2011

The Productivity Commission inquiry into aged care: a critical review

Mark Hughes
Southern Cross University

Publication details
Publisher’s version of article available at:
http://dx.doi.org/10.1080/0312407X.2011.621084
Inquiry into Aged Care

The Productivity Commission Inquiry into Aged Care: A Critical Review

Abstract

The final report of Productivity Commission Inquiry into Aged Care has recommended a substantial restructuring of Australia's aged care system to make it fairer, more responsive to the needs of individual consumers, and more sustainable in the context of population ageing. While acknowledging the necessity of a safety net and the needs of diverse groups, the recommended reforms continue to advance the neoliberal restructuring of Australia's health and welfare systems. This paper provides a critical examination of the context and key drivers for change, and considers the reception of the report within the aged care sector. While social workers are actively engaged in the aged care system, they are largely absent from the discussion in the final report. Nonetheless the transfer of recommendations into actual policy provides an opportunity for social work to argue its unique contribution and potential in the delivery of aged care.

Introduction

Australia's population has been ageing for over a century and successive governments have struggled to address the impact of this on the resourcing and delivery of aged care. In 2010 the Gillard Labor Government referred the aged care system to the Productivity Commission for a systematic inquiry and report. Initial submissions to the Inquiry into Aged Care were received from 490 organisations and individuals.
Inquiry into Aged Care

Following the release of a draft report in January 2011, a further 430 submissions were received. The final report was handed to the Government in June 2011 with the subsequent announcement that the Minister for Ageing would engage in further public consultations to help formulate the Government's response.

The use of inquiries, such as that conducted by the Productivity Commission, reflects a wider shift in public policy development from government to ‘governance’ where the public are invited to participate – to a certain extent – in the activities otherwise confined to administrative and parliamentary policy making (Papadopoulos & Warin, 2007). They are used to manage the exposure of government and politicians to the risks associated with policy decision making. This is done by building the legitimacy for government decision making through the participatory processes, particularly those involving major ‘stakeholders’ such as large not-for-profit and private sector organisations, as well as peak bodies and other representative groups (Papadopoulos & Warin, 2007). According to Banks (2007, pp. 9-10) Productivity Commission inquiries can:

...lead to better-informed analysis and recommendations; raise public awareness of the relevant issues and potential benefits of reform; and provide governments with an opportunity to gauge at arms length the likely reactions of the community to different policy approaches.

This paper examines the context for the Inquiry into Aged Care, including some of the key drivers for reform, such as population ageing and inequities in the financing of aged care. It considers the major recommendations of the Inquiry and their reception
Inquiry into Aged Care within the aged care sector. The paper also examines the role and potential of social work in the context of the recommended changes.

Background

The past thirty years have seen a remarkable transformation in the positioning of aged care in Australian public policy. Prior to the 1980s ageing policy related mainly to age pensions and subsidies for nursing homes (Encel & Ozanne, 2007). Since then a more concerted effort has been taken to address the implications of the ageing of the population, particularly with respect to the balancing of residential and community care. However, while significant at the time, the community care reforms in the mid-1980s (e.g., implementation of the Home and Community Care Program and the Aged Care Assessment Program) did little to prepare the country for the implications of a growing older population and a decreasing formal and informal workforce to provide the required care. By the late 1990s the reality of the impending retirement of the baby boomer population began to affect government decision making and was taken up in the Treasury Department's first Intergenerational Report in the 2002-03 Federal Budget papers. The significance of this document – and the subsequent three reports – was that population ageing and aged care policy were brought into centre of Australia's economic policy (Hughes & Heycox, 2010).

The dual recognition – that population ageing and aged care policy involve both social and economic policy – has been further embedded by the Government's referral of aged care to the Productivity Commission and by the nature of the draft and final reports' discussion and recommendations. The Productivity Commission, an
Inquiry into Aged Care

independent agency, was formed in 1998 from the Industry Commission, which played a key part in determining how the 1993 *Hilmer Report on National Competition Policy* would be implemented (Silver, 2010). Its primary role is to hold inquiries and provide advice to Federal and State Governments on microeconomic reform. It reports on all parts of the economy, including the public, private and not-for-profit sectors.

