimes found themselves owing large sums of money to the Commonwealth as a result of prior 'misapplied' payments having been made to the home's former proprietor.

It is important to differentiate between the DHHLGCS's use of the term validation and validation therapy in aged care - a method used for communicating verbally and non-verbally with older disoriented people and of making them feel that they are accepted, in a non-judgemental way.

Viability Funding - Five (5) million dollars was allocated in the 1992-93 Budget to a program (Viability Projects Program) to enable nursing homes to undertake specific expenditures on projects which will improve their financial viability. One-off grants of up to $60,000 are available to nursing homes for this purpose, provided the homes can demonstrate that they are financially viable in the long term.
Appendix 2

Chronology of major legislative and administrative measures

<table>
<thead>
<tr>
<th>YEAR</th>
<th>MEASURE</th>
<th>GOVERNMENT</th>
<th>PAGE REF.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1953</td>
<td><em>National Health Act 1953.</em></td>
<td>Menzies</td>
<td></td>
</tr>
<tr>
<td>1954</td>
<td><em>Aged Persons Act 1954.</em></td>
<td>Menzies</td>
<td></td>
</tr>
<tr>
<td>1957</td>
<td><em>Home Nursing Subsidy Act 1957.</em></td>
<td>Menzies</td>
<td></td>
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<tr>
<td>1962</td>
<td><em>National Health Act 1953</em> amended to provide for a 20 shillings ($2) per day nursing home benefit per patient in approved nursing homes.*</td>
<td>Menzies</td>
<td>7</td>
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<tr>
<td>1966</td>
<td>Subsidy begins towards the capital costs of nursing home beds.</td>
<td>Holt</td>
<td>2</td>
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<tr>
<td>1968</td>
<td>Supplementary benefit of $3.00 per day introduced for nursing home patients requiring and receiving intensive nursing care.</td>
<td>Gorton</td>
<td>3</td>
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<tr>
<td>1969</td>
<td><em>Aged Persons Homes Act 1954</em> amended to provide for a personal care subsidy of $5.00 per week paid for hostel residents aged 80 years and over.*</td>
<td>Gorton</td>
<td>6</td>
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<td>1969</td>
<td><em>States' Grants (Home Care) Act 1969.</em></td>
<td>Gorton</td>
<td>7</td>
</tr>
<tr>
<td>1969</td>
<td><em>States' Grants (Paramedical Services) Act 1969.</em></td>
<td>Gorton</td>
<td>7</td>
</tr>
<tr>
<td>1972</td>
<td><em>National Health Act 1953</em> amended to provide for control by the Commonwealth of admissions to nursing homes; the growth of nursing home accommodation; and nursing home fees.*</td>
<td>McMahon</td>
<td>5</td>
</tr>
<tr>
<td>1972</td>
<td><em>Aged Persons Hostels Act 1972.</em></td>
<td>McMahon</td>
<td>6</td>
</tr>
<tr>
<td>1972</td>
<td>Domiciliary Nursing Care benefit introduced.</td>
<td>McMahon</td>
<td>7</td>
</tr>
<tr>
<td>1972</td>
<td>Administrative responsibility for nursing home benefit transferred from the Department of Health to the Department of Social Security.</td>
<td>Whitlam</td>
<td>8</td>
</tr>
<tr>
<td>1973</td>
<td>Australian Nursing Home Association formed (now the Australian Nursing Homes and Extended Care Association).</td>
<td>Whitlam</td>
<td>8</td>
</tr>
<tr>
<td>1973</td>
<td><em>States' Grants (Home Care) Act 1973.</em></td>
<td>Whitlam</td>
<td>8</td>
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<td>Year</td>
<td>Measure</td>
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<tr>
<td>1973</td>
<td>Minister for Social Security announces that voluntary organisations would be able to obtain capital subsidies to purchase or build private nursing homes regardless of whether they were currently providing hostel accommodation.</td>
<td>Whitlam 8</td>
<td></td>
</tr>
<tr>
<td>1974</td>
<td>Nursing Homes Assistance Act 1974 (deficit financing).</td>
<td>Whitlam 9</td>
<td></td>
</tr>
<tr>
<td>1974</td>
