The Commonwealth has been working on the aged care reforms since 2016 transitioning from HACC to CHSP and now Support at Home. This has taken 9 years, which is essential to getting it right given the significant changes in the Act, the rules, the standards etc. There appears to be an expectation on providers by the Commonwealth to implement this in three months despite the fact that the rules and subordinate legislation are still out for consultation. Providers need at least 12 months to implement this significant reform as a great deal hinges on software vendors being able to respond to the demand for services. Providers are being drip fed information of which the vast majority is still part of consultations. Once all of the information is contained in an accessible document - minus the hyperlinks and the entities read and absorb, skill staff up on the changes and implications, which will take up a significant amount of time then the sector will be ready to implement. The significant extra work required is not reflected in the funding you are providing. This needs to be addressed or more entities will exit the sector. With the growing number of older adults you cannot afford for any more entities to leave. The Fair Work Australia ruling has inadvertently provided a wicked problem resulting in the Commonwealth increasing funding for some but not all providers creating a them and us scenario with significant disparity which is anti-competitive in an open market. All entities should be on the same unit pricing with the exception of the ones in MMMs 6 and 7.

Mount Alexander Shire Council

Commonwealth Home Support Programme Funding Equity Business Case

Mount Alexander Shire Council

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1. Summary

1.1. Mount Alexander Shire Council position

Mount Alexander Shire Council (MASC) financially subsidises its CHSP-funded services, as documented on our annual acquittals. This financial position cannot be maintained in an environment of rate capping, increasing regulatory compliance in aged care and the move to a market-driven environment. For MASC to consider economies of scale across the Aged Care Planning Region (ACPR), they must maintain a position of financial viability without subsidisation of services.

This business case highlights significant disparity amongst Government like-funded services. It also highlights disparity within the allocated funding amounts received by MASC and we therefore request the Commonwealth Home Support Program (CHSP) unit pricing be equitable and realistic to meet costs to deliver these services.

On the advice of other municipalities post acquittal (where they have acquitted their ***actual expenditure*** and not just the grant funding received and where their expenditure exceeds the funded amount) we are advised the Commonwealth has paid these at their ***actual total expenditure*** and not just the grant funded amount.

1.2. Council submits to the department:

- Disparity exists in aged care in-home support services between CHSP, Home Care Package (HCP), Veterans Home Care (VHC) and other aged care funded programs, as well as the National Disability Insurance Scheme (NDIS) as evidenced by this report.

- HCP supplement increases have recently been allocated to some HCP providers to financially support their response to the Fair Work Commission's (FWC) decision to vary the Social, Community, Home Care and Disability Services Industry Award 2010 (SCHADS Award), Nurses Award and the Aged Care Award by providing an interim increase of 15 per cent to modern award minimum wages for direct aged care workers. However it is our understanding that only approximately 11% was actually passed on instead of the 15% to these providers to cover wage increase, which was not in the spirit of the Fair Work Australia decision. This, along with limited Commonwealth grant opportunities targeting only HCP and Residential Aged Care Facility (RACF) providers, continues to unfairly financially disadvantages Council as a CHSP-only aged care service provider. The recent ruling by FWC is yet to be understood as to the impact on Local Government. If in the event Local Government continue to be denied the same funding for wage increases this will further impact viability and is anti competitive.

- The department fails to appreciate that since the 2015 CHSP commencement, Council has maintained adherence to the Local Government Industry Award and Enterprise Bargaining Agreement (EBA). This exceeds the wages provision of the Social, Community, Home Care and Disability Services Industry Award (SCHADS), Nurses Award and the Aged Care Award at significant financial impost.

- For Council to achieve and maintain financial viability in Aged Care service provision, our current 2023/2024 CHSP Grant Agreement unit pricing requires urgent review to remove Council subsidisation, and respond to rurality challenges and actual costs of service provision.

- Reduction of CHSP outputs to increase unit pricing is not pursuable without detriment to our client cohort. Our 2022/2023 financial year end outputs saw 108% with July – September 2023 aggregate outputs sitting at 100%, with many services significantly exceeding 100%.

- Costs to respond to major sector reform, grant agreement administration requirements, and constantly increasing regulation and compliance pressures have not been factored in to the current CHSP grant agreement pricing, causing unfair disadvantage to CHSP service providers.

2. Recommendations

The Organisation recommends:

Harmonisation of funding of all like services across CHSP, HCP and VHC is introduced by 1 July 2024 to protect the financial viability of these services. The costs borne by the Community Wellbeing business unit at MASC provide services outside of Monday – Friday daytimes is inherently inequitable in comparison to the wider in-home aged care and disability support sector and should be addressed.

- The Commonwealth undertake further review of the disparity evident across MMM regions in rural areas as evident in our current Grant Agreement pricing and annual indexation, which fails to consider additional costs incurred due to our wholly rural (MMM 4 & MMM 5) location, does not address ever-increasing service provision costs and does not provide additional viability supplementation afforded to other Commonwealth funded aged care and disability services to address acknowledge financial constraints.
- In order to raise our CHSP unit pricing, reduction of our service outputs should not be considered as this remains detrimental to our ageing population and service users, does not meet the criteria set out by the department, and the reasoning provided for the refusal to renegotiate Grant Agreements is now obsolete due to CHSP program extension to - at the earliest - July 2027.
- Our CHSP grant agreement should be increased to the maximum national rate for each of the CHSP services our team provides in order to continue to provide our highly-valued aged care services and work towards financially viability. Further, this increase should be applied retrospectively to the commencement of our 2023/2024 CHSP grant funding year.
- This review has been undertaken to consider the impact of increased regulatory compliance, ongoing aged care sector reforms, and substantial administrative and travel costs incurred in service delivery, noting over time, CHSP funding has not sufficiently increased to respond appropriately to these burdens.
- The forecast population growth of people over the age of 60 years to 2046 in the Mount Alexander Shire is considered and adequately prepared for, with existing Council services supported by appropriate aged care funding levels to respond to predicted growth in a fiscally responsible manner.
- Consideration be given to the impact the application of complex client supplementation to HCP's, and how this fails to appreciate CHSP providers who also support these clients for extended periods whilst they await a HCP to be allocated. CHSP-only providers are continually burdened by support complex clients outside of their HCP allocations, or where supplementing HCP supports to those with fully expended packages. This places Council's CHSP clients in a position of not having their support needs met in a timely manner. The impact to the clients can be significant if the organisation does not have the financial capacity to provide above the level of support required immediately whilst waiting on a package.
- Consideration is given to the recent increase of HCP daily supplements by 11.9%, with the failure to apply a corresponding increase to CHSP Grant agreements creates a financially disparate in-home support service marketplace and presents an unfair advantage to HCP providers. Failing to apply a reasonable and ongoing CHSP grant agreement increase as indicated by FWC wage rises, and requiring fully acquitted CHSP providers to apply for additional ad-hoc grant funding, in effect disadvantages high-performing providers for achieving fully against their outputs. With no guarantee of grant application success, this further demonstrates inequitable treatment of in-home support providers and remains an inherently unfair practice.
- The disparity extending to Commonwealth Aged Care grant agreement opportunities is removed, noting many available grant opportunities are limited to HCP and Residential Aged Care Facility (RACF), excluding CHSP providers from substantial financial supports during their COVID recovery.

3. General

3.1. Introduction - About the Mount Alexander Shire

Mount Alexander Shire comprises 1,529 square kilometre and is a beautiful place to live and visit with a vibrant, engaged community and thriving local economy. More than 20,000 people call Mount Alexander Shire home. Whilst most residents live in the close-knit townships of Castlemaine, Harcourt, Newstead and Maldon, there are large pockets of rural properties where older adults reside.

