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# GLEN EIRA CITY COUNCIL SUBMISSION TO THE DEPARTMENT OF HEALTH AND AGED CARE

## A NEW PROGRAM FOR IN-HOME AGED CARE DISCUSSION PAPER



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## BACKGROUND

For decades, Glen Eira City Council has received funding from the Federal Government to provide in-home aged care services to support older residents to remain living in their own homes and connected to their communities.

Across Glen Eira, 2,300 older people currently receive one or more in-home aged care services from Council, such as domestic assistance, personal care, social support, home maintenance or delivered meals.

Council also provides healthy ageing services including community grants, volunteering and home library services. It also provides 64 independent living units, a 90-bed residential aged care facility and five senior citizen centres.

Glen Eira City Council welcomes the Federal Government's reforms in aged care to improve the quality and safety of services while enhancing the confidence and control of older Australians to choose which provider delivers their service, as well as when and how. Any significant change to the current funding and service model will, however, challenge Council's ability to continue delivering aged care services.

Council wants to share a range of challenges and concerns with the Federal Government, some of which are unique to local government as a provider of aged care services. Issues detailed in this submission include:

- > The effects of the proposed new service model and funding arrangements
- > Inadequate unit pricing and effects of National Competition Policy should Council be required to subsidise the service
- > Concerns about workforce shortages and sector readiness for change
- > The short lead in time to transition to the *Support at Home Program*
- > Addressing the community's broad and holistic needs.

Like many councils across Victoria, Glen Eira eagerly awaits further information about any change to the aged care service and funding model, standards and regulations. Council has recently engaged its residents in preparation for the reforms, to better understand their needs, priorities and aspirations to live and age well in Glen Eira. Over 1,200 residents participated in the engagement exercise, with over 90 per cent of participants aged 65 years and over (see attached report for summary of engagement findings).

The findings revealed a high level of satisfaction with Council's in-home aged care services and a high level of trust associated with Council's long history of delivering the service. Council's ability to compete in the proposed new model, however, will be dependent on a range of variables, including Council's ability to respond to new and emerging needs, and other important factors such as changes to the existing service model and funding arrangements. These changes disrupt what has been a lengthy period of stability and certainty for Council, allowing us to deliver a well-planned and sustainable in-home aged care service to meet community needs.

**Glen Eira City Council is committed to ensuring older residents continue to have access to high-quality aged care services and aspires to meet our Community Vision to create a Glen Eira that has “a thriving and empowered community working together for an inclusive and sustainable future”.**

### New service model challenge

To participate in the proposed *Support at Home Program*, Council would need to compete for clients who would have greater choice of which provider they would like to receive services from. Council would also need to adhere to a new set of quality, clinical and regulatory requirements, additional to its current stringent and comprehensive quality and accountability processes.

Local community feedback reflects national preference for increased choice and control. Community members told us they want a range of providers and services from which to choose. Results show that residents highly value providers that can adjust to their needs so they can remain with the same provider, and staff, as their needs change.

Council currently provides entry-level services to support clients with low care needs, using a traditional operating model with basic technology, systems and service offerings.

Key challenges for Council include:

- > New cost requirements to convert a traditional operating model into an innovative, commercial entity that can retain and attract paying clients to compete with experienced aged care providers that offer an extensive range of services, flexibility and technological innovation, but without the security of confirmed annual funding.
- > The ability to recruit and retain suitably qualified staff to meet changing community needs and expectations would require clinically trained nurses and allied health professionals, like physiotherapists and to provide services with clinical governance and rigour in an increasingly complex and clinical care environment.
- > New costs requirements associated with developing and adhering to new clinical, quality and regulatory requirements, as well as marketing strategies and technology to compete in the marketplace, but without the security of confirmed annual funding.

