

# **Report on the Operation of the *Aged Care Act 1997***

**1 July 2004 to 30 June 2005**

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# Foreword

**By the Minister for Ageing, the Hon Julie Bishop MP**

I am pleased to present the *Report on the Operation of the Aged Care Act 1997* for 2004–05.

Since 1996, the Australian Government has made aged care a priority by developing a system of world-class, high quality, accessible and affordable care. By its emphasis on quality care, the Government has reformed the aged care industry which has now an increased focus on the individual care needs of older Australians.



This report includes information on the implementation of the \$2.2 billion record funding package, *Investing in Australia's Aged Care: More Places, Better Care*, announced in the 2004–05 Budget in response to recommendations of the Review of Pricing Arrangements in Residential Aged Care. The package provides a responsible, generous and measured approach to short and medium term issues in residential aged care.

Older Australians prefer to remain at home as they age, and the Australian Government supports innovation and flexibility in community care. In consultation with the states and territories, the Australian Government is also implementing *The Way Forward*, a blueprint released in August 2004 for the future of community care. It offers easier access to services and a partnership approach to improved management and delivery of care.

The Australian Government is providing clear direction for the future of aged care, while maintaining our policy imperatives of quality of care, equity of access, efficiency and sustainability. The 2005–06 Budget provides \$320.6 million over five years to make dementia an Australian Government National Health Priority and \$207.6 million over four years to provide carers with more access to respite services. It provides for important new initiatives to help improve the quality of care.

The 2005–06 Budget also establishes a framework for consultation with the community and the aged care industry on the long-term future of aged care. This will enable all Australians to have their say on longer-term options proposed by the Review of Pricing Arrangements in Residential Aged Care.

The views of the community and the aged care sector will help the Government consider the best options to increase care recipients' choice of services that will meet their needs and to strengthen the sector's long-term sustainability.

I look forward to the outcomes of the consultations, as the Australian Government works with older people, their families, carers, aged care staff and aged care providers to ensure that older Australians continue to receive excellent care and support.

A handwritten signature in cursive script that reads "Julie Bishop". The signature is written in dark ink on a light background.

Julie Bishop



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# Executive Summary

The *Report on the Operation of the Aged Care Act 1997* meets the requirement of Section 63-2 of the Act that the Minister for Ageing present to Parliament a report on the operation of the Act for each financial year. This report describes the operation of the Act during 2004–05 and includes additional information to aid understanding of aged care programs and policies.

## Implementation of Investing in Aged Care: More Places, Better Care

In the 2004–05 Budget, the Australian Government announced the \$2.2 billion *Investing in Australia's Aged Care: More Places, Better Care* package. Of the 31 new measures, 24 were implemented by the end of 2004–05 and three more by 1 July 2005. Implementation of the remaining four is well advanced. The package is providing for:

- expanded provision of care;
- additional recurrent and capital funding for aged care services;
- improved quality of care;
- workforce initiatives;
- streamlined administration of aged care;
- more support to services in rural and remote areas; and
- improvements to the hospital/aged care interface, including through Transition Care.

## Access to care

The Australian Government has established planning and assessment arrangements to ensure equitable access to aged care and to provide diverse and flexible services to all older Australians, including those with special needs.

The number of Australian Government subsidised aged care places continues to increase. At 30 June 2005, there were 193,753 operational aged care places equating to a ratio of 102.4 places per 1,000 people aged 70 years or more. This included 161,165 residential places and 32,588 community care places.

The 2004–05 Budget increased the planning target from 100 to 108 aged care places per 1,000 people aged 70 or older, with a view to achieving this target by 2007.

At 30 June 2005, 216,935 places had been allocated. This included 183,395 residential places, 32,941 community care places and 599 Transition Care places.

A Transition Care program was introduced as a new initiative in the 2004–05 Budget. Being developed jointly with the states and territories, it will provide short term support in a non-hospital environment to older people after a hospital stay, allowing them to complete their recovery, optimise their functional capacity, and finalise longer term arrangements.

In the 2004 Aged Care Approvals Round, 8,905 new residential care places, 2,020 CACPs, and 900 EACH packages were allocated. A further 12,093 places have been made available for allocation in the 2005 Aged Care Approvals Round. Places are also allocated outside the rounds for flexibly-funded care.

At 30 June 2005, there were 2,930 aged care homes receiving Australian Government funding. Occupancy declined slightly, with an average of 95.3 per cent of all residential places being used during 2004–05.

During 2004–05, the proportion of new entrants to permanent residential care entering within a given period after being assessed as eligible was similar to that of 2003–04.

The use of respite care services increased again during 2004–5. There were over 49,700 admissions to residential respite, utilising an estimated 1,039,616 resident days.

In 2003–04, Aged Care Assessment Teams recorded 190,203 assessments, compared with 197,058 for 2002–03.<sup>1</sup>

The Australian Government continued to support care recipients with special needs, providing targeted care places for people from Aboriginal and Torres Strait Islander communities, people from diverse cultural and linguistic backgrounds, veterans (including spouses, widows and widowers of veterans), people who are socially or financially disadvantaged, and people living in rural or remote areas. During 2004–05, a new Community Partners program was established to assist older people from established culturally and linguistically diverse communities to access aged care services.

The Australian Government is committed to ensuring that people are aware of the options available to them and that they are able to access appropriate services. It provides a range of information products and services, including information lines, brochures and fact sheets, Internet websites, and the Commonwealth Carelink Centres network.

## Funding for care

The 2004–05 Budget package significantly increased Australian Government funding for aged care, building on an already strong foundation of recurrent funding for services provided under the *Aged Care Act 1997*. In 2004–05, Australian Government recurrent expenditure on residential care under the Act increased to \$5.2 billion, expenditure on Community Aged Care Packages increased to \$290.2 million, and there were increases in funding for each type of flexible care. Australian Government funding outside the *Aged Care Act 1997* included increases to \$791.9 million for Home and Community Care and \$103.9 million for the National Respite for Carers Program.

In the 2004–05 Budget, the Australian Government allocated an additional \$877.8 million over four years for a new Conditional Adjustment Payment (CAP) to

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<sup>1</sup> See footnote 7 on page 19.

eligible approved providers of residential aged care. Payable subject to certain conditions, CAP is calculated at 1.75 per cent of the basic subsidy amount paid in 2004–05, rising to 7 per cent of the basic subsidy amount by 2007–08.

Capital income is also available to service providers through resident accommodation payments, the capital component of recurrent funding and targeted capital assistance grants. Some 59.9 per cent of homes derived income from accommodation charges in 2004–05. About 73.6 per cent of homes held accommodation bonds at 30 June 2005. The average accommodation charge for new residents was an estimated \$15.06 per day. The average accommodation bond agreed with a new resident in 2004–05 was an estimated \$127,618 and the median new bond amount was an estimated \$118,000.

## Quality of care

The Aged Care Standards and Accreditation Agency accredits all Australian Government-funded aged care homes, with 92 per cent of homes accredited for three years. As at 30 June 2005, almost 99 per cent of homes were compliant with all 44 Accreditation Standard Outcomes.

Building quality and amenity improve as homes upgrade to meet the requirements of the agreed ten-year plan for improved safety and building standards. The number of residents per room continues to decline.

The industry engages in significant building, upgrading and refurbishment. An estimated total of \$950.0 million of new building, refurbishment and upgrading work was completed during 2004–05, involving around 16.8 per cent of all homes. An estimated further \$1.134 billion of work was in progress at 30 June 2005, involving around 12.1 per cent of all homes.

The quality framework is reinforced by a program of spot checks, audits and other contacts, the imposition of sanctions, and other regulatory action against providers that do not meet their responsibilities under the *Aged Care Act 1997*. During 2004–05, the Department of Health and Ageing and the Aged Care Standards and Accreditation Agency undertook 4,705 accreditation site audits, review audits, support contact visits and site visits.

In 2004–05, the Department took regulatory action against 129 approved providers, including the issuing of 12 Notices of Decision to Impose Sanctions and 208 Notices of Non-Compliance.

In the 2004–05 Budget, \$13.7 million was allocated for Quality Reporting in Community Care, with the first three year cycle to commence nationally from 1 July 2005 covering Community Aged Care Packages (CACP), Extended Aged Care at Home (EACH) and the National Respite for Carers Program (NRCP).

In 2004–05, the Australian Government further expanded its program of significant investment in the education and training of aged care staff, including the provision of nursing scholarships and training opportunities for other care staff.



# Glossary

<b>ACAT</b>	Aged Care Assessment Team
<b>Act, the</b>	The <i>Aged Care Act 1997</i>
<b>Agency, the</b>	The Aged Care Standards and Accreditation Agency
<b>Approved provider</b>	A person or organisation approved under Part 2.1 of the Act to be a provider of care for the purpose of payment of subsidy (A provider approved since the commencement of the Act must be a corporation.)
<b>ACFI</b>	Aged Care Funding Instrument
<b>ACPAC</b>	Aged Care Planning Advisory Committee
<b>ACPR</b>	Aged Care Planning Region
<b>AIHW</b>	Australian Institute of Health and Welfare
<b>CACP</b>	Community Aged Care Package
<b>CAP</b>	Conditional Adjustment Payment
<b>CPP</b>	Community Partners Program
<b>Department, the</b>	Department of Health and Ageing
<b>EACH</b>	Extended Aged Care at Home
<b>Extra service</b>	Extra service status allows aged care homes to offer a 'significantly higher' than average standard of accommodation, services and food in return for additional payment under certain conditions.
<b>HACC</b>	Home and Community Care
<b>High care</b>	Includes: <ul style="list-style-type: none"><li>• accommodation related services—for example, furnishings, bedding, general laundry, toiletry goods, cleaning services, meals, maintenance of buildings and grounds, and the provision of staff continuously on call to provide emergency assistance;</li><li>• personal care services—for example, assistance with the activities of daily living, such as bathing, toileting, eating, dressing, mobility, maintaining continence or managing incontinence, and communication; rehabilitation support; assistance in obtaining health and therapy services; and support for people with cognitive impairments; and</li></ul>

- nursing services and equipment—for example, equipment to assist with mobility, incontinence aids, basic pharmaceuticals, provision of nursing services and procedures, administration of medications, provision of therapy services and provision of oxygen.

**Low care**

Includes:

- accommodation related services—for example, furnishings, bedding, general laundry, toiletry goods, cleaning services, meals, maintenance of buildings and grounds, and the provision of staff continuously on call to provide emergency assistance;
- personal care services—for example, assistance with the activities of daily living, such as bathing, toileting, eating, dressing, mobility, maintaining continence or managing incontinence, and communication; rehabilitation support; assistance in obtaining health and therapy services; and support for people with cognitive impairments.

**Minister, the**

The Hon Julie Bishop MP, Minister for Ageing

**MPS**

Multipurpose Service

**PICAC**

Partners in Culturally Appropriate Care

**Principles, the**

The Aged Care Principles, which are regulations made by the Minister under subsection 96-1(1) of the *Aged Care Act 1997*

**NRCP**

National Respite for Carers Program

**RCS**

Resident Classification Scale

**Secretary**

Secretary of the Department of Health and Ageing

# I Introduction

This *Report on the Operation of the Aged Care Act 1997* is the seventh in the series and covers the period 1 July 2004 to 30 June 2005. It meets the requirement of Section 63-2 of the Act that the Minister for Ageing present to Parliament a report on the operation of the Act for each financial year.

The *Aged Care Act 1997* requires the report to include information on:

- the extent of unmet demand for places;
- the adequacy of the Australian Government subsidies provided to meet the care needs of residents;
- the extent to which providers are complying with their responsibilities under the Act;
- the amounts of accommodation bonds and accommodation charges charged;
- the duration of waiting periods for entry to residential care;
- the extent of building, upgrading and refurbishment of aged care facilities; and
- the imposition of any sanctions for non-compliance under Part 4.4 of the Act, including details of the nature of non-compliance and the sanctions imposed.

The Act does not limit the report to these matters.

## Implementation of Investing in Aged Care: More Places, Better Care

In the 2004–05 Budget, the Australian Government announced the \$2.2 billion *Investing in Australia's Aged Care: More Places, Better Care* package, in response to the report of the Review of Pricing Arrangements in Residential Aged Care. The package builds on the existing aged care program to improve access to aged care services, address cost pressures faced by aged care service providers, strengthen quality and promote efficiency and sustainability. Implementation of the package is progressing well. Of the 31 new measures, 24 were implemented by the end of 2004–05 and three more by 1 July 2005. Implementation of the remaining four is well advanced.

This report includes information on the implementation of the package, especially as it applies to care and services provided under the *Aged Care Act 1997*.

## National Strategy for an Ageing Australia

The National Strategy for an Ageing Australia is a framework for Australia's national response to the challenges and opportunities presented by the ageing of Australia's population. It provides a coordinated approach to issues surrounding population ageing and encourages the development of appropriate economic and social policies by governments, business, the community and individuals. It is a

vehicle for ongoing leadership by the Australian Government in engaging these groups in consultation and action.

The National Strategy aims to support older Australians in the community and enable them to lead healthy, independent and active lives for as long as possible, by encouraging positive and proactive attitudes to ageing and removing barriers to continued economic and social participation.

The National Strategy recognises the breadth and complexity of issues in an ageing society, and the importance of effective and coordinated action in making the necessary adjustments.

In the 2004–05 Budget, the Australian Government renewed funding support for the Strategy following an independent evaluation in 2003 by the Australasian Centre on Ageing, which concluded that there was a unanimous view among stakeholders that Australian Government support of the Strategy should continue.

The provision of affordable, quality aged care services, described in this report, is essential to achieving the world class care goals of the National Strategy.

## Structure and scope of this Report

This year's report is organised around three themes.

- Chapter 2 deals with access to care. It includes information on the planning framework employed in the distribution of new places, current provision levels of aged care places, support for people with special needs, access to aged care through independent assessment, and provision of information to clients and potential care recipients.
- Chapter 3 outlines the funding of aged care services, focusing particularly on funding in 2004–05 through accommodation payments, other user contributions, and Australian Government payments. The chapter also gives details on resources available for aged care including access by the sector to sources of capital.
- Chapter 4 gives information on quality of care and accommodation. It describes the quality assurance framework, measures to ensure that approved providers of aged care meet their responsibilities, action to enhance the quality of care, and action to support consumers in the aged care system.

Appendices include information about:

- amendments to the *Aged Care Act 1997* and the Aged Care Principles in 2004–05;
- responsibilities of approved providers under the Act;
- sanctions imposed in 2004–05; and
- the location of Aged Care Assessment Teams Australia-wide.

While the report focuses primarily on activities under the *Aged Care Act 1997*, those activities occur within the wider context of programs and policy for older Australians. The report therefore includes information on matters outside the strict scope of the Act, when this is useful for a more complete picture of activities under the Act. Important services provided outside the Act, and therefore not discussed in detail in this report, include the Home and Community Care program and the National Respite for Carers Program.

## Sources

Information for this report was collected primarily from Departmental information systems and records. Information has also been obtained from the Aged Care Standards and Accreditation Agency, the Complaints Resolution Committees and Aged Care Assessment Team data.

This report must include information on the amounts of accommodation bonds and charges charged (paragraph 63-2(2)(d) of the Act) and the extent of building, upgrading and refurbishment of aged care facilities (paragraph 63-2(2)(e)). This information is not available to the Department in the ordinary course of business. Therefore a survey of aged care providers is conducted each year in July and August to obtain the required information for the preceding financial year. Taverner Research Company was contracted to undertake the survey for this report. The survey covered 2,937 aged care services (including some that had closed during the year) of which 84.2 per cent responded to the survey, compared with 85.3 per cent in the previous year.



## 2 Access to care

The Australian Government aims to ensure access to Government-funded aged and community care for all frail older Australians who need care. Planning ensures distribution of residential, community and flexible aged care places within and between regions. Eligibility for Australian Government subsidised aged care is assessed by independent Aged Care Assessment Teams (ACATs). ACATs approve people for different forms of aged care based on their care needs, so that resources are well targeted and care needs can be met. People from identified special needs groups are supported so that access to aged care is equitable and no group is disadvantaged. Information is provided to residents, carers, providers and health professionals to help people make informed decisions about care needs and the care options available.

In 2004–05:

- 194,002 people received permanent residential care—equivalent to 10.4 per cent of people aged 70 years or over at 30 June 2004;
- 36,023 people received residential respite care—equivalent to 1.9 per cent of people aged 70 years or over at 30 June 2004—of whom 15,517 were later admitted to permanent care;
- 42,500 received care through a community care place (either a Community Aged Care Package (CACP) or an Extended Aged Care at Home (EACH) package)—equivalent to 2.3 per cent of people aged 70 years or over at 30 June 2004—including some who also received permanent or respite residential care during the year; and
- there was an estimated 6 per cent increase in the number of people receiving services through the Home and Community Care program and nearly 69 per cent of HACC recipients were aged 70 years or over.<sup>2</sup>

### 2.1 Planning framework

Through a planning framework, the Australian Government seeks to achieve and maintain a national provision level of 108 operational aged care places for every 1,000 people aged 70 years or over. An increase from 100 places was part of the 2004–05 Budget package, *Investing in Australia's Aged Care: More Places, Better Care*. The new ratio is made up of 40 high care places, 48 low care places and 20 community care places.