The Shire remains a popular tourist destination, with visitors exploring our heritage streetscapes, picturesque towns, natural environment, events and award-winning local produce. Our artistic and creative culture is thriving; the people are passionate about sustainability. Our community is hands on, taking part in creative and civic life at higher levels than the national average.

To support our ageing, frail and vulnerable residents we offer access to high quality and responsive in-home and community support services through our Community Wellbeing team, consisting of 48 administrative and direct care staff across a 31.6 FTE and growing.

3.2. Background

Mount Alexander Shire Council (Council) received an Extensions Funding Deed of Variation (DoV), for the Commonwealth Home Support Programme (CHSP) from the Department of Health and Ageing (DoHA) Health Grants team on 19 June 2023 for the period 1 July 2023 to 30 June 2024.

Following review of proposed funding in the Deed of Variation (DoV), Standard Grant Agreement (SGA) and Activity Work Plan (AWP), it was determined this offer represented an average increase of just 5.9% ($74k) across Council's CHSP funded services on the previous 2021/2022 financial year. Of note, this amount also included a negotiated redistribution of Specialised Support Services funds across other funded programs, artificially inflating this overall percentage.

Further, the DoHA acknowledge the CHSP Grant agreement indexation increase of 1.5% in 2022/2023 did not consider wage pressure bought about by the FWC decision, placed additional financial strain on CHSP providers and did not respond to other inflationary pressures.[1] As a high-performing CHSP provider, with no unspent funds and in order to offset some of the recognised financial burden of CHSP providers, this places the organisation in a compromising situation.

The Organisation understands it must now apply for additional ad-hoc grant funding to offset these growth inflation and wage pressure impacts annually or ongoing, adding further administrative burden.

Comparison of Council's CHSP unit pricing against the CHSP national unit price ranges confirmed our funded services remain predominantly at the lower end of CHSP price ranges, despite our rural location challenges. As of late 2023, the Commonwealth announced CHSP would transition into the Support at Home program not before 1 July 2027, further compounding the financial implications for CHSP services and providers.

[1] DoHA - Commonwealth Home Support Programme provider update - Award changes and financial support – July 2022

4. Business Case Context

4.1. Service Sector Pricing Disparity

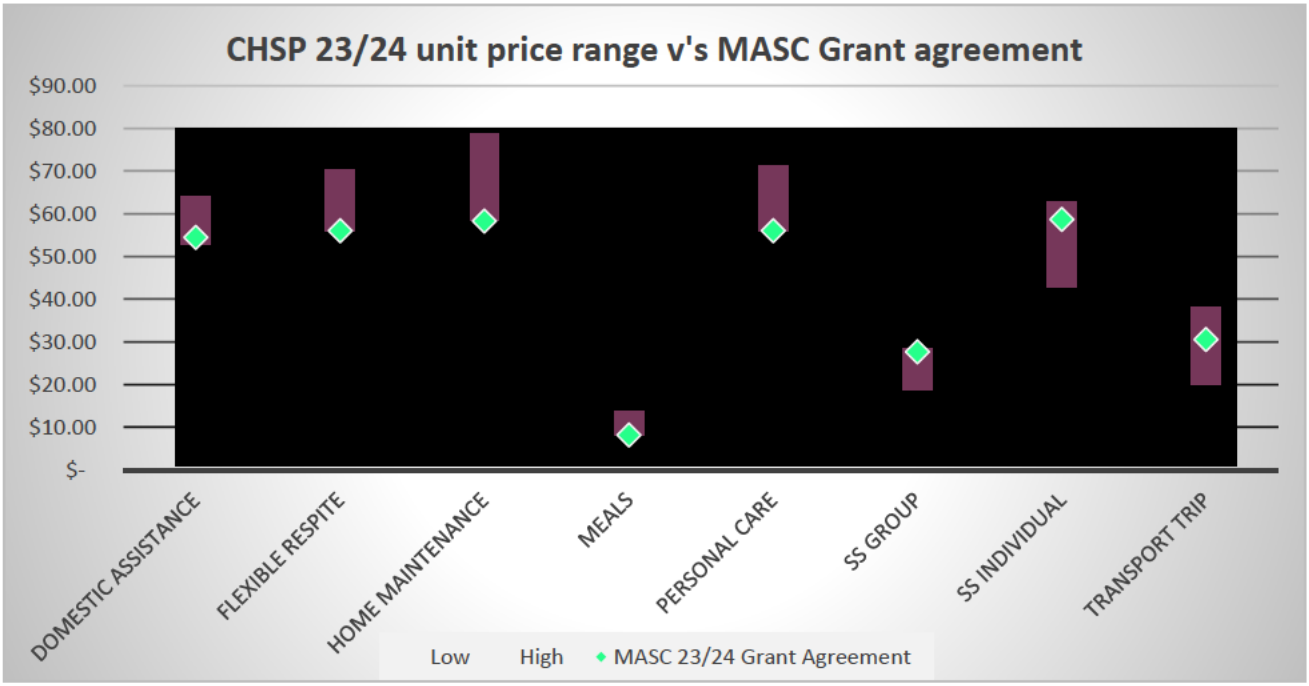
2023-24 CHSP National Unit Price Ranges

Review of Council's 2023/2024 CHSP Grant Agreement against 2023/2024 CHSP National Unit Price Ranges[2] confirms we remain predominately on the lower end of CHSP ranges for the services provided, evidenced in the following table and graph:

Table 1: *Comparison of MASC Grant agreement funding against the 2022/2023 CHSP national unit prices ranges*

CHSP Service Type	Output Measure	2023-24 CHSP National Unit Price Ranges	MASC 2023-24 Grant Agreement Prices
Domestic Assistance	Hour	$52.80 - $64.05	$54.48
Flexible Respite	Hour	$56.10 - $70.35	$56.10
Home Maintenance	Hour	$58.30 - $78.75	$58.30
Meals	Meal	$8.25 - $13.65	$8.25
Personal Care	Hour	$56.10 - $71.40	$56.10
Social Support Group	Hour	$18.70 - $28.35	$27.76
Social Support Individual	Hour	$42.90 - $63.00	$58.67
Transport	One-way trip	$19.98 - $38.16	$30.59

Graph 1: *Comparison of MASC Grant agreement funding against the 2022/2023 CHSP national unit prices ranges*



Graph 1 highlights significant disparity and inconsistencies within various services in MASC's grant agreement. One service is in the upper financial value, another in the medium financial value and the balance at the bottom end of the scale. There is the need for all services to be financially remunerated at the higher categories to ensure equity amongst the services provided to the same cohort in the same rural shire.

[2] DoHA – Commonwealth Home Support Programme (CHSP) Manual 2023-2024

Pricing Comparisons Across In-Home Support Services

Council participated in the 2020 Health Consult study to develop options to inform the assessment, funding and classification model to underpin a single unified system for care of the elderly in the home.[3] Recent funding source comparisons highlights pricing inconsistencies across both the disability and aged care sectors. Council notes the Veterans Home Care (VHC) fee schedules[4] maintain variable weekday, weekend and public holiday rates, whereas the CHSP rate schedule does not differentiate, maintaining one flat rate regardless of service delivery timing.

