

2021 Federal Budget Analysis

11 May 2021

ACSA welcomes the Budget delivered tonight. There are a number of positive measures that will assist the fundamental reform that is required to address the quality, safety, funding and sustainability challenges our sector faces.

The increase of funding which totals \$17.7 billion over the forward estimates is a significant investment and is a positive initial acknowledgement of the size of the task ahead of us. Whilst it alone is not enough, it is a significant uplift in funding to take our sector forward.

ACSA has taken a publicly supportive approach in order to acknowledge the significant investment by government and progressive reforms it has committed to. Many of the measures will require ongoing analysis, and there will be many questions for Government, and discussions ahead of us to ensure commitments made are delivered appropriately.

We support the additional \$7.5 billion being put into helping people age in their own homes, supported by an additional 80,000 additional home care packages. Much work needs to be done to address workforce to ensure the numbers and quality of staff required to support these additional packages are available. This will take time and will impact the speed at which the home care wait list can be cleared.

The move to a single care at home program is vital, and we are pleased to see that accessibility into aged care is to be addressed, along with in-person care finder services.

A reablement and wellness approach is key to a reformed home care approach and must be funded adequately ensuring older Australians remain as independent as possible enabling them to remain living in the location of their choice.

There are a number of key outcomes noted in residential care, including:

- Introduction of the AN-ACC funding tool in 2022;
- A move away from ACAR – to funding being allocated to the older person; and
- Independent pricing being addressed.

These are all important developments that ACSA supports in-principle, but we will need much more detail on how these are to be implemented and funded.

Data that is gleaned from the current Shadow Assessment process must be shared with the sector to enable providers to understand the impact of introducing AN-ACC as the new residential care funding tool.

Additionally, moving away from ACAR and providing funding to the older person needs to be carefully planned for and transitioned into.

Independent pricing (through a pricing authority) will be a positive if it accurately identifies costs and subsequently recommends pricing that ensures sector sustainability and that better addresses indexation. This independent body will need to consider the delivery of high-quality care as part of determining 'price'.

An increase in the Basic Daily fee by \$10 per resident per day is important in helping to shore-up sector viability but in and of itself won't be enough to ensure long term viability and sustainability.

The move to requiring 200 minutes of care time per resident per day, equating to 3.3 hours per day (including 40 minutes of Registered Nurse time) needs to be worked through by the sector to determine if this is adequate to deliver quality and safe care. We are pleased to see that this additional staffing requirement has been funded by Government.

The challenge provided by requiring an RN to be present at every facility needs to be considered as this will create very real challenges for providers in rural and remote settings.

ACSA will continue to review the Budget measures to determine how adequately government has addressed the needs and challenges of regional, rural and remote providers.

We support improvements to quality, safety and governance. We cannot have the care failures of the past. Providers must have quality governance systems and be well led by appropriately skilled boards. The regulator must also be well resourced and skilled to do their job, ensuring only quality providers are accredited to deliver aged care services.

We support transparency and comparability and on this front support a more nuanced public reporting of provider performance including a star rating approach provided the information in the public realm is meaningful to consumers and allows the consumer to compare like-with-like. Transparent financial reporting is supported again so long as the data reported is meaningful to consumers.

Pillar 4 'Workforce' will be key in achieving quality in aged care. Ongoing analysis is required to determine whether the workforce measures proposed by Government will meet the needs of the sector. Nearly one third of the \$652 million allocated to workforce in the budget is for an independent assessment workforce, whilst this is an important component of a redesigned single aged care program it will not in itself contribute to addressing the sector's workforce challenges.

Again, whilst additional workforce training packages are important, they are one component of what will need to be a comprehensive workforce package. Simply put we need more workers that are better paid and better trained. Further analysis of the workforce measures is required.

ACSA will continue to analyse the Budget measures over coming days and weeks and will provide further analysis to members.

Government responds to the Royal Commission Final Report

Government has provided a response to the final Report of the Royal Commission into Aged Care Quality and Safety, [see here](#)

The Government has supported 126 of the 148 recommendations.

They describe having a once-in-a-generation opportunity to ‘confront the inadequacies in aged care’.