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<sup>2</sup> Estimates based on projections from the HACC Minimum Data Set for the first three quarters of 2004-05.

The Australian Government ensures that the growth in the number of aged care places matches growth in the aged population. It also ensures balance in the provision of services between metropolitan, regional, rural and remote areas, as well as between people needing differing levels of care. Each year, the Australian Government makes available new residential and community care places for allocation in each state and territory. The number of new places relates to a comparison of the planning benchmarks with the number of people aged 70 years or over in the general population.

The allocation of places to Aged Care Planning Regions (ACPRs) within each state and territory is determined by the Secretary of the Department of Health and Ageing, acting on the advice of Aged Care Planning Advisory Committees (ACPACs). ACPACs provide advice on comparative aged care needs across ACPRs, including consideration of people from the prescribed special needs groups.

ACPAC members in each state and territory are appointed by the Secretary and comprise people from government and the community with experience and/or interest in aged care. Members are not appointed to represent a particular body or group. They are chosen because of their ability to contribute to the planning of aged care and to give effective advice to the Secretary.

Following the Secretary's allocation of places within each state and territory, an open competitive process, the annual Aged Care Approvals Round, is conducted to allocate the places to approved providers. Places are allocated to approved providers that demonstrate that they can best meet the aged care needs within a particular ACPR, community or group.

CACPs and EACH places tend to become operational quickly. Providers have two years to make residential places operational because of the time required for building approval and construction. This may be extended in certain circumstances. Providers allocated new residential places must make quarterly progress reports on when the new places are expected to become operational. A consideration in the Aged Care Approvals Rounds is the ability of applicants to bring places into operation as quickly as practicable.

Providers advise that about 70 per cent of the difficulties in quickly making aged care places operational relate to delays in gaining planning approval from state, territory or local governments and to the availability of land. The Australian Government consults with state, territory and local governments on ways to reduce these delays.

## 2.2 Provision

The number of Australian Government subsidised aged care places continues to increase. By 30 June 2005, 216,935 places had been allocated. This included 183,395 residential places, 32,941 community care places and 599 Transition Care places. Transition Care was introduced in the 2004–05 Budget in response to the recommendations of the Review of Pricing Arrangements in Residential Aged Care and the first places are expected to become operational as local services are ready; see 2.7.5 for more information.

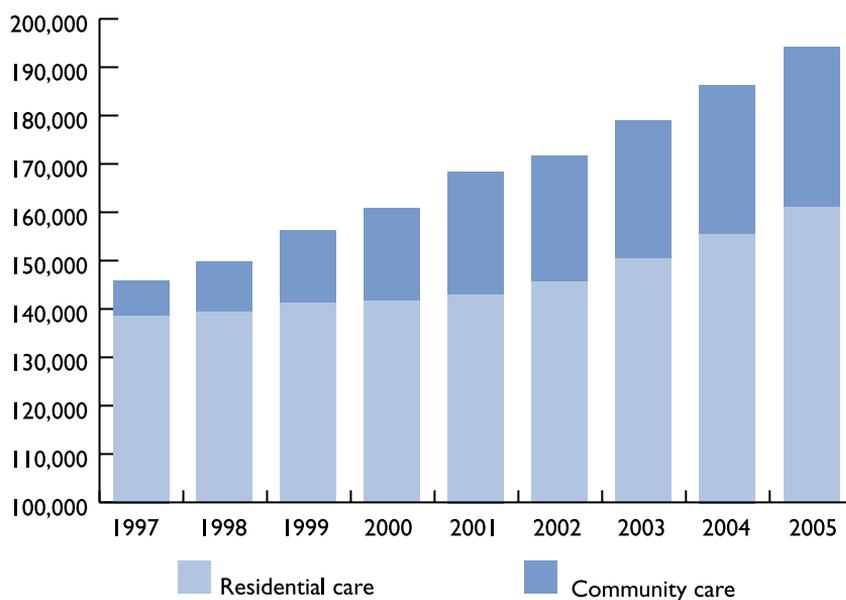


Figure 1: Operational aged care places at 30 June, 1997 to 2005

The number of operational aged care places increased from 185,835 at 30 June 2004 to 193,753 at 30 June 2005. This included 161,165 residential places and 32,588 community care places and includes provision through flexibly funded places. The operational ratio at 30 June 2005 was 102.4 places per 1,000 people aged 70 years or more.

The total number of 193,753 operational places at 30 June 2005 is an increase of 52,460 places, or 37.1 per cent, in the nine years since June 1996. The Australian Government is well underway to meet its commitment to provide 200,000 places by June 2006.

Table 1: Allocated and operational residential, community and transition care places per 1,000 people 70 years or older, 30 June 2005, by state and territory<sup>3</sup>

Residential care	Residential care—high	Residential care—low	Total residential	Community care <sup>4</sup>	Transition care	Total places
Allocated places:						
NSW	48.1	48.3	96.4	17.1	0.3	113.7
Vic	45.2	53.6	98.8	17.4	0.3	116.5
Qld	44.1	50.8	94.9	16.0	0.3	111.2
SA	47.8	49.4	97.2	17.5	0.5	115.2
WA	44.2	52.7	96.9	17.0	0.3	114.2
Tas	49.8	46.6	96.3	19.0	0.4	115.8
NT	68.9	49.8	118.7	131.0	–	249.7
ACT	39.3	55.2	94.6	21.6	0.5	116.7
<b>Australia</b>	<b>46.3</b>	<b>50.6</b>	<b>96.9</b>	<b>17.4</b>	<b>0.3</b>	<b>114.6</b>
Operational places:						
NSW	44.9	39.2	84.2	17.0	–	101.2
Vic	39.1	45.4	84.4	17.3	–	101.7
Qld	39.3	45.9	85.2	15.6	–	100.8
SA	45.2	46.0	91.2	17.5	–	108.7
WA	38.7	46.5	85.2	16.5	–	101.7
Tas	45.3	42.1	87.4	19.0	–	106.4
NT	62.2	45.3	107.5	124.5	–	232.0
ACT	29.6	42.5	72.1	21.6	–	93.7
<b>Australia</b>	<b>41.8</b>	<b>43.4</b>	<b>85.1</b>	<b>17.2</b>	<b>–</b>	<b>102.4</b>

## 2.3 Recent provision of new places

The 2004 Aged Care Approvals Round allocated 11,825 new places, including 2,020 Community Aged Care Packages (CACPs), 900 Extended Aged Care at Home (EACH) packages and 8,905 residential aged care places. The residential care places were allocated to 312 aged care services. When allocated, these new places were worth \$283 million annually in Australian Government subsidies.

<sup>3</sup> Includes flexible care places: Transition Care, Extended Aged Care at Home (EACH), Multipurpose Services (MPS), permanently allocated Innovative Care places and places under the National Aboriginal and Torres Strait Islander Aged Care Strategy. EACH places are attributed as community care while MPS, Innovative Care and Aboriginal and Torres Strait Islander flexible care places are attributed as high care, low care and community care packages.

<sup>4</sup> Community Aged Care Packages and Extended Aged Care at Home packages

Table 2: New residential and community care places allocated in the 2004 Aged Care Approvals Round, by state and territory

	Residential Aged Care Places	Community Aged Care packages	Extended Aged Care at Home Packages	Total Places
New South Wales	3,100	720	305	4,125
Victoria	2,720	530	225	3,475
Queensland	1,600	415	150	2,165
South Australia	460	115	75	650
Western Australia	550	140	80	770
Tasmania	210	40	25	275
Northern Territory	5	25	20	50
Australian Capital Territory	260	35	20	315
<b>Australia</b>	<b>8,905</b>	<b>2,020</b>	<b>900</b>	<b>11,825</b>

The Australian Government has made available 12,093 new aged care places for allocation in the 2005 Aged Care Approvals Program, including 5,224 residential care places, 4,302 CACPs, 900 EACH packages and 667 EACH Dementia places. The remaining places are allocated through the flexible programs, including Transition Care, Multipurpose Services and the Innovative Pool. A very small number of places are retained for allocation in emergencies.

Figure 2 shows allocations of new residential places and community care places that have been made since 1995. In January 2001 the Australian Government moved to accelerate achievement of the then target of 100 places per 1,000 people aged 70 years or over, by allocating additional places. In subsequent Aged Care Approvals Rounds, the allocation of places returned to more usual growth levels.

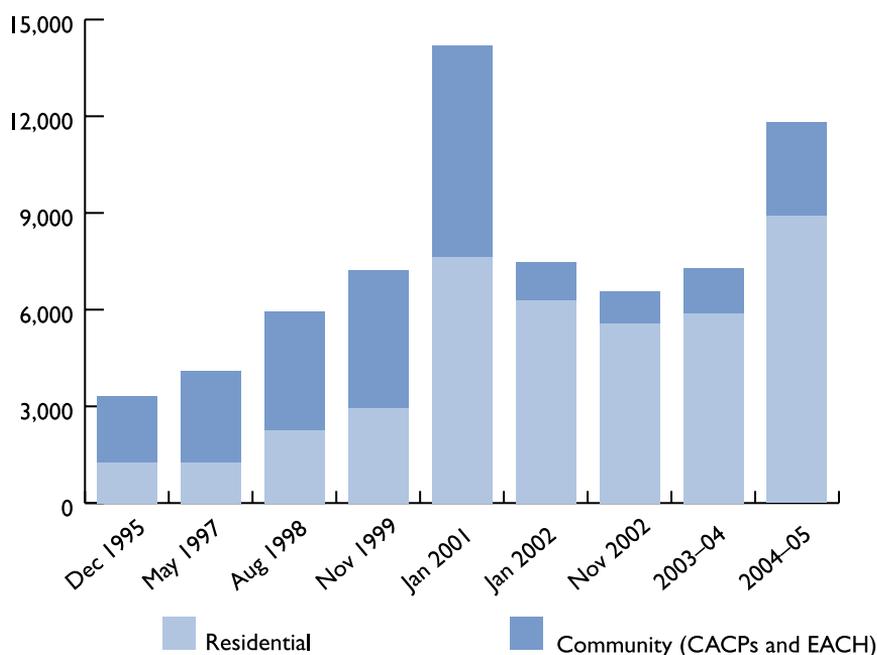


Figure 2: New places allocated in annual rounds, 1995 to 2005

Note: co-ordinated Aged Care Approvals Rounds commenced in 1999.

## 2.4 New places in the next three years

The allocation process has been improved by announcing, three years in advance, indicative numbers of new aged care places to be made available. It is anticipated that this will increase the rate at which new places become operational by allowing existing and new providers more time to plan for expansion or restructuring of their services. It is also expected to encourage new providers into the sector.

On 16 May 2005, the Australian Government announced the numbers of new aged care places to be made available in 2005–06 as well as indicative releases for 2006–07 and 2007–08. An estimated 23,652 new aged care places will be made available through Aged Care Approvals Rounds in 2005 (11,093 places), 2006 (6,193 places) and 2007 (6,366 places), in addition to 1,000 places available each year through a national pool.

Table 3: New aged care places to be allocated in 2005–06 and indicative releases for 2006–07 and 2007–08

State or Territory	2005–06	2006–07	2007–08	Three year totals
New South Wales	3,874	2,084	2,191	8,149
Victoria	2,381	1,432	1,620	5,433
Queensland	2,598	1,334	1,140	5,072
South Australia	897	550	565	2,012
Western Australia	762	473	559	1,794
Tasmania	261	165	166	592
Northern Territory	260	110	84	454
Australian Capital Territory	60	45	41	146
National Pool	1,000	1,000	1,000	3,000
<b>Totals</b>	<b>12,093</b>	<b>7,193</b>	<b>7,366</b>	<b>26,652</b>

Note: There may be some variations in the indicative figures due to possible revised annual population projections and the actual rate at which previously allocated places open.

## 2.5 Community care

The Australian Government is committed to community care, including care in the home, as the preference of most older people needing care.

### 2.5.1 Home and Community Care

The largest part of the Australian Government's support for community care is provided through the Home and Community Care (HACC) program. HACC is an Australian Government, state and territory jointly-funded program administered under the *Home and Community Care Act 1985*.

The HACC program funds care services, including nursing, personal care, domestic assistance, delivered meals, day care, transport, home modification and maintenance, and respite care. These services may delay or prevent the need for residential care.

In 2004–05 there was an estimated 6 per cent increase in the number of people who received HACC services, of whom 69 per cent were aged 70 years or over.<sup>5</sup>

The Australian Government contributes approximately 60 per cent of HACC program funding nationally. State and territory governments contribute approximately 40 per cent of program funding and manage the day-to-day delivery of services. The HACC program complements Community Aged Care Packages, which are administered under the *Aged Care Act 1997* and funded directly by the Australian Government.

### 2.5.2 Community Aged Care Packages

Community Aged Care Packages (CACPs) are individually tailored packages of low level care to support frail older people with complex conditions in their own homes. They are complemented by Extended Aged Care at Home (EACH) packages, which provide high level care. Table 4 shows the number of CACPs available in 1995 and 2005 and the percentage increase in available packages since 1995, by state and territory.

Table 4: Number of allocated CACPs, 30 June 1995 and 30 June 2005, by state and territory\*

	1995	2005	Increase
New South Wales	1,847	10,579	473%
Victoria	1,212	7,893	551%
Queensland	733	4,957	576%
South Australia	465	2,786	499%
Western Australia	437	2,518	476%
Tasmania	150	849	466%
Northern Territory	64	539	742%
Australian Capital Territory	36	416	1,056%
<b>Australia</b>	<b>4,944</b>	<b>30,537</b>	<b>518%</b>

\* Percentage increase varies significantly due to low base figures in 1995.

## 2.6 Residential care

The Australian Government funds aged care homes to provide residential aged care to older Australians whose care needs are such that they can no longer remain in their own homes. Residents receive either low level care or high level care. As their care needs change, residents often move between care levels while staying in the same aged care home. Low level care includes the provision of suitable accommodation and related services (such as laundry, meals and cleaning) and personal care services (such as assistance with the activities of daily living). High level care includes accommodation and related services, personal care services and nursing care and equipment.

<sup>5</sup> Estimates based on projections from the HACC Minimum Data Set for the first three quarters of 2004-05.

At 30 June 2005, 2,930 aged care homes were receiving Australian Government funding. Occupancy of places, including permanent and respite care, was 95.3 per cent in 2004–05, compared with 95.8 per cent in 2003–04. Table 5 shows the distribution of operational residential places, excluding flexible care places, by type of provider.

*Table 5: Operational residential places other than flexible care places, by provider type at 30 June 2005, by state and territory*

	Religious	Charitable	Community Based	Private	State Govt	Local Govt	Totals
NSW	17,889	10,914	8,569	16,136	782	737	55,027
Vic	7,011	2,458	6,504	17,688	5,934	1,113	40,708
Qld	12,318	3,967	3,475	6,705	1,493	215	28,173
SA	4,383	4,016	1,986	3,581	1,010	343	15,319
WA	4,508	2,075	1,630	4,581	80	544	13,418
Tas	1,641	931	1,071	502	109	16	4,270
NT	239	75	66	50	0	0	430
ACT	366	745	105	340	0	0	1,556
<b>Aust</b>	<b>48,355</b>	<b>25,181</b>	<b>23,406</b>	<b>49,583</b>	<b>9,408</b>	<b>2,968</b>	<b>158,901</b>

### 2.6.1 Entry periods for residential care

The Australian Government is committed to ensuring that older people can access residential and community care services when they need them. Table 6 shows the proportion of residents placed within a specified time period after assessment by an Aged Care Assessment Team (ACAT), by level of care. These figures are broadly similar to 2003–04. In emergency situations, residents may be placed before ACAT assessment.