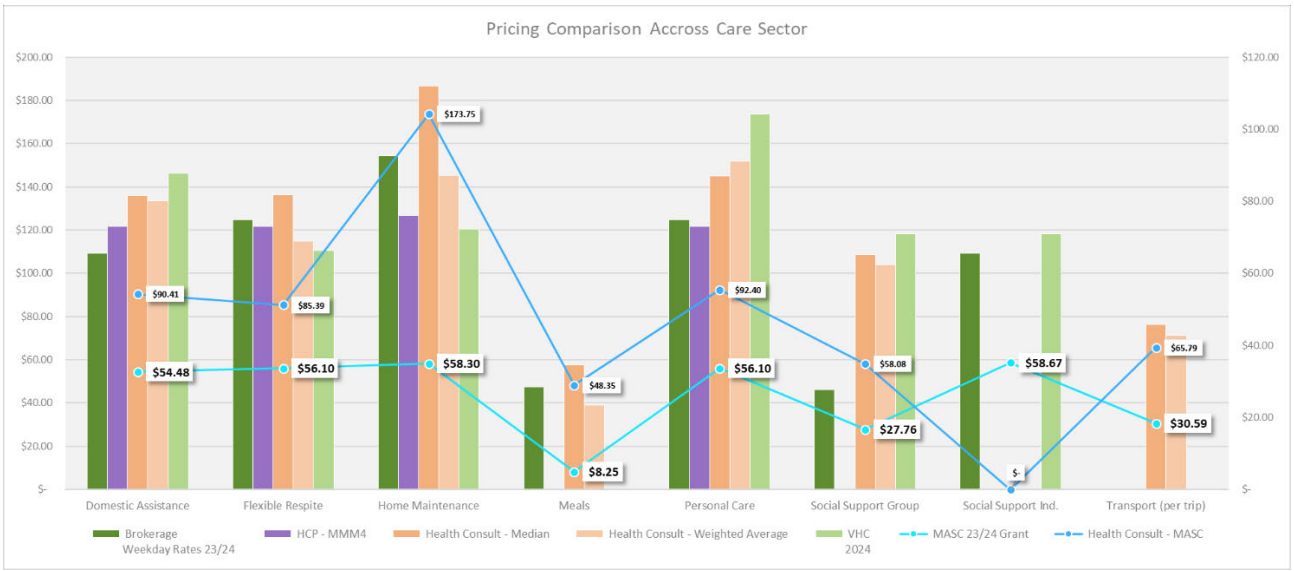
Table 2: *Aged Care Sector Pricing Comparison (Weekdays)*

	MASC 23/24 Grant	Health Consult - MASC	Brokerage Weekday Rates 23/24	HCP - MMM4	HCP - MMM5	Health Consult - Median	Health Consult - Weighted Average	VHC 2024
Domestic Assistance	$ 54.48	$ 90.41	$ 65.60	$ 73.00	$ 72.00	$ 81.63	$ 80.13	$ 87.85
Flexible Respite	$ 56.10	$ 85.39	$ 75.00	$ 73.00	$ 73.00	$ 81.82	$ 68.94	$ 66.40
Home Maintenance	$ 58.30	$ 173.75	$ 92.70	$ 76.00	$ 75.00	$ 112.11	$ 87.25	$ 72.25
Meals	$ 8.25	$ 48.35	$ 28.50	$ -	$ -	$ 34.67	$ 23.48	$ -
Personal Care	$ 56.10	$ 92.40	$ 75.00	$ 73.00	$ 73.00	$ 86.95	$ 91.07	$ 104.20
Social Support Group	$ 27.76	$ 58.08	$ 27.70	$ -	$ -	$ 65.28	$ 62.48	$ 71.00
Social Support Ind.	$ 58.67	$ -	$ 65.60	$ -	$ -	$ -	$ -	$ 71.00
Transport (per trip)	$ 30.59	$ 65.79	-	$ -	$ -	$ 45.78	$ 42.78	$ -
Transport per KM	$ -	$ -	$ 1.10	$ 1.30	$ 1.30	$ -	$ -	$ -

Note: Health Consult results are based on MASC 2019 -2020 pricing

Table 2 highlights significant disparity for like services across multiple Commonwealth Government departments which is challenging to understand. The Health Consult exercise provides a more realistic median average of true costs of services.

Graph 2: *Aged Care Sector Pricing Comparison (Weekdays)*



Note – Health Consult results are based on MASC 2019 -2020 pricing with an anomaly existing for Home Maintenance during this period due to MASC's engagement of an external contractor. This is now back in-house and more aligned with Health Consults weighted average.

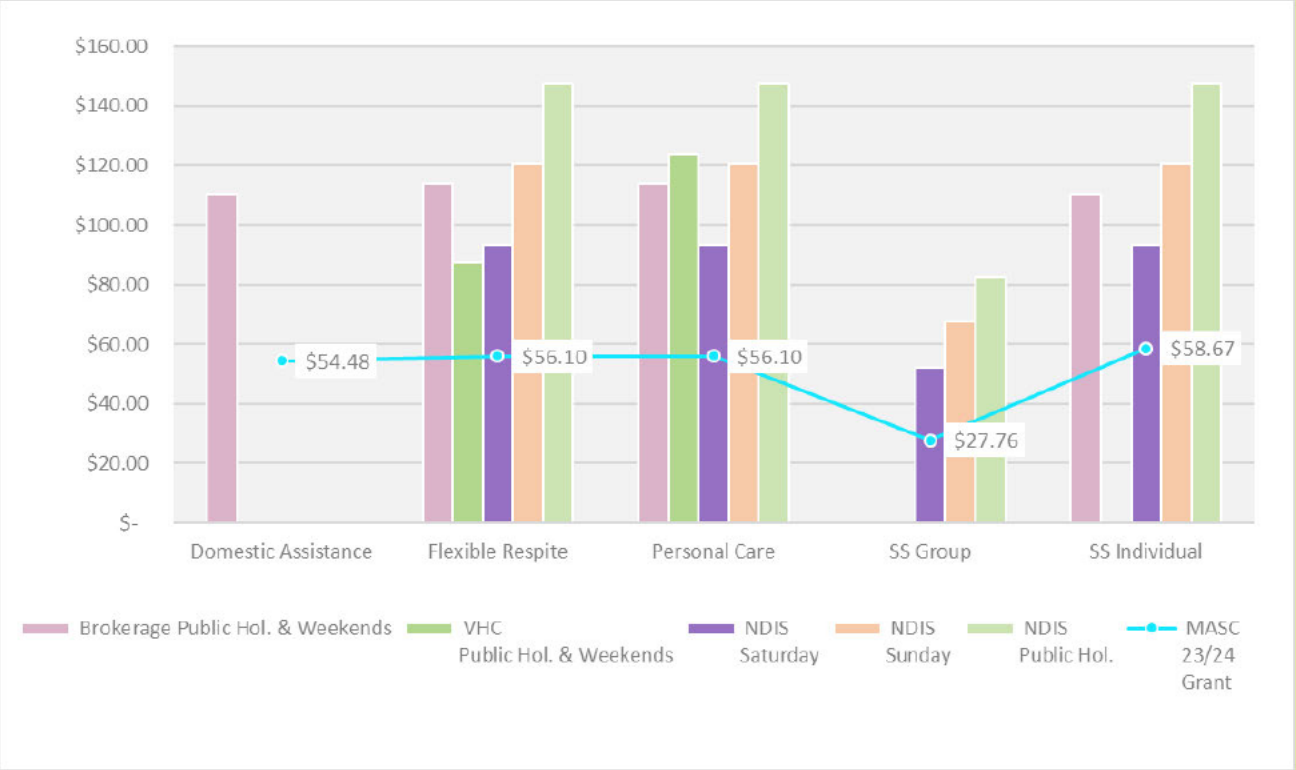
[3] DoHA – Options for an Assessment, Classification and Funding Model for a Single In-home Care Program 27 May 2020
[4] SP 22-08 - VHC Bulletin for Service Providers - Veterans' Home Care Fees for 2024

Further review of CHSP unit pricing reveals this disparity worsens where CHSP grant pricing does not differentiate between weekday, weekend and public holiday rates, but is considered across other funded programs - NDIS, VHC, HCP average pricing and Council's existing Brokerage contracts for HCP providers. Table 3 highlights the pricing comparison for weekends and public holidays across different services and funded entities. In the environment of increasing client complexity (detailed in Section 3.6 to 3.8 - Service Demand, Waitlists, Unmet Needs and Client Complexity) and HCP waitlists, our experience demonstrates demand for CHSP-funded weekend and public holiday supports continues to increase year-on-year to fill service gaps.

