

NewDirection Care: Response to the Aged Care Act Exposure Draft

Executive Summary

NewDirection Care (**NDC**) is an innovative provider renowned within Australia and internationally as a pioneer in aged care. NDC recognises the important work done to progress the Australian Government's *Aged Care Act 1997* (Cth) (the **Act**). The Aged Care Exposure Draft (the **Exposure Draft**) and the consultation process provides an important opportunity for providers with experience of operating within the legislative framework to contribute to its continual improvement.

In this submission, NDC draws attention to the critical aspects of innovation and investment. While NDC acknowledges the diverse concerns expressed by stakeholders on the Exposure Draft, it underscores the need for a more thorough examination of innovation and investment.

Innovation needs to be considered in concert with any future Act. Best practice in care is continually evolving and providers need to be empowered to improve their practices, and trial new ideas for the industry to move forward. Fostering an environment that encourages innovation, in turn attracts investment, and ensures the continued growth and accessibility of essential aged care services that benefit all Australians.

The aim of recalibrating aged care towards the individual, a system that values workers and carers, which is transparent, sustainable and represents value for money and – importantly – continues to improve must include innovation and investment in its principles. As currently drafted, the Exposure Draft falls short of this goal.

NDC stands equipped to contribute meaningfully to the discourse on innovation and investment in aged care.

Recommendations:

1: Innovation needs to be supported within the industry, and within the Act.

2: Ensure investment is utilised to advance the aspirational intent of the proposed legislation.

About NewDirection Care

NDC Bellmere stands as an Australian and global world first, introducing a revolutionary model in aged care - the MICRO TOWN® - an inclusive community tailored for the elderly and those living with dementia and complex care needs. Positioned at the forefront of innovation, NDC Bellmere has redefined the landscape of care for individuals accessing aged care, ushering in a paradigm shift in the treatment and support of this demographic.

Resembling a typical Australian suburban community, NDC Bellmere comprises 17 houses spread across six streets within a secure two-hectare site. Within this MICRO TOWN®, a vibrant town centre mirrors the amenities of any suburb, boasting a corner shop, café, beauty salon, cinema, and wellness centre. What sets NDC Bellmere apart is its rejection of institutional thinking, an idea evident by the fact there are no locked doors or secure dementia units, allowing residents the freedom to walk, explore, and socialise at their leisure throughout the community. This innovative model provides a dementia-friendly and familiar

environment, empowering all residents to lead full and active lives in accordance with their individual needs.

The homes within NDC Bellmere replicate the warmth of any house on a typical suburban street, complete with backyards, front verandas, living and dining rooms, and ensuite bathrooms. Each home accommodates seven residents carefully placed based on their lifestyles, values, and social compatibility. Supporting these residents are House Companion™ Support Workers – another world 1st and a unique 24/7 role in residential aged care.

The House Companions, having completed rigorous training and a five-week induction program, form an integral part of each home's "family" unit. Their role extends beyond traditional caregiving, encompassing daily activities such as cleaning, cooking, personal care, and medication assistance. Unlike conventional care settings, NDC Bellmere abolishes regimented schedules, embracing a resident-driven approach where House Companions assist individuals in determining their day-to-day patterns, menus, activities, and outings.

At NDC Bellmere, residents are given the freedom to rise in the morning at their own pace, dine according to their preferences, and engage in social activities as they desire – mirroring the autonomy they've cherished throughout their lives. This unique approach not only provides high-quality care but also fosters a better quality of life by preserving autonomy and independence in a non-clinical setting.

The outstanding outcomes observed at NDC Bellmere include heightened contentment, a profound sense of belonging, reduced reliance on medications (including antipsychotics), notable improvements in responsive behaviours, increased appetite, weight gain, improved sleep, and increased engagement within the community.

As a beacon of innovation and compassion in aged care, NewDirection Care sets the stage for a new era of person-centred and empowering care models.

Recommendation 1: Innovation needs to be supported within the industry, and within the Act.

Currently, the Act, alongside supporting government and non-government entities, falls short in actively supporting innovation within the aged care sector. Unfortunately, this lack of support appears to have continued in the Exposure Draft.

While there has been some innovation within aged care, it is largely attributable to a small number of dedicated operators, often smaller in scale, who, despite facing clear and apparent hurdles have been at the forefront of exploring and trialling innovative digital and non-digital ideas across a diverse range of topics.

Although aspirational, the Exposure Draft lacks clear guidance on how it will utilise innovation to achieving its stated goals. There is a critical need for the industry to be supported in innovating and transforming how it delivers services, builds communities, and engages its workforce to support ageing Australians. Surprisingly, the term "innovation" is mentioned only four times within the Exposure Draft, providing no substantive detail on how this crucial aspect will be actively supported.

This lack of crucial detail on fostering innovation is particularly concerning given aged care is an industry historically slow to adopt change. Furthermore, it links innovation with best practice and research without qualifying the practical implications for both operators and regulators, adding a layer of ambiguity that will be fraught with interpretative applications of the new Act.

