

Conversations on improving outcomes for those in need of, and those receiving aged care services.

JUNE AND JULY 2022



CONTEXT

Why are we doing this?

Grant Thornton in conjunction with the CBA have hosted a series of intimate events with our aged care clients and other aged care service providers in Brisbane, Perth, Melbourne, Adelaide and Sydney between May and July 2022. The purpose of these events is to create a safe environment where the key issues on the minds of providers can be openly discussed without fear or favour. The events provide an opportunity to debate ideas, air grievances and discuss solutions with a view to improving the overall performance of the aged care system and improve the quality of services to older Australians.

We seek to share this information to change the Government and community's perception of aged care and to build sector resilience for what is to come. This is critical in supporting the major reforms that are being considered to improve services across the sector.

The new Government – opportunity knocks

Overwhelmingly the attendees welcomed the appointment of The Hon Mark Butler MP as Minister for Health and Aged Care, and the Hon Anika Wells MP as Minister for Aged Care and Minister for Sport. “Fresh eyes on the aged care sector will provide opportunities for providers to share the experiences of those in their care and communicate how they are realising the common goal of high quality, safe and consistent care for older Australians.

The appointments of The Hon Ged Kearney MP as Assistant Minister for Health and Aged Care, The Hon Emma McBride, Assistant Minister for Mental Health and Assistant Minister for Rural and Regional Health, and Senator, the Hon Malarndirri McCarthy as Assistant Minister for Indigenous Health will support this process for activities that intersect with and support the aged care sector. Mental health is one primary concern for providers as is the delivery of services in rural and remote Australia.

From our conversations with providers, we understand that Minister Wells has been consulting providers and this is most welcome. This paper seeks to further inform the Minister of the views of a large cross section of the sector.

It is also appreciated that the Minister has pushed ahead with key reforms including the implementation of ANACC. The sector has invested heavily in the preparation for its introduction and any significant delay could have had a deleterious effect on the financial performance of many providers. ANACC is seen as a real opportunity for funding reform and will be welcomed by many providers. For others, forecast reductions in their revenue could have dire consequences on service delivery and increase the risk of provider failure. It is acknowledged that no system is perfect, and it is hoped that further work will be undertaken in

refining the funding allocation model to address any adverse anomalies that arise. The opportunity sits with Government to use this process to reimagine aged care funding and extend thinking through codesign into the role of retirement living, land lease communities, primary care, and acute and subacute care.

Other measures that are included in The Aged Care Amendment (Implementing Care Reform) Bill 2022 and Aged Care and Other Legislation Amendment (Royal Commission Response) Bill 2022 that were passed on the 2nd August, are noted here for completeness.

With respect to the implementation of this legislation, providers are very keen to be involved to ensure the best outcomes are realised for consumers of aged care services, that is, care recipients and their families. Providers are at the core of aged care service delivery and will work with Ministers to align Government goals with provider and consumer goals. It is evident in our conversations that providers need to better understand the goals, roles and responsibilities of the Government and the Department in order to better facilitate solutions that improve outcomes for consumers and meet government systems and process requirements. Solutions must make sense to providers and the community and be sensitive to Government resource and funding constraints.

Further reform is anticipated and there is a high degree of willingness and commitment to ensure that these future reforms are effective and lead to better outcomes for aged care consumers. Providers want to be involved in the consultation and codesign.

The Ministers can expect further engagement from providers within the sector to advocate for appropriate future reforms.



Aged care sector fundamentals

The problem of the ageing population and silver tsunami are not going away, nor is the opportunity to create a system that support all who need care into the future. Providers see this opportunity to improve services and refresh residential stocks, particularly in regional, rural and remote parts of Australia.

The demographic demands of our population mean that there will continue to be a demand for more residential care homes than there are now. If all of the older stock were to be refreshed or replaced, that will increase the requirement for new developments. This will require capital which will only be attracted to the sector if there are adequate returns on these investments.