Table 3: Aged Care and Disability Sector Pricing Comparison (Weekends & Public Holidays)

	MASC 23/24 Grant	Brokerage Public Hol. & Weekends	VHC Public Hol. & Weekends	NDIS Saturday	NDIS Sunday	NDIS Public Hol.
Domestic Assistance	$ 54.48	$ 110.20	$ -	$ -	$ -	$ -
Flexible Respite	$ 56.10	$ 113.90	$ 77.30	$ 93.50	$ 120.56	$ 147.62
Personal Care	$ 56.10	$ 113.90	$ 109.10	$ 93.50	$ 120.56	$ 147.62
SS Group	$ 27.76	-	-	$ 52.36	$ 67.51	$ 82.67
SS Individual	$ 58.67	$ 110.20	-	$ 93.50	$ 120.56	$ 147.62

Graph 3: *Aged Care and Disability Sector Pricing Comparison (Weekends & Public Holidays)*



Note: All NDIS rates include Temporary Transformation Payment (TTP). NDIS rates for SS Ind. rates are based on Group and Centre Based Activities – Standard, rates for SS Groups are based on Group Activities in the Community – Standard at 1:2 staffing ratios and rates for Respite are based on Assistance with Social, Economic and Community Participation.[5]

[5] NDIS Pricing Arrangements and Price Limits 2023-24 Pricing Arrangements V1.1 (valid from 1 July 2023)

Demonstrated in Table 4 below, Council finds that as a CHSP provider servicing clients residing in wholly MMM 4 & 5 locations, our 2023/2024 CHSP Grant agreement prices for services provided during standard (weekday) hours remain substantially below the national price ranges[6] for comparable in-home services across both regional and metropolitan areas.

Table 4: *MASC Grant Agreement comparison to HCP National Metro & MMM Price Ranges (standard hours)*

	MASC 23/24 Grant Agreement	HCP - National Price Ranges MMM 4/5 Average	HCP - National Price Ranges MMM 6/7 Average	HCP - National Price Ranges VIC Northern Metro Areas
Home/Garden Maintenance	$58.30	$75.50	$78.50	$75.00
Flexible (In-home) Respite	$56.10	$73.00	$75.00	$73.00
Personal Care	$56.10	$73.00	$76.00	$73.00
Domestic Assistance	$54.48	$72.50	$75.00	$73.00
Per KM of travel to client		$1.30	$1.30	$1.40

4.2. CHSP Grant Agreement Renegotiation Request

The Community Wellbeing Manager (Rosalie Rogers) and Service Support Coordinator (Robyn Schultz) met with the DoHA on 12 April 2023 to discuss Council's grant agreement funding and were advised the department would not entertain increases to overall grant funding where substantial aged care sector changes were slated for implementation on 1 July 2024. The only option presented was to reduce service outputs to increase unit pricing, with a caveat our service users were not be impacted by output reductions. The Organisation feels that this was not seen as an appropriate response from DoHA advisers.

On 9 May 2023, Treasurer Jim Chalmers handed down the 2023/2024 Federal Budget. The 2023/2024 budget announced the Commonwealth would further extend CHSP services to 30 June 2025[7] effectively locking Council in to lower-end CHSP pricing should we remain in CHSP service provision for an additional 12-months. Our CHSP output consistently achieves above set targets, with 2022/2023 aggregate at 108%.

[6] DoHA - National summary of Home Care Package prices – 30 September 2023
[7] DoHA - CHSP Extension 2024-25

4.3. Mount Alexander Shire Council Aged Care Review & Financial Viability

Council has recently undertaken a review into continued aged care service provision for Mount Alexander Shire.

Our ageing community was surveyed, and also provided opportunities to attend multiple community consultations. The survey response rate was between 35% and 40%, and provided an accurate picture of community sentiment. Community consultation session attendance was also significant, with attendees making their feelings very clear with regard to their desire to have Council remaining in service provision.

An overwhelming 86% of our aged care service users want their supports to remain with Council, with 96% of clients expressing overall satisfaction with our services.

"The crowning jewels of the Shire and its services and its staff.
They are wonderful." – aged care service recipient and survey respondent

Victorian Councils operate in an environment of rate capping which exacerbates pressure on annual Council budgets and long-term financial forecasting, and may impact on decision making regarding aged care service continuation in the Shire into the future.

The Manager Community Wellbeing, Rosalie Rogers, and the Community Wellbeing (CW) Coordinator team have worked relentlessly to reduce the amount of subsidisation through restructuring the Community Wellbeing team, streamlining processes, gaining efficiencies where practicable and expanding our brokerage services. The Victorian Local Government Award and the Enterprise Agreement ensures staff are recognised for the work they undertake in the provision of Aged Care Services. Local Government has historically paid a more realistic wage to staff then not for profits and or for profit entities. The Fair Work Australia decision has partially reduced the gap in wage parity between the various entities. The fact that the Fair Work Australia was only for SCHADs, Nursing and Aged Care Awards meant that those organisations benefited from the percentage increase, but CHSP services provided by Local Government, who continue to subsidise services do not receive recognition of the financial contribution.

As set out in the following pages, Council finds itself in a position of higher costs than our metropolitan counterparts due to its wholly rural location, and further disheartened by remaining on, or near, the lower end of the CHSP national unit prices range across the majority of its funded services.

4.4. CHSP Service Administration & Regulatory Burden

CHSP Service Administration

Despite increasing administrative requirements on CHSP providers in particular around quality assurance, there remains no ability to claim for these additional costs. Providers are required to undertake an extensive service intake process, along with care plan development, goal identification and progress monitoring to ensure service delivery remains appropriate and aligned to identified need.

Home Care Packages Administration

The structure of HCP's allows for an element of package administration and care/package management in its pricing as evidenced in tables 5 and 6 below. Further, supplementation across HCP provides for additional Viability (noted previously), Veterans, Dementia and Cognition, and Oxygen and Enteral supplements set out as daily supplementation.[8]

Table 5: *Home Care Package daily subsidy rates as at 1 July 2023*

		Care	Package	MMM supplementation	
	Daily Subsidy	20%	15%	MMM4	MMM5
Level 1	$ 28.14	$ 5.63	$ 4.22	$ 1.24	$ 2.75
Level 2	$ 49.49	$ 9.90	$ 7.42	$ 1.24	$ 2.75
Level 3	$ 107.70	$ 21.54	$ 16.16	$ 1.24	$ 2.75
Level 4	$ 163.27	$ 32.65	$ 24.49	$ 1.24	$ 2.75

Table 6: *MMM4 & MMM5 daily and annual HCP subsidy rates*

	Care Managed - per HCP client				Packaged Managed - per HCP client			
	MMM4 - Daily	Annual	MMM5 - Daily	Annual	MMM4 - Daily	Annual	MMM5 - Daily	Annual
Level 1	$ 35.01	$ 12,777.92	$ 36.52	$ 13,329.07	$ 33.60	$ 12,264.37	$ 35.11	$ 12,815.52
Level 2	$ 60.63	$ 22,129.22	$ 62.14	$ 22,680.37	$ 58.15	$ 21,226.03	$ 59.66	$ 21,777.18
Level 3	$ 130.48	$ 47,625.20	$ 131.99	$ 48,176.35	$ 125.10	$ 45,659.68	$ 126.61	$ 46,210.83
Level 4	$ 197.16	$ 71,964.86	$ 198.67	$ 72,516.01	$ 189.00	$ 68,985.18	$ 190.51	$ 69,536.33

