



Review of *“Caring for Older Australians: draft report”* in light of submissions to Productivity Commission Inquiry into Long Term Support for People with Disability

**Submission to the
Long Term Disability Support
Productivity Commission Inquiry 2010 - 2011**

Version 1.0

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The National Council on Intellectual Disability (NCID) was established over 50 years ago by parents and friends, in an endeavour to improve the quality of life of people with intellectual disability and to fill the need for national unity and information.

The Council is the recognised national peak body with the single focus on intellectual disability, ie, our actions and priorities centre on issues that affect the lives of people with intellectual disability and their families. Our mission is to work to make the Australian community one in which people with intellectual disability are involved and accepted as equal participating members.

NCID has over 5,000 members representing all 8 States and Territories. In addition to having people with disability on its Board, NCID receives policy advice from Our Voice. Our Voice is a committee the membership of which is exclusively people with intellectual disability representing all States and Territories.

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Statement of Principles

for the establishment of a National Disability Long-term Support Scheme

For the National Council on Intellectual Disability to support any National Disability Long-term Support Scheme the scheme must ...

1. Be an entitlement scheme which is enshrined in legislation for ALL people with an intellectual disability
2. Be a funding scheme and not a model of service delivery
3. Meet the support needs of ALL people with an intellectual disability
4. Meet ALL the support needs of people with an intellectual disability over their lifetime
5. Ensure that people with an intellectual disability and where appropriate their families, have direct control over the resources allocated to meet their specific support needs over their lifetime
6. Ensure people with an intellectual disability have access to full social, economic and community inclusion and participation
7. Ensure there are no impediments, financial or otherwise to people with an intellectual disability gaining employment
8. Ensure that any adopted scheme is not bureaucratic or process driven

Adopted by NCID's Board on 18 December 2009

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I planned each charted course -
Each careful step along the byway,
And more, much more than this,
I did it my way.

Yes, there were times, I'm sure you knew,
When I bit off more than I could chew,
But through it all, when there was doubt,
I ate it up and spit it out.
I faced it all and I stood tall
And did it my way.

(Paul Anka and Frank Sinatra, 1969)

Introduction

Submissions from people with an intellectual disability and their families to the Productivity Commission Inquiry into Long Term Support for People with Disability were reviewed by National Council on Intellectual Disability with a number of consistent themes and issues identified, see www.ncid.org.au.

The Productivity Commission draft report “*Caring for Older Australians*” was reviewed in light of the themes and issues identified in those submissions to see if there was any consistency or overlap in the issues raised and recommendations made. This work was undertaken to see what the Productivity may recommend for its Inquiry into Long Term Support for People with Disability, and for any inconsistencies between the draft report “*Caring for Older Australians*” and the soon to be release draft report of the Inquiry into Long Term Support for People with Disability.

The Productivity Commission opens its Overview chapter with the following statement:

“Older Australians generally want to remain independent and in control of how and where they live their lives, continue to be connected and relevant to their families and communities, and be able to exercise some measure of choice if they require care.”
(Overview p. xxi)

This reflects very closely the feelings and aspirations that many respondents to the Productivity Commission Inquiry into Long Term Support for People with Disability expressed.

Weaknesses in the system

Many of the weaknesses identified within the aged care system and services are very closely aligned to the problems identified in disability services:

- *“delays in care assessments and limits on the number of bed licences and care packages — older people may suffer excessive waiting times and have limited choice of care providers, while providers have reduced incentives to become more efficient, improve quality, innovate, or respond to consumer demand*
- *discontinuous care across the packages of community based services — changes in an older person’s care needs can lead to a change in the ‘care package’, care provider and personal carer*
- *constrained pricing — concerns include the low level of charges for high care accommodation, declining hours of service within the care package funding levels, the rate of indexation for subsidies, and the need for a ‘temporary’ Conditional Adjustment Payment*
- *financial inequities —*
- *variable care quality across the system*
- *uncertainty about care availability — there is limited confidence among those needing care that they can leave their program during periods of greater wellness and independence and re-engage readily should their circumstances change*