Scale operators, generally achieve better returns through efficiencies from systemic processes and established investment appetite and pipeline. With deregulation of bed licences, localised geographic markets will open up and providers will be forced to compete openly for consumer, and for some, survival.

A fresh look at the capital model of for the sector is required to ensure that the population demand can be met and that there is sufficient incentive for investors to invest in providers and for providers to invest in replenishment and replacement of older stock. In other words, the optimal capital required to be deployed across the sector to improve services for consumers is optimised.

Workforce – A snapshot of ideas

Workforce challenges continue to plague the aged care sector with many providers reporting they at times have been unable to fill shifts in homecare and residential care. Some providers have elected to close residential care facilities due to chronic staff shortages and the high cost of agency staff, who are often inexperienced in delivering aged care services. They have spoken publicly about being unable to provide the services to standards that their communities expects.

Our research last year indicated that the sector will require approximately 9,000 nurses to fulfil all of the recommendations of the Royal Commission into Aged Care Quality and Safety, with information from the Department of Immigration indicating the Net Overseas Migration has been negative since 2020–21 further impacting staffing availability.

Table 1: net overseas migration, for years ending 30 June

Net overseas migration	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
2020-21 budget	239,700	154,100	-71,600	-21,600	95,900	201,100	
2021-22 budget		194,400	-96,600	-77,400	95,900	201,100	235,000

Sources: Australian Government, Federal financial relations: budget paper no. 3: 2020–21, Table A.5 p. 86; Australian Government, Federal financial relations: budget paper no. 3: 2021–22, Table A.5 p. 104.

Our research is being updated and will be published in October 2022 at the ACCPA Conference in Adelaide.

Attraction and retention of staff has been seen by the Department as a provider issue, whereas the aged care industry recognises it as a structural issue with all providers reporting issues with recruitment, staffing levels, experience and capacity. This has been significantly exacerbated by furloughed staff impacted by COVID and aggressive attraction strategies employed by health services. In many cases significant bonuses have been paid to lure nurses and other staff away from aged care, something the sector has been unable to compete with.

“A Matter of Care: Australia’s Aged Care Workforce Strategy” was published in 2018, well before global and domestic health and economic crises suspended migration initiatives. Since then, the unemployment rate has decreased to 3.5%, and the participation rate increased to 66.8%.

The Aged Care Workforce Industry Council continues its good work. Providers believe a more focussed and clearer strategy will be required to ensure services remain relevant and resilient in the face of shortages and consumers continue to experience great services. Providers have many ideas they are prepared to share, however a structured process needs to be established to ensure this happens in a timely way.