NDIS Administration and Travel

The NDIS price guides allows providers to claim:

- Time spent on Non-Face-to-Face activities that assist the NDIS participant, i.e. writing reports for co-workers and other providers about the client's progress with skill development, research undertaken by provider specifically linked to the needs of a participant and to the achievement of the participant's goals.[9]
- Service delivery travel costs providing the appropriate criteria is met, including both during service delivery and for time spent travelling to each participant - up to 60 minutes in MMM4-5 areas, such as in our Shire.[10]
- Short Notice Cancellations (or no-show) at 100% of the agreed fee associated with the activity from the participant's plan, where the participant has given less than seven (7) clear days' notice.[11]
- Provider Establishment Fee in respect of Personal Care/Participation up to $982.05 dependant on participant location.[12]

[8] DoHA - Home Care Packages Program – subsidies and supplements update - 1 July 2023
[9] NDIS Pricing Arrangements and Price Limits 2023-24 Version 1.1 (published 14/08/2023), Pages 18,
[10] "Ibid", Page 19
[11] "Ibid", Page 22
[12] "Ibid", Page 30

Regulatory Burden

In its Final Report, the Aged Care Royal Commission (ACRC) made 148 wide-ranging recommendations for the fundamental reform of the aged care system.[13] Recommendations include introduction of a new Aged Care Act. The ACQSC has responded by introducing the "Stronger Standards, Better Aged Care Program".[14]

As MASC prepares for significant sector reform, it is worth noting there have been a raft of additional compliance requirements introduced at, or since the 2015 commencement of CHSP, including:

- Department of Social Security Data Exchange Service Provider reporting
- My Aged Care for Service Providers
- Aged Care Quality Standards
- Charter of Aged Care Rights
- Serious Incident Response Scheme (SIRS)
- Aged care Worker exclusion scheme
- Code of Conduct for Aged Care
- Strengthened clinical governance obligations
- Aged Care Banning Orders Register
- Ongoing COVID-19 impacts

Financial support to introduce or respond to these reforms remains inadequate and at times, non-existent. Council has generally incurred the additional administrative costs of managing major sector reforms.

Of note, registered NDIS providers are afforded a Temporary Transformation Payment (TTP). TTP is a conditional pricing load designed to assist providers to transition to the NDIS, and replaced the Temporary Support for Overheads for Service Providers.

Council has seen a substantial increase in training requirements and expenses to respond to CHSP, SIRS and ACQS compliance requirements for in-home support staff. We have experienced a tangible increase in hours allocated to our DCW's for their training requirements in order to ensure they remain appropriately trained and skilled in these additional requirements. This has seen our annual training costs increase by $30k in the past five years (based on current pay rates).

[13] Royal Commission into Aged Care Quality and Safety – Final Report
[14] ACQSC - Stronger Standards, Better Aged Care Program

4.5. Mount Alexander Shire Rurality Impact

The DoHA 2019 Modified Monash Model (MMM)[15] demonstrates our clients reside in rural towns spanning MMM areas 4 & 5. Approximately half of the Shire's population resides in MMM 5 locations. With a 1,529 square kilometre region to cover, this substantially increases the amount (and cost) of travel our staff undertakes. Council is required, as per its' EBA, to pay DCW's for both the kilometres travelled and the time taken. We treat every 1 km as 1 minute of time. The SCHADS Award requires staff to be paid for kilometres only. A comparison of Councils' 2022/2023 financial year kilometres/travel against SCHADS award demonstrated our travel costs were $50,000 more than SCHADS requirements.

In its final report, the Aged Care Royal Commission (ACRC) noted "*The availability of aged care in regional, rural and remote areas is poor—and it is worsening. Australia is a large and sparsely settled country."* The ACRC advises evidence heard about difficulties faced in regional, rural and remote areas, included *"scarcity of local services, greater travel times, higher costs to provide services"* and suggests proper management of aged care services requires an understanding of the actual costs of providing services. "*It costs more to provide aged care services to a person living in a regional, rural or remote area than it does in a major city…. For regional, rural and remote areas, the aged care system and funding must be flexible to account for smaller and dispersed populations and fewer aged care providers.*"[16] .

4.6. Inequity across the sector is demonstrable as follows:

CHSP Providers

CHSP providers are obliged by the Aged Care Quality Standards (ACQS) to respect client choice in their service delivery. This includes accommodating client's day, time and Direct Care Worker (DCW) gender preferences when rostering their supports. Particularly important for services such as personal care for hygiene support (showering, etc.) This brings inherent challenges to providers servicing client cohorts who reside solely in outer regional areas, such as those in our Shire. Whilst advice from the Commonwealth includes suggestions providers schedule *"visits to multiple CHSP clients who live in the same or nearby locality"*[17] in outlying towns, due to client preferences, this remains hard to achieve. It is noted this does not adhere to the intent of ACQS - Standard 1 - *"I am treated with dignity and respect, and can maintain my identity. I can make informed choices about my care and services, and live the life I choose".*[18] As the main CHSP provider in the Shire, Council experiences increased travel and workforce costs to adhere to client's choice and control over their services.

As a rurally-dispersed provider, we are funded according to the same criteria as our metropolitan counterparts. Currently, where a CHSP service provider delivers the majority of its services (51% or more) to clients residing in MMM 6 or 7 locations, they may be able to request a loading of up to 40% be applied to their unit price for a particular service type. This creates further inequity in CHSP funding by the failure to apply a loading to respond to the challenges and associated cost across wholly rural areas such as those in our shire. ACRC notes *"We propose urgent **interim** action to ensure the financial viability of providers in regional, rural and remote Australia. The costs of goods and services are higher in these areas. We have heard uncontested evidence that this negatively affects the financial performance and stability of providers*."[19] The DoH itself noted in their response to the ACRC's Notice to Give (NTG) information "*greater challenges for delivery in some markets which create unavoidable inefficiencies… some providers in rural and remote areas may not achieve a high degree of cost-efficiency as they face location-based challenges and serve small segments of the population."*[20]

[15] Modified Monash Model (MMM)
[16] Royal Commission into Aged Care Quality and Safety – Final Report Volume 1 (pages 111 – 112)
[17] DoHA - Commonwealth Home Support Programme provider update - Award changes and financial support July 2022
[18] ACQS - Standard 1. Consumer dignity and choice
[19] IBID – (Page 155)
[20] DoH - Response to Notice to Give Information in Writing NTG-0755 - Item 51, page 13

NDIS Pricing Arrangements in Regional, Remote and Very Remote Areas

With NDIS Pricing Arrangements, there is generally no additional loading applied for supports in Regional Areas, however, "*some different pricing arrangements do apply in Regional Areas (MMM4-5) as set out in the NDIS Pricing Arrangements and Price Limits.*".[21] This includes the provision for NDIS providers to bill up to 60 minutes of travel to support participants residing in MMM4-5 locations. If Council's Community Wellbeing client cohort were NDIS participants, and not CHSP participants, travel costs can be applied. In addition, NDIS providers delivering specific supports can claim for time their direct support staff spend travelling from their last participant to their usual place of work when the provider must pay their worker for the return travel time.