*Table 6: Proportion of new entrants to permanent residential care entering within a specified period after ACAT assessment, by level of care at entry, 2004–05*

	2 days or less	7 days or less	1 month or less	3 months or less	6 months or less
High care	11.2%	25.1%	54.5%	79.0%	90.5%
Low care	4.6%	11.2%	31.2%	60.3%	80.0%
All residents	8.5%	19.4%	45.0%	71.4%	86.2%

As described in previous editions of the *Report on the Operation of the Aged Care Act 1997*, a report by the Australian Institute of Health and Welfare in May 2002 found that entry period is not valid as a proxy for waiting time or as a measure of the accessibility of residential aged care services. The report also confirmed that increased availability of community care and respite care has a significant effect in delaying entry into permanent care.<sup>6</sup>

<sup>6</sup> Australian Institute of Health and Welfare. *Entry period for Residential Aged Care*. Canberra, AIHW, 2002. (Aged Care Series, no. 7) The analysis showed that the supply of services in any particular region has a negligible effect on the entry period. The strongest determinants of entry period for residential aged care are whether or not the resident has used a community aged care package or residential respite prior to admission (these were associated with a longer entry period) and whether the resident was assessed by an ACAT while he or she was in hospital (this was associated with a shorter entry period).

ACAT approval for admission to residential care is valid for one year. This allows time for people who have been approved for care to visit different homes, consider their options, settle their affairs and make arrangements with the home of their choice before entering care.

### 2.6.2 Utilisation

Since the introduction of the *Aged Care Act 1997*, places allocated for low level care may be used for high level care to enable residents to age in place. Table 7 gives information on the utilisation of residential places for low level care and high level care.

Table 7: Utilisation of operational residential aged care places by state and territory, 30 June 2005

	Proportion of all operational residential places utilised for high care	Proportion of operational places allocated as low care and utilised for high care
New South Wales	64.1%	27.7%
Victoria	58.8%	28.1%
Queensland	64.6%	38.8%
South Australia	68.5%	41.4%
Western Australia	58.9%	27.6%
Tasmania	67.5%	40.1%
Northern Territory	70.5%	36.7%
Australian Capital Territory	65.1%	41.9%
<b>Australia</b>	<b>62.9%</b>	<b>31.7%</b>

### 2.6.3 Extra Service

The Act provides that aged care homes may be approved to offer residents Extra Service, which involves a ‘significantly higher’ than average standard of accommodation, services and food. Approval may be for the whole of a residential home or for a distinct part. Extra Service does not affect the care provided to residents, as all residential aged care providers are required to meet designated care standards for all residents. Homes approved for Extra Service may charge an additional Extra Service daily amount. They may also charge accommodation bonds for both high care and low care residents.

Extra Service increases diversity in the aged care sector, by allowing residents to choose whether to pay the additional amounts for these additional services. The delegate considering an application for Extra Service status must be satisfied that there will be significant benefits to current and future care recipients in the region if the application is approved—including increased diversity of choice and better access to continuity of care. However, approval of Extra Service status must not be granted if it would result in an unreasonable reduction of access for concessional residents or persons aged at least 70 years who would have difficulty affording an Extra Service amount.

The Extra Service Principles were amended from 1 July 2005 to remove the requirement for Extra Service status to be renewed every five years. This amendment was made to provide more certainty for providers, particularly in relation to their capital-raising requirements.

As at 30 June 2005, there were 9,498 residential aged care places approved for Extra Service status, of which 6,449 were operational for Extra Service. The total number of places approved for Extra Service represented 5.3 per cent of all allocated residential mainstream places and comprised 7,419 high care places and 2,079 low care places. In 2004–05, new Extra Service approvals were granted for 1,697 places, comprising 1,099 high care and 598 low care.

## 2.7 Flexible care

Flexible care addresses the needs of care recipients in ways other than the care provided through mainstream residential and community care. Four types of flexible care are now provided for under the *Aged Care Act 1997*—Extended Aged Care at Home (EACH) packages, Innovative Care, Multipurpose Service places and Transition Care. Following an announcement in the 2004–05 Budget, the *Aged Care Act 1997* has been amended to provide for the introduction of Transition Care from 1 July 2005 (see 2.7.5 below).

In addition, flexible models of care are provided under the National Aboriginal and Torres Strait Islander Aged Care Strategy, often in remote areas where no aged care services are otherwise available. Services delivered under the Strategy are outside the *Aged Care Act 1997*.

Figure 3 shows the total number of operational flexible care places funded under the Act at 30 June 2005.

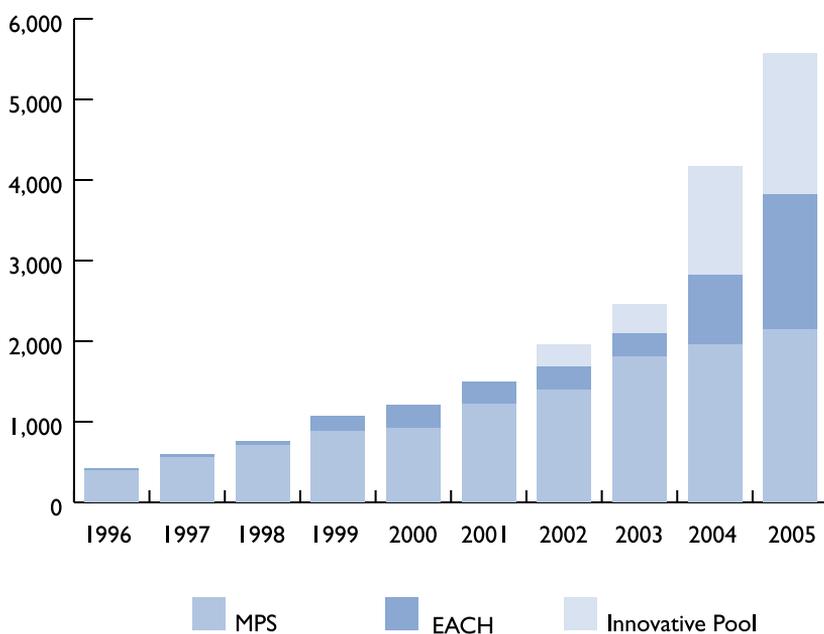


Figure 3: Operational MPS, EACH and Innovative Care places funded under the *Aged Care Act 1997*, 30 June 1996 to 30 June 2005

### 2.7.1 Extended Aged Care at Home

The Extended Aged Care at Home (EACH) program provides high level aged care to people in their own homes, complementing Community Aged Care Packages, which provide low level care.

In 2004–05, 900 new EACH packages were allocated, bringing the total to 1,828 EACH packages allocated nationally at 30 June 2005. In the 2005 Round, the Australian Government will allocate a further 900 EACH packages and 667 EACH Dementia packages.

EACH Dementia packages were announced in the 2005 Federal Budget as part of the initiative *Helping Australians with dementia, and their carers—making dementia a National Health Priority*. Funding of \$225.1 million over four years has been provided to create 2,000 EACH Dementia packages.

EACH Dementia packages will provide coordinated packages of care to frail older people with dementia and complex high care needs associated with their dementia, who have expressed a preference to live at home and are able to do so.

*Table 8: Operational and allocated Extended Aged Care at Home packages at 30 June 2005, by state and territory*

	Operational packages	Allocated packages
New South Wales	564	611
Victoria	463	478
Queensland	195	289
South Australia	155	155
Western Australia	155	155
Tasmania	50	50
Northern Territory	40	40
Australian Capital Territory	50	50
<b>Australia</b>	<b>1,672</b>	<b>(*) 1,828</b>

(\*) Although EACH packages usually become operational quickly, 900 of these places were allocated in January 2005 and not all were operational by 30 June 2005.

### 2.7.2 Multipurpose Services

Multipurpose Services (MPSs) are a joint initiative between the Australian Government and those states and territories that need such services. They deliver a mix of aged care, health and community services in rural and remote communities, many of which cannot sustain separate services. Some health, aged and community care services may not be viable in a small community if provided separately. By bringing the services together, economies of scale are achieved to support the services. Each MPS is financed by a flexible funding pool to which the state and the Australian Government contribute. This is reviewed every three years. The service can use the money to provide a mix of services, including aged care, best suited to the community's needs.

At 30 June 2005, there were 92 operational MPSs, with a total of 2,148 flexible aged care places. Some of the MPSs serve more than one location.

*Table 9: Multipurpose Services and operational places, 30 June 2005, by state*

	<b>Number of Multipurpose Services</b>	<b>Operational aged care places</b>
New South Wales	33	615
Victoria	7	318
Queensland	15	313
South Australia	5	231
Western Australia	29	586
Tasmania	3	85
<b>Australia</b>	<b>92</b>	<b>2,148</b>

### 2.7.3 Innovative Care Services

The Aged Care Innovative Pool provides the opportunity for the Australian Government, state and territory governments and approved providers to work together to improve the interface between aged care and other kinds of care, such as hospital care. The Innovative Pool provides flexible care subsidy for time-limited pilots and gives opportunities to test innovative models of aged care service for specific target groups.

Since 2001–02, the Innovative Pool has focussed on:

- Innovative Care Rehabilitation Services (ICRS) pilots combining rehabilitation services with aged care support to test ways to meet the needs of older Australians who have completed a hospital stay but are not yet ready to return home. Some of the twelve ICRS pilots are being phased into the new Transition Care program (see 2.7.5 below);
- Intermittent Care Service pilots that address the interface between hospital care and aged care by providing short term interventions for older people who require additional support to remain in, or return to, their own homes when they experience a change in circumstance or care needs, rather than returning to hospital or entering residential care;
- Disability pilots that address the needs of (a) people with disabilities who are ageing and at risk of entry to residential aged care because their increasing care needs cannot be met through disability support services alone and (b) younger people with disabilities who are inappropriately accommodated in aged care homes and need support to make the transition to disability supported accommodation;
- Dementia pilots providing services in alternative settings for people with dementia and challenging behaviour; and
- High Needs pilots for areas where the provision of aged care services presents a particular challenge, such as in rural and remote settings.

Pilots that include services that are the responsibility of state or territory governments are jointly funded with those governments.

Table 10 shows the flexible care places currently allocated through the Aged Care Innovative Pool and the number of projects of each type.

*Table 10: The Aged Care Innovative Pool*

	<b>New projects in 2004–05</b>	<b>Total projects approved at 30 June 2005</b>	<b>Total places approved at 30 June 2005</b>
Innovative Care Rehabilitation Services pilots	0	12	383
Intermittent Care pilots	0	6	396
Disability pilots	1	11	246
Dementia pilots	0	11	234
High Needs pilots	4	6	169
<b>Totals</b>	<b>5</b>	<b>46</b>	<b>1,428</b>

### 2.7.4 The Retirement Villages Care Pilot

The Retirement Villages Care Pilot was announced in the 2002–03 Budget. Its focus is on residents of retirement villages who require additional aged care services to assist in their choice to stay at home for as long as possible. Ten projects were selected for pilot participation and the approved providers have been allocated a total of 321 flexible care places comprising a mix of high and low care equivalent places. The pilot projects commenced operation from October 2003 and will continue until June 2006. All projects are participating in a national evaluation.

### 2.7.5 Transition Care

The 2004–05 Budget announced a national Transition Care Program to be developed as a jointly funded program with states and territories.

Transition care provides short term support and active management for older people at the interface of the acute/sub-acute and residential aged care sectors. It is goal oriented and time-limited and targets older people who, at the conclusion of a hospital stay, require more time and support in a non-hospital environment. It allows them time to complete their restorative process, optimise their functional capacity and finalise their longer term care arrangements.

The new transition care places can be delivered in either a residential or community setting. A total of 2,000 transition care places will be allocated by 2007, of which 599 were allocated in 2004–05.

## 2.8 Respite care and carer support

Respite care is residential or community care to assist frail older people and others with care needs to continue living in the community. It also gives carers a break from their usual care arrangements. The Australian Government gives respite

support through the residential care program under the *Aged Care Act 1997*, through the National Respite for Carers Program, and through the Home and Community Care program.

### 2.8.1 Streamlining of services

As part of the reform process outlined in *A New Strategy for Community Care—The Way Forward* released in August 2004, and acting in partnership with the providers of community care, in March 2005 the Australian Government offered community care providers the opportunity to outline new, innovative and responsive models of service in the provision of aged, community care and carer information and respite services

This has been achieved through an open competitive process for services funded under the National Respite for Carers Program and the Commonwealth Carelink Program, giving providers the opportunity to propose collaborative models and demonstrate how they can address regional requirements for integration in these service areas.

There are now 54 co-located Commonwealth Carer Respite and Commonwealth Carelink Centres across Australia, simplifying access to information and carer support for the community, and two Centres for isolated Aboriginal communities in the Northern Territory.

*The Way Forward* will benefit consumers through a more integrated community care system resulting in easier access to services, a consistent approach to determining eligibility, more comprehensive and timely assessment of care needs and quality of care delivered to agreed standards.

### 2.8.2 Residential respite

Residential respite gives short term care in aged care homes. It may be used on a planned or emergency basis to help with carer stress, illness, holidays or the unavailability of the carer for any reason. People may also seek respite care for themselves. Some people approved for permanent residential care can delay entry to permanent care by using respite services.

Admissions to residential respite have increased from 47,800 in 2003–04 to over 49,700 in 2004–05. The number of resident days used increased from an estimated 1,001,000 in 2003–04 to an estimated 1,039,616 in 2004–05—an increase of 3.9 per cent.

*Table 11: Estimated respite care resident days by level of care 2004–05, by state and territory*

	High care	Low care	Total
New South Wales	207,468	245,799	453,267
Victoria	61,543	167,814	229,357
Queensland	56,788	82,778	139,566
South Australia	44,131	58,409	102,540
Western Australia	15,324	48,445	63,769
Tasmania	12,419	15,592	28,011
Northern Territory	4,496	2,379	6,875
Australian Capital Territory	7,370	8,861	16,231
<b>Australia</b>	<b>409,539</b>	<b>630,077</b>	<b>1,039,616</b>

### 2.8.3 National Respite for Carers Program

The National Respite for Carers Program (NRCP) continued to provide support for carers of frail older Australians and people with disabilities. Funding has increased more than fivefold since the program commenced in 1996 to \$105 million in 2004–05.

Commonwealth Carer Respite Centres coordinate respite services, help carers access them, and arrange individual respite when needed. About 56,000 carers received approximately 126,000 occasions of service from Commonwealth Carer Respite Centres in 2004–05, compared with about 47,800 carers receiving approximately 110,100 occasions of service in 2003–04, an increase of 14.4 per cent. The total number of carers assisted by respite services increased by approximately 18 per cent from an estimated 28,000 in 2003–04 to more than 33,000 in 2004–05. These increases reflect the substantial growth in Australian Government funding to support carers.

Commonwealth Carer Resource Centres focus on information provision, training, resource development, enhancing volunteer support, and promoting recognition of carers' needs. The total number of carers assisted by them in 2004–05 is estimated at about 31,000. About 4,000 carers received counselling services in 2004–05 under the National Carer Counselling Program, delivered through Commonwealth Carer Resource Centres.

## 2.9 Independent assessment

Under the Aged Care Assessment Program, the Australian Government provides grants to state and territory governments to operate 119 Aged Care Assessment Teams (ACATs).

ACATs comprehensively assess the needs of frail older people using a multi-disciplinary and multi-dimensional approach. They assess the medical, physical, psychological, social and restorative care needs of older people and provide information and assistance to help people to access care services. ACATs assess the eligibility of people for residential aged care and for community care, and flexible care under the Act.

People qualified in one or more core assessment professions may be delegated under the Act to undertake assessments. They include geriatricians, general practitioners or other medical specialists, nurses, social workers, occupational therapists, physiotherapists, or psychologists. This ensures that ACAT members have the skills and experience to assess people for aged care services.

In 2003–04, ACATs undertook 190,203 assessments, compared with 197,058 in 2002–03.<sup>7</sup> Only 56 assessments were the subject of an appeal—less than 0.03 per cent of the total number.

There are 119 ACATs Australia-wide. A list of ACATs is shown in Appendix D.

<sup>7</sup> From 1 July 2003, a revised data set and new data collection procedures were introduced progressively by ACATs. These procedures included improved validation of data and the recording in a central location of more detailed information about individual assessments. For 2003–04 onwards, the figure used to report the annual number of assessments will be 'the number of completed assessment for which there are validated records'. In other words, the combined effect of the changes is that some records included in the 2002–03 data would either (a) not pass new validation rules, or (b) be 'incomplete' assessments, in that there had been initial contact with clients but the assessments had not been completed. (The revised data collection arrangements allow for both completed and incomplete assessments to be counted). It is not possible to quantify these effects, but they are likely to persist to some degree until the end of 2005, because data will be reported under two regimes until the new procedures are fully implemented by all ACATs.

On the recommendation of the Review of Pricing Arrangements in Residential Aged Care, the *Aged Care Act 1997* was amended in June 2004 to remove from 1 July 2004 the requirement that a resident be assessed by an Aged Care Assessment Team before moving from low level care to high level care in the same facility.

