

18 June 2004

NCP Inquiry
Productivity Commission
P0 Box 80
BELCONNEN ACT 2616

Dear Sir or Madam,

Aged and Community Services Australia (ACSA) is pleased to make the following brief submission to your inquiry into National Competition Policy Arrangements.

ACSA is the national peak organisation representing not-for-profit providers of aged and community care services. Our members provide approximately two-thirds of all such services in Australia, meeting the needs of approximately 200,000 older people, people with disabilities and their carers.

Our submission covers three issues.

1. Accreditation for Residential Aged Care

ACSA's principal concern relating to National Competition Policy relates to the non competitive provision of accreditation services to the residential aged care industry.

Under the *Aged Care Act 1997* Approved Providers of aged care services are required to be accredited in order to receive government subsidies. The Australian Government has established the Aged Care Standards and Accreditation Agency (the Agency) as the only body empowered to conduct such accreditation. The Agency is a company registered in New South Wales, with a Board appointed by the Government. It is funded in part by the Australian Government and in part by fees charged to aged care providers. The Agency only provides accreditation services to the residential aged care industry.

ACSA's concerns about the non-competitive provision of accreditation services have three principal dimensions:

- The lack of exposure of the Agency to price and quality pressures which could be expected to flow from competition.
- The inability of the Agency to respond to the whole range of accreditation needs of aged care providers. Many of our members are involved in providing services to older people under a number of different government programs, or directly to older people themselves, and are therefore compelled to participate in multiple accreditation systems to cover the whole scope of their activities. This could be addressed if a market in the provision of accreditation services were to be allowed to develop and to respond to the industry's accreditation needs.
- The fact that a market exists for the provision of accreditation services to other industries, including other parts of the health and care system, and that this market

is regulated under the Joint Accreditation System for Australia and New Zealand (JAS-ANZ) which accredits accreditation bodies.

Feedback from ACSA's membership indicates that the fees charged by the Agency are substantially higher than those charged by other accreditation bodies. Fees are charged on a sliding scale depending on the number of beds operated by the service. The fees for existing services start at \$75 per bed rising to \$125 per bed for 100 beds or \$12,550. This is the maximum charge for any service. New (commencing) services are charged 20% of the full fee (initial accreditation can only be for 12 months rather than for up to four years). Very small aged care services (those with fewer than 20 beds) have their fees paid by the Australian Government.

Since the Agency is the only body providing this service it is not possible to provide precisely equivalent prices charged by other accreditation providers, moreover these are usually quoted for the specific requirements and configurations of each organisation. However our members who have used other accreditation services for other parts of their operations attest that accreditation by the Agency is two to three times more expensive than, for example ISO accreditation.

The industry has also had long standing concerns with the internal quality control procedures in place in the Agency around such issues as consistency and objectivity. The existence of an overarching and active quality control framework in JAS-ANZ guards against this.

Finally, ACSA notes that the demonstrated effectiveness of the Agency in ensuring improved quality for residents has been questioned in a recent report by the Australian National Audit Office¹, and the subsequent findings of the parliamentary Joint Committee of Public Accounts and Audit², on the management of the residential care accreditation process.

While it is generally acknowledged in the aged care industry that the accreditation process has represented a step forward, it remains ACSA's view that better outcomes would be achieved if competitive service provision and quality control under the JAS-ANZ framework were to be introduced.

2. Professional Regulation

While acknowledging the need for, and value of, professional regulation for care workers such as nurses, ACSA is concerned that the requirements of registration bodies can be unnecessarily restrictive. Legitimate regulation of professional standards can too easily become confused with restrictive practices and 'turf protection'. This concern arises principally in the case of state-based nursing boards who attempt to specify, for example, who can and cannot administer medication and who must supervise this work. The precise specifications are different in each state and generally do not acknowledge the fact that there is a national shortage of nurses, that other health professional such as general practitioners and pharmacists are involved in the process and that, with appropriate training and systems in place, other

¹ Report No 42 of 2003

² Review of Auditor-General's Reports 2002-03: Fourth Quarter

staff can safely perform many aspects of this role. At the very least the 'best (least restrictive) practice' of the state bodies should be adopted as a national standard.

3. Market Pricing of Utilities

Concern has been expressed by some of our members, particularly in South Australia, about significant increases in electricity charges arising from the introduction of market pricing. Such pricing changes are a particular problem for aged care providers whose income is fixed by the Australian Government without reference to the costs necessarily incurred in providing an aged care service. ACSA acknowledges that members in other States may not have been so disadvantaged, and may even have benefited from such reforms. This suggests that the specific approach to implementation taken in South Australia may be the principal issue here. A more phased introduction of price changes may have assisted in this regard.

I trust that this brief submission will assist the Productivity Commission in its inquiry. I would be pleased to discuss the issues raised in it with you further if you so desire.

Yours sincerely,

Greg Mundy
Chief Executive Officer
Aged and Community Services Australia