The Aged Care Quality and Safety Commission – a Conundrum

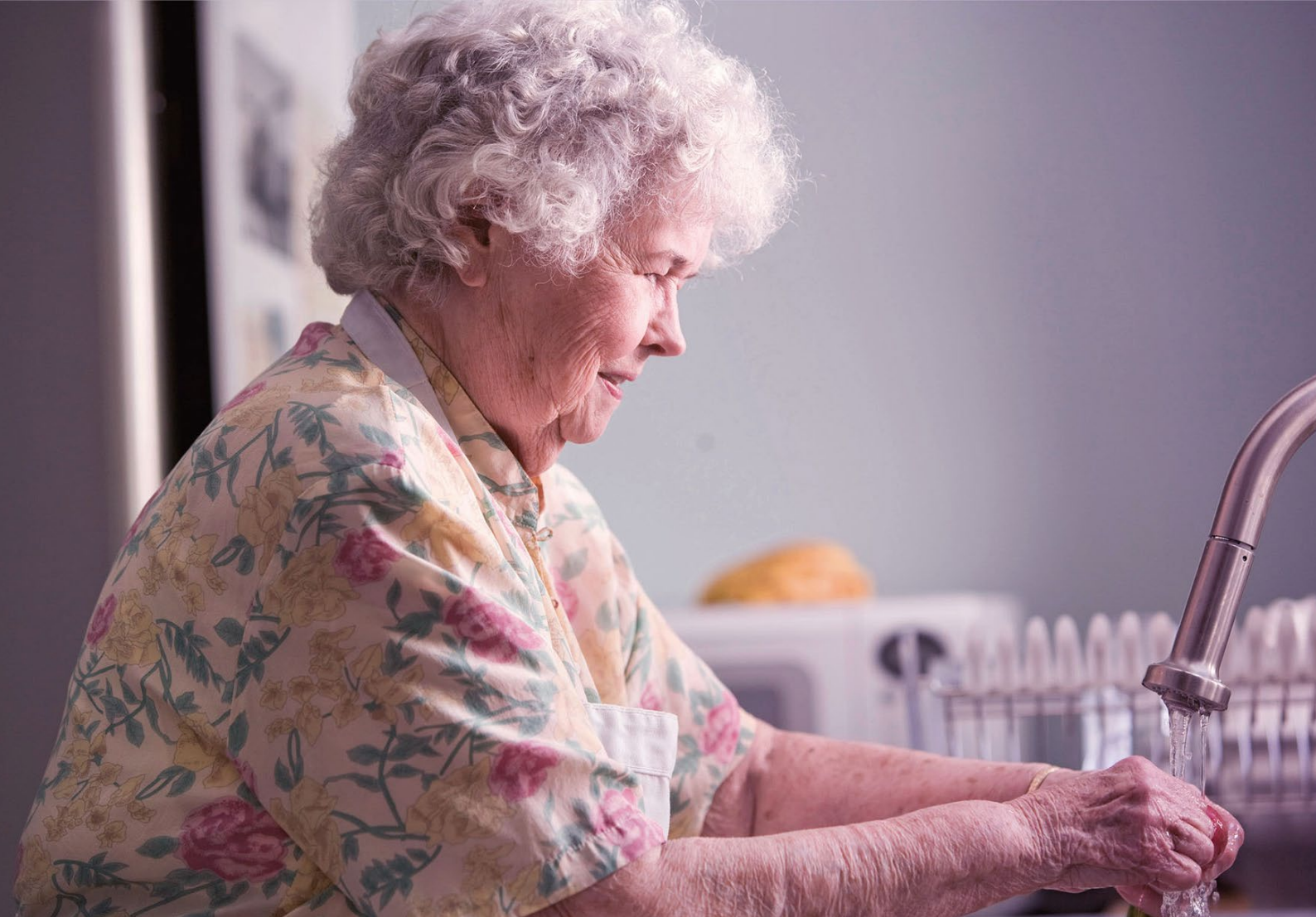
It is clearly understood, acknowledged and welcomed by providers, that a firm uncompromising regulator is required to ensure those that transgress their social licence to care for older Australians are appropriately dealt with. There is a clear desire that the regulator should also be a facilitator of continuous improvement across the sector, engaging with providers regarding how they can achieve best practice and sharing their experiences and ideas gleaned from other providers to create shared opportunity and innovation.

There are many examples in the past of the regulator delivering on these two functions effectively and fairly. It is felt that this is not the case currently, with the ACQSC holding the powers of police, judge, jury and executioner within its remit. Sadly, this describes an environment of punitive action rather than innovation, and continuous improvement. The current approach does not align with the foundations of this industry that relies on love, care and kindness, interconnected with clinical and commercial savvy. Getting this balance right is essential to retain the trust in the community and the ACQSC's social licence to operate.

It is well accepted by providers that a regulator that demonstrates the attributes of care and kindness in the delivery of its purpose will be respected when exercising the 'iron fist in the velvet glove'. There is a universal consensus that the regulator needs to be firm and act quickly to provide the necessary disciplinary actions to remove providers who are not behaving within the scope of the industry's social licence.