## 2.10 Support for people with special needs

The *Aged Care Act 1997* aims to provide aged care services in a way that best meets the identified needs of the community. It facilitates access to care irrespective of gender, race, culture, language, economic circumstance or geographic location. In accordance with these aims, the Secretary may decide, under Section 12-5 of the Act, that a number of aged care places will be made available to focus on the care of particular groups of people. People with special needs are identified under the Act as people from Aboriginal and Torres Strait Islander communities, people from non-English speaking (culturally and linguistically diverse) backgrounds, people who live in rural or remote areas, people who are financially or socially disadvantaged, and veterans, including spouses, widows and widowers of veterans.

In the 2004 Aged Care Approvals Round, 2,053 residential aged care places, 1,157 Community Aged Care Packages and 258 Extended Aged Care at Home packages were allocated to aged care providers seeking to provide services to people with special needs. In addition, people from special needs groups have access to places allocated to serve the needs of the general population.

### 2.10.1 Aboriginal and Torres Strait Islander people

Conditions associated with ageing generally affect Aboriginal and Torres Strait Islander people substantially earlier than other Australians. Therefore planning for aged care services is based on the Aboriginal and Torres Strait Islander population aged 50 years or older, compared with 70 years or older for other Australians.

Under the *Aged Care Act 1997*, 30 Aboriginal and Torres Strait Islander aged care services are funded, which provide approximately 700 places. Most of these places are available in Aboriginal and Torres Strait Islander-specific aged care services, but some are available in aged care services catering to the broader community. In addition, at 30 June 2005 there were around 600 funded aged care places, delivered by 30 Aboriginal and Torres Strait Islander flexible aged care services provided through the National Aboriginal and Torres Strait Islander Aged Care Strategy.

As announced in the 2004–05 Budget, the Australian Government has extended the availability of viability supplement to eligible Aboriginal and Torres Strait Islander Flexible Services at a cost of \$10.3 million over four years.

### 2.10.2 People from culturally and linguistically diverse backgrounds

The Partners in Culturally Appropriate Care initiative is a program developed in 1997 to support aged care service providers in the provision of culturally appropriate care to people from non-English speaking (culturally and linguistically diverse) backgrounds. In 2004–05, \$1.2 million was provided under the PICAC initiative.

In the 2004–05 Budget, the Australian Government provided \$11.6 million over four years to establish a new Community Partners Program (CPP) to assist older people from established culturally and linguistically diverse communities to access aged care services. The CPP commenced on 1 January 2005 with six months transitional funding to organisations affected by the cessation of the Department’s Ethnic Aged Services Grants Program and the Department of Immigration, Multicultural and Indigenous Affairs (DIMIA) Community Settlement Services Scheme. A total of \$2.375 million has been made available for the 2005–06 CPP funding round and 40 projects have been approved.

### **2.10.3 Veterans**

Veterans, including spouses, widows and widowers of veterans, as a group are ageing faster than the overall population, so that the number in need of aged care will continue to increase until around 2007 before declining. Veterans are designated as ‘people with special needs’ under the *Aged Care Act 1997*.<sup>8</sup>

### **2.10.4 People who live in rural or remote areas**

The aged care planning system ensures that aged care places are provided in rural and remote areas in proportion to the number of older people who live there.

The Multipurpose Service (MPS) program supports improvement in the integration and provision of health and aged care services for small rural and remote communities. The flexibility inherent in the program can be used to respond to the specific needs of each community and to allow change, as the community’s needs change. Nationally, the number of MPSs increased from 88 in June 2004 to 92 in June 2005. Some MPSs provide services at more than one location. (For more information on MPSs see 2.7.2 above.)

### **2.10.5 People who are financially or socially disadvantaged**

Frail older people who are financially or socially vulnerable are protected from disadvantage in accessing aged care services. There are special arrangements for concessional residents in residential care and hardship provisions for care recipients in residential and community care. Support is also provided for people in insecure housing arrangements.

#### **Concessional residents**

The concessional resident arrangements established under the *Aged Care Act 1997* mean that older people have access to care, irrespective of their capacity to make accommodation payments. Concessional residents do not pay accommodation bonds or charges. The Australian Government gives additional supplements to aged care providers on behalf of concessional residents. In the 2004–05 Budget, the Australian Government increased the maximum daily concessional resident supplement from \$13.49 to \$16.25 a day, indexed annually, and proportionately increased other rates of this supplement. The increased supplements are equivalent to similar increases in the daily accommodation charge that residents able to do so may be asked to contribute.

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<sup>8</sup> *Allocation Principles 1997*, section 4.4B, made under section 11-3 of the *Aged Care Act 1997*.

Concessional residents are those who:

- receive an income support payment; and
- have not owned a home for the last two or more years (or whose home is occupied by a 'protected' person, for example, the care recipient's spouse or long term carer); and
- have assets of less than 2.5 times the annual single basic age pension.

Aged care homes also receive an additional supplement for assisted residents but at a lower rate than for concessional residents. The criteria for determining assisted resident status are the same as for concessional resident status except that an assisted resident has assets of between 2.5 and 4.0 times the annual single basic age pension amount.

For each aged care planning region, there is a minimum target ratio for concessional residents, based on regional socio-economic indices. The lowest regional target ratio is 16 per cent and the highest is 40 per cent. In 2004–05, the targets were exceeded in every region. The concessional resident ratio includes concessional and assisted residents, and certain residents approved under the hardship provisions.

The concessional resident supplement is paid at two levels. An aged care home receives a higher rate of supplement for eligible concessional residents if more than 40 per cent of its residents are concessional or assisted residents. The lower rate is paid for eligible concessional residents of homes where 40 per cent or fewer of their residents are assisted or concessional residents.

The supplement paid for eligible assisted residents is not affected by changes to the proportion of concessional and assisted residents.

### **Hardship provisions**

Financial hardship assistance provisions under the *Aged Care Act 1997* cater for the minority of residents who have difficulty paying care fees and accommodation payments. Applicants for financial hardship assistance may seek assistance with their daily care fees, the income tested fee, accommodation charge, or accommodation bond. Where assistance is granted, the Australian Government pays an additional supplement so that the aged care provider is not disadvantaged. During 2004–05, the Department processed 648 applications for financial hardship assistance. Of these, 53 per cent were approved and 15 per cent were ineligible. Following advice from the Department, the remaining 32 per cent of applications were withdrawn when, for example, the Department was able to recommend more appropriate ways to obtain needed support.

Approvals of financial hardship assistance are reviewed on a case-by-case basis or when a resident's financial circumstances change.

There are some classes of care recipients who are automatically eligible for a hardship supplement. These are described in the Residential Care Subsidy Principles.

## Assistance with Care and Housing for the Aged

The Assistance with Care and Housing for the Aged (ACHA) program supports frail, low income, older people who are renting, in insecure housing arrangements, or who are homeless. The program helps them to remain in the community by facilitating access to housing that is linked to community care. Because their housing arrangements are insecure, some frail older people whose care needs could be met by a Community Aged Care Package (CACP) are at risk of premature admission to residential care. Through the ACHA program, the Australian Government contributes recurrent funds to organisations that provide support through paid workers and volunteers, linking people to mainstream housing and care services. The ACHA program operates outside the *Aged Care Act 1997*.

In 2004–05, \$2.7 million was paid to 43 providers to assist older people to access permanent housing and other community support. In each Aged Care Approvals Round, CACPs are allocated to providers able to target and care for people in designated rental accommodation or insecure housing arrangements that need low level care.

## 2.11 Information

Good information and support services are important to achieving timely and appropriate access to care.

### 2.11.1 Information line

Since 1997, the Department has provided an Aged Care Information Line (free call 1800 500 853) open to the public. There were 75,458 calls to the information line in 2004–05, compared with 70,286 calls in 2003–04.

Table 12: Calls to the information line by main category of caller and main reason for call, 2004–05

Caller Type	Number of calls	Percentage of all calls
<b>Main category of caller:</b>		
Carer/friend/family member	41,146	54.5%
Self/general public	11,281	15.0%
Providers of residential care	10,607	14.1%
Health service/support service	2,716	3.6%
<b>Main issue/reason for call:</b>		
Income tested/means tested fees	20,293	16.0%
Accommodation bonds and charges	19,828	15.6%
Daily care fees	16,934	13.4%
Health and Ageing publications	11,799	9.3%

### 2.11.2 Fact sheets, brochures, newsletters and updates

The Department disseminates a wide range of information products on ageing and aged care to consumers, care providers, health professionals and the general community. This information includes:

- brochures—covering care choices, fees and charges, the assessment process, community and residential care, the Aged Care Complaints Resolution Scheme, and help for people with dementia;
- information sheets—covering care options, quality of care, special needs groups, fees and charges for residential care, and GST information;
- manuals and publications—including the *Residential Care Manual*, *Documentation and Accountability Manual*, *The Guide: Implementing Occupational Health and Safety in Residential Aged Care*, *5 Steps to Residential Aged Care*, and the *Australian Government Directory of Services for Older People*;
- newsletters—including *Payment E\$ential\$*, which gives aged care homes and approved providers recent news from the Department, including updates on payment-related matters; and
- Aged and Community Care Service Development and Evaluation Reports, of which 43 have been published since 1991.

Currently, 15 brochures and various fact sheets and booklets are published in English. One booklet and two fact sheets are translated into 13 languages.<sup>9</sup> In 2004–05, the Department distributed 7.3 million aged care information documents. Providers are advised through email or mailfax of amendments to policy and procedures that occur throughout the year. In 2004–05, 76 e-mail or mailfax information circulars were sent to service providers and major stakeholders.

### 2.11.3 Internet

The Department's Ageing and Aged Care website offers information about Australian Government aged care services. The site includes updates and amendments to documents that are routinely distributed to all providers, as well as major reports and other publications.

The Seniors Portal ([www.seniors.gov.au](http://www.seniors.gov.au)) is the Australian Government's principal site for people over 50, bringing together information from over 290 government and non-government sources. The site now includes a series of innovative features, including the Living History section which allows Australian seniors to share stories of their encounters with events that have shaped the nation. Since its re-launch in March 2004, visits to the site have increased nearly 200 per cent over the previous version. Over 30,000 people visit the site each month, and this figure is expected to rise over time as awareness of the site increases.

The 2004–05 Budget package included provision for a website to assist consumers in understanding and making aged care choices. Early in 2005, the Department released the online Commonwealth Carelink Services directory ([www.commcarelink.health.gov.au](http://www.commcarelink.health.gov.au)) which contains information about aged care homes

<sup>9</sup> The languages are Arabic, Chinese, Croatian, Dutch, German, Greek, Hungarian, Italian, Maltese, Polish, Serbian, Spanish and Vietnamese.

and community care services. The Department is building on this start, with funding provided through the Australian Government's *Investing in Australia's Aged Care: More Places, Better Care* package. In 2004–05 this involved developmental work on a consumer website that will provide more comprehensive information for consumers, as well as tools to help them better understand their needs and the services available to them. The site is planned for release in 2006.

#### **2.11.4 Commonwealth Carelink Centres**

Through 65 regional shopfronts nationwide, Commonwealth Carelink Centres ([www.commcarelink.health.gov.au](http://www.commcarelink.health.gov.au)) provided an average of 20,000 clients per month with information about community, residential and other aged care services. Clients include general practitioners, other health professionals, service providers, individuals and their carers. Carelink centres may be contacted through a national freecall number, 1800 052 222.

As part of the reform process outlined in *A New Strategy for Community Care—The Way Forward* released in August 2004, and acting in partnership with the providers of community care, in March 2005 the Australian Government offered community care providers the opportunity to outline new, innovative and responsive models of service in the provision of aged, community care and carer information and respite services.

This has been achieved through an open competitive process for services funded under the National Respite Carers Program and the Commonwealth Carelink Program. From 30 September 2005 there will be 54 co-located Commonwealth Carer Respite and Commonwealth Carelink Centres across Australia, simplifying access to information and carer support for the community, and two Centres for isolated Aboriginal communities in the Northern Territory.

#### **2.11.5 Dementia information and support**

The level of information and support provided to carers of people with dementia continued to increase in 2004–05, through such projects as Early Stage Dementia Support and Respite, Carer Education and Workforce Training, and the National Dementia Behaviour Advisory Service. The Dementia Education and Support Program continues to provide an entry point for carers and people with dementia through a national telephone help-line (1800 330 066). The number of contacts through the program increased from 25,644 in 2003–04 to 25,900 in 2004–05, with approximately 40,000 people contacts per annum involving support groups and community education sessions, partially funded through this program and other sources.

#### **2.11.6 Carer Information and Support Program**

The Carer Information and Support Program funds the development and distribution of carer information products, including education programs for carers and information about government programs that support carers. It also funds Commonwealth Carer Resource Centres and other initiatives to provide comprehensive information for all carers.

In response to an increase in demand, the Carer Information and Support Program distributed an estimated 500,000 items in 2004–05, compared with 343,500 items in 2003–04. These items vary in nature from simple awareness products to comprehensive information kits.



# 3 Funding for care

## 3.1 Growth in funding for aged care

The Australian Government is committed to ensuring that frail older Australians receive the best possible care and to providing sufficient funding for aged and community care services to provide this care. Australian Government expenditure for ageing and aged care was \$6.7 billion in 2004–05, compared with \$6.5 billion in 2003–04.

There has been increasing emphasis on non-residential care options for older Australians including Home and Community Care, Community Aged Care Packages, Extended Aged Care at Home packages, respite funding and support for carers.

Expenditure for residential care and related services<sup>10</sup> was \$5.2 billion in 2004–05 compared with \$5.1 billion in 2003–04. Expenditure for community care and support for carers was \$1.4 billion in 2004–05 compared with \$1.3 billion in 2003–04.<sup>11</sup> Expenditure for Aged Care Support and Strategies in 2004–05 was \$225.9 million compared with \$169.4 million in 2003–04.<sup>12</sup>

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10 Administered Item 1: Residential care, includes: permanent and respite residential care; capital assistance and other support for aged care homes, accreditation and monitoring including by the Aged Care Standards and Accreditation Agency Ltd; information services and support for the rights of residents, including through the Complaints Resolution Scheme. Includes payments for residential care made within the Veterans' Affairs portfolio.

11 Administered Item 2: Community Care, includes: HACC, CACPs and community care establishment grants; Day Therapy Centres and other support services for frail older Australians and people with disabilities; support for carers; and information services, including Commonwealth Carelink.

12 Administered Item 3, Ageing support and strategies, includes: implementation of aspects of the National Strategy for an Ageing Australia; flexible care options for rural and remote services, Aboriginal and Torres Strait Islander services, EACH Packages and Innovative Pool; support for aged care staff development; the Dementia Education and Support Program; the Continence Aids Assistance Scheme; the National Continence Management Strategy; assessment and referral by Aged Care Assessment Teams (ACAT); and information for service providers and consumers.

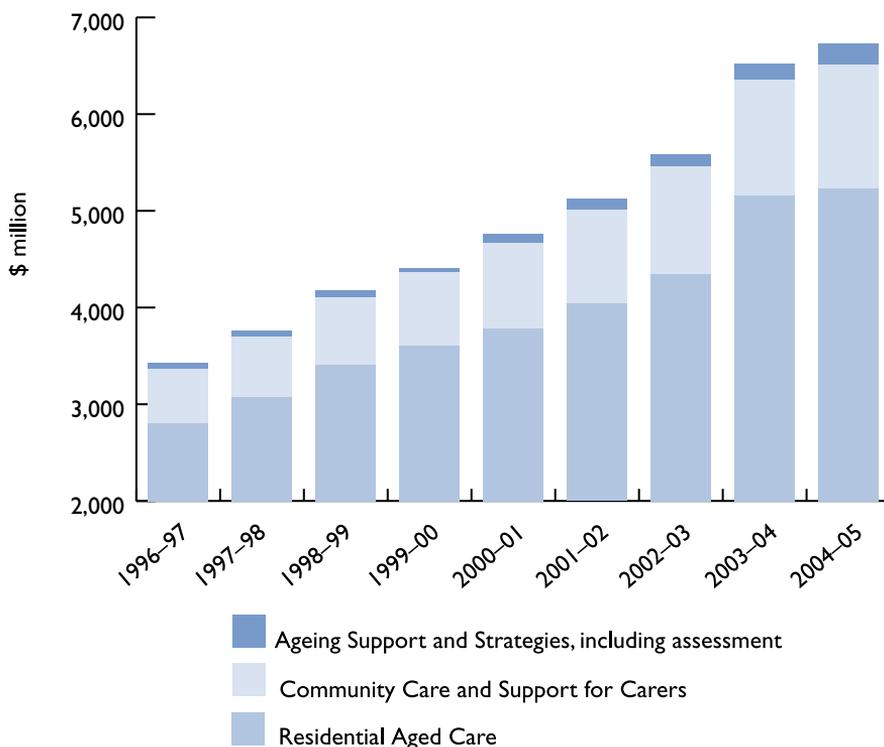


Figure 4: Growth in Australian Government outlays for aged care, 1996-97 to 2004-05

## 3.2 Community care

### 3.2.1 Home and Community Care

The Australian Government contributes approximately 60 per cent of Home and Community Care (HACC) program funding nationally and maintains a broad strategic role. States and territories contribute approximately 40 per cent of program funding and manage the program on a day-to-day basis. Australian Government funding available for HACC in 2004-05 was \$791.9 million, an increase of 87.1 per cent since 1995-96. Total combined Australian, state and territory funding for 2004-05 was \$1.301 billion, an increase of \$97.4 million over the previous year.