<td>Aged Persons Homes Act 1954 amended to extend its provisions to people with disabilities. Title changed to Aged or Disabled Persons Act 1954.</td>
<td>Whitlam 9</td>
<td></td>
</tr>
<tr>
<td>1974</td>
<td>Subsidy from Commonwealth increased from $2.00 for each $1.00 from home or hostel to $4.00 for each $1.00.</td>
<td>Whitlam 9</td>
<td></td>
</tr>
<tr>
<td>1974</td>
<td>Aged Persons Hostels Act 1972 amended to encourage the provision of hostel places to those most in need.</td>
<td>Whitlam 6</td>
<td></td>
</tr>
<tr>
<td>1975</td>
<td>Aged Care Australia formed.</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>1975</td>
<td>Funding suspended for projects not already approved under Aged or Disabled Persons Act 1954.</td>
<td>Whitlam 10</td>
<td></td>
</tr>
<tr>
<td>1975</td>
<td>Subsidy from Commonwealth returns to $2.00 for each $1.00 from homes or hostels.</td>
<td>Fraser 10</td>
<td></td>
</tr>
<tr>
<td>1977</td>
<td>National Health Acts Amendments Act 1977 passed to oblige providers of health insurance to pay a benefit equivalent to the Commonwealth nursing home subsidy to insured elderly nursing home patients.</td>
<td>Fraser 10</td>
<td></td>
</tr>
<tr>
<td>1984</td>
<td>Commonwealth Department of Community Services created with responsibility for the aged, people with disabilities and childrens' services.</td>
<td>Hawke 12</td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>Office for the Aged created.</td>
<td>Hawke 12</td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td>1986-87 Budget announcement of a change in emphasis away from nursing home accommodation towards greater use of hostels.</td>
<td>Hawke 13</td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td>1986-87 Budget commitment to the development of special aged care services for Aboriginal and Torres Strait Islander groups, people of non-English speaking backgrounds, older people in rural and remote communities, and people with dementia.</td>
<td>Hawke 15</td>
<td></td>
</tr>
<tr>
<td>YEAR</td>
<td>MEASURE</td>
<td>GOVERNMENT</td>
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<tr>
<td>1986</td>
<td>Funding committed for the development of geriatric assessment services.</td>
<td>Hawke</td>
<td>14</td>
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<tr>
<td>1986</td>
<td>Dementia Grants Program for hostels begins.</td>
<td>Hawke</td>
<td>24</td>
</tr>
<tr>
<td>1987</td>
<td><em>Nursing Homes and Hostels Legislation Amendment Act 1987</em> gives effect to the transition to Standard Aggregated Module (SAM).</td>
<td>Hawke</td>
<td>16</td>
</tr>
<tr>
<td>1987</td>
<td>Resident Classification Instrument (RCI) and funding under the Care Aggregated Module (CAM) begin on 1 July 1988.</td>
<td>Hawke</td>
<td>17</td>
</tr>
<tr>
<td>1988</td>
<td>Other Cost Reimbursed Expenditure Module (OCRE) introduced on 1 July 1988.</td>
<td>Hawke</td>
<td>18</td>
</tr>
<tr>
<td>1988</td>
<td><em>Community Services and Health Legislation Amendment Act 1988</em> passed to ensure that by July 1991 no nursing home resident would be paying more than 87.5 per cent of the combined pension and rent assistance in nursing home fees. The legislation also provided for up to 6 per cent of beds in each State to be exempt from this rule.</td>
<td>Hawke</td>
<td>19</td>
</tr>
<tr>
<td>1988</td>
<td>The <em>Community Services and Health Legislation Amendment Act 1988</em> also introduced new funding and staffing arrangements for nursing homes and hostels. It amended the <em>National Health Act 1953</em> and the <em>Aged or Disabled Persons Act 1954</em> to increase the availability of respite care services.</td>
<td>Hawke</td>
<td>21</td>
</tr>
<tr>
<td>1989</td>
<td>Respite care supplement became payable in addition to the Commonwealth nursing home benefit and the Commonwealth subsidy to hostels.</td>
<td>Hawke</td>
<td>21</td>
</tr>
<tr>
<td>1989</td>
<td>Residents' agreements begin operation in hostels.</td>
<td>Hawke</td>
<td>23</td>
</tr>
<tr>
<td>1990</td>