### Funding challenges

The proposed Federal Government's *Support at Home Program* is based on a competitive market model with funding for the delivery of services to move from block funding to a fee-for-service payment in arrears arrangement for in-home service activities such as domestic assistance, respite and personal care (like the consumer-driven funding model under the *National Disability Insurance Scheme*). The proposed funding arrangements for social support, meals and transport under the *Support at Home Program* is not clear, particularly how a partial grant combined with a fee-for-service activity-based funding arrangement would be managed and executed.

Under the proposed *Support at Home Program*, fee-for-service payments would be received after the service has been delivered in a competitive market model. Income will therefore fluctuate as it will be dependent on demand and the ability of clients to pay. For decades however, Council has delivered aged care services with block funding (or a set amount of funding) with a secure client base. This stability and certainty enabled Council to sustainably budget and plan services to meet client needs for decades.

Challenges for Council include:

- > Increased financial risk competing in an open market where income is dependent on consumer choice and fluctuations in demand, whilst Council expenses remain constant (ie. employee costs, materials, etc) without a guaranteed income.
- > Reduced cash flow to allow flexible response to emerging community needs, gaps in service provision within the local area and/or engage in sector support or capacity building activities.
- > A funding system at odds with Council's annual budget cycle and processes, which requires public exhibition and endorsement.

## Unit price challenges

Council contributes significantly to the cost of operating the *Commonwealth Home Support Programme (CHSP)* to deliver services to older residents. Glen Eira City Council receives only about 45 to 60 per cent of the total operating cost to deliver the service. That is, Council subsidises the service by 40 to 55 per cent depending on the service type (inclusive of overheads). This is because the unit price received from the Federal Government to deliver services such as domestic assistance or home maintenance does not cover the full operating cost to deliver the service. Glen Eira City Council is not alone in this scenario. For decades local governments in Victoria delivered services in partnership with the State Government contributing over \$150m annually<sup>1</sup>.

For a funding model to support provider viability, the unit price must take into consideration the full operating cost of service providers. Moreover, it must recognise the unique position and costs associated with being a local government service provider. Councils deliver an inclusive, safe and quality service that extends beyond a transactional service approach. This requires additional planning, systems and resources, which contributes to a higher operating cost. Under a competitive market model Council will be required to meet its competitive neutrality obligations, which will require Council's full operating costs to be covered under the national unit price and client contribution cap.

Council's operating costs predominantly relate to:

- > Glen Eira City Council award wages for direct care staff, which are approximately 10–15 per cent higher than the industry average. With the November 2022 Fair Work ruling to increase the *Social, Community, Home Care and Disability Services Industry (SCHADS) Award* wages by 15 per cent, industry wage costs will increase, perhaps more in line with Council salary costs. As such, a higher unit price than outlined in the *Discussion Paper* is required now by Council, and by industry providers in future.
- > Council's Enterprise Agreement containing late cancellation provisions, travel time and kilometre reimbursement, as well as Working with Children and Police Checks.
- > Council has extensive and deeply embedded regulatory, financial, social and performance requirements to

ensure the safety and quality of its governance and operations and guide the delivery of outcomes to community in a transparent and accountable manner. These requirements are equivalent to or greater than those developed or proposed under the new aged care system.

The current unit price received to deliver *Commonwealth Home Support Programme* services is inadequate to cover Council's full operating costs, and yet these costs will only increase further with the introduction of the reforms. Council predicts that transitioning to the proposed new model will incur additional costs relating to transition (for instance, setting up quarterly client budgets), as well as establishment costs (such as recruitment, and establishing new systems, processes and marketing strategies to attract clients), and ongoing costs to compete in a competitive driven market and adhere to new clinical, governance and regulatory requirements.

Costs are rising, but Council's ability to invest in aged care is limited due to rate capping, the requirement for sound financial management and fiscal responsibility under the *Local Government Act 2020*, and compliance with the State Government's competitive neutrality policy.<sup>2</sup>

## Compliance with competitive neutrality

To be viable under a competitive market model, local government must comply with the State Government's *Competitive Neutrality Policy (2012)*. The *Policy* sets out that:

- > competitive neutrality requirements apply to significant Council business activities,
- > full-cost reflective pricing should be implemented to offset any net advantages Council may enjoy based on a comprehensive accurate costing, including all costs that can be attributed to the provision of the service,
- > where implementation of full-cost reflective pricing jeopardises other public policy objectives, Council must undertake a public interest test to justify subsidising the service to comply with the *Competitive Neutrality Policy (2012)*.