HCP Provider MMM Supplementation

MASC notes there is provision for daily viability supplementation of HCP rates for clients residing in MMM 4 ($1.24) and MMM 5 ($2.75) regions.[22] CHSP grant agreements allow remote loading for MMM 6 and 7 regions only. Importantly, the DoH itself "*recognises the cost of service delivery in remote and very remote areas can be higher compared to metropolitan, regional and rural areas.*"[23]. The DoH's own analysis indicated increasing costs have arisen for a variety of reasons[24], including:

- staff costs have risen over time, with wage increases higher in the aged care sector than elsewhere in the economy.
- costs of care have risen and will continue to rise on account of the increasing complexity of chronic health conditions in ageing populations.
- at an aggregate level, more people are receiving care;
- regulatory costs have increased following the introduction of the Quality Standards and enhancement of the compliance activities of the Aged Care Quality and Safety Commission (ACQSC)

Application of Indexation to Grant Agreement funding

Indexation is applied to HCP's and CHSP funding using different methodologies. The home care basic care subsidy and the majority of HCP supplements are indexed by Wage Cost Indexation 9 (WCI-9), whereas CHSP grants are indexed annually at the Wage Cost Indexation 3 (WCI-3) rate. This creates further inequity, potentially compounded over time, across these two funded programs in the application of indexation, and tangible real dollar value increases in funding for each of these aged care programs.

Further compounding financial pressure on service providers, the DoH also noted in their NTG response CHSP providers faced financial challenges, including "*unit prices for some providers not aligning with actual costs, leading to under delivery of outputs*"[25], and "*the level of indexation is not sufficient to cover the increasing cost of service delivery*."[26] If this issue is not addressed, it will likely result in pressure being put on service providers. The impact on older adults will be significant as entities are continuously compromised financially to the point of assessing the viability and sustainable risks.

[21] NDIS Pricing Arrangements and Price Limits 2023-24 Pricing Arrangements V1.1 (valid from 1 July 2023) Page 28
[22] DoHA - Viability supplement for home care
[23] DoHA – CHSP – Negotiations, Transition Support and Remote Loadings updated 21 Jan 22
[24] Royal Commission into Aged Care Quality and Safety (RCACQS) - DoH Response to Notice to Give Information in Writing NTG-0755 (Levels of funding – Item 101, page 27) 10 July 2020
[25] "Ibid" CHSP – Item 46, page 12
[26] "Ibid" RCACQS - (Levels of funding – Item 16, page 3) 10 July 2020

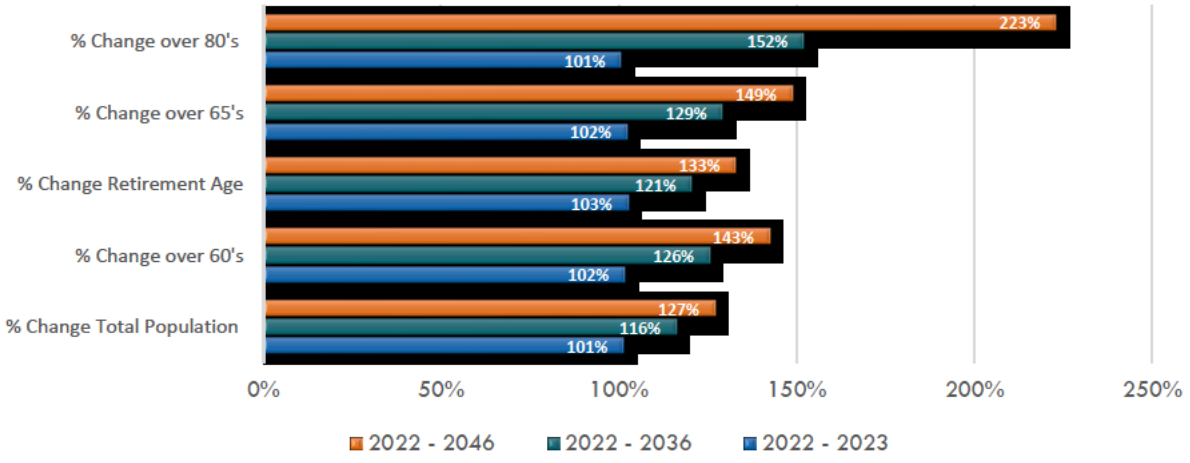
4.7. Mount Alexander Shire LGA Population

In December 2022, of the 20,292 people residing in the Shire, the percentage of the population over the age of 60 was 37%, or 7,510 people. This is expected to rise to 41.5% (10,710) by 2046. This demographic shift substantially impacts the number of ageing Mount Alexander Shire residents requiring support to remain at home.

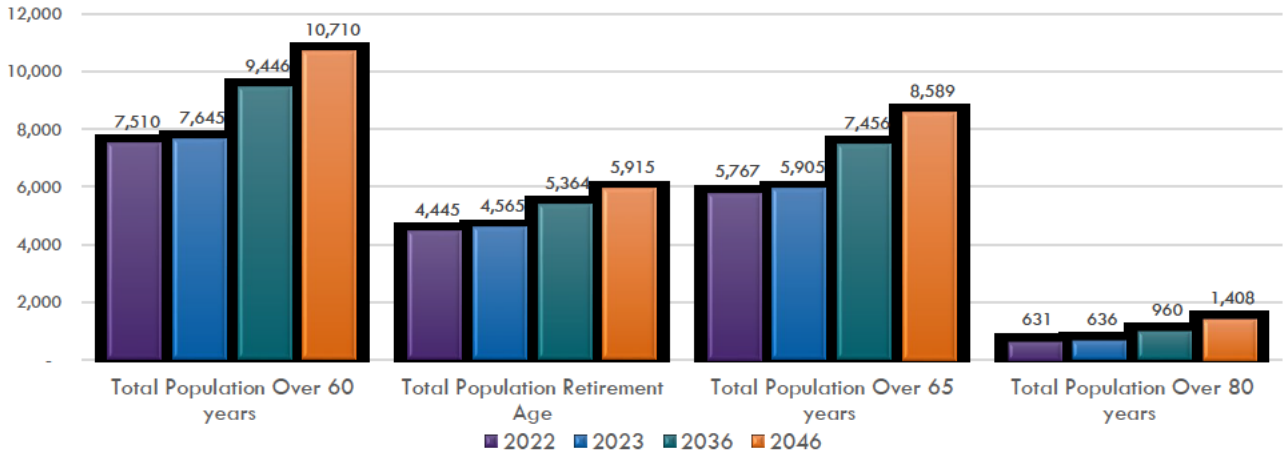
REMPLAN forecasting identifies by 2046 the population of Mount Alexander LGA:

- Will increase by 5,510 people, from 20,292 in 2022 to 25,802 by 2046
- The population of residents over the age of 80 will more than double (223%) by 2046.
- The population of residents over the age of 65 years will increase 149% by 2046.