<td>1990-91 Budget instituted a validation program to audit payments to nursing homes since 1986.</td>
<td>Hawke</td>
<td>18</td>
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<tr>
<td>1990</td>
<td>1990-91 Budget allocation of $9.2 million for respite beds.</td>
<td>Hawke</td>
<td>21</td>
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<tr>
<td>1990</td>
<td>Training and Resource Centre for Residential Aged Care opens at the Queensland University of Technology.</td>
<td>Hawke</td>
<td>21</td>
</tr>
<tr>
<td>YEAR</td>
<td>MEASURE</td>
<td>GOVERNMENT</td>
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<tr>
<td>1990</td>
<td>Community Services and Health Legislation Amendment Act (No.2) 1990 inserts a Charter of residents' rights and responsibilities as a Schedule to the National Health Act 1953. Residents' Agreements begin operation on 28 December 1990.</td>
<td>Hawke</td>
<td>23</td>
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<tr>
<td>1990</td>
<td>Community Visitors program piloted in a number of Queensland and South Australian nursing homes.</td>
<td>Hawke</td>
<td>24</td>
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<tr>
<td>1990</td>
<td>Government announces its intention to abolish the hostel care subsidy of $2.40 per day for non-financially disadvantaged persons.</td>
<td>Hawke</td>
<td>26</td>
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<tr>
<td>1990</td>
<td>1990-91 Budget announcement that $6.6 million is to be made available over 4 years for the introduction of outcome standards in hostels.</td>
<td>Hawke</td>
<td>25</td>
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<tr>
<td>1991</td>
<td>1991-92 Budget announcement of a target of 55 hostel places per 1000 people aged 70 and over.</td>
<td>Hawke</td>
<td>25</td>
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<tr>
<td>1992</td>
<td>Personal Care Subsidy introduced for people with dementia in hostels.</td>
<td>Keating</td>
<td>25</td>
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<tr>
<td>1992</td>
<td>Personal Care Assessment Instrument (PCAI) introduced for hostels.</td>
<td>Keating</td>
<td>26</td>
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<tr>
<td>1992</td>
<td>Health and Community Services Legislation Amendment Act (No.2) 1992 provides that the reduction in the hostel care subsidy applies only to people classed as non-financially disadvantaged who become hostel residents after 27 April 1993.</td>
<td>Keating</td>
<td>26</td>
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<tr>
<td>1992</td>
<td>1992-93 Budget proposes to increase the hostel personal care subsidy for financially disadvantaged people by 55 cents per day from 1 January 1993.</td>
<td>Keating</td>
<td>27</td>
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<tr>
<td>1992</td>
<td>1992-93 Budget announcement of $31 million to be spent over 5 years on a national plan for dementia care.</td>
<td>Keating</td>
<td>24</td>
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<tr>
<td>1992</td>
<td>1992-93 Budget announcement of $41.2 million over four years for the expansion of respite care services.</td>
<td>Keating</td>
<td>21</td>
</tr>
<tr>
<td>Year</td>
<td>Measure</td>
<td>Government</td>
<td>Page Ref.</td>
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<tr>
<td>1992</td>
<td>National Health Act 1953 amended to provide additional infrastructure funding for isolated nursing homes and those homes providing care for residents requiring continuous oxygen.</td>
<td>Keating</td>
<td>27</td>
</tr>
<tr>
<td>1993</td>
<td>1993-94 Budget announcement of funding of $6 million over 2 years to allow the replacement of some 106 hostel beds in the non-profit sector.</td>
<td>Keating</td>
<td>28</td>
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<tr>
<td>1993</td>
<td>1993-94 Budget announcement of a target of 52.5 hostel places per 1 000 population aged 70 years and over.</td>
<td>Keating</td>
<td>25</td>
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## Appendix 3