- *workforce shortages — due in part to low wages, high administrative loads arising from the burden of regulation, strenuous work environments and limitations on scopes of practice*
- *complex, overlapping and costly regulations — with an embedded culture in governments of excessive risk aversion and a lack of independence of some regulatory activities*
- *insufficient independence of the complaints handling process*
- *incomplete and overlapping interfaces — within and between jurisdictions, and between aged care and health, disability, mental health, housing and income support.”*

(Overview p.xxiii – xxiv)

Vision and Policy Framework

Again, the draft *Report* showed that submissions regarding older Australians reflected a vision that very closely aligns with the vision of many respondents to the Productivity Commission Inquiry into Long Term Support for People with Disability.

“A number of participants presented their visions of a future system of care and support for older Australians. While the visions varied, they also had common themes, including that the focus should be on wellbeing, that services should promote independence and that people should be able to make their own life choices, even if it means they accept higher levels of risk. Participants were also adamant that carers of older people should be adequately supported.” (Overview p.xxv)

Accordingly, the Productivity Commission outlines the following policy statements to guide reform to the Aged Care system which aligns very closely with the comments made in many of the submissions to the Productivity Commission Inquiry into Long Term Support for People with Disability regarding the need for comprehensive guiding principles for reforming disability services:

“To guide future policy change, the aged care system should aim to:

- *promote independence and wellness of older Australians and their continuing contribution to society*
- *ensure that all older Australians needing care and support have access to person-centred services that can change as their needs change*
- *be consumer-directed, allowing older Australians to have choice and control over their lives*
- *treat older Australians receiving care and support with dignity and respect*
- *be easy to navigate — Australians need to know what care and support is available and how to access those services*
- *assist informal carers to perform their caring role*

- *be affordable for those requiring care and for society more generally” (Overview p.xxv)*

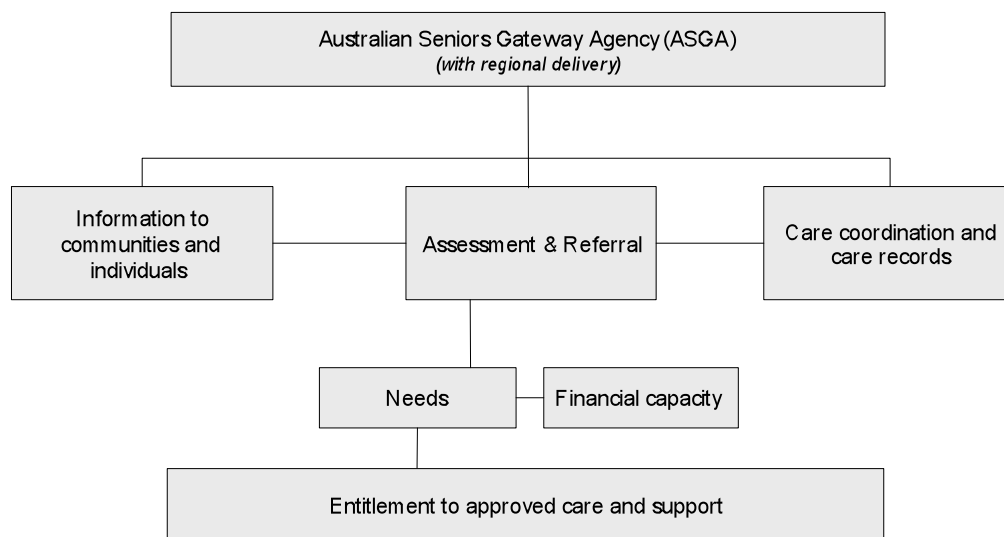
One Stop Shop and Jumping Through Hoops

Many of the submissions to the Productivity Commission Inquiry into Long Term Support for People with Disability emphasised the frustration and impact of having to deal with a overly complex, administratively burdensome system which lacked flexibility and required families to expend large amounts of time seeking relevant information which frequently produced little or no outcomes and prevented them from planning and being able to exercise any kind of choice. (See “I’m Still Waiting, Jumping Through Hoops, One Stop Shop, Coordination and Planning). These issues and concerns have also been clearly identified in submissions to The Caring for Older Australians review. In response to this the Productivity Commission has developed a number of recommendations that very closely reflect the suggestions made to the Productivity Commission Inquiry into Long Term Support for People with Disability.