### 3.2.2 Community Aged Care Packages

Australian Government financial assistance for Community Aged Care Packages (CACPs) is paid to service providers as a contribution to the cost of providing the care. The Minister determines the rates of payment for CACPs, usually on 1 July of each year. In determining the rates of payment, the Minister takes account of the Australian Industrial Relations Commission's Safety Net Adjustment and movements in the Consumer Price Index. The rate of subsidy for CACPs at 30 June 2005 was \$32.04 per day per package, equivalent to \$11,695 per annum.

As set out in Table 13, the Australian Government's recurrent expenditure on CACPs has increased from \$33.1 million in 1995-96 to \$323.3 million in 2004-05.

Table 13: Australian Government funding for Community Aged Care Packages, 1995–96 and 2004–05, by state and territory

	1995–96	2004–05	Increase	%
New South Wales	\$12.7m	\$113.1m	\$100.4m	791%
Victoria	\$6.4m	\$83.5m	\$77.1m	1,205%
Queensland	\$5.9m	\$49.9m	\$44.0m	746%
South Australia	\$3.6m	\$30.7m	\$27.1m	753%
Western Australia	\$2.8m	\$26.8m	\$24.0m	857%
Tasmania	\$1.3m	\$9.4m	\$8.1m	623%
Northern Territory	\$0.0m	\$5.4m	\$5.4m	–(*)
Australian Capital Territory	\$0.4m	\$4.5m	\$4.1m	1,025%
<b>Australia</b>	<b>\$33.1m</b>	<b>\$323.3m</b>	<b>\$290.2m</b>	<b>877%</b>

(\*) A percentage increase cannot be shown as the 1995–96 base figure is zero

### 3.2.3 Care recipients' contribution

The Australian Government does not set the level of fees that CACP recipients are asked to pay, but it does set the maximum level of the daily care fees that providers may ask care recipients to pay. For older people on the maximum basic rate of pension, fees must not exceed 17.5 per cent of the pension (\$5.73 a day at 30 June 2005). Additional fees are limited to 50 per cent of any income above the maximum pension rates. However, no one may be denied a service because they cannot afford to pay. CACPs are GST exempt.

### 3.2.4 Community care grants (CACP establishment grants)

Community care grants assist organisations that may be disadvantaged in meeting the cost of establishing viable CACP services. Those receiving grants include organisations without an established service infrastructure, those servicing remote or isolated communities where there are limited resources, and services with only small numbers of CACPs. Individual grants may be up to \$50,000 (GST-exclusive), depending on the circumstances of the organisation, and are paid prior to the commencement of services. In 2004–05, 36 community care grants were made, of a total value of \$1,175,989.

Table 14: Community care establishment grants, 2004–05, by state and territory

	Number of grants made	Total value (\$'000)
New South Wales	10	\$335,590
Victoria	3	\$88,256
Queensland	6	\$202,304
South Australia	7	\$166,250
Western Australia	4	\$154,400
Tasmania	3	\$79,189
Northern Territory	3	\$150,000
<b>Australia</b>	<b>36</b>	<b>\$1,175,989</b>

## 3.3 Residential care—recurrent funding

### 3.3.1 Australian Government recurrent funding

Australian Government funding for residential care has risen from \$2.5 billion in 1995–96 to \$5.2 billion in 2004–05, an average of more than \$431 million per month. This includes funding appropriated through the Health and Ageing portfolio as well as funding for veterans in residential care through the Veterans' Affairs portfolio. These combined appropriations are paid as subsidies and supplements to aged care homes through the Health and Ageing payment system.

As part of the 2004–05 Budget package, *Investing in Australia's Aged Care: More Places, Better Care*, the Australian Government is providing an additional \$877.8 million over four years for a Conditional Adjustment Payment (CAP) to eligible approved providers of residential aged care. More information about the CAP is in 3.3.2 below.

The Australian Government is providing an extra \$211.1 million in subsidies over four years from 2002–03, to assist residential aged care providers to meet increased costs of nurses' wages. This is equivalent to \$50 million per year, indexed each year; \$53.3 million was provided in 2004–05 within the residential care funding base.

Table 15: Australian Government recurrent residential aged care funding 2003–04 and 2004–05, by state and territory (\*)

	2003–04	2004–05	Increase	%
New South Wales	\$1,620.7m	\$1,749.3m	\$128.6m	7.9%
Victoria	\$1,122.9m	\$1,237.2m	\$114.3m	10.2%
Queensland	\$819.0m	\$903.0m	\$84.0m	10.3%
South Australia	\$454.4m	\$505.8m	\$51.4m	9.4%
Western Australia	\$369.7m	\$414.0m	\$44.2m	12.0%
Tasmania	\$129.8m	\$140.7m	\$10.9m	8.4%
Northern Territory	\$14.8m	\$15.9m	\$1.2m	8.1%
Australian Capital Territory	\$44.1m	\$48.0m	\$3.9m	8.8%
<b>Australia</b>	<b>\$4,592.1m</b>	<b>\$5,021.5</b>	<b>\$429.4m</b>	<b>9.4%</b>

(\*) Totals may not sum exactly, due to rounding. To enable comparison of 2004–05 with 2003–04, these figures exclude the one-off payment of \$3,500 per resident (\$518.7m) in 2003–04 and the \$1,000 per resident payment (\$152.0m) in 2004–05.

The Australian Government subsidises the provision of residential aged care to those approved to receive it. The payment for each resident is calculated as follows:

- a basic subsidy amount determined, for permanent residents, by the resident's classification under the Resident Classification Scale and, for respite residents, by the Aged Care Assessment Team's assessment of the resident;
- plus any primary supplements for concessional residents, transitional residents, oxygen, enteral feeding and payroll tax, and the new primary supplement which commenced in 2004–05, the Conditional Adjustment Payment (see 3.3.2 below);

- less any reductions in subsidy resulting from the provision of extra services, adjusted subsidies for government (or formerly government) owned aged care homes or the receipt of a compensation payment;
- less any reduction resulting from the income-testing of residents who entered residential care on or after 1 March 1998;
- plus any other supplements, including the pensioner supplement, the viability supplement and the hardship supplement (which reduces charges for residents who would otherwise experience financial hardship).

The payments made by the Australian Government for care recipients are increased each year in line with indexation. The Minister for Ageing determines the rates of payment for the basic subsidy and for the supplements, usually on 1 July of each year. In determining the rates of payment, the Minister takes account of the Australian Industrial Relations Commission's Safety Net Adjustment and movements in the Consumer Price Index. The current rates of payment can be found on the Department's Internet site.

Under the Australian Government's Funding Equalisation and Assistance Package (FEAP), rates of payment are being adjusted so that all states and territories are paid at the national average. By 1 July 2004, all states and territories had reached the national average except Victoria and Tasmania, which will follow from 1 July 2006. By the end of the six years in which the FEAP is operating, a total of \$147.9 million will have been provided in the states and territory previously below the national average.

*Table 16: Average Australian Government payments (subsidy plus supplements) for each residential aged care recipient, 1995–96 and 2004–05*

	1995–96	2003–04	2004–05	Increase 1995–96 to 2004–05	Increase 2003–04 to 2004–05
High care resident	\$26,793	\$41,518*	\$42,879	60.0%	3.3%
Low care resident	\$6,817	\$14,217*	\$15,563	127.9%	9.5%**

\* Adjusted figures

\*\* The relatively large increase in the average low care subsidy reflects the impact of the June 2005 one-off payment of \$1,000 per resident

### 3.3.2 Conditional Adjustment Payment

In the 2004–05 Budget package, the Australian Government allocated an additional \$877.8 million over four years for a new and additional Conditional Adjustment Payment (CAP) to eligible approved providers of residential aged care. CAP will strengthen financial management and corporate governance arrangements in the aged care industry and assist approved providers to improve their services so that they can continue to provide high quality care to residents.

CAP is calculated at 1.75 per cent of the basic subsidy amount paid in 2004–05, rising to 7.0 per cent of the basic subsidy amount by 2007–08.

During 2004–05, the eligibility criteria for CAP were developed in close consultation with key stakeholders in the aged care sector. All approved providers are currently eligible for CAP, and payments to all approved providers will continue unless and until an approved provider fails to meet any of the requirements set out in the Residential Care Subsidy Principles. To remain eligible for CAP, approved providers must:

- encourage staff training and provide information to staff about training;
- prepare audited financial reports; and
- participate in aged care workforce census required by the Department.

To assist approved providers to meet the audited financial reporting requirements, transitional and alternative auditing arrangements have been available.

### 3.3.3 One-off payment

In June 2005, following an announcement in the 2005–06 Budget, the Australian Government paid an additional \$152.0 million (\$1,000 per resident) to aged care providers. This payment will assist them to take advantage of new technology, improve their business practices, and increase staff training, particularly in dementia care.

### 3.3.4 Viability supplement

The Australian Government recognises that many residential aged care services in rural and remote areas face particular difficulties because of their isolation, small size and higher cost structures. A viability supplement is paid to eligible aged care homes in addition to standard care funding so that so they can continue to provide high quality care.

The amount of viability supplement paid is determined using a formula that includes location (based on accurate measures of rurality and remoteness), number of places and number of residents with special needs.

The 2004–05 Budget package *Investing in Australia's Aged Care: More Places, Better Care* provided funding of \$14.5 million over four years to increase the viability supplement available to rural and remote providers. This was in addition to the existing viability supplement funding of approximately \$13 million per year. This budget measure was developed in response to recommendations of the Review of Pricing Arrangements in Residential Aged Care.

As announced in the 2004–05 Budget, the Australian Government has also extended the availability of viability supplement to eligible Aboriginal and Torres Strait Islander Flexible Services at a cost of \$10.3 million over four years.

The viability criteria were reviewed in December 2004. The new scheme includes modified rates of payment to address current disincentives, and changes to the allocation criteria to distribute the new funding towards the more remote services. Services paid under the previous arrangements that would have received less had they been paid under the new scheme are protected by grandparenting arrangements.

Table 17: Australian Government viability funding 2004–05, and number of aged care homes receiving funding during 2004–05, by state and territory (\*)

	No. of homes receiving funding	Total funding 2004–05
New South Wales	191	\$3.6m
Victoria	144	\$2.1m
Queensland	134	\$4.1m
South Australia	75	\$1.8m
Western Australia	71	\$1.7m
Tasmania	34	\$0.7m
Northern Territory	21	\$1.3m
Australian Capital Territory	2	\$0.003m
<b>Australia</b>	<b>672</b>	<b>\$15.5m</b>

(\*) Includes flexible services provided under the National Aboriginal and Torres Strait Islander Aged Care Strategy

### 3.3.5 Resident contributions—care fees

The Australian Government considers that aged care residents who can afford to do so should make a contribution towards the cost of their accommodation and daily living costs, just as they would if they were living in the community. At the same time, the Australian Government recognises that quality care is expensive and that Australian Government revenues must continue to meet the major cost of providing quality care.

The Australian Government does not set the level of care fees that residents in aged care homes are asked to pay, but it does set the maximum level of the care fees that providers of care may ask residents to pay. There are two types of care fees—basic daily care fees and income tested fees. The maximum level of the two fees is determined by a resident’s income and assets, the service chosen, and whether he or she has special circumstances (for example, if the resident is an ex-Prisoner of War).

The maximum basic daily care fee, at 30 June 2005, that a resident could be asked to pay was, for means-tested pensioners and respite residents, \$27.86 (85 per cent of the basic rate of the age pension), and for non-pensioners, \$34.76.

Residents who entered care on or after 1 March 1998 and who have sufficient income can also be asked to pay the income-tested fee. Full pensioners do not pay income-tested fees.

In addition, residents who are liable to pay income tax may be entitled to the medical expenses tax offset. This offset is available for residents who are assessed as requiring care at RCS levels 1 to 7. The rebate is set at 20 per cent of medical expenses over \$1,500, including qualifying payments to an aged care home. Qualifying payments include basic daily care fees, income tested fees, extra service fees, the accommodation charge, accommodation bond periodic payments and retention amounts from lump sum accommodation bonds.

### 3.3.6 Resident Classification Scale

The Resident Classification Scale (RCS) is used to appraise the care needs of residents for funding purposes. RCS appraisals are conducted by aged care homes and classify residents into one of eight funding categories. Around 190,000 appraisals are conducted annually. They are conducted when residents are admitted into residential aged care, and when classifications expire. Classifications expire after one year, after a resident has been on extended hospital leave, or when there is a significant change in care needs. RCS appraisals are subject to review (see 4.3.3 below).

The Australian Government announced in the 2004–05 Budget that it will introduce a new funding model for the residential aged care system in 2006 to, among other things, reduce the documentation burden on staff and allow them to spend more time on care. This decision responds to recommendations of the 2004 Review of Pricing Arrangements in Residential Aged Care and the Resident Classification Scale Review that reported in February 2003.

During 2004–05, a new dependency based funding instrument, called the Aged Care Funding Instrument (ACFI), was developed and alternatives for a new funding model with a reduced number of categories and two new supplements were explored. The ACFI is being trialled in 2005 and decisions about the detailed structure of the new model will be further informed by data collected in the trial.

## 3.4 Residential care—capital funding

Capital income is available to service providers through resident accommodation payments (accommodation bonds and accommodation charges), the capital component of Australian Government recurrent funding, and through targeted capital assistance.

### 3.4.1 Government capital and other assistance

Accommodation bonds and charges provide aged care homes with a capital stream to upgrade and maintain buildings. The Australian Government acknowledges, however, that some homes may not be in a position to attract sufficient residents who can pay accommodation payments because, for example, of their rural or remote location or because the homes target financially disadvantaged people. An ongoing program of targeted capital assistance assists providers who, as a result of such circumstances, are unable to meet the cost of necessary capital works.

In 2004–05, \$40.8 million in capital assistance was allocated to assist providers of residential care to improve and upgrade 51 aged care homes, with almost 96 per cent of this funding allocated to services in rural and remote areas. Of this, \$11.8 million was allocated as Residential Care Grants, to support fire and safety related improvements and other works required for accreditation and certification, as well as the construction of new accommodation. The remaining \$28.9 million was provided through the Regional and Rural Building Fund (including \$3.3 million in rural adjustment grants) to assist rural and regional aged care homes to upgrade the quality of their buildings or to expand, thereby increasing access to aged care places for rural communities.

The Australian Government is assisting with capital requirements by boosting the funds available to aged care providers by a further \$438.6 million over four years, through increased payments for concessional, respite and transitional residents.

On behalf of those residents not able to contribute to the cost of their accommodation, in the 2004–05 Budget the Australian Government increased the maximum daily concessional resident supplement from \$13.49 to \$16.25 a day, indexed annually, and proportionately increased other rates of this supplement. The rates of respite supplement and transitional resident supplement have been increased similarly.

### 3.4.2 Resident contributions—accommodation bonds

An estimated 73.6 per cent of aged care homes held accommodation bonds at 30 July 2005, compared with 72.0 per cent at 30 June 2004. The average accommodation bond agreed with a new resident in 2004–05 was \$127,618 compared with \$112,613 in 2003–04. The median bond amount in 2004–05 was \$118,000, compared with \$110,000 in 2003–04.<sup>13</sup>

In about 48 per cent of the aged care homes that received new bonds in 2004–05, the average new bond amount agreed for the home was \$100,000 or less. In an estimated further 36 per cent of such homes, the average amount for new bonds was in the range \$100,001 to \$150,000.

As shown in Table 18, the method of payment of bonds most frequently used was payment by lump sum.

The size of individual bonds has increased substantially over recent years. As bonds can represent a significant proportion of resident's life savings, the Australian Government is committed to strengthening protection of residents' bonds. The Government will introduce new legislation to underpin new prudential regulatory arrangements and a scheme to guarantee that residents' bond balances will be repaid if an aged care provider defaults. The new prudential arrangements will ensure that residents' bonds are both well managed and secure. The guarantee scheme will ensure that bond balances owed to residents are repaid in full, even if a provider becomes bankrupt or insolvent. The Government will, in the first instance, repay the bond balance directly to the resident or to the resident's estate. The Government will recover cost by pursuing the defaulting provider and/or levying all aged care providers who hold bonds.