Notably the Commission has sought to develop an economic analysis of social and cultural issues (Silver, 2010), drawing on a neoclassical economic framework while also utilising the latest techniques in economic modelling (Banks, 2007). Thus recommendations handed down by the Productivity Commission typically support the ongoing transformation of the Australian welfare state into a mixed economy with free market principles being promoted wherever possible. Critics, most notably left-leaning bloggers, claim that the agenda promoted by the Commission is neoliberal, with one recent commentator arguing that its recommendation to remove territorial copyright for books ‘is how a civilisation commits suicide these days: it invites sociopaths in suits to dismantle its culture’ (Rosenbloom, 2009).

**Key drivers for reform**

In commissioning the Inquiry into Aged Care, the Government called for 'detailed options for redesigning Australia's aged care system to ensure it can meet the challenges facing it in coming decades' (Productivity Commission, 2011a, p. 3). It requested options for changing funding and regulation arrangements across residential
Inquiry into Aged Care

and community care, as well as strategies to address workforce issues. It also required
that the interests of special needs groups, including Indigenous people, be addressed.

In terms of the main drivers for reform, expected pressures from population ageing
figure prominently. These include the projected increase in the number of very old
people in the population, the increasing incidence of age-related illness, the increasing
number of people with dementia, the related need for more care and more care
workers, and the decline in the number and availability of informal carers
(Productivity Commission, 2011a, p. xxiii). A key concern is the ratio between the
number of older people in the population compared to the number of people of
working age. Hugo (2007), based on ABS data, estimates that the proportion of
people aged 65 and over as a percentage of those aged 15 to 64 will increase from
19.1% in 2003 to 37.4% in 2031. This raises the question of intergenerational
(in)equity – the degree to which the costs of supporting older generations are borne by
younger generations – which the Productivity Commission (2011a, p. 95) identifies as
needing to be addressed.

Other types of inequities across the aged care system – particularly in the financing of
community and residential care – also comprise the rationale for reform (Productivity
Commission, 2011a). Numerous submissions to the Inquiry reported on the unfairness
of existing user pays arrangements. For example, those receiving the full age pension
are asked to contribute to the cost of community care packages while pensioners in
residential care are not required to contribute anything to the cost of their care. There
are also substantial differences in the cost of accommodation bonds in residential care,
with no upper limit and no connection to the quality of care/accommodation provided
Inquiry into Aged Care

(Productivity Commission, 2011a). This latter point strikes at the heart of one of the Commission's key concerns: that the current system does not facilitate consumer choice which, it is argued, would lead to increased competition and subsequently to greater efficiency, innovation and quality (Productivity Commission, 2011a, p. xxix).

Concerns about people's ability to access aged care services have also been key drivers of reform. The most striking example is the severe lack of Community Aged Care Packages (CACPs), Extended Aged Care at Home (EACH) packages and Extended Aged Care at Home - Dementia (EACH-D) packages. In addition, the availability of these packages can vary enormously from place to place. Waiting times for assessment by Aged Care Assessment Teams are also a major barrier to older people receiving services when they need them: the delay between referral to ACAT and first contact with the Team averaged 22.2 days in 2007-08 (Productivity Commission, 2011a). The number of days between ACAT approval and access to services was: 45 for CACPs, 41 for EACH-D packages, 64 for EACH packages, 61 for low-care residential places, and 29 for high-care residential places. Further, navigating the aged care system – including knowing what services are available, who is eligible for them and how to access them – is enormously confusing.

Other difficulties identified in the current system include the impact of the fragmented community care system on the continuity of care, leading some people to not access services they need because this would disrupt their current arrangements (Productivity Commission, 2011a). General practitioner and other primary health services are also not well supplied to older people with high level care needs living at home or in
Inquiry into Aged Care residential facilities. Similarly, there is a lack of restorative, reablement and palliative care provided to older people (Productivity Commission, 2011a).