Firstly, the establishment of a single national body:

“The Commission is proposing the establishment of an Australian Seniors Gateway Agency which would be responsible for maintaining the national aged care information base, and for delivering assessment and care coordination services (figure 2). Older Australians assessed as needing care would receive an entitlement to services through this Gateway Agency.” (Overview p.xxvii & xxviii)

Figure 2 **Australian Seniors Gateway**



This Agency as identified by the Productivity Commission would address a number of issues raised by respondents to the Productivity Commission Inquiry into Long Term Support for People with Disability namely the need for a “One stop shop that removed the endless process of applications, form filling and repetitive assessment”. It would also provide the conduit for reliable consistent information to assist people in navigating their way through the system. It also addresses the suggestion made in a number of submissions that saw the value in developing a single national database to prevent the constant repetition of form filling.

Access to Information

Many submissions to the Productivity Commission Inquiry into Long Term Support for People with Disability highlighted the difficulties and frustrations associated with trying to access information in a timely and efficient manner. Many cited the endless searching and going around in circles seeking relevant information and how serendipity played the greatest part in finding out what you needed to know. Many submissions mentioned how the establishment of a one-stop-shop could assist and improve access to information.

This issue has been addressed by the Productivity Commission through the recommended establishment of the *Australian Seniors Gateway*.

“Access to and use of information remain key issues. Information needs to be tailored where possible to a range of contexts, and to be readily accessible, for example, for use in local communities by general practitioners (GPs) and community health centres, in acute care emergency departments and discharge centres, in public libraries, and by community workers. Given that many older Australians do not have access to, or are unfamiliar with, the internet, this information needs to also be available via telephone information lines and well-known shopfronts such as Centrelink, Medicare Offices and Post Offices.

The information platform should provide a basic set of information on healthy ageing approved by industry peaks or expert bodies. It could also provide a portal for accessing the wider array of information.

There is a particular role for contextual information that makes people aware of the service delivery framework.” (Chp. 8 p.230)

“The proposed information platform would provide both general information on the aged care system and information more specifically tailored to individual circumstances. The platform would be region-specific and contain information on contacts for assessment services and on the availability, quality and cost of services delivered locally by approved providers.” (Chp. 8 p. 231)

Eligibility and Assessment

Many submissions to the Productivity Commission Inquiry into Long Term Support for People with Disability talked of the frustration of continual assessments to access any kind of support or services and the lack of portability of information interstate necessitating assessments to be repeated.

The Productivity Commission looks at addressing this issue with the development of a single national assessment process implemented through the Australian Seniors Gateway Agency.

“In the Commission’s view, there is a need for a national assessment process that results in consistent care and support entitlements for those assessed as needing care, irrespective of what state or territory they are located in. A single (or joined-up) assessment process is likely to result in better outcomes for individuals and produce savings for the community. This process must provide a common set of tools for assessment of aged care needs, and a mechanism to ensure that these are applied in a consistent manner by people with the appropriate skills.

Assessment tools

A national standard suite of assessment tools (see, for example, box 8.2.) should aim to achieve outcomes that:

- *promote independence and build on an older person's strengths*
- *identify restorative options that accord with an individual's own aspirations*
- *identify when a more in-depth assessment is needed*
- *provide adequate follow up, with timing depending on the nature of the assessment*
- *use electronic records, attached to a more detailed e-health record, where possible*
- *support other aspects of care facilitation, such as identifying the need for a care coordinator to help with making appointments with care providers and helping choose an appropriate provider, linking health and care providers and arranging transport.*

This suite would be structured to enable a single initial assessment as a foundation, with various triggers that indicate the need for more complex assessments where required.” (Chp. 8 p.235)

Needs of Carers

The Productivity Commission acknowledges and identifies the need to support Carers. This was raised by some submissions to the Productivity Commission Inquiry into Long Term Support for People with Disability as being an issue, particularly for ageing Carers. The Productivity Commission in the *Draft Report* makes the following statement and recommendations.