The current approach by some personal in the ACQSC is seen as uninformed and punitive. Some providers are reporting that their workers are more anxious when ACQSC personal are in attendance at facilities, raising questions over company officers' responsibilities for the health and wellbeing of workers under health and safety legislation. The question arises – should providers prevent ACQSC personal from entering the premises, where there is a possibility or likelihood that their presence and approach will cause a workplace injury? How do providers mitigate this risk?

To fulfil this requirement a complete review of the Aged Care Quality and Safety Commission is required to ensure that all of its activities, including the Commission's culture, and the way in which Commission services are performed, align with the overarching goal of providing high quality, safe and consistent services to older Australians requiring care.



Residential care homes an extension of housing policy

Many “for purpose” providers have “conglomerate” business models where they deliver added care and community services. The latter can incorporate social housing, social justice programs and supports for disadvantaged groups.

There is a consideration that for many people residential care is a continuum of other social housing supports and should be seen as a part of an overall package of reforms that integrate housing needs for lower income families. This was particularly evident in South Australia.

Reforms that were discussed included structured transition programs so that homeless people and people reliant on social housing did not slip through the cracks and were afforded the same access to quality care as all other older Australians.

Health and Aged Care systems reform

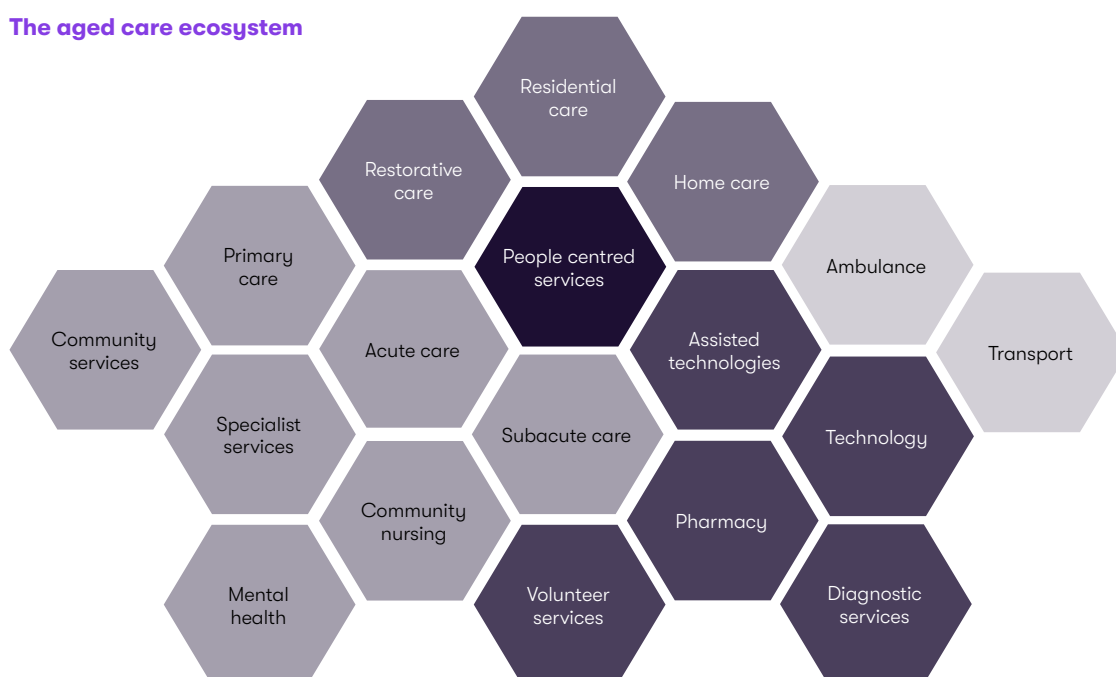
The role of the Ministers and Assistant Ministers cannot be underestimated when considering overall health and aged care system reform, the intersections, alignments and breakdowns in the way the various moving parts interact or fail to interact.

Primary care, acute and subacute care providers interact with the aged care system daily, however there is no clear and common understanding of the roles and capacities of the aged care providers and the necessary interfaces that streamline the care recipients' journey between system interventions. Our experience is that Primary Health Networks (PHNs) can play a vital role in this process.