Council's ability to adhere to competitive neutrality and be viable under the *Support at Home Program* is dependent upon a unit price and client contribution cap covering Council's full operating cost to deliver the service now and in the future. Under the policy, Council's

in-home aged care service would be considered a significant business activity. To apply full-cost reflective pricing to fully cover Council expenses would render Council's services unaffordable for many older residents, and therefore uncompetitive in a market-model. Council would be unlikely to meet a public interest test given the large number of providers in the municipality.

### Workforce shortages and sector readiness

Glen Eira City Council is also concerned about the timelines proposed by the Federal Government to implement the *Support at Home Program*, by 1 July 2024. Council's main concern with a short transition time centres around national workforce shortages and sector readiness to meet current and future demand for services.

National workforce shortages in aged care are well known and documented, with Glen Eira City Council also experiencing difficulties maintaining staffing levels to meet demand.

The ability to recruit aged care workers across all services in Glen Eira has been limited for several years. This has included difficulties recruiting direct care staff to deliver domestic assistance and personal care, officers to deliver home maintenance, nursing for residential care, as well as rostering, administration and support staff across all aged care service functions.

Workforce issues have been exacerbated by an ageing workforce, fatigue from enduring changes and stressors pertaining to COVID-19, compounding effects of repetitive tasks such as domestic assistance, and the strain of years of job insecurity due to funding extensions and reform uncertainty.

Recent media coverage has also highlighted lack of service continuity as some councils relinquish delivery of their in-home aged care services, namely Boroondara City Council and Mornington Peninsula Shire. It was reported that the transition of clients to other service providers resulted in service delays of over four weeks for thousands of clients for services such as domestic assistance. Transition issues such as this indicate the extent of the effect of workforce shortages and sector unpreparedness for significant change.

A recent analysis of the local market in Glen Eira similarly suggests that there are service provider capacity

issues. There have been few to no service providers accepting new client referrals for domestic assistance or escorted shopping for residents requiring these supports for over six months.

### Transition timing

Many councils across Victoria are waiting for further information about the proposed changes, including the final unit price and funding arrangements, to consider whether they will be able to continue to deliver in-home aged care services. Should a significant number of councils across Victoria decide to stop delivering these services, Glen Eira City Council is concerned about the effect this could have on the Victorian in-home aged care service system, and by extension, the impact this will have on older Australians reliant on essential services to maintain their health and safety.

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**Glen Eira City Council welcomes the opportunity to collaborate with the Federal Government to develop a transition roadmap that is considered, planned and well-resourced. Glen Eira is committed to the development of a robust aged care service system so that our residents can be assured of access to high-quality services if and when they need them.**

A planned approach will give older Australians more confidence in the aged care sector where continuity of care for existing clients is secure, and access to services and supports for new clients is possible. A planned and extended transition roadmap that is locally resourced and supported, similar to the *National Disability Insurance Scheme* that rolled out slowly and progressively across Victoria over three years, will:

- > provide an adequate amount of time to increase the aged care workforce
- > assist providers to smoothly transition clients to new providers should they decide to exit

- > build the capacity of the sector more broadly to meet the forecasted demand for services that an ageing population will bring.

### Meeting community need

The delivery of in-home services is only one aspect of care that supports older people to age healthily and remain as contributing and valued members of society. *Ageing Well in a Changing World* revealed eight attributes of ageing well based on the views of senior Victorians<sup>3</sup>. These attributes included:

1. A positive attitude
2. Life has purpose and meaning
3. Respectful and respected
4. Connected to family, friends and society
5. In touch with a changing world
6. Safe and secure at home and financially
7. Able to manage health issues including mental health
8. Able to get around

Council's recent engagement survey covered these topics broadly to better understand community need, priorities and aspirations.