“A consistent theme in submissions was that some form of comprehensive carer assessment can provide fuller information about both the care circumstances of older people and information on a broad range of their carer's needs.

Under the revised assessment arrangements proposed by the Commission, there would be several points at which carer assessments would take place:

- *as part of initial and more comprehensive assessments for older people receiving care, with detail being collected on current carer/s, and the nature of support they provide*
- *via a separate more detailed process of negotiation of support for the carer. This would involve assessing and providing for carer's needs in relation to dedicated services such as income support, advocacy, education and training, counselling and emergency respite.*

This would build on the foundation of several initiatives already underway, including the development of the revised Australian Community Care Needs Assessment and the Carer Eligibility and Needs Assessment.

Broader measures to support the role of carers, including the development of specialist carer support centres, are discussed in chapter 11” (Chp. 8 p 238).

Entitlement

A number of times throughout the *Draft Report* the Productivity Commission mentions “support entitlements for those assessed as needing care...”. Entitlement was an issue raised frequently by submissions to the Productivity Commission Inquiry into Long Term Support for People with Disability, many people with disability and their families stressing that once assessed as eligible for support then access to services becomes an entitlement not a benefit. However, the Productivity Commission in the *Draft Report* no mention of how such an entitlement may be enshrined in legislation. Having entitlement to care and support to enable people with disability to live full and productive lives enshrined within legislation was an important aspect of reform for many respondents to the Productivity Commission Inquiry into Long Term Support for People with Disability.

“Older Australians assessed as needing care would receive an entitlement to services through this Gateway Agency.” (Overview p. xxvii)

An aged care needs assessment instrument would be used to conduct assessments and an individual’s entitlement to basic support, personal care and specialised care, and carer support. (Chp. 8 p. 243)

Coordination and Planning

Submissions to the Productivity Commission Inquiry into Long Term Support for People with Disability highlighted the need for “Coordination and Planning”. The Productivity Commission has also identified the need for good case management in caring for the elderly.

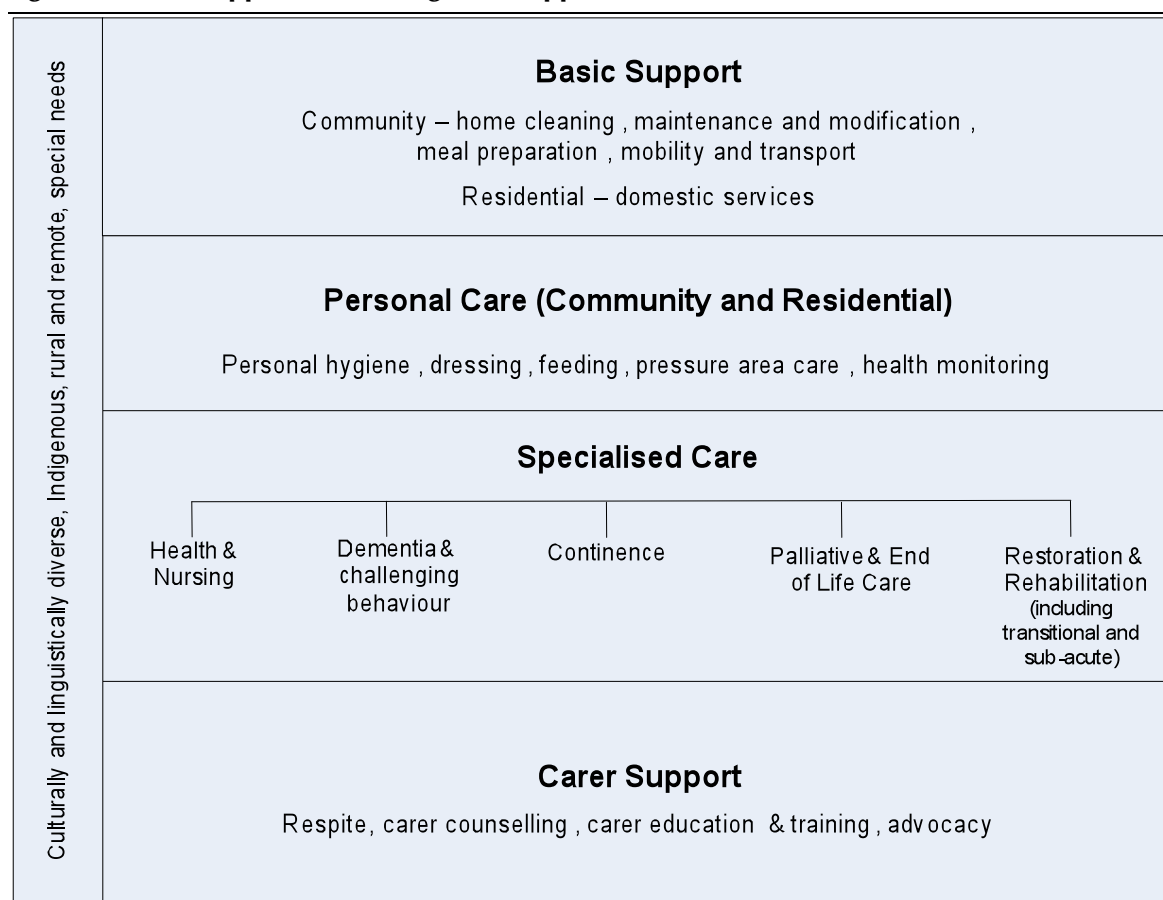
“Care coordination services should be provided at a number of points within the reformed system. Care coordination in the form of a preliminary care plan should be available to older people upon entry into the system through the access gateway. The more detailed assessment should include identifying whether further and more intensive case management services are needed.”(Chp. 8 p.238)