Table 18: Method of payment of accommodation bonds by percentage, 2001–02 to 2004–05

Method of payment	2001–02	2002–03	2003–04	2004–05
Lump sum	89.2%	90.5%	90.9%	91.8%
Periodic payments	6.6%	4.8%	5.0%	4.5%
Combination of lump sum and periodic payments	4.2%	3.6%	3.0%	3.7%
Not stated	0.0%	1.1%	1.1%	0.0%

<sup>13</sup> Accommodation bond and charge data for 2004–05 are based on preliminary results of the 2005 Survey of Aged Care Homes and subject to further refinement following detailed analysis of the survey results.

### 3.4.3 Resident contributions—accommodation charge

In addition to increasing its own contribution to capital, as described in 3.4.1 above, the Australian Government has enabled providers to raise additional capital for aged care services. As recommended by the Review of Pricing Arrangements in Residential Aged Care, the *Aged Care Act 1997* was amended in June 2004 to remove a limit of five years on the period during which a high care resident can be asked to pay an accommodation charge. The change applies only to people who entered care on 1 July 2004 or later.

Also to increase the availability of capital to build and improve aged care homes, the accommodation charge that new high care residents may be asked to pay was increased by up to \$2.34 per day, to a maximum of \$16.25 in 2004–05.

In 2004–05, an estimated 59.9 per cent of homes collected accommodation charges, compared with 58.3 per cent in 2003–04. The average daily charge to new residents was \$15.06, compared with \$13.08 in 2003–04. This increase reflects the Australian Government's decision to allow an increase of up to \$2.34 per day in the maximum that may be charged. Of accommodation charges agreed with new residents during 2004–05, an estimated 77.6 per cent were at the maximum allowable amount of \$16.25.

## 3.5 Residential care—structure

The aged care sector is composed of the religious and charitable, community, private and government sectors. Table 19 indicates that, since 1996–97, the proportion of places operated by the religious and charitable sector has remained relatively constant, while the proportion of places operated by government has decreased and the proportion operated by the private sector has increased.

Table 19: Residential care places by ownership sector (percentage of all operational places)

Year	Religious, Charitable or Community	State or local Government (*)	Private	Total
1996–97	62.5%	11.6%	25.9%	100.0%
2004–05	61.0%	7.8%	31.2%	100.0%

(\*) There are no places operated by a territory government.

Increased funding from Australian Government and user contributions, together with the requirements for certification and accreditation introduced as part of the 1997 reforms, has stimulated restructuring and investment in the aged care sector. Sector interest in investment in residential aged care places is an indicator of the viability of the sector. Other indicators of confidence in the sector include demand for new places released during the Aged Care Approvals Rounds, the prices paid for existing places, the level of building work and financiers' views of the sector. The 2005 Survey of Aged Care Homes has confirmed that the sector continues to engage in extensive building and upgrading work. More details of building activity are in paragraph 4.2.2.

### 3.6 Flexible care

There was continued growth in expenditure for the Multipurpose Services program in 2004–05, with the number of operational sites increasing by 5 per cent and the number of flexible care places increasing by 10 per cent. Expenditure increased from \$46.3 million in 2003–04 to \$51.1 million in 2004–05.

*Table 20: Australian Government funding for Multipurpose Services, 2003–04 and 2004–05, by state*

	2003–04	2004–05
New South Wales	\$13.6m	\$15.7m
Victoria	\$7.3m	\$7.9m
Queensland	\$5.9m	\$7.1m
South Australia	\$5.2m	\$6.0m
Western Australia	\$12.0m	\$13.1m
Tasmania	\$2.2m	* \$1.3m
<b>Australia</b>	<b>\$46.3m</b>	<b>\$51.1m</b>

\* The decline in funding reflects a decline in demand

In 2004–05 the Australian Government spent \$33.5 million on Extended Aged Care at Home (EACH) packages.

*Table 21: Australian Government funding for Extended Aged Care at Home packages, 2003–04 and 2004–05, by state and territory*

	2003–04	2004–05
New South Wales	\$3.4m	\$9.7m
Victoria	\$3.8m	\$9.7m
Queensland	\$1.5m	\$5.0m
South Australia	\$1.6m	\$2.9m
Western Australia	\$2.8m	\$3.0m
Tasmania	\$0.6m	\$1.1m
Northern Territory	\$0.6m	\$0.9m
Australian Capital Territory	\$1.0m	\$1.2m
<b>Australia</b>	<b>\$15.4m</b>	<b>\$33.5m</b>

### 3.7 Respite care and carer support

The Australian Government continues to increase the amount of money spent on respite care. The Government's expenditure on the National Respite for Carers Program has increased from \$14.4 million in 1995–96 to over \$99.2 million in 2004–05. Australian Government support for the NRCP complements support provided to carers through residential respite care.

Australian Government expenditure on residential respite care was \$93.5 million in 2004–05 compared with \$84.4 million in 2003–04, as shown in Table 22.

Table 22: Australian Government funding for residential respite care, 2003–04 and 2004–05, by state and territory

	2003–04	2004–05
New South Wales	\$38.3m	\$42.9m
Victoria	\$16.3m	\$18.5m
Queensland	\$12.2m	\$12.5m
South Australia	\$8.5m	\$9.6m
Western Australia	\$4.9m	\$5.1m
Tasmania	\$2.6m	\$2.7m
Northern Territory	\$0.7m	\$0.8m
Australian Capital Territory	\$1.0m	\$1.5m
<b>Australia</b>	<b>\$84.4m</b>	<b>\$93.5m</b>

### 3.8 eBusiness

As part of the 2004–05 Budget measure, *Investing in Australia’s Aged Care—Streamlining administration for better care*, the Department is collaborating with aged care providers to introduce eBusiness to the aged care sector, thereby streamlining administration processes and increasing efficiency. The first stage of eBusiness was implemented in 2004–05 with a small number of aged care providers, to enable them to submit simple business transactions electronically. In 2005–06, more providers will be invited by the Department to participate and the eBusiness capability will be progressively extended to more complex transactions.

As mentioned above, the payment of \$1,000 per resident announced in the 2005–06 Budget was, among other things, to assist aged care providers take advantage of new technology and improve their business practices—complementing the extension of eBusiness into the aged care sector.

# 4 Quality of care and accommodation

The Australian Government is committed to ensuring the best possible aged care for frail older Australians. Strategies that support the provision of quality services include:

- legislated responsibilities for aged care providers;
- the work of the independent Aged Care Standards and Accreditation Agency;
- a continuous quality improvement process; and
- assistance to develop and maintain a sufficient and skilled aged care workforce.

A standards framework underpins the quality of care received by older Australians in aged care and the Act provides for sanctions to be applied against the small number of providers that do not meet their responsibilities.

## 4.1 Community care

In the 2004–05 Budget, \$13.7 million was allocated for Quality Reporting in Community Care, with the first three-year cycle to commence nationally from 1 July 2005. The primary objectives are:

- to ensure that care recipients continue to receive the levels of care they need; and
- to improve measurement and reporting of the programs' operation.

Quality Reporting is a new process for Community Aged Care Packages (CACP), Extended Aged Care at Home (EACH) and the National Respite for Carers Program (NRCP). It involves three steps in which services report against uniform quality standards and departmental officers complete desk audits and validation visits.

Quality assurance processes are already well established in Home and Community Care. All Home and Community Care services are required to appraise their performance over a three-year cycle. In the first three-year cycle, from July 2001 to June 2004, 2,709 agencies providing Home and Community Care were appraised. The next three-year cycle will commence in 2006.

## 4.2 Residential care

### 4.2.1 Quality of accommodation—Building standards and certification

Certification focuses on the building quality of aged care homes. A home must be certified to be able to receive accommodation charges, accommodation bonds, Extra Service charges and concessional resident supplements. Residents expect high quality and safe accommodation in return for their direct and indirect contributions.

While certification is not time limited, it is based on the principle of continuous improvement and an agreed ten-year plan, which gives homes a clear framework of safety, privacy and space standards.

By 2008, every existing service will be required to have no more than four residents accommodated in any room, no more than six residents sharing each toilet and no more than seven residents sharing each shower.

For new buildings, there is to be an average for the whole residential aged care service of no more than 1.5 residents per room. No room may accommodate more than two residents. There is also a mandatory standard of no more than three residents per toilet, including those off common areas, and no more than four residents per shower or bath.

The average number of residents per room has declined from 1.56 in July 1999 to 1.41 in June 2005, reflecting works carried out by homes to meet the targets.

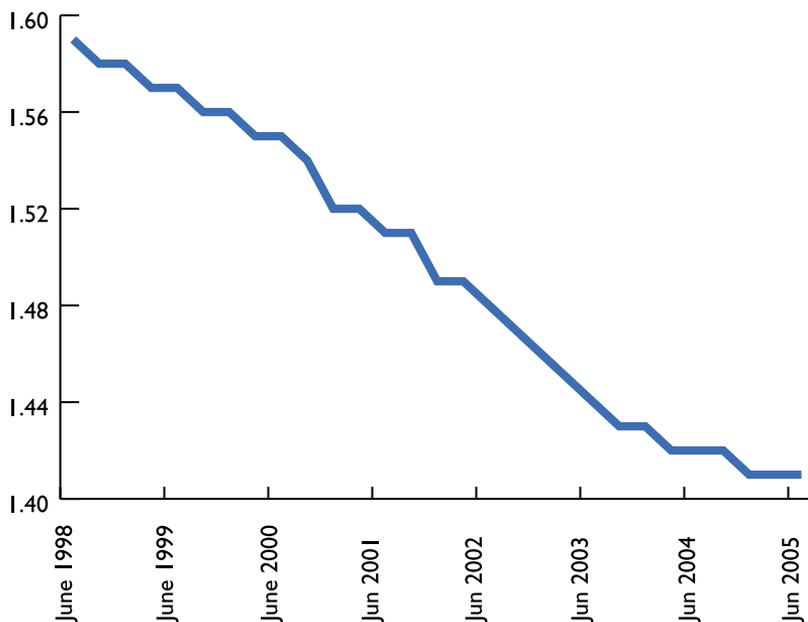


Figure 5: Average number of residents per room in aged care homes, 1998 to 2005

The initiatives announced by the Government in the 2004–05 Budget included a payment of \$513.3 million (\$3,500 per resident) to aged care providers in June 2004. This payment enabled further investment in better aged care homes and recognised the investment made by providers towards achievement of the agreed 10-year forward plan for improved building standards for aged care homes by 2008, in particular improved fire safety. The requirements of the 1999 Certification Assessment Instrument do not override the building and fire safety regulations within each state and territory. Through the Building Code of Australia (BCA), the state and territory building regulations set the minimum community standard for safety, health and amenity of buildings.

Under the *Quality of Care Principles 1997*, approved providers of residential aged care are required to complete a fire safety declaration for each calendar year. The declaration seeks assurance that Australian Government-funded residential aged care services have complied with applicable state, territory and local government fire safety laws as at 31 December each year. Copies of non-compliant declarations are sent to local government authorities for their information and action. In 2004, all 2,943 fire safety declaration forms were received. Of these, 249 indicated non-compliance and have been referred to the applicable local government authorities for their consideration<sup>14</sup> and to the Aged Care Standards and Accreditation Agency.

The Department may take action if an approved provider fails to meet its responsibility to complete the fire safety declaration. The responsibility for monitoring compliance with fire safety laws rests with the appropriate state, territory or local government authorities.

#### **4.2.2 Quality of accommodation—Building activity**

Through accommodation payments, residential aged care providers have access to funding for continued improvement to accommodation and care. The sector is continuing to invest significant funds in new buildings, rebuilding, and upgrading of homes. Table 23 sets out details.<sup>15</sup>

An estimated total of \$950.0 million of new building, refurbishment and upgrading work was completed during 2004–05, involving about 16.8 per cent of all homes. An estimated further \$1,134.3 million of work was in progress at 30 June 2005, involving about 12.1 per cent of all homes. At June 2005, an estimated 22.0 per cent of homes were planning building work.

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<sup>14</sup> ACT non-compliant declarations were forwarded to the ACT Fire Brigade.

<sup>15</sup> Building activity data for 2004–05 are preliminary and subject to further refinement following detailed analysis of the survey results.

Table 23: Estimated building work in residential aged care, 2002–03 to 2004–05<sup>16</sup>

	2002–03	2003–04	2004–05
Estimated total building work completed during the year or in progress at 30 June	\$1,763.1m	\$2,046.6m	\$2,084.2m
Proportion of homes that completed any building work during the year	22.8%	18.3%	16.8%
Proportion of homes with any building work in progress at the end of the year	11.7%	12.4%	12.1%
<b>Rebuilding Work<sup>17</sup></b>			
Proportion of homes that completed rebuilding work in the year	1.0%	0.7%	0.8%
Proportion of homes with rebuilding work in progress at the end of the year	1.5%	1.2%	1.1%
Estimated rebuilding work completed in the year	\$82.9m	\$59.2m	\$85.3m
Estimated rebuilding work in progress at the end of the year	\$153.0m	\$179.9m	\$256.0m
<b>Upgrading work<sup>18</sup></b>			
Proportion of homes that completed upgrading work in the year	18.9%	14.9%	12.6%
Proportion of homes with upgrading work in progress at the end of the year	7.8%	7.7%	8.8%
Estimated upgrading work completed in the year	\$316.9m	\$420.4m	\$291.6m
Estimated upgrading work in progress at the end of the year	\$371.9m	\$414.8m	\$395.8m
<b>New Building Work<sup>19</sup></b>			
Proportion of homes that completed new building work in the year	3.4%	2.9%	3.7%
Proportion of homes with new building work in progress at the end of the year	3.6%	3.7%	2.8%
Estimated new building work completed in the year	\$421.6m	\$362.3m	\$573.1m
Estimated new building work in progress at the end of the year	\$416.8m	\$610.0m	\$482.5m
<b>Planned building work</b>			
Proportion of homes that were planning new building work	7.7%	7.9%	7.7%
Proportion of homes that were planning rebuilding work	2.0%	3.5%	3.0%
Proportion of homes that were planning upgrading work	16.9%	16.2%	11.3%

<sup>16</sup> Source: Surveys of Aged Care Homes, 2003, 2004 and 2005.

<sup>17</sup> Rebuilding work is defined as the complete demolition and reconstruction of an approved service on the same site.

<sup>18</sup> Upgrading work is defined as renovation or refurbishment of an existing service including extensions.

<sup>19</sup> New building is defined as work relating to a new building to accommodate new or transferred aged care places.

### 4.2.3 Quality of care—Accreditation process

The *Aged Care Act 1997* provides for an accreditation-based quality assurance system. Aged care homes must be accredited in order to receive Australian Government subsidies. The Review of Pricing Arrangements in Residential Aged Care found that, “There is broad industry support for accreditation and a general acknowledgment that it has substantially improved standards of care across the industry.”<sup>20</sup> Accreditation assesses the performance of homes against the 44 expected outcomes of the four Accreditation Standards:

- management systems, staffing and organisational development;
- health and personal care;
- resident lifestyle; and
- physical environment and safe systems.

The Aged Care Standards and Accreditation Agency manages the accreditation of aged care homes in accordance with the *Accreditation Grant Principles 1999*. It is a wholly owned Australian Government company limited by guarantee, registered with the Australian Securities and Investment Commission, and subject to the *Commonwealth Authorities and Companies Act 1997*. The Agency’s functions include:

- managing the accreditation process using the Accreditation Standards;
- promoting high quality care and helping the sector to improve service quality, by identifying best practices and providing information, education and training;
- assessing, and strategically managing, services working towards accreditation; and
- liaison with the Department about services that do not comply with the Accreditation Standards.

In the 2004–05 Budget, the Australian Government provided the Agency with an additional \$36.3 million over four years to maintain and improve its accreditation, monitoring and education activities.

The Agency publishes its own annual report, which gives details about the operation of accreditation. Further information is at the Agency’s website at <http://www.accreditation.org.au>.

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<sup>20</sup> Review of Pricing Arrangements in Residential Aged Care. *Summary of the Report*. Canberra, 2004, pp. 38-39.

#### 4.2.4 Quality of care—Accreditation outcomes

Aged care homes must be accredited to continue receiving Australian Government funding. At 30 June 2005, 2,700 or 92 per cent of homes were accredited for at least three years. As at 30 June 2005, almost 99 per cent of homes were compliant with all 44 Accreditation Standard Outcomes.

No homes were the subject of a decision not to accredit following a site audit. No homes were granted exceptional circumstances exemption under Section 42-5 of the *Aged Care Act 1997*.

During 2004–05, 83 review audits were conducted, from which 76 decisions were made:

- 40 homes were the subject of a decision not to revoke accreditation;
- 33 homes were the subject of a decision to vary accreditation; and
- three homes were subject to a decision to revoke accreditation.