### Chronology of major reviews and reports

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CHAIR</th>
<th>REVIEW/REPORT</th>
<th>GOVERNMENT</th>
<th>PAGE</th>
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<tbody>
<tr>
<td>1977</td>
<td>Holmes</td>
<td>Report of the Committee on Care of the Aged and Infirm.</td>
<td>Fraser</td>
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<td>1981</td>
<td></td>
<td>Report of the Auditor-General on an Efficiency Audit: Commonwealth Administration of Nursing Home Programs.</td>
<td>Fraser</td>
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<td>1982</td>
<td>McLeay</td>
<td><em>In a home or at home</em>, report of the House of Representatives Standing Committee on Expenditure.</td>
<td>Fraser</td>
<td>11</td>
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<td>1985</td>
<td>Giles</td>
<td><em>Private nursing homes in Australia: their conduct, administration and ownership</em>, report of the Senate Select Committee on Private Hospitals and Nursing Homes.</td>
<td>Hawke</td>
<td>13</td>
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<td>1986</td>
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<td>Report of the Nursing Homes and Hostels Review.</td>
<td>Hawke</td>
<td>13</td>
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<tr>
<td>1988</td>
<td>Ronalds</td>
<td><em>I'm still an individual.</em></td>
<td>Hawke</td>
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<td>1989</td>
<td>Ronalds</td>
<td><em>Residents' Rights in Nursing Homes and Hostels.</em></td>
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<td>1990</td>
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<td>CAM Review Report to the Minister for Aged, Family and Health Services.</td>
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<td>1990</td>
<td>Braithwaite</td>
<td><em>Standards Monitoring Report.</em></td>
<td>Hawke</td>
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<tr>
<td>1991</td>
<td>Gregory</td>
<td>8 Discussion Papers issued on different aspects of the Aged Care Program (Mid-Term Review).</td>
<td>Hawke</td>
<td>22</td>
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<tr>
<td>YEAR</td>
<td>CHAIR</td>
<td>REVIEW/REPORT</td>
<td>GOVERNMENT</td>
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<tr>
<td>1991</td>
<td>Gregory</td>
<td><em>Aged Care Reform Strategy Mid-Term Review 1990-91 Report</em> (Final report of Stage 1).</td>
<td>Hawke</td>
<td>22</td>
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<tr>
<td>1993</td>
<td>Braithwaite</td>
<td><em>Raising the Standard, Resident Centred Nursing Home Regulation in Australia.</em></td>
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<td>1993</td>
<td>Macri</td>
<td><strong>Resident Classification Instrument Consultancy for the Department of Health, Housing, Local Government and Community Services.</strong></td>
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<td>1993</td>
<td>Gregory</td>
<td>Report of Stage 1 of the Nursing Home Funding Structure Review.</td>
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<td>1993</td>
<td>Gregory</td>
<td><em>Aged Care Reform Strategy Mid-Term Review Stage 2 Report</em></td>
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Appendix 4

NURSING HOME BEDS: AUSTRALIA, 1963-1992

<table>
<thead>
<tr>
<th>Date</th>
<th>No. of beds</th>
<th>Increase over previous year</th>
<th>Beds/1 000 persons 75 and over (a)</th>
<th>Beds/1 000 persons 70 and over (a)</th>
<th>Beds/1 000 persons 65 and over (a)</th>
</tr>
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<tbody>
<tr>
<td>30 June 1963</td>
<td>25 535</td>
<td></td>
<td>77.3</td>
<td>41.6</td>
<td>26.6</td>
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(a) These are indicative ratios, calculated using the total number of beds available each year, regardless of the ages of potential residents.

(b) Figures prior to 1985 include beds in nursing homes catering for younger disabled persons. Approximately 3 700 of these beds were provided in 1985 (Aged beds: 71 503; Aged and younger disabled: 75 202).

Sources:


3. ABS 3101.0, various.
Appendix 5

HOSTEL BEDS: AUSTRALIA, 1980-1992

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<th>Increase over previous year</th>
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</table>

(a) These are indicative ratios calculated using the total number of beds available each year, regardless of the ages of potential residents.

(b) Figures prior to 1985 include beds catering for younger disabled persons. Approximately 4 044 of these beds were provided in 1985 (Aged beds: 34 885; Aged and younger disabled: 38 929).

Sources:
3. ABS 3101.0, various.
Appendix 6

List of Nursing Homes and Hostels Associations

Aged Care Australia - Often referred to as 'peak body representing hostels in the voluntary sector', Aged Care Australia has 1036 members who operate 2316 facilities for the aged (930 of those facilities are aged care hostels). The organisation was formed in 1975 and it is based in Canberra. Its membership is comprised mostly of hostels and nursing homes run by religious and other charitable bodies. Its phone number is (06) 285 3097.

Australian Nursing Homes and Extended Care Association (previously the Australian Nursing Home Association) - this association has represented the views of the private nursing home industry nationally since 1972. It started out as a State Association in New South Wales some 30 years earlier. It is based in Sydney and publishes a newsletter called, The Australian Nursing Home. There have been reports of falling membership but an ANHECA spokesman's estimate in August 1993 was that it had 'about 600 members'. Its phone number is: (02) 699 8566

National Association of Nursing Homes and Private Hospitals - this Association was formed in June 1988. It represents private nursing homes but was initially refused recognition as a representative body in the nursing home industry by the Department of Health, Housing and Community Affairs. The reason given in 1990 was that the Association only had 59 members and that they were all located in the eastern States. The Department has since agreed to consult with the Association. The Association does not make membership estimates available but says that its membership is growing rapidly. Its phone number is (02) 360 5616.