The *Draft Report* also highlights the need for continuity of care that is responsive to individual needs. This is described as a “*building block approach...*”. The following diagram represents the Productivity Commission’s thinking around how services and support would be delivered in a tiered manner according to need as opposed to a more siloed approach defined by service structure. This accords very closely with what a lot of the submissions to the Productivity Commission Inquiry into Long Term Support for People with Disability highlighted, frustration for people with disability and their families with only be able to access the type and range of services as dictated by service providers as opposed to what people actually needed and wanted was palpable.

“Care coordination services should be provided at a number of points within the reformed system. Care coordination in the form of a preliminary care plan should be available to older people upon entry into the system through the access gateway. The

more detailed assessment should include identifying whether further and more intensive case management services are needed.” (Chp 8 p. 238)

Aged care and support: a building block approach



“Given continued problems with a siloed approach to program design and resulting inconsistencies in eligibility criteria and care outcomes, it is proposed that the current system of packages be replaced with a single integrated system of care provision. This would deliver care services currently provided under HACC, Commonwealth funded care packages and the care component of residential care services. The main attributes of the Commission’s new model of care and support are shown in figure 8.2. An important feature of the system is the translation of a needs assessment into a quantifiable group of care and support services that constitute a person’s entitlement.” (Chp. 8 p.255)

Single Electronic Record

The Productivity Commission also suggests the introduction of an electronic health card that would ensure the portability of information across States and between agencies and service providers.

“In the Commission’s view, linked electronic records would avoid the need for older people to repeat the same basic information to multiple sources. The initial

questionnaire would provide the base information for any further assessments. There would be protocols for who could update the information as care needs changed. The relevant information, subject to agreement from the client, would be attached to an e-health record and be made available to all approved and relevant health professionals and care providers.” (Chp. 8 p 244)

Advocacy

Some Submissions to the Productivity Commission Inquiry into Long Term Support for People with Disability from people with disability and their families identified the need to support and strengthen Advocacy services. These were seen as integral to ensuring people with disability are able to navigate the system effectively and that they have access to support as needed to assist with addressing rights and responsibilities. The Productivity Commission has recognised and addressed this in their *Draft Report*.