During 2004–05, the Agency held Better Practice Seminars in Melbourne, Brisbane, Perth, Adelaide and Launceston. The seminars were part of the Agency's national program of Better Practice events. The events promote and celebrate better practice and innovation in aged care. Participants at the seminars hear the experiences of award-winning homes, and learn from subject-matter experts about ways to achieve better practices. There has been overwhelming support for the events, which attracted over 1,000 participants during 2004–05. The seminars enable the Agency to focus the sector on ways of working towards achieving continuous improvement, one of the foundations of the accreditation system.

The Agency developed a consumer DVD during 2004–05, to be launched in July 2005. The DVD, 'Quality of Care, Quality of Life', will provide important advice to potential residents and their families about residential aged care and the work of the Agency.

### 4.3 Compliance by approved providers with legislative requirements

Providers of Australian Government-funded aged care must comply with responsibilities specified in the *Aged Care Act 1997* and in the Aged Care Principles. These responsibilities encompass quality of care, user rights and accountability for Government funding. The responsibilities of approved providers are outlined in Appendix B.

The public expects high standards of care in aged care homes. The quality and accreditation framework emphasises homes accepting responsibility for providing, maintaining and improving service. Sanctions can be used to compel compliance when other measures have failed. The regulatory processes give providers every opportunity to reach compliance. Measures to ensure providers meet their responsibilities include:

- targeted and random spot checks on services;
- compliance notices to encourage improvement;
- sanctions for continued or serious non-compliance with responsibilities;
- reviews of resident classifications; and
- prudential arrangements to protect residents who pay bonds.

Both the Aged Care Standards and Accreditation Agency and the Department have a role in monitoring aged care homes. In broad terms, the Agency manages the accreditation process and monitors homes' compliance with the Accreditation Standards, while the Department monitors compliance by approved providers with their wider legislative responsibilities. The Department is responsible for taking sanctions action when approved providers breach their responsibilities, including failing to implement improvements required by the Agency.

Information about the standards achieved by homes is published on the Agency's website. All accreditation and review audit reports are also published on the site at [www.accreditation.org.au](http://www.accreditation.org.au).

#### **4.3.1 Spot checks, site audits and visits**

The Aged Care Standards and Accreditation Agency conducts support visits and regularly monitors the progress homes are making towards continuous improvement. In addition, the Department conducts visits to monitor Australian Government-funded aged care homes for compliance with their responsibilities under the *Aged Care Act 1997*.

The Agency and the Department conducted a total of 4,705 visits in 2004–05 compared with 4,374 in 2003–04. During the year, the Agency conducted the following visits to assess and monitor Australian Government-funded aged care homes against the accreditation outcomes:

- 339 accreditation site audits;
- 83 review audits; and
- 4,016 support contact visits, of which 563 were spotchecks.

In the 2004–2005 Budget, the Australian Government provided the Agency with an additional \$36.3 million over four years to significantly increase its visiting program and ensure that all homes are visited annually. In 2004–2005, the Agency conducted a total of 4,438 visits compared with 3,780 visits in the previous year. The Agency undertook an average of 1.51 visits per home in 2004–05.

#### **4.3.2 Sanctions**

In 2004–05, the Department took regulatory action against 129 approved providers, including the issuing of 12 Notices of Decision to Impose Sanctions and 208 Notices of Non-Compliance. As at 30 June 2005, six of the sanctions remained. Details of sanctions imposed in 2004–05 are included at Appendix C.

### 4.3.3 Resident Classification Scale reviews

Aged care providers are accountable for the subsidies they receive to give care to residents of aged care homes. As it is the staff of the home that use the Resident Classification Scale (RCS) to assess each resident for funding purposes, the Department checks the accuracy of classifications to protect taxpayer funding and ensure that the funding for each resident reflects his or her care needs. These RCS classification reviews are a primary accountability measure to safeguard public expenditure on residential aged care.

During 2004–05, approximately 18,500 reviews of RCS appraisals were completed. Of those reviews, 7,100, or 38 per cent, resulted in reductions of funding, of which 343, or five per cent, were appealed. On appeal to the Department, approximately 52 per cent of the 343 decisions appealed against were confirmed. In approximately 34 per cent of cases, the original classification by the home was reinstated. In the remaining cases, the review decision was set aside and a new decision substituted.

The Administrative Appeals Tribunal at the commencement of 2004–05 was considering one case of appeal against a review of an RCS appraisal. No cases were outstanding at the end of the year.

### 4.3.4 Prudential requirements

All providers of residential care who collect bonds must comply with prudential arrangements specified under the *Aged Care Act 1997*. These prudential arrangements, developed in cooperation with the sector, provide accountability for residents who pay bonds. They include a contractual guarantee of repayment from the provider to the resident. Providers must submit a certified annual statement, within four months from the end of their financial year, stating that they have refunded accommodation bonds to residents within the statutory timeframe, are able to repay bond liabilities and have maintained adequate insurance.

Notices of Non-Compliance were issued against 208 approved providers in 2004–05 for failure to meet prudential requirements in relation to accommodation bonds. At the time of publication, all compliance actions in relation to these 208 instances had been finalised.

The Australian Government will introduce new legislation to underpin new prudential regulatory arrangements together with a scheme to guarantee that residents' bond balances will be repaid if an aged care provider defaults. The new prudential arrangements will ensure that residents' bonds are both well managed and secure (see also Section 3.4.2).

## 4.4 Aged care workforce

An adequate and well-qualified workforce is fundamental to the delivery of quality aged care.

The Australian Government has committed \$47.5 million over four years in the 2002–03 Budget and an additional \$101.4 million over four years in the 2004–05 Budget to assist providers of aged care services to meet their responsibilities under the *Aged Care Act 1997* and develop a well-trained aged care workforce.

### 4.4.1 More aged care nurses

In the 2002–03 Budget, the Australian Government committed \$26.3 million to fund up to 1,000 aged care nursing scholarships over four years to encourage more people to enter or re-enter aged care nursing, particularly in rural and regional areas.

The Australian Government continues a partnership with the Royal College of Nursing Australia that provides undergraduate, postgraduate and continuing professional development scholarships to people from rural and regional areas who are committed to caring for older Australians. The scholarships are offered by the College to candidates selected in accordance with guidelines approved by the Department. During 2004–05, 300 undergraduate scholarships, 94 continuing professional development scholarships and 10 honours scholarships were offered. A total of 626 undergraduate scholarships, 329 continuing professional development scholarships and 17 honours scholarships has been offered since the Scheme commenced in 2003. The Australian Government also provides funds to the College and the University of Tasmania for programs to support the scholarship recipients. The scholarships are increasing the availability of professionally qualified aged care staff.

The Australian Government, together with ACT Health, is also funding a pilot project to explore the role of Aged Care Nurse Practitioners in the care of older people and identify benefits to the health of older people and the health care sector more broadly. The pilot commenced in May 2004 and is being conducted across a number of settings including residential aged care and community care.

#### **4.4.2 Support for Aged Care Workers**

The 2002–03 Budget provided \$21.2 million over four years to ensure that personal care workers employed in aged care are provided with training opportunities. The funds are being invested in the training of care staff in smaller, less viable, aged care homes to upgrade their skills. This frees registered nurses to concentrate on clinical care. In 2004–05, the program reached 1,216 staff through 33 training programs in 73 aged care homes. In the three years since its establishment, it has benefited more than 5,700 staff through 70 training programs in over 470 aged care homes throughout Australia.

#### **4.4.3 Better Skills for Better Care**

The Australian Government provided \$101.4 million over four years in the 2004–05 Budget to:

- assist up to 15,750 care workers to access recognised education and training opportunities such as Certificate Level III or IV in aged care work;
- assist up to 8,000 aged care workers to access the Workplace English Language and Literacy (WELL) program;
- assist up to 5,250 Enrolled Nurses to access recognised and approved medication administration education and training programs;
- fund up to an estimated 1,700 new nursing places at universities that demonstrate their ability to meet aged care nursing education benchmarks; and
- make higher payments to providers to enable them to pay more competitive wages to improve the quality of care and maintain and attract qualified staff.

In 2004–05, 88 approved providers and 72 training organisations were contracted to provide medication management training for enrolled nurses and vocational education and training for personal care workers to enhance the quality of care provided to frail older Australians.

#### 4.4.4 National Aged Care Workforce Strategy

The Australian Government assisted the Aged Care Workforce Committee, which represents the industry, to produce the National Aged Care Workforce Strategy, released in 2004–05. The Strategy provides a framework for the aged care sector to plan and develop best practice workplace models. It supports the aged care workforce in sustaining the flexibility, skills mix and numbers essential for effective care.

### 4.5 Supporting consumers

#### 4.5.1 Aged Care Complaints Resolution Scheme

The Aged Care Complaints Resolution Scheme was established in 1997 to deal with complaints about Australian Government-funded aged care services provided or available to people receiving care. The Scheme is free and available to anyone who wishes to make a complaint, including residents of aged care homes, people receiving Community Aged Care Packages or flexible care and relatives, guardians and representatives of those receiving care. The national toll free telephone number for the Scheme is 1800 550 552.

A complaint may be about anything that is a possible breach of a provider's responsibilities under the *Aged Care Act 1997*. Complaints may be made orally or in writing and on a confidential or anonymous basis. The Scheme aims to work with all parties to ensure that they understand and accept the actions needed to resolve a complaint. If a complaint cannot be resolved through negotiation and mediation, a Complaints Resolution Committee will decide what the parties must do to resolve the complaint.

In 2004–05 there were 1,004 new complaints, compared with 967 in 2003–04. Of these, 84 per cent were lodged as open complaints, 13 per cent as confidential and 3 per cent as anonymous. The number of complaints per 1,000 residents remained at 6.8. Ninety-six per cent of complaints handled by the scheme related to aged care homes.

Table 24: Complaints received by the Aged Care Complaints Resolution Scheme, 2003–04 and 2004–05

	2003–2004		2004–2005	
	Number of complaints	Complaints per 1,000 residents (*)	Number of complaints	Complaints per 1,000 residents (*)
New South Wales	223	4.5	280	5.6
Victoria	382	10.6	290	7.8
Queensland	83	3.2	105	3.9
South Australia	105	7.5	101	7.0
Western Australia	105	8.8	151	12.1
Tasmania	44	11.5	44	11.0
Northern Territory	6	16.1	4	10.3
Australian Capital Territory	19	13.1	29	19.8
<b>Australia</b>	<b>967</b>	<b>6.8</b>	<b>1,004</b>	<b>6.8</b>

(\*) based on the number of permanent residents at 31 December; the rates for 2003–04 have been revised.

The Committee Amendment Principles 2004 (No.1) came into effect on 1 July 2004. These amendments provide for a more effective and efficient complaint handling process. Complaints made to the Scheme are often complex, requiring detailed assessment and referral of systemic issues to appropriate authorities.

The Commissioner for Complaints is required to report annually on the operation of the Scheme to the Minister for Ageing, for presentation to Parliament. Further information can be found at the Commissioner's web site at <http://www.cfc.health.gov.au>.

#### **4.5.2 Community Visitors Scheme**

The Community Visitors Scheme improves the quality of life of residents of aged care services who have limited family and social contact and may be at risk of isolation from the general community for social or cultural reasons, or through disability. The Scheme has wide acceptance in the community and the aged care sector. It currently coordinates over 6,588 volunteer visitors operating through 158 auspices Australia-wide and cost approximately \$6.38 million in 2004–05.

#### **4.5.3 Advocacy Services**

Under Part 5.5 of the *Aged Care Act 1997*, the Department funds Aged Care Advocacy Services in each state and territory. Advocacy services provide independent advocacy and information to recipients or potential recipients of aged care services, their relatives, representatives and carers. The services perform an educative role for recipients and providers on the rights and entitlements of care recipients. They complement the role of the Aged Care Complaints Resolution Scheme within the quality assurance framework.

The National Aged Care Advocacy Program (NACAP) second Strategic Plan covers the years 2002 to 2005. It aims to ensure consumer protection in the current aged care environment of accreditation and continuous improvement. Total expenditure for the program in 2004–05 was \$2.4 million.

In 2003–04, NACAP services undertook 4,335 advocacy cases, handled 4,993 general enquiries and provided 1,697 face-to-face education sessions. Compared with 2002–03, this was a decrease of three per cent in cases and five per cent in general enquiries, and an increase of 70 per cent in education sessions. Although the number of direct advocacy cases decreased, NACAP services reported an increase in the complexity of cases and an overall increase in all activities of two per cent. Preliminary data for 2004–05 indicate that this increase will be maintained.



# Appendix A

## Amendments to the *Aged Care Act 1997* and the *Aged Care Principles*

The *Aged Care Act 1997* was amended in 2004–05 by the *Aged Care Amendment (Transition Care and Assets Testing) Act 2005* as follows:

<b>Amendment:</b>	<b>Effect</b>	<b>References in the amended Act</b>	<b>Date commenced</b>
Leave from residential care for flexible care	Provides leave arrangements for existing recipients of residential care to allow them to receive transition care (a type of flexible care) following a hospital stay	ss.42-2(3A) ss. 42-2(4) para. 44-4(1)(a) ss. 44-4(1) (note) ss. 44-6(3)	21 March 2005
Assets testing	Provides for the transfer from 1 July 2005 of assets testing for residents and prospective residents of aged care facilities from approved providers of residential aged care to the Secretary of the Dept Health and Ageing, delegated to Centrelink and the Dept of Veterans' Affairs. Also provides for a 12-month transitional period in certain circumstances.	s. 44-7 s. 44-8 s. 44-8AA s. 44-8AB s. 44-9 (including note) s. 44-10 s. 57-2 s. 57-12 (including note) ss. 57-16(2) (note 2) s. 57A-2 s. 57A-6 s. 85-1 (inserting items 39A, 39B, 39C and 39D) s. 96-2	1 July 2005

The *Aged Care Act 1997* was also amended in 2004–05 by the *Aged Care Amendment (Extra Service) Act 2005* as follows:

<b>Amendment:</b>	<b>Effect</b>	<b>References in the amended Act</b>	<b>Date commenced</b>
Extra Service	Removes the requirement that extra service providers need to reapply for extra service status every 5 years.	para. 31-1(a) s. 31-2 para. 33-1(a) s. 33-2 Div 34 para. 35-1(2)(c) ss. 36-3(1) (note) sp. 63-1(1)(i) s. 85-1 (item 32) cl. 1 of Schedule 1 (definition of "expiry date")	1 July 2005

The Aged Care Principles were amended in 2004–05 as follows:

<b>Amendment:</b>	<b>Effect</b>	<b>References in the amended Principles</b>	<b>Date commenced</b>
Residential Care Subsidy Amendment Principles 2004 (No. 4)—Prisoners of War	Extends the exemption from income-tested residential care fees for all former Australian prisoners of war in high level residential care to all former Australian prisoners of war in low level residential care.	sub para. 21.30(1)(e)(ii)	1 January 2005
Residential Care Subsidy Amendment Principles 2004 (No. 4)—Conditional Adjustment Payment	Increases the amount of funds payable to approved providers of aged care by way of the transitional supplement.	para. 21.26(b)	1 July 2004
Approval of Care Recipients Amendment Principles 2005 (No. 1)	Establishes eligibility criteria, assessment and approval processes for transition care.	s. 5.3 s. 5.7A s. 5.12 s. 5.13 ss. 5.14(1)	24 June 2005
Classification Amendment Principles 2005 (No. 1)	Establishes the expiry date for a classification where a residential care recipient takes hospital leave (for a period of 30 days or more) followed by leave for transition care.	s. 9.3 s. 9.29A s. 9.29B (including note) Div. 4 (s. 9.29C and s. 9.29D)	24 June 2005
Community Care Subsidy Amendment Principles 2005 (No. 1)	Provides for leave arrangements for existing recipients of community care to allow them to receive transition care following an acute hospital episode	s. 12.3 s. 12.7	24 June 2005
Flexible Care Subsidy Amendment Principles 2005 (No. 1)	Establishes transition care as a kind of care for which flexible care subsidy may be payable and sets down the requirements for the provision of transition care	s. 15.3 Ch. 5 (s. 15.27-15.34)	24 June 2005
Residential Care Subsidy Amendment Principles 2005 (No. 1)	Gives effect to the eligibility criteria and allows payment of the Conditional Adjustment Payment until June 2008	Part 10 Division 4 (s. 21.26A—s.21.26H)	19 February 2005

<b>Amendment:</b>	<b>Effect</b>	<b>References in the amended Principles</b>	<b>Date commenced</b>
Residential Care Subsidy Amendment Principles 2005 (No. 2)	Provides for leave arrangements for existing recipients of residential care to allow them to receive transition care following an acute hospital episode	s. 21.3 Part 1AA (s. 21.3AA—s. 31.3AB)	24 June 2005
Residential Care Subsidy Amendment Principles 2005 (No. 3)	Inserts reference to new sections of the <i>Aged Care Act 1997</i> in relation to asset testing	para. 21.14(2)(a) para. 21.14(2)(b)	1 July 2005
Residential Care Subsidy Amendment Principles 2005 (No. 4)—Conditional Adjustment Payment	Clarifies the operation of the financial reporting requirement for the Conditional Adjustment Payment	ss. 21.26B(3) s. 21.26C s. 21.26F s. 21.26FA para. 21.26H(b)	1 July 2005
Residential Care Subsidy Amendment Principles 2005 (No. 4)—Viability Supplement	Changes the arrangements for the payment of viability supplement under section 44-29 of the <i>Aged Care Act 1997</i>	Part 14	1 January 2005
User Rights Amendment Principles 2005 (No. 1)	Inserts references to new sections of the <i>Aged Care Act 1997</i> in relation to concessional residents	ss. 23.56(4) ss. 23.81U(4)	1 July 2005



# Appendix B

## Responsibilities of approved providers under the Aged Care Act 1997

Approved providers are required to comply with their responsibilities under the *Aged Care Act 1997*. These include meeting their responsibilities in relation to:

### Quality of care

- providing the care and services that are specified in the Quality of Care Principles for the type and level of aged care that is provided by the service;
- complying with the Accreditation Standards; and
- maintaining an adequate number of skilled staff to ensure that the care needs of care recipients are met.