The system is also criticised for failing to properly meet the needs of special needs groups (Productivity Commission, 2011a). The government flagged the unique needs and interests of older people from culturally and linguistically diverse (CALD) backgrounds, Indigenous older people, older people living in rural and remote locations, and veterans. In addition, following an extensive lobbying campaign by individuals and community organisations, the Productivity Commission (2011a, pp. 253-255) also identifies the particular needs of people from sexually diverse communities, such as gay, lesbian, bisexual, transgender and intersex (GLBTI) older people.

**Major recommendations**

As a starting point, the Commission argues that the overall objective of public policy should be community wellbeing, while the specific objectives of government in aged care should be to promote:

- older people's physical and emotional needs,
- their connectedness to others,
- their ability to influence their environment,
- their safety in the context of their expressed life choices, as well as
- the wellbeing of family members, friends and neighbours who provide informal care, and those who provide formal care, and
Inquiry into Aged Care

- an understanding of how policies impact on current and future taxpayers

(Productivity Commission, 2011a, p. xxvii).

With regard to the funding of aged care, the Commission posits that accommodation and everyday living expenses should be the responsibility of the individual, regardless of whether they live in their own home or a residential facility, with a safety net for those who are financially disadvantaged (Productivity Commission, 2011b, p. 24). Health care services, wherever provided, should be supplied in line with the charging arrangements in the health system. And individuals should make a contribution towards personal care in line with their ability to pay, except where these costs are exorbitant. A major recommendation is the removal of restrictions on the number of community care packages and residential bed licenses available. Contributions to care costs, regardless of whether care is received at home or in a residential facility, should be assessed according to the means test currently applied to the Age Pension and the Commission recommended that this assessment should be carried out by Centrelink (Productivity Commission, 2011a, p. lxvi). Individuals' contributions to aged care would be assisted by the Australian Aged Care Home Credit scheme, where a government-backed line of credit would be provided against people's homes. An Australian Age Pensioners Savings Account scheme would be set up for the holding of proceeds from the sale of a person's house to assist them in paying their contributions. This account would not be included in the assets and incomes tests applied to the Age Pension.

In order to improve access to services, the Commission recommends establishing an Australian Seniors Gateway Agency, which would provide regional centres for
Inquiry into Aged Care

information, needs assessment, eligibility determination, initial care coordination and carer referral (Productivity Commission, 2011a). They could also provide access to new reablement services and more flexible respite care. Current distinctions between different types of care packages, as well as distinctions between high care and low care in residential facilities, would be removed (Productivity Commission, 2011a). The Gateway Agency would determine an entitlement to services, which would then be individually tailored. While the Agency absorbs the role currently undertaken by Aged Care Assessment Teams (ACATs), it is notable that, unlike ACATs, the operation of a regional Gateway centre may be subcontracted to non-government or private providers. Further, the states and territories are advised to expand the provision of health and allied health services in residential settings, through visiting multi-disciplinary teams. People with disabilities who are growing older may elect to continue to receive care in the disability system or transfer across to the aged care system (Productivity Commission, 2011a).

In terms of quality, the Commission promotes the publication of quality assurance indicators to help people make choices about what services to access (Productivity Commission, 2011a). It also recommends establishing a new Australian Aged Care Commission (and abolishing the Office of the Aged Care Commissioner) to manage all regulatory functions relating to residential and community aged care. It argues for increasing education to the workforce through increased vocational training, funding aged care services teaching in universities, and reviewing aged care courses operated in the vocational education and training (VET) system. In its recommendations on catering for diversity, the Productivity Commission (2011a) also argues that aged care staff should undergo professional development to ensure they deliver care in a way
Inquiry into Aged Care

that is respectful of all older people. Further, accreditation standards should ensure that services are responsive to the needs and rights of people from CALD backgrounds, Indigenous people and people from sexually diverse communities.