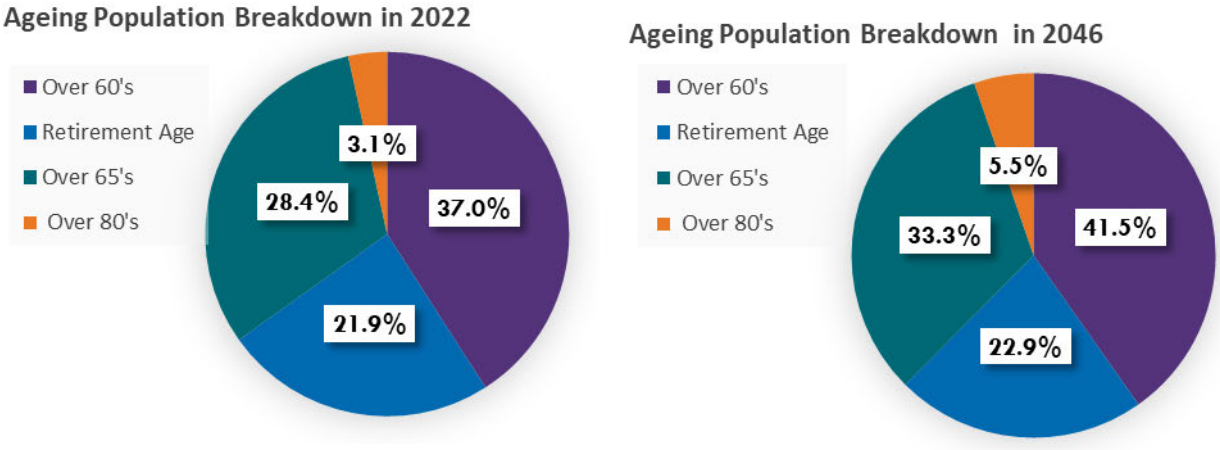
Graph 4: *Mount Alexander Shire LGA - Forecast Population Growth by Age Groups 2022 - 2046*



Graph 5: *Mount Alexander Shire LGA - Forecast Population by Age Group*



Graph 6: *Mount Alexander Shire LGA - Ageing Population Breakdowns – 2022 to 2046*



Factors behind the significant increase in the aged cohort include the many retirees in particular academics, professionals and artists choosing to settle in the Shire. With the largest household type forecast to be lone person households, there is clearly a significant emerging need for older Australians choosing to age in place, rather than move into a Residential Aged Care Facility (RACF)

In 2023 Mount Alexander Shire- 5,767 people are over the age of 65 years, representing 28.4%, or more than one in four residents. At 2046, this population grows to 1 in 3 residents placing additional strain on aged care providers.

As at 1 February 2024, Council is actively supporting 981 residents in the aged care planning region with their in-home and community support needs. Of these clients 838 (94%) are over the age of 65 and 457 (55%) are over the age of 80 years. We service in excess of 80 clients on HCP's under brokerage arrangements with HCP providers, along with 49 VHC clients.

If the current CHSP funded services status quo was maintained, our estimates based on population forecasting indicates clients over 65 years would number approximately 1,250 by 2046, with the biggest growth in the over 80 years' old client cohort.

The ACRC notes "*The availability of aged care in regional, rural and remote areas is poor—and it is worsening. There are around 1.4 million people aged over 65 years living in regional, rural and remote Australia. On average, they have lower incomes, poorer education, and poorer health outcomes. These relative disadvantages can increase the need for support in older age.*"[27]

[27] IBID – Page 111

4.8. Service Demand, Waitlists, Unmet Needs and Client Complexity

Our Community Wellbeing team continues to experience increases in both complexity and numbers of adults accessing our services, noting in the 2022/2023 financial year we were sitting at 108% aggregate outputs in our CHSP services, with continued growth in My Aged Care (MAC) waitlists. Waitlists as at 2 February 2024 are as follows:

Regional Assessment Service (RAS)				
RAS Waitlist	Clients Waitlist for Assessment	**43**	Clients Waitlist for SPR	**21**
Mount Alexander Shire Council Service Provision (SP) Waitlists				
MAC SP Portal	Pending Acceptance for Intake	**86**	Amount of service referrals pending	**123**
	Client Service Intake accepted	**11**	Amount of service referrals accepted	**19**
	Total	**97**	**Total**	**142**
Internal Waitlist	Waiting for service commencement	**54**	Total hours of support to commence	**35**

Council's CHSP Service Intake team reports increasing numbers of clients requiring intensive supports across multiple CHSP service types. Whilst current subsidised aged care services apply across three levels, with CHSP being "entry level support at home", in reality our client cohort extends into the second tier "more complex support for older people who are able to continue living in their own homes with assistance"[28] domain of HCP's. We find this is due to a range of factors, such as availability of, or waitlist for, HCP's and in some cases, Aged Care Assessment Service (ACAS) agencies declining requests to assess clients for HCP.

The Community Wellbeing Team has regularly experienced clients assessed by the local Regional Assessment Service (RAS) as requiring urgent supports across multiple services whilst waiting for HCP assessment. This client cohort can, and does, include older Australians with complex support needs, chronic illnesses, increasing prevalence of comorbidity, progressive or advanced degeneration e.g. dementia, Parkinson's, or sudden unavailability of their carer due to hospitalisation or death. In the absence of other CHSP providers supporting the Mount Alexander Shire LGA, Council remains the only provider available to support these frail, elderly clients whilst they await appropriate assessment, allocation of HCP's and additional supports. Of note, supplementation for client complexity is available across Residential Aged Care Facilities (RACF) and HCP's but not CHSP-funded supports. Supplements include Dementia and cognition and Veterans' supplement, Oxygen and Enteral feeding supplements and Home Care Viability Supplements.

Whilst theoretically CHSP services are "entry-level", this is evidently not the case in practice. With demand for aged care increasing, client needs are also increasing in complexity. The implication of our ageing population remaining living at home continues to strain our CHSP-funded support services. As result, new referrals for are faced with increased waitlists. Further, CHSP providers are asked to implement time-limited, CHSP-funded supports to HCP clients with fully expended budgets in situations, for instance, with sudden health deterioration clients on a level 2 HCP have a sudden deterioration in health, and are placed on waitlist for a level 4 HCP to meet increased needs. CHSP providers fill these gaps in service provision in the meantime.

The Australian Institute of Health and Welfare (AIHW) found in 2017/2018, people waited a median of 495 days to receive their HCP at their approved level, and 86% of those approved for HCP received lower-level home (CHSP) supports whilst waiting.[29] This alarming statistic supports Council's position of experiencing ever-increasing, complex clients being referred for our entry-level support services. Whilst we acknowledge there has been additional Commonwealth investment in HCP funding in recent years, our experience demonstrates the pressure of an increasingly ageing population will continue to further strain appropriate package allocations, and therefore places additional burden on CHSP providers to fill these gaps as clients wait appropriate HCP funding. We continue experience uncertainty of Support at Home program timing, scale and design.

[28] DoHA - Commonwealth Home Support Programme, Program Manual 2023-2024, Page 3
[29] AIHW GEN Aged Care Data - Unmet needs in aged care: How long did Australians wait for aged care services? Aug 2023

4.9. FWC SCHADS, Aged Care and Nursing Awards Interim Determination and ongoing actions

On 4 November 2022, the Fair Work Commission (FWC) issued a decision varying the Social, Community, Home Care and Disability Services Industry Award 2010 (SCHADS Award) to provide an interim increase of 15 per cent to modern award minimum wages for direct aged care workers. This decision encompassed personal care and home care (aged & disability) workers Registered and Enrolled Nurses, and Nurse Practitioners, some senior food services employees (Head Chefs/Cooks) employed in the aged care sector.

> *"The Full Bench concluded that the evidence established that the existing minimum wage rates in the Aged Care Award, the Nurses Award and the SCHADS Award (the Awards) do not properly compensate workers engaged in the provision of direct care to aged persons, in either residential facilities or in-home settings, for the value of the work performed.*
>
> Fair Work Commission Decision [2022] FWCFB 200, Background [3], Pg. 1[30]

Council values our DCW's and the undeniable positive impact they have on maintaining the quality of life for our vulnerable, frail and elderly residents. As such, the Local Government (LG) Award and our EBA has remunerated our DCW's accordingly for the entirety of both our Home and Community Care (HACC) and CHSP Grant Agreements. Council is bound by, and remunerates its direct care and administrative staff in accordance with this EBA, and at levels above the SCHADS minimum award rates, Council has done so at considerable cost historically, with substantial subsidisation across its funded services, having done so during the lifetime of both our HACC and CHSP contracts. In effect, Local Government has been at the forefront of acknowledging the value of work DCW's perform every day to support clients, ensuring they were remunerated fairly. This provided a distinct financial advantage to CHSP providers who historically paid staff at substantially reduced hourly rates under SCHADS award conditions.