“The Commission acknowledges the importance of care advocacy functions in a system with greater choice, particularly in relation to vulnerable consumers. A balance would need to be struck in the proposed system between the need for adequate consumer support and the cost of any expanded publicly funded system of provision for advocacy. Nevertheless, this would appear to be a necessary precondition of any adequately regulated system involving greater consumer direction. Further detail on the proposed advocacy arrangements is provided in chapter 12.” (chp 8 p. 254)

Doing it For Ourselves – Self- Directed Funding

The Productivity Commission’s response to this issue in the *Caring for Older Australians – Draft Report* is inconsistent to the point of being irrational. The *Report* identifies that submissions to this inquiry raised the need for eligible older people and their families to have greater control and say over how and where those services are needed. The *Report* also identifies that overseas research provides evidence of greater quality outcomes where people have control over their funding. But despite the evidence and the clear desire of eligible older people for the Productivity Commission to respond positively it ‘irrationally’ turns a blind eye to the evidence only recommending ‘cashing out’ for incidentals!

The majority of Submissions to the Productivity Commission Inquiry into Long Term Support for People with Disability inquiry believed that people with disability and their families are best placed to identify when and what services are needed and to self-direct their care and support. This extended in many cases to wanting direct control over the allocation of funding to be able to purchase the range and type of services needed and wanted.

This included in some case submissions calling for government funds to be cashed out or vouchers provided enabling older Australians and their families to purchase the services directly.

“Older Australians told the Commission that they did not want to be passive recipients of services, dependent on funded providers. Rather, they wanted to be independent and be able to choose where they live, which provider they would use and whether to purchase additional services or a higher standard of accommodation.

There is strong empirical evidence that consumer choice leads to positive wellbeing outcomes, such as higher life satisfaction, more independent living and better continuity of care. Competition among providers also leads to a more dynamic system, with incentives for greater efficiency, innovation and quality improvements. A highly regulated, risk averse system is unlikely to produce such outcomes. Regulations should revert to their more appropriate role of ensuring safety and quality, protecting the vulnerable and overcoming market failures.” (Overview p.xxvi)

“This limited choice has led a number of analysts, as well as many participants to the inquiry, to call for reforms that provide subsidies to consumers rather than providers, as a means by which to promote a more consumer-directed approach to care.” (Chp. 8 p. 247)

“Many participants also argued that a consumer-directed approach would introduce more flexibility into the system and result in more appropriate care for the individual.” (Chp. 8 p. 248)

The Draft Report then goes on to outline the ways in which the Productivity Commission reviewed self-directed care as outlined below.

“The Commission considered a number of key issues around the possible benefits and risks of introducing greater consumer direction into aged care. As part of its consideration, it has paid particular regard to:

- international experience in providing greater consumer direction in aged care*
- recent developments in enhancing choice in aged care and other sectors*
- key design issues, including whether care entitlements would be provided in a CDC system via vouchers or cash*
- possible supporting services to consumers in a CDC system (such as information, care advocacy and care planning)*
- implications for the supply side, including the impacts on providers and on care infrastructure more generally of a move to CDC.” (Chp. 8 p. 249)*

The Productivity Commission goes on to make the following statements with regard to the benefits of self directed care in relation to overseas examples.

“Evaluations of such schemes (see, for example, Carlson et al. 2007 for the United States; Witcher et al. 2000 for the United Kingdom; Miltenburg and Ramakers 1999 for the Netherlands) generally show that many participants report an increased likelihood of higher satisfaction with care arrangements and their lives more generally; and a decreased likelihood of unmet needs, care related health problems and adverse events.

However, despite the well documented advantages, participation rates in consumer-directed care are typically lower than the traditional agency-directed alternatives (Lundsgaard 2005). While these low participation rates may raise questions about the broader applicability of such schemes, as the Commission has previously argued (Productivity Commission 2008, p. 117), it is important to understand that, at a broader level, even a relatively small number of active consumers switching between alternative services can induce providers to improve services and encourage broader innovation and quality improvement. (Chp. 8 p. 250)

However, the Productivity Commission does not follow through with recommendations to implement any such self-directed schemes for Aged Care in Australia. The applicability of self-directed funding and trials in disability services is mentioned in the *Draft Report* but this is then dismissed as an opportunity for older Australians based on the belief that the uptake would be too low.