Record funding to reform aged care

- \$17.7 billion reform package over the forward estimates
- In 2021-22 spending on aged care is expected to be \$25.9B, up from \$13.3B in 2012-13
- Government funding priorities:
 - in home care;
 - reforming residential aged care;
 - addressing sector sustainability; and
 - grow and upskill the workforce.
- Reforms in aged care will be supported by new governance structures, including a new Aged Care Act that focuses on the older person.

Initiatives over the 5 years:

- Res care services and sustainability – \$7,792.7M
 - Y1 – 263.1
 - Y2 – 879.1
 - Y3 – 1,889.1
 - Y4 – 2,326.0
 - Y5 – 2,435.4
- Home Care - \$7,458.7M
 - Y1 – 0.0
 - Y2 – 719.2
 - Y3 – 1,706.5
 - Y4 – 2,490.7
 - Y5 – 2,542.3

“Five Pillar – Five Year Plan”

Supporting older Australians to stay at home longer – Home Care, Pillar 1

\$7.5 billion towards supporting older Australians who choose to remain living in their own home, including:

- \$6.5B to provide an additional 80,000 HCPs - takes number to more than 160,000 the number of additional packages, worth \$12 billion, committed since 2018-19 budget:
 - 40,000 in 2021-22
 - 40,000 in 2022-23.
- \$10.8M to prioritise work on the design of a new aged care program as a priority.
- \$798.3M to support 1.6 million informal carers, including additional respite services for 8,400 older Australians.
- \$272.5M for enhanced support and face to face services to assist older Australians accessing and navigating the aged care system.
- Increasing access and funding for respite and reablement services – better supporting older Australians and their families.

Delivering quality residential aged care and sustainability – Pillar 2

\$7.8B to improve the quality, safety and sustainability of residential aged care services, aims to provide more certainty and stability for providers including:

- \$3.9 billion to increase care minutes delivered to residents, mandated at 200 minutes per day, including 40 minutes with a registered nurse.
- \$3.2 billion through a funded Basic Daily Fee supplement of \$10 per resident per day, as well as interim funding to continue support for residential care facilities from 1 July 2021.
- \$102.1 million to assign residential aged care places directly to senior Australians, and to support providers to adjust to a more competitive market.
- \$49.1 million to expand the Independent Hospital Pricing Authority to help ensure that aged care costs are directly related to the care provided.
- \$189.3 million to introduce AN-ACC funding tool.
- \$5.5 million to reform residential aged care design and planning to better support those living with dementia.

Residential aged care quality and safety - Pillar 3

\$942 million for improvements to residential aged care quality and safety including:

- \$365.7 million to improve access to primary care for senior Australians, including the transition of senior Australians between aged care and health care setting and improved medication management.

- \$262.5 million to ensure the independent regulator, the Aged Care Quality and Safety Commission (ACQSC), is well-equipped to safeguard the quality, safety, and integrity of aged care services, and can effectively address failures in care.
- \$7.3 million for additional resources to build capacity within residential aged care for the care of senior Australians living with dementia.
- \$67.5 million for the Dementia Behaviour Management Advisory Service and the Severe Behaviour Response Teams to further reduce reliance on physical and chemical restraint (restrictive practices).
- \$200.1 million to introduce a new star rating system to highlight the quality of aged care services, and better informing senior Australians, their families, and carers.

Workforce – Pillar 4

\$652.1 million to grow a skilled, professional and compassionate aged care workforce, which will be the powerhouse of the Government’s reform agenda, including:

- \$228.2 million to create a single assessment workforce to undertake all assessments that will improve and simplify the assessment experience for senior Australians as they enter or progress within the aged care system.
- \$135.6 million to provide eligible registered nurses with financial support of \$3,700 for full-time workers, and \$2,700 for part-time workers.
- \$9.8 million to extend the national recruitment campaign, and to help increase the skilled and dedicated aged care workforce.
- Upskill the existing workforce and providing training for thousands of new aged care workers, including 33,800 subsidised Vocational Education and Training places through JobTrainer.

Governance – Pillar 5

\$698.3 million to improve the governance across the aged care system. This will embed respect, care and dignity at the heart of the system, guaranteeing better choice, high quality and safe care for senior Australians, including:

- \$21.1 million to establish new governance and advisory structures, including a National Aged Care Advisory Council, Council of Elders and are working towards establishing a new Inspector-General of Aged Care.
- \$630.2 million to improve access to quality aged care services for consumers in regional, rural and remote areas including those with First Nations backgrounds and special needs groups.
- \$13.4 million to improve rural and regional stewardship of aged care, with Department of Health aged care officers embedded within eight of the 31 Primary Health Network regions.
- The drafting of the new Aged Care Act.