Reception

As with the draft report (Pretty, 2011; Yates, 2011), the Productivity Commission's final report has generally been positively received. Most of the major health, aged care and social services organisations are lining up with the Government to congratulate the Commission on a very wide ranging report with detailed recommendations for reform. The Australian General Practice Network points to the synchronicity between the Gateway and Medicare Locals (AGPN, 2011), while COTA (2011) highlights the introduction of a fairer and more sustainable funding structure. Carers Australia (2011) argues that, if the recommendations are implemented, then the improved access, care and choice offered to older people will have flow on benefits to carers, and that a greater range of services will be available to carers. Uniting Care Australia (2011) says that the report ‘substantially delivers on the range and depth of reform’ and supports the shift away from rationing (e.g. of community care packages), as well as the removal of inequities in the financing of aged care. The National LGBTI Health Alliance (2011) welcomes the report's recognition of the discrimination faced by gay, lesbian, bisexual, transgender and intersex (GLBTI) people and the support by the Productivity Commission for a national strategy on GLBTI aged care.
Inquiry into Aged Care

For many organisations and lobbyists the emphasis is now on the Federal Government's willingness and ability to translate the recommendations into policy change. While yet to commit to specific reforms, the Government has indicated that its response to the report will be guided by four principles: everyone has the right to access quality care and support, people need greater choice and control over their care arrangements, funding needs to be sustainable, and care needs to be provided by a skilled workforce (Gillard & Butler 2011). Aged Care Services Australia, the peak body for not-for-profit community and residential aged care providers, says that 'the case for reform is clear' and urges the Government to 'make the hard decisions' (ACSA, 2011, p. 4). Catholic Health points to the hung parliament and worries that 'some may oppose for opposition's sake' (cited in ACSA, 2011, p. 5). Predictably the Shadow Minister for Ageing, Senator Concetta Fierravanti-Wells, also called on the government to act now, while questioning the government's ability to deliver the recommended reforms (cited in ACSA, 2011, p. 4).

The main direct criticisms of the Productivity Commission’s work have come from the Combined Pensioners and Superannuants Association of NSW (CPSA), National Seniors Australia, the Australian Nurses Federation (ANF), and some aged care activist groups. The CPSA (2011) critique the final report as abandoning the notion of community service and leaving older people and their families to the mercy of a user pays system. They argue that older people should not be bullied into selling off or using the family home as equity to provide for long-term care needs. National Seniors Australia (2011) says that the report is strong on user pays and deregulation but light on patient care and humanity. The AFN (2011) argues that the report has failed to provide solutions to the critical workforce issues, notably the disparity in pay for
Inquiry into Aged Care

nurses in the aged care sector compared to the hospital sector, and their impact on quality care. The activist group, Aged Care Crisis (2011), criticises the Commission for not recommending mandated staff/resident ratios in aged care facilities and not providing clearer guidance on how to achieve the appropriate skilling of the aged care workforce.

Given the nature and remit of the Productivity Commission, it is unsurprising that it seeks to free the aged care system from unnecessary regulation, open it up to greater competition, and use consumer power to drive quality. There is also a focus on intergenerational equity with more emphasis placed on people taking responsibility for their own care through user contributions, rather than relying on younger tax-paying generations. Reflecting the residual aspects of our welfare system, there is recognition of the need for safety nets, means and assets tests, and limits on consumer contributions. Particular groups of older people, such as Indigenous older people and homeless older people, who are especially vulnerable to the limits of the market, are identified as needing special arrangements, such as block funding for services (Productivity Commission, 2011, p. 273). However, the extent to which any aged care consumer can freely exercise choice is questionable: it remains to be seen whether or not a reformed system will provide individuals with more meaningful options and enable them to change providers easily. According to Fine (2007, p. 286) 'market failure must be regarded as an inevitable feature of the field rather than an incidental one'.

Reflecting a neoliberal ethos, the general trend in the Productivity Commission's recommendations is towards the free market and individual responsibility. Given the
Inquiry into Aged Care

sustained neoliberal restructuring of the welfare state that has taken place over the last thirty years it almost seems churlish to raise this as a criticism. What is most significant, though, in this report is that a complicated, unfair and under-resourced system has the chance to evolve into one which better responds to the needs of all older people in a more flexible and consistent way.

Social work: missing in action?