### User rights

- providing care and services of a quality consistent with the Charter of Residents Rights and Responsibilities and the requirements in the User Rights Principles relating to:
  - residents' security of tenure of their places;
  - access to the service by residents' representatives, advocates and community visitors;
  - providing information to residents about their rights and responsibilities and about the financial viability of the service;
  - restrictions on moving a resident within a residential service;
  - booking fees for respite days; and
  - complying with the prudential and other requirements in relation to any accommodation payments charged for a resident's entry to a service.
- charging no more than the amount permitted under the *Aged Care Act 1997* and User Rights Principles for the care and services that it is the approved provider's responsibility to provide;
- charging no more for other care or services than an amount agreed beforehand with the resident, accompanied by an itemised account of the care and services provided;
- offering to enter into a resident agreement with the resident and, if the resident wishes, entering into such an agreement;
- ensuring that personal information about the resident is used only for purposes connected with providing aged care to the resident, or for a purpose

for which the information was given to the provider by the resident or their representative;

- establishing a complaints resolution mechanism for the service and using it to address any complaints made by, or on behalf of, a resident; and
- if the service has Extra Service status, complying with the requirements of the *Aged Care Act 1997* and the Extra Service Principles in relation to extra service fees and agreements.

### **Accountability requirements**

- keeping and maintaining records that enable claims for payments of Residential Care Subsidy to be verified and proper assessments to be made of whether the approved provider has complied with, or is complying with, its responsibilities;
- cooperating with any person who is exercising the powers of an authorised officer under the *Aged Care Act 1997* and complying with the provider's responsibilities in relation to the exercise of those powers;
- notifying the Department of any change of circumstances that materially affects the provider's suitability to be a provider of aged care, and responding within 28 days to any request by the Secretary of the Department to provide further information in this regard;
- notifying the Department of any change to the provider's key personnel within 28 days after the change occurs;
- taking the steps required under section 63-1A of the Act and specified in the Sanctions Principles to ensure that none of the provider's key personnel is a disqualified individual;
- complying with any conditions that apply to the allocation of any places included in the service;
- providing records or copies of records to another approved provider relating to any places transferred to that provider;
- if the provider intends to relinquish any places:
  - notifying the Department at least 60 days beforehand of the proposed date of relinquishment;
  - complying with any proposal accepted or specified by the Secretary for ensuring that the care needs of residents occupying those places are met;
- allowing people authorised by the Secretary access to the service to assess whether residents have been approved to receive care at an appropriate level;
- conducting in a proper manner appraisals or reappraisals of the care required by residents;

- if the service or a distinct part of the service has extra service status, complying with the conditions of grant or renewal of extra service status;
- allowing people authorised by the Secretary access to the service to review the service's certification;
- complying with any undertaking given to the Secretary, and agreed by the Secretary, to remedy non-compliance with the provider's responsibilities;
- allowing people acting for an accreditation body to have access to the service for the purpose of accrediting the service, or reviewing its accreditation;
- allowing people representing the Secretary to have access to the service for the purpose of making a preliminary assessment of a compliant;
- allowing a person appointed as a mediator to have access to the service for the purpose of mediating between the parties to a complaint;
- allowing a member of a Complaints Resolution Committee to have access to the service for the purpose of resolving a complaint by making a determination; and
- allowing a member of a Determinations Review panel to have access to the service for the purpose of reviewing a determination made by a Complaints Resolution Committee.

#### **Allocation of places**

- complying with the conditions on the allocation of places to the provider relating to the proportion of places that must be provided to:
  - people with special needs;
  - concessional and assisted residents;
  - people needing a particular level of care;
  - people receiving respite care; and
  - other people specified in the notice of allocation of places to the provider.
- complying with the requirements of the Act in relation to:
  - any variation of the conditions of allocation of places; and
  - any transfer of places.



# Appendix C:

## Sanctions imposed under the Aged Care Act 1997 1 July 2004 to 30 June 2005

State and Service Name	Sanction Imposed	Date Imposed	Reason for Imposing Sanction	Outcomes (*)
<b>New South Wales</b>				
Missionholme Nursing Home	<p>1. Approval as an approved provider of aged care services revoked unless an adviser is appointed for a period of six months.</p> <p>2. No Australian Government funding for new residents for a period of six months.</p>	21 January 2005	The approved provider did not comply with all of its responsibilities in relation to the Accreditation Standards. The Agency identified serious risk and the Department determined the serious risk was an immediate and severe risk to the health, safety or well-being of residents.	Sanctions lifted following own motion review due to closure of Service.
Missionholme Hostel	<p>1. Approval as an approved provider of aged care services revoked unless an adviser is appointed for a period of six months.</p> <p>2. No Australian Government funding for new residents for a period of six months.</p>	28 January 2005	The approved provider did not comply with all of its responsibilities in relation to the Accreditation Standards. The Agency identified serious risk and the Department determined the serious risk was an immediate and severe risk to the health, safety or well-being of residents.	Sanction 2 lifted on 30 June 2005. Sanction 1 still in place as at 30 June 2005.
<b>Victoria</b>				
Bayview Aged Care Facility	<p>1. No Australian Government funding for new residents for a period of six months.</p> <p>2. Approval as an approved provider of aged care services revoked unless an adviser is appointed for a period of six months.</p>	26 February 2005	The approved provider did not comply with all of its responsibilities in relation to the Accreditation Standards. The Agency identified serious risk and the Department determined the serious risk was an immediate and severe risk to the health, safety or well-being of residents.	Sanctions still in place as at 30 June 2005.
Emerald Glades	<p>1. No Australian Government funding for new residents for a period of six months.</p> <p>2. Approval as an approved provider of aged care services revoked unless an adviser is appointed for a period of six months.</p>	6 October 2004	The approved provider did not comply with all of its responsibilities in relation to the Accreditation Standards. The Agency identified serious risk and the Department determined the serious risk was an immediate and severe risk to the health, safety or well-being of residents.	Sanction 1 lifted on 22 December 2004. Sanctions 2 expired on 6 April 2005.

State and Service Name	Sanction Imposed	Date Imposed	Reason for Imposing Sanction	Outcomes (*)
<b>Victoria (cont)</b>				
Werribee Terrace Aged Care	1. Approval as an approved provider of aged care services revoked unless an adviser is appointed for a period of six months. 2. No Australian Government funding for new residents for a period of six months.	7 June 2005	The approved provider did not comply with all of its responsibilities in relation to the Accreditation Standards. The Agency identified serious risk and the Department determined the serious risk was an immediate and severe risk to the health, safety or well-being of residents.	Sanctions still in place as at 30 June 2005.
Viewhills Manor	1. No Australian Government funding for new residents for a period of six months. 2. Approval as an approved provider of aged care services revoked unless an adviser is appointed for a period of six months.	8 October 2004	The approved provider did not comply with all of its responsibilities in relation to the Accreditation Standards. The Agency identified serious risk and the Department determined the serious risk was an immediate and severe risk to the health, safety or well-being of residents.	Sanction 1 lifted on 15 March 2005. Sanction 2 expired on 8 April 2005.
<b>South Australia</b>				
Eyre Peninsula Old Folks Home	1. No Australian Government funding for new residents for a period of six months.	21 October 2004	The sanction was imposed due to a breach of the Accountability Principles under the Aged Care Act 1997 where the approved provider failed to allow the Agency access to the home	Sanction lifted on 15 March 2005.
St Catherine's Nursing Home	1. Approval as an approved provider of aged care services revoked unless an adviser is appointed for a period of six months. 2. No Australian Government funding for new residents for a period of six months.	7 January 2005	The approved provider did not comply with all of its responsibilities in relation to the Accreditation Standards. The Agency identified serious risk and the Department determined the serious risk was an immediate and severe risk to the health, safety or well-being of residents.	Sanction 2 lifted on 15 June 2005. Sanction 1 still in place as at 30 June 2005.

## Queensland

Masonic Care QLD— Sandgate Hostel	I. Approval as an approved provider of aged care services revoked unless an adviser is appointed for a period of six months.	4 February 2005	The approved provider did not comply with all its responsibilities in relation to the Accreditation Standards. The Agency identified serious risk and the Department determined the serious risk was an immediate and severe risk to the health, safety or well-being of residents.	Sanction still in place as at 30 June 2005.
Morrington Island Aged Persons Hostel	I. Vary the allocation condition so that no new residents assessed as requiring a high level of care can be admitted for a period of six months.	28 February 2005	The approved provider did not comply with all its responsibilities in relation to the Accreditation Standards. The Agency identified serious risk and the Department determined the serious risk was an immediate and severe risk to the health, safety or well-being of residents.	Sanction still in place as at 30 June 2005.
Ridgehaven Retirement Complex (Hostel)	I. Approval as an approved provider of aged care services revoked unless an adviser is appointed for a period of six months.	10 December 2004	The approved provider did not comply with all its responsibilities in relation to the Accreditation Standards.	Sanctions period expired.
Ridgehaven Retirement Complex (Nursing Home)	I. Approval as an approved provider of aged care services revoked unless an adviser is appointed for a period of six months.	10 December 2004	The approved provider did not comply with all its responsibilities in relation to the Accreditation Standards.	Sanctions period expired.

(\*) Note: Section 68-1 of the *Aged Care Act 1997* provides that a sanction that has been imposed on an approved provider for non-compliance with its responsibilities ceases to apply if (a) the sanction period ends or (b) the Secretary decides under section 68-3 of the Act that it is appropriate for the sanction to be lifted. When applicable, the duration of a sanction is fixed by the Secretary and specified in the notice of decision to impose a sanction.



# Appendix D

## Aged Care Assessment Teams

There are 119 Aged Care Assessment Teams (ACATs) Australia wide. A number of these have outposted team members away from their main location. Listed sub-teams are included under their parent ACAT.

<i>Aged Care Assessment Teams</i>	<i>Locations</i>
<b>Australian Capital Territory</b>	
ACT	Canberra City
<b>New South Wales</b>	
Albury	Albury
Bankstown	Bankstown
Bathurst	Bathurst
Bega Valley	Pambula
Blacktown	Blacktown
Blue Mountains	Lawson
Camden	Camden
Canterbury	Campsie
Central Coast	Gosford
Clarence Valley	Grafton
Coffs Harbour	Coffs Harbour
Concord	Concord
Cooma	Cooma
	sub-team – Queanbeyan
Eurobodalla	Moruya
Far West	Broken Hill
Glebe	Glebe
Goulburn	Goulburn
Hornsby/Ku-ring-gai	Hornsby
Hunter Rural Aged Care Assessment Team	
Hunter Rural ACAT	Kurri Kurri
Upper Hunter ACAT	Muswellbrook
Hunter Urban (Newcastle)	New Lambton Heights
Kogarah Community	
Rehabilitation and Geriatric Service	Kogarah
Liverpool / Fairfield	Liverpool

Lourdes  
 Lower North Shore  
 Macleay-Hastings (Kempsey)  
 Manly/ Warringah  
 Manning/Great Lakes Lower  
     Mid North Coast Hunter (HNE)  
     Aged and Extended Care Service  
 Milton/Ulladulla  
 Mona Vale  
 Murrumbidgee  
 Narrabri  
 Northern Illawarra  
 Northern Tablelands  
 Orange Extended Care Service  
 Parkes  
 Randwick/Botany  
 Richmond  
 Ryde  
 Shoalhaven  
 Southcare Aged and Extended Care  
 Tamworth  
 Tweed Valley  
 Wagga Wagga  
 Waverley  
 Wentworth/Penrith  
 Westmead  
  
 Wingecarribee  
 Young

**Northern Territory**

Darwin  
  
 Alice Springs  
  
 Katherine

Dubbo  
 St Leonards  
 Port Macquarie  
 Seaforth  
  
 Taree  
 Milton  
 Mona Vale  
 Griffith  
 Narrabri  
 Warrarong  
 Armidale  
 Orange  
 Parkes  
 Randwick  
 Lismore  
     Eastwood  
 Berry  
 Miranda  
 Tamworth  
 Tweed Heads  
 Wagga Wagga  
 Waverley  
 Kingswood  
 Westmead  
     sub-team – Auburn  
 Bowral  
 Young  
  
 Casuarina  
     sub-team – Nhulunbuy  
 Alice Springs  
     sub-team for remote clients  
     sub-team – Tennant Creek  
 Katherine

## Queensland

Cairns

Central West

Fraser Coast

Gold Coast

Mackay

Mount Isa

Queen Elizabeth EII (Brisbane South)

Redcliffe-Caboolture

Health Services District

Rockhampton

Royal Brisbane Hospital

Sunshine Coast

The Prince Charles Hospital

Toowoomba

Townsville

West Moreton

## South Australia

Adelaide Hills and Southern Fleurieu

Barossa

Flinders and Far North

Kangaroo Island

Lower Eyre Peninsula

Lower North

Lower South East

Mid North

Murray Mallee

Adelaide Northern Area

Riverland

Adelaide Southern Area

Upper South East

Whyalla

Yorke Peninsula

Cairns

sub-team–Innisfail

sub-team (Tablelands)—

Mareeba

Longreach

Maryborough

Southport

Mackay

Mount Isa

Acacia Ridge

Caboolture

Rockhampton

Windsor

Nambour

Chermside

sub-team – Strathpine

Toowoomba

sub-team – Roma

Thuringowa Central

Ipswich

Mt Barker

Angaston

Port Augusta

Kingscote

Port Lincoln

Clare

Mount Gambier

Port Pirie

Murray Bridge

Northfield

Berri

Woodville

Naracoorte

Whyalla

Walleroo

**Tasmania**

North West  
 Northern  
 Southern

Ulverstone  
 Launceston  
 Battery Point

**Victoria**

Grampians  
 Loddon Mallee  
 Northern Metropolitan  
 Southern Metropolitan  
 Central Eastern Metropolitan  
 Barwon South Western  
 Gippsland  
 Northern Metropolitan  
 Southern Metropolitan (Kingston)  
 Loddon Mallee  
 Southern Metropolitan  
 Western Metropolitan (North West)  
 Eastern Outer Metropolitan (Outer East)  
 Hume (Shepparton/Hume)  
 Eastern Metropolitan and  
     Northern Metropolitan  
     (North East Metro St George's)  
 Hume (Wangaratta)  
 South Western (Warrnambool)  
 Western Metropolitan (Western)

Ballarat  
 Bendigo  
 Bundoora  
 Caulfield  
 Forest Hill  
 North Geelong  
 Taralgon  
 West Heidelberg  
 Parkdale  
 Mildura  
 Mt Eliza  
 Parkville  
 Upper Ferntree Gully  
 Shepparton  
  
 Kew  
 Wangaratta  
 Warrnambool  
 St Albans

**Western Australia**

Albany  
 Armadale/Kelmscott  
 Bentley Geriatric  
 Bunbury  
 Freemantle  
 Geraldton  
 Kalgoorlie  
 Kimberley  
 Mandurah  
 Narrogin  
 Northam

Albany  
 Armadale  
 Bentley  
 Bunbury  
 Freemantle  
 Geraldton  
 Kalgoorlie  
 Broome  
 Mandurah  
 Narrogin  
 Northam

Osbourne Park  
Pilbara  
Royal Perth  
Sir Charles Gairdner  
Swan District

Stirling  
Port Hedland  
Perth  
Nedlands  
Middle Swan