It is reported in the Budget Papers that to strengthen provider governance, there will be new governance obligations from 2022 to lift leadership capability in the sector by requiring improvements to the composition and accountability of aged care boards.

The above Five Pillars will be realized over five years.

2021

- Home care
 - Release of 40,000 of the 80,000 additional home care packages throughout the year.
 - Investment in home care with at home support and care based on assessed need, building towards a new support in the home model.
- Residential aged care services and sustainability
 - Supplement (\$10 Basic Daily Fee) and continue Viability Supplements.
 - Independent Pricing Authority.
 - Begin phasing in enhanced financial and prudential oversight.
- Residential aged care quality and safety
 - Improve Quality Standards for dementia, diversity, food, nutrition.
 - Enhanced regulatory and monitoring powers of the Aged Care Quality and Safety Commission to improve clinical standards.
 - Additional GP services and access available for aged care residents.
- Workforce
 - Additional training places provided for new and existing aged care workers.
 - Scholarships to attract nurses and personal care workers.
 - Additional advocacy, dementia, and palliative care training.
- Governance
 - Council of the Elders.
 - Inspector-General of Aged Care.
 - Funding uplift for MPS and NATSIFAC residential care.

2022

- Home care
 - Release of 40,000 additional home care packages.
- Residential aged care services and sustainability
 - Transition to AN-ACC funding model.
 - Increase in the residential funding base.
- Residential aged care quality and safety
 - Serious Incident Response Scheme (SIRS) expanded to home and community care.
 - Reporting of staffing hours.
 - Enhanced financial reporting transparency.
 - Worker screening (workforce register) and code of conduct introduced.
 - Stage one implementation of Star Ratings.
- Workforce
 - Single assessment workforce model implemented in residential care.
 - Financial incentive payments for registered nurses.
 - Additional training places provided for new and existing workers, including 6,000 new personal care workers and 33,800 additional training places for personal care workers to attain a Certificate III.
- Governance
 - Procurement of Indigenous care finders.

2023

- Home care
 - Network of 500 local Care Finders in place.
 - Single in-home care program.
- Residential aged care services and sustainability
 - Mandatory care time (200 care minutes).
- Residential aged care quality and safety
 - National Aged Care Minimum Dataset to improve information metrics about aged care.
 - Expanded National Mandatory Quality Indicator Program (NMQIP).
- Workforce
 - Single assessment workforce model implemented in home care.
 - Additional training places provided for new and existing personal care workers to attain a Certificate III.
- Governance
 - New Aged Care Act commences.

2024

- Home care
 - Expected new support at home program supports senior Australians to stay in their homes and keep connected to their communities.
- Residential aged care services and sustainability
 - Reformed residential aged care accommodation framework implemented.
 - Discontinue the Aged Care Approvals Round process from 1 July 2024.
- Residential aged care quality and safety
 - Full implementation of Star Ratings.

2025

- Residential aged care services and sustainability
 - Young People in Residential Aged Care targets met – no people under 65 living in residential aged care (Dec 2025).
- Governance
 - Strong and effective governance of aged care is in place with senior Australians at the centre and improved care outcomes consistently delivered.

Other - General

Aligning provider regulation across the care and support sector

The Government will provide \$12.3 million over two years from 2021-22 to improve alignment of regulation across the care and support sector. This includes facilitating greater information sharing between regulators, alignment of auditing arrangements and compliance and enforcement powers, review of the NDIS Quality and Safeguard Framework and consultation with the sector around options for further reform to align regulation and safeguards.

Informed choice

\$200M to help older Australians and their families to make more informed choices about the quality of aged care services:

- Star rating system on MAC for residential care.
- SIRS to be expanded into Home Care.
- Trial regional network of staff to provide face to face services to help navigate the system.

GP-Led care

- \$365.7M to enhance primary care for older Australians, including improved access to GPs and better coordination of health services.

Mental Health

Government to provide an additional \$2.3B over four years for mental health and suicide prevention services.

Northern Australia Insurance Affordability and Mitigation

To address insurance affordability in cyclone prone areas – backed by \$10B Government Guarantee (potentially significant for providers in cyclone prone areas).