The community expressed a keen interest in learning more about healthy ageing in areas such as preventing falls and injury, keeping active and fit, and reducing the risk of dementia.

Respondents also wanted to feel safer when out in the community, and suggested better street lighting, more public seating at an appropriate height for older residents, public toilets with handrails, clear and accessible footpaths, and parks and gardens with more welcoming and age-friendly infrastructure.

Local government is in a strong position to respond to community needs through healthy ageing initiatives and local, place-based approaches to support older Australians to age well in their home and remain connected to the community. This has been recognised by the State Government and the Municipal Association of Victoria through commitments to create age-friendly cities, and was reinforced by the *Royal Commission into Aged Care Quality and Safety, Final Report: Care, Dignity and Respect*.

"The aged care system is only one component of what is needed to support people to age well. There are other government strategies and policies that can complement formal aged care to help people live a long life in good health. These strategies include designing age-friendly communities that support people to stay in their own homes into later life, age-friendly city and town design, and fostering more positive attitudes and beliefs about older people."<sup>4</sup>

Glen Eira City Council would welcome recognition and funding to undertake activities to meet the broader needs of older Australians in a meaningful and holistic way, that complements the service system. Glen Eira has a longstanding relationship with residents, community groups, services and businesses in the local area and can respond to emerging needs and gaps in a timely, planned, and collaborative way to drive positive effects and outcomes.

### Information and navigation support

Our community engagement findings showed that two out of three respondents had experienced at least one barrier to accessing services, supports or activities. Lack of information and difficulty navigating the service system was the most frequently identified issue.

Respondents preferred paper-based information and suggested they would like support to find providers, to understand and fill in forms. There was a high level of support for Council to explore initiatives to assist older people with navigation and access issues (85 per cent).

Changes to the aged-care sector would likely exacerbate these issues and Council would welcome funding to support the wider community to find information and navigate the system.

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**Glen Eira's older residents reported having difficulties accessing information and services and would benefit from a program similar to the Federal Government's *Care Finder Program* currently only available for older Australians with complex or high-level needs.**

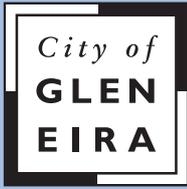
## COUNCIL PROPOSAL

Glen Eira City Council is grateful to be consulted on *A New Program for In-Home Aged Care*, and welcomes the opportunity to discuss the following proposal with the Federal Government:

- > The continuation of secure funding to maintain certainty and limit financial risk for providers.
- > Recognition of the unique position of local government as a provider, including its high operating costs and requirements to fulfil additional regulations including compliance with competitive neutrality, by providing a reasonable unit price that covers full operating expenses.
- > The opportunity to collaborate to develop a robust and extended transition plan to roll out the new model to:
  - reduce the risk of market failure, and:
    - ensure continuity of service for existing clients and access to services for new clients,
    - enable time to grow the workforce to overcome significant workforce shortage issues.
  - support providers to:
    - build capacity and readiness for the changes,
    - work in partnership to support a positive client transition from providers that have decided to exit the service.
- > Acknowledge and fund activities that support older people holistically to live and age well at home and remain connected and thriving in their local community.

### Endnotes

- 1 *Municipal Association of Victoria Bulletin*, Number 1323, Friday 19 August 2022.
- 2 State Government, Department of Treasury and Finance (2012) *Competitive Neutrality Policy*.
- 3 Commissioner for Senior Victorians (2020) *Ageing Well in a Changing World*, State Government, Melbourne.
- 4 *Royal Commission into Aged Care Quality and Safety, Final Report: Care, Dignity and Respect* [https://agedcare.royalcommission.gov.au/sites/default/files/2021-03/final-report-volume-1\\_0.pdf](https://agedcare.royalcommission.gov.au/sites/default/files/2021-03/final-report-volume-1_0.pdf)



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