The application and commitment by individual PHNs vary considerably and is largely driven by specific interest within Board and Executive ranks rather than a systematic approach.

An overall approach that engages both federal and state-based health and aged care services needs to be developed. This could be driven from the PHNs to produce a universally consistent process that is understood by all of the moving parts.

The aged care ecosystem





“Always choose quality over quantity. This rule applies to every life situation.”

HIS HOLINESS THE DALAI LAMA

Aged care services – quality vs quantity

It is understood and accepted that the Government is committed to implementing the recommendations of the Royal Commission into Aged Care Quality and Safety, including the implementation of a minimum number of care minutes, and requirements for 24/7 nursing support in residential care services.

The principal area of concern expressed by providers is that “minimum minutes” is an input control on effort rather than an outcome measure of quality. This issue highlights a number of interrelated and sometimes opposing tensions that providers are required to resolve on a daily basis in order to provide quality services to those in need of, and those receiving care.

The following commentary on residential aged care services will be used to highlight these tensions and how outcome measures as opposed to input controls (care minutes) will improve the quality of life of residents. The principles apply equally to home care settings.

1

The desire of providers is to provide care services that enable older Australians in need of care to experience love, care, and kindness in their daily interactions with carers.

2

The number of care minutes provided is an indicator of time spent with a care recipient, and does not measure the nature and quality of the interpersonal exchange between carer and care recipient, the degree to which residents experience love, care and kindness. The best measure of this is the gathering of data on both the residents experience and that of their primary supports – family and friends). Care minutes as a measure of quality should be reviewed and amended if the evidence shows there is a better way in future.

3

In order to facilitate and improve the quality of life of residents, it is essential that care services offer and deliver re-enablement and or rehabilitation programs for those in care, for example, supporting restoration of mobility. The Care Minutes metric will only include registered nurses, enrolled nurses and personal care staff and assistants in nursing while excluding allied health workers and lifestyle support workers, yet those interventions that the latter provide can directly contribute to the quality of life of residents through supports that improve dental, mobility, and mental health outcomes. When considering quality verses quantity, these workers must be included in the Care Minutes metric.

4

The introduction of 24 / 7 nursing support is almost impossible in many services in rural and remote Australia and in some thin labour markets that exist around major hospital services in metropolitan areas. While it is acknowledged that nursing is an essential capability required to offer quality and safe services to care recipients, other mechanisms including telehealth, outreach medical services and other mechanisms need to be explored to ensure all older Australians in care have access to similar standards of care irrespective of their location or circumstance.

5

Many services apply different descriptions and titles to the roles of their workers, who are undertaking similar, if not the same services to care recipients. One school of thought is to standardise the job descriptions to assist in comparing activities, while others believe their descriptions of workers is a competitive advantage and the differentiation assists in attraction and retention of staff.

The overarching Government policy must be underpinned by a clear whole of industry strategy, that improves home care and residential care outcomes for consumers and supports providers to address the increasing needs of end of life care. There will be significant savings for Government if the “right” model is established, as it will save on the cost of hospital beds that can also be utilised for other health purposes. Not to do so, could exacerbate the bed blockage arising from older Australians in hospitals end of life residential care is a more appropriate setting.

Health and Aged Care expertise

Our society is throwing up fresh challenges for the players of the health and aged care sector. Already under steadily increasing pressure from the aging population, the sector is feeling the impacts of system reforms, relentless cost pressures, the pandemic and other changes. Consumers have higher expectations and greater choice of providers, services and pricing models, forcing organisations to compete in new ways. The operators who thrive will be those who are able to create new business models, realise operational efficiencies and stay one step ahead of their competitors. Change also brings great opportunity and an exciting future to look forward to. Our national team of Health and Aged Care specialists partner with clients on their growth journey and help them to navigate the complexity of change.