“Enhanced choice through greater consumer involvement in the design and delivery of disability services has been a feature of services in this sector since the mid 1980s. The strengthened client focus in these services has sustained a range of consumer and/or family direct support programs over many years in a social policy area with many similarities to aged care. The disability services sectors in most states and territories now offer a variety of programs or trials designed to promote independence and choice (Laragy and Naughtin 2009).” (Chp. 8 p. 251)

“Of the three broad approaches, the Commission has most concerns about a fully ‘cashed out’ system, where individuals receive a subsidy via cash or cheque and can determine to expend it in full in any way they see fit. Concerns include the possibility that individuals would underestimate the amount of their entitlement they would need to spend on care; and possible abuse of the funds by carers and relatives. A full cash out option in aged care would, in the Commission’s view, be unlikely to be taken up by a majority of consumers initially. The vast majority of older Australians would more likely choose a package from an approved provider rather than cash out their entitlement.

However, under the revised arrangements, some small cashed out element for incidental expenses may warrant further consideration. The Commission will monitor progress of the Commonwealth’s trials and assess feedback from participants.” (Chp. 8 p. 252)

The Productivity Commission makes the following recommendations in relation to consumer directed care:

“ensure that all older Australians needing care and support have access to person-centred services that can change as their needs change

be consumer-directed, allowing older Australians to have choice and control over their lives “ (Chp. 4 p. 87)

Some indicative outcomes measures against proposed objectives of Australia’s aged care system

To ensure that all older Australians needing care and support have access to person-centred services that can change as their needs change	⇒	Measures of unmet need, waiting lists (assessment, care and support), use of care and support by different groups (indigenous, regional, special needs access). Better continuity of care, greater emphasis on restorative care, rehabilitation, improved satisfaction.
To be consumer-directed, allowing older Australians to have choice and control over their lives	⇒	Capacity of older Australians to self-direct funding (if so chosen) and to choose services within entitlements and to choose providers. Perceptions of choice, control and satisfaction. Reduced complaints about service.

(Chp. 4 p.91)

There is clearly some indication from the Productivity Commission in the *Draft Report* that ensuring greater consumer choice and control over the delivery of services is desirable. The Productivity Commission stops short though of supporting direct financial control. It is unclear as to why the Productivity Commission does not advocate for greater financial control when its Report clearly articulates the advantages and the desire by many recipients to include this. However, the *Draft Report* does seem to indicate that this may be different for some unspecified reason for disability services.

Other Issues

The *Draft Report* also touches on a number of other issues that were raised by respondents to the Inquiry into Long Term Support for People with Disability inquiry.

- Wellness

These include having a whole of life and wellness model of care with the Productivity Commission’s recommendation stating that the system should be:

Based on a wellbeing framework and the governments stated objectives, the system for care and support for older Australians should be assessed against the criteria of equity, efficiency, effectiveness (choice, quality, appropriateness) and sustainability. (Chp. 4 p.65)

The Productivity Commission offers the following as a definition of well-being, this accords very closely with what submissions to the Inquiry into Long Term Support for

People with Disability inquiry outlined as important in underpinning the vision and values of reforming disability support and services.

“Wellbeing, or quality of life, is a multi-dimensional concept incorporating physical and emotional needs, connectedness to others, the ability to exert influence over one’s environment and safety from harm (figure 4.1.). The World Health Organization (WHO) defines quality of life as:

... an individual’s perception of his or her position in life in the context of the culture and value system where they live, and in relation to their goals, expectations, standards and concerns. It is a broad ranging concept, incorporating in a complex way a person’s physical health, psychological state, level of dependence, social relationships, personal beliefs and relationship to salient features in the environment. (1994, p. 43)

The domains of wellbeing are ‘person centric’, reflecting the view that at a community level wellbeing is a collective of individual wellbeing. At the broadest level, the social, material and natural environments surrounding individuals become part of the wellbeing equation (ABS 2001). “ (Chp. 4 p. 70)

- Respect

Many times submissions to the Productivity Commission Inquiry into Long Term Support for People with Disability talked about successions of support workers coming into homes and contact with service providers where people with disability and their families were treated with little or no respect. The importance of being seen as a valued human being deserving of the same respect and consideration as anyone else was frequently mentioned.