We must recognise that innovation is the precursor to best-practice and often directs research, due to a significant bottleneck in the Australian research sector. Engaging a research partner on a new and

innovative aged care practice is often prohibitive due to limited research opportunities and the financial and administrative burdens associated with such projects. To overcome this barrier, operators urgently need a regulatory safe space to explore innovative ideas and trial future practices that can attract external research opportunities and, through peer-review, become the best-practice of tomorrow.

Concerns arise regarding the potential hindrance to innovation posed by the Exposure Draft. The Exposure Draft, as currently drafted, risks making it harder for providers to innovate, creating a landscape where the natural process of learning through trial and error is no longer possible due to the onerous risks attached to such endeavours.

The opportunity for “trial and error” is a natural and observed phenomenon in every other industry, and it should not be feared in aged care. Striking a balance between providing an environment for innovation to flourish and implementing strong safeguards for delivering high-quality care is paramount.

Should this space for learning, innovating, and improving not be afforded to aged care, the new Act as currently drafted, may fall short of delivering its intentions in any meaningful way or within the desired timeline. A collaborative effort is needed to ensure that the final legislation supports and encourages innovation while upholding the necessary standards for high-quality care.

Proposed solutions

Proposed solutions to consider are as follows:

- **Research Capacity and Funding:**

Improve research capacity and establish a robust pipeline for industry and consumer-led research projects. This entails expediting the continuous improvement of best practices nationwide and positioning Australia as a global leader in aged care research.

- **Implementation Support:**

Increase funding to support the implementation and evaluation of innovative practices on the ground. This will encourage providers to actively engage in progressive approaches aligned with the aspirational intent of the new Act.

- **Financial Support for Innovative Providers:**

Allocate increased funding specifically for innovative high-quality providers who are advancing the outcomes intended in the new Act. Recognising and supporting such initiatives will contribute to the overall improvement of the aged care landscape. Examples of specialised funding streams can be seen internationally and can act as a base from which Australia can improve its own funding mechanism.

- **Collaboration with Regulators:**

Foster greater collaboration with regulators to effectively manage and support providers during the implementation and evaluation process. This approach aims to avoid punitive actions resulting from perceived non-compliance and encourages a collaborative environment.

- **Dedicated Body for Innovation:**

Establish a dedicated body and mechanism to identify, validate, and propagate innovative practices across the industry. This centralised entity will play a pivotal role in ensuring a coordinated and effective approach to fostering innovation.

- **Regulatory Framework:**

Develop a regulatory framework that considers the cost of innovation and supports the aspirational intent for the industry. Create a safe space for operators to trial innovative practices, collaborating with regulators and a dedicated body to ensure oversight and support during this process.

Recommendation 2: Ensure investment is utilised to advance the aspirational intent of the proposed legislation.

We understand the Government recognises the challenge of solely funding the necessary construction and refurbishment of Residential Aged Care Facilities (**RACFs**). Low investment in the sector, coupled with diminishing support from financial institutions, has led to the underfunding of new places. Consequently, the number of beds in residential aged care is not keeping pace with the growing demand for services.

By way of example, a Senate Estimates response to the Shadow Minister for Aged Care, Anne Ruston (6 February 2024) provides insight into the magnitude of the issue: between 1 June 2023 and 9 February 2024, there was a net growth of only 520 new places, with 1,633 beds added to the system, while 1,113 beds closed. Additionally, during this nine-month period, 16 aged care homes opened, but 23 homes closed, resulting in a net loss of seven aged care homes.

The challenges stifling innovation are the same as those suppressing investment appetite in the aged care sector. A central issue is the regulatory burden, or at least the fear associated with the lack of transparency around regulatory decisions. Balancing the need for strong safeguards with an attractive offering is essential to ensure that aged care remains competitive with other markets.

Recognising the commonality between factors influencing both innovation and investment, the Government can adopt an innovation-friendly approach. Such an approach not only addresses the inhibiting effect on innovation but also stimulates renewed investment in the aged care industry.

Failing to support innovation and investment will lead to a further slowdown in the growth of RACFs, causing demand to outstrip supply. This, in turn, could create a cascade of blockages in upstream services such as Home Care, the National Disability Insurance Scheme (NDIS), and Retirement Living. The increased burden on these services, which are already struggling to keep pace with demand, may further worsen the blockages impacting housing availability and the cost of living across Australia.

It is imperative to foster an environment that encourages innovation, attracts investment, and ensures the continued growth and accessibility of essential aged care services for the benefit of all Australians.

Proposed solutions

In addressing the imperative of making the aged care sector more appealing to investors and the financial industry, the framework proposed in recommendation 1 guides the government towards an innovation-friendly approach.

This submission aims to enhance the sector's attractiveness, aligning with the aspirational goals as outlined in the Exposure Draft. The envisioned solution holds the potential for transformative changes, ensuring the sector's growth, resilience, and responsiveness to the evolving needs of our aging population.

The Government should also take more targeted actions to support the growth of innovative high-quality models. This could take the form of dedicated capital funding for these providers and/or the prioritisation of capital funding for these providers over traditional aged care providers.

Conclusion

Building innovation and encouraging investment into Australia's aged care system is critical to ensure the continued improvement in delivery of care that the new Act envisions. We would welcome the opportunity to address the Committee, and to share the perspective and experiences of NewDirection Care.

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