Industry participation

Through our significant involvement in the Health and Aged Care industry across Australia, we have the ability to conduct research effectively on an economic, market, community and provider basis. We understand the participants and service providers within the industry. This means we can provide a broad range of insights, expertise and ideas and apply them to the market policies and regulations, to help drive the future success of the industry. We have hosted aged care breakfasts with providers and Ministers. More recently we were fortunate to present the health and aged care component of our Federal Budget: a 10 year retrospective.

This capability is backed by a team that are active on industry boards, committees and government advisory panels. We work with ACCPA, VHA and PCA, and boards of not-for-profit providers.

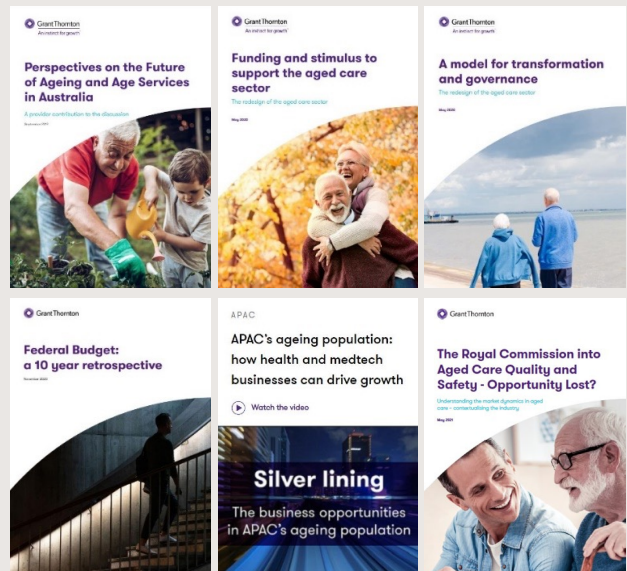
Advocacy and thought leadership

We are at the forefront of the unique challenges facing health and aged care providers. We pride ourselves in partnering with industry leaders to develop and implement solutions to overcome these challenges.

Collaborating with clients, regulators and industry bodies, we have actively advocated for positive change in the sector. The team has a strong track record of contributing to discussions and submissions relating to regulation, industry, funding, media scrutiny, investment, tax treatments, the Royal Commission into Aged Care and more.

Our Health and Aged Care team deliver a calendar of industry-focused updates, reports and professional development seminars. We undertake research with peak bodies including ACCPA, PCA and NDS.

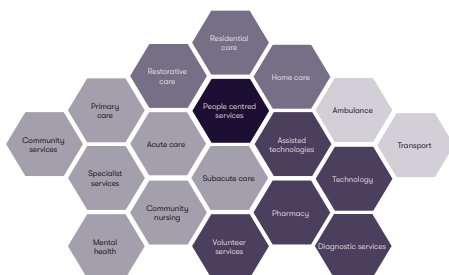
Our Health & Aged Care resources



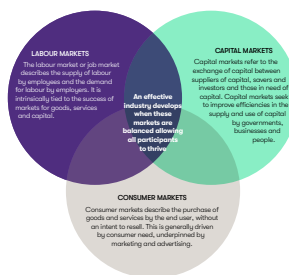


Industry Models

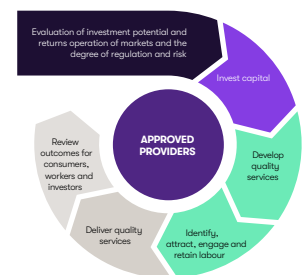
In the development of the research we have undertaken we have developed several models that are useful in guiding how we would approach this engagement



The aged care **ecosystem** describes the interaction between various stakeholders who benefit from their involvement in the sector



The **three markets model** describes the interaction between consumer labour and capital markets and the benefits to market participants of having all three in balance.



Our **Capital Cycle Model** highlights the strength that markets achieve as a result of having an industry that attracts capital through appropriate levels of return, and the flow on benefits to workers and consumers

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