The Productivity Commission in the *Draft Report* makes the following comment:

“For older people receiving care, the respectful nature of the engagement is particularly important as it contributes to their self esteem. It is also important for the family and friends of older people who value that their loved ones are treated with respect and dignity. Aged Care Crisis spoke about the ‘loss of human rights that so often occurs at the end of life — when it is far too easy for individuals to lose their social identity and the rights of citizenship’ once they enter residential care (sub. 433, p. 2).

The aged care system should be consumer-directed. It should promote choice and be sufficiently flexible to allow people to live their lives the way they wish. Older Australians receiving care and support should be treated with dignity and respect.” (Chp.4 p. 80)

- Financial Impact

This is raised by the Productivity Commission in relation to the potential financial impact on carers who may lose income through undertaking a caring role and the

potential financial burden of the cost of accessing aged care services, particularly residential services and the high level of bond required today. See Chapters 4 and 6.

- A home of One's Own

An significant issue for people with disability and their families in submissions to the Productivity Commission Inquiry into Long Term Support for People with Disability was the need for a home of one's own and being able to access the necessary support and services in one's home.

The Productivity Commission notes that older Australians want to access the necessary support and services in a wide range of living and accommodation options and that the range of living options for older Australians is increasing. Accordingly, the Productivity Commission found that reforming the current system to allow for greater flexibility in how and where services are delivered would enable older Australians to access the kinds of support they wanted where they wanted.

'A ... benefit of the reform is that it would allow care services to be delivered widely in all types of accommodation, subject to appropriate co-contributions. Where care delivery would be significantly more costly because of the attributes of the accommodation and its location, it would be reasonable to limit its provision.'

"As proposed in chapter 6, the Australian Government should remove quantity restrictions on care services. This would allow services to be delivered widely in the accommodation of choice of the clients." (chp. 4 p.259)

"The model proposes that assistance with basic support — such as home cleaning, maintenance and modification, meal preparation, mobility and transport — would be the foundation of the overall range of available services. These services help older Australians stay in their homes for longer, be supported by informal carers where possible, stay connected with their community, and avoid early entry into higher cost residential care and into the health system more generally.

For the most part, approved providers of basic support services should be minimally regulated, with competition being driven by a diversity of approved providers." (Overview p. xxix)

Comments on a National Insurance Scheme for People with Disability

The Productivity Commission makes some comment in relation to the applicability of a National Insurance Scheme as is currently under review for Disability Support.

"In relation to meeting the 'public' costs, two broad options have been analysed: compulsory insurance and the continuation of pay-as-you-go funding from annual government budgets and co-contributions.

"The benefits and costs of a compulsory insurance model are being explored in the Commission's parallel inquiry into a national disability long-term care and support scheme. Suggested benefits include greater intergenerational equity and certainty of the

availability of funds, but this option is, in practice, similar to the mandatory taxpayer funded component of the current funding arrangements. That is, to the extent that government ultimately bears the risk of any unfunded care, the notion of strict risk-pooling within a defined benefit fund loses much of its meaning. Indeed, government-owned insurance schemes have, in the past, returned surpluses to, and requested funding (to offset shortfalls) from, general revenue respectively”.

“A key difference between the aged care and disability sectors is that the probability of needing to receive care and support in old age is much higher than the probability of acquiring a disability. In addition, older Australians needing aged care services have generally had the opportunity to purchase a home and to accumulate other wealth such as retirement savings, and therefore have the financial capacity to contribute to the costs of their care. Care co-contributions by older Australians, and ongoing responsibility for providing their own accommodation, achieve a measure of intergenerational equity”.

“At this stage, the Commission is not convinced that, in relation to aged care, a compulsory insurance scheme represents a significant improvement over the pay-as-you-go tax financed system supplemented by higher co-contributions from those with the financial capacity to make them, and a stop-loss mechanism (to achieve risk pooling) for the high costs of care.

The Commission is seeking comments on the merit of introducing a compulsory insurance scheme to broaden the current funding base for aged care.” (Overview p. xxxviii)