As an example, Table 8 comparison of current SCHADS awards pay rates (post the award increase), to adhere to our EBA, Council continues to pay our DCW just over 7% more than SCHADS rates. Noted earlier, these EBA and LG Award requirements have been in effect for the entirety of our HACC and CHSP Grant Agreements, whereas SCHADS employers are only responding to these increased costs as 30 June 2023. The following table demonstrates the current impact of LG award and EBA impacts for our DCW verses current SCHADS pay rates.

Table 6: *Comparison of SCHADS pay rates to comparable MASC EBA rates, post FWC 15% pay determination*

SCHADS	Weekday Per hour	Saturday Time & half	Sunday Double time	Pub. holday DT & 1/2
Lvl 2 Pay point 1	$ 29.51	$ 44.27	$ 59.02	$ 73.78
Lvl 2 Pay point 2	$ 29.71	$ 44.57	$ 59.42	$ 74.28
AVG rate	$ 29.61	$ 44.42	$ 59.22	$ 74.03
MASC EBA	Weekday Per hour	Saturday Time & half	Sunday Double time	Pub. holday DT & 1/2
Band 2C	$ 30.56	$ 45.83	$ 61.11	$ 76.39
Band 3D	$ 32.87	$ 49.31	$ 65.74	$ 82.18
AVG Rate	$ 31.71	$ 47.57	$ 63.43	$ 79.29
Difference	Weekday Per hour	Saturday Time & half	Sunday Double time	Pub. holday DT & 1/2
Lvl 2 PP 1, Band 3C	$ 1.05	$ 1.56	$ 2.09	$ 2.61
Level 2 PP 2, Band 3D	$ 3.17	$ 4.74	$ 6.32	$ 7.90
AVG rate	$ 2.11	$ 3.15	$ 4.21	$ 5.26
% Difference	**7.12%**	**7.09%**	**7.11%**	**7.10%**

[30] Fair Work Commission Decision - [2023] FWCFB 40

Additional SCHADS award changes affecting employees and employers, included:

- Casual and Part-time home support employees must be paid for a minimum of two hours each shift.
- The introduction of a damaged clothing allowance.
- New rules around pay and make-up time that apply where a client cancels a service.

Whilst SCHADS employers are only now required to implement and respond to these requirements, Council, in accordance with its EBA, has been providing these conditions to our Direct Care Workers for the entirety of our previous HACC and current CHSP Grant Agreements.

In communications to service providers, the DoHA acknowledged the FWC increased the minimum wage for modern awards and the national minimum wage, and remains fully aware other inflationary pressure are impacting the financial capacity of CHSP providers. The department has stated it did not intend to increase the level of indexation for the 2022/2023 contract, reasoning a significant number of CHSP providers held unspent funds from previous financial years. Mount Alexander Shire Council was not in that category.

The department allowed CHSP providers to rollover additional funding, of up to 3.5 per cent of the base value of the 2022/2023 contract. Similarly, where providers did not have sufficient unspent funds to maintain existing service delivery levels, they were able to apply for additional **one-off** financial supplementation under existing CHSP emergency provisions, up to 3.5 per cent of the base value of their contract.[31] Mount Alexander Shire Council was not in that category.

In response to the FWC 15% increase to award wages for aged care workers - including in home care, Council noted the Government increased the Home Care Package basic subsidy by 11.9% in July 2023. This included increases of 11.9% to the majority HCP daily supplements. The intent of this increase is to compensate HCP providers for their increased staffing costs due to the SCHADS award increases. This does not consider CHSP staffing costs are similar to HCP providers, or in the case of Local Government Awards, substantially more than SCHADS employers have had to pay DCW's historically. The balance of 4.1% of the FWA decision was allocated to the Goods, Equipment and Assistive Technology (GEAT) program.

[31] DoHA - Commonwealth Home Support Programme provider update - Award changes and financial support – July 2022

4.10. Aged Care Sector Grant opportunities

The wider Aged Care sector is supported by additional grant opportunities; however, inequity remains evident across this system and they are limiting in nature. A range of grant opportunities are made available that specifically preclude CHSP providers from applying. In many instances, there is no comparable alternate grant opportunity provided.

Currently, the only grant we remain eligible to apply for is GO5672 - Commonwealth Home Support Programme (CHSP) Ad hoc Proposals Extension. Additionally, a 2022 Transition Support Funding grant opportunity further precluded Council from accessing financial supports due to the size of our grant agreement. A review of GrantConnect[32] found current & archived HCP/RACF only grants including:

- **GO6255** - Aged Care Worker COVID-19 Leave Payment
- **GO4863** - COVID-19 Aged Care Support Program Extension
- **GO6223** - 2023 COVID-19 Aged Care Support Program
- **GO3844** - COVID19 - Aged Care Support Program
- **GO1615** - Aged Care Regional, Rural and Remote Infrastructure

[32] GrantConnect Advanced Search accessed 6 September 2023

5. University of Technology Sydney Ageing Research Collaborative

The University of Technology Sydney (UTS) Ageing Research Collaborative (UARC) integrates partnerships with practice in producing research and coordinating multiple areas of expertise to address the key challenges in ageing and aged care, and working to resolve them. UARC recently presented Australia's Aged Care Sector Full Year Report (2022-23)[33]. Key insights include:

- There are warning signs of financial distress amongst providers, with an average profit margin of just 1.4%, with many providers failing to capture sufficient value from the delivery of services.
- Financial performance continues to decline with many providers operating at a loss. While revenues have remained stable, provider costs per client per day have increased, thus resulting in a worsening of the overall financial performance.
- A large number of recipients who are eligible to receive services do not in fact receive services under the current aged care system.
- Providers have experienced a profitability decrease over the past three years, with the profit margin decreasing considerably from 10.7% in FY2017 to 3.7% in FY2019, with operating results at a 5-year low.
- Workforce issues continue to compound across the sector, including:

the availability of personal care workers remaining a key constraint

nearly 80% of surveyed providers reported shortages of personal care workers

annual staff turnover rates were 41.9% amongst respondents, 48.8% for personal care workers.

- These issues continually impact providers, with more time spent on recruitment activities, increase in pressure on existing staff, constraints to providing services to new clients and disruption of care to existing clients.
- These impacts have flow-one effects by driving up administration and other support costs, currently costing providers on average 27.7% (Dec 2022) of their revenue, previously averaging 23.9% (Dec 2020).

Concerned about viability issues for providers, UARC developed 4 provider profiles, based on size (number of packages) and package mix (% of Level 1 and 2 packages). They found small low-care providers have lowest average margins, with:

Lowest daily revenue

Lowest revenue utilisation

Highest reliance on third-party provision

As a result, UARC noted this raised viability concerns about entry-level services (including CHSP) within the new Support at Home program.

UARC found providers across in-home care programs lacked certainty about the forthcoming unified Support at Home Program. It is noted only a minority of clients will roll into Support at Home in 2025, with program design and pricing still to be determined on the advice of IHAPA and the Aged Care Taskforce with the transition of Commonwealth Home Support Programme to be deferred until no earlier than 1 July 2027.

The work of Dr Racheal Lewis and the UARC team is not just limited to residential and home care package providers. It highlights the systemic disparity across the spectrum of all aged care providers, and validates our case, not just for increased funding across our own CHSP services, but also funding harmonisation across all aged care sector programs.

[33] UARC - Australia's Aged Care Sector: Full-Year Report (2022–23)