So, what of social work and its role in these recommended reforms? The two parts of the final report, which amount to over 700 pages, contain three mentions of social work. The first relates to social work’s current inclusion in the multidisciplinary Aged Care Assessment Teams (Productivity Commission, 2011a, p. 23). The second involves the recognition that social work (and counselling) may play a role as low intensity therapy in providing transitional care following an acute episode. The Productivity Commission (2011b, p. 181) recommends that this care be provided in the home or residential facility, rather than in hospital. The third mention comes in a quote from a submission by Dr Robert Hunt, who identified the lack of availability of social workers, and other allied health staff, in providing palliative care in residential aged care facilities (Productivity Commission, 2011b, p. 229). It is probably no surprise that, in contrast, there were over 350 mentions of nurses or nursing in the two reports.

While this comparison cannot possibly reflect the true depth of engagement of social workers in the aged care system – such as the unique role played by social workers in hospitals (McCormack, 2008; Duffy & Healy, 2011) – it does point to the overall low
Inquiry into Aged Care

profile of social work within the aged care sector. And if the sector doesn't seem much interested in social work, how interested is social work in the sector? It is well documented that social work students continue to identify working with older people as one of their least preferred areas of practice (Volland & Berkman, 2004), and residential care as one of their least preferred settings to work in (Weiss et al., 2002).

But what of qualified social workers and their professional body? While it is acknowledged that there is a limit to the number of issues the Australian Association of Social Workers (AASW) can lobby on, it is notable that the Association did not make a submission to the Productivity Commission Inquiry into Aged Care, although it did make one to the concurrent Inquiry into Disability Care and Support.

Nonetheless it is likely that social workers did make their views known to the Commission either individually or through representation by other bodies such as the Australian Association of Gerontology. There remain questions, however, as to how effective social work, as a profession, and social workers, in general, are as policy actors in aged care.

Nonetheless there is an opportunity, as the recommendations are transformed into actual policy, to position social work as having a major contribution to the policy debate and to the delivery of services on the ground. In terms of the new Gateway Agency and specifically carrying out assessments and in arranging and delivering services, social work has knowledge and skills to offer in terms of:

• carrying out holistic psychosocial assessments of need in a way that recognises the impact of socio-political factors on people's life opportunities;
Inquiry into Aged Care

- conducting assessments of risk, while understanding the subjective dimensions to risk and the value of appropriate risk taking;
- bringing communities, groups and families together to identify common need and develop their own responses to this need;
- maintaining effective relationships with older people and their families to facilitate disclosure of sensitive issues, manage conflict and facilitate the delivery of care services; and
- responding to the emotional dimensions of the assessment for and delivery of care services, including an awareness of how lifespan issues (including past experiences of abuse or trauma) impact on later life experiences (Hughes & Heycox, 2010).

No doubt there are other ways of social work pursuing its professional agenda – not uncritically of course (McDonald, 2006) – in the aged care system. While there is certainly scope for more mental health and counselling interventions involving social workers (e.g., in residential aged care), the relatively untapped potential lies in community practice. For many decades we have used the term ‘community care’ to mean family, individual or home-based care, now may be the time to explore how wider communities can be mobilised in supporting and transforming aged care. Not least, there is a need for community action in relation to special needs groups (such as older GLBTI people), as well as in advocacy campaigns more broadly. This will be especially important as free market principles are further applied in the implementation of the Productivity Commission's recommendations.

Conclusion
Inquiry into Aged Care

The aged care sector is on the brink of a transformation unlike that experienced before. However, the Government has yet to commit to specific reforms and is engaged in further consultations to determine its response to the report. Thus it is not possible to assume that all the recommendations made by the Productivity Commission will be taken up wholly or in the way that was intended. It is likely that there will be a lengthy period of change where there will be plenty of time for social work to influence the policy processes. This is a complex environment for social work to engage in, but it is one with which the profession is entirely familiar. But there is a need for greater leadership among social work and its representative groups to assert its contribution to aged care, and more broadly to promote the health and wellbeing of all older people.

References


Inquiry into Aged Care


Inquiry into Aged Care


Inquiry into Aged Care


Volland, P.J., & Berkman, B. (2004). Educating social workers to meet the challenge of an aging urban population: A promising model. *Academic Medicine, 79